POLYTECHNIC INSTITUTE
OF NEW YORK UNIVERSITY
POLICY ON CONFLICTS OF INTEREST
POLICY ON CONFLICTS OF INTEREST
TABLE OF CONTENTS

GENERAL PRINCIPLES

RISK MANAGEMENT, LIABILITY AND POTENTIAL SANCTIONS

I. PREAMBLE

II. INDIVIDUALS COVERED BY THE POLICY ON CONFLICTS OF INTEREST

III. STATEMENT OF POLICY

IV. DEFINITIONS

V. PROCEDURES FOR CONSIDERING CONFLICTS OF INTEREST

PART A PROCEDURES FOR MEMBERS OF THE BOARD OF TRUSTEES, PRESIDENT, PROVOST, VICE-PRESIDENTS, CHANCELLOR

PART B PROCEDURES FOR FACULTY AND ADMINISTRATIVE STAFF

VI. CONFLICTS OF COMMITMENT

VII. REQUIRED DISCLOSURES OF SIGNIFICANT FINANCIAL INTERESTS FOR INVESTIGATORS OF FEDERALLY SPONSORED PROJECTS

VII. USE OF INSTITUTE NAME, FACILITIES, EQUIPMENT

IX. GUIDELINES FOR PARTICIPATION IN POLITICAL ACTIVITIES AND POLITICAL CAMPAIGNS

APPENDICES

TABLE #1 CONFLICTS OF INTEREST DISCLOSURE, APPROVAL, AUDIT THE POLYTECHNIC POLICY: STRUCTURE AND SUMMARY

TABLE #2 CONFLICTS OF COMMITMENT DISCLOSURE, APPROVAL STRUCTURE

APPENDIX #1 CONFLICT OF INTEREST FORM
GENERAL PRINCIPLES

A conflict of interest is the divergence between an individual’s personal interests/obligations/relationships and his or her professional obligations to the Institute. The divergence is such that an independent observer might reasonably question the motive, actions, and outcomes regarding decisions made or actions taken by the individual, as a director, officer, employee, or agent of the Institute. A conflict of interest may also present itself when the individual, the individual’s immediate family, or a third party or organization in which the individual or the individual’s immediate family has a business interest or association and receives any “thing of value” as a result of decisions made or actions taken by the individual as a director, officer, employee, or agent of the organization.

A conflict of interest, including any potential conflict, exists whenever, a Institute Trustee, Officer (this term is used to mean Provost, Vice-Presidents, or Chancellor), Staff Member (or that person’s spouse, domestic partner, child, parent, in law, or sibling), or agent has a relationship of the following characteristics. Those relationship characteristics may be economic or otherwise, as owner, investor, officer, director, trustee, partner, employee, consultant, or recipient of compensation (whether in money, goods, services, and whether received directly or indirectly). Those relationships may be with any person, firm, corporation, or organization that supplies or receives funds, goods, services, or required approvals from Polytechnic Institute of NYU or proposes to do so.

Conflicts of interest are common and practically unavoidable in a modern research institute, need not be harmful, and indeed might be favorable, to the interests of the Institute, as long as they are disclosed and understood in Institute’s decision making process. At Polytechnic, conflicts of interest can arise due to the fact that part of the mission of the Institute is to promote the public good by fostering the transfer of knowledge gained through Institute research and scholarship to the private sector.

Two important means of accomplishing the Institute’s mission include faculty consulting and commercialization of technologies derived from research. It would be wrong, for example, for an individual’s actions or decisions made in the course of his or her Institute activity to be determined by consideration of personal financial gain. Similarly, all employees of the Institute owe their primary professional allegiance and loyalty to the Institute, and a conflict of commitment may exist whenever a full time employee’s primary, if not virtually undivided, professional loyalty is not to the Institute.

The general principle we express here is that all actual or potential conflicts must be disclosed and/or approved by the appropriate Institute official or be eliminated.
RISK MANAGEMENT, LIABILITY AND POTENTIAL SANCTIONS

The Taxpayer Bill of Rights (TBOR2) and the federal sentencing guidelines (Section 4958 penalties) make it advantageous for organizations to maintain codes of conduct designed to prevent and/or minimize the risk of fraud or other crimes. With the enactment of these laws, it is important for all tax-exempt organizations, including universities, to have their boards adopt substantial conflicts of interest policies.

