BUSINESS AFFAIRS SUB-COUNCIL

January 21, 2014

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Ms. Kathy Archie (STCC); 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); Ms. Shirley Eldredge (ClSCC); Mr. Danny Gibbs (RSCC); Mr. Mike Gower (MTSU); Mr. Lowell Hoffman (DSCC); Mr. Ken Horner (CoSCC); Mr. Bob Hughes (TSU); Mr. Tim Hurst (APSU); Dr. Rosemary Jackson (WSCC); Ms. Renee Moore (PSCC); Mr. Mitch Robinson (APSU); Mr. Stanley Robinson (STCC); Ms. Jeannie Smith (UOM); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (ChSCC); Mr. Alan Thomas (MTSU); Ms. Hilda Tunstill (MSCC); Mr. Greg Wilgocki (ETSU); Mr. Jeff Young (TTU); Mr. David Zettergren (UOM); Chancellor John Morgan, Ms. Tammy Birchett, Mr. Tom Danford, Ms. Alicia Gillespie, Mr. David Gregory, Ms. Ginger Hausser, Ms. Deanna Hall, Ms. Lisa Hall, Ms. Pat Massey, Ms. April Preston, Mr. Wayne Pugh, Ms. Brooke Shelton, Mr. Dale Sims, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

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

   The Chancellor informed the committee that the governor's budget will come out on February 3, 2014. He is hopeful that the governor will include the recommendations from THEC, for both capital and operating, in his budget. Randy Boyd has continued to press the issues that he believes should be included for the governor's Drive to 55, including reconfiguring Hope Scholarships for dual enrollment students to fully fund at least one, hopefully two courses.

   While the economy is improving, revenues are still lagging. Although, sales tax revenue is fairly close to estimate, franchise and excise taxes are pretty far behind estimates. Therefore, there has been a modest increase in projected revenue growth.

   If the governor funds THEC's recommended budget, the Chancellor feels that we will be hard pressed to get the Board's approval on the recommended 2-4% tuition increase. However, if the governor's budget does not fully fund the THEC request, then we will have to take a very different view on tuition increases.

2. **<u>Discussion of Tuition Discounts and Fee Waivers</u>**

   There is an increasing gap between institutional costs and the amount of money that the institution receives back from the state for tuition discounts and fee waivers. For the TBR and UT system combined, there is an annual cost of just over $16 million for the tuition discount and fee waiver program and the revenue that we receive back from the state is approximately $2.2 million, for a loss of almost $14 million annually. We have made the General Assembly aware that we are now taking the position that there should be no additional fee waivers or discounts unless they are fully funded. Some legislators have even been interested in helping us to gain back some ground, since the $2.2 million state funded amount has been static since the first fee waivers and discounts were introduced in the 1970's.

There is some misconception on the fee waivers because the legislature thinks that there is no harm to us because every fee waiver piece that went into statute was based on "space available". These went into effect many years ago before the continuous registration process that institutions now use, so "space available" is no longer a useful tool in determining a student's eligibility to use a fee waiver or discount.

Mr. Gregory also discussed some pending legislation that could have an impact on our institutions such as:

- Representative Dennis Powers is introducing a bill that would allow regular part-time employees to use the PC-191 fee waiver for one free class per semester.
- There is also a bill to allow children of certificated K-12 employees to be eligible for the 25% tuition discount that children of public school teachers currently receive.
- The state employees association is pushing for legislation that would allow retired state employees to take classes for credit, while only paying the $70 statutory fee for the elderly and disabled.
- A piece of legislation that we have been involved in is limiting the number of credit hours that a PC-191 fee waiver will cover to 4 credit hours per class.

3. <u>Report of the Committees</u>

A. Finance Committee

Dr. Collins highlighted the following issues from the January 7, 2014 Finance Committee meeting:

- Guideline B-062 Other Educational Assistance Programs

  The committee discussed revisions to Guideline B-062 to correct fee amounts for persons 65 and older. In the section Employees 65 Years and Above Program, the current fee of $75 per semester was replaced with $70 per semester and the $50 per quarter was replaced with $60 per trimester. These changes will be consistent with amounts in Guideline B-060 and TCA. (Attachment A)

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

  The committee discussed revisions to Guideline B-060 that update certain fee descriptions. In the campus access fee section, the phrase "and where traffic control is not a significant concern" will be deleted. In the post office box and/or postal service fee section, a revision to the language was made stating that this postal fee may be assessed for U.S. Postal Services provided on campus to the student population. (Attachment B)

- Work of Art and Historical Collections

  The committee discussed the guideline that has been written for capitalizing works of art, historical treasures, and other similar assets. The committee discussed two options and decided to adopt Option B. Collections that meet all of the following criteria will not be capitalized:

1. Held for public exhibition, education, or research in furtherance of public service rather than financial gain
2. Protected, kept unencumbered, cared for, and preserved
3. Proceeds from the sales of collection items must be used to acquire other items for collections

It should also be noted that any collections already capitalized at June 30, 1999 will remain capitalized and any additions to such collections will be capitalized. Institutions should also note they are required to have a policy in place to meet item 3 above.

