**BUSINESS AFFAIRS SUB-COUNCIL**

**April 22, 2014**

**MINUTES**

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Ms. Cynthia Brooks (TSU); Mr. Steve Campbell (NeSCC); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Mr. John Cothern (MTSU); Ms. Mary Cross (NaSCC); Mr. Danny Gibbs (RSCC); Mr. Lowell Hoffman (DSCC); Mr. Ken Horner (CoSCC); Mr. Bob Hughes (TSU); Mr. Tim Hurst (APSU); Dr. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSCC); Ms. Renee Moore (PSCC); Mr. Ron Parr (STCC); Mr. Mitch Robinson (APSU); Ms. Jeannie Smith (UOM); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (ChSCC); Mr. Alan Thomas (MTSU); Ms. Hilda Tunstill (MSCC); Mr. Greg Wilgocki (ETSU); Dr. Tommy Wright (ClSCC); Mr. Jeff Young (TTU); Mr. David Zettergren (UOM); Chancellor John Morgan, Ms. Tammy Birchett, Mr. Tom Danford, Dr. Tristan Denley, Ms. Angela Flynn, Ms. Alicia Gillespie, Mr. David Gregory, Ms. Ginger Hausser, Ms. Deanna Hall, Ms. Pat Massey, Ms. April Preston, Mr. Wayne Pugh, Ms. Brooke Shelton, Mr. Dale Sims, and Ms. Renee Stewart (TBR).

1. **Chancellor's Remarks**

   The committee was updated by Chancellor Morgan on the proposed Tennessee Promise program. The program is modeled after the Tennessee Achieves program which provides last dollar scholarships for high school seniors at community colleges in Tennessee. These students are required to attend meetings, maintain a relationship with their mentor and fulfill a service requirement. Studies have shown that about one-third of the students would have enrolled in a post-secondary institution anyway. The most troubling aspects of the program are the cost per student and the erosion of freshmen attending universities.

2. **Report of the Committees**

   **A. Finance Committee**

   Dr. Collins highlighted the following issues from the April 8, 2014 Finance Committee meeting:

   - Reversion of Federal Funds

     The committee discussed the Senate Education budget hearing request regarding the reversion of federal funds. The committee was given the option of whether to alter Schedule 4 of the financial statements (restricted funds) to allow identification of this information or to have TBR staff send a specific request at the time the Senate questions are received. The committee voted to have TBR staff send a request at the time the information is needed.

- Institutions’ In-kind Contributions to Foundation

  The committee discussed FASB 958-605-2516 which requires foundations to recognize a revenue and expense for in-kind services that a) create or enhance non-financial assets or b) require specialized skills, are provided by individuals possessing those skills, and would be purchased if not provided by donation. This was identified as a problem in the TBR Performance Audit. The financial statement training session on May 21, 2014 will address this issue. Any questions about this issue should be brought to the training session or submitted to TBR staff prior to the session.

- Emergency Reserve/Contingency for International Travel

  The committee discussed TBR Policy 2:08:10:00 Development and Operation of Off-Campus International Programs. The policy states that institutions must maintain an emergency reserve/contingency fund for international education in the event of emergencies affecting participants. These emergencies consist of natural or human disasters such as earthquakes, flood, hurricanes, political/civil unrest, terrorist activity or threat, etc. An institution had questioned what dollar amount should be maintained and how to proceed with this requirement. The TBR Academic Affairs office was consulted prior to the meeting and it was determined that there does not have to be a specific minimum balance established. The institution needs to be able to fund the expenses to return the participants due to an emergency specified in the policy. (Attachment A)

- Review of Policies and Guidelines

  The committee reviewed the following policies and guidelines. The recommended changes are listed below:

  <u>Policy 4:03:03:00 General Travel</u> (Attachment B)

  Section I.C.2.

  - Delete language, “the major portion” and replace with “greater than 50%.”

  This revision was to define what constitutes a major portion of an employee’s working time.

  Section I.F.2.

  - Delete “unless the amount exceeds the maximum shown on the Addendum.”
  - Reword the first sentence with “Receipts are not required.”

  This revision was made because there are not any maximums on the addendum for taxi fares, tolls and ferry fees.

Section I.G.1.-4.

- Delete language 1-4. Replace with new language:

  "Internet travel sites such as Expedia, Travelocity or Kayak can be utilized to purchase single travel services such as an airline ticket. Internet travel sites cannot be used to purchase a package of one or more travel services. Purchases of travel packages that combine services such as lodging, airline, or vehicle rentals are not allowed. These package deals do not usually provide sufficient itemized pricing for each service purchased and therefore do not allow for proper comparison to CONUS or conference rates as required by the policy."

This revision was made because of the inconsistency of prices on Expedia, Travelocity and Kayak for package deals and the lack of itemized pricing.

Section II.B.1.

- Reword, "employees must obtain prior authorization" with "employees should obtain prior written authorization".
- Add the phrase, "except as noted in item 2 below." to the end of the sentence.

This revision was to encourage the obtainment of written authorization.

Section III.C.1.

- Change "regular coach fare" to "standard coach fare."

Section III.C.3.

- Add new language:

  "Baggage fees will be allowed when necessary. A receipt is required for reimbursement."

This language was added to clarify that a receipt is required for baggage fees.

Section III.C.4.

- Add new language:

  "Charges for trip insurance are not reimbursable. The State of Tennessee is self-insured and does not purchase separate insurance and therefore will not reimburse for insurance purchases made for trips."

This language was added to clarify that trip insurance is not allowable.

Section III.E.1.e.

- During the Finance Committee meeting the new section below was approved. However, during the Business Affairs Subcouncil meeting, it was determined that the group was not ready to move forward with adding the following section:

  e. Reimbursement Rates-Courtesy Vehicle

  (1) If a staff member has a "courtesy vehicle" due to his or her association with the institution, the maximum rate allowed will be the rate allowed under the Tennessee Board of Regents General Travel Policies and Procedures, less seven cents per mile.

Section III.G.2.

- Add the following language:

  "The State of Tennessee is self-insured and does not purchase separate insurance and therefore will not reimburse for insurance purchases made for trips."

This language was added to clarify that trip insurance is not allowable.

Section IV.C.

- Add new section:

  Out-of-Country Lodging

  "Lodging expenses incurred while out-of-the country will be reimbursed at actual expenses with receipts."

This language was added to separate out of country lodging in the policy.

- There was a question about multiple rates for conferences and whether language should be added to clarify that the reimbursement is allowed at the lowest rate listed in the conference brochure. No language was added because the lowest rate is not always the available rate.

The committee recommended allowing reimbursement of all conference rates.

Section V.B.

- Add new section:

  Out-of-Country Meals

  "Out-of-country meals are reimbursed at actual expense with receipts. If no receipts are provided, the maximum rate will be the maximum Conus rate of out-of-state travel."

This language was added to separate out-of-country meals in the policy.

Section VII.

- There was a question regarding the fact that the policy does not state that advance payments made on the procurement card are subtracted out of the travel claim. The committee discussed this section and determined that employees should deduct any advance on their travel claim when requesting reimbursement. They should show the advance as their total travel costs on the claim, but not for reimbursement.

The institution recommending a change in the travel policy will amend their institutional policy to clarify this issue.

Section VII.A.2.

- Add new language:

  "Where adequate controls have been implemented to minimize risks associated with travel claim (such as the risk that duplicate claims will be submitted or alterations made to the original claim subsequent to approval by approving authority), travel claims may be submitted for payment electronically."

This language was added to ensure that electronic travel claims have adequate controls.

The remaining revisions were housekeeping in nature.

<u>Policy 4:01:04:00 Solicitation and Acceptance of Gifts</u> (Attachment C)

Section I.F.2.a.6.

- Add "The cost of accepting or keeping a gift in accordance with donor restrictions should not cost more than the benefit of the gift."

This new language was added to ensure that the cost of a gift does not exceed the gift's benefit.

- New Budget Analysis Forms

  The committee discussed the new budget analysis forms. Two new forms have been developed for submission with the budget. One for is the Recurring and Nonrecurring Revenues and Expenses and the other form is the Report of Anticipated Savings for Rebudget. The committee discussed the Report for Anticipated Savings for Rebudget form. The purpose of this form is to disclose negative expenses that are being rebudgeted such as salary lapses. (Attachment D)

- Federal Cash Management Draft Rules

  The committee discussed the federal draft cash management rules under consideration. There is a concern with the proposed policy provision that states that a separate bank account must be maintained for federal funds. A letter opposing this requirement has been drafted by Ron Maples of UT and will be forwarded to the Finance Committee. It was suggested that members send in a letter opposing this issue. (Attachment E)

The Finance Committee minutes, with the policy changes, were approved.

**B. Council of Buyers**

Ms. Flynn highlighted the following issues from the March 27, 2014 Council of Buyers meeting:

- Community College/TCAT Grant Equipment Purchases

  Ms. Flynn informed the committee that approximately $400,000 has been saved by grouping the grant equipment purchases together. She feels confident that all of the community college purchases should be finalized by June 30th and is hopeful that TCAT purchases will be finalized by that time as well.

- Insurance Vendor Consolidation

  The committee was informed that TBR will be joining the state contract with AON to consolidate our insurance offerings. The student liability insurance and student health insurance will be the first two consolidated.

The Council of Buyers minutes were approved.

## C. Human Resources

Ms. Preston highlighted the following issues from the April 2014 Human Resource Officers meeting:

- Guideline P-043 Compensation

  The main revision to this guideline is to mirror the General Personnel Policy in regards to salary increases that require System Office approval. The salary increase requiring approval by the Chancellor would include:

  - All Vice Presidents or other executives reporting directly to the President (academic, business, student affairs, etc.), including all interim appointments
  - Directors and Chairs of the Centers of Emphasis and Excellence, including interim appointments
  - Any other positions which may be designated by the Chancellor (Attachments F and G)

- Days of Administrative Closing

  The proposed revisions are recommended to provide clarity to Section II on Emergency Closing. The proposed additions to Section II are:

  - Employees who were previously approved for leave for the duration of the emergency closing will be considered not scheduled to work and will be charged the appropriate leave.
  - Employees who were previously approved for leave for a portion of the emergency closing will be considered not scheduled to work for the portion of the time that was approved as leave. The employee will be considered scheduled to work for the remainder of the closing. (Attachment H)

- Affordable Care Act Update

  In February, the IRS issued a statement on what they considered to be reasonable when calculating adjunct hours. They recommended using 2.25 hours for each credit hour. This calculation includes preparation for class, teaching and grading. This does not include required office hours or meetings, which will need to be taken into consideration if this is a requirement on your campus. Elucian is currently working on a report for institutions to use in their determination of qualifying employees.

  Ms. Preston also informed the committee that Benefits Administration has issued a statement that it is their legal counsel's opinion that we need to offer all coverages to all people. This means that spouses and children should now be offered coverage as well.

The Human Resource Officers minutes, with the policy changes, were approved.

**D. Internal Audit**

Ms. Birchett highlighted the following issues from the April 3, 2014 Internal Auditors meeting.

- CCTA Progression Audits

  Ms. Birchett discussed the CCTA progression audits. There were a few discrepancies, however they were immaterial. The most prevalent issue was timing differences, which may cause inaccurate calculations of hours from one academic year to the next. The auditors have recommended that TBR work with THEC to determine if any additional controls need to be implemented to lower the risk of errors. (Attachment I)

The Internal Audit minutes were approved.

**E. IT Sub-Council**

Mr. Young highlighted the following issues from the April 16, 2014 IT Sub-Council meeting.

- The D2L RFP will be issued soon.
- The BPM process training for community colleges will be completed in August.
- Luminus is using more resources than originally anticipated.

**3. <u>Policy 4:01:07:02 Foundations</u>**

Mr. Sims discussed proposed changes to the Foundations Policy. The focus of these revisions will be on independence issues and to resolve past problems. The changes are for review only at this point, so no action was taken. However, Mr. Sims asked the committee to review the policy and submit any feedback to TBR staff by May 9, 2014. After those comments are received, it will be determined if a focus group is needed to further review the matter. (Attachment J)

**4. <u>Out-of-State and Border County Students</u>**

The committee discussed out-of-state and border county students in TBR Policy 3:05:01:00 Regulations for Classifying Students In-State and Out-of-State for Paying College or University Fees and Tuition for Admissions Purposes. Currently several institutions admit students from certain border counties with a waiver of out-of-state tuition. Some of these students may seek admission to TBR universities upon completion of their associate's degree. The policy has been amended to waive tuition at the university if the student meets the exception. Language has been added to Section II.E.1&2, that allows the out-of-state tuition waiver to follow a border county student from a community college to a university after successfully completing an associate's degree unless the condition is waived by the community college as being in the student's best interest.

There have also been recent legislative changes which have resulted in revisions to this policy. Section I.C-F. has been updated to allow un-emancipated children of non-citizens to be classified as in-state if they meet the guidelines as stipulated.

Section II.L. was added as a result of recent legislation to offer in-state classification to veterans, provided that they meet the required criteria. (Attachment K)

**5. <u>Legislative Updates</u>**

The committee was provided with an update on some additional legislation that will go into effect for the Fall 2014 semester.

- Senate Bill 1709/House Bill 1452 allows temporary part-time employees of TBR community colleges and TCATs the ability to have one free class per term at the institution where they are employed on a space available basis.
- Senate Bill 1834/House Bill 2116 defines the state employee "free class" as limited to 4 credit hours or 120 clock hours.

**6. <u>Budget Principles Policy</u>**

The committee discussed the proposed Budget Principles Policy. This policy gives guidance regarding the Chief Executive Officer's responsibility for the budgeting process. Any feedback should be sent to TBR staff. This policy will be presented for approval during the July cycle. (Attachment L)

**7. <u>Financial Review Policy</u>**

The committee discussed the proposed Financial Review Policy. This policy gives guidance regarding the Chief Executive Officer's responsibility for administering and managing the institution's financial affairs in such a manner to ensure the institution's current and future financial health. This policy also establishes indicators to determine the institution's financial health. This policy will be presented for approval during the July cycle. (Attachment M)

**8. <u>IT Policy/Guideline Changes VA Benefits</u>**

After the state's audit of IT, it was determined that we need to have some type of policy or guideline in place to establish a minimum threshold for what needs to be done on each campus. As a result, TBR IT has developed policies to cover access control, password management, enterprise information systems updates, and personally identifiable information (PII). (Attachments N-Q)

The committee approved the policies/guidelines with the following recommended changes:

- Recommended that these go forward as guidelines instead of policies.
- Access Control – Recommend the addition of a requirement for a process of granting access, as well as exceptions to the process requiring approval of the President. (Attachment N)
- Password Management – Delete the last sentence under Compliance and Enforcement and change to read "Exceptions to this policy may be approved by the President at the recommendation of the CIO and must be filed with the Chancellor." (Attachment O)
- Enterprise Information Systems Updates – Change the first sentence of the Exceptions section to read, "Exceptions to this policy may be approved by the President at the recommendation of the CIO and must be filed with the Chancellor." (Attachment P)

## 9. <u>Embedded Remediation of Community Colleges</u>

Dr. Denley spoke to the group regarding the effect of embedded remediation on community colleges. Due to the recent focus placed on student success, we have begun to look at the effect of learning support classes. Based on his research, he has discovered that we are spending more money and more resources on requiring separate learning support classes to get the same or less outcome than we would if we combined the class with a credit bearing class in some form.

Some institutions were concerned by the loss of learning support fees. Approximately half of the students who are enrolled in the learning support classes never complete the classes and, therefore, never complete their degree. It is highly likely that by combining these classes with a credit bearing class in some form, students will be more likely to complete the class and move on, eventually completing a degree and resulting in more outcomes based funding for the institution. There would also not necessarily be a loss in fees, because the student would still be paying for the learning support portion of the class, it would just now be tied to a credit bearing class in some fashion.

This is still in the development stage, with a goal of having a new process in place by the fall of 2015.

There being no further business, the meeting was adjourned at 12:10 p.m.

Attachment A

# Development & Operation of Off-Campus International Educational Programs : 2:08:10:00

## Topics

- **Topics**(active tab)
- **Topics A-Z**

Topics

- Purpose
- Introduction
- Types of Programs
- Defining Roles
- Safety and Welfare of Participants
- Recruitment, Admission, Orientation, Participation, and Re-entry
- Establishing a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA)
- Host Country Consideration
- Financial Management
- Evaluation
- Exhibits

Topics A-Z

- Defining Roles

- Establishing a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA)
- Evaluation
- Exhibits
- Financial Management
- Host Country Consideration
- Introduction
- Purpose
- Recruitment, Admission, Orientation, Participation, and Re-entry
- Safety and Welfare of Participants
- Types of Programs

## Policy/Guideline Area

Academic Policies

## Applicable Divisions

TCATs, Community Colleges, Universities

## Purpose

The Tennessee Board of Regents System (TBR) supports off-campus international educational programs or courses as a valid and valuable part of undergraduate and graduate education. The TBR encourages all TBR institutions to engage in international opportunities that meet the legitimate academic needs of their students and in cooperation with consortia both internal to the TBR system in which TBR institutions hold membership and those external to the system. The TBR recognizes that such programs or courses take a variety of forms in length and focus.

## Policy/Guideline

1. Introduction

    1. All international education programs or courses operated, sponsored or approved for academic credit by any TBR institution are expected to maintain standards of quality in the delivery of instruction, support services, and administration which are consistent with educational excellence.

    2. In general, programs or courses operated or sponsored by or in combination with any TBR institution abroad shall be:

        1. Within the scope of the mission of the institution;

        2. Integrated into the undergraduate and/or graduate curricula of the sponsoring institution;

        3. Feasible and sustainable;

        4. Subject to regular, periodic evaluation and assessment according to the institution's normal review procedures for academic programs; and

        5. In compliance with all applicable federal and state laws and regulations.

    3. In addition, programs or courses operated or sponsored by any TBR institution abroad shall adhere to the specific policies listed below.

    4. All institutions and TBR sponsored consortia must develop structures for international education programs or courses to be approved by the home institution.

    5. Memorandum of Understanding or Agreement related to international studies requires approval of the institutional Chief Academic Officer, President or the President's Designee.

    6. All approvals must be forwarded to the TBR Vice Chancellor of Academic Affairs upon completion.

2. Types of Programs

1. Institutions may sponsor and administer their own international programs and/or courses or participate in partnerships with international institutions or consortia to offer opportunities for global study to their students.

    1. Institutions must establish policies regarding enrolling TBR students and awarding credit in a timely fashion to these students for international education programs or courses.

    2. Institutions must have in place a policy regarding the acceptance of international transfer credit. Only credit from institutions recognized by their country's ministry of education must be considered acceptable to transfer.

    3. Institutions must have policies regarding the enrollment, awarding and transfer of credit for their students matriculating in another TBR or non-TBR affiliated institution or consortia. The institution must also have policies for non-TBR students matriculating in institutional courses or TBR related consortia.

    4. Non-institutional faculty must meet SACS standards.

3. Defining Roles

    1. Individuals who are approved to participate in, and travel with, international education programs sponsored by TBR institutions include enrolled students, program directors, group leaders, and other faculty or staff from the institution, except for the following:

        1. Individual institutions must establish policies as to the suitability of accompanying spouses and minor children of participants.

4. Safety and Welfare of Participants

    1. Safety Considerations Involving Travel

        1. Institutions should not permit travel to countries or portions of countries where the U. S. Department of State currently advises against travel or tourism by Americans.