The Taxpayer Bill of Rights also imposes penalties on tax exempt organizations (IRS 501 [c][3] corporations that include charitable and educational organizations allowed to raise money) that violate rules against “excess benefit transactions”. The violations would include self-dealing by “disqualified persons” where disqualified persons are defined as persons with fiduciary or management responsibilities for the organization or who otherwise are in a position to exercise substantial influence over the organization regardless of their title, their immediate families, or corporations they own.

Where excess benefit transactions occur penalties are imposed against individuals and an excise tax may be levied against directors and/or officers or senior management of the Institute. These penalties are now known as intermediate sanctions and now exist as an alternative to the ultimate sanction of loss of not-for-profit status.

The National Science Foundation (NSF), a major sponsor of research and education at the Institute, requires that all grantee institutions have a written and enforced conflict of interest policy. The policy shall govern investigators and any other persons at the institution who are responsible for design, conduct, or reporting of research or educational activities funded by the NSF. All significant financial interests (significant is defined by federal agencies as interests which exceed $10,000 or 5% of equity in aggregate) any of these persons has, or might have, must be disclosed to a representative of the Institute. That representative would then determine whether a conflict exists, and determine what conditions or restrictions should be imposed to manage, reduce or eliminate the conflict, which may include public disclosure.

The federal Office of Management and Budget (OMB) Circular A-110, “Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Not-for-Profit Organizations” prohibits conflicts of interest in any area of procurement or associated administrative activities. Circular A-110 reads in relevant part as follows:

“The recipient shall maintain a code or standards of conduct that shall govern the performance of its officers, employees, or agents engaged in the awarding or administering of contracts using federal funds. No employee, officer, or agent shall participate in the selection, award, or administration of a contract in which federal
funds are used where...he or his immediate family or partner has a financial interest...”

Each year the Institute’s external auditor conducts the A-133 audit of the Institute’s major federal programs including research and development, institutional support and financial aid. A-133 audits are governed by OMB Circular A-110 and therefore may disclose to the federal government findings in the area of conduct and conflicts of interest that could possibly jeopardize all federal research funding at the Institute.

A real, potential, or apparent, conflict of interest depends on the situation and not necessarily on the character or actions of an individual. Real or potential conflicts must be disclosed and are to be avoided because they may violate federal or state statutes and/or place the Institute at risk. Apparent conflicts must be avoided because they may either reflect negatively on the Institute or because they may place a member of the Institute in a potentially awkward position.

In every case, it is the responsibility of the Institute, not the discloser, to determine if the disclosed interests could directly or indirectly significantly affect the performance of Institute responsibilities and require the management, reduction or elimination of the conflict.

The purpose of this conflict of interest policy is to protect the interest of the Institute when it enters into a transaction that might benefit the private interest of an insider of the Institute, e.g. a trustee, officer or employee. The policy also imposes standards on activities, (e.g. sponsored research) that are required by government entities and OMB circulars.

As a general proposition, a person having a financial interest does not necessarily have a conflict of interest. The Institute’s Board of Trustees, or the Vice President having controlling authority, as described below, have the responsibility to determine, based on all the facts and circumstances, whether the financial interest of an individual rises to the level of a conflict of interest.

Before the Board of Trustees or the ad hoc committee of the Board, or a Vice President makes the decision, the person must be given the opportunity to disclose all material facts relating to the financial interest at issue. Before the Board of Trustees discusses and votes on whether the financial interest is a conflict of interest, the person must leave the meeting, as described in more detail below.

I. PREAMBLE

Polytechnic Institute of NYU is committed to maintaining the highest standards of honesty and integrity in all of its dealings both within the Institute community and with individuals and organizations outside of the Institute community. Underlying this commitment is the responsibility of members of the
Institute community, whenever they are acting on behalf of the Institute or whenever
the interests of the Institute are involved, to act always in the interest of the Institute
and on behalf of the public good.