The useful life of capitalized collections was discussed. The committee determined that a useful life of 10 years should be used. (Attachments C & D)

- Guideline for Petty Cash Gift Payments to Research Participants

The committee discussed the guideline for petty cash gift card payments to individuals participating in multiple research studies who receive in excess of $600 for IRS reporting. The committee decided to revise the language of "petty cash" in the guideline by deleting the word "petty". During the Business Affairs meeting, the committee determined that these payments were reportable to the IRS. (Attachment E)

- Review of Policies and Guidelines

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

<u>Policy 4-01-00-00 Budget Control</u> (Attachment F)

Section II.A.3.

- Add language, "This restriction, however, does not prevent subsequent reallocations or transfers to other funds."

Section II.B.2.a.

- A question was submitted asking if there needed to be a threshold for revisions between functions. Language was added stating, "Budget revisions from one functional area to another that exceed 1% of total expenditures must receive prior approval from the Chancellor."

Section III.A.1.c.

- Remove "from unrestricted current funds."

Section III.A.2.b.

- Change extraordinary maintenance balance from $150,000 for universities and $100,000 for community colleges to .1% of plant funds.

Section III.B.2.

- Add language, “Institutions which have the responsibility to replace auxiliary equipment must transfer at least 5% of auxiliary gross margin to the renewal and replacement fund.”
- Delete the last sentence, “Guidelines for additions to this fund will be communicated through the annual budget instructions of the Chancellor.”

Section III.C.

- Delete, “All transfers from debt service accounts must be approved by the Chancellor.”

<u>Policy 4-01-00-10 Community College Resource Allocation Plan</u> (Attachment G)

Delete the Collaboration definition at the beginning of the policy.

Section I.C.1.a.1-5

- Delete the entire section Allocation for Collaboration.

<u>Policy 4-01-01-10 Deposit & Investment of Funds</u> (Attachment H)

Section I.B.

- Add electronic signature of the president or chief business officer.
- Delete “for the year or ten thousand dollars, whichever is greater.”

Section III.D.

- Change the depository contract agreement terms to “cannot exceed 5 years.”

Section V.G.

- Delete “telephone bids.”

Section V.L.

- Change banker’s acceptances shall not exceed “5%” of total investments on the date of acquisition.

Section VI.B.

- Change “on” to “in”.

Section VI.C.

- Delete “restricted” and change to “a separate chart of accounts.”

<u>Guideline B-020 Classification and Operation of Auxiliary Enterprises</u> (Attachment I)

Section II.C.3.e.

- Add language “All institutions which have the responsibility to replace auxiliary equipment are required to make a non-mandatory transfer of at least 5% of auxiliary gross margin to the renewal and replacement fund.”

Section II.C.4.c.

- In the second sentence replace “allocated” with “charged” and delete “for this allocating purpose.”

Section II.C.4.d.

- Delete this section for allocation of institutional support.

Guideline B-100 Institutional Preparedness Plan

This guideline will be deferred. The committee determined that it needed to be reviewed by a campus police/public safety group. Beth Cooksey (VSCC) and Danny Gibbs (RSCC) volunteered staff from their campus safety departments to be a part of this group.

- TCA 50-1-703

The committee discussed collecting a copy of proper ID from non-employees. An institution had recently been to a meeting and gotten information that TCA requires collecting proper ID from any independent contractors. The committee discussed that when the contractor signs the contract attestation form, that this issue may already be covered. The contractor takes on this responsibility upon signing. Mr. Sims asked institutions to send in any areas where problems may arise from implementing this, so that TBR legal staff can review. (Attachment J)

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

B. Human Resources

Ms. Preston highlighted the following issues from the January 8, 2014 Human Resource Officers meeting:

- Affordable Care Act Update

  Ms. Preston informed the committee that there is a new form letter for employers to provide to employees. There are no major changes to the content of the letter. They are just updating the effective date.

  Ms. Preston also informed the committee that the script for eligible employee calculation is being reviewed now. The projected release date for the script will be late Spring/early Summer.

  Mr. Sims updated the committee on the projected status of the ACA funding. As of now, institutions should look at funding the costs internally. A picture-in-time estimate projects a cost of approximately $1.6 million for the system.

