BUSINESS AFFAIRS SUB-COUNCIL

April 30, 2009

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Dr. Burt Bach (ETSU); Ms. Debra Bauer (NSCC), Ms. Cynthia Brooks (TSU); Mr. Steve Campbell (NSTCC); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Mr. John Cothern (MTSU); Mr. Danny Gibbs (RSCC); Mr. Mike Gower (MTSU); Ms. Sharon Hayes (UOM); Mr. Ken Horner (COSCC); Dr. Charles Hurley (CLSCC); Dr. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Ms. Linda Maxwell (TTU); Mr. Ron Parr (STCC); Mr. Mike Posey (MSCC); Mr. Mitch Robinson (APSU); Ms. Sonja Stewart (APSU); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (DSCC); Ms. Hilda Tunstill (MSCC); Mr. Greg Wilgocki (ETSU); Mr. Anthony Wise (PSTCC); Mr. David Zettergren (UOM); Mr. Tom Danford, Ms. Alicia Gillespie, Ms. Tammy Gourley, Ms. Angela Gregory, Ms. Deanna Hall; Ms. Lisa Hall, Ms. Debbie Johnson, Dr. Charles Manning, Ms. Pat Massey, Dr. Robbie Melton, Ms. Brooke Shelton, Dr. Paula Short, Mr. Dale Sims, Mr. Ron Simmons, and Ms. Renee Stewart (TBR).

1. <u>Chancellor's Remarks</u>

Mr. Sims began the meeting by distributing a copy of the Sunset Bill amendment, which reduced the TBR sunset provision to three years only. The amendment also included a new section regarding a limited scope program review by the Comptroller to look for inefficiencies.

Mr. Sims also discussed the Senate Education Committee budget amendment that would mandate three year financial planning. The amendment includes more information than was previously requested. The amendment also states that reductions shall be targeted to best achieve cost efficiencies, while striving to increase the overall graduation rate of public higher education institutions by at least 10%. The committee felt that this would be impossible to achieve.

Dr. Manning stated that the TBR is getting a lot of attention in the General Assembly; however, he does not expect anything to happen during this session. He also said that he did not know if the 5% tuition increase would be enough over three years. Therefore, he does not want to get locked into 5% fee increases.

Dr. Manning also touched on the Senate Education Committee's amendment to increase graduation rates by 10%. He feels that if the strategy is to be more selective in who you accept, the graduation rate will increase; however, this does not affect human behavior. He also feels that this may lead to more performance funding. UT is already pursuing appropriations based on the outcome, and not the needs of the institution.

Dr. Manning also discussed the topic of selling the President's homes. He does not think that this would be a good idea because the homes are frequently used for fundraising. He believes that the revenue generated by these functions is more than the cost to the institution for the homes.

2. Presentation of CAO Recommendations

Members of the Academic Sub-Council were present to discuss two items that they want to change.

The first item was a recommendation to restructure the out-of-state tuition for students attending online courses exclusively. There were concerns regarding Banner being able to distinguish between online and on campus students. Dr. Melton stated that RODP would cover the cost of a mod, if one was needed. The Business Affairs Sub-Council recommended changing the fee from a flat rate to a percentage of maintenance fees. The academic officers agreed with this proposal. Committee members also expressed concern that this change might alienate on campus out-of-state students because they will be forced to pay the higher out-of-state rates.

After much discussion Mr. Sims proposed that this change would not become effective until it is proven that Banner can accommodate this. The committee also requested a schedule that shows how the proposed fees will integrate with the current fees. A motion was made to take no position on the proposal until we receive the additional requested information.

The second item was a recommendation to delete the 10% limitation on the amount of tuition and fees used for academic scholarships and institutional grants in Policy 3:04:01:00. The committee was concerned about the need to remove the 10% limit since the system-wide average is 5.41%, with WSCC being the largest at 8.04%. The committee felt that the 10% limit helps institutions manage institutional financial aid. The intent of the proposal is to better package financial aid to needy students; however, the committee was unsure of how removing the 10% limit would accomplish this goal.

The current policy authorizes the Chancellor to grant exceptions. Since the committee was uncomfortable with removing the 10% limit, a recommendation was made to allow campuses to request an exception if one was needed. The committee agreed to revisit this topic if a system-wide need is seen.

3. Report of the Committees

A. Finance Committee

Dr. Collins highlighted the following issues from the April 9, 2009 Finance Committee meeting.

- Accounting for COBRA Subsidy

  The committee discussed the accounting for the COBRA subsidy as part of the Recovery Act. Under the Recovery Act, 65 percent of continuing COBRA premiums will be covered by the federal government and 35 percent by the eligible individual. It was determined that the subsidy should be reported as an expense and revenue.

The committee also discussed the object code to use and it was determined that the object code range where COBRA is currently paid should be used. It was also noted that a receivable should be set up at year end if necessary. Employers will be reimbursed through a credit against payroll taxes.

- Fee Terms

The committee discussed the difference between the specialized academic course fee and the differential maintenance fee. We need to be consistent in fee terminology due to potential erroneous inclusion in the PC 191 or dependent discount. Currently, specialized academic course fees are not waived or discounted under these programs. A “differential maintenance fee” could be waived or discounted, depending on interpretation.

The committee recommended abandoning the differential maintenance fee terminology.

- Red Flag Rules

The committee discussed the requirements of the Red Flag Rules and any needed policy revisions. Each campus should have their own red flag policies that must cover all records subject to red flag rules.

The committee reviewed the Program Administration section which refers to the approval of the initial plan. There was some confusion about approval of the initial plan. The initial plan referred to in this section is this policy and has been approved by the Board.

The committee discussed the overview of service provider arrangements section. The language requires that service providers have policies and procedures in place and that service providers review the Institution’s program and report any red flags to the Program Administrator. After discussion by the committee, it was recommended to change the language from “and” to “or” at the end of Item 1 of this policy section. (Attachment A)

For contracts that are already in place, an addendum will be submitted for approval. Currently, all addendums have to go to the Board for approval if the original contract required Board approval. Because of the large number of contracts that will require this addendum, the Board staff will check with TBR Legal Counsel and TBR Purchasing to determine if the contracts can be amended without Board approval.

The committee also discussed the timeframe in which institutions are to implement the Red Flag Rules. TBR has formally complied with the rules by adopting a policy. The policy requires, among other things, an annual report. There was a recommendation to have the required report due annually beginning on March 31, 2010.

- Refund Date

  The committee discussed the refund date for academic terms with a Saturday starting date. In Guideline B-060, language has been added that states that the 100% refund period will extend through the weekend until 12:00 a.m. on the Monday following the Saturday starting date. (Attachment B)

- Fee Reimbursement Program

  The committee discussed when employees are to be reimbursed under the fee reimbursement programs. Some institutions are billing schools directly for employee fee reimbursements at the same time they are billing for the spouse and dependent discount. However, the policy states that the employee may be reimbursed at the time fees are due. The policy does not permit direct billing. Employees should pay fees and request reimbursement. The committee discussed the controls that need to be in place to ensure that the employee does not drop the class during the refund period.

  Most institutions require the Human Resources office to determine satisfactory completion of courses by requiring the employee to provide a copy of their grade report.

- Findings and Weaknesses

  The committee was given all findings and weaknesses published since the last quarterly Finance Committee meeting.

  One finding in particular was of concern to the committee. There was a finding in which the Director of Financial Aid failed to report an accredited location which offered 50% or more of a degree program and resulted in $1,454,342 of questioned costs. The committee discussed this finding since it was an unusual one and was reminded to make sure that their campus was reporting any accredited location offering 50% or more of a degree.

  It was also noted that the Audit Committee was alarmed by the financial reporting findings. Ms. Gourley stated that she explained to the Audit Committee the short timeframe in which financial statements must be prepared.

- Guideline G-080 Memberships and Subscriptions

  The committee discussed revisions to Guideline G-080. The guideline has been revised to let the president or director delegate their responsibility for this guideline to other employees of the institution. The guideline was revised so that an institution may subscribe to newspapers within or outside of its service area. The approval of a newspaper clipping service was revised to be approved by the president or his or her designees instead of TBR.

  The committee recommended deleting the sentence stating that memberships and subscriptions purchased with restricted gifts, grants, or contracts are not subject to these guidelines. (Attachment C)

- American Express Corporate Card

  The committee discussed STCC's proposal to pay invoices using an American Express Corporate card. American Express had contacted STCC about paying invoices with a corporate card to earn points on a reward program which could be used for future purchases. If STCC chose to pursue this option, a bid would be necessary because this is not a sole source provider. Ms. Gregory suggested that STCC consider the use of a pro card instead, since they do not currently use one. Ms. Gregory will poll the other institutions to see what their current rates are in order to provide STCC an estimate of their rebate amount. Ms. Gregory will also look into the possibility of a system-wide contract for pro cards.

- Guideline B-060

  The committee discussed revisions to Guideline B-060 for removal of the tuition cap. The revisions were approved by the committee. (Attachment B)

- Sensitive Equipment

  The committee discussed whether there is a need for a system-wide policy on sensitive equipment. It appears that campuses define sensitive equipment in different ways. The cost/benefit of tracking sensitive items was also discussed. The cost of tracking sensitive equipment and the time commitment may not be cost beneficial since some items are not material and are replaced every few years. It appears that most campuses require departments to track their sensitive equipment, with varying degrees of success.

  Ms. Gourley noted that although the individual cost of a sensitive item may not be material, the total dollar amount of all sensitive equipment is a significant amount. Therefore, it appears that there is a need for a system-wide policy. The committee recommended that a sub-group be formed to draft a policy. The group will consist of representatives from ETSU, TTU, UOM, and MSCC.

- Conflict of Interest Policy 1:02:03:10

  The committee discussed the appeals process in the Conflict of Interest Policy. One institution expressed concern that the President is only involved if there is an appeal. The current policy is worded so that the committee makes a decision. A request was made to change the wording so that the committee makes a recommendation to the president for approval. The policy was referred back to the Finance Committee for review.