The Institute is entitled to expect that the independent, unbiased judgment of
its members be unimpaired by actual, potential, or apparent financial or other
personal interests. In keeping with this commitment, the Board of Trustees of
Polytechnic Institute of NYU publishes this Policy on Conflicts of Interest and
reaffirms its legal, moral and ethical responsibility to protect the institution’s integrity
and well being in serving the public trust.

This policy reflects the fundamental principle that the interests of the Institute
must be superior to the personal interests of those who work for or represent the
Institute or serve it in a volunteer capacity. When those interests conflict, or cause
the appearance of a conflict, the Institute’s interests must be paramount.

Individuals serving the Institute in a managerial, teaching, fiduciary or
advisory capacity may be involved in the affairs of other organizations. In the case
of the Trustees of the Institute and any Advisory Boards or Committees, individuals
are selected, among other reasons, to serve the Institute because of these
associations and because they bring to the Institute background, experience, and
expertise which is of great value to the Institute. Indeed, it is the expectation of the
Institute that these individuals will devote a reasonable amount of their time and
expertise to the Institute on a pro bono basis.

Notwithstanding this expectation, it is recognized that those individuals
involved in the governance of the Institute may not always be entirely free from
potential, actual or perceived conflicts of interest. Although, many conflicts may be
deemed inconsequential, and often, if not inconsequential, will be determined to be
appropriate because they serve the best interests of the Institute, all individuals
must assume the responsibility of ensuring that the Board of Trustees, the
President, and counsel, are made aware of situations that involve personal, familial,
or business relationships which may subject the Institute or the individual to
criticism.

II. INDIVIDUALS COVERED BY THE POLICY ON CONFLICTS OF INTEREST

All Trustees, the President, the Chancellor, the Provost, Vice Presidents,
members of any Advisory Committee, faculty, professional and administrative staff,
are covered by the Policy on Conflicts of Interest.

III. STATEMENT OF POLICY

An individual covered by this Policy shall disclose and, unless otherwise
approved under this Policy, avoid potential, actual and apparent conflicts of interest,
as defined below. Any situation, transaction or contract between the Institute and an individual covered by this Policy which presents a conflict of interest or the appearance of a conflict of interest shall be void unless approved in accordance with this Policy as provided in Section V. below.

IV. DEFINITIONS

1. “Conflict of Interest”. A conflict of interest shall be deemed to exist in any instance where the interests of the Institute are involved and where the actions, judgment, or decisions of an individual covered by this Policy may be, have the potential to be or may appear to be, influenced, directly or indirectly, by his or her personal interest, financial or otherwise in any other person or entity. A conflict of interest occurs when there is a divergence between an individual’s private interests and his or her professional obligations to the Institute such that an independent observer might reasonably question whether the individual’s professional actions or decisions are determined by considerations of personal gain, financial or otherwise. A conflict of interest shall also be deemed to exist when the interests of the individual’s immediate family is or may be involved.

2. “Immediate family”. An individual’s immediate family includes (1) spouse or domestic partner (2) parents, (3) children, (4) siblings, (5) in-laws, (6) any other individuals residing in the same household as the person covered by the policy.

3. “Conflict of Commitment”. A conflict of commitment shall be deemed to exist in any instance where members of the faculty or administrative staff have relationships, within the spheres of their professional competence, with non-Institute institutions that require a commitment of time or effort that will interfere with or diminish their usual obligations to the Institute (see Section VI).

4. “Assistant Vice President Financial Operations”. For purposes of this policy the AVP Financial Ops serves as the Director of Internal Audit.

V. PROCEDURES FOR REPORTING AND APPROVING CONFLICTS OF INTEREST

PART A    Board of Trustees and Senior Management

1. In the event of a conflict of interest, an individual covered by this Policy (and who is a Trustee, Vice President, Provost, Chancellor, or academic Dean) shall disclose to the Chair of the Board Audit Committee the conflict at the earliest practical time.

Compliance with the Policy can be accomplished only by elimination of the conflict or by approval of the transaction. The vehicle for the disclosure to the Chair of the Board Audit Committee shall be the AVP Financial Operations. The AVP will
also conduct the survey of all individuals in this category with an annual certification questionnaire and report it to the Audit Committee of the Board of Trustees. Situations as they arise are to be reported immediately to the AVP Financial Operations who will report them to the Chair of the Audit Committee.