- P-010 Personnel Transactions and Forms

  The Immigration Expense Form as well as Sample Letters F-1 – F-8 have been revised. Ms. Preston reminded the committee that institutions are not required to change their letters, as long as their current versions have been approved by legal. (Attachments K-S)

  Ms. Preston also informed the committee that our current AAEEO statement is being reviewed by the General Counsel and Diversity Offices. They are currently working with the Tennessee Human Rights Commission to finalize the language.

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

C. Internal Audit

Ms. Birchett highlighted the following issues from the January 14, 2014 Internal Auditors meeting.

- Discussion on Funding Formula Audits

  The committee discussed issues and experiences encountered on the progression elements portion of the CCTA/FF audits. It was agreed that all issues should be noted in the resulting reports, including the frequency of the occurrence of issues noted in relation to the sample items tested so that all parties are informed and can make judgments about any future changes. The due date for the first cycle of audits is February 14, 2014.

  The group discussed the next cycle of audits on completion elements to be started. The Director will request samples of 100 for each institution from TBR Office of Institutional Research. Audits of completion audits are due to be completed by July 27, 2014. The third cycle of audits for the remaining CCTA/FF data will begin in the fall with completion scheduled for December 15, 2014.

- Update on QAR Recommendations

  Internal Audit Reports – The group discussed options for reporting findings, observations and recommendations to management and the Board. In the past, matters needing management's attention or correction have been noted as findings or observations, depending on the type of issue and the severity of the issue. Follow-up reports had been performed only on matters noted as findings since the auditors considered those items the most significant; however, most auditors indicated that they also followed-up observations but these matters were not included in the follow-up audit reports. The external QAR pointed out that the IIA Standards require auditors to perform follow-up reviews on all communications to management. As a result, the group previously discussed, and some auditors had prepared, internal audit reports using the concept of a recommendation-focused report rather than classifying matters as findings and observations. This reporting method did not change the information included in a report nor the matters requiring follow-up review, but focused the reader on the changes the auditors considered necessary to improve operations. The auditors agreed that a recommendation-focused report was a desirable option to use on certain audits and that the IA Manual should be updated to reflect this option.

The Internal Audit minutes were approved.

D. IT Sub-Council

Mr. Young highlighted the following issues from the October 22, 2013 IT Sub-Council meeting.

- ERP

  The current Banner ERP system contract expires in December 2017. The group discussed issuing an RFP for a third party to review our options and provide a recommendation on how we should proceed. Mr. Danford has prepared a draft RFP to be presented at the next IT Sub-Council meeting on January 23, 2014.

- D2L Hosting

  There was general discussion regarding comparing the hosting rates between D2L and OIR.

4. Out-of-State Tuition and Border County Proposals

Mr. Sims discussed a proposed change in the way out-of-state tuition is calculated at TBR institutions. In the past, the same rate of adjustment has been applied to out-of-state tuition whenever maintenance fees have been increased. Therefore, the levels of out-of-state tuition at TBR institutions are significantly higher than their peer institutions. We are now proposing that each university and the community colleges as a whole review their existing level of out-of-state tuition and advise the System staff of any recommended changes. The THEC calculated subsidy amount used in the funding formula will be used to establish a floor for out-of-state tuition. At this time, there is not a recommended change to B-060. After feedback is received from the institutions this fall, an amendment to B-060 may be recommended at that time. (Attachments T and U)

Currently a number of institutions are permitted to admit students from certain border counties with a waiver of out-of-state tuition. A number of these students subsequently seek admission to other TBR institutions where the out-of-state tuition is not waived, resulting in confusion for the students and decreased outcomes for TBR institutions. Therefore, a proposal has been made to waive a border county student's out-of-state tuition when they transfer from a community college to a TBR university only after completing an associate's degree, unless the condition is waived by the community college as being in the student's best interest, provided that they have completed the general education requirement at the TBR community college. This issue will also need to be discussed with the Student Affairs Sub-Council.

5. Electronic Signatures

There was a question as to whether electronic signatures on travel claims through the e-procurement system are sufficient as the required second signature on travel claims. The TBR travel policy is coming up for review in April; therefore, the committee decided to defer action on this matter until that time. It was recommended that language be added which will allow supervisor approvals through the online system.

6. Guideline G-030

A question was raised by an institution regarding the discrepancy between the TBR guidelines requiring the Chancellor's approval for contracts over $250,000 while the State Building Commission has raised the limit for campus projects not requiring SBC approval to $500,000. At this time, we do not feel that it is necessary to make this request to the Board. The TBR Facilities office is working on some information to be distributed to the institutions in the near future which will explain the procedures for how these agreements should be handled.