- Continuing Education

  The committee discussed the results of the survey of continuing education programs included on the budget analysis form. Most institutions reported non-credit instruction, summer camps and business and industry training. However, some institutions included credit courses which are not allowable when determining whether they are in compliance with the 125% of instructional cost.

The committee recommended the form should be renamed Non-Credit Instruction rather than Continuing Education.

- Other Items

  The GASB Subcommittee recommended issuing non-comparative financial statements for FY 2009 and future years. However, community colleges would need to have a MD&A that includes three years of comparative information for the auditors. The committee agreed with the recommendation.

The Finance Committee minutes, with the guideline revisions, were approved.

B. Council of Buyers

Ms. Gregory highlighted the following issues from the April 15, 2009 Council of Buyers meeting.

- Revenue Source Group

  Revenue Source Group has approached TBR about its ability to save institutions money on utility contracts/bills. Mr. Sims would like to proceed with an interested institution in looking at its utility agreements/bills as a test, with the understanding that TBR would have to bid for this service if positive results are discovered in the test. Ms. Cooksey volunteered VSCC for the test.

- Specialty Underwriters

  Specialty Underwriters is currently under contract and available via E&I Cooperative and available to TBR immediately as this was competitively bid through a public entity. This company's core focus is maintenance agreements. UT is also interested in this vendor and Ms. Gregory will meet with Jerry Wade from UT and will get back with the council members after the meeting.

- Ikon Office Solutions

  Nashville State agreed to allow Ikon to conduct a copier assessment. They arrived on April 17th, and an update will be provided at a later date. The Ikon opportunity is also available immediately as they are a U.S. Communities Vendor.

- Purchasing Policy Revisions

  Ms. Gregory discussed purchasing policy revisions regarding Section XVII, Life Cycle Costs and a new proposed Section, Energy Efficiency Standards. Pursuant to the Governor's Executive Order 59, signed in December 2008, and the proposed Senate Bill 1921, TBR will include the minimum bid specifications located at the Energy Star website for applicable items that are bid at the institution. Ms. Gregory informed the council to visit www.energystar.gov for a list of the qualifying commodities. In talking with the Energy Committee in Facilities, capital items (HVAC, Chillers, etc.) are already being bid requesting Energy Star compliance. In looking at the list of products, Ms. Gregory indicated to the council that the biggest change would be office equipment (computers, faxes, copiers, printers, etc.). (Attachment D)

- Staples Business Review Data/Admin Fee/New RFP Process

Ms. Gregory sent the council the spending data for the second quarter of this year with Staples. Ms. Gregory informed the council that some institutions are going to the Staples retail store instead of utilizing www.stapleslink.com and therefore are losing out on administrative fees for those purchases. Ms. Gregory has requested a report from Staples detailing the monies lost by each institution that makes purchases via the retail store.

Ms. Gregory distributed the spreadsheet of administrative fees that will be issued to each institution. The total administrative fees for the system were approximately $179,000.

The TBR will actively participate in the next RFP for office supplies – both on the bid writing and bid evaluation portions. On the bid writing process, Ms. Gregory and Judy Hull (TTU) will assist. On the evaluation portion, John Clark (PSTCC) and Judy Blain (APSU) will serve. Ms. Gregory will meet with Jerry Wade about the RFP process and specifications. The core list will be based on UT and TBR most commonly used items. The process will begin late summer and the council should let Ms. Gregory know if anyone else would like to participate.

- Electronic Signatures

Ms. Gregory informed the council that a draft of the procedures referenced in the Electronic Signature Guideline B-095 has been developed. General Counsel has asked for examples of transactions that would occur with these added procedures. Ms. Gregory has asked for volunteers from the four institutions that utilize SciQuest who have an immediate need. Examples could also be provided for agreements and purchase orders. Ms. Gregory indicated that the Purchasing Policy has already been revised to allow for electronic signatures once these procedures are developed. Kathy Crisp suggested that Lou Svendsen from General Counsel be asked to serve on this group.

- Fiscal Review Requirements/ Campus Standards

  Ms. Gregory reminded the council of the additional information requirements of Fiscal Review that were distributed to all institutions via e-mail. Ms. Gregory also reminded the council that although something has been approved as a Campus Standard by the State Architect's Office, maintenance and service agreements for these vendors are not exempt from Fiscal Review. A list of the campus approved standards was distributed to all institutions as well.

The Council of Buyers minutes, with the policy revision, were approved.

C. Human Resources

Ms. Johnson highlighted the following issues from the April 21, 2009 Human Resource Officers Committee meeting.

- General Personnel Policy 5-01-00-00

  The primary revision to the policy is to change the reportable salary for appointments, promotions, and/or transfer in excess of $75,000 that requires approval of the president/director and the Chancellor. All references to $75,000 will be changed to $100,000 at the universities and $80,000 at the community colleges. A motion was made at the Business Affairs Sub-Council to increase the amount for community colleges to $100,000 as well.

- Guideline P-010 Personnel Transactions and Recommended Forms

  The A-1 form has been revised to reflect the broadened race/ethnicity categories to comply with new federal regulations. The definition of upper level administrators has been revised to be consistent with the policy.

  The A-2 form has been revised to reflect the broadened race/ethnicity categories to comply with the new federal regulations. Language has been deleted that refers to "other race" hires, and the required justification for payment of travel expenses over a certain level to be consistent with the policy.

- Guideline P-130 Educational Assistance

  The Office of Access and Diversity has reviewed this guideline and recommended adding language to reflect the fact that campuses may have to administer educational and professional development programs pursuant to their campus diversity plans. The following items have been deleted: language referring to "desegregation" programs and language referring to "requests from minority/female personnel" from Appendix A-2 of the Faculty or Administrative/Professional Staff Grant-in-Aid Program Form.

- E-Verify

  The effective date for E-Verify has been changed to June 30, 2009. Ms. Johnson reminded the committee that E-Verify is specific to federal contracts that specifically request the use of E-Verify.

- Lilly Ledbetter Fair Pay Act of 2009

  This act amends the Civil Rights Act of 1964 to declare that an unlawful employment practice occurs when: (1) a discriminatory compensation decision or other practice is adopted; (2) an individual becomes subject to the decision or practice; or (3) an individual is affected by application of the decision or practice, including each time wages, benefits, or other compensation is paid. Ms. Johnson indicated that the TBR Human Resources Office will work with General Counsel to provide changes to the records retention guideline for pay plans and pay related documentation. Suggested revisions will be reviewed at the July HR meeting.

- Sex Offender Language for Employment Application

  The ODC has prepared sample Sex Offender language for publication, or employment or housing applications for institutions within one thousand feet of the property line of any public school, private or parochial school, licensed day care center, other child care facility, public park, playground, recreation center or public athletic field available for use by the general public:

  - Pursuant to T.C.A. 40-29-211, no registered sexual offender or violent sexual offender whose victim was a minor may be employed at (name of school) if compensation would be through taxable wages or taxable stipends.
  - Pursuant to T.C.A. 40-29-211, no registered sexual offender or violent sexual offender whose victim was a minor may reside on the campus of (name of school).

- Policy 5-01-05-00 Outside Employment and Extra Compensation

  The committee reviewed this policy at the request of TBR Internal Audit in regard to honoraria received from certain professional activities (short-term symposia accreditation visits, speaking engagements, etc.). The current policy does not apply "to normal, short-term professional activities such as participation in symposia, accreditation visits, speaking engagements, exhibitions, or recitals, even though honoraria may be received for such participation". Subsequent to the HR Officers meeting, it was discovered that both UT and the State have policies in place for this.

- Guideline G-030 General Instructions of Forms and Execution of Contracts – Dual Services

  MTSU requested that the TBR review UT's policy on dual services agreements with TBR employees. UT does not require dual services agreements with TBR employees for specific levels of compensation. The discussion centered on the possibility of paying employees as temporary versus using dual service contracts for short term/infrequent projects completed at institutions. Ms. Johnson stated that any changes to the requirements and administration of dual services agreements would need further review by the Office of Purchasing and Contracts along with the General Counsel, and asked that MTSU's Contracts Officer communicate the request with TBR Purchasing and Contracts. Ms. Johnson also reminded the committee that this could affect retirement and to keep that in mind when reviewing.

- NSA Contract and Child Care Drug Testing

  The State of Tennessee is rebidding the Drug Testing Contract. Both the TBR and UT piggyback the State's contract. Ms. Johnson will serve on the State's review committee. The new contract will include CDL drivers as originally stated, and add childcare workers based on new regulations that become effective July 1, 2009. The Office of General Counsel previously provided a memorandum describing the requirements on drug testing and will work with TBR HR to prepare a policy or procedure for childcare workers. The drug testing requirements do not apply to cases involving reasonable suspicion, workers compensation and accidents while on the job. Except for cases indicated above, all drug testing must be on a voluntary basis only.

- Voluntary Benefits

  TBR was approached by a company that provides voluntary benefit plan packages that will allow TBR to provide multiple options under one payroll slot in Banner. These benefits are totally employee paid. The Benefits and HR Committee have recommended further review. At this time the State of Tennessee and UT do not offer additional voluntary plans in this manner.

- Tobacco Surcharge

  The State Group Insurance Plan will implement a $50 per month surcharge for those members who use tobacco, beginning January 1, 2010. During the annual enrollment period in the fall all employees will be required to submit a Tobacco Surcharge form attesting to their or their covered spouse's use of tobacco products. Members who indicate that they or their covered spouse have used tobacco since July 1, 2009, will pay a $50 per month fee. Members who do not complete and return the form will pay the $50 per month surcharge, even if they do not use tobacco. Members who present a misrepresentation of their tobacco use on the Tobacco Surcharge form will be assessed fines by the State. The

Offices of Human Resources at each institution were advised to track the receipt of forms. All questions regarding this program should be submitted to Benefits Administration. The Central Office will be providing contact information for employees that wish to provide feedback on the program to the State Insurance Committee.