2. The Chair of the Audit Committee, after consultation with the President, shall either approve the conflict of interest situation in writing, with a copy to the AVP Financial Operations if it is determined by them to be inconsequential; or the Chair of the Audit Committee may request the Board chair to refer the conflict of interest situation to an ad hoc committee of the Executive Committee of the Board of Trustees.

The ad hoc committee shall consist of at least three members, three of whom shall be the Chair of the Board of Trustees, the Chair of the Audit Committee, and the President. After consideration of the matter, and consulting with the Institute’s counsel if necessary, the ad hoc committee may approve the conflict of interest situation only upon clear and demonstrable evidence showing that approval of the conflict of interest situation is in the best interests of and provides a substantial benefit to the Institute. Any conflict of interest situation that is approved by the ad hoc committee shall be disclosed to the Executive Committee at its next regularly scheduled meeting.

3. Conflicts of interest involving the President shall be reported to the Chair of the Board of Trustees, who shall consult with the Chair of the Audit Committee, and then follow the above procedure.

4. Conflicts of interest involving the Chair of the Board of Trustees shall be reported to the Chair of the Audit Committee, who will report it to the entire Board.

5. Any individual covered by this Policy who discloses a conflict of interest situation shall not be present at the portion of any meeting in which the subject is discussed, nor shall that individual participate in any way in the discussion of, or decision on, the subject, except to answer pertinent questions by, or to provide relevant information, to the ad hoc committee, the Executive Committee, or the entire Board.

PART B Academic and Administrative Staff

1. When at any time a matter requiring action arises which is within the area of supervision or decision making of a member either of the academic or administrative staff and involves that person in a conflict of interest, or apparent conflict of interest, it shall be the duty of that person to disclose such relationship, interest, or other circumstances, and all related material facts concerning the conflict, or apparent conflict. This disclosure should be made to the Provost and AVP Financial Operations for academic staff. The reporting process for
administrative staff will be their respective Vice Presidents and the AVP Financial Operations.

2. The cognizant Vice President shall, in consultation with the Provost, Department Chair, and the AVP Financial Operations, either approve in writing the apparent conflict, or refer the matter to the President. In cases involving sponsored research, the recommendation of the Executive Director, Grants and Contracts, will also be sought.

3. In matters involving the larger institutional interests of the Institute, the method of resolution will require the approval of the President.

4. Compliance reporting will be conducted by the AVP Financial Operations of the Board, Senior Management, faculty and all staff annually. The AVP Financial Operations will retain those questionnaires for three years, and for principal investigators, or investigators, for three years after the close of the grant or contract.

VI. CONFLICTS OF COMMITMENT

The Institute recognizes that the quality of teaching, research and the administration of Institute programs may be enhanced when members of the faculty or administrative staff participate in non-Institute activities which can enhance their value to the Institute; providing their primary commitments to the Institute are not adversely affected. However, potential conflict of commitment may exist whenever members of the faculty or administrative staff have relationships, within the scope of their professional competence, with non-Institute institutions that require a commitment of time and effort that interferes with or diminishes obligations they have as full time staff members in the Institute. Conflicts of commitments are therefore a subset of conflicts of interest.

Relationships, within the spheres of professional competence, that require a commitment of time or effort to non-Institute activities such that faculty members or administrators, cannot meet their usual obligations to the Institute are conflicts of commitment. Obligations to the Institute are not discharged solely by meeting classes, but require availability of faculty members to their students outside of the classroom, participation in Institute governance, and the discharge of other such duties as stipulated in the terms of their appointment. Any professional relationship with an outside organization that requires frequent or prolonged absence from the Institute during a period when the faculty member is not on academic leave represents a conflict of commitment, and faculty members are required to avoid such relationships. Any professional relationship with an outside organization that requires frequent or prolonged absence from duties on the part of the administrative staff, regardless of whether that absence is charged to accrued leave time must also be avoided.
All proposed outside activities, within the scope of a faculty member’s professional competence, that involve commitments that exceed an average of ONE DAY IN FIVE (Monday- Friday) during the academic year excluding holiday periods must be approved in advance. Members of the full time non-faculty staff may not engage in any consulting activity during the standard workweek.