7. IT Policy/Guideline Changes

State auditors have expressed concern that a number of institutions did not have adequate IT policies and procedures in place for items such as access controls, passwords, personally identifiable information, patches and updates, and disaster recovery. Mr. Danford is working on some policies to set a floor for requirements to get everyone into compliance, but they are not prohibitive to the institutions having more stringent policies, procedures or guidelines. Mr. Danford is also working on a System-Wide Mutual Assistance Agreement that would set a precedent for institutions to step in and help if another institution needs assistance.

Mr. Danford would also like to propose changing the existing Information Technology Resources Policy 1:08:00:00. The policy currently says that we will always be in compliance with the OIR policies and procedures. State auditors have started to construe that to mean that we are under all of the policies and procedures of the OIR, which are too stringent for TBR purposes. Mr. Danford is working on a revision and it will be brought back to BASC for approval in April, after the IT Sub-Council has approved it.

8. <u>VA Benefits</u>

Last summer, the VA said that they were not going to provide benefits for veterans in a Learning Support Model, because they felt that it was an independent study. TBR staff had advised institutions to book the tuition and we would support the write-off if it came to that. However the VA has reversed their position and they will now cover this. We have not yet received specific instructions on how this needs to be handled. Therefore, institutions should continue the current practice and presume that we will receive guidance from the VA on how to collect the funds at a later date.

There being no further business, the meeting was adjourned at 11:58 a.m.

Other Educational Assistance Programs: B-062

Policy/Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, Community Colleges, Universities, System Office

Purpose

The purpose of this guideline is to establish the process and procedures for other educational assistance programs by institutions governed by the Tennessee Board of Regents.

Policy/Guideline

I. B-062- Support for Educational Assistance

A. The Tennessee Board of Regents is committed to the need for the continued professional growth and development of employees. Support for educational assistance of personnel and their dependents is an important vehicle for addressing that need. The programs for TBR employees and dependents are available subject to funds being budgeted and available within the institution/System Office.

B. The Office of Human Resources is responsible for the administration of the various programs with the exception of the program for dependents of veterans (B-062) and two programs offered to general state employees and the dependents of licensed teachers and State employees (B-061).

C. Exceptions to the provisions of the programs for TBR employees can be made upon recommendation of the president/director and approval by the Chancellor.

II. Types of Support for Educational Assistance

A. The guidelines for Educational Assistance (P-130, P-131, B-061, B-062) contain a total of eleven (11) programs.

1. The Programs in P-130 provide benefits to personnel at TBR institutions, and the System Office to further their formal education.
2. The Program in P-131 provides benefits for dependents of TBR employees.
3. The programs in B-061 provide assistance to state employees and dependents of public schoolteachers.
4. The programs in B-062 provide assistance to dependents of veterans and to state employees 65 years of age and older.

B. The programs are:

1. P-130- Educational Assistance for TBR Employees
   a. Faculty or Administrative/Professional Staff Grant-in-Aid Program
   b. Faculty or Administrative/Professional Staff Tuition or Maintenance Fee Reimbursement Program
   c. Employee Audit/Non-credit Program
   d. Clerical and Support Staff Maintenance Fee Payment Program
   e. Fee Waiver for TBR/UT System Employees Program (PC 191)
2. P-131- Educational Assistance for Spouse and Dependents of TBR Employees
   a. Fee Discount for Spouse and/or Dependent Children Program
3. B-061- Educational Assistance for State Employees and Dependents of State
   a. Employees or Public School Teachers
      (1) Public Higher Education Fee Waiver for State Employees Program
      (2) Fee Discount for Dependent Children of Licensed Public School Teachers or State Employees Program
4. B-062- Other Educational Assistance Programs

a. Veterans' Dependents' Post-Secondary Education Program

b. Age 65 or Above Program

C. Complete eligibility information is contained within each

Guideline.

III. Taxation of Educational Assistance Programs

A. Undergraduate and graduate course tuition, paid by the Tennessee Board of Regents institutions and the University of Tennessee System for their employees is eligible for exclusion from the employees' gross annual income, in accordance with Internal Revenue code (IRC) Section 127.

IV. Veterans' Dependents' Post-Secondary Education Program

A. Effective July 1,2008,T.C.A.§49-7-102 was amended to provide that: "every dependent child in this state under the age of twenty-three (23) years, whose parent (father or mother) was killed, died as a direct result of injuries received, or has been officially reported as being either a prisoner of war or missing in action while serving honorably as a member of the United State armed forces during a qualifying period of armed conflict, or was formerly a prisoner of war or missing in action under such circumstances, or the spouse of such veteran, is entitled to a waiver of tuition, maintenance fees, student activity fees, required registration or matriculation fees, and shall be admitted without cost to any institutions of higher education owned, operated and maintained by the state."