The HR Officers minutes, with the policy revisions, were approved.

D. Internal Audit

Ms. Gourley highlighted the following issues from the April 14, 2009 Internal Auditors meeting.

- Risk Assessment Planning

  The group discussed ideas to streamline the risk assessment process after all institutions have completed each major process. The idea of a once a year update within each area was discussed. However, concerns were expressed by some auditors that it may be difficult to complete every process every year. The group was asked to submit ideas for future assessments by June 2, 2009.

- Foundation Audits

  The group discussed audits of foundations and whether State Audit intends to continue performing these audits this year and in the future. Based on information provided by State Audit, foundations may elect to have audits performed by a CPA firm in accordance with TBR policy and Comptroller requirements for advance approval. However, if no audit is performed, State Audit will continue to perform these audits as the foundations are reported as component units of the institutions' financial statements.

The Internal Auditors minutes were approved.

E. GASB Subcommittee

Ms. Stewart highlighted the following issues from the April 8, 2009 GASB Subcommittee meeting.

- Review of Draft Note Disclosures

  The subcommittee reviewed the draft disclosures for UPMIFA, GASB 48, GASB 52, and alternative investments.

  Regarding the UPMIFA disclosure, some subcommittee members expressed uncertainty regarding the foundation board's interpretation of the relevant law, as required to be disclosed in the second paragraph of the draft disclosure. Ms. Stewart will add an instructional note to the disclosure. Additionally, the subcommittee discussed whether the terms “permanently restricted, temporarily restricted, and unrestricted” should be used in the tables since these terms do not correspond with our net asset classifications on the Statement of Net Assets. This was discussed with Larry Goldstein, who confirmed that these terms should be used in the disclosure unless Tennessee’s version of UPMIFA law required something different. Tennessee’s version of UPMIFA does not require different terminology. (Attachment E)

The draft disclosures for GASB 48 were approved. The subcommittee suggested rewording the “month and year of issuance” instructional note to clarify that a range is appropriate instead of a listing of all issuance dates. This paragraph will be added to the current bonds payable disclosures. (Attachment F)

The draft changes to the current investment disclosures to incorporate GASB 52 were approved. (Attachment G)

State Audit has requested that we include draft language regarding alternative investments in the investment disclosure. They feel that some institutions may have alternative investment (investments for which fair value is based on something other than quoted market prices), but are not including the required information in their notes. The subcommittee discussed the difficulty in providing boilerplate language for items of this nature. (Attachment H)

The GASB Subcommittee minutes were approved.

4. <u>Discussion of Banner/Sungard Issues</u>

Mr. Danford was unable to be at the meeting, so Dr. Hurley updated the committee on the information he received at the IT Sub-council meeting.

Sungard will stop supporting Banner 7.0 in September 2010. We will be moving to Banner 8.2. In order for this conversion to work, the institutions must be using Luminus 4.0.

Subsequent to the meeting, a conference call was held on May 5, 2009 so that Mr. Danford and Margaret Mason could answer any questions from the business officers. Participating institutions were: APSU, ETSU, MTSU, TSU, TTU, UOM, CSTCC, CLSCC, COSCC, DSCC, NSTCC, NSCC, PSTCC, STCC, and WSCC.

Mr. Danford discussed the information that will be presented to the Presidents Meeting on May 12, 2009. There will be a graphic to show how they propose to implement the upgrade. He stated that implementation groups would be based on geographic areas in order to reduce training and travel costs. He is also preparing a list of things that institutions can do now in order to be better prepared for implementation.

There will be some functional training for Banner 8.2. There will be Differences Training, which will highlight the differences between Banner 7.0 and Banner 8.2. This will be a one week training session and can be presented through webinar sessions.

Institutions will need to migrate to Luminus 4.0 as well as perform an ODS upgrade. Institutions also need to ensure that their other supporting software will continue to work. Mr. Danford stated that he does not have a list of everything that the institutions are using. However, he does have a list of what was purchased through the Sungard contract. He is confident that everything that was purchased through the Sungard contract will be functional with Banner 8.0 since Sungard works with these vendors to ensure compatibility.

Equipment upgrades will be a campus by campus issue. TBR is not in a position to support Linux at this time. However, it is okay to bring your Luminus applications up on Linux. Institutions need to keep Banner on Luminus at this time.

A question was asked regarding institutions purchasing Linux on their own. Mr. Danford stated that we do not have the capacity to release two versions with every upgrade (one for Linux and one for Solaris). Therefore, the institution would be responsible for converting Solaris to Linux. This does not appear to be cost effective, given our investment in Solaris.

A question was asked regarding whether there was executive sponsorship and analysis. There was no executive sponsorship. Mr. Danford feels that his current staff can internally support the current mods.

There committee discussed the concept of regionalization. Mr. Sims asked if this was something that the institutions would be interested in. The committee expressed interest, but also expressed their feelings that everyone needs to pay an appropriate share of the costs. Mr. Danford suggested that we may need a commercial hosting provider, which may result in lower costs due to the economy of scale. Ms. Travis expressed concern regarding regionalization due to their isolated location. When they have investigated this possibility in the past, it would have caused an increase in their costs. It was also agreed that we should look into regionalization before our next hardware replacement.

Mr. Sims stated that State government already consolidates their server, and asked if this is something that we need to explore. Mr. Sims and Mr. Danford will discuss the matter further and get back with the committee.

5. Risk Assessment for ARRA

Ms. Stewart informed the committee that federal regulations require a risk assessment to be performed for ARRA funds. Therefore, we are proposing that for the risk assessments due in October, you should skip the next major process and perform the risk assessment on ARRA instead. The risk assessment is to include sub recipient funds as well. The OMB guidance is included as Attachment I.

Ms. Gourley requested that all institutions revise their campus risk assessment plans to include the changes made for including ARRA and send them to her.

6. Election of BASC Chair

The committee elected Mr. Horace Chase as the BASC chairman for the upcoming year.

7. **Election of IT Sub-Council Representative**

The committee elected Ms. Beth Cooksey as the IT Sub-Council representative for the upcoming year.

DRAFT
Proposed TBR Policy 4-01-05-60

IDENTITY THEFT PREVENTION POLICY

SECTION 1: BACKGROUND
The risk to the institutions of the Tennessee Board of Regents (hereinafter referred to as "Institutions"), its faculty, staff, students and other applicable constituents from data loss and identity theft is of significant concern to the Board and its Institutions, and the Institutions should make reasonable efforts to detect, prevent, and mitigate identity theft.

SECTION 2: PURPOSE
The Tennessee Board of Regents, on behalf of its Institutions, adopts this Identity Theft Prevention Policy and enacts this program in an effort to detect, prevent and mitigate identity theft, and to help protect the Institutions, their faculty, staff, students and other applicable constituents from damages related to the loss or misuse of identifying information due to identity theft.

Under this Policy the program will:

1. Identify patterns, practices or specific activities ("red flags") that could indicate the existence of identity theft with regard to new or existing covered accounts (defined below in Section 3);

2. Detect red flags that are incorporated in the program;

3. Respond appropriately to any red flags that are detected under this program to prevent and mitigate identity theft;

4. Ensure periodic updating of the program, including reviewing the accounts that are covered and the identified red flags that are part of this program; and,

5. Promote compliance with state and federal laws and regulations regarding identity theft protection.

The program shall, as appropriate, incorporate existing TBR and institutional policies and guidelines such as anti-fraud programs and information security programs that control reasonably foreseeable risks.

SECTION 3: DEFINITIONS
"Covered account" includes:
1. any account that involves or is designated to permit multiple payments or transactions; or
2. Any other account maintained by the Institution for which there is a reasonably foreseeable risk of identity theft to students, faculty, staff or other applicable constituents, or for which there is a reasonably foreseeable risk to the safety or soundness of the Institution from identity theft, including financial, operational, compliance, reputation or litigation risks.

"Identifying information" is any name or number that may be used, alone or in conjunction with any other information, to identify a specific person, including but not limited to: name, address, telephone number, social security number, date of birth, government issued driver's license or identification number, alien registration number, government passport number, employer or taxpayer identification number, student identification number, computer Internet Protocol address or routing code, credit card number or other credit card information.

"Identity theft" means a fraud committed or attempted using the identifying information of another person without authority.

"Red flag" is a pattern, practice or specific activity that indicates the possible existence of identity theft.

SECTION 4: IDENTIFICATION OF RED FLAGS

The following examples of red flags are potential indicators of fraud or identity theft. The risk factors for identifying relevant red flags include the types of covered accounts offered or maintained; the methods provided to open or access covered accounts; and, previous experience with identity theft. Any time a red flag or a situation closely resembling a red flag is apparent, it should be investigated for verification.

Alerts, notifications or warnings from a credit or consumer reporting agency. Examples of these red flags include the following:

1. A report of fraud or active duty alert in a credit or consumer report;
2. A notice of credit freeze from a credit or consumer reporting agency in response to a request for a credit or consumer report;
3. A notice of address discrepancy in response to a credit or consumer report request; and,
4. A credit or consumer report indicates a pattern of activity inconsistent with the history and usual pattern of activity of an applicant such as:
   - A recent and significant increase in the volume of inquiries;
   - An unusual number of recently established credit relationships;
   - A material change in the use of credit, especially with respect to recently established credit relationships; or,
   - An account that was closed for cause or identified for abuse of account privileges by a financial institution or creditor.

Suspicious documents. Examples of these red flags include the following:

1. Documents provided for identification that appear to have been altered, forged or are inauthentic.
2. The photograph or physical description on the identification document is not consistent with the appearance of the individual presenting the identification.
3. Other information on the identification is not consistent with information provided by the person opening a new covered account or individual presenting the identification.
4. Other information on the identification is not consistent with readily accessible information that is on file with the Institution, such as a signature card or a recent check.
5. An application appears to have been altered or forged, or gives the appearance of having been destroyed and reassembled.

