

## **Health Sciences Compensation Plan Disclosure Requirements for Outside Professional Activities**

The Health Sciences Compensation Plan (Plan) describes what outside professional activities can be pursued and the disclosure requirements related to the roles, responsibilities, time spent and compensation received. This document provides a summary of the disclosure requirements defined in the Plan, including, but not limited to the following:

### **Roles and Responsibilities**

- **Founder:** A faculty member may serve as a founder of a company (Category I activity) only with *prior written approval* from the Chair, Dean, and Chancellor. The request to serve in a founding role is submitted through OATS. Category I prior approval for a founding/co-founding role is necessary for the time the faculty member serves in the role and may require renewal on an annual basis.
- **Management/Executive role:** A faculty member may **NOT** serve in any management or executive role for a company or other outside entity (e.g. CEO, COO, CMO, etc.) except under limited circumstances that require prior approval from the Chancellor as a Category I exception. Requests for Category 1 exceptions are submitted through OATS.
- **Consulting/Scientific Advisory Board Membership:** A faculty member may serve in a consultant role with a company or serve on a scientific advisory board (Category II activity). The faculty member is responsible for ensuring that all agreements between the faculty member and the company comply with all University and Compensation Plan requirements, including the [UC Patent Policy](#) and [Conflict of Interest](#) reporting.
- **Consulting Agreement Terms and Conditions:** Outside professional activities may be formalized through personal consulting agreements between the faculty member and the outside entity. The University is NOT a party to the consulting agreement. All compensation for outside professional activities must be made payable directly to the faculty member, as required by the IRS. Income in excess of the earnings thresholds must be paid to the Department and will be managed and assessed according to the departmental policies outlined in the compensation plan. Faculty should consult with the Department's Chief Administrative Officer for assistance with managing outside income. Outside consulting agreements can be reviewed to ensure compliance with roles and responsibilities as a faculty member. A request for review can be submitted to: [SOMConsultingAgreements@ucsf.edu](mailto:SOMConsultingAgreements@ucsf.edu). This review is voluntary and does not represent a formal legal review. If a faculty member has questions related to the legal aspects of the agreement, review by outside counsel should be considered.
- **Tracking time and earnings: Using the OATS system:** The faculty member is responsible for documenting and reporting the time and earnings associated with outside professional activities, independent of vesting periods and whether options have been exercised. The thresholds for time and earnings are specified in each Department's Compensation Plan and defined in OATS. Additional details about reporting the value of the non-cash compensation are described below.
- **Implications for Industry-Sponsored Research Activities:** If a faculty member receives compensation related to outside professional activities, including stock, stock options, or convertible notes in lieu of compensation and the faculty member also proposes research activity funded by the company, the faculty member must disclose this relationship to the [Conflict of Interest Advisory Committee \(COIAC\)](#) prior to initiating any research projects. The faculty member must follow the recommendations for managing conflicts made by COIAC. For clinical trials, a faculty member cannot receive research funding from a company in which s/he has an equity position or receives compensation for consulting services.
- **Management of Intellectual Property:** Outside professional activities often result in development of intellectual property. Faculty must carefully review the terms of all outside professional service agreements and not agree to any terms that conflict with the [University's Patent Acknowledgment](#).

## Management of Cash, Equity or Other Types of Compensation for Outside Professional Activities

- **All Earnings must be reported:** The Compensation Plan requires that all earnings received as cash or non-cash in lieu of compensation for outside professional activities, including stock, stock options, and convertible notes, must be managed according to the terms of the Compensation Plan and reported as required in OATS. Outside activities and earnings should be reported in OATS during the year the services were provided and the year in which the compensation was received even if the activities and payment occur in different fiscal years.

When reporting non-cash compensation (stock, options or other equity in a company) in OATS, **you should report the total number of options, shares or convertible notes awarded and/or invested, independent of current value, vesting dates, and whether you have exercised your non-cash compensation. You should enter the exercise price per share, even if it is \$0.00. Do not enter “no compensation” for options or other forms of compensation that have not yet been valued or vested.**

- **Valuation of Non-Cash Compensation:** Faculty are required to disclose their non-cash compensation to the Dean’s Office and in OATS. Reporting stock, stock options, and other types of compensation in OATS does not fulfill the disclosure requirements as described in the Plan.

**All stock, stock options, & convertible notes** received in lieu of compensation for outside professional activities must be reported to the Dean’s office within 30 days of notification by the company, no matter when stock or options may be vested or exercised. The Dean’s Office will conduct a valuation process to determine whether the faculty member has a financial obligation to the Plan. The email address to report stock, stock options, & other types of compensation is: [somstockdisclosure@ucsf.edu](mailto:somstockdisclosure@ucsf.edu).

When you report receiving stock or stock options in OATS, you should also forward the information to the above address for valuation and assistance with documentation of the value of the non-cash compensation in OATS.

- **Earnings/Time Thresholds:** If the earnings/income & time associated with outside activities exceeds the annual thresholds defined in the Plan, the faculty member must submit a request to exceed the earnings and/or time thresholds through the OATS system prior to exceeding these thresholds. All income that exceeds the time and/or earnings thresholds must be deposited to the Plan. Faculty should consult with the Department’s Chief Administrative Officer for assistance with managing outside income.
- **Compensation for work done as approved outside professional activity cannot be paid to the University:** Compensation for all outside professional activities, whether or not the compensation exceeds the time and/or earnings thresholds, must be made payable to the faculty member as an individual. Payment may not be made payable to the University since the University is not a party to the individual faculty member’s outside professional activities. The requirement that payment for outside professional activities be made payable to the individual faculty member is based on IRS regulations.

### Consequences of Non-Compliance with the Compensation Plan

Failure to comply with the Compensation Plan, the plan’s reporting requirements, and related policies may result in a range of consequences, including the loss of Good Standing and/or a potential violation of the Faculty Code of Conduct.