2. Institutions may further restrict travel where, in their opinion, the U.S. Department of State or other credible authority has identified safety risks.

1. Institutions must develop a policy for terminating an existing program if the situation arises where student and/or faculty are in danger. Program participants including faculty, staff, and students must be informed that any program may end in such an event.

2. Conduct and Discipline Issues

1. Institutions must develop new and/or employ existing policies for student conduct which clarify the grounds for which a participant can be disciplined for misconduct during the program or course.

2. The sanction for misconduct may result in any reasonable option, up to and including removal from the program.

3. Orientation Guidelines

1. Institutions must establish written guidelines for orientation of students, faculty, program directors and group leaders in international programs or courses.

4. Emergency Response Plan

1. Institutions must have emergency response plans in place for international programs to facilitate swift action by program directors or group leaders, faculty, student and consortia (if relevant) in the event of emergencies affecting multiple participants, the entire program (natural or human disasters such as earthquakes, flood, hurricane, fire, nuclear incident; political/civil unrest, terrorist activity or threat), assault (physical or sexual) or death, health or psychiatric emergencies, missing participants, arrest, and incapacitated program directors or group leaders.

2. Emergency response plans must be filed at the home institutions and the TBR Office of Academic Affairs and periodically updated.

3. All program directors and group leaders must be trained on emergency and crisis management procedures by the institution or the consortia offering the international education program.

5. Travel Alerts

1. Within six weeks prior to travel for an international program or course, institutions must disclose to participants U.S. State Department Consular Information Sheets and Public Announcements or Travel Alerts and crime and safety reports from the Overseas Security Advisement Council as well as essential health and safety considerations, including the Center for Disease Control Travel Information Health Recommendations.

2. During the overseas program or course offering, institutions should monitor and evaluate any new information and report to the Program Director, as appropriate.

6. Information to be Provided to Students

1. Institutions must establish policies and procedures to inform participants who enroll in international opportunities that it:

    1. Cannot guarantee or assure the safety of participants or eliminate all risks from the international education environments.

    2. Cannot monitor or control all of the daily personal decisions, choices, and activities of individual participants.

    3. Cannot assure that U.S. standards of due process apply in overseas legal proceedings or provide or pay for legal representation for participants.

    4. Cannot assume responsibility for the actions of persons not employed or otherwise engaged by the program sponsor for events that are not part of the program or that are beyond the control of the sponsor, or for situations that may arise due to the failure of a participant to disclose pertinent information.

5. Cannot assure that home-country cultural values and norms will apply in the host country.

6. Cannot assure that U.S. standards of hygiene, medical practice, food and product safety will apply in the host country.

7. Insurance Coverage

1. Institutions are responsible for informing participants about the coverage, availability, mandatory purchase of accident and health insurance and medical evacuation and repatriation insurance prior to departure for any international education program either through the TBR insurance program or other insuring parties.

2. Institutions must provide information on available medical care in the host country; if available medical care is a cause for concern, participants must be informed.

8. Proof of Acceptance

1. Students must provide documentation of acceptance into international education programs to the student’s financial aid office as requested and establish policies for payment schedules for tuition and program fees which take in consideration both the disbursement schedule of financial aid monies and the departure dates for international education programs.

5. Recruitment, Admission, Orientation, Participation, and Re-entry

1. Admission/Educational Standards

1. Institutions must have educational standards for all students whether from TBR institutions or from outside who elect to study in an international setting.

2. Each institution will develop minimum GPA requirements, selection criteria, and enrollment status for students studying internationally either independently or in international education programs.

3. Credit is offered for individual courses within international education programs with the full measure of demand and academic rigor, not merely for the purpose of travel or touring in a foreign location. Institutions must establish a comprehensive policy on the transfer of credit and transcript evaluation from international institutions.

4. TBR System institutions, in consultation with faculty and departments, will grant appropriate academic credit for coursework successfully completed on educational programs abroad which they operate or sponsor.

5. Each TBR institution will inform participants as completely and accurately as possible as to the process that it follows in awarding credit for international education and provide academic advising to facilitate integration of coursework abroad with a participant's major field and degree requirements.

    1. Individual institutions must have policies as to the acceptability of academic courses completed in an international setting to the major field requirements.

    2. Institutions must have grade appeal policies in place to assist students wishing to appeal an unsatisfactory grade or removal from an academic course taught in an international setting by non-TBR faculty.

6. All international study offerings including study-abroad programs awarding academic credit to students enrolled in TBR institutions or consortia within or outside the TBR system must comply with regional accreditation and/or TBR standards.

    1. Institutions must ensure that global study opportunities regardless of the provider equate in contact hours with those expected of students matriculating at the home institution per TBR instructional hour policy.

7. Institutions must establish an equivalency for international study courses offered by the institution itself or through an international education program, TBR sponsored or external consortia, or international institution in order to offer credit at the home institution.

2. Students with Disabilities

   1. TBR institutions shall attempt to work with institutions abroad to provide reasonable access for students with disabilities.

   2. Institutions shall inform students that it cannot, however, guarantee any particular access.

3. Student Conduct and Discipline

   1. Institutional policies regarding student conduct apply to TBR students registered for credit regardless of their attendance at one of the TBR campuses in Tennessee or while participating in international opportunities.

   2. All participants, whether enrolled for credit or not, must attend a program pre-departure and on-site orientation, including emergency contact information and repatriation information including issues relevant to the culture, social and health conditions of the host country, in addition to information about registration, fee payment and reenrollment, as appropriate.

   3. All international education programs must brief program participants regarding student conduct expectations including but not limited to alcohol and drug use, visitation, prohibited locations, and abuse of laws and customs of the country to be visited.

   4. A student’s removal from an international program may be conducted in accordance with TBR Policy 3:02:00:01 General Regulations on Student Conduct and Disciplinary Sanctions and/or the host institution policies on student conduct, whichever is more conservative in keeping with Policy 3:02:01:00 Due Process. Students should become familiarized with the host institution’s policies governing student conduct, and a discussion of such policies should be a part of the student’s orientation session.

4. Academic and Logistical Program Assessment

1. TBR institutions will assess both academic and logistical aspects of study abroad programs which they operate or sponsor.

5. Media Inquiries

   1. Each institution will establish policies for media inquiries regarding any incident involving a TBR institution faculty, staff or student involved in any TBR endorsed international education experience.

   2. The media policy must require that administrators consult Chief Student Affairs Officers and/or legal counsel regarding the release of student information on student records in accordance with the Federal Educational Rights and Privacy Act (FERPA).

6. Establishing a Memorandum of Understanding (MOU) or Memorandum of Agreement (MOA)

   1. Contracting with Institutions Abroad

      1. Individual institutions and TBR sponsored consortia shall establish guidelines for the contracting with potential institutions abroad, including appropriate legal review.

      2. Partner universities may be proposed by anyone in the institution but the decision to pursue a formal agreement with any institution abroad must be supported by the Chief Academic Officer, President of the institution, or the President's designee.

      3. Institutions must have an official, written agreement with institutions abroad or consortia prior to commencing an international studies program and such agreement must be reviewed by legal counsel prior to its execution.

7. Host Country Consideration

   1. To promote the free exchange of ideas and knowledge, no restrictions shall be placed on the establishment or maintenance of programs in other countries based on the political, religious, racial, ethnic, or ideological characteristics of a host country or its government.

8. Financial Management

1. Financial Policies

1. Institutions must establish financial policies specific to international education programs using approved state accounts, with appropriate management and auditing procedures.

2. Employee Compensation/Benefits provided by Program Abroad

1. A program shall provide upon request disclosure of any benefits provided to any employee of a TBR institution which are paid for or subsidized by participant fees or secured from any vendor that is providing services to students.

3. Emergency Reserve/Contingency Fund

1. Each institution shall maintain a reserve/contingency fund deemed adequate in response to the international activity level of the institutions in order to respond to emergencies and unforeseen problems of students, faculty, and staff engaged in TBR sponsored or supported international programs or courses.

4. Contracting-Legal Review

1. As state-assisted public universities and community colleges, TBR institutions will exercise reasonable care in contracting with any institution or entity associated with international education/travel programs to ensure compliance with TBR policies and promote the best interests of the students and TBR.

2. All contracts must conform to Tennessee State law, TBR policy and institutional policy, including legal review.

3. Contracting issues shall be discussed at orientation sessions offered to faculty, staff and students.

5. Fiscal, Management and Educational Standards

1. Individual institutions must have fiscal, risk management and educational standards for international education programs whether offered by the institution through consortia or other arrangement.

    1. Institutions are responsible for determining if there are additional demands for international education programs in any specific location or for any specific field unmet by any TBR institution or affiliate program.

    2. Institutions must consider affordability including startup costs, convenience and stability of a site when developing an international education program.

    3. Each institution must establish and include in their general student information published policies which allow students to register for classes, earn credit, obtain financial aid, pay tuition and international education fees, and to obtain refund and or withdraw for all international education programs.

    4. Institutional policies must be established including deadlines for the collection of tuition and fees from TBR students for international education and the transfer less the administrative fee to the TBR related consortium.

    5. Institutions must make appropriate arrangements to use existing accounting and reporting procedures for all international travel for program directors or group leaders.

9. <u>Evaluation</u>

    1. Program and Course Evaluation

        1. Individual institutions shall establish an evaluation for individual courses and for all international education programs to determine the continued academic value and financial viability of each program.

2. Course evaluation procedures and measures must be the same or equivalent to those of the home institution.

3. At a minimum the program evaluation must include perceived strengths and weaknesses, the projected and actual costs of the program, both in terms of financial cost and in-kind costs contributed by the program director and program staff, program enhancements or improvements needed, strategies for improvement and lessons learned that can be a good tool for future Program Directors or Group Leaders.

4. The evaluation should include student assessments, as appropriate, as well as a full evaluation completed by the Program Director or Group Leader.

## Sources

Board Meeting, March 26, 2009

General Travel: 4:03:03:00

**A) Policy/Guideline Area**

Business and Finance Policies

**B) Applicable Divisions**

TCATs, Community Colleges, Universities, System Office

**C) Purpose**

The following policy applies to the travel of all employees of the institutions governed by the Tennessee Board of Regents, as well as members of the Board staff, in the performance of their official duties. Provisions of this policy also may apply to individuals other than employees who are authorized to travel at institutional, or Board expense. Specific provisions of the policy also address the travel of Board members, pursuant to T.C.A. § 4-3-1008. Authorization for travel will not be granted and expenses will not be reimbursed unless the travel is made and reimbursement claimed in accordance with this policy and any approved exceptions hereto. Procurement cards may be used for the payment of registration fees and required advance payments for airline or hotel payments. Procurement cards may not be used for expenses incurred during actual travel time except in instances of team/group travel.

This policy and specific reimbursement rates for travel expenses allowed under this policy shall be consistent with those of the Comprehensive Travel Regulations of the State of Tennessee. Exceptions which may be deemed necessary and approved by the Board shall be submitted for consideration by appropriate State officials. Current reimbursement rates shall be issued by the Chancellor as an addendum to this policy.

All travel must be consistent with the educational, research, and professional needs of the TBR System. Employees must conduct all travel with integrity, in compliance with applicable laws, policies, and procedures, and in a manner that excludes considerations of personal advantage. Employees must exercise good judgment and conduct all aspects of travel in a cost-efficient manner.

**D) Policy/Guideline**

I. General Provisions

~~A.~~ No authorization for travel by any employee shall be granted, and no reimbursement for travel expenses shall be made, except in accordance with the provisions of these policies and procedures. Reimbursement for travel expenses shall be limited to expenses incurred upon travel authorized in advance in accordance with Section II.

~~B.~~ Travel which may be authorized, and pursuant to which expenses may be reimbursed, shall be limited to the following:

1. Travel which is necessary for the proper execution of official System business, or in justifiable pursuit of an institution's educational and research objectives; or

2. Travel to meetings and conferences of a professional nature which will increase the attending employee's usefulness to the System.

~~C.~~ Travel shall not include, and no reimbursement for expenses shall be made for, transportation in connection with an employee's official station of employment. The employee's "official station" is his or her regular area of employment activity, e.g., office headquarters, campus, or designated location of an employee established in the field.

1. The official station of an employee shall be designated by the appointing authority.

2. It is normally expected that the official station is that location at which the employee spends ~~the major portion~~ greater than 50% of his or her working time.

Comment [BS1]: TTU

3. For an employee required to be on call (as determined by his or her job description), either overnight or on weekends, the official station of the employee while on call becomes his or her residence, or the location at which the employee receives the call.

4. Reimbursable mileage begins at the location at which the employee receives the call.

~~D.~~ The employee is considered to be on official travel status, and as such, eligible for reimbursement of travel expenses, at the time of departure from the employee's official station or residence, whichever is applicable, for the purpose of traveling on state business.

1. Expenses for meals will be allowed when overnight travel is required outside the county of the employee's official station or residence.

2. En route lodging will be allowed for only one day each way on trips of long duration.

3. Expenses for lodging will only be allowed in cases where the approved and most direct or expeditious mode of travel will require more than ten (10) hours of continuous travel for trips of long duration.

4. The lodging expense will not be considered en route lodging if it does not add an additional day of lodging expense.

   a. For example: An employee has a 9:00 a.m. meeting in Atlanta, GA. Assume the employee needs to work a full day prior to the trip. It would be less expensive and more convenient to drive rather than fly. The employee leaves the night before and drives to within two hours of Atlanta. Then the employee spends the night, continues the drive the next morning and arrives for the 9:00 a.m. meeting. This will be reimbursed but is not considered en route lodging as it did not add an additional day of lodging expense to the normal travel expenses.

~~E.~~ The limitations on travel expenses contained herein are maximum amounts above which reimbursement shall not be made. Employees are expected to be as conservative as possible in incurring travel expenses.

~~F.~~ Reimbursement for travel expenses shall only be allowed for actual expenses incurred, subject to the maximum limitations shown on the Addendum.

1. Receipts must accompany claims for reimbursement for all expenses exceeding the amount cited on the Addendum.

~~2.~~ ~~The exceptions to this rule are~~ Receipts are not required for meals, taxi fares, tolls and ferry fees, ~~with no receipt required unless the amount exceeds the maximum shown on the Addendum~~.

Comment [BS2]: Finance Committee

3. Lodging receipts are required and must itemize room charges and taxes. No expenses shall be reimbursed until after travel has been completed.

~~G.~~ ~~When using websites (such as Expedia.com, Travelocity.com, Hotwire.com, etc.) to make travel arrangements using package deals, documentation is required for each specific item included in the package such as airfare, hotel, and rental car.~~

~~1. Documentation should be provided to substantiate the conformance with set rates as established in CONUS and in the general travel policy.~~

~~2. If such documentation cannot be obtained from the website or vendors, the employee is responsible for comparing the package price to the separate coach airfare rates, hotel rates (as allowed by CONUS/conference rate) and vehicle rental rates and providing documentation to reflect that the package price is less expensive than fares allowed individually.~~

~~3. When the website documentation is not sufficiently detailed, a signed statement by the employee (along with documentation from separate coach airfare rates, hotel rates, etc.) referencing the comparison above is to be attached to the travel claim to certify that a reasonable effort was made to procure the best price for the college or institution.~~

~~4. The employee is responsible for abiding by rates as approved by TBR.~~

**Comment [BS3]:** ETSU

G. "Internet travel sites such as Expedia, Travelocity or Kayak can be utilized to purchase single travel services such as an airline ticket. Internet travel sites cannot be used to purchase a package of one or more travel services. Purchases of travel packages that combine services such as lodging, airline, or vehicle rentals are not allowed. These package deals do not usually provide sufficient itemized pricing for each service purchased and therefore do not allow for proper comparison to CONUS or conference rates as required by policy."

**Comment [BS4]:** Finance Committee

~~5.~~

II. Authorization of Travel

~~A.~~ Approving Authorities

1. The president or director or his or her designees shall have authority to approve travel by employees of the various institutions.

2. The Chancellor or his or her designees shall have authority to approve travel by employees of the Board.

3. Authorization for travel by a student, regardless of the destination, shall be approved by the president or director of the institution or his or her designee.

~~B.~~ In-State Travel

1. All employees should obtain prior written authorization for in-state travel by the employee's appropriate approving authority, except as noted in item 2 below.

2. Written authorization may not be necessary for in-state travel where the expected expenses will not be substantial, or when there is no advance notice of the circumstances necessitating the travel, and such travel is approved orally by the appropriate approving authority.

3. Employees whose employment requires frequent in-state travel may obtain blanket authorization in writing for such travel.

**Comment [BS5]:** •Language regarding blanket travel authorizations should be clarified. For instance, for an employee who travels frequently to TBR, is a written blanket authorization required? Can a blanket travel authorization be verbal? If the intent is no, shouldn't the policy state this? What types of in-state travel can be included on blanket travel authorizations? Can an employee who frequently travels to TBR and/or multiple institutions be included on the same blanket travel authorization? (IA)

~~C.~~ Out-of-State Travel

1. All employees must obtain prior written authorization for out-of-state travel, which must be approved by the employee's appropriate approving authority.

2. The authorization must show the name of the person traveling, purpose of the trip, destinations, date of departure and return, mode of transportation, estimated expenses, and availability of funds.

3. If, in the normal course of official business, the employee must routinely travel into another state and back in the same day, such travel will be considered in-state travel and shall be subject to the in-state travel provisions.

    a. This exception applies for trips which do not exceed 50 miles into another state.

4. Employees whose employment requires frequent out-of-state travel may obtain blanket authorization in writing for such travel.

~~D.~~ All Other Travel

Comment [BS6]: Consider a separate section for Out of Country Travel for meals/lodging, etc. Information for out of country travel is buried in other sections. Possibly add language in the "Out-of-State lodging" section that indicates out of country lodging requires actual receipts. (IA)

1. Authorization for travel by an employee to Alaska, Hawaii, and all out-of-country travel shall be subject to approval by the president. or designee

Comment [BS7]: Finance Committee

2. Authorization for travel to Alaska, Hawaii, and all out-of-country travel by the president shall be subject to approval by the Chancellor (or designee).

3. Authorization for travel to Alaska, Hawaii and all out-of-country travel by an employee of a college of applied technology shall be subject to approval by the Vice Chancellor of Colleges of Applied Technology.

III. Transportation

~~A.~~ General

1. All travel must be by the most direct or expeditious route possible and any employee who travels by an indirect route must bear any extra expense occasioned thereby.

2. When work is performed by an employee in route to or from the official station, reimbursable mileage is computed by deducting the employee's normal commuting mileage from the actual mileage driven in performing the work in route to or from the official station.

a. For example, if an employee normally commutes 10 miles (20 miles round trip), and performs work on the way home from the official station which results in 12 miles driven, the mileage reimbursement will be for 2 miles only, as that is the amount of mileage in excess of the employee's normal commute.

b. In no instance shall mileage claimed for reimbursement exceed actual miles traveled.

~~B.~~ Mode of Transportation

1. Transportation for employees traveling singly should be by common carrier (air, train, or bus) whenever practical.

2. The use of air travel is recommended when time is an important factor or when the trip is so long that other methods of travel would increase the subsistence expense.

3. Automobile transportation may be used to save time when common carrier transportation cannot be satisfactorily scheduled, or to reduce expenses when two or more employees are making the trip.

4. Reimbursement for personal vehicle use may be claimed at the ~~standard mileage rate provided that the cost of such reimbursement is less than comparable cost of commercial transportation including taxi fares and/or limousine charges.~~lesser of the standard mileage rate or comparable cost of commercial transportation including taxi fares and/or limousine charges.