Suspicious personal identifying information. Examples of these red flags include the following:

1. Personal identifying information provided is inconsistent when compared against other sources of information used by the Institution. For example:
   - The address does not match any address in the consumer report; or,
   - The Social Security number (SSN) has not been issued or is listed on the Social Security Administration's Death Master File.
2. Personal identifying information provided by the individual is not consistent with other personal identifying information provided by that individual. For example, there is a lack of correlation between the SSN range and date of birth.
3. Personal identifying information provided is associated with known fraudulent activity. For example:
   - The address on an application is the same as the address provided on a fraudulent application; or,
   - The phone number on an application is the same as the number provided on

a fraudulent application.

4. Personal identifying information provided is of a type commonly associated with fraudulent activity. For example:
   - The address on an application is fictitious, a mail drop, or a prison; or
   - The phone number is invalid or is associated with a pager or answering service.
5. The social security number provided is the same as that submitted by another person opening an account.
6. The address or telephone number provided is the same as or similar to the address or telephone number submitted by that of another person.
7. The individual opening the covered account fails to provide all required personal identifying information on an application or in response to notification that the application is incomplete.
8. Personal identifying information provided is not consistent with personal identifying information that is on file with the Institution.
9. When using security questions (mother's maiden name, pet's name, etc.), the person opening that covered account cannot provide authenticating information beyond that which generally would be available from a wallet or consumer report.

Unusual use of, or suspicious activity related to, the covered account.
Examples of these red flags include the following:

1. Shortly following the notice of a change of address for a covered account, the Institution receives a request for a new, additional, or replacement card, or for the addition of authorized users on the account.
2. A covered account is used in a manner that is not consistent with established patterns of activity on the account. There is, for example:
   - Nonpayment when there is no history of late or missed payments;
   - A material change in purchasing or usage patterns.
3. A covered account that has been inactive for a reasonably lengthy period of time is used (taking into consideration the type of account, the expected pattern of usage and other relevant factors).
4. Mail sent to the individual is returned repeatedly as undeliverable although transactions continue to be conducted in connection with the individual's covered account.
5. The Institution is notified that the individual is not receiving paper account statements.
6. The Institution is notified of unauthorized charges or transactions in connection with an individual's covered account.
7. The Institution receives notice from customers, victims of identity theft, law enforcement authorities, or other persons regarding possible identity theft in connection with covered accounts held by the Institution.
8. The Institution is notified by a employee or student, a victim of identity theft, a law enforcement authority, or any other person that it has opened a fraudulent account for a person engaged in identity theft.
9. A breach in the Institution’s computer security system.

SECTION 5: DETECTING RED FLAGS

Student enrollment. In order to detect red flags associated with the enrollment of a student, the Institution will take the following steps to obtain and verify the identity of the individual opening the account:

1. Require certain identifying information such as name, date of birth, academic records, home address or other identification; and.
2. Verify the student’s identity at the time of issuance of the student identification card through review of driver’s license or other government-issued photo identification.

Existing accounts. In order to detect red flags associated with an existing account, the Institution will take the following steps to monitor transactions on an account:

1. Verify the identification of students if they request Information;
2. Verify the validity of requests to change billing addresses by mail or email, and provide the student a reasonable means of promptly reporting incorrect billing address changes; and,
3. Verify changes in banking information given for billing and payment purposes.

Consumer/Credit Report Requests. In order to detect red flags for an employment or volunteer position for which a credit or background report is sought, the Institution will take the following steps to assist in identifying address discrepancies:

1. Require written verification from any applicant that the address provided by the applicant is accurate at the time the request for the credit report is made to the consumer reporting agency; and
2. In the event that notice of an address discrepancy is received, verify that the credit report pertains to the applicant for whom the requested report was made and report to the consumer reporting agency an address for the applicant that the Institution has reasonably confirmed is accurate.

SECTION 6: RESPONDING TO RED FLAGS

Once a red flag or potential red flag is detected, the Institution must act quickly with consideration of the risk posed by the red flag.

The Institution should quickly gather all related documentation, write a description of the situation and present this information to the Program Administrator for determination.

The Program Administrator (see Section 8) will complete additional authentication to determine whether the attempted transaction was fraudulent or authentic.

The Institution may take the following steps as is deemed appropriate:

1. Continue to monitor the covered account for evidence of identity theft;
2. Contact the student or applicant for which a credit report was run;
3. Change any passwords or other security devices that permit access to covered accounts;
4. Close and reopen the account;
5. Determine not to open a new covered account;
6. Provide the student with a new student identification number;
7. Notify law enforcement;
8. Determine that no response is warranted under the particular circumstances.
9. Cancel the transaction.

SECTION 7: PROTECTING PERSONAL INFORMATION

In order to prevent the likelihood of identity theft occurring with respect to covered accounts, the Institutions may take the following steps with respect to its internal operating procedures:

1. Lock file cabinets, desk drawers, overhead cabinets, and any other storage space containing documents with covered account information when not in use.
2. Lock storage rooms containing documents with covered account information and record retention areas at the end of each workday or when unsupervised.
3. Clear desks, workstations, work areas, printers and fax machines, and common shared work areas of all documents containing covered account information when not in use.
4. **** Documents or computer files containing covered account information will be destroyed in a secure manner. Institution records may only be destroyed in accordance with the Board's

records retention guideline, TBR Guideline G-070 *Disposal of Records*.

5. Ensure that office computers with access to covered account information are password protected.
6. Ensure that computer virus protection is up to date.
7. Avoid the use of social security numbers.
8. Utilize encryption devices when transmitting covered account information.

Institutional personnel are encouraged to use common sense judgment in securing covered account information to the proper extent. Furthermore, this section should be read in conjunction with the Family Education Rights and Privacy Act ("FERPA"), the Tennessee Public Records Act, and other applicable laws and policies. If an employee is uncertain of the sensitivity of a particular piece of information, he/she should contact his/her supervisor. The Office of the General Counsel may be contacted for advice.

SECTION 8: PROGRAM ADMINISTRATION

Oversight and Appointment of the Institutional Program Administrator

The Identity Theft Prevention Policy is the responsibility of the governing body, the Tennessee Board of Regents. Approval of the initial plan must be appropriately documented and maintained.

Each individual institution is required to tailor this program taking into consideration its size, complexity, and nature of its operation. Each institution will consider the types of accounts it offers and maintains, the methods it provides to open those accounts, the methods it provides to access its accounts and its previous experience with identity theft.

Operational responsibility of the program at each individual institution is delegated to a Program Administrator appointed by the President or Director and shall include but not be limited to the oversight, development, implementation and administration of the program; approval and implementation of needed changes to the program; and, staff training. The Program Administrator is also responsible for ensuring that appropriate steps are taken for preventing and mitigating identity theft, for reviewing any staff reports regarding the detection of red flags, and for determining which steps should be taken in particular circumstances when red flags are suspected or detected.

A report to the Institution's President or Director should be made annually concerning institutional compliance with and effectiveness of the program, and the responsibility for such report may be placed with the Program Administrators. This report should address service provider arrangements, the effectiveness of the program in addressing the risk of identity theft; significant incidents of identity theft and the institution's response; and, any recommendations for material changes to the program.

Staff training

Staff training shall be conducted for all employees for whom it is reasonably foreseeable, as determined by the Program Administrator, may come into contact with covered accounts or identifying information.

Periodic Updates to the Program

At periodic intervals established in the program, or as required, the program will be re-evaluated to determine whether all aspects of the program are up to date and applicable. Consideration will be given to the Institution's experiences with identity theft situations; changes in identity theft methods, detection methods or prevention methods; and, changes in the Institution's business arrangements with other entities.

Periodic reviews will include an assessment of which accounts are covered by the program.

As part of the review, red flags may be revised, replaced or eliminated. Defining new red flags may also be appropriate.

Actions to take in the event that fraudulent activity is suspected or discovered may also require revision to the program.

Overview of service provider arrangements

It is the responsibility of the Institution to ensure that the activities of all service providers are conducted in accordance with reasonable policies and procedures designated to detect, prevent, and mitigate the risk of identify theft. In the event the Institution engages a service provider to perform an activity in connection with one or more covered accounts, the Institution will take the following steps to ensure the service provider performs its activity in accordance with reasonable policies and procedures designed to detect, prevent and mitigate the risk of identity theft.

1. Require, by contract, that service providers have such policies and procedures in place; and,

2. Require, by contract, that service providers review the Institution's program and report any red flags to the Program Administrator.

Specific language for inclusion in contracts can be found in TBR Guideline G-030 *Contracts and Agreements*.

A service provider that maintains its own identity theft prevention program, consistent with the guidance of the red flag rules and validated by appropriate due diligence, may be considered to be meeting these requirements.

Guideline B-060
Subject: Fees, Charges, Refunds and Fee Adjustments

The purpose of the following guideline is to outline significant provisions for consistent administration of fees, charges, and refunds at the institutions governed by the Tennessee Board of Regents. These guidelines largely represent a consolidation of existing statements and practices. They are intended to serve as a reference document for institutional staff responsible for implementing and communicating fee-related matters. The guideline contents include general and specific provisions for: maintenance fees; out-of-state tuition; debt service fees; student activity; miscellaneous and incidental fees; deposits; residence hall fees; and refunds.

These guidelines supersede all previous fee and refund guidelines, and may be revised by action of the Tennessee Board of Regents or the Chancellor. Exceptions to the guidelines may be made by the Chancellor upon written request by the president, or technology center director through the Vice Chancellor for Technology Centers.

I. General Provisions

A. Establishment of Fees and Charges

1. The Tennessee Board of Regents must establish or approve all institutional and technology center fees and charges unless specific exceptions are provided. The Board has adopted a practice of approving changes in fees and charges one time per year at the Board meeting when the annual operating budgets are considered. This is usually the regular June meeting of the Board.

2. The institution president or technology center director is responsible for the enforcement and collection of all fees and charges. Fees and charges which specifically do not require Board approval must receive formal approval by the president or designee, in the case of the technology centers, the Vice Chancellor for Technology Centers.