All commitments, within the scope of professional competence, involving more than the amount of time established in these guidelines must be reviewed and approved by the Provost before they can be initiated. The Audit Committee of the Board of Trustees will be notified of any such approval. The annual certification form will require that faculty and administrative staff provide information about any consulting or external relationship and the commitment of time to that relationship.

The Institute reiterates its commitment to the principles outlined in OMB A-21, and quotes OMB guidance on this subject in relevant part:

“Since intra-Institute consulting is assumed to be undertaken as a Institute obligation requiring no compensation in addition to full time salary, the principle applies to faculty members who function as consultants or otherwise contribute to a sponsored agreement conducted by another faculty member of the same institution. However, in unusual cases where consultation is across departmental lines or involves a separate or remote operation, and the work is in addition to regular departmental load, any charges representing extra compensation above the base salary are allowable provided such arrangements are specifically provided for in the agreement or approved in writing by the sponsoring agency.” (OMB A21-sect J).

A full time faculty member, or paid member of the administrative staff, may not engage as a paid consultant for any work, or sponsored project, administered by Polytechnic Institute of NYU, unless this work is disclosed and approved in writing in advance by the Provost or by the relevant Vice President. Such approval shall be given only when it is clearly in the best interests of the Institute to approve it and is consistent with federal statute.

Employees who perform approved internal consulting work cannot under any circumstances be paid through the Institute Accounts Payable system. Any such work will be regarded as additional pay. Since payment must be received through the payroll system, it is necessary for a Personnel Action form to be prepared, signed, approved, and submitted to payroll, and a W-2 will reflect any additional payments (See Polytechnic Institute of NYU, Policies and Procedures, Section 7. No employee may work as a consultant, in the above sense, in his/her own or in any other Institute Department).

A faculty member may have or may have plans to assume, significant ownership or managerial responsibilities in an enterprise established for the purpose of commercializing the results of his or her professional research activity (whether or not such research was supported by sponsored funding or Institute funding). He or she is required to consult with the Provost on the extent of the
proposed involvement. If a faculty member or member of the administrative staff has, or plans to assume significant management responsibilities in an enterprise that maybe in conflict with the Institute on the same level, such must be disclosed and approved in advance by the Provost or relevant Vice President. Such arrangements will be reviewed to determine whether they are in conformity with Institute policies.

In regard to the policy on conflicts of commitment, all tenure series, industry professor series, and research professor series, employment contracts must be consistent with this policy.

V11. REQUIRED DISCLOSURE OF SIGNIFICANT FINANCIAL INTERESTS FOR INVESTIGATORS OF FEDERALLY SPONSORED PROJECTS

Each investigator of a research project or an educational activity funded or proposed for funding by a federal agency also has disclosure requirements to the Executive Director, Grants and Contracts, and to the AVP Financial Operations. The disclosure includes all significant financial interests (i.e. ‘significant’ is defined for federal purposes as interests that exceed $10,000 in value or represent more than a 5% ownership interest for any one enterprise or entity when aggregated for the investigator, the investigator’s spouse and domestic partner and dependent children) that would reasonably appear to be directly and significantly affected by the research or educational activity. The disclosure also includes entities whose financial interests would reasonably appear to be directly and significantly affected by such activities.

This policy applies to all federally sponsored research by statute and will be forwarded to the controlling agency. The policy will also govern disclosure of significant financial interests of investigators involved in any research sponsored by any state, local or private entity, or foundation; unless the sponsoring agency or entity has a more restrictive disclosure rule that then will govern. It will be noted that federal disclosure requirements are in addition to the more restrictive Institute disclosure requirements and are not substitutes for them.