Comment [BS8]: IA

~~C.~~ Common Carrier Travel

1. When travel is by common carrier, the fare must not exceed the ~~regular~~ standard coach fare charged the general public, and advantage must be taken of round trip rates when available.

Comment [BS9]: Finance Committee

Comment [BS10]: Should this state standard coach fare per TCA? IA

2. The employee's copy of the ticket, or an acceptable receipt, must be submitted for reimbursement of common carrier expenses.

3. Baggage Fees will be allowed when necessary. A receipt is required for reimbursement.

Comment [BS11]: UOM

4. Charges for trip insurance are not reimbursable. The State of Tennessee is self-insured and does not purchase separate insurance, and therefore will not reimburse for insurance purchases made for trips.

Comment [BS12]: ETSU

~~D.~~ Chartered Aircraft

1. Generally, faculty and staff (including group travel and athletics) whose duties require travel will use commercial ground and air carriers or an institutional automobile.

2. However, a chartered aircraft may be used if time and/or distance preclude ground travel or if a commercial air service is either unavailable or does not meet the needs of the traveler(s).

3. The following guidelines apply:

a. The chief executive officer of each institution shall assign the following duties to a responsible official:

(1) Reviewing and approving requests for charter air services;

(2) Scheduling charter flights; and

(3) Informing those who request charter flights of the charter company's policy on canceling scheduled flights.

b. Charter services will be obtained only when it can be shown that the charter does not exceed the sum of all traveling costs by commercial carrier (e.g. transportation, meals, and lodging) or that circumstances necessitate travel when no other means is available.

c. The charter company must provide the institution with an original, itemized invoice showing the beginning and ending dates of the charter, the origin and destination of each flight, and the names of passengers on each flight.

~~E.~~ Automobile Travel

1. When travel by automobile is appropriate, employees may use state-owned automobiles whenever available and feasible. However, state-owned vehicles should be used only on official business.

a. State Owned Automobiles

(1) When transportation is by a state-owned automobile, tolls, parking, gasoline and storage expenses are allowable.

(2) When using motor pool automobiles, employees will be furnished with courtesy cards for purchase of gasoline, oil, and other automobile services, and such expenses should not be claimed by employees as travel expenses.

(3) Emergency out-of-pocket expenses, such as towing or emergency repairs, will be reimbursed but must be accompanied by proper receipt identifying the automobile and itemizing the services.

(4) Such expenditures must be of an emergency nature when immediate service is required and access to a state facility is not possible.

(5) Major repairs should be approved by campus officials prior to work being performed. Such expenditures are allowed but should be filed for reimbursement separately.

b. Personally-Owned Automobiles

(1) Use of a personally-owned automobile must be authorized.

(2) Mileage reimbursement rates are provided on the Addendum.

(3) The authorized mileage allowance includes all operating expenses such as gas, oil, and repairs precluding any separate claim for such items.

(4) Employees may use reputable websites to determine point-to-point and/or vicinity mileage.

(5) Commuter Mileage

(a) Procedures for calculating mileage are based on the fact that the State is prohibited from reimbursing employees for normal commuting mileage.

(b) If an employee begins or ends a trip at his/her official station, reimbursable mileage will be the mileage from the official station to the destination.

(c) If work is performed by an employee in route to or from his/her official station, reimbursable mileage is computed by deducting the employee's normal commuting mileage from the actual mileage driven.

(d) If an employee begins or ends his/her trip at his/her residence without stopping at his/her official station, reimbursable mileage will be the lesser of the mileage from the employee's residence to his/her destination or his/her official station to the destination. On weekends and holidays, the employee may typically be reimbursed for actual mileage from his/her residence to the destination.

(e) If an employee travels between destinations without returning to his/her official station or his/her residence, reimbursable mileage is the actual mileage between those destinations.

c. The travel claim must indicate the employee's itinerary and must show the official business mileage.

(1) Business mileage as indicated by the official state map or reputable websites, and that published by Rand-McNally or reputable websites for out-of-state routes will be regarded as official.

(2) Vicinity mileage must be reported on a separate line and not included with point-to-point mileage. Only mileage on official business may be claimed.

d. Necessary charges for hotel and airport parking will be allowed.

~~F.~~ Limousine and Taxi Service

1. When travel is by common carrier, reasonable limousine and taxi fares will be allowed for necessary transportation.

2. Bus or limousine service to and from airports will be used when available and practical.

3. After arrival at destination, necessary taxi fares for traveling between hotels or lodging and meeting or conference will be allowed.

4. No receipt is required for reimbursement of reasonable taxi fares.

~~G.~~ Car Rentals at Destination

1. Charges for automobile rental shall be allowed whenever it is more economical than alternative methods of transportation or it is the only practical means of transportation.

2. Charges for insurance for rented automobiles are not reimbursable. The State of Tennessee is self-insured and does not purchase separate insurance, and therefore will not reimburse for insurance purchases made for rental vehicles.

3. Whenever possible, employees should refuel before returning vehicles.

~~H.~~ Tolls and Ferry Fees

1. Reasonable tolls and ferry fees will be allowed when necessary.

2. 2. No receipt is required for reimbursement of tolls and ferry fees.

~~I.~~ Daily Parking Fees

1. Daily parking fees for those employees working in downtown offices will not be allowed.

**Comment [BS13]:** Should the policy indicate that employees should document that car rental at the destination is the most economical form of transportation? (IA)

**Comment [BS14]:** ETSU

2. However, if an employee is required to leave his office on official business and later returns the same day, the actual additional charge required to park will be reimbursed up to the maximum indicated (see Addendum).

3. Also, those employees required to utilize commercial parking facilities in the daily performance of duties, or while on travel status, will be allowed reimbursement for actual costs.

4. Receipt is required if the fee exceeds the maximum indicated per day (see Addendum).

~~J.~~ Unnecessary meals and lodging expenses which are occasioned by the use of an automobile for reasons of the employee's personal convenience, or which are due to travel by an indirect route, will not be allowed.

~~K.~~ If travel is by common carrier, the employee will be reimbursed for expenses in traveling to and from the common carrier including related parking expenses.

1. Receipts must be furnished on airport and hotel parking exceeding maximum parking allowance in Addendum.

IV. Lodging

~~A.~~ In-State Lodging

1. Lodging expenses incurred within the state while on authorized travel will be reimbursable to the maximum shown on the Addendum.

~~B.~~ Out-of-State Lodging

1. Lodging expenses incurred out of the state while on authorized travel will be reimbursable to the maximum shown on the Addendum.

2. The maximum reimbursement rates for out-of-state travel are the same as those maintained by the U. S. General Services Administration for federal employees within the continental United States (CONUS).

3. The CONUS list, available on the General Services Administration web site, contains a standard reimbursement rate for lodging and meals and incidentals, and several pages of exceptions.

4. Most destinations for out-of-state travel fall within the list of exceptions.

5. En route lodging will be allowed for only one day each way on trips of long duration.

a. En route lodging will only be allowed in cases when the approved and most direct or expeditious mode of travel will require more than ten (10) hours of continuous travel. (Refer to Section I.D.2-4 for explanation of en route lodging expenses.)

C.Out of Country Lodging

1.Lodging expenses incurred while out of the country will be reimbursed at actual expenses with receipts.

**Comment [BS15]:** Finance Committee

~~C.~~ D. Additional Lodging Expenses

**Comment [BS16]:** •The policy indicates that "Higher rates for lodging at the location of a convention or conference will be allowed, without special approval, up to the amount indicated in the convention or conference brochure or conference website." If the brochure offers multiple rates, should language be added to clarify the reimbursement is allowed at the lowest rate listed in the conference brochure? (IA)

1. Sales taxes on lodging costs will be reimbursable.

2. Higher rates for lodging at the location of a convention or conference will be allowed, without special approval, up to the amount indicated in the convention or conference brochure or conference website.

3. Additional lodging for presidents/directors will be approved on the same basis as approval is granted for other employees. Any exceptions must be approved by the Chancellor.

4. The convention or conference brochure which indicates the lodging rates must be included with the travel claim. Otherwise, reimbursement will be limited to the applicable lodging rate as provided in these regulations.

~~D.~~ E. Shared Lodging

1. In the event of double occupancy for state employees on official travel, both employees should attach an explanation to his/her travel claim detailing dates and other employees with whom the room was shared.

2. The lodging cost may be claimed by the employee who incurred the cost, or one half the double occupancy charge may be allowable for each employee.

3. If a room is shared with other than a state employee, actual cost subject to the maximum in the Addendum will be allowed.

4. The receipt for the entire amount should be submitted with the expense account.

V. Meals

~~A.~~ In-State and Out-of-State Meals

1. Meals while on authorized travel will be reimbursed, subject to the meal allowance provided on the Addendum.

2. The maximum per diem rates include a fixed allowance for meals and for incidental expenses (M&I).

3. The M&I rate, or fraction thereof, is payable to the traveler without itemization of expenses or receipts.

4. Incidentals are intended to include miscellaneous costs associated with travel such as tips for baggage handling, phone calls home, etc.

~~5. Out of Country meals are reimbursed at actual expense with receipts. If no receipts are provided, the maximum rate will be the maximum Conus rate of Out-of-State travel.~~

**Comment [BS17]:** Finance Committee

6. The M&I rates for out-of-state travels are the same as those for federal employees, and are available on the General Services Administration's web site.

7. As with lodging, there is a standard rate for the continental United States (CONUS), and a list of exceptions.

8. Reimbursement for meals and incidentals for the day of departure shall be three-fourths of the appropriate M&I rate (either the in-state rate or CONUS rate for out-of-state travel) at the rate prescribed for the lodging location.

9. Reimbursement for M&I for the day of return shall be three-fourths of the M&I rate applicable to the preceding calendar day.

10. To assist in this calculation, the following table lists partial per diem rates for meals and incidentals for in-state and out-of-state travel.

**Comment [j18]:** This table does not seem necessary.UOM

| **Per Diem Rates** | **Three-Fourths Calculations** |
|---|---|
| $46 | $34.50 |
| $51 | $38.25 |
| $56 | $42 |
| $61 | $45.75 |
| $66 | $49.50 |
| $71 | $53.25 |

11. The following table may be used to determine reimbursement for a single meal, when appropriate.

12. Reimbursement for meals will not be permitted when overnight travel is not involved.

**Comment [j19]:** The #12 should be removed. This information is a continuation of #11.UOM

**In-State and Out-of State of Tennessee**

**Meals and Incidental – Allocated by Meal**

| **Per Diem** | **$46** | **$51** | **$56** | **$61** | **$66** | **$71** |
|---|---|---|---|---|---|---|
| Breakfast | $7 | $8 | $9 | $10 | $11 | $12 |
| Lunch | $11 | $12 | $13 | $15 | $16 | $18 |
| Dinner | $23 | $26 | $29 | $31 | $34 | $36 |

| Per Diem | $46 | $51 | $56 | $61 | $66 | $71 |
|---|---|---|---|---|---|---|
| Incidentals | $5 | $5 | $5 | $5 | $5 | $5 |

13. Revisions to the above two tables that are required solely by changes in CONUS rates will not be subject to Board approval.

B. Out of Country Meals

1.Out of Country meals are reimbursed at actual expense with receipts. If no receipts are provided, the maximum rate will be the maximum Conus rate of Out-of-state travel.

**Comment [BS20]:** Finance Committee

~~B.~~ C. Official Banquets

1. When the expenses for an official banquet of a meeting or conference are in excess of the meal allowance, the excess will be allowed provided a receipt or proper explanation of the charge is submitted.

~~C.~~ Business Meals

1. See Policy 4:07:00:00 for criteria on reimbursing business meals.

VI. Miscellaneous Expenses

~~A.~~ Personal Expenses

1. Expenses for entertainment (employee or others), laundry, tips and gratuities, etc., are personal expenses and will not be reimbursed in excess of the incidental portion of the M&I rate.

~~B.~~ Telephone, Internet and Fax Expenses

1. Charges for long distance telephone calls, internet, and/or fax on official business will be allowed.

2. Charges for necessary local calls on official business will be allowed.

~~C.~~ Registration Fees

1. Registration fees for approved conferences, conventions, seminars, meetings, etc., will be allowed including cost of official banquets and/or luncheons, if authorized in advance by the appropriate approving authority, and provided receipts are submitted with the travel claim.

~~D.~~ Handling Fees

1. Fees for the handling of equipment or promotional materials will be allowed up to the maximum indicated (see Addendum).

VII. Claims

Comment [BS21]: It is not stated in this section of the Advances section that states the payments made on the procurement card are subtracted out.TTU

~~A.~~ The standard form for claims for travel expenses approved by the President, director or Chancellor shall be used for reimbursement of expenses.

1. The form must show movement and detail of expenses on a daily basis, be signed by the employee, and be approved by the appropriate approving authority prior to reimbursement.

Comment [BS22]: UOM

2. Signatures on travel claims must be original or electronic in accordance with TBR policy. Where adequate controls have been implemented to minimize risks associated with travel claim (such as the risk that duplicate claims will be submitted or alterations made to the original claim subsequent to approval by approving authority), travel claims may be submitted for payment electronically via email.

Comment [BS23]: UOM/APSU

3. Receipts for appropriate expenses must be submitted with the claim for reimbursement.

Comment [BS24]: UOM

4. Expenses for books, supplies, postage, and other items that do not constitute actual traveling expenses should not be included in the claim form.

5. Claims for reimbursement for travel expenses should be submitted no later than thirty (30) days after completion of the travel.

VIII. Travel Advances

~~A.~~ General

1. Normally travel expenses should be paid when incurred by an employee, with reimbursement made to the employee for actual expenses upon proper submission of a claim for travel expenses.

2. Advances to employees for anticipated travel expenses may be made under the circumstances hereinafter described as

 a. Permanent travel advances; and

 b. Temporary travel advances except as provided in Section IX.C.

3. All travel advances must be approved by the president or director or his or her designees for employees of the institutions, and the Chancellor for employees of the Board.

~~B.~~ Permanent Travel Advances

1. When an employee has blanket travel authorization, and is expected to travel the major portion of each month, the employee may be placed upon permanent travel status.

2. Upon determination of the employee's estimated monthly expenses, if such expenses exceed $100, the employee may be provided with a single advance in an amount sufficient to cover such expenses for one month, provided such amount may not exceed the semi-monthly salary of the employee.

3. Subsequent to the initial advance, the employee shall submit appropriate claims and be reimbursed as heretofore provided, with any unused portion of the advance to be returned upon termination of the employee's permanent travel status.

~~C.~~ Temporary Travel Advances

1. When temporary travel is authorized for an employee, the employee may receive an advance, provided a request for the advance, including estimated expenses, is submitted

to the appropriate approving authority with the request for written authorization for the travel, and is approved.

2. An amount equal to 80% of the estimated ~~expenditures will be allowed as an advance, however, no advance less than $100 will be made.~~out of pocket expenditures will be allowed as an advance, however, no advance less than $100 will be made.

Comment [BS25]: IA

3. Students traveling under individual authorizations or an employee traveling with a student or students who is responsible for disbursing all funds for the trip may be advanced 100% of the amount of the authorization.

~~D.~~ Payroll Deduction Authorization

1. Each employee receiving a permanent or temporary travel advance for the first time must sign a payroll deduction authorization form which will allow the State to recover the advance from any salary owed the employee in the event of termination of employment or failure to submit a travel claim.

2. This deduction from payroll should be used as a last resort only in the event all other efforts to collect the advance have failed.

~~E.~~ Expense Claim

1. Upon return, the employee should submit an expense claim detailing his or her actual expenditures. This claim should show the total expenses incurred.

2. The advanced amount should be subtracted from this total.

3. A voucher should then be prepared requesting the additional amount due the employee.

4. No advance should exceed actual expenses. If this does happen, however, the excess should be returned by the employee to the business office for deposit as a credit against the original advance with proper distribution being made of the actual expenses incurred.

5. In the latter instance, the expense account claim should be forwarded to the business office with notification to file it with the advance request.

~~F.~~ Non-business Expenses

1. You are eligible for reimbursement of travel expenses if your trip was entirely business related.

2. If your trip was primarily for business and, while at your business destination, you extended your stay, made a personal side trip, or had other personal activities, you can obtain reimbursement for only your business related travel expenses.

3. These expenses include the travel costs of getting to and from your business destination but do not include additional lodging, parking, and per diem for the days not required for the business travel.

4. Additional days are not considered business related unless they are necessary to provide rest or sleep required for you to properly perform your duties.

IX. Corporate Credit Cards for Travel

~~A.~~ General – Individual institutions and/or the Board Office may arrange for corporate credit cards to assist with travel expenses.

~~B.~~ Membership - Corporate credit cards are made available to designated employees, with the employees personally responsible to the card vendor for all amounts charged to the card.

~~C.~~ Advances - Travel advances, permanent or temporary, shall not be issued to:

1. Any employee who is issued a corporate card; or

2. Any employee who is designated but chooses not to apply for a corporate card; or

3. Any employee who has had his/her corporate card cancelled or was refused a card based on the vendor’s credit requirements.

a. Institutions may make individual exceptions to the above provisions when the circumstances are determined to warrant such exception.

~~D.~~ Reimbursement - Reimbursement for travel expenses shall only be allowed for actual business expenses incurred, subject to the provisions of Section I.F, and the maximum limitations shown on the Addendum.

~~E.~~ Cancellations - The Tennessee Board of Regents and/or the card vendor may cancel an employee's corporate card at any time. In the event of cancellation of a corporate card, the Tennessee Board of Regents or appropriate institution shall promptly notify the employee of the cancellation and use its best efforts to obtain the canceled corporate card and return it to the card vendor.

~~F.~~ Termination - The Tennessee Board of Regents and its institutions shall notify the card vendor if a cardholder’s employment is terminated, and the effective date of such action. Each institution shall establish procedures to collect corporate cards from terminated employees and return them to the card vendor.

X. Exceptions

~~A.~~ General

1. The Chancellor shall have the authority to grant exceptions to any part or all of the provisions of this policy when deemed appropriate and necessary; however, any exception directly affecting the Chancellor must be approved by the Vice Chair of the Board.

2. The Chancellor delegates to the presidents and directors the authority to grant exceptions to any part or all of the provisions of this policy in individual instances when deemed appropriate and necessary; however, any exception directly affecting presidents or directors must be approved by the Chancellor or Vice Chancellor for Colleges of Applied Technology, respectively.

3. Two areas of standing exceptions to the policy are provided below.

a. Exception No. 1

(1) Provisions for travel contained in this Exception Number One shall be applicable only to the Chancellor and his or her immediate staff, presidents and directors of institutions, and System employees traveling in their company.

(2) This exception corresponds with Exception Number Three of the Comprehensive Travel Regulations. All provisions of Sections I through IX of this policy shall be applicable unless superseded by the following.

(a) Transportation: First class travel on common carrier shall be allowable at the option of the above designated persons when accompanying others not employed by the State who are traveling in first class accommodations.

(b) Charges for automobile rental shall be allowed whenever it is more economical than alternative methods of transportation or whenever it is the only practical means of transportation.

b. Exception No. 2

(1) Members of the Tennessee Board of Regents shall be reimbursed for travel in the performance of their official duties in accordance with applicable provisions of the general policy unless superseded by the following, which corresponds with Exception Number Four of the Comprehensive Travel Regulations, provided that necessary approvals shall be made by the Chancellor rather than the Commissioner of Finance and Administration.