3. Institutions should attempt to follow a general format in publishing information on fees and charges, including but not limited to the following:

a. All statements which include the fee amount should be complete and specific enough to prevent misunderstanding by readers.

b. When a fee is quoted, the refund procedures should be clearly stated. If there are qualifying conditions for refunds, those conditions also should be stated. If there is no refund, it should be labeled as non-refundable.

c. Whenever possible, specific dates related to the payment of fees and the refund procedures should be stated.

d. It should be made clear that all ~~fee levels and conditions~~ **fees** are subject to change at any time.

B. Approval of Exceptions

In accordance with these guidelines, the president of an institution or designee has the authority to determine the applicability of certain fees, fines, charges, and refunds, and to approve exceptions in instances of unusual circumstances or for special groups. The Vice Chancellor for Technology Centers shall have this authority for the technology centers. All such actions should be properly documented for auditing purposes.

C. Appeals Process

An appeals process should be established by each institution and technology center, and communicated to students, faculty, and staff. The process should provide for final appeal to the president or director. Separate appeals processes may exist for different types of fees, charges, and refunds.

D. Payment of Student Fees

1. As provided in the Tennessee Board of Regents Policy on Payment of Student Fees and Enrollment of Students (No. 4:01:03:00):

An applicant for admission to an institution will be considered and counted as a student when all assessed fees have been paid in cash, when the initial minimum payment due under the deferred payment plan has been paid, or when an acceptable commitment from an agency or organization approved by the institution has been received by the institution. An applicant shall possess an acceptable commitment when he/she has timely submitted an application(s) for financial aid with the reasonable probability of receiving such.

Pursuant to the above condition, institutions with a continuous registration process must require payment of all applicable fees or payment of the initial minimum payment due under the deferred payment plan prior to the regular registration period as defined by each institution. Students who do not prepay all fees or have an acceptable approved financial aid deferment will forfeit pre-registration privileges and must enroll under the normal registration process.

2. A prepayment plan to assist parents and students with planning and budgeting their academic year expenses is authorized. Under the plan, students may choose the expenses they wish to prepay including room, board, tuition, and fees. Expenses can be prepaid over a period of eight months.

II. Maintenance Fees

A. Description of Fees

1. The Maintenance Fee is a charge to students enrolled in credit courses. It is an enrollment or registration fee and is calculated based on the number of Student Credit Hours (SCH's) for universities and two-year institutions or student contact hours for technology centers for which the student enrolls, ~~up to a maximum full-time charge~~. Fees are established by the Tennessee Board of Regents.

2. The same fee is applicable to courses for which the student is enrolled on an audit basis.

B. Rates

1. Rates are established by the Board and incorporated in a fee schedule that groups specific ~~full-time and part-time~~ fees; by type of institution (two-year institutions; APSU, ETSU, MTSU, TSU, and TTU; and UOM); and by course/program level (undergraduate and graduate). Developmental courses are charged at the two-year institution hourly rate ~~with the maximum not to exceed the home institution's established full-time rate~~.

2. ~~Part-time~~ rates are applied based on the level of credit for the course (regular or developmental) ~~and the level of credit for the course~~, regardless of student level. If a student, ~~part-time or full-time~~, enrolls in both regular and developmental courses, the rates shall be assessed at the ~~part-time~~ hourly rate for each~~, with the maximum not to exceed the established full-time rate of the home institution~~. In an instance where a course may be taken for undergraduate or graduate credit, the student shall pay the rate of the level of credit sought. If a student, ~~part-time or full-time~~, enrolls in both undergraduate and graduate courses, the rates shall be assessed at the course/program level~~, with the maximum not to exceed the established graduate full-time rate~~.

~~3. Maximum fees may not apply to special offerings between terms, for concentrated courses during a term, or at specific off-campus locations when the institution determines that the course(s) should not be included for purposes of determining maximum fees.~~

~~4. For institutions with multiple summer sessions, maintenance fees and tuition may be assessed by using the current part-time rate with no maximum amount for total credit hours enrolled.~~

~~5~~**3**. Maintenance fees may not be waived. However, specific exceptions are provided in the following instances:

a. Pursuant to TCA 49-7-113, exceptions exist for certain disabled and elderly students, as well as state service retirees. For audit courses, no fee is required for persons with a permanent, total disability, persons 60 years of age or older and domiciled in Tennessee, and persons who have retired from state service with 30 or more years of service, regardless of age. For credit, a fee of $70 per semester or $60 per trimester may be charged to persons with a permanent, total disability, and persons who will become 65 years of age or older during the academic ~~quarter or~~ semester in which they begin classes and who are domiciled in Tennessee. (Note: This fee includes maintenance fees, student activity fees, technology access fees, and registration fees; it does not preclude an application fee, late fee, change-of-course fee, parking fee, special course fee, etc.). This only applies to enrollment on a space available basis, which permits registration no earlier than four (4) weeks prior to the first day of classes.

b. Pursuant to TCA 49-7-102, certain statutory fee exceptions exist for dependents and spouses of military personnel killed, missing in action, or officially declared a prisoner of war while serving honorably as a member of the armed forces during a period of armed conflict. If these provisions are invoked by a student, the correct applicable law should be determined.

Military reserve and national guard personnel who are mobilized to active military service within six months of attendance at a TBR institution and whose mobilization lasts more than six months shall be charged upon reenrollment at such institution the tuition, maintenance fees, student activity fees and required registration or matriculation fees that were in effect when such student was enrolled prior to mobilization. After reenrollment, no increase in tuition, maintenance fees, student activity fees or required registration or matriculation fees shall be assessed to such student until a period of time equal to one year plus the combined length of all military mobilizations has elapsed. In no event, however, shall a student's tuition and fees be frozen after reenrollment for more than four years.

To be eligible for the tuition and fee freeze, the student shall have completed military service under honorable conditions and shall reenroll in a TBR institution within six months of release from active duty.

A student eligible for the tuition and fee freeze may transfer from one state institution of higher education to another state institution of higher education one time with such student's tuition and fees calculated at the institution to which the student transfers as if the student had been in attendance at that institution before the mobilization that resulted in the student's tuition and fee freeze at the initial institution.

C. Accounting Treatment

1. A revenue account for Maintenance Fees is used to record both the revenue assessed and refunds made.

2. As provided in GASB Statements 34 and 35, summer school revenues and expenditures must be accrued at fiscal year-end. Summer school activity will not be allocated to only one fiscal year.

3. In some cases full fees are not assessed to students. These occur when statutes establish separate rates for such groups as the disabled, elderly, and military dependents. The difference between normal fees and special fees is not assessed. Fees not assessed in these cases do not represent revenue. For administrative purposes the fees may be calculated and credited to revenue, then written off against a contra revenue account.

4. Agreements/contracts may be executed with a third party (federal agency, corporation, institution, etc.), but not with the individual student, to deliver routine courses at a fixed rate or for the cost of delivering the course and may provide for fees not to be charged to individual students. Individual student fees will be assessed as usual and charged to the functional category Scholarships and Fellowships. The amount charged to or paid by the third party is credited to the appropriate Grants and Contracts revenue account.

5. In some cases a non-credit course provides an option to grant regular credit. If a separate (or additional) fee is collected because of the credit, that amount is reported as Maintenance Fee revenue.

6. Full-time employees of the Tennessee Board of Regents and the University of Tennessee systems may enroll in one course per term at any public postsecondary institution, with fees waived for the employee. No tuition paying student shall be denied enrollment in a course because of enrollment of TBR and UT employees. Spouses and dependents of employees of the Tennessee Board of Regents system may be eligible for a student fee discount for undergraduate courses at Tennessee Board of Regents institutions (including technology centers) and the University of Tennessee.

Tennessee Board of Regents institutions exchange funds for tuition fees of employees' spouses and dependents who participate in a Tennessee Board of Regents educational assistance program. Effective Fall term 1990, the charging and exchanging of funds for maintenance fee discounts between Tennessee Board of Regents institutions and the University of Tennessee shall begin. To the extent they are not reimbursed by the State, fee waivers for full-time State employees and fee discounts to children of certified public school teachers shall be accounted for as a scholarship.

III. Out-of-State Tuition

A. Description of Fee

1. This is an additional fee charged to students classified as non-residents who are enrolled for credit courses, including audit courses. This fee is in addition to the maintenance fee.

2. Out-of-state tuition fee rates are established by the Tennessee Board of Regents and are incorporated in the annual fee schedule.

3. This fee is the same for graduates and undergraduates at all institutions and includes a rate per student credit hour ~~with a maximum fee. The maximum does not apply to special offerings in the same cases that the maximum maintenance fee does not apply~~.

4. Applicability of out-of-state tuition is determined pursuant to Tennessee Board of Regents Policy on Regulations for Students In-State and Out-of-State for the Purpose of Paying College or University Fees and

Tuition and for Admission Purposes (No. 3:05:01:00). The business office will collect fees based upon student classification as determined by the appropriate authority within the institution.

B. Accounting Treatment

1. A revenue account for out-of-state tuition is used for recording both credits for fees and debits for refunds.

2. Other accounting is the same for out-of-state tuition as that outlined under Maintenance Fees except that separate out-of-state accounts are used. In the case of fees not collected from students under grants and contracts, the same expense account under Scholarships and Fellowships may be used.

IV. Debt Service Fees

A. The amount of debt service fees will be approved by the Tennessee Board of Regents. Separate rates are recommended by each institution based on requirements of the institution.

B. For simplicity of administration and communication, institutions may combine debt service with maintenance fees in quoting fee rates, in fee billings and charges, and in making refunds.

C. Revenue from debt service fees will be recorded in the unrestricted current fund and then transferred to the retirement of indebtedness fund as either a mandatory transfer or a non-mandatory transfer. The portion of debt service fee revenue used for current-year debt service will be reported as a mandatory transfer. Any additional debt service fee revenue will be transferred to the retirement of indebtedness fund as a non-mandatory transfer.