1. Therefore, this program is available to both TBR employees and persons outside of the Tennessee Board of Regents system.

2. TBR employees qualifying as a spouse or dependent for benefits under this program shall use this program first and shall not be simultaneously eligible for benefits under other programs in this guideline.

3. Exceptions: Grant-in-Aid and Desegregation Program recipients.

B. Eligibility

1. The office responsible for veteran's affairs issues shall be responsible for determining eligibility and providing application forms to those wishing to obtain benefits under this program.

2. To be eligible for educational assistance benefits under this program, a dependent child or spouse shall:
    a. Present official certification from the United States Department of Veterans Affairs that the parent or spouse veteran was killed or died as a direct result of injuries as stated above; or
    b. Present official certification from the U.S. Department of Defense that the parent or spouse service member has been officially reported as being a prisoner of war or missing in action while serving honorably during a qualifying period of armed conflict; or
    c. Present Certificate of Release of Discharge from Active Duty, Department of Defense Form 214, for the veteran or service member from whom the eligibility for the benefits derives.
3. The deceased veteran, prisoner of war or missing in action service member shall have been a citizen of Tennessee at the time of the qualifying event.
4. The dependent child or spouse, prior to receiving benefits under this program, shall have or possess the necessary qualifications required for admission. To maintain eligibility, the recipient shall be in active pursuit of a specific and declared degree or certificate program.
5. No dependent child or spouse shall be entitled to receive benefits after the conclusion of any term during which the parent (father or mother) of the dependent child or spouse is officially removed from the status of being a prisoner of war or being a service member missing in action.
6. Eligibility of a veteran's spouse for benefits shall terminate ten (10) years after the death of the veteran; however, eligibility shall terminate immediately upon the spouse's remarriage within this period.
    a. The spouse's eligibility shall extend to the end of the term in which the ten (10) year period expires.
    b. A spouse who has previously earned an undergraduate degree or certificate shall not

be eligible for benefits.

c. Otherwise, the spouse shall be eligible for benefits until one of the following occurs:

(1) Prior to the expiration of benefits, the spouse earns an undergraduate degree or certificate; or

(2) The spouse has accumulated one hundred thirty-five (135) semester hours excluding required remedial or developmental hours, or the equivalent; or

(3) The spouse has attempted one hundred fifty (150) semester hours, or the equivalent, inclusive of required remedial or developmental hours.

7. A dependent child shall be matriculated as a full-time student at a state institution of higher education prior to attainment of age twenty-three (23). However, the age limitation of dependent children shall not be strictly applied. Once declared eligible, a dependent child shall remain eligible until one of the following has occurred:

a. Prior to attaining age 23 the dependent earns an undergraduate degree or certificate; or

b. The dependent has accumulated one hundred thirty-five (135) semester hours excluding required remedial or developmental hours, or the equivalent; or

c. The dependent has attempted one hundred fifty (150) semester hours, or the equivalent, inclusive of required remedial or developmental hours.

8. For purposes of this program, the following definitions are provided:

a. "Dependent Child" means a natural or adopted child of a veteran or service member who is claimed as a dependent for income tax purposes.

b. "Parent (father or mother)" means the parent of a natural or adopted child whom such parent claims as a dependent for federal income tax purposes.

c. "Qualifying period of armed conflict" means any hostile military operation for which U.S. military campaign medals as listed in T.C.A. § 49-7-102 are authorized.

d. "Service member" means a Tennessee resident who is engaged in active U.S. military service.

e. "Served honorably" means the character of service condition as reported on Certificate of Release or Discharge from Active Duty (Department of Defense Form 214).

f. "State institution(s) of higher education" means any post-secondary institution operated by the Board of Trustees of The University of Tennessee system or the Tennessee Board of Regents of the state university, community college and colleges of applied technology system that offers courses of instruction leading to a certificate or degree.

g. "Veteran" means a Tennessee resident who has entered and served honorably in the U.S. armed forces.

C. Fees Paid/Type Courses Paid/Number of Hours

1. The participant is entitled to a waiver of tuition and/or maintenance fees, and/or student activity fees, and/or required registration or matriculation fees, and shall be admitted without cost to any TBR institution.

2. A full-time student load (15 semester hours or equivalent) is required.

D. Payback Provisions

1. None

E. When the Participant May Attend

1. Students may apply for benefits during the next registration or enrollment period for the next complete term after July 1, 2000.