(a) Members of the Board shall be reimbursed by the Board office for all allowable travel expenses upon submission of a standard form for claims and appropriate receipts.

## E) Addendum

1. Tennessee Board of Regents General Travel Policy

   1. This Addendum provides the specific expenses considerations cited in the general travel policy.

      1. The reimbursement rates listed below are consistent with the current Comprehensive Travel Regulations of the State of Tennessee, which may be revised from time to time.

      2. The following shall remain in effect from and after October 1, 2013, until revised by the Chancellor.

      3. The Board delegates to the Chancellor the authority to increase TBR travel rates commensurate with any rate increases approved by the State of Tennessee.

2. General Reimbursement Rates

   1. Standard mileage rate – Rate approved by the Dept. of Finance and Administration.

   2. Maximum parking fees without receipt - $ 8.00 per day

   3. Fees for handling of equipment or promotional materials - $ 20.00 per hotel

3. Out-of-State Reimbursement Rates

   1. Employees are to utilize the U.S. General Services Administration CONUS (Continental United States) rates provided by the federal government.

   2. The CONUS rates are located on the U.S. Government's web page at www.gsa.gov/

   3. Use the CONUS standard rates for all locations within the continental United States not specifically shown on the web page as a listed point.

4. In-State Travel Reimbursement Rates

   1. Level I Counties and Cities

1. Davidson County

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| 75% of M&I | $122.00 + tax | $66.00 |

2. Level II Counties and Cities

    1. a. Anderson County, Shelby County, Knox County, Hamilton County, Gatlinburg, Pigeon Forge, Sullivan County, Williamson County, Montgomery County, Putnam County, Rutherford County, Washington County (Includes Paris Landing, Montgomery Bell, Natchez Trace, Pickwick, Fall Creek Falls, and Henry Horton State Parks)

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| 75% of M&I | $102.00 + tax | $46.00 |

3. Level III Counties and Cities

    1. All other counties and cities not listed above

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| 75% of M&I | $83.00 + tax | $46.00 |

5. Standard Out-of-Country Rates

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| Actual expense or 75% of M&I | Actual expense | Actual expense or $71.00 |

6. Special Rates Under Exception One

    1. This exception applies to the Tennessee Board of Regents' Chancellor and his or her immediate staff, presidents and directors of institutions, and System employees traveling in their company. This exception rate schedule corresponds with Exception Number Three of the Comprehensive Travel Regulations of the State of Tennessee.

1. Out-Of State Reimbursement Rates

    1. Employees are to utilize the U.S. General Services Administration CONUS (Continental United States) rates provided by the federal government.

    2. The CONUS rates are located on the U.S. Government's web page at www.gsa.gov/

    3. Use the CONUS standard rates for all locations within the continental United States not specifically shown on the web page as a listed point.

2. In-State Travel Reimbursement Rate

    1. Level I Counties and Cities

        1. Davidson County

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| Actual expense or 75% of M&I | $127.00 + tax | $66 |

    2. Level II Counties and Cities

        1. Anderson County, Shelby County, Knox County, Hamilton County, Gatlinburg, Pigeon Forge, Sullivan County, Williamson County, Montgomery County, Putnam County, Rutherford County, Washington County (Includes Paris Landing, Montgomery Bell, Natchez Trace, Pickwick, Fall Creek Falls, and Henry Horton State Parks)

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| 75% of M&I | $107.00 + tax | $46 |

    3. Level III Counties and Cities

        1. All other counties and cities not listed above.

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| 75% of M&I | $88.00 + tax | $46 |

7. Special Rates Under Exception Two

1. This exception applies to Board Members of the Tennessee Board of Regents who are reimbursed for travel in the performance of their official duties. This exception rate schedule corresponds with Exception Number Four of the Comprehensive Travel Regulations of the State of Tennessee.

    1. Out-of State Reimbursement Rates

        1. Employees are to utilize the U.S. General Services Administration CONUS (Continental United States) rates provided by the federal government. The CONUS rates are located on the U.S. Government's web page at www.gsa.gov/

        2. Use the CONUS standard rates for all locations within the Continental United States not specifically shown on the web page as a listed point.

    2. In-State Travel Reimbursement Rates

        1. Level I Counties and Cities

            1. Davidson County

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| Actual expense or 75% of M&I | $142.00 + tax | $66 |

        2. Level II Counties and Cities

            1. Anderson County, Shelby County, Knox County, Hamilton County, Gatlinburg, Pigeon Forge, Sullivan County, Williamson County, Montgomery County, Putnam County, Rutherford County, Washington County (Includes Paris Landing, Montgomery Bell, Natchez Trace, Pickwick, Fall Creek Falls, and Henry Horton State Parks)

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| Actual expense or 75% of M&I | $122.00 + tax | $46 |

3. Level III Counties and Cities

1. All other counties and cities not listed above.

| Day of Departure and Return | Maximum Lodging | Maximum Meals and Incidentals |
|---|---|---|
| 75% of M&I | $103.00 + tax | $46 |

### F) Sources

TBR Meetings, June 25, 1976; March 3, 1978; September 29, 1978; September 26, 1980; September 30, 1983; March 23, 1984; September 21, 1984; December 13, 1985; June_26, 1987; September 18, 1987; June 30, 1989; September 21, 1990; June 28, 1991; March 20, 1992; October 22, 1993 (Interim action), February 1, 1996 (Interim Action), June 21, 1996, March 27, 1998, August 1, 1998 (Interim Action), March 26, 1999, September 17, 1999, September 1, 2001 (Interim Action), September 26, 2003, December 5, 2003, May 1, 2004 (Interim Action), September 24, 2004; December 3, 2004; June 10, 2005; December 2, 2005; March 31, 2006; March 30, 2007; June 29, 2007; September 28, 2007; March 28, 2008. October 1, 2008 (Interim Action); October 1, 2009 (Interim Action); Board Meeting September 24, 2010; December 9, 2010, June 24, 2011; October 13, 2011 (Interim Action): June 28, 2012: June 21, 2013; October 1, 2013 (Interim Action).

### G) Related Policies

- Athletic and Other Group Travel
- Business Meals

Attachment C

Solicitation and Acceptance of Gifts: 4:01:04:00

**H) Policy/Guideline Area**

Business and Finance Policies

**I) Applicable Divisions**

TCATs, Community Colleges, Universities

**J) Purpose**

The purpose of this policy is to establish responsibilities and procedures regarding the solicitation and acceptance of gifts to the institutions governed by the Tennessee Board of Regents.

As cited in Board Policy (No. 1:02:02:00, Duties of the Board), T.C.A. § 49-8-203 provides:

Board shall have the power to receive donations of money, securities, and property from any source on behalf of the institutions..., which gifts shall be used in accordance with the conditions set by the donor.

The Board considers the solicitation and acceptance of gifts to be appropriate administrative responsibilities of institutional presidents and directors, and therefore delegates to the presidents and directors the authority to solicit and accept gifts in accordance with the provisions of this policy.

**K) Policy/Guideline**

I. General Statement

A. The Board recognizes the vital importance of gifts to institutional development.

B. Gifts of real and personal property from individuals and organizations often benefit institutions by making possible the accomplishment of objectives for which support from other sources is limited or unavailable.

C. Gifts also often represent a means by which the donor may contribute to an aspect of postsecondary education that is of particular interest to the donor.

D. The Board authorizes and encourages the institutions to solicit and accept gifts for purposes that are consistent with their missions.

E. All activities related to the solicitation and acceptance of gifts shall be implemented in a manner which serves the mutual interests of the donors and institutions.

F. To this end, each institution shall develop policies and procedures which incorporate the following provisions.

1. Solicitation of Gifts

   a. The president/director shall designate the campus official(s) authorized to approve and conduct activities for the purpose of soliciting gifts to the institution.

   b. Criteria and procedures for soliciting gifts shall be established which clearly define appropriate activities and the campus approval process.

   c. Solicitation of gifts which may require a commitment of institutional resources must be approved by the president/director.

2. Acceptance of Gifts

   a. The president/director is authorized to accept gifts on behalf of the institution, subject to the following conditions:

      (1) Only the Board may accept a gift if board acceptance is a condition set by the donor;

      (2) Only the Chancellor and Board may accept gifts of real property or any permanent interest in real property, and title must be conveyed to the Board on behalf of the institution; in the name of the Tennessee Board of Regents for the use and benefit of the institution.

      (3) Any acquisition of real property by gift or devise which obligates the institution, Tennessee Board of Regents or State of Tennessee to expend State of Tennessee funds for capital improvements or continuing operating expenditures shall be approved by the State Building Commission in

accordance with T.C.A. § 4-15-102(d)(2) prior to acceptance by the Chancellor and Board. Any such Deed transferring title to the Tennessee Board of Regents shall not be recorded until the State Building Commission has approved the acceptance of the gift property.

(4) Gifts with conditions that ultimately will require consideration by the Board or Chancellor must be approved by the Chancellor prior to acceptance (e.g., gifts to support the initiation of a new academic program or capital improvement project); and

(5) Gifts of property subject to an indebtedness must be approved by the Chancellor prior to acceptance.

(6) The cost of accepting or keeping a gift in accordance with donor restrictions should not cost more than the benefit of the gift.

**Comment [BS26]:** TTU

b. The president/director may recommend approval by the Chancellor or Board prior to acceptance of any gift.

c. The president/director may delegate to a campus official or officials his/her authority to accept gifts on behalf of the institution; however, institutional policies must identify the specific types of gifts that may be accepted by the designated official(s). The acceptance of all gifts is subject to confirmation by the president/director.

d. Corporate stock given to an institution may be sold by the institution through or in consultation with a registered security broker within 60 days of receipt of the stock certificate, and the sale may be executed by the president/director or a designated representative.

e. Appropriate procedures must be established for acknowledging acceptance of gifts and for ensuring compliance with conditions set by the donors and in compliance with IRS regulations.

3. Records and Reporting

a. Adequate records of all gifts shall be maintained by the institution in accordance with accepted accounting procedures to allow a proper audit trail.

b. A summary of all gifts to the institution during a fiscal year shall be included in the institution's annual report to the Board, as required by Board Policy (No. 1:02:10:00, Annual Reports).

4. Foundations

a. For purposes of distinguishing institutional gifts and related procedures from those of foundations established pursuant to Board Policy (No. 4:01:07:02, Foundations):

(1) The institution may not accept gifts specifically intended for the foundation, and only gifts specifically intended for a foundation may be accepted by a foundation.

(2) In general, institutional resources may not be used to meet conditions of gifts to a foundation; however, exceptions may be approved by the president or the Chancellor in accordance with the provisions of this policy on acceptance of gifts.

(3) The institution must maintain records of gifts to the institution separate from those of gifts to the foundation.

(4) The institution shall report gifts to foundations in the summary of gifts during a fiscal year to be included in its annual report, as provided in this policy in b. under Records and Reporting.

**L) Sources**

TBR Meeting, September 30, 1983; September 21, 1990; TBR Meeting, March 15, 1991; TBR Meeting March 20, 1992; TBR Meeting March 30, 2007.

Attachment D

**(NAME OF INSTITUTION)**

**STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE**
**JULY BUDGET XXXX-XX**
**Recurring and Nonrecurring Revenues and Expenses**

| Proposed budget: | Recurring | Nonrecurring | Total |
|---|---|---|---|
| Revenues: | | | - |
| Expenses: | | | - |
| Difference | - | - | - |

***Note: Total column should tie to Summary Form 1.***

***Note 2: If recurring expenses exceed recurring revenues, please include a brief justification and a description of the institution's plan to return to a balanced budget. The plan should include the steps to be taken and the estimated timeframe.***

**(NAME OF INSTITUTION)**

**THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE**

**JULY BUDGET XXXX-XX**

**REPORT OF ANTICIPATED SAVINGS FOR REBUDGET**

**Proposed budget:**

| | Natural Classification | | | | | |
|---|---|---|---|---|---|---|
| **Functional Area** | **Salaries** | **Benefits** | **Other Operating** | **Scholarship** | **Capital Outlay** | **Total** |
| Instruction | $ - | $ - | $ - | $ - | $ - | $ - |
| Research | - | - | - | - | - | - |
| Public Service | - | - | - | - | - | - |
| Academic Support | - | - | - | - | - | - |
| Student Services | - | - | - | - | - | - |
| Institutional Support | - | - | - | - | - | - |
| M&O | - | - | - | - | - | - |
| Auxiliary | - | - | - | - | - | - |
| Total | $ - | $ - | $ - | $ - | $ - | $ - |

***Note: Enter as negatives only those amounts that have been budgeted as negative expenses to allow rebudgeting for expenditure elsewhere - such as salary savings.***

**Issue Paper 4**

**Program Integrity and Improvement Issues**

**Issue:** Cash Management

**Statutory Cites:** §§484, 487, and 498 of the HEA

**Regulatory Cites:** 34 CFR Part 668, Subpart K

**Summary of Change:** The current regulations in 34 CFR Part 668, Subpart K, govern the ways that an institution requests, maintains, disburses, and otherwise manages title IV, HEA program funds. The proposed changes would revise existing regulations to address the allowable methods and procedures for institutions to pay students their title IV student aid credit balances; would prohibit fund sweeps or other practices that expose title IV funds to financial risk; would provide additional consumer protections governing the use of prepaid cards and similar financial instruments; would include provisions designed to provide students free access to their full title IV credit balances; would require neutrality in marketing materials provided to students; would acknowledge the Secretary's authority to make direct disbursements of title IV aid; and would clarify permissible disbursement practices and agreements between institutions and other entities that assist the institution in making title IV payments to students. The proposed changes also include a number of technical changes, the most significant of which eliminates language that governed the disbursement of FFEL program funds.

**Changes**: See attached regulatory text.

**§668.161 Scope**

(a) General. (1) This subpart establishes the rules under which a participating institution requests, maintains, disburses, and otherwise manages title IV, HEA program funds.

(2) As used in this subpart—

(i) The title IV, HEA programs include the Federal Pell Grant, Iraq-Afghanistan Service Grant, TEACH Grant, FSEOG, Federal Perkins Loan, FWS, and Direct Loan programs, and any other program designated by the Secretary;

(ii) A day is a calendar day, unless otherwise specified;

(iii) The term "parent" refers to the parent borrower of a Direct PLUS Loan;

(iv) An "institution" includes a foreign institution as defined in 34 CFR 600.52, unless otherwise specified;

(v) The term "student ledger account" refers to a bookkeeping account maintained and used by an institution to record the financial transactions pertaining to a student's enrollment at the institution.

(vi) The term "financial account" refers to a student's or parent's checking or savings account, or other consumer asset account, including a debit card account or prepaid card account, held by a financial institution;

(vii) The term "financial institution" means a bank, savings association, or credit union that is insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF); and

(viii) The term "pass-through deposit or share insurance" means that FDIC or NCUSIF deposit insurance coverage applies to the beneficiaries (students and parents) of a custodial account held at a financial institution.

**Comment [A1]:** New provisions

(b) Federal interest in title IV, HEA program funds. Except for funds provided by the Secretary for administrative expenses, and for funds used for the Job Location and Development Program under subpart B of the FWS regulations, funds received by an institution under the title IV, HEA programs are held in trust for the intended beneficiaries or the Secretary. The institution, as a trustee of those funds, may not—

(1) Use or hypothecate (i.e., use as collateral) the funds for any other purpose; or

(2) Transfer or maintain the funds in a sweep account, or otherwise engage in any practice that risks the loss of those funds.

**Comment [A2]:** New provision

(c) Standard of conduct. An institution must exercise the level of care and diligence required of a fiduciary with regard to managing title IV, HEA program funds under this subpart.

**Comment [A3]:** Relocated here, previously in §668.164(e)

**§668.162 Requesting funds.**

(a) General. The Secretary has sole discretion to determine the method under which the Secretary provides title IV, HEA program funds to an institution. In accordance with procedures established by the Secretary, the Secretary may provide funds to an institution under the advance, reimbursement, or cash monitoring payment method.

(b) Advance payment method. (1) Under the advance payment method, an institution submits a request for funds to the Secretary. The institution's request may not exceed the amount of funds the institution needs immediately for disbursements the institution has made or will make to eligible students and parents;

(2) If the Secretary accepts that request, the Secretary initiates an electronic funds transfer (EFT) of that amount to the Federal bank account designated by the institution; and

(3) The institution must disburse the funds requested as soon as administratively feasible but no later than three business days following the date the institution received those funds.

(c) Reimbursement payment method. (1) Under the reimbursement payment method, an institution must credit a student's ledger account, or pay the student or parent directly, for the amount of title IV, HEA program funds that the student or parent is eligible to receive, including the amount of any credit balance due under §668.164(f), before the institution seeks reimbursement from the Secretary for those disbursements;

**Comment [A4]:** New provision, clarification

(2) An institution seeks reimbursement by submitting to the Secretary a request for funds that does not exceed the amount of the disbursements the institution made to students included in that request;

(3) As part of its reimbursement request, the institution must—

(i) Identify the students or parents for whom reimbursement is sought; and

(ii) Submit to the Secretary, or entity approved by the Secretary, documentation that shows that each student or parent included in the request was—

(A) Eligible to receive and has received the title IV, HEA program funds for which reimbursement is sought; and

(B) Paid directly any credit balance due under §668.164(f).

**Comment [A5]:** Conforming change

(4) The Secretary approves the amount of the institution's reimbursement request for a student or parent and initiates an EFT of that amount to the Federal bank account designated by the institution, if the Secretary determines with regard to that student or parent that the institution—

(i) Accurately determined the student's or parent's eligibility for title IV, HEA program funds;

(ii) Accurately determined the amount of title IV, HEA program funds disbursed, including the amount paid directly to the student or parent; and

(iii) Submitted the documentation required under paragraph (c)(3).

(d) Heightened cash monitoring (HCM) payment method. Under the heightened cash monitoring payment method, an institution must credit a student's ledger account, or pay the student or parent directly, for the amount of title IV, HEA program funds that the student or parent is eligible to receive, including the amount of any credit balance due under §668.164(f), before the institution—

(1) Submits a request for funds under the provisions of the advance payment method described in paragraphs (b)(1) and (b)(2), except that the institution's request may not exceed the amount of the disbursements the institution made to the students included in that request; or

(2) Seeks reimbursement for those disbursements under the provisions of the reimbursement payment method described in paragraph (c), except that the Secretary may modify the documentation requirements and review procedures used to approve the reimbursement request.

**§668.163 Maintaining and accounting for funds.**

(a)(1) Federal bank account. An institution must maintain title IV, HEA program funds in a bank account that is in its name, under its control, and federally insured. For an institution located in a State, the bank account must be insured by the FDIC or NCUSIF. For a foreign institution, the bank account may be insured by the FDIC or NCUSIF, or by an equivalent agency of the federal or central government of the country in which the institution is located. If there is no equivalent agency, the Secretary may approve a bank account designated by the foreign institution.

(2) For each bank account that includes title IV, HEA program funds, an institution must clearly identify that title IV, HEA program funds are maintained in that account by—

(i) Including in the name of each bank account the phrase "Federal Funds"; or

(ii)(A) Notifying the financial institution that the bank account contains title IV, HEA program funds that are held in trust and retaining a record of that notice; and

(B) Except for a public institution located in a State or a foreign institution, filing with the appropriate State or municipal government entity a UCC–1 statement disclosing that the bank account contains Federal funds and maintaining a copy of that statement.