V. Student Fees

A. A student government activity fee may be established pursuant to T.C.A. § 49-8-109. Any increase in this fee shall be subject to a referendum for student body approval or rejection. The fee will be administered in accordance with the provisions adopted by each institution. These fees will be restricted current funds additions. These fees are refundable on the same basis as maintenance fees or as established by the institution.

B. Student activity fees (other than student government activity fees) will be approved by the Tennessee Board of Regents. Such fees may be recommended by each institution based on services to be provided which are related to the activity fee. These fees will be unrestricted current funds revenues. These fees are refundable on the same basis as maintenance fees or as established by the institution.

VI. Specialized Academic Fees

Certain academic programs require expensive maintenance/updating of equipment and software and the employment of highly qualified staff. The high costs of instruction for these programs can be offset by establishing specialized academic fees, with the Board's approval. To receive approval for a specialized academic fee, a program will be required to meet criteria A, High Cost of Instruction as defined below. Additionally, the program should document meeting criteria B-G, as applicable.

A. High Cost of Instruction. Programs qualifying for charging specialized academic fees must demonstrate that they are more costly than other programs offered by the institution. If appropriate, the extraordinary cost of the program must be validated including benchmarking with similar programs in the region and nation.

B. High Demand. The number of students enrolled in the program and the student credit hours generated are sufficient to justify additional fees.

C. High Cost of Updating/Maintaining Equipment and Software. Programs qualifying for charging specialized academic fees are expected to be those that require extensive maintenance and regular updating of equipment and/or software, all of which are very expensive. An average hardware/software cost per student credit hour serves as the basis for determining the amount of the fee.

D. Accreditation. Meeting standards of specific accrediting agencies may also qualify a specialized program for charging specialized academic fees. The accrediting standards that justify a fee are those that specify the possession and use of certain equipment and unique software that are extraordinarily costly and/or the employment of faculty with specific credentials that demand high salaries.

E. High Recognition and Quality. The programs approved for specialized academic fees are expected to be distinctive and with a regional or national reputation. The program must demonstrate that it has achieved exceptional recognition in its particular enterprise.

F. High Value to Tennessee. The program must demonstrate that it is a good investment for the State of Tennessee to justify charging extra fees to the student. The program should be distinctive and not one duplicated in other TBR institutions and should be of integral value to Tennessee. The graduates' earning potential and the associated benefit to the state economy should be projected, as well as the efforts taken by the institution to aid graduates in finding appropriate employment in Tennessee.

G. Impact on Affected Students. Through surveys, questionnaires, or other suitable means, the program must demonstrate that the charging of additional fees will not diminish enrollment. The program should demonstrate that enrolled students realize that the potential earning power in the work force justifies their additional investment.

Institution must submit documentation of the above applicable criteria when requesting approval of a specialized academic fee.

VII. Miscellaneous Course Fees

All miscellaneous fees must be approved by TBR. Fees for courses requiring special off-campus facilities or services do not require Board approval but should reflect the cost of the facilities or services.

VIII. Incidental Fees and Charges

A. Uniform Rates and Policies

Institutions

The following fees will be uniformly charged (or, if applicable, to the extent that they remain within the set range) at all institutions both as to the amount and condition of assessment. Charges are subject to approval by the Tennessee Board of Regents.

1. Application Fee: Undergraduate - Not less than $5.00 nor more than $25.00. Graduate - Not less than $5.00 nor more than $35.00. ETSU College of Medicine and College of Pharmacy – Not less than $50 or more than $100. This is a non-refundable fee paid by an individual who applies for admission to the institution. A student is required to pay this fee when he/she applies for admission as a graduate student even if the student attended a TBR institution as an undergraduate student. Additionally, the student is required to pay this fee when he/she applies for admission to a doctoral-level program after receiving a masters-level degree from the institution.

2. Graduation Fee: This fee shall be assessed according to degree level as follows and shall include the cost of the diploma and rental of academic regalia:

Associate Degree	$25.00
Baccalaureate	30.00
Master and Specialist	35.00
Doctor and Juris Doctor	45.00

The fee is refundable only if the institution has incurred no costs on the student's behalf. Other items may be included in the fee, as determined by the institution. Additional fees may be charged for optional graduation-related activities or services.

3. Late Exam Fee: None

Institutions and Technology Centers

4. Returned Check Fee: $30.00 per check - nonrefundable. All institutions will charge a returned check fee that is the maximum set by state law. This fee will apply to all returned checks received by the institution, whether from students, faculty, staff, or other parties. The Board will review state statutes each spring to determine any changes.

Technology Centers

Each technology center will assess a nonrefundable fee for individual instructional projects pursuant to a schedule approved by the Tennessee Board of Regents.

B. Other Fees and Charges Subject to Board Approval

Institutions

The following fees may be assessed by all institutions. Specific rate recommendations will be developed separately by each institution for approval by the Tennessee Board of Regents. In review of the recommendations, the Board staff will consider the consistency of fees for comparable services among institutions.

1. Motor Vehicle Registration - nonrefundable. A fee may be levied by each institution per academic year, per fiscal year and/or per academic term for motor vehicle registration, and such fee shall be applicable to each student, faculty and staff member.

2. Campus Access Fee - At institutions where registration of specific vehicles is not necessary and where traffic control is not a significant concern, a campus access fee may be assessed in lieu of a motor vehicle registration fee. It is refundable on the same basis as maintenance fees or as established by the institution.

3. Post Office Box and/or Postal Service Fee - nonrefundable. There may be a charge for the U.S. Post Office box or for any special arrangements for delivery of U.S. mail and it will be applicable to any person who has a U.S. Post Office box or who has made special arrangements through which regular U.S. mail may be received.

4. Traffic Fines - nonrefundable. These fines will apply to all employees and students.

5. Applied Music Fees. This fee is charged for private music lessons or small group training sessions. It is refundable on the same basis as maintenance fees or as established by the institution.

6. Late Registration Fee. A late registration fee up to $100 will be charged during the entire period of late registration. The effective date of the fee will be determined by each institution.

7. Facilities Fee. This fee will be used to improve facilities and fund expenditures such as replacing carpets in student lounges, remodeling classrooms, etc. The fee would not be used for routine maintenance or new construction, but would be used to make improvements to areas that have an impact on students. The intended projects will be disclosed during the normal budget cycles. The fee is refundable on the same basis as maintenance fees.

<u>Institutions and Technology Centers</u>

1. (A) Technology Access Fee - A fee shall be levied by each institution for the purpose of providing student access to computing and similar technologies. It is refundable on the same basis as maintenance fees or as established by the institutions.

(B) A detailed spending plan of the funding generated by the access fee shall be submitted during the July budget process for approval by the Chancellor or his designee. Revisions to approved spending plans that expand existing projects or add new projects must be approved by the Chancellor or the Chancellor's designee. At the end of the fiscal year, a summary of the actual money generated and actual use of the money shall be submitted during the financial statement process for review by the Chancellor or his designee.

(C) In both the spending plan and the actual expenditure of the technology access fee as indicated in (B) above, institutions shall report designated expenditure accounts and designated revenue accounts for purposes of recording technology access fees and expenditures.

2. Transcript Fee. There will be no charge for transcripts; however, institutions and technology centers shall set a limit on a reasonable number of copies at any one time and may establish a nonrefundable charge for the cost of copying transcripts in excess of that number.

C. Fees and Charges to be Established and Administered by the Institution

The following fees and charges may be established and administered by each institution. No specific approval or notification to the Tennessee Board of Regents will be required unless subject to other Board or State requirements. The institution or technology center will establish appropriate refund policies. Technology center fees and charges in this category must be approved by the Vice Chancellor for Technology Centers.

1. Sales of goods and services of a commercial nature, including bookstores, food services, vending, laundry and similar activities.

2. Rental of non-student housing and facilities.

3. Admission fees to athletic and other events open to the public, including special events sponsored by campus organizations and activities.

4. Sales and services of educational activities such as clinical services, publications, etc.

5. Registration for conferences, institutes, and non-credit activities (see X.D.).

6. Fees for use of campus facilities for recreational purposes.

7. Parking permits and parking meters for use by guests and visitors.

8. Technology centers may assess a fee for specific school instructional projects to defray incidental costs incurred by the technology center in performing the project.

9. Nonrefundable library fines, which will apply to students, faculty, staff, and other library users.

10. Thesis and dissertation fee - nonrefundable. The fee will be determined based upon cost to the institution.

11. Child Care Fees - Kindergarten, Preschool, Early Childhood, Day Care, or similarly defined activities. The refund policy will be established by the institution.

12. Special Exam Fee - nonrefundable. The fee will be determined based upon cost to the institution.

13. Standardized Test Fees - nonrefundable. The fee will be determined based upon the cost for administering the tests.

14. Identification Card Replacement - nonrefundable. There will be no charge for the original identification card. A fee may be set by each institution to offset the cost of replacing the card. This fee applies only to student ID cards and not to faculty and staff ID's.

15. Change of Course or Section Fee - nonrefundable. If the change is caused by the institution, there will be no charge for the change. If two or more forms are used at one time, they will be treated as one change/form. Institutions may waive the fee for schedule changes.

IX. Deposits

A. Breakage deposits may be recommended by the institution for Board approval for courses in which it can be shown that there is a reasonable chance of loss or damage to items issued to students. The amount of the deposit should be related to the materials issued and subject to a 100% refund.

B. A deposit may be established by the institution for rent or lease of buildings and facilities or for the issuance of other institutional property or equipment. Deposits should be subject to a 100% refund if no damage or loss occurs. The amount of such deposits should be related to the value of the facilities or equipment subject to loss and the general ability of the institution to secure reimbursement should loss or damage occur.

C. Pursuant to Tennessee Board of Regents Policy on Student Residence Regulations and Agreements (No. 3:03:01:00), each institution is authorized to require a security deposit for residence hall facilities which may be forfeited by the student for failure to enter into a residence agreement or non-compliance with applicable agreement terms.

