Procedure for Reporting of OPA Compensation by Stock and Stock Options for faculty subject to the School of Pharmacy Compensation Plan

In accordance with the School of Pharmacy's Compensation Plan, professional income governed by the Plan includes non-cash compensation, such as stock or stock options, for outside professional activities (OPAs), which counts against annual time and earnings thresholds. Faculty must disclose such stock or stock option grants to the Department Chair and the Dean's Office (via the Associate Dean of Academic Affairs), providing the same documentation that they submit for the corresponding conflict-of-interest disclosure(s). This will always include the written agreement(s) covering the stock or stock option grant. Faculty are encouraged to make the disclosure within 30 days of receiving the stock or stock options, for example at the same time that the relevant COI disclosure is submitted. In all cases the disclosure must be made prior to or concurrent with the annual OPA disclosure survey. There are many variables associated with non-cash compensation; any scenarios not envisioned by the table below should be disclosed and discussed with the Chair and Associate Dean promptly.

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<tr><th></th><th>Publicly traded company</th><th>Non-publicly traded company</th></tr>
<tr><td>Stock</td><td>Compensation by stock in a publicly traded company counts against the annual earnings threshold. Stock grants subject to vesting or lock-up provisions should be reported (and valued) when granted, but count against the earnings threshold in the first academic year when the stock can be sold. In the rare case that the value of the stock grant exceeds the earnings threshold, then the dollar amount exceeding the threshold must be paid to the Compensation Plan. Otherwise, it should be considered to be part of the allowed retained earnings. In cases where stock is purchased, the net compensation is considered to be zero as long as the fair market value when purchased does not exceed the purchase price.</td><td rowspan="2">Such stock or stock option grants must be reported but are considered zero net compensation against annual earnings thresholds, because the value of these is entirely hypothetical and may never be realized. Future profits from these, however, are subject to a claw-back provision, in the rare case where a faculty member earning such non-tradable stock or stock options is not in good standing, with respect to the compensation plan, either during the year in which they were earned, or in subsequent years up to the year in which profits on these become realized. If the faculty member fails to take action to return to good standing within one year of being notified of not being in good standing, the Department and School may require the faculty member to pay all realized profit into the compensation plan during the fiscal year in which the gains are realized.</td></tr>
<tr><td>Stock Options</td><td>In this uncommon scenario, the value of the options on the day they are issued (stock price minus option exercise price) is treated in the same manner as stock in a publicly traded company (above). When the option price is set at the fair market value when issued, then the net compensation is considered to be zero; however, such options must still be disclosed, and count against the time threshold.</td></tr>
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