(b) Separate bank account. An institution must maintain title IV, HEA program funds in a separate Federal bank account that contains no other funds.

(c) Interest-bearing bank account. Except for Federal Perkins Loan Program funds, an institution is not required to maintain title IV, HEA program funds in an interest-bearing bank account.

(1) Any interest earned on Federal Perkins Loan Program funds is retained by the institution as provided under 34 CFR 674.8(a).

**Comment [A6]:** Change in name only

**Comment [A7]:** Conforming change

**Comment [A8]:** New provision for foreign institutions, clarifications for Federal bank accounts

**Comment [A9]:** Conforming change

**Comment [A10]:** New provision

**Comment [A11]:** Modification of existing requirement.

(2) If an institution maintains other title IV, HEA program funds in an interest-bearing account, the institution may keep the initial $250 it earns on those funds during an award year. By June 30 of that award year, the institution must remit to the Secretary any earnings over $250.

**§668.164 Disbursing funds.**

(a) Disbursement. (1) Except as provided under paragraph (a)(2), a disbursement of title IV, HEA program funds occurs on the date that—

(i) The institution credits the student's ledger account or pays the student or parent directly with—

(A) Funds received from the Secretary; or

(B) Institutional funds used in advance of receiving title IV, HEA program funds; or

(ii) As provided under paragraph (d)(3), the Secretary pays a student or parent directly.

**Comment [A12]:** New provision

(2)(i) For a Direct Loan where the student is subject to the delayed disbursement requirements under 34 CFR 685.303(b)(4), if an institution credits a student's ledger account with institutional funds earlier than 30 days after the beginning of a payment period, the Secretary considers that the institution makes that disbursement on the 30th day after the beginning of the payment period; or

(ii) If an institution credits a student's ledger account with institutional funds earlier than 10 days before the first day of classes of a payment period, the Secretary considers that the institution makes that disbursement on the 10th day before the first day of classes of a payment period.

(b) Disbursements by payment period. Except for paying a student FWS wages at least once a month, as provided under 34 CFR 675.16(a)(2), or for making early, late, or retroactive disbursements, as provided under paragraphs (g), (h), and (i) respectively, an institution must disburse during each payment period the amount of title IV, HEA program funds that an enrolled student or parent is eligible to receive for that payment period.

(c) Crediting a student's ledger account. (1) An institution may credit a student's ledger account with Direct PLUS Loan funds the parent authorizes a student to receive, and other title IV, HEA program funds, to pay for allowable charges associated with the current payment period. Allowable charges include—

(i) The amount of tuition, fees, and institutionally provided room and board assessed the student for the payment period, or as provided under paragraph (c)(5), the prorated amount of those charges if the institution debits the student's ledger account for more than the charges associated with the payment period; and

(ii) The costs incurred by the student for the payment period for purchasing books, supplies, and other educationally related goods and services provided by the institution for which the institution obtains the student's or parent's authorization under §668.165(b).

(2) An institution may not include the cost of books and supplies as part of tuition and fees under paragraph (c)(1)(i).

Comment [A13]: New provisions

(3) For allowable charges stemming from a previous payment period in the current award year, an institution may associate those charges with the current payment period.

Comment [A14]: New provision, reflects current policy

(4) For charges stemming from a prior award year, an institution may associate those charges with the current payment period if those charges are not more than $200 for—

(i) Tuition, fees, and institutionally-provided room and board; and

(ii) As provided in paragraph (c)(1)(ii), educationally related goods and services provided by the institution for which the institution obtains the student's or parent's authorization.

Comment [A15]: Simplifies current provisions for prior-year charges

(5) For purposes of this section, an institution determines the prorated amount of charges associated with the current payment period by—

(i) For a program with equal payment periods, dividing the total institutional charges for the program by the number of payment periods in the program; or

(ii) For other programs, dividing the number of credit or clock hours the student enrolls in, or is expected to complete, in the current payment period, by the total number of credit or clock hours in the program and multiplying that result by the total institutional charges for the program.

Comment [A16]: Conforming change

(d) Direct payments. (1) Except as provided under paragraph (d)(3), an institution makes a direct payment—

(i) To a student, for the amount of the title IV, HEA program funds that a student is eligible to receive, including Direct PLUS Loan funds that the student's parent authorized the student to receive, by—

Comment [A17]: Clarification

(A) Initiating an EFT of that amount to the student's financial account;

(B) Issuing a check for that amount payable to the student; or

(C) Dispensing cash for which the institution obtains a receipt signed by the student.

(ii) To a parent, for the amount of the Direct PLUS Loan funds that a parent does not authorize the student to receive, by—

(A) Initiating an EFT of that amount to the parent's financial account;

(B) Issuing a check for that amount payable to the parent; or

(C) Dispensing cash for which the institution obtains a receipt signed by the parent.

(2) Issuing a check. An institution issues a check on the date that it –

(i) Mails the check to the student or parent; or

(ii) Notifies the student or parent that the check is available for immediate pick-up at a specified location at the institution. The institution may hold the check for no longer than 21 days after the date it notifies the student or parent. If the student or parent does not pick up the check, the institution must immediately mail the check to the student or parent, pay the student or parent directly by other means, or return the funds to the appropriate title IV, HEA program.

(3) Payments by the Secretary. The Secretary may pay, or require an institution to pay, title IV, HEA program funds directly to a student or parent using a method established or authorized by the Secretary.

(4) Conditions for making a direct payment. In making a direct payment, the institution—

(i) May not require any student or parent to open or use a financial account at a specific financial institution; and

(ii)(A) Must request each student or parent to provide the information needed to make an EFT to the financial account the student or parent opened without assistance from the institution and use that financial account if the student or parent provides that information; or

(B) If the student or parent does not have, or provide information about, a financial account, the institution may assist the student or parent in opening a financial account under paragraph (e).

(5) Student choice. If an institution establishes a process under which a student or parent is offered options for receiving a direct payment, the institution must ensure that—

(i) The options are described clearly and presented in a neutral manner, e.g., the student or parent is not steered to, or compelled to select, a particular option; and

(ii) The process for making direct payments electronically to a financial account designated by the student or parent under paragraph (4)(ii)(A), or otherwise selected by the student or parent, is as timely and no more onerous than making direct payments to a sponsored account under paragraph (e).

(e) Sponsored account. If an institution located in any State, as defined in 600.2, establishes a process that a student or parent follows to open a financial account, either through a contract with a third-party servicer or through any arrangement with an entity under which any party to the arrangement exercises any control over the financial account into which the student's title IV, HEA program funds are transferred or deposited, the institution—

(1) Must disclose conspicuously on its website, and otherwise make public, that contract or arrangement in its entirety;

(2) Before the student's or parent's financial account is opened and before the student or parent may activate a debit card, prepaid card, or access device associated with the account, must—

(i) Inform the student or parent of the terms and conditions of the account; and



**Comment [A18]:** New provision

**Comment [A19]:** New provisions

**Comment [A20]:** New provisions

**Comment [A21]:** New provision

**Comment [A22]:** New provision

(ii) Obtain in writing affirmative consent from the student or parent to open the account;

Comment [A23]: Modification of current provisions

(3) Must review any information that is provided to the student or parent about the account, and the debit card, prepaid card, or access device associated with the account, to ensure that the information is presented to the student in an objective and neutral manner;

(4) May not send a debit card, prepaid card, or access device associated with the account to a student or parent unless the student or parent specifically requests it after providing consent as required in paragraph (e)(2);

(5) May not offer a debit card, prepaid card, or access device associated with the account that bears the institution's logo or mascot, or that otherwise implies an affiliation with the institution;

(6) May not provide to the servicer or entity any information about the student or parent until after the student or parent consents affirmatively to open the account under paragraph (e)(2);

Comment [A24]: New provisions

(7) May not make any claims against the funds in the account without the written permission of the student or parent, except for correcting an error in transferring the funds in accordance with banking protocols;

(8) Must ensure that the student does not incur any cost in—

(i) Opening the financial account or initially receiving the debit card, prepaid card, or access device associated with the account;

(ii) Maintaining the account; or

(iii) Using the debit card, prepaid card, or access device to conduct any transaction at any automated teller machine (ATM) located in any State as defined in 600.2;

Comment [A25]: New provisions

(9) Must ensure that the debit card, prepaid card, or access device associated with the account can be used nationally;

Comment [A26]: Clarification of current provision

(10) May not market or portray the financial account, debit card, prepaid card, or access device as a credit card or credit instrument, or subsequently convert the account, card, or device to a credit card or credit instrument;

(11) May not assess the student or parent any overdraft fees if the financial account is overdrawn;

(12) Regardless of the debit card, prepaid card, or access device associated with the financial account, must ensure that—

(i) The provider of the card or device provides the student or parent with pass-through deposit or share insurance;

(ii) The card or device does not have an attached line of credit or loan feature under which repayment from the account is triggered upon the delivery of a Federal payment, including a deposit or transfer of title IV, HEA program funds into the account; and

(iii) The account provides the student or parent with all the consumer protections that apply to a payroll card account under the Electronic Fund Transfers Act, as amended; and

(13) Ensure that the financial account is in the student's or parent's name, or for a financial account that is a pooled custodial account, the subaccount (or card or device) is in the student's or parent's name. The custodial bank account must be established in the name of the institution or the institution's third party servicer, and must be set up to ensure that any title IV, HEA program funds that become the pooled funds of the custodial account are credited immediately to the student's or parent's subaccount (or card or device).

**Comment [A27]:** New provisions

(f) Title IV, HEA credit balances. (1) A title IV, HEA credit balance occurs whenever the amount of title IV, HEA program funds credited to a student's account for a payment period exceeds the amount assessed the student for allowable charges associated with that payment period as provided under paragraph (c).

(2) Except as provided in paragraph (f)(3), an institution must pay a title IV, HEA credit balance directly to the student as soon as possible, but no later than—

(i) 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or

(ii) 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

(3) An institution must delay making a direct payment if the institution has information that—

(i) The student or parent is engaged in an activity that is known or intended to defraud the Federal government;

(ii) The person attending, or seeming to attend, classes at the institution is not the student for whom the payment is intended; or

(iii) The student is enrolled at the institution for the sole purpose of obtaining title IV, HEA program funds.

**Comment [A28]:** New provisions

(g) Early disbursements. (1) Except as provided in paragraph (g)(2) for a first-year, first-time borrower or a student employed under the FWS program, the earliest an institution may disburse title IV, HEA funds to an eligible student is—

(i) If the student is enrolled in a credit-hour program offered in terms that are substantially equal in length, 10 days before the first day of classes of a payment period;

(ii) If the student is enrolled in a credit-hour program offered in terms that are not substantially equal in length, a non-term credit-hour program, or a clock hour program, the later of—

(A) Ten days before the first day of classes of a payment period; or

(B) The date the student completed the previous payment period for which he or she received title IV, HEA program funds.

(2) An institution may not—

(i) Make an early disbursement of a Direct Loan to a first-year, first-time borrower who is subject to the 30-day delayed disbursement requirements in 34 CFR 685.303(b)(4). This restriction does not apply if the institution is exempt from the 30-day delayed disbursement requirements under 34 CFR 685.303(b)(4)(i)(A) or (B); or

(ii) Compensate a student employed under the FWS program until the student earns that compensation by performing work, as provided in 34 CFR 675.16(a)(5).

**Comment [A29]:** Conforming change

(h) Late disbursements. (1) Ineligible student. For purposes of this paragraph, an otherwise eligible student becomes ineligible to receive title IV, HEA program funds on the date that—

(i) For a Direct Loan, the student is no longer enrolled at the institution as at least a half-time student for the period of enrollment for which the loan was intended; or

(ii) For an award under the Federal Pell Grant, FSEOG, Federal Perkins Loan, Iraq-Afghanistan Service Grant, and TEACH Grant programs, the student is no longer enrolled at the institution for the award year.

(2) Conditions for a late disbursement. Except as limited under paragraph (h)(4), a student who becomes ineligible, as described in paragraph (h)(1), qualifies for a late disbursement (and the parent qualifies for a parent Direct PLUS Loan disbursement) if, before the date the student became ineligible—

(i) The Secretary processed a SAR or ISIR with an official expected family contribution for the student for the relevant award year; and

(ii)(A) For a loan made under the Direct Loan Program or for an award made under the TEACH Grant Program, the institution originated the loan or award;

(B) For an award under the Federal Perkins Loan or FSEOG programs, the institution made that award to the student.

(3) Making a late disbursement. Provided that the conditions described in paragraph (h)(2) are satisfied—

(i) If the student withdrew from the institution during a payment period or period of enrollment, the institution must make any post-withdrawal disbursement required under §668.22(a)(4) in accordance with the provisions of §668.22(a)(5);

(ii) If the student completed the payment period or period of enrollment, the institution must provide the student or parent the choice to receive the amount of title IV, HEA program funds that the student or parent was eligible to receive while the student was enrolled at the institution. For a late disbursement in this circumstance, the institution may credit the student's ledger account as provided in paragraph (c); or

(iii) If the student did not withdraw but ceased to be enrolled as at least a half-time student, the institution may make the late disbursement of a loan under the Direct Loan program to pay for educational costs that the institution determines the student incurred for the period in which the student or parent was eligible.

(4) Limitations. (i) An institution may not make a late disbursement later than 180 days after the date the institution determines that the student withdrew, as provided in §668.22, or for a student who did not withdraw, 180 days after the date the student otherwise became ineligible, pursuant to paragraph (h)(1).

(ii) An institution may not make a late second or subsequent disbursement of a loan under the Direct Loan program unless the student successfully completed the period of enrollment for which the loan was intended.

(iii) An institution may not make a late disbursement of a Direct Loan if the student was a first-year, first-time borrower as described in 34 CFR 685.303(b)(4) unless the student completed the first 30 days of his or her program of study. This limitation does not apply if the institution is exempt from the 30-day delayed disbursement requirements under 34 CFR 685.303(b)(4)(i)(A), (B), or (C).

(iv) An institution may not make a late disbursement of any title IV, HEA program assistance unless it received a valid SAR or a valid ISIR for the student by the deadline date established by the Secretary in a notice published in the Federal Register.

(i) Retroactive payments. If an institution did not make a disbursement to an enrolled student for a payment period the student completed (for example, because of an administrative delay or because for some reason the student did not appear to qualify to receive the funds), the institution may pay the student for all prior payment periods in the current award year for which the student was eligible or subsequently established eligibility in accordance with program regulations.

**Comment [A30]:** Codifies existing policy

(j) Returning funds. (1) Notwithstanding any State law (such as a law that allows funds to escheat to the State), an institution must return to the Secretary any title IV, HEA program funds, except FWS program funds, that it attempts to disburse directly to a student or parent that are not received by the student or parent. For FWS program funds, the institution is required to return only the Federal portion of the payroll disbursement.

(2) If an EFT to a student's or parent's financial account is rejected, or a check to a student or parent is returned, the institution may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the EFT was rejected or the check returned. In cases where the institution does not make another attempt, the funds must be returned to the Secretary before the end of this 45 day period.

(3) If a check sent to a student or parent is not returned but is not cashed, the institution must return the funds to the Secretary no later than 240 days after the date it issued the check.

(k) Provisions for books and supplies. (1) An institution must provide a way for a student who is eligible for title IV, HEA program funds to obtain or purchase, by the seventh day of a payment period, the books and supplies applicable to the payment period if, 10 days before the beginning of the payment period—

**Comment [A31]:** New provision, prior rule applied only to Pell Grant recipients

(i) The institution could disburse the title IV, HEA program funds for which the student is eligible; and

(ii) Presuming the funds were disbursed, the student would have a credit balance under paragraph (f) of this section.

(2) The amount the institution provides to the student to obtain or purchase books and supplies is the lesser of the presumed credit balance under this paragraph or the amount needed by the student, as determined by the institution.

(3) The institution must have a policy under which the student may opt out of the way the institution provides for the student to obtain or purchase books and supplies under this paragraph.

(4) If a student uses the way provided by the institution to obtain or purchase books and supplies under this paragraph, the student is considered to have authorized the use of title IV, HEA funds and the institution does not need to obtain a written authorization under paragraph (c) and §668.165(b) for this purpose.

**§668.165 Notices and authorizations.**

(a) Notices. (1) Before an institution disburses title IV, HEA program funds for any award year, the institution must notify a student of the amount of funds that the student or his or her parent can expect to receive under each title IV, HEA program, and how and when those funds will be disbursed. If those funds include Direct Loan Program funds, the notice must indicate which funds are from subsidized loans and which are from unsubsidized loans.

(2) Except in the case of a post-withdrawal disbursement made in accordance with §668.22(a)(5), if an institution credits a student's account at the institution with Direct Loan, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of—

(i) The anticipated date and amount of the disbursement;

(ii) The student's right or parent's right to cancel all or a portion of that loan, loan disbursement TEACH Grant, or TEACH Grant disbursement and have the loan proceeds and TEACH Grant proceeds returned to the Secretary ; and

(iii) The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.

(3) The institution must provide the notice described in paragraph (a)(2) in writing—

(i) No earlier than 30 days before, and no later than 30 days after, crediting the student's ledger account at the institution, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i); or

(ii) No earlier than 30 days before, and no later than seven days after, crediting the student's ledger account at the institution, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i).

(4)(i) A student or parent must inform the institution if he or she wishes to cancel all or a portion of a loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement.

(ii) The institution must return the loan or TEACH Grant proceeds, cancel the loan or TEACH Grant, or do both, in accordance with program regulations provided that the institution receives a loan or TEACH Grant cancellation request—

(A) By the later of the first day of a payment period or 14 days after the date it notifies the student or parent of his or her right to cancel all or a portion of a loan or TEACH Grant, if the institution obtains affirmative confirmation from the student under paragraph (a)(6)(i); or

(B) Within 30 days of the date the institution notifies the student or parent of his or her right to cancel all or a portion of a loan, if the institution does not obtain affirmative confirmation from the student under paragraph (a)(6)(i).

(iii) If a student or parent requests a loan cancellation after the period set forth in paragraph (a)(4)(ii)(A) or (B), the institution may return the loan or TEACH Grant proceeds, cancel the loan or TEACH Grant, or do both, in accordance with program regulations.

(5) An institution must inform the student or parent in writing regarding the outcome of any cancellation request.

(6) For purposes of this section—

(i) Affirmative confirmation is a process under which an institution obtains written confirmation of the types and amounts of title IV, HEA program loans that a student wants for the period of enrollment before the institution credits the student's account with those loan funds. The process under which the TEACH Grant program is administered is considered to be an affirmative confirmation process; and

(ii) An institution is not required to return any loan or TEACH Grant proceeds that it disbursed directly to a student or parent.

(b) <u>Student or parent authorizations.</u> (1) If an institution obtains written authorization from a student or parent, as applicable, the institution may—

(i) Use the student's or parent's title IV, HEA program funds to pay for charges described in §668.164(c)(4) that are included in that authorization; and

(ii) Except if prohibited by the Secretary under the reimbursement or cash monitoring payment method, hold on behalf of the student or parent any title IV, HEA program, funds that would otherwise be paid directly to the student or parent under §668.164(f).

(2) In obtaining the student's or parent's authorization to perform an activity described in paragraph (b)(1), an institution—

(i) May not require or coerce the student or parent to provide that authorization;

(ii) Must allow the student or parent to cancel or modify that authorization at any time; and

(iii) Must clearly explain how it will carry out that activity.