All required financial disclosures must be provided at the time the proposal is submitted to the funding agency. The required financial disclosures must be updated annually, or earlier if new significant financial interests are obtained. The Executive Director, Grants and Contracts, will review the financial disclosures, in consultation with the AVP Financial Operations. They will determine whether an actual or potential conflict of interest exists, and determine, in consultation with the cognizant Vice President for research, what conditions or restrictions, if any, should be imposed by the Institute to manage, reduce, or eliminate such conflicts.

All financial disclosures will be maintained in the Office of the AVP Financial Operations, and the enforcement provisions imposed on investigators will be reviewed annually by the AVP Financial Operations. The AVP Financial Operations in consultation with the Executive Director, Grants and Contracts, will inform any
federal agency of any conflict of interest issues that are not resolved to the satisfaction of the Institute.

In addition, collaborators at other institutions (sub-awardees, co-principal investigators, investigators) must either comply with the policies of the Institute or certify to the Institute’s satisfaction by a statement that they have complied with their home institution’s policy on disclosure of conflicts of interest. Consultants on sponsored projects will be required to assure the Institute that any significant financial interest that could affect the design, conduct or reporting of the work will be disclosed directly to the Executive Director, Grants and Contracts and to the Principal Investigator or Manager at Polytechnic Institute of NYU, and such certification and disclosure is required before any contract for consulting services may be signed.

VIII. USE OF INSTITUTE NAME, FACILITIES, EQUIPMENT

No member of the Institute covered by this policy may use the official title of the Institute, or any of its parts, in whatever forms this title may appear except in connection with legitimate Institute purposes and without receiving the prior written consent from the appropriate Institute officials. Consent should be received from the Vice President Finance and Administration. Institute materials, supplies, facilities, equipment, or personnel must not be diverted by any person covered by this policy to promote an outside activity or interest of his or her own.

The Institute may grant permission to an employee in his or her pursuit of outside activities or interests or to an employee of another institution or entity to use Institute facilities. This use may only be granted where the work of such a person, supported by Institute resources, will be of significant benefit to the Institute.

The supervision of such work must be by an Institute faculty member. The initial period of the work must be limited to one year. There must be approval by the Provost, with such approval forwarded to the Director of Internal Audit, who will inform the Audit Committee of the Board of Trustees.

References:
POLYTECHNIC INSTITUTE OF NYU’S GUIDELINES FOR PARTICIPATION IN POLITICAL ACTIVITIES AND POLITICAL CAMPAIGNS

I. INTRODUCTION

Polytechnic Institute of NYU is a not-for-profit organization exempt from Federal taxation under Section 501(c)(3) of the Internal Revenue Code. Among other benefits, Polytechnic’s exemption from Federal taxation enables its donors to make tax-exempt contributions to the Institute.

Section 501(c)(3) of the Internal Revenue Code contains many conditions for a tax-exempt organization to adhere to in order to maintain its tax-exempt status. One such condition requires organizations to NOT participate in, or intervene in, any political campaign on behalf of or in opposition to any candidate for public office. The condition also requires the Board of Trustees, administration, faculty and staff members of the organization to NOT participate in, or intervene in, any political campaign on behalf of or in opposition to any candidate for public office using Polytechnic’s name, money or other resources. These prohibitions are ABSOLUTE, and failure to adhere to them could result in Polytechnic losing its Section 501(c)(3) tax-exempt status and could also result in penalty excise taxes assessed against Polytechnic and the Polytechnic Trustees, administration, faculty and staff who violate the prohibitions.

These guidelines will set forth what political activities and participation in political campaigns is impermissible and permissible for the Polytechnic community under Section 501(c)(3) of the Internal Revenue Code, what the Internal Revenue Service (“IRS”) penalties are for engaging in impermissible political activities, what Polytechnic Trustees, administration, faculty and staff members are required to do if they plan on participating in political activities and political campaigns individually, and what disciplinary action will be taken by Polytechnic against those members of the Polytechnic community who violate these guidelines and the absolute prohibition against participating in, or intervening in, any political campaign on behalf of or in opposition to any candidate for public office using Polytechnic’s name or resources.