F. Accounting/Budgeting

1. Any fees waived by statute that are calculated and credited to revenue for administration purposes should be written off against a contra revenue account

2. No expenditures should be charged to scholarships and fellowships.

G. Where the Participant May Attend

1. Any public institution of higher education in Tennessee

V. Employees 65 Years and Above Program

A. In accordance with T.C.A. § 49-7-113 and TBR Guideline B-060, regular and temporary employees who are or will be age 65 during a quarter or semester and who also reside in Tennessee are eligible to enroll in courses at a reduced rate.

B. Eligibility

1. Active and retired state employees who are or will be age 65 during the academic term in which they begin classes and who reside in Tennessee are eligible.

C. Fees Paid/Type Courses Paid/Number of Hours

1. A fee of $~~75~~ 70 per semester or $~~50 per quarter~~ 60 per trimester may be assessed for credit courses. (This fee includes maintenance fees, student activity fees, technology access fees, and registration fees; it does not preclude an application fee, late fee, change-of-course fee, parking fee, etc.)

2. Employees shall enroll in credit courses on a space-available basis.

3. There is no limit on the number of courses that may be taken during a semester.

4. The institution where the employee/retiree is attending classes will provide forms for processing fees waived or assessed.

D. Payback Provisions

1. None

E. When the Participant May Attend

1. Employees, in counsel with their immediate supervisors, should limit the number of courses so as to maintain an optimum level of job performance.

2. Except for retirees, courses should be scheduled at times other than during regularly scheduled work hours unless annual leave or flextime, based on the institution's needs, have been approved.

1. Any fees waived by statute that are calculated and credited to revenue for administration purposes should be written off against a contra revenue account

2. No expenditures should be charged to scholarships and fellowships.

G. Where the Participant May Attend

F. Accounting/Budgeting

1. Employees may enroll at any public Tennessee institution.

Sources

Presidents Meeting February 7, 2006; Presidents Meeting November 8, 2006; Presidents meeting August 21, 2007; Presidents Meeting November 6, 2007; Presidents Meeting November 5, 2008.

Related Policies

- Fees. Charges. Refunds. and Fee Adjustments

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

Policy/Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, Community Colleges, Universities

Purpose

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

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

Policy/Guideline

I. General Provisions

A. Establishment of Fees and Charges

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

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

3. Institutions should attempt to follow a general format in publishing information on fees and charges, including but not limited to the following:
   a. All statements which include the fee amount should be complete and specific enough to prevent misunderstanding by readers.

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

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

   d. It should be made clear that all fees are subject to change at anytime.

B. Approval of Exceptions

1. In accordance with these guidelines, the president of an institution or designee has the authority to determine the applicability of certain fees, fines, charges, and refunds, and to approve exceptions in instances of unusual circumstances or for special groups.

2. The Vice Chancellor for Colleges of Applied Technology shall have this authority for the colleges of applied technology.

3. All such actions should be properly documented for auditing purposes.

C. Appeals Process

1. An appeals process should be established by each institution, and communicated to students, faculty, and staff.

2. The process should provide for final appeal to the president or director, or his or her designee.

3. Separate appeals processes may exist for different types of fees, charges, and refunds.

D. Payment of Student Fees

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

a. An applicant for admission to an institution will be considered and counted as a student when all assessed fees have been paid in cash, when the initial minimum payment due under the deferred payment plan has been paid, or when an acceptable commitment from an agency or organization approved by the institution has been received by the institution.

b. An applicant shall possess an acceptable commitment when he/she has timely submitted an application(s) for financial aid with the reasonable probability of receiving such.

2. Pursuant to the above condition, institutions with a continuous registration process must require payment of all applicable fees or payment of the initial minimum payment due under the deferred payment plan prior to the regular registration period as defined by each institution.

a. Students who do not prepay all fees or have an acceptable approved financial aid deferment will forfeit pre-registration privileges and must enroll under the normal registration process.

3. A prepayment plan to assist parents and students with planning and budgeting their academic year expenses is authorized.
   a. Under the plan, students may choose the expenses they wish to prepay including room, board, tuition, and fees.

   b. Expenses can be prepaid over a period of eight months. II.

Maintenance Fees

A. Description of Fees

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

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

B. Rates

1. Rates are established by the Board and incorporated in a fee schedule that groups specific fees; by type of institution (two-year institutions; APSU, ETSU, MTSU, TSU, TTU; and UOM); and by student level (undergraduate and graduate). The hourly rate will be discounted when undergraduate students enroll in greater than 12 hours and graduate students in greater than 10 hours unless stated otherwise elsewhere in this guideline.

