

# PERMANENT MEMORANDUM 67

## CONTRACTS BETWEEN THE UNIVERSITY AND ITS FACULTY MEMBERS

### POLICY DIGEST

Monitoring Unit: Office of Academic Affairs  
Initially Issued: June 29, 1993  
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Memorandum to: Chancellors Cavanaugh, Jenkins, Marsala, Nunez, O'Brien, Richardson, Tail, Interim Chancellor L'Enfant, and Executive Director Bray.

The University recognizes the benefits to the State of Louisiana, to the private sector, and to its employees in allowing, under limited circumstances, contracts between itself and its faculty members or a legal entity in which a faculty member has an interest. Prior to the passage of Act 229 of the 1987 Regular Session, Louisiana law prohibited a University employee, and any company in which he owned an interest, from bidding on or entering into a contract with the University. However, Act 229, which became R.S. 42:1123 (10), amended the Ethics Code to authorize contracts between the University and members of its faculty or a company in which faculty members have an interest.

For this exception to apply, the contract must regard either:

A. The d

the basis of the discovery, technique or technology;

- B. They participated on behalf of LSU in the negotiation or execution of the contract between LSU and one of its employees or an entity in which an employee has an interest.

The Act requires that the following procedure be followed for all such contracts.

- A. The contract must be approved through a procedure established by the LSU Board of Supervisors.
- B. The procedure must be approved by the Board of Regents and the Commission on Ethics for Public Employees.
- C. There must be a finding and certification by the University to the Board of Regents that entering into the contract will contribute to the economic development of the State and not interfere or conflict with the performance of the employee's obligations to the University.
- D. The Board of Regents reports those certifications semiannually to House and Senate Commerce Committees or Subcommittees designated thereby.

This amendment to the Code of Ethics affects the area of technology transfer, among other things. For example, a fledgling Louisiana company receiving the license of a process ( )

LSU must be arms length. Therefore, the employee must recuse himself/herself in writing from participation in negotiation or decision making on behalf of LSU with respect to the contract. At LSU's option, the employee



10.

- a. The negotiation or entering into a contract as defined in Subparagraph (b) of Paragraph, provided that such contract has been approved in accordance with procedure established by the appropriate higher education management board which procedure has been approved by the Board of Regents and the Commission on Ethics for Public Employees. Such an approval procedure shall require a finding and certification by the appropriate management board to the Board of Regents that entering into such contract will contribute to the economic development of the state and that entering into such contract will not interfere or conflict with the employee's obligation to the university. Semiannually, the Board of Regents shall report certifications to the committees on commerce of the Senate and House Representatives or any subcommittee designated by either standing committee.
- b. A contract between an institution of higher education and a member of its faculty legal entity in which such employee has a substantial economic interest, regarding disposition of any patent, copyright, licensing right, or royalty which is attached to a discovery, technique, or technology resulting from the research done by such employee in the course of his employment with the institution, or regarding an act related to or resulting from the research activity of such employee conducted in the course of his employment with the institution.