(3) A student or parent may authorize an institution to carry out the activities described in paragraph (b)(1) for the period during which the student is enrolled at the institution.

(4)(i) If a student or parent modifies an authorization, the modification takes effect on the date the institution receives the modification notice.

(ii) If a student or parent cancels an authorization to use title IV, HEA program funds to pay for authorized charges under §668.164(c)(4), the institution may use title IV, HEA program funds to pay only those authorized charges incurred by the student before the institution received the notice.

(iii) If a student or parent cancels an authorization to hold title IV, HEA program funds under paragraph (b)(1)(ii), the institution must pay those funds directly to the student or parent as soon as possible but no later than 14 days after the institution receives that notice.

(5) If an institution holds excess student funds under paragraph (b)(1)(ii), the institution must—

(i) Identify the amount of funds the institution holds for each student or parent in a subsidiary ledger account designed for that purpose;

(ii) Maintain, at all times, cash in its bank account in an amount at least equal to the amount of funds the institution holds for the student; and

(iii) Notwithstanding any authorization obtained by the institution under this paragraph, pay any remaining balance on loan funds by the end of the loan period and any remaining other title IV, HEA program funds by the end of the last payment period in the award year for which they were awarded.

**§668.166 Excess cash.**

(a) General. The Secretary considers excess cash to be any amount of title IV, HEA program funds, other than Federal Perkins Loan Program funds, that an institution does not disburse to students by the end of the third business day following the date the institution—

(1) Received those funds from the Secretary; or

(2) Deposited or transferred to its Federal account previously disbursed title IV, HEA program funds, such as those resulting from award adjustments, recoveries, or cancellations.

(b) Excess cash tolerance. An institution may maintain for up to seven days an amount of excess cash that does not exceed one percent of the total amount of funds the institution drew down in the prior award year. The institution must return immediately to the Secretary any amount of excess cash over the one-percent tolerance and any amount of excess cash remaining in its account after the seven-day tolerance period.

**Comment [A32]:** Simplifies current provision

(c) Consequences for maintaining excess cash. Upon a finding that an institution maintained excess cash for any amount or time over that allowed in the tolerance provisions in paragraph (b), the actions the Secretary may take include, but are not limited to—

(1) Requiring the institution to reimburse the Secretary for the costs the Federal government incurred in providing that excess cash to the institution; and

(2) Providing funds to the institution under the reimbursement payment method or heightened cash monitoring payment method described in §668.162(c) and (d), respectively.

**Compensation: P-043**

## Purpose

The goal of the Tennessee Board of Regents is to provide all employees compensation consistent with market and satisfactory job performance. This goal is reflected within all TBR Budgets and will be dependent upon budget availability.

## Definitions

- Definitions are part of the body of the Guideline, and are found in Section II.

## Policy/Guideline

I. Compensation Philosophy

A. The Tennessee Board of Regents desires to have a compensation system which is fair, equitable and accountable to the Board of Regents and the public-at-large.

1. The Board of Regents will consider budget availability in all salary decisions.
2. This guideline will cover compensation transactions at all TBR Institutions and the System Office.
3. The same reportable guidelines apply to positions totally supported by restricted or auxiliary funds.

B. Faculty

1. Faculty salaries will be a primary objective and priority in developing and approving the overall system budget.

2. It is the goal of the Board of Regents, within available funds, to provide competitive compensation for faculty, consistent with the market for

their discipline and rank at officially recognized peer institutions and consistent with performance.

C. Staff

1. It is the goal of the Board of Regents, within available funds, to compensate staff within the approved compensation plan consistent with market and performance.

II. Definitions

A. Definitions and Human Resource Information System (HRIS) codes for salary increase categories have been provided as follows:

1. Additional Across the Board (ATB) Increase—AATB—Increases across the board recommended in addition to state mandated ATB.

2. Additional Bonus –One time payments recommended as an addition to state mandated bonus. (Will be reported as a group total).

3. Additional temporary duties - Increases associated with the assumption of additional duties on a temporary basis, e.g. stipend.

4. Athletic Increase—AATH—Principles for Compensation Increases:

a. TBR encourages all institutions to include athletic coaches and staff as part of the compensation plan for the institution.

b. TBR encourages all institutions to award compensation increases for athletic coaches and staff at the same time as other faculty and staff in time for the Fall Quarterly Board meeting.

c. TBR recognizes the competitive nature of athletics. Therefore, compensation increases for head coaches, other coaches, and their staff within the same discipline may be approved as exceptions.

(1) These compensation increases are considered exceptions to the previously approved compensation guideline. The Chancellor must review and approve the increases before implementation, if the position reports directly to the President.

(2) A request for approval to pay a supplement for a winning season does not require Chancellor approval.

(3) Contracts must be reviewed by the Office of General Counsel for legality and content. Any changes in salary must be processed according to the guidelines in P-043.

5. Certified Administrative Professional (CAP) – CPSI- Increases of 9% given upon passing of all parts of the CAP examination according to state law.

6. Counteroffers—COFF—An offer made to retain an employee who has been offered another job. Documentation of the offer must be secured (prior to the counteroffer).

7. Critical and Special Adjustments—CSAJ—Increases may be granted in extraordinary circumstances to retain a uniquely qualified employee where the institution is in danger of losing the employee and failing to act at this time could result in harm to the institution.
   a. Evidence of another job offer is not required; however, the president or director must document the special circumstances which justify the recommended salary increase.

   b. Special adjustment increases for employees who assume significant new job responsibilities and whose position title remains the same may be granted. Adjustments of this type are infrequent and usually relate to significant reorganizations within the campuses. The president or director must document the special circumstances which justify the recommended salary increase.

8. Degree Certification Change Increase –DGCH—Increases for educational achievement, such as completing the requirements for the Bachelors, Masters, and Doctorate programs, or certifications designated by the campus.

9. Equity and Market Adjustments—EQIN— Individual increases intended to mitigate an internal institution inequity or a documented, proven, external inequity.

10. Faculty Promotions—FPRM—Increases associated with faculty promotion recommendations.

11. Merit Increases—MERT—Increases based on the employee's job performance. Requires written documentation and an adequate plan to objectively measure the employee's performance.

12. Non-faculty promotions – PROM- Increases resulting from applying for and being selected to fill a vacant position - or increases which are provided when an employee is assigned to a position in a different class which has a higher pay grade than the employee's previous position, and the assignment is not a result of a reclassification of the employee's existing position. A promotional appointment must occur within the guidelines in TBR P-010.

13. Percent of Employment – CFTE-Increases attributable to an increase in the percent of time worked (such as moving from 75% to 100% time).

14. Reclassifications –RCLS—Increases given when an employee's duties and responsibilities change and may include an appropriate salary and/or title adjustment.

15. Technical Adjustments – OOPS—Technical Adjustments and/or omissions. Any type of salary adjustment or omission to the previously approved salary for the employee.

III. Procedures

A. All reportable salary increases are subject to approval by the Board.

1. Employees receiving a salary increase governed by this Guideline must be informed that the increase is subject to review by the System Office and approval by the Board.

2. Salary increases are not final until approved by the Board, unless otherwise provided for in this Guideline.

B. Institutions shall develop compensation plans approved by the Board. These plans will be updated consistent with this policy.

1. New or revised Compensation Plans that may include merit, equity, and market increases are due to the System Office in the spring.

2. A committee comprised of representatives from Academic Affairs, Finance, Human Resources, and the TCAT Office will review the proposed compensation plans for clarity, and internal and external equity.

3. Once agreed upon at the System Office they are submitted to the Board Personnel and Compensation Committee for approval at the

summer quarterly Board meeting. A guide of what to include in the individual institution compensation plans is available on the TBR Human Resource website.

4. Recommendations for institutional increases under the compensation plans are submitted to the System Office during the summer.

5. Increases pursuant to the plans are approved at the Fall Quarterly Board meeting.

C. An executive level, Interim Action report will be provided to the Board quarterly regarding applicable salary adjustments.

1. Any salary increase for the following positions require System Office and Board approval:

   a. All Vice Presidents or other executives reporting directly to the President (academic, business, student affairs, etc.) including all interim appointments;

   b. Directors and chairs of the Centers of Emphasis and Excellence, including interim appointments;

   c. Any other positions which may be designated by the Chancellor.

2. Any of the following increases require System Office and Board approval:

   a. Faculty Promotions – Included as part of the Committee on Personnel and Compensation Agenda at the Summer Quarterly Meeting

   b. New or Revised Compensation Plans - Included as part of the Committee on Personnel and Compensation Agenda at the Summer Quarterly Meeting

c. Compensation Plan adjustments – Included as part of the Committee on Personnel and Compensation Agenda at the Fall Quarterly Meeting

d. Additional Across the Board Increases - Included as part of the Committee on Personnel and Compensation Agenda at the Fall Quarterly Meeting

e. Additional Bonuses - Included as part of the Committee on Personnel and Compensation Agenda at the Fall Quarterly Meeting

## Exhibits

Exhibit 1 - Compensation Approval Matrix (pdf /84.7 KB)

## Sources

TBR Meetings: Presidents Meeting May 16, 2006; Presidents Meeting November 8, 2006; Presidents

Meeting February 13, 2007; Presidents Meeting May 12, 2009; Presidents Meeting August 20, 2013.

Attachment G

| Row No. | Type of Salary Transaction | **Requires Board Notice** (Requires prior approval only if noted) | **Requires Chancellor's /System Office Approval** | **Requires President's/ Designee Approval** |
|---|---|---|---|---|
| 1 | Additional Across the Board Increase | X<br>Prior Board Approval | X | X |
| 2 | Bonuses not already provided through an athletic contract (will be reported as a group) | X<br>Prior Board Approval | X | X |
| 3 | Faculty Promotions | X<br>Prior Board Approval | X | X |
| 4 | New or Revised Compensation Plans | X<br>Prior Board Approval | X | X |
| 5 | Compensation Plan Adjustments | X<br>Prior Board Approval | X | X |
| 6 | Any individual merit, equity and market, reclassification, counter offer, technical adjustment, or other salary adjustments for **vice presidents, executives reporting directly to the President**, **and directors and chairs of the Centers of Emphasis and Excellence, including interim appointments**. Increases provided under the compensation plan do not need individual approval. | X | X | X |
| 7 | All legislated across the board increases | X | Follow Budget Guidelines | X |
| 8 | Athletic Increases | | | X |
| 9 | Any individual merit, equity and market, reclassification, counter offer, technical adjustment, degree certification, critical and special increase, or other salary adjustments **for non-executive positions**. Increases provided under the compensation plan do not need individual approval. | | | X |
| 10 | Increases in compensation due to increase in time worked from part-time to full-time or conversions in compensation due to moving from academic year to fiscal year | | Follow P-0I0 Guidelines | X |
| 11 | Certified Administrative Professional (CAP) Adjustments, Non-faculty promotions, Changes in percent of employment, and Increases due to additional temporary duties | | | X |
| 12 | Changes in source of funding or grant account resulting in no change in annual salary. | | | X |

# Policy/Guideline Area

Personnel Policies

# Applicable Divisions

TCATs, Community Colleges, Universities, System Office

# Purpose

The purpose of this policy is to establish the criteria and process regarding days of administrative closing at the System and institutions governed by the Tennessee Board of Regents.

# Policy/Guideline

I. Administrative Closing Days Declared in Advance

A. Administrative Closing Days with Pay

1. In addition to the seven holidays granted in TBR Policy 5:01:01:10, six administrative closing days shall be designated as time off from work with pay for regular full-time and part-time employees.

2. Certain days, such as the Friday after Thanksgiving Day and those during the week of Christmas when classes are not in session, may be designated as days of administrative closing each year by the Presidents/Directors, with the approval of the Chancellor.

II. Emergency Closing

A. At times it may be necessary for the President or Director to declare specific hours as emergency closing as the result of inclement weather or other emergency situations.

1. In such cases, regular full-time and part-time employees on the active payroll who are scheduled to work during the declared times of closing will be granted time off from work with pay.

2. Employees who are not scheduled to work will not be paid for the emergency closing.

3. Employees who were previously approved for leave for the duration of the emergency closing will be considered not scheduled to work and will be charged the appropriate leave.

4. Employees who were previously approved for leave for a portion of the emergency closing will be considered not scheduled to work for the portion of the time that was approved as leave. The employee will be considered scheduled to work for the remainder of the closing.

B. If an emergency closing has not been declared due to inclement weather and an employee is prevented from reporting to work for his/her normally scheduled working hours, annual leave or leave without pay will be charged; or, the employee may be allowed with institutional approval to make up the time lost.

C. Regular part-time employees will be affected on a pro rata basis in each of the provisions listed above.

## Sources

TBR Meeting September 18, 1992; December 7, 2001 (Approved by Finance and Administration February 4, 2002); December 3, 2004 (Approved by Finance and Administration December 21, 2004; September 25, 2008

**Summary of Results of CCTA Progression Audits – February 2014**

The audits found that institutional internal controls were generally adequate and that data submitted was substantially accurate. However, the audits did identify several matters that should be further evaluated by TBR Office of Research and Assessment in consultation with the Tennessee Higher Education Commission. Based on the results of tests, these issues do not appear to cause significant differences in the formula data but TBR should consider whether procedures should be revised to further minimize the risk of data errors or whether the risk from these matters is at an acceptable level.

- There is an inherent risk of timing differences in certain limited instances that may cause inaccurate calculations of hours from one academic year to the next. Depending on the timing of the institution's posting of hours transferred in or a student's completion of course grades of Incomplete or repeated courses, THEC may not count a student progression or may count a progression twice.
- TBR uses a calculation for progression counts that was in place before the funding formula, but it is slightly different from the THEC Data Dictionary definition regarding the calculation since it includes graduate course hours for undergraduate students. The Data Dictionary issued by THEC does not indicate these hours should be included. THEC staff said the possibility of graduate hours for undergraduate students had not been considered in the formula definitions. The TBR, Office of Research and Assessment performed a test to search for undergraduate students who had graduate hours in the current year's formula data; they determined that only five of these students in the three years of data had crossed progression thresholds.
- TBR uses a calculation of age to identify those in the Adult Sub-population that differs from THEC's calculation, which causes a difference when comparing the data.
- One audit report noted there were issues with the sample data provided by TBR, Office of Research and Assessment and referred the matter to System-wide Internal Audit. The institution's Summer end of term report included data for the subsequent Fall term because the Summer term report was dated six months later than the end date of the Summer term. TBR Office of Research and Assessment is looking into this matter, but System-wide Internal Audit is also examining the data handling procedures used by the Office of Research and Assessment and will issue a report when it is completed. (University of Memphis)
- One audit report noted that because the school posted grades for two students after the end-of-term reporting deadlines, the hours did not count towards progression; the students were dual-enrolled high school students and the high-school's year-end occurred later than the college's, which may have contributed to the late posting. The report also noted a student missed a progression benchmark because of the design of the college's course numbering for certain courses. (Northeast State Community College)
- One audit report noted that for students reported to THEC with missing social security numbers, THEC creates a value to populate the social security field when counting the student. However, if the college submits a record with the valid social security number in a subsequent term, THEC counts the student a second time creating a duplicate headcount. (Volunteer State Community College)
- One audit report noted that hours for a branch campus for the Fall and Summer terms of the reporting period were not included in the data files provided to TBR, resulting in inaccurate hours reported. (Austin Peay State University)

The Complete College Tennessee Act of 2010 (the Act) charged the Tennessee Higher Education Commission (THEC) with developing a statewide master plan for the state's public higher education institutions and for directing those institutions to be accountable for increasing the educational attainment levels of Tennesseans. In implementing the plan, the Act requires that THEC use an outcomes-based model for making funding recommendations. The outcome measures identified for use in the funding formula are different for universities and community colleges and are further distinguished by weighting the measures by institutional mission. The outcomes may be grouped into student progression, student completion (degrees and certificates awarded), efficiency measures and other important institutional factors.

| Universities | Community Colleges |
|---|---|
| Students accumulating 24, 48 and 72 credit hours (Progression) | Students accumulating 12, 24 and 36 credit hours (Progression) |
| Research and Service Expenditures | Dual Enrollment Students |
| Bachelor and Associate Degrees | Associate Degrees and Certificates |
| Master and Ed Specialist Degrees | Workforce Training |
| Doctoral and Law Degrees | Job Placements |
| Degrees per 100 FTE | Awards per 100 FTE |
| Transfers Out with at least 12 Credit Hours | Transfers Out with 12 Credit Hours |
| Six-Year Graduation Rate | Remedial and Developmental Success |

Each university and community college prepares end of term data files from Banner and provides them to the TBR Office of Research and Assessment where they files are compiled into academic year data files for THEC. At THEC, the data is combined for a three year average of student information for use in determining funding recommendations.

Because of the numerous data elements used in the formula, it was determined that audits would be performed in three phases.

| Data Elements | Scheduled Completion |
|---|---|
| Progression and Dual-Enrollment | February 2014 |
| Completions | July 2014 |
| Other (Transfers, Remedial & Developmental Success) | December 2014 |

The audits of progression and dual-enrollment (community colleges only) covered data from the 2011 – 2012 academic year. The objectives were to provide reasonable assurance that student enrollment data reported to THEC was accurate based on instructions provided by TBR and that student hours calculated for progression outcomes and unduplicated headcounts were accurate and supported by student records.

**Foundations: 4:01:07:02**

## Policy/Guideline Area

Comment [BS27]: Does this policy apply to other non-profits such as Research Foundations and Clinical Practice Plans?(ETSU)

Business and Finance Policies

## Applicable Divisions

Community Colleges, Universities, System Office

## Purpose

The purpose of this policy is to promote and strengthen the operations of foundations which have been and may be established for the benefit of TBR institutions. The following provisions set forth a framework which, from the Board's perspective, enables and enhances a sound and mutually supportive foundation/institution relationship.

## Definitions

Foundation - For purposes of this policy, a foundation is defined as a not-for-profit organization which exists solely to support and advance the objectives of an institution. A foundation also shall be operated as a tax-exempt corporation chartered within the State of Tennessee.

# Regulations for Classifying Students In-State & Out-of-State for Paying College or University Fees & Tuition & for Admission Purposes: 3:05:01:00

## Policy/Guideline Area

Student Policies

## Applicable Divisions

Community Colleges, Universities

## Purpose

It is the intent that the public institutions of higher education in the State of Tennessee shall apply uniform rules, as described in these regulations and not otherwise, in determining whether students shall be classified "in-state" or "out-of-state" for fees and tuition purposes and for admission purposes.

## Definitions

- Public higher educational institution - shall mean a university or community college supported by appropriations made by the Legislature of this State.
- Residence - shall mean continuous physical presence and maintenance of a dwelling place within this State, provided that absence from the State for short periods of time shall not affect the establishment of a residence.
- Domicile - shall mean a person's true, fixed, and permanent home and place of habitation; it is the place where he or she intends to remain, and to which he or she expects to return when he or she leaves without intending to establish a new domicile elsewhere. Undocumented aliens cannot establish domicile in Tennessee, regardless of length of residence in Tennessee.