X. Student Residence Hall and Apartments

All regular and special rental rates for student dormitories and student apartments will be approved by the Tennessee Board of Regents upon the recommendation of the institution. A $5.00 late payment fee shall be assessed. Each institution may recommend special rates for non-student groups during summer periods, etc.

Pursuant to Tennessee Board of Regents Policies on Student Resident Regulations and Agreements (No. 3:03:01:00) and Payment of Student Fees and Enrollment of Students (No. 4:01:03:00), rental for student dormitory or residence hall units shall be payable in full in advance of the beginning of a term. However, each institution shall offer an optional payment plan under which a prorated amount of the rental shall be payable monthly in advance during the term. Specific provisions for the payment plan must comply with those cited in Policy No. 3:03:01:00. A monthly service charge and a late payment charge may be assessed. Residence Hall students can participate in either the deferred payment plan (Guideline B-070) or the optional monthly housing payment plan. Each institution has the option of allowing students to participate in both the deferred payment plan and the optional monthly housing payment plan.

XI. Other Fee and Charge Considerations

Institutions and technology centers may submit for Board of Regents approval fees and charges not specifically covered by those guidelines when the establishment of a fee or charge is justified by the institution.

A. Fees may be established to control the utilization of facilities and services or to offset the cost of extraordinary requirements as a result of specific programs or activities. [Reference Tennessee Board of Regents Policy on Use of Campus Property and Facilities (No. 3:02:02:00).]

B. When fees and charges are incorporated in agreements with outside contractors and vendors, specific rates, refunds and conditions must be clearly stated.

C. Fees for auxiliary services must take into consideration that Auxiliary Enterprises should be a break-even operation with rates and charges generating revenue sufficient to cover all expenses as defined in operating budget guidelines.

D. Fees established for non-credit courses and activities shall be sufficient to cover the total costs incurred in providing instruction plus a minimum of 25% of the annual instructional salary costs including contractual salary costs or personal services contracts.

E. Students enrolled for six or more hours are eligible for full-time privileges, i.e., access to social, athletic, and cultural functions, pursuant to T.C.A. § 49-8-109.

XII. Refunds and Fee Adjustments

Adjustments to all fees and charges must be in accordance with the following provisions except as previously stated, or when required by federal law or regulation to be otherwise.

Pursuant to T.C.A. § 49-7-2301 and 49-7-2302, students called to active military or National Guard service during the semester are entitled to a 100% adjustment or credit of mandatory fees. Housing and meal ticket charges may be prorated based on usage.

A. Maintenance Fee Refunds and Adjustments

1. Refunds are 100% for courses canceled by the institution.

2. Changes in courses involving the adding and dropping of equal numbers of SCH's for the same term at the same time require no refund or assessment of additional maintenance fees. The change of course fee would be applicable.

3. The fee adjustment for withdrawals or drops during regular terms (fall and spring) is 75% from the first day of classes through the fourteenth calendar day of classes and then reduced to 25% for a period of time which extends 25% of the length of the term. **When the first day of the academic term falls on a Saturday, the 100% refund period is extended through the weekend until the following Monday morning (12:01 am).** There is no fee adjustment after the 25% period ends. ~~Students enrolling in more than a full-time course load receive the benefit of additional course work at no additional cost.~~ Dropping or withdrawing from classes during either the 75% or the 25% fee adjustment period will result in a fee adjustment of assessed maintenance fees based on the total credit hours of the final student enrollment ~~as described in item 10 below~~.

4. For summer sessions and other short terms, the 75% fee adjustment period and the 25% fee adjustment period will extend a length of time which is the same proportion of the term as the 75% and 25% periods are of the regular terms.

5. All fee adjustment periods will be rounded to whole days and the date on which each fee adjustment period ends will be included in publications. In calculating the 75% period for other than the fall and spring and in calculating the 25% length of term in all cases, the number of calendar days during the term will be considered. When the calculation produces a fractional day, rounding will be up or down to the nearest whole day.

6. A full refund (100%) is provided on behalf of a student whose death occurs during the term. Any indebtedness should be offset against the refund.

7. A 100% refund will be provided for students who enroll under an advance registration system but who drop a course or courses prior to the beginning of the first day of class.

8. A 100% refund will be provided to students who are compelled by the institution to withdraw when it is determined that through institutional error they were academically ineligible for enrollment or were not properly admitted to enroll for the course(s) being dropped. An appropriate official must certify in writing that this provision is applicable in each case.

9. When courses are included in a regular term's registration process for administrative convenience, but the course does not begin until later in the term, the 75%/25% fee adjustment periods will be based on the particular course's beginning and ending dates. This provision does not apply to classes during the fall or spring terms which may meet only once per week. Those courses will follow the same refund dates as other regular courses for the term.

10. The fee adjustment is calculated as the difference between (1) the **per credit hour** cost of originally enrolled hours and (2) the per credit hour cost of the courses at final enrollment after adjustments have been applied for all courses dropped. Adjustments are calculated at the full per credit hour rate less the fee adjustment credit at the applicable fee adjustment percentage (regardless of the original number of hours enrolled) ~~with total costs not to exceed full-time tuition. For students dropping courses resulting in a change from full-time status to part-time status, a fee adjustment in the tuition and fees will result only if the new calculated charges are less than the original charges~~. Not all drops/withdrawals will result in a fee adjustment.

~~1. For institutions utilizing SIS Plus during academic year 2008, a one-year exception is granted for the application of refund calculations as specified in A(10) above. These institutions will apply the refund percentages to the difference between the per hour rate (or maximum) for the number of course hours immediately before the drop or withdrawal and the number immediately afterward as calculated by the SIS Plus program.~~

B. Out-of-State Tuition Refunds and Fee Adjustments

The fee adjustment provision for out-of-state tuition is the same as that for maintenance fees. The 75% fee adjustment period and the 25% fee adjustment period will follow the same dates as the fee adjustment periods for maintenance fees. When 100% of maintenance fees are refunded, 100% of out-of-state tuition also is refunded. Calculation procedures are the same as those specified for maintenance fees~~, including the exception for institutions utilizing SIS Plus during academic year 2008~~.

C. Debt Service Fee Refunds

Debt service fees will be subject to the same refund policy as maintenance fees.

D. Student Residence Hall/Apartment Rent and Deposit Refunds

1. Refund of residence hall rent after registration will be prorated on a weekly calendar basis when the student is forced to withdraw from the residence hall: (1) because of personal medical reasons confirmed in writing by a licensed physician, or (2) at the request of the institution for other than disciplinary reasons. Full refund will be made in the case of the death of the student. Withdrawals for other reasons will be subject to the same 75%/25% amounts and time periods as maintenance fees. No refund will be made other than under the above conditions.

2. Residence hall reservations and breakage deposits will be refunded in full if: (1) the institution is notified by a specific date which it establishes, but which may not be later than 14 calendar days prior to the first official day of registration, (2) the student is prevented from entering the university because of medical reasons confirmed in writing by a licensed physician, or (3) residence hall space is not available. Full refund also will be made in the case of the death of the student.

E. Meal Plan Refunds

Each institution with meal plans should develop appropriate refund procedures.

Source: December 2, 1977 TBR meeting. Revised March 14, 1980 TBR meeting; November 13, 1991 presidents meeting; November 8, 1982 presidents meeting; July 1, 1984; November 1, 1988; May 15, 1990 presidents meeting; August 14, 1990 presidents meeting; November 10, 1992 presidents meeting; August 10, 1993 presidents meeting; November 9, 1993 presidents meeting; August 9, 1994 presidents meeting; May 8, 1995 presidents meeting, August 8, 1995 presidents meeting, November 8, 1995 presidents meeting, February 6, 1996 presidents meeting, May 14, 1996 presidents meeting, November 12, 1996 presidents meeting, May 6, 1997 presidents meeting, July 16, 1997 called Board meeting, November 5, 1997 presidents meeting, February 17, 1998 presidents meeting via conference call, August 25, 1998 presidents meeting, May 9, 2000 presidents meeting, August 8, 2000 presidents meeting, November 8, 2000 presidents meeting, February 13, 2001 presidents meeting, August 21, 2001 presidents meeting, May 21, 2002 presidents meeting, February 11, 2003 presidents meeting, May 20, 2003 presidents meeting, February 10, 2004 presidents meeting, August 17, 2004 presidents meeting, February 8, 2005 presidents meeting, May 17, 2005 presidents meeting, February 8, 2006 presidents meeting, May 16, 2006 presidents meeting, August 16, 2006 presidents meeting, May 15, 2007 presidents meeting, August 21, 2007 presidents meeting, November 6, 2007 presidents meeting.

Guideline G-080
Subject: Memberships and Subscriptions

I. General Statement

The following guidelines implement the Tennessee Board of Standards policy on membership dues and subscriptions paid for from state funds. ~~Memberships and subscriptions purchased with restricted gift, grant, or contract funds are not subject to these guidelines.~~ The guidelines apply to all TBR institutions (universities, community colleges, and technology centers) and units except campus libraries, which are exempt from the guidelines in their entirety. Each president and director is responsible for enforcement of the provisions below. This responsibility may at the president's or director's discretion be delegated to other employees of the institution.

II. Definitions

For purposes of these guidelines, the terms below are defined as follows:

A. "Membership Dues or Subscriptions" are any expenditure from state funds by an institution or school which entitle subscription of material or membership, associate membership, or participation in activities of an organization.

B. "Organization" is a group (public or private), association, or society whose purpose is to promote common interests and share information.

C. "Publication directly related to the mission" means a publication without which the mission of the institution would be impossible or difficult to perform.

III. Approval

Each institution shall develop, make known, and enforce a process for approval of memberships and subscriptions. The president or director or designee(s) shall approve all memberships and subscriptions except as provided below.

