

OFFICE OF THE GENERAL COUNSEL

GOVERNANCE GROUP: *An Introduction to Gift Reporting (July 2012)*

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This is an introduction to Political Reform Act gift disclosure for UC's filers. The first section lays out terms and definitions. The second section provides a general overview of gift disclosure requirements.

I. Terms & Definitions

- ◆ **Political Reform Act (the "Act"):** The California law requiring financial disclosure from public officials. This is the source of the requirement that you complete a Statement of Economic Interests, aka "SEI" (Form 700, or Form 700-U for principal investigators).
- ◆ **UC Conflict of Interest Code:** The University's code incorporates the Act's financial disclosure and conflict of interest rules. The code also lists the University positions that are subject to disclosure on the SEI. In other words, if your position is listed in this code, then you must file the SEI with the University. You can find the text of the code here: <http://www.ucop.edu/ogc/coi/coitoc.html>
- ◆ **Fair Political Practices Commission ("FPPC"):** The state administrative agency that adopts regulations implementing the Act. Responsible for enforcement of the Act.
- ◆ **Filers:** All those who are required to file a Statement of Economic Interests. Includes designated employees plus those who are obligated by statute to file a SEI.
- ◆ **Financial Interests:** Under the Act, financial interests include gifts, income, loans, investments, real property holdings, and business positions.
- ◆ **Statement of Economic Interests:** FPPC financial disclosure form. Most California filers use the Form 700. Principal Investigators disclose financial interests on another FPPC form, the Form 700-U.
- ◆ **Designated Employee:** Person required to file a Statement of Economic Interests because his or her position is listed in UC's Conflict of Interest Code.
- ◆ **Public Official:** Defined under the Act to include every member, officer, employee, or consultant of a public agency. At UC, public officials are members of the Board of Regents, faculty, staff and certain consultants.
- ◆ **Disclosure Category:** The Disclosure Category assigned to your UC position defines the scope of what you must report on the SEI. For example, certain UC filers, including the President, the Chancellors, and members of the Board of Regents, are assigned to Disclosure Category 1 (the broadest Disclosure Category); these filers report financial interests from all sources. Most UC filers are assigned to limited Disclosure Categories; they report only some financial interests from certain sources.

II. What Gifts Should be Reported on the Statement of Economic Interests (SEI)?

The term “**gift**” is defined under the Political Reform Act as:

“...[a]ny object or payment that “confers a personal benefit on the recipient”, where the recipient did not give anything of at least equal value in return for the gift (consideration). A gift includes a rebate or discount in the price of anything unless the rebate or discount is made to the public generally.” (Government Code 82028.)

A gift can be any number of things, such as free tickets to a professional sporting event, a meal paid for by a UC vendor, a free airline ticket, or a discount given to you on the cost of a vacation home rental.

- * **\$50 Threshold:** In general, report on your SEI a gift received from a single source with a total value of \$50 or more.
 - ➔ Report gifts valued at \$50 or more **only** from sources that you are required to report as defined in your Disclosure Category.
 - ➔ **Directions on How to Find your Disclosure Category:**

Go to the Office of the General Counsel website:
<http://www.ucop.edu/ogc/welcome.html>

 - ✓ On the menu on the left hand side, **select** “COI Code”
 - ✓ **Find** your UC location list of job positions
 - ✓ In the list for your UC location, **find** your job title
 - ✓ Next to your job title, you’ll **see** the Disclosure Category number(s) assigned to you
 - ✓ **Click** on the Disclosure Categories number(s) to find the Disclosure Category descriptions. These descriptions explain the types of financial interests and sources that you **must report** on the SEI.
 - A source can be a person, business, or organization.
 - But **some** gifts are exempt from this reporting requirement. (See Section III below.)
- * **Gift Limit:** In 2012, the gift limit remains \$420. (2 C.C.R. § 18940.2.) This means that filers may not accept gifts from **any** single **reportable** source totaling more than \$420 in a calendar year.¹

In other words, the gift limit applies to gifts from sources that you are required to report as defined in your Disclosure Category.

- ◆ Example: You are a Director of Information Technology. You have been assigned to Disclosure Category 9, which requires that you report financial interests, including gifts, from sources that have contracted with UC to supply computer

¹ As part-time board members, members of the Board of Regents are not subject to the gift limit. (Cal. Gov’t Code § 89503(d).) However, UC’s President (a Board Member) is subject to the gift limit by virtue of his or her position as the President.

hardware, software, and computer services in the last two years. A real estate broker who is seeking to represent you in the sale of a house you inherited from your aunt treats you to dinner. Your portion of the dinner exceeded \$50. The broker has no connection to the computer industry. Under the facts of this scenario, you would not have to report the meal on your SEI.

✳ **What happens if you accept gifts exceeding the gift limit from a reportable source in a calendar year?**

1. You have violated the gift limit law, and the FPPC could bring an enforcement action against you for the violation; **and**
2. You may be required to disqualify yourself from participating in a UC decision relating to the donor of the gift.²

III. A Few Types of Gifts that the FPPC does NOT require you to report on the Statement of Economic Interests (SEI)

The following gifts do not have to be reported on the SEI, nor are they subject to the gift limit:

- ◆ **Gifts from Family Members** (2 C.C.R. § 18942(a)(3).)
- ◆ **Gifts that are Commonly Exchanged on a holiday or birthday**, or other similar occasions, that are approximately equal in value, between a filer and another individual who is not a lobbyist who is registered to lobby the filer's agency. (2 C.C.R. §18942(a)(8)(A).)
- ◆ **Travel Provided By UC to a Filer:** A payment made by UC to a UC filer for transportation, necessary lodging and food is not a gift. (2 C.C.R. §18950.1(d).)

There are other exceptions to the gift reporting rules. For more information about gift reporting exceptions, please contact the individuals listed at the end of this document.

IV. Where are the Statement of Economic Interests (SEI) filed?

Form 700's are filed with UC's Form 700 Filing Officer at the Office of the General Counsel in Oakland. Some of the Filing Officer's duties include notifying filers of filing requirements, collecting late fees from late filers, and providing public access to the Form 700's.

Form 700-U's are filed and retained at the campuses.

More Information:

The FPPC website contains several publications about gift reporting. Both the Form 700 and the Form 700-U contain very detailed instructions as to what should and should not be reported. Find the SEI's on the FPPC website: <http://www.fppc.ca.gov/>

² For more information about the Political Reform Act disqualification rule, please contact any member of the Office of the General Counsel's Governance Group.

If you have questions about why you are required to file a SEI:

Form 700 Filers may contact your Campus Administrative Conflict of Interest Coordinator:

<http://www.ucop.edu/ogc/coi/coord.html>

Form 700-U Filers may contact your Campus Academic Conflict of Interest Coordinator:

http://www.universityofcalifornia.edu/compaudit/researchcomp/conflict/acad_coicord.html

Questions about gift reporting may be directed to:

Campus Conflict of Interest Coordinators

Form 700 Filing Officer: Dan Scannell, OGC

University Counsel: Stella Ngai, OGC

(see above links to rosters)

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