- Emancipated person - shall mean a person who has attained the age of eighteen years, and whose parents have entirely surrendered the right to the care, custody, and earnings of such person and who no longer are under any legal obligation to support or maintain such deemed "emancipated person."
- Parent - shall mean a person's father or mother. If there is a non-parental guardian or legal custodian of an un-emancipated person, then "parent" shall mean such guardian or legal custodian; provided, that there are not circumstances indicating that such guardianship or custodianship was created primarily for the purpose of conferring the status of an in-state student on such un-emancipated person.
- Continuous enrollment - shall mean enrollment at a public higher educational institution or institution of this State as a full-time student, as such term is defined by the governing body of said public higher educational institution or institutions, for a normal academic year or years or the appropriate portion or portions thereof since the beginning of the period for which continuous enrollment is claimed. Such person need not enroll in summer sessions or other such inter-sessions beyond the normal academic year in order that his or her enrollment be deemed continuous, notwithstanding lapses in enrollment occasioned solely by the scheduling of the commencement and/or termination of the academic years, or appropriate portion thereof, of the public higher educational institutions in which such person enrolls.

## Policy/Guideline

I. Rules for Determination of Status

A. Every person having his or her domicile in this State shall be classified "in-state" for fee and tuition purposes and for admission purposes.

B. Every person not having his or her domicile in this State shall be classified "out-of-state" for said purposes.

C. The domicile of an un-emancipated person is that of his or her parent, **except as provided in section E of this rule**.

D. Un-emancipated students of divorced parents shall be classified "in-state" when one parent, regardless of custodial status, is domiciled in Tennessee, **except as provided in section E of this rule.**

E. **A student is classified "in-state" for fee and tuition purposes if the student is a citizen of the United States, has resided in Tennessee for at least one (1) year immediately prior to admission and has:**

1. **Graduated from a Tennessee public secondary school;**

2. **Graduated from a private secondary school that is located in this state; or**

3. **Earned a Tennessee high school equivalency diploma.**

F. The spouse of a student classified as "in-state" shall also be classified as "in-state**", subject to the requirements of T.C.A. Title 4, Chapter 58.**

II. Out-of-State Students who are Not Required to Pay Out-of-State Tuition

A. An un-emancipated, currently enrolled student shall be reclassified out-of-state should his or her parent, having theretofore been domiciled in the State, remove from the State. However, such student shall not be required to pay out-of-state tuition nor be treated as an out-of-state student for admission purposes so long as his or her enrollment at a public higher educational institution or institutions shall be continuous.

B. An un-emancipated person whose parent is not domiciled in this State but is a member of the armed forces and stationed in this State or at Fort Campbell pursuant to military orders shall be classified out-of-state but shall not be required to pay out-of-state tuition. Such a person, while in continuous attendance toward the degree for which he or she is currently enrolled, shall not be required to pay out-of-state tuition if his or her parent thereafter is transferred on military orders.

C. A person whose domicile is in a county of another state lying immediately adjacent to Montgomery County, or whose place of residence is within thirty (30) miles of Austin Peay State University shall be classified out-of-state but shall not be required to pay out-of-state tuition at Austin Peay State University.

D. A person whose domicile is in Mississippi County, Arkansas, or either Dunlin County or Pemiscot County, Missouri and who is admitted to Dyersburg State Community College shall not be required to pay out-of-state tuition.

E. A person, who is not domiciled in Tennessee, but has a bona fide place of residence in a county which is adjacent to the Tennessee state line and which is also within a 30 mile radius (as determined by THEC) of a city containing a two year TBR institution, shall be classified out-of-state, but admitted without tuition. The two year institution may admit only up to three percent (3%) of the full-time equivalent attendance of the institution without tuition. (THEC may adjust the number of the non-residents admitted pursuant to this section every three (3) years.) (See T.C.A. 49-8-102)

**1. Students originally admitted to a TBR community college authorized to grant a border county waiver of out-of-state tuition are not entitled to that waiver at any other TBR institution, except as provided in subsection 2.**

**2. The waiver of out-of-state tuition granted to a border county student at an admitting institution will follow the student ONLY from a community college to a TBR university if the student transfers from the community college after successfully completing an associate's degree UNLESS this condition is waived by the community college as being in the student's best interest; provided, in any case the student must complete the general education requirement at the TBR community college.**

F. Part-time students who are not domiciled in this State but who are employed full-time in the State, or who are stationed at Fort Campbell pursuant to military orders, shall be classified out-of-state but shall not be required to pay out-of-state tuition. This shall apply to part-time students who are employed in the State by more than one employer, resulting in the equivalent of full-time employment.

G. Military personnel and their spouses stationed in the State of Tennessee who would be classified out-of-state in accordance with other provisions of these regulations will be classified out-of-state but shall not be required to pay out-of-state tuition. This provision shall not apply to military personnel and their spouses who are stationed in this State primarily for educational purposes.

H. Dependent children who qualify and are selected to receive a scholarship because their parent is a law enforcement officer, fireman, or emergency medical service technician who was killed or totally and permanently disabled while performing duties within the scope of their employment shall not be required to pay out-of-state tuition. (T.C.A. § 49-4-704)

I. Active-duty military personnel who begin working on a college degree at a TBR institution while stationed in Tennessee or at Fort Campbell, Kentucky, and who are transferred or deployed prior to completing their degrees, can continue to completion of the degrees at that same institution without being required to pay out-of-state tuition, as long as he/she completes at least one (1) course for credit each twelve (12) month period after the transfer or deployment. Exceptions may be made in cases where the service member is deployed to an area of armed conflict for periods exceeding twelve (12) months.

J. Students who participate in a study abroad program, when the course/courses in the study abroad program is/are the only course/courses for which the student is registered during that term, shall not be required to pay out-of-state tuition.

K. Students who are awarded tuition waiver scholarships for participation in bona fide campus performance-based programs, according to established guidelines, shall not be required to pay out-of-state tuition.

L. A veteran enrolled in any TBR institution of higher education in this state shall not be required to pay out-of-state tuition or any out-of-state fee, if the veteran:

1. Has not been dishonorably discharged from a branch of the United States armed forces or the national guard;

2. Is eligible for Post-9/11 GI Bill benefits or Montgomery GI Bill benefits; and

3. Enrolls in the TBR institution, after satisfying all admission requirements, within twenty-four (24) months after the date of discharge as reflected on the veteran's certificate of release or discharge from active duty, Form DD-214, or an equivalent document.

    a. To continue to qualify for in-state tuition and fees, a veteran shall:

        (1) Maintain continuous enrollment as defined by the TBR institution at which the veteran is enrolled; and

        (2) Within one (1) year of enrolling in the TBR institution:

            (a) Register to vote in this state; or

            (b) Demonstrate by objective evidence intent to be a resident of this state by obtaining at least two (2) of the following:

                (i) A Tennessee driver license;

                (ii) A Tennessee motor vehicle registration;

                (iii) Proof of established employment in the state; or

**(iv) Other documentation clearly evidencing domicile or residence in the state, as determined by the Tennessee Higher Education Commission.**

II. Honors Programs

A. Each institution will establish policies regarding out-of-state tuition scholarships for students selected for admissions into formal honors programs at the institution.

III. Presumption

A. Unless the contrary appears from clear and convincing evidence, it shall be presumed that an emancipated person does not acquire domicile in this State while enrolled as a full-time student at any public or private higher educational institution in this State, as such status is defined by such institution.

IV. Evidence to be Considered for Establishment of Domicile

A. If a person asserts that he or she has established domicile in this State he or she has the burden of proving that he or she has done so. Such a person is entitled to provide to the public higher educational institution by which he seeks to be classified or reclassified in-state, any and all evidence which he or she believes will sustain his or her burden of proof. Said institution will consider any and all evidence provided to it concerning such claim of domicile but will not treat any particular type or item of such evidence as conclusive evidence that domicile has or has not been established.

V. Appeal

A. The classification officer of each public higher educational institution shall be responsible for initially classifying students "in-state" or "out-of-state". Appropriate procedures shall be established by each such institution by which a student may appeal his or her initial classification.

VI. Effective Date for Reclassification

A. If a student classified out-of-state applies for in-state classification and is subsequently so classified, his or her in-state classification shall be effective as of the date on which reclassification was sought.

B. However, out-of-state tuition will be charged for any quarter or semester during which reclassification is sought and obtained unless application for reclassification is made to the admissions officer on or before the last day of registration of that quarter or semester.

VII. Effective Date

A. These regulations supersede all regulations concerning classification of persons for fees and tuition and admission purposes previously adopted by the State Board of Regents, and having been approved by the Governor, become effective July 1, 1983, or upon their becoming effective pursuant to the provisions of T.C.A. Section 4-5-101 et seq. as amended.

## Sources

TBR Meetings, December 13, 1974; February 21, 1975, March 21, 1986, September 16, 1988; June 29, 1990; June 24, 1994; March 30, 2001; December 7, 2001; December 5, 2003; June 30, 2006.

# Policy 4:XX:XX:XX Budget Principles

**Purpose**

As a public entity, the System is responsible for the prudent management of resources entrusted to its care by Tennesseans. Ensuring that budgets developed by institutions and considered by the Board are prepared in accordance with sound budget principles is fundamental to the Board being a good steward of System financial resources. The budget principles included in this policy are intended to respond to the expectations of various stakeholders relating to the generation and expenditure of funds. All System and institutional officials responsible for budgeting processes are directed to adhere not only to the specific requirements of this policy, but to also act within the spirit of this policy and in a manner that evidences forthrightness and engenders public trust.

**Guiding Principles**

Working within the institution's shared governance process, each Chief Executive Officer has the responsibility and full authority to propose a budget to the Chancellor and Board. The Chief Executive Officer will ensure that an open and accountable process is used in budget development, will include appropriate constituencies in budget planning, and will incorporate clear guidelines and adequate training for those involved.

In the development and submission of budgets, each Chief Executive Officer shall adhere to the following principles.

1) Budgetary needs should be prioritized relative to the institution's core mission with resources aligned to those priority budget needs. In situations where resources are constrained or limited, resources should be redistributed as needed to ensure that limited resources meet the highest priority needs of the institution.
2) Budgets must respect generational neutrality. In general, this to say that the cost of educating the current generation of students should be borne by the current generation and not be deferred to future generations.
3) The Budget must be balanced:
   a) In total, such that all planned expenditures do not exceed expected revenues and use of reserves or other non-recurring funds; and
   b) On a recurring basis, such that planned ongoing expenditures do not exceed expected recurring revenues. Use of non-recurring funds to meet recurring expenditures is discouraged. In the event non-recurring revenues are budgeted to meet recurring expenses, this must be specifically disclosed to the Board as part of the budget consideration process, including justification and the institution's plan for achieving recurring balance.

4) A degree of conservatism must be incorporated in the budget to reduce the risk of year-end deficits by:
   a) Ensuring all costs are fully recognized. Use of anticipated savings as a funding source (e.g., lapsed salaries) for recurring expenses is discouraged. If anticipated savings are used to fund recurring expenses, this must be specifically disclosed to the Board as part of the budget consideration process;
   b) Using conservative, yet reasonable, revenue estimates in light of existing conditions. Estimates of revenues derived from students must be based on analysis of historic enrollment patterns, modified for any recent observable patterns. The basis for student derived revenue estimates must be communicated to the Board as part of the budget consideration process; and
   c) Maintaining appropriate contingency funds for revenue shortfalls and emergencies for both Education & General and Auxiliary operations.
5) Related to the principle on generational neutrality and to ensure the long term viability of the institution, sufficient provision must be made in both Education & General and Auxiliary budgets to annually fund:
   a) Maintenance and facilities renewals to the physical plant and grounds; and
   b) Acquisition, repair and replacement of teaching equipment, computers, and other equipment.
6) Opportunities for cost savings arising from shared services and resources between departments and organizations within an institution and among other institutions should be aggressively pursued.

**Operational Provisions**

Accountability for the effective management of the budget rests with the institution's Chief Executive Officer, who ensures that proper controls and budget management policies are established.

Guidelines may be developed that further direct and clarify application of the above principles in the budget development and administration process. The Chancellor is authorized to issue directives on these matters consistent with the provisions of this policy.

## Policy 4:XX:XX:XX - - Financial Review

**Policy/Guideline Area**

Business & Finance Policies

**Applicable Divisions**

TCAT's, Community Colleges, Universities, System Office

**Purpose**

It is the policy of the Board that institutions be managed in a manner that evidences a sound financial base and demonstrates the financial stability to support the mission of the institution over the long term. Although missions may vary among institutions, a sound financial base and a pattern of financial stability provide the foundation for accomplishing an institution's mission, regardless of changing economic conditions. It is reasonable that the general public, State stakeholders, and current and prospective students expect financial and physical resources to be managed in a manner that permits the institution to fulfill its mission long term.

**Policy/Guideline**

**Responsibility**: The chief executive officer of each institution is responsible for administering and managing the institution's financial affairs in such a manner as to assure the institution's current and future financial health. This policy establishes the indicators used to assess the financial health of an institution, the reporting process, and actions to be taken if an institution shows signs of financial weakness.

**Background**: The analytical framework contained within this policy is derived from *Strategic Financial Analysis for Higher Education; Identifying, Measuring & Reporting Financial Risks*; Seventh Edition, published by KPMG; Prager, Sealy & Co., LLC; and ATTAIN. This framework and its primary metric, referred to as the Composite Financial Index ("CFI"), are widely used in the higher education community to understand the financial health of institutions. The methodology, ratios, and related benchmarks contained in this policy are taken from this publication.

**Review Periods**: While important and deserving of discussion and explanation, the Board acknowledges that annual results should be placed in context by reviewing longer terms trends. By focusing on 3 to 5 year trends, the Board believes the long term financial health of an institution may be better ascertained.

**Indicators**: All indicators include the financial results of the institution's component unit (i.e. related foundation(s), noted as "CU") to present a comprehensive picture of the institution's overall financial condition. The methodology relies on four "core" financial ratios and then combines these ratios in a manner to provide a single metric of financial condition. The data source for calculation of each ratio is the institution's unaudited annual financial report, with all calculations reflecting the results from a single year (i.e. no use of moving averages). Following are details on the four core ratios, including general descriptions, the calculation method, data sources, an expected performance standard, and a performance watch level and a similar description of the calculation and interpretation of the Composite Financial Index value.

- **Return on Net Assets**

Description: The return on net assets ratio measures total economic return during the fiscal year. This measure is similar to the return on equity ratio used in examining for profit concerns and answers the questions, "Are they better off financially than they were a year ago" and "Does financial asset performance support the strategic direction of the institution?" While investments in plant, a capital campaign, or a poor stock market can all create year to year volatility in this measure, the trend over time should be positive.

Calculation:

$$\frac{\text{Change in Net Assets + CU Change in Net Assets}}{\text{Total Net Assets (beginning of year) + CU Total Net Assets (beginning of year)}}$$

Expected Performance Standard: The return on net assets ratio should be at least 3 percent above the rate of inflation. For example, if the Consumer Price Index (CPI) is at 3 percent, a return on the net assets ratio of 6 percent is desirable.

Watch Level: Consistently below the rate of inflation. Anything below the rate of inflation indicates a reduction of the institution's asset base in real dollars, thereby eroding the purchasing power of institutional resources for future generations.

- **Net Operating Revenues Ratio**

Description: The net operating revenues ratio indicates an operating surplus or deficit in the given fiscal year. A positive ratio indicates that the institution experienced an operating surplus for the year. This ratio is similar to a profit margin and answers the questions, "Did they balance operating expenses with available revenue" and "Do the operating results indicate that the institution is living within available resources?" Depreciation expense is included to reflect the use of physical assets in measuring operating performance.

Calculation:

$$\frac{\begin{array}{c}\text{Operating Income (Loss) + Non-operating Revenues (Expenses) +}\\ \text{CU Change in Unrestricted Net Assets}\end{array}}{\begin{array}{c}\text{Operating Revenues + Non-operating Revenues +}\\ \text{CU Total Unrestricted Revenue}\end{array}}$$

Expected Performance Standard: A ratio of 4.0%. This is considered adequate to keep pace with the growth in operating expenses and maintain reserves at acceptable levels.

Watch Level: Consistently below zero. A deficit in a single year does not necessarily indicate a problem, but deficits over several years are a cause for concern and suggest that the institution's mission cannot be sustained and institutional finances should be restructured.

- **Primary Reserve Ratio.**

Description: The primary reserve ratio measures financial strength and flexibility by comparing expendable net assets to total expenses. This measure answers the question, "How long can the institution survive without additional net assets generated by operating revenue?"

Calculation:

$$\frac{\text{Expendable Net Assets + CU Expendable Net Assets}}{\text{Total Expenses + CU Total Expenses}}$$

Expected Performance Standard: A ratio of 0.40 (representing about 5 months of expenses) or higher. At this level an institution has the flexibility to manage minor financial disruptions and other unforeseen events with less need to immediately disrupt ongoing activities. At this level, an institution can be expected to carry on a reasonable level of facilities maintenance activities.

Watch Level: A ratio of 0.133 (represents less than 1.5 months of expenses in ready assets) or less. Institutions at these levels have less operating flexibility to meet unexpected events, generally lack sufficient resources to pursue strategic initiatives, and may struggle to invest in plant maintenance.

- **Viability Ratio**

Description: The viability ratio measures the financial health of the institution by comparing total expendable net assets to total non-current liabilities. This ratio is similar to a coverage ratio used in the private sector to indicate the ability of an organization to cover its long term debt from readily available resources and answers the questions, "How much of their debt can the institution pay off with existing resources" and "Is debt managed strategically to advance the institution's mission". For institutions with no debt, this ratio is ignored in the calculation of the CFI score. A ratio of 1.0 indicates an institution has expendable resources sufficient to satisfy all outstanding plant related debt.

Calculation:

$$\frac{\text{Expendable Net Assets + CU Expendable Net Assets}}{\text{Plant Related Debt + CU Plant Related Debt}}$$

Expected Performance Standard: A ratio of 1.25 or higher (the higher the ratio, the stronger the creditworthiness of the institution). At these levels, an institution has increased flexibility to address unexpended events.

Watch Level: A ratio of 1.0 or less. Similar to the primary reserve ratio Watch level, institutions at this level have decreased flexibility to respond to unforeseen events, essentially a reduced "margin of error" in the financial management of the institution. Dropping below a ratio of 1.0 may identify the institution as a credit risk.

**Composite Financial Index (CFI):** After their calculation, these four ratios are combined to deliver a single measure of the overall financial health of the institution. By blending these four core financial ratios into one metric, a more balanced view of the institution's finances is provided since weakness in one measure can be offset by strength in another. Additionally, measuring the index over time provides a glimpse as to the progress institutions are making toward achieving financial goals. CFI scores range from a low of -4.0 to a high of 10.0. The CFI is computed using a four-step methodology:

1. Computing the values of the core ratios as outlined above;
2. Calculating strength factors by dividing the core ratios by threshold values;
3. Multiplying the factors by specific weights; and
4. Totaling the resulting scores to obtain the composite financial index.

*Universities (Institutions with Outstanding Debt)*

| Core Ratio Value | | Threshold Value | | Strength Value | | Weight | | Score |
|---|---|---|---|---|---|---|---|---|
| Return on Net Assets | / | 0.020 | = | 0.00 | X | 20% | = | 0.00 |
| Net Operating Revenues | / | 0.013 | = | 0.00 | X | 10% | = | 0.00 |
| Primary Reserve | / | 0.133 | = | 0.00 | X | 35% | = | 0.00 |
| Viability | / | 0.417 | = | 0.00 | X | 35% | = | 0.00 |
| | | | | Composite Financial Index Score | | | = | 0.00 |

*Community Colleges (Institutions with No Outstanding Debt)*

| Core Ratio Value | | Threshold Value | | Strength Value | | Weight | | Score |
|---|---|---|---|---|---|---|---|---|
| Return on Net Assets | / | 0.020 | = | 0.00 | X | 30% | = | 0.00 |
| Net Operating Revenues | / | 0.013 | = | 0.00 | X | 15% | = | 0.00 |
| Primary Reserve | / | 0.133 | = | 0.00 | X | 55% | = | 0.00 |
| Viability | / | 0.417 | = | 0.00 | X | 0% | = | 0.00 |
| | | Composite Financial Index Score | | | | | = | 0.00 |

Expected Performance Standard: A score of at least 3.0. *Strategic Financial Analysis for Higher Education* indicates that at this level an institution is relatively financially healthy in that sufficient liquid resources exist to meeting unforeseen circumstances, net operating revenues are adequate, expendable net assets exceed the level of debt, and the return on net assets is reasonable.