II. WHAT ACTIVITY IS IMPERMISSIBLE?

In order for political activities to be impermissible and in violation of Section 501(c)(3) of the Internal Revenue Code, there must be a “candidate” who is seeking “public office”, and there must be participation in or intervention in the candidate’s political campaign by Polytechnic or by its Trustees, administration, faculty and staff members using Polytechnic’s name and/or its resources.
“Candidate” includes any individual who offers himself, or is proposed by others, as a contestant for an elective public office. The elective public office can be State, local or national. This definition of candidate includes all persons who have already declared their intent to run for office, incumbents who have not yet announced their intention not to run again, and those persons who have not yet declared an intention to run but whose potential candidacy is the subject of intense public speculation.

“Participation or intervention in a political campaign” includes, but is not limited to, donations (including the purchasing of tickets to fundraising dinners), publication or distribution of written or printed statements on behalf of or in opposition to a candidate, and the making of oral statements on behalf of or in opposition to a candidate.

If you are unsure whether political activity you plan on engaging in in Polytechnic's name or with Polytechnic resources or whether your planned participation or intervention in a political campaign on behalf of Polytechnic is in violation of Section 501(c)(3) of the Internal Revenue Code, please see Polytechnic’s Vice President for Finance and Administration before you proceed.

III. WHAT IS PERMISSIBLE?

The following activities are permissible and NOT in violation of Section 501(c)(3) of the Internal Revenue Code:

1. **Candidate Debates and Forums** – Polytechnic must provide a fair and neutral forum and provide equal time to all qualified candidates for the contested office. Questions presented to candidates should be composed by an independent, nonpartisan group. Debates should begin and end with a clear statement that the views presented are those of the candidates and not of Polytechnic.

2. **Student Newspaper Endorsements**—Polytechnic student publications may publish editorials which oppose or endorse specific legislation and/or candidates for political office without endangering Polytechnic's Federal tax exemption. If such editorials are published, the publication must clearly state that the views reflected are those of the student editors and not of Polytechnic. Polytechnic can minimize the risk of tax controversy with respect to political statements in its student publications by ensuring that all content and editorial decisions remain in the hands of the students and by printing a statement to that effect in every issue of the publication.

3. **Voter Registration on Campus** – This activity must be done in a nonpartisan and fair manner.
IV. INDIVIDUAL PARTICIPATION IN POLITICAL ACTIVITIES AND POLITICAL CAMPAIGNS

A major source of concern to Polytechnic is how to ensure that the participation in political activities and/or political campaigns by members of its community – a Trustee, faculty member, student organization, senior Institute official – is not attributed to Polytechnic. Polytechnic recognizes that members of its community may serve as advisors to political candidates and may even run for office themselves. Where such participation is undertaken solely in an individual capacity, without making any use of Polytechnic's resources, the activity should not be attributed to Polytechnic for purposes of the prohibition on political activity and campaign participation. However, Polytechnic must make positively sure that its resources are not inappropriately directed to activities in support of or in opposition to political candidates.

As such, if you choose to participate in political activities or political campaigns in an individual capacity, the following rules must be adhered to:

1. If you desire to participate in campaign or political activities during normal working hours, you must take vacation time or leave without pay to do so.

2. You may not use Polytechnic's letterhead in connection with any campaign or political activities. In addition, Polytechnic's support services or supplies (secretarial, photocopying, messenger, etc.) cannot be used in connection with political or campaign activities.

3. Polytechnic funds cannot be used to make donations to political campaigns or to purchase tickets to fundraising events of any kind. If you choose to make a donation to a political campaign or purchase tickets to a politically-related fundraising event, you must use your own funds and cannot be reimbursed by Polytechnic.

4. If you choose to individually participate in a political campaign, you must notify the campaign in writing that such participation is in your individual capacity. In addition, you should seek, to the extent possible, to minimize any references to your position with Polytechnic as you participate in the campaign, and you should use your home address for campaign-related mailings.

Adherence to these guidelines will help to avoid possible tax implications and loss of Polytechnic’s Section 501(c)(3) tax-exempt status, which is very much a benefit to the entire Polytechnic community.
V. PENALTIES FOR IMPERMISSIBLE POLITICAL ACTIVITY

A. Loss of Tax-Exempt Status for Polytechnic. If Polytechnic or its Trustees, administration, faculty or staff members participate in or intervene in any political campaign on behalf of or in opposition to any candidate for public office using Polytechnic’s name or resources, Polytechnic may lose its classification as a 501(c)(3) tax-exempt organization. Such a loss would prove detrimental to Polytechnic and its community in general, as Polytechnic would be subject to Federal income tax and, perhaps most importantly, donors would no longer be able to make tax-deductible contributions to Polytechnic.