IV. Criteria

A. An institution may be a member of an organization or maintain subscriptions if the membership or subscription is directly related to the goals and mission of the institution~~.~~

B. An institution may not pay the membership dues or subscription of an individual. An exception may be granted in instances where an organization does not permit institutional membership or where an individual membership (in the name of an institutional representative) is less expensive than an institutional membership. However, memberships necessary to maintain or enhance an employee's professional status (e.g. American Institute of Certified Public

Accountants or Bar membership dues) should be considered the responsibility of the employee and the association dues considered a personal expense.

C. Duplicate memberships and subscriptions should be evaluated with the intention of eliminating unneeded duplicate memberships/subscriptions.

D. Where membership dues are included as part or all of the expense of an organization meeting for which the institution pays the expense of an employee to attend, the appropriate expenses shall be considered membership dues under these guidelines and should be subject to the established membership approval process.

E. Faculty and staff membership in civic organizations is encouraged; however, state funds may not be used to pay for memberships.

F. No institution may subscribe to political publications for other than instructional purposes.

G. An institution may subscribe to newspapers within its service area for public information and instructional-related purposes.

H. Newspaper clipping services must be approved by the president or his or her designee. The need for the service shall be clearly set forth in writing. The written justification should address the following points:

1..

1. The type of clipping service requested. (For example, all statewide daily newspapers.)

3. The use of information provided by the service.

a. Who the clippings are circulated to in the institution

b. How the clippings benefit the institution

4. I. Exceptions

Exceptions to these guidelines may be approved by the Chancellor.

Source: May 25, 1982 SBR presidents meeting. Revised July 1, 1984; Presidents Meeting February 13, 2002; Presidents Meeting August 19, 2003.

XVII. LIFE-CYCLE COSTS

~~An institution or technology center shall, in a case where the State Board of Standards has adopted a rule requiring life-cycle costs to be used by the Commissioner of the Department of General Services in contracting for major energy-consuming products, and may, in a case where a life-cycle cost and/or energy efficiency standard has been developed for a product by the federal government, apply such life-cycle cost and/or energy efficiency standard in the determination of the lowest qualified and responsible bidder under this policy..~~

It is the policy of TBR to use the life cycle costs of commodities as developed and disseminated by the federal government when feasible (T.C.A. §12-3-602).

In determining life cycle costs, the acquisition cost of the product, the energy consumption and the projected energy cost of energy over the useful life of the product and the anticipated resale or salvage value of the product may be considered in the evaluation (T.C.A. §12-3-606).

XVIII. Energy Efficiency Standards

Energy Star is a joint program of the U.S. Environmental Protection Agency and the U.S. Department of Energy that has established energy efficiency standards that are used by the Federal government in its contracting for major energy-consuming products, as well as energy efficient best practices.

TBR institutions shall use energy efficiency standards prescribed by Energy Star for the purchase of energy-consuming products. The Energy Star website (http://www.energystar.gov/) provides a qualified list of products and commodities meeting Energy Star's minimal energy specifications, life cycle costing calculations, life cycle cost formula information and qualified products that meet Energy Star's rating for using less energy and helping to protect the environment. (T.C.A. §§12-3-604 & 12-3-605). Products and commodities listed on the Energy Star website's list of qualified products and commodities will be used as "acceptable brands and models" on bid documents.

The minimal energy specifications for products and commodities listed on the Energy Star Qualified Products list (see link above) must be included in the line item specifications on all bid documents for the purchase of major energy-consuming products.

Endowments

The ______ Foundation's endowment consists of approximately ______ ***(number of funds, may remove the word "approximately" if exact number is known)*** individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments ***(revise as needed)***. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Trustees of the _____ Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) as adopted by Tennessee as ____ ***(insert foundation board's interpretation [1])***. As a result of this interpretation, the _______ Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, and (d) _________________ ***(insert description of any additional amounts added to permanently restricted net assets)***. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the foundation and the endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the foundation
7. The investment policies of the foundation

Composition of Endowment by Net Asset Class As of June 30, 2009				
	Permanently Restricted	Temporarily Restricted	Unrestricted	Total
Donor-restricted endowment funds				
Board-designated endowment funds				
Total funds				

Changes in Endowment Net Assets As of June 30, 2009				
	Permanently Restricted	Temporarily Restricted	Unrestricted	Total
Endowment net assets , beginning of year				
Investment return:				
Investment income				
Net depreciation (realized and unrealized)				
Total investment return				
Contributions				
Appropriation of endowment assets for expenditure				
Other changes:				
Tranfers				
Other (list)				
Endowment net assets, end of year				

Return Objectives and Risk Parameters

The foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds ***(revise as needed).*** Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that ____ ***(insert return objectives; sentence may be revised as needed).*** The foundation expects its endowment funds, over time, to provide an average rate of return of approximately _______ percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk restraints. ***(revise paragraph as needed- the last sentence is an example only).***

Spending Policy and How the Investment Objectives Relate

The foundation has a policy of appropriating for distribution each year __________________________ ***(describe spending policy)***. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the foundation expects the current spending policy to allow its endowment to grow at an average of ____ percent annually. This is consistent with the foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return ***(revise objective as needed).***

[1] UPMIFA states that when the donor does not explicitly state what is considered permanently restricted net assets, the foundation's board determines what must be retained permanently. Before UPMIFA, we were required to permanently restrict the historical dollar value of the gift. The foundation board can now interpret UPMIFA to require the preservation of the historical dollar value of the original gift, fair value of the original gift at the gift date, etc., when the donor does not explicitly state what must be preserved.

Pledged Revenues

The university has pledged certain revenues and fees, including state appropriations, to repay $_________ in revenue bonds issued from ______ to _______ (range of issuance dates - month and year). Proceeds from the bonds provided financing for ___________________ (describe project). The bonds are payable through ____ (debt retirement year). Annual principal and interest payments on the bonds are expected to require ______ (approximate percentage) of available revenues. The total principal and interest remaining to be paid on the bonds is $__________. Principal and interest paid for the current year and total available revenues were $______ and $________, respectively.

Attachment G

GASB 52: Land and Other Real Estate Held as Investments by Endowments

GASB 52 establishes consistent standards for the reporting of land and other real estate held as investments. It requires endowments to report their land and other real estate investments at fair value. Institutions are also required to report the changes in fair value as investment income and to disclose the methods and significant assumptions used to determine fair value, as well as any other information that is currently presented for other investments reported at fair value.

Scope and Applicability

This Statement establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments. This Statement does not apply to quasi-endowments.

Land and Other Real Estate Held as Investments by Endowments

Land and other real estate held as investments by endowments should be reported at fair value at the reporting date. Changes in fair value during the period should be reported as investment income.

Endowments should apply the applicable disclosure provisions in GASB 31 (paragraph 15) to their land and other real estate held as investments. These disclosure requirements include:

1) The methods and significant assumptions used to estimate the fair value of investments, if that fair value is based on other than quoted market prices.
2) The policy for determining which investments, if any, are reported at amortized cost.
3) For any investments in external investment pools that are not SEC-registered, a brief description of any regulatory oversight for the pool and whether the fair value of the position in the pool is the same as the value of the pool shares.
4) Any involuntary participation in an external investment pool.
5) If an entity cannot obtain information from a pool sponsor to allow it to determine the fair value of its investment in the pool, the methods used and significant assumptions made in determining that fair value and the reasons for having had to make such an estimate.
6) Any income from investments associated with one fund that is assigned to another fund.

Effective Date

This Statement is effective beginning FY 2008-09. In the implementation period, changes made to comply with this Statement should be treated as prior period adjustments and financial statements presented for the periods affected should be restated. If restatement is not practical, the cumulative effect of applying this Statement should be reported as a restatement of beginning net assets. The financial statements should disclose the nature of this restatement and its effect.

Alternative Investments

The university/college has investments in ***(list alternative investment descriptions)***. The estimated fair value of these assets is $_______________ at June 30, 200X.

The university/college believes that the carrying amount of its alternative investments is a reasonable estimate of fair value as of June 30, 200X. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. These investments are made in accordance with the university's investment policy that approves the allocation of funds to various asset classes in order to ensure the proper level of diversification. These investments are designed to enhance diversification and provide reductions in overall portfolio volatility. These fair values are estimated using various valuation techniques.

(***Include a paragraph disclosing the methods and assumptions you used to estimate the fair value of your alternative investments.)***

Section 3 – Governance, Risk Management, and Program Integrity

3.1 What is the role of Recovery Act Accountability and Transparency Board (the "Board") in coordinating government-wide policy on the Recovery Act?

The Board is responsible for coordinating and conducting oversight of Federal spending under the Recovery Act to prevent waste, fraud, and abuse. One way the Board will fulfill these responsibilities is by monitoring the accountability objectives of the law, including the following:

- Funds are awarded and distributed in a prompt, fair, and reasonable manner;
- The recipients and uses of all funds are transparent to the public, and the public benefits of these funds are reported clearly, accurately, and in a timely manner;
- Funds are used for authorized purposes and instances of fraud, waste, error, and abuse are mitigated;
- Projects funded under this Act avoid unnecessary delays and cost overruns; and
- Program goals are achieved, including specific program outcomes and improved results on broader economic indicators.

3.2 What is the role of OMB in coordinating government-wide policy on the Recovery Act?

OMB will coordinate Recovery Act activities until the Board is in place. Once the Board is fully in place, OMB will support the Board in its oversight of Recovery Act implementation, including working with agencies to meet full reporting and performance of the accountability objectives. Additionally, Federal agencies will be expected to continue to work directly with OMB on implementation issues related to the Recovery Act.

3.3 Are agencies required to designate a Senior Accountable Official for Recovery Act activities?

Yes, agencies are required to designate a Senior Accountable Official for Recovery Act activities. This individual should have responsibility and authority to coordinate across agency bureaus, program offices, and programs. It is recommended that the Senior Accountable Official be at the level of sub-cabinet or Deputy Secretary, and lead regular reviews of recovery planning, implementation, reporting, and performance. The Senior Accountable Official should also designate a person or office for maintaining their agency's Recovery Act content on their website.

3.4 Should agencies establish a Risk Management Council to periodically review and assess Recovery Act performance?