Watch Level: A score of 1.0 or less. Again, *Strategic Financial Analysis for Higher Education* suggest that scores of 1.0 or below call into question the institution's ability to carry out existing programs and survive.

**Process for Reporting.**

Within thirty days of submission of published financial statements to the System Office, each institution's chief business officer shall be responsible for calculation of the institution's core ratios and CFI score and submitting this information to the System Office. As part of this submission, the chief business officer shall provide a narrative that explains the factors underlying changes in ratio values and CFI scores from the prior year, whether these factors were planned or unexpected and what action, if any, the institution plans to take to improve the ratio or score in subsequent years.

The System Office shall review institutional submissions and, if a measure raises concern, the System Office will work with the chief business officer to address the issue. If the financial concern continues beyond a reasonable amount of time, it will be brought to the attention of the Chancellor and the Board in an exception report.

On an annual basis, the Board shall be advised on the aggregate overall financial stability and sustainability of the System and its institutions, in summary by sector. The System Office staff shall report to the Board any institution whose performance meets the Watch Level criteria specified in this policy.

**Policy Title: Access Control**

**POLICY:**

Tennessee Board of Regents institutions will control user access to information assets based on requirements of individual accountability, need to know, and least privilege.

Access to institutional information assets must be authorized and managed securely in compliance with appropriate industry practice and with numerous applicable legal and regulatory requirements (e.g., the Health Insurance Portability and Accountability Act, Family Educational Rights and Privacy Act, the Open Records Act of Tennessee, Gramm Leach Bliley Act, and identity theft laws).

Institutional information assets include data, hardware and software technologies, and the infrastructure used to process, transmit, and store information. Any computer, laptop, printer or device that an authorized user connects to the campus network is subject to this policy. Guest, unauthenticated access may be provisioned commmensurate with usage and risk. Authorized users accessing institutional computing resources and network with their own personal equipment are responsible for ensuring the security and integrity of the systems they are using to establish access.

**Access Controls**

Access to information assets must be restricted to authorized users and must be protected by appropriate physical, administrative, and logical authentication and authorization controls. Protection for information assets must be commensurate with the classification level assigned to the information. Each computer system shall have an automated access control process that identifies and authenticates users and then permits access based on defined requirements or permissions for the user or user type. All users of secure systems must be accurately identified, a positive identification must be maintained throughout the login session, and actions must be linked to specific users. Access control mechanisms may include user IDs, access control lists, constrained user interfaces, encryption, port protection devices, secure gateways/firewalls, and host-based authentication.

**User Identification, Authentication, and Accountability**

**User IDs:**

The access control process must identify each user through a unique user identifier (user ID) account. User IDs are assigned by the campus office of information technology and application support personnel. Users must provide their user ID at logon to a computer system, application, or network.

**Individual Accountability:**

Individual accountability must be maintained. Each and every user ID must be associated with an individual person who is responsible for its use.

**Authentication:**

Authentication is the means of ensuring the validity of the user identification. All user access must be authenticated. The minimum means of authentication is a personal secret password that the user must provide with each system and/or application logon. All passwords used to access information assets must conform to certain requirements relating to password composition, length, expiration, and confidentiality. Please refer to the Password Management Policy for additional requirements.

**Access Privileges**

Each user's access privileges shall be authorized on a need-to-know basis as dictated by the user's specific and authorized role. Authorized access will be based on least privilege. This means that only the minimum privileges required to fulfill the user's role will be permitted. Access privileges must be defined so as to maintain appropriate segregation of duties to reduce the risk of misuse of information assets. Any access that is granted to data must be authorized by the appropriate data trustee.

Access privileges should be controlled based on the following criteria, as appropriate:

- Identity (user ID);
- Role or function;
- Physical or logical locations;
- Time of day/week/month;
- Transaction based access;
- Access modes such as read, write, execute, delete, create, and/or search.

Privileged access (e.g., administrative accounts, root accounts) must be granted based strictly on role requirements. The number of personnel with special privileges should be carefully limited.

**Access Account Management**

User ID accounts must be established, managed, and terminated to maintain the necessary level of data protection. The following requirements apply to network logons as well as individual application and system logons, and should be implemented where technically and procedurally feasible:

- Account creation requests must specify access either explicitly or a role that has been mapped to the required access. New accounts created by mirroring existing user accounts must be audited against the explicit request or roles for appropriate access rights.
- Accounts must be locked out after five consecutive invalid logon attempts. When a user account is locked out, it should remain locked out for a minimum of five minutes or until authorized personnel unlocks the account.
- User interfaces must be locked after no more than twenty minutes of system/session idle time. This requirement applies to workstation and laptop sessions as well as application sessions where feasible. The office of information technology will implement measures to enforce this requirement and to require the user to re-authenticate to reestablish the session.
- Systems housing or using restricted information must be configured in such a way that access to the restricted information is denied unless specific access is granted. Access to restricted information is never to be allowed by default.
- Access must be revoked immediately upon notification that access is no longer required. Access privileges of terminated or transferred users must be revoked or changed as soon as possible. In cases where an employee is not leaving on good terms, the user ID must be disabled simultaneously with departure. Access for users who are on leaves of absence or extended disability must be suspended until the user returns.
- User IDs will be disabled after a period of inactivity that is determined appropriate by the current business process.
- All third party access (contractors, business partners, consultants, vendors) must be authorized and monitored.
- Appropriate logging will be implemented commensurate with sensitivity/criticality of the data and resources. Logging of attempted access must include failed logons. Where practical, successful logons to systems with restricted information should be logged. Logs should be monitored and regularly reviewed to identify security breaches or unauthorized activity. Logs should be maintained for at least ninety days.
- A periodic audit of secured systems to confirm that access privileges are appropriate must be conducted. The audit will consist of reviewing and validating that user access rights are still needed and are appropriate.

**Compliance and Enforcement**

The policy applies to all users of information resources including students, faculty, staff, temporary workers, vendors, and any other authorized users who are permitted access. Persons in violation of this policy are subject to a range of sanctions (determined and enforced by institution management), including the loss of computer network access privileges, disciplinary action, dismissal from the institution, and legal action. Some violations may constitute criminal offenses, per Tennessee and other local and federal laws. The institution will carry out its responsibility to report such violations to the appropriate authorities.

Exceptions

Documented exceptions to this policy may be granted by the information security officer for the institution based on limitations to risk and use.

**Policy Title: Password Management**

**POLICY:**

A combination of a personal user login ID for identification and a unique password for authentication will be required of all users before they are allowed access institutional networks and systems.

Passwords will be used for authentication of access to all institutional network and systems except where stronger authentication methods (such as biometric authentication or two-factor authentication) are deemed necessary. The effectiveness of passwords to protect access to the institution's information directly depends on strong construction and handling practices.

**Password Construction**

All users must construct strong passwords for access to all institution networks and systems, using the following criteria where technically feasible:

- Must be a minimum of 8 characters in length
- Must be composed of a combination of at least three of the following four types of characters.
    - Upper case alphabetic character
    - Lower case alphabetic character
    - Numeric character
    - Non-alphanumeric character

Or, as an alternative:

- A passphrase of a minimum of 14 characters.

**Password Management**

The following requirements apply to end-user password management.

**Storage and Visibility:**

- Passwords must not be stored in a manner which allows unauthorized access.
- Passwords will not be stored in a clear text file.
- Passwords will not be sent via unencrypted e-mail.

**Changing Passwords:**

- Users must change their passwords at least every 365 days.
    - Student accounts are excepted from this requirement.
- Users who process or access restricted data (such as protected health information, student FERPA data, and Social Security Numbers or other personally identifiable information) should change their passwords at least every 120 days.
- Users with privileged accounts (such as those with root or administrator level access) must change their passwords at least every 120 days.
- Passwords must be changed immediately if any of the following events occur:
    - Unauthorized password discovery or usage by another person
    - System compromise (unauthorized access to a system or account)
    - Insecure transmission of a password

- Accidental disclosure of a password to an unauthorized person
- Status changes for personnel with access to privileged and/or system accounts

**Password Protection – System Accounts**

System Accounts can be defined as:

- Accounts used for automated processes without user interaction
- Accounts used for device management

System Accounts are not required to expire but must meet the password construction requirements above.

Vendor provided passwords must be changed upon installation using the password construction requirements above.

**Compliance and Enforcement**

The policy applies to all users of information resources including students, faculty, staff, temporary workers, vendors, and any other authorized users. Persons in violation of this policy are subject to a range of sanctions determined and enforced by the individual institutions. Justifications for exceptions to this policy must be documented by the institution.

**Policy Title: Enterprise Information Systems Updates**
**Policy:**
Enterprise information systems and components used at Tennessee Board of Regents' institutions should maintain appropriate and timely updates/patches/maintenance to ensure that systems, data, and personal identifiable information (PII) are adequately protected.
Maintaining proper oversight and implementation of this policy will help to (1) reduce system vulnerability, (2) provide consistent system-wide support, (3) ensure compatibility with other systems and (4) enhance application functionality. The purpose of this policy is to establish minimum standards of expectations related to maintaining appropriate minimum versions and upgrades within the institutional infrastructure.
It is important that institutional executive and oversight leadership support the necessary functions and processes required in order to ensure that systems and data are protected and secure.
**Scope:**
This policy applies to all enterprise information systems, software, and components. This would include, but not be limited to web systems, end-user applications, infrastructure and end-user information systems, and all other software and hardware not specifically noted.
**Enterprise Information Systems Update Priorities:**
The following are the priorities and timeframes within which updates must be applied:

- Develop institutional approval and sign-off procedures based on the update requirements
- Schedule to not be subject to change except in the most extreme circumstances
- Be communicated to students, faculty and staff in a timely manner
- Critical updates/fixes should be applied as soon as is possible in accordance with institutional approval and sign-off procedures

**Enterprise Information Systems Covered By This Policy:**

- External application and system hosting will conform to institutional requirements with written exceptions being made as necessary based on the abilities and contractual obligations between the institution and the hosting vendor
- ERP Quarterly Updates should be installed in a timely manner and the institution should not be more than **two** versions behind the current release
- Oracle CPU Updates should be installed in a timely manner and the institution should not be more than **two** versions behind the current release
- Operating System (OS) updates for servers, workstations, and other end user equipment should be installed in a timely manner in accordance to institutional needs and requirements in order to minimize and avoid unduly exposing the institution to risks
- End-user applications regular and critical updates should be installed in a timely manner in accordance to institutional needs and requirements in order to minimize and avoid unduly exposing the institution to risks
- Network infrastructure and systems regular and critical updates should be installed in a timely manner in accordance with institutional needs and requirements in order to minimize and avoid unduly exposing the institution to risks
- All other enterprise information systems and components regular and critical updates should be installed in a timely manner in accordance to institutional needs and requirements, and to minimize and avoid unduly exposing the institution to risks

OIR Patches and Updates – (waiting on a proposal from OIR)
**Exceptions:**
Exceptions to this policy may be approved by the CIO or most senior information technology (IT) official at the institution. Each exception must be documented in detail and retained for future review.

**Policy Title: Personally Identifiable Information (PII)**

**Policy:**

Members of the TBR community shall employ reasonable and appropriate administrative, technical, and physical safeguards to protect the integrity, confidentiality, and security of all personally identifiable information (PII), irrespective of its source or ownership or the medium used to store it. All individuals who dispense, receive, and store PII have responsibilities to safeguard it.

In adopting this policy, the System is guided by the following objectives:

- To enhance individual privacy for members of the TBR community through the secure handling of PII and personal identifiers (PIDs);
- To ensure that all members of the TBR community understand their obligations and individual responsibilities under this policy by providing appropriate training that will permit the TBR community to comply with both the letter and the spirit of all applicable privacy legislation. Each member institution will be responsible for determing the means of training for its institution;
- To increase security and management of Social Security numbers (SSNs) by:
    - instilling broad awareness of the confidential nature of the SSNs;
    - establishing a consistent policy about the use of SSNs throughout the System; and
    - ensuring that access to SSNs for the purpose of conducting TBR business is granted only to the extent necessary to accomplish a given task or purpose.
    - To reduce reliance on the SSN for identification purposes as much as possible.
- To comply with all Payment Card Industry (PCI) standards
- To comply with HIPPA standards (if applicable)

Data Custodians are responsible for oversight of personally identifiable information in their respective areas of institutional operations. Activities of these officials are aligned and integrated through appropriate coordination among these cognizant institutional officials.

**Purpose of this Policy**

TBR institutions create, collect, maintain, use, and transmit personally identifiable information relating to individuals associated with the institution including, but not limited to, students, alumni, faculty, administrators, staff, and service employees. The institution is committed to protecting PII against inappropriate access and use in compliance with applicable laws and regulations in order to maximize trust and integrity.

**Scope of this Policy**

This policy applies to all members of the TBR community, including all full- and part-time employees, faculty, students and their parents or guardians, and other individuals such as contractors, consultants, other agents of the community, alumni, and affiliates that are associated with the System or whose work gives them custodial responsibilities for PII.

**Policy Definitions**

Data Custodians: Data Custodians are institutional designees who have planning and policy-making responsibilities for institutional data and the institutional Data Warehouse. The Data Custodians, as a group, are responsible for overseeing the establishment of data management policies and procedures and for the assignment of data management accountability.

Minimum Necessary: Minimum Necessary is the standard that defines that the least information and fewest people should be involved to satisfactorily perform a particular function.

Personally Identifiable Information (PII): Information which can be used to distinguish or trace an individual's identity, such as their name, Social Security number, or biometric records, alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother's maiden name, etc.

Directory information: Directory Information is determined by each institution and is not considered PII

**Policy Requirements**

Data Trustees

Officials responsible for each of the following areas will be considered data custodians:

- Student Records
- Alumni and Donor Records
- Health Records
- Faculty and Staff Records

- Purchasing and Contracts
- Research Subjects
- Public Safety

**Personally Identifiable Information**

- PII may be released only on a Minimum Necessary basis and only to those individuals who are authorized to use such information as part of their official TBR duties, subject to the requirements:
    - that the PII released is narrowly tailored to a specific business requirement;
    - that the information is kept secure and used only for the specific official TBR [business] purposes for which authorization was obtained; and
    - that the PII is not further disclosed or provided to others without proper authorization as defined above.
- PII may be handled by third parties with the strict requirement that the information be kept secure and used only for a specific official authorized business purpose as defined in a Business Associate Agreement with that third party.
- Exceptions to this policy may be made only upon specific requests approved by the cognizant institutional official responsible for such information as specified in this policy above and only to the degree necessary to achieve the mission and business needs of the institution. Any and all exceptions made must be documented, retained securely, and reviewed periodically by the appropriate cognizant institutional official or his/her designee.
- Directory Information, as defined by Federal and State law and institutional policy, will be published following the guidelines defined by the institution.
- Information that has been collected that conforms to the HIPAA standards of deidentification or anonymization is not PII.

**Government-Issued Personal Identifiers**

- Social Security Number
    - Provision of Information
        - TBR institutions collect SSNs:
            - when required to do so by law;
            - when no other identifier serves the business purpose; and
            - when an individual volunteers the SSN as a means of locating or confirming personal records.
        - In other circumstances, individuals are not required to provide their SSN verbally or in writing at any point of service, nor are they to be denied access to those services should they refuse to provide an SSN.
    - Release of SSNs
        - SSNs will be released to persons or entities outside the institution only:
            - as required by law;
            - when permission is granted by the individual;
            - when the external entity is acting as the institution’s authorized contractor or agent and attests that no other methods of identification are available, and reasonable security measures are in place to prevent unauthorized dissemination of SSNs to third parties; or
            - when the appropriate Counsel has approved the release.
    - Use, Display, Storage, Retention, and Disposal
        - SSNs or any portion thereof will not be used to identify individuals except as required by law or with approval by a cognizant TBR official for a TBR business purpose.
        - The release or posting of personal information, such as grades or occupational listings, keyed by the SSN or any portion thereof, is prohibited, as is placement of the SSN in files with unrestricted access.
        - SSNs will be transmitted electronically only for business purposes approved by the institutional officials responsible for SSN oversight and only through secure mechanisms.
        - The Data Custodians who are responsible for SSNs will oversee the establishment of business rules for the use, display, storage, retention, and disposal of any document, item, file, or database which contains SSNs in print or electronic form.

- Non-SSN Government-Issued Identifiers
    - In the course of its business operations, TBR institutions have access to, collect, and use non-SSN government-issued identifiers such as driver's licenses, passports, HIPAA National Provider Identifiers, Employee Identification Numbers (EIN), and military identification cards, among others. TBR institutions shall follow the Minimum Necessary standard and strive to safeguard these identifiers.

**TBR Institution-Issued Identifiers**

- Institutional ID Number
    - Assignment Eligibility and Issuance
        - The institutional id is a unique alphanumeric identifier assigned by the institution to any entity that requires an identifying number in any institutional system or record.
        - An Institutional ID is assigned at the earliest possible point of contact between the entity and the institution.
        - The Institutional ID is associated permanently and uniquely with the entity to which it is assigned.
    - Use, Display, Storage, Retention, and Disposal
        - The Institutional ID is considered PII by the institution, to be used only for appropriate business purposes in support of operations.
        - The Institutional ID is used to identify, track, and serve individuals across all institutional electronic and paper data systems, applications, and business processes throughout the span of an individual's association with the institution and presence in the institution's systems or records.
        - The Institutional ID is not to be disclosed or displayed publicly by the Institution, nor to be posted on the institution's electronic information or data systems unless the Institutional ID is protected by access controls that limit access to properly authorized individuals.
        - The release or posting of personal information keyed by the Institutional ID, such as grades, is prohibited.
        - Any document, item, file, or database that contains Institutional IDs in print or electronic form is to be protected and disposed of in a secure manner in compliance with data retention rules.

**Other Externally-Assigned Identifiers and Other Personally Identifiable Information**
TBR institutions shall follow the Minimum Necessary standard and strive to safeguard any externally assigned identifiers which may be collected.

**Responsibility for Maintenance and Access Control**
Institutional IDs are maintained and administered by the appropriate institutional office in accordance with this policy. Other institutional offices may maintain and administer electronic and physical repositories containing personal identification numbers for uses in accordance with this policy.
Access to electronic and physical repositories containing PII will be controlled based upon reasonable and appropriate administrative, physical, technical, and organizational safeguards.
Individuals who inadvertently gain access to a file or database containing PII should report it to the appropriate authority.

**Enforcement**
Violations of this policy resulting in misuse of, unauthorized access to, or unauthorized disclosure or distribution of personal identification numbers may subject individuals to legal and/or disciplinary action, up to and including the termination of employment or contract with the Institution or, in the case of students, suspension or expulsion from the institution.