B. Imposition of Excise Taxes. The Internal Revenue Service will also impose excise taxes on Polytechnic for amounts expended on certain political activities. The Internal Revenue Service imposes an initial excise tax of 10% on the amount of any political campaign expenditures spent by Polytechnic or one of its employees using Polytechnic’s name, money or other resources. In addition, a 2 ½% initial tax is imposed on any Polytechnic manager (including directors and officers) who agrees to make such a political expenditure. The IRS imposes additional taxes if the impermissible political expenditures are not corrected within a specified time period.

C. Discipline by Polytechnic. Individuals who violate these Guidelines for Participation in Political Activities and Political Campaigns will be subject to appropriate disciplinary action. Depending on the severity of the violation, such discipline can range from a written warning to dismissal from the Institute.

VI. CONCLUSION

As discussed above, Polytechnic’s exemption from Federal taxation under Section 501(c)(3) of the Internal Revenue Code is a benefit to the entire Polytechnic community, as it allows Polytechnic to be free from paying Federal income tax and, perhaps most importantly, allows donors to make valuable, tax-deductible contributions to Polytechnic. As such, the Institute urges you to take these Guidelines seriously as you embark on different political activities. Finally, if you have any doubts as to what you can and cannot do in your capacity as a member of the Polytechnic community, see the Vice President for Finance and Administration before proceeding further.
**TABLE #1**

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<th>GROUP</th>
<th>METHOD</th>
<th>DISCLOSURE/RECOMMENDATION</th>
<th>RESOLUTION</th>
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<td>BOARD OF TRUSTEES</td>
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<td>VICE-PRESIDENTS</td>
<td>As arises or annual certification (A)</td>
<td>- Chair of Audit Committee of the Board</td>
<td>Board of Trustees</td>
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<td></td>
<td>- AVP FO</td>
<td></td>
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<tr>
<td>FACULTY</td>
<td>As arises or annual certification (A)</td>
<td>- Provost</td>
<td>Provost (B)</td>
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<td></td>
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<td>- AVP FO</td>
<td></td>
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<tr>
<td>DIRECTORS</td>
<td>As arises or annual certification (A)</td>
<td>- Cognizant VP</td>
<td>Cognizant VP (B)</td>
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<td>- AVP FO</td>
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<td>PI'S (C)</td>
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<td>- Executive Directors of Grants</td>
<td>Cognizant VP (B)</td>
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<td>- AVP FO</td>
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<tr>
<td>STAFF</td>
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<td>- Cognizant VP</td>
<td>Cognizant VP (B)</td>
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<tr>
<td></td>
<td></td>
<td>- AVP FO</td>
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</tbody>
</table>

(A) The AVP FO will conduct annual certifications for the Board of Trustees, President, Vice Presidents, Faculty and staff annually reporting all results to the Audit Committee.

(B) Method of resolution requires approval of the President in those situations where Polytechnic's larger institutional interests are involved.

(C) For PI's, in addition to Polytechnic's requirements there are annual conflict of interest surveys already required by NSF, NIH, HHS, and other federal entities.

**TABLE #2**

CONFLICT OF COMMITMENT DISCLOSURE AND APPROVAL STRUCTURE

<table>
<thead>
<tr>
<th>GROUP</th>
<th>METHOD</th>
<th>DISCLOSURE/RECOMMENDATION</th>
<th>RESOLUTION</th>
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<tbody>
<tr>
<td>Faculty/Professional Staff</td>
<td>As arises or annual certification (A)</td>
<td>- Provost - AVP FO</td>
<td>Provost</td>
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<tr>
<td>Administrative Staff</td>
<td>As arises or annual certification (A)</td>
<td>- Cognizant Vice President - AVP FO</td>
<td>Cognizant VP</td>
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