2. Developmental courses are charged at the two-year institution hourly rate. If a student enrolls in both regular and developmental courses, the rates shall be assessed at the hourly rate for each up to the current amount of 12 undergraduate hours. The discounted tuition rate will then apply to any additional courses.

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

4. Maintenance fees may not be waived. However, specific exceptions are provided in the following instances:

   a. Pursuant to T.C.A. § 49-7-113, exceptions exist for certain disabled and elderly students, as well as state service retirees. For audit courses, no fee is required for persons with a permanent, total disability, persons 60 years of age or older and domiciled in Tennessee and persons who have retired from state service with 30 or more years of service, regardless of age. For credit, a fee of $70 per semester or $60 per trimester may be charged to persons with a permanent, total disability, and persons who will become 65 years of age or older during the academic semester in which they begin classes and who are domiciled in Tennessee. (Note: This fee includes all mandatory fees; it does not include course-specific fees such as all miscellaneous course fees, materials fees, application fee, online course fees and parking fees.) This only applies to enrollment on a space available basis, which permits registration no earlier than four (4) weeks prior to the first day of classes.

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

5. Military reserve and national guard personnel who are mobilized to active military service within six months of attendance at a TBR institution and whose mobilization lasts more than six months shall be charged upon reenrollment at such institution the tuition, maintenance fees, student activity fees and required registration or matriculation fees that were in effect when such student was enrolled prior to mobilization. After reenrollment, no increase in tuition, maintenance fees,

student activity fees or required registration or matriculation fees shall be assessed to such student until a period of time equal to one year plus the combined length of all military mobilizations has elapsed. In
no event, however, shall a student's tuition and fees be frozen after reenrollment for more than four years.

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

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

C. Accounting Treatment

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

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

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

4. Agreements/contracts may be executed with a third party (federal agency, corporation, institution, etc.), but not with the individual student, to deliver routine courses at a fixed rate or

for the cost of delivering the course and may provide for fees not to be charged to individual students. Individual student fees will be assessed as usual and charged to the functional category Scholarships and Fellowships. The amount charged to or paid by the third party is credited to the appropriate Grants and Contracts revenue account.

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

6. Full-time employees of the Tennessee Board of Regents and the University of Tennessee systems may enroll in one course per term at any public postsecondary institution, with fees waived for the employee.
   a. No tuition paying student shall be denied enrollment in a course because of enrollment of TBR and UT employees.

   b. Spouses and dependents of employees of the Tennessee Board of Regents system may be eligible for a student fee discount for undergraduate courses at Tennessee Board of Regents institutions and the University of Tennessee.

7. Tennessee Board of Regents institutions exchange funds for tuition fees of employees' spouses and dependents who participate in a Tennessee Board of Regents educational assistance program. Effective fall term 1990, the charging and exchanging of funds for maintenance fee discounts between Tennessee Board of Regents institutions and the University of Tennessee shall begin.

8. To the extent they are not reimbursed by the State, fee waivers for full-time State employees and fee discounts to children of certified public schoolteachers shall be accounted for as a scholarship.

III. Out-of-State Tuition

A. Description of Fee

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

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

3. A separate hourly rate for out-of-state tuition will be set for undergraduate and graduate students.
   a. While the per-hour rate for graduate students will be higher, the rates will be set so that a full-time graduate student and a full-time undergraduate student will pay approximately the same amount for out-of-state tuition.

   b. A full-time student is defined as an undergraduate enrolled in 12 hours or a graduate student enrolled in 10 hours.

4. Applicability of out-of-state tuition is determined pursuant to Tennessee Board of Regents Policy on Regulations for Students In-State and Out-of-State for the Purpose of Paying College or University Fees and Tuition and for Admission Purposes (No. 3:05:01:00). The business office will collect fees based upon student classification as determined by the appropriate authority within the institution.

B. Accounting Treatment

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

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

IV.

A. Description of Fee

1. The eRate is available to students who enroll at TBR institutions, who are classified as non-residents of Tennessee, and who are enrolled exclusively in online courses.

2. The eRate is 150% of the institution's approved undergraduate or graduate maintenance fee.

3. The hourly rate will not be discounted for students receiving the eRate and enrolling in greater than 12 undergraduate hours or 10 graduate hours.

4. To qualify for an eRate, students must:
   a. Meet all institution admission requirements and must

   b. Be verified as an online out-of-state student enrolled exclusively in courses delivered online by a procedure documented by the institution.

5. Students enrolled in any type courses other than online (on-ground, telecourse, distance education, etc.) will not be eligible for the eRate specified in this guideline and will instead incur traditional non-resident fees and charges.
   a. Students who enroll in both online courses and other type courses and subsequently drop the other type courses will not then become eligible for the eRate.

6. Institutions enrolling eRate students as defined in this guideline must provide a method to mitigate any negative impact on the opportunity for Tennessee student enrollment in online courses.

B. Accounting Treatment

1. The eRate is comprised of the maintenance fee and a 50% markup that represents the out-of-state tuition portion.

2. The maintenance fee and the out-of-state tuition should each be recorded as outlined in sections II and Ill above.

V. D<u>ebt Service Fees</u>

A. The amount of debt service fees will be approved by the Tennessee Board of Regents.

Separate rates are recommended by each institution based on requirements of the institution.

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

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

D. At the conclusion of the debt retirement for a given project, the debt service fee attributed to the project will cease. Any new project requires the approval of a new debt service fee on its own merits without the reallocation of any existing fee. Any continuation of fees necessary for renewal and replacement of a project for which the debt is totally retired must be approved for that purpose by the Tennessee Board of Regents.

VI. Student Fees

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

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

VII. Technology Access Fees

A. A fee shall be levied by each institution for the purpose of providing student access to computing and similar technologies. It is refundable on the same basis as maintenance fees or as established by the institutions. Institutions shall establish expenditure accounts and designated revenue accounts for purposes of recording technology access fees and expenditures.

B. Use

1. Technology Access Fees (TAF) are composed of two pools. Pool1 represents the TAF prior to FY 1997-98 when it did not exceed $30 annually. Pool2 represents the difference between the current TAF rate and the pre-1997-98 TAF rate. Items 2 and 3 below shall apply to use of Pool2 TAF funds.

2. The TAF should be used by TBR institutions for direct student benefit, for items such as new and improved high technology laboratories and classrooms, appropriate network and software, computer and other equipment, and technological improvements that enhance instruction. Use of Pool2 TAF is limited to the following items:

   a. Computers and other technical laboratory supplies, equipment, and software and maintenance.

   b. Network costs (WWW internet, interactive video, etc.)

   c. "Smart" or multimedia classroom equipment and classroom modifications.

   d. Lab and course staffing- student and staff assistance for lab and classroom uses; universities re limited to a 12% maximum (Pool2 current-year TAF revenues) and student employees only; community colleges are limited to 25% maximum (Pool2 current-year TAF revenues) for student or staff employees.

   e. Renewal and replacement reserves as necessary.

f. New machines for faculty use when faculty are actively engaged in developing and conducting on-line courses.

g. Faculty and staff development directly related to the introduction or application of new technology which impacts students. These guidelines should have the flexibility to place instructional technology in a faculty lab where course materials are being prepared. For example, TAF funds can be used to create faculty labs to include the purchase of computers and to conduct faculty training and course development. (Travel costs for faculty and staff are excluded; however, consultants may be hired as needed for training.)

h. Infrastructure (wiring, network, servers, etc.) necessary to provide students maximum computing capability. A ceiling is established of 50% of the total project costs from which technology access fees can be used.

i. Expand technology resources in library, i.e., video piped anywhere on campus, interactive video room for distance education, network for web video courses.

3. Effective July 1,2005, institutions may use Technology Access Fee (TAF) revenues for the purpose of supporting the financing of the implementation of the Banner Enterprise Resource Planning (ERP) project including subsequent software and hardware upgrades. Use of TAF funds for this purpose is limited to a maximum of25% of the annual revenue collected at universities, community colleges and colleges of applied technology. Use of TAF fees for the ERP project must by disclosed and justified in the annual spending plan which requires approval by the Board. The provision for use of TAF fees for this special purpose is repealed for fiscal years beginning on or after July 1,2010.

4. As part of the July budget process, each institution shall prepare a detailed spending plan for the use of funds generated by the TAF. Prior to submission of July budgets, the Chancellor or his designee shall randomly select 25% of institutions for review of TAF spending plans. Each institution selected shall submit their TAF spending plan as part of their July budget. These spending plans shall be reviewed by the Chancellor or his designee for compliance with TAF use guidelines and Board policy. A report of this review shall be filed with the Board.

5. The spending plan will be maintained by the institution and will be updated throughout the year as needed. The President shall ensure that the spending plan is prepared. At the

end of the fiscal year, a summary of the actual money generated and actual use of the money shall be prepared and maintained by the institution.

6. Compliance with these guidelines will be audited by the internal audit staff and reported to the Board as determined by the internal auditor's annual risk-based planning process or other appropriate means.

VIII. Specialized Academic Fees

A. Certain academic programs require expensive maintenance/updating of equipment and software and the employment of highly qualified staff. The high costs of instruction for these programs can be offset by establishing specialized academic fees, with the Board's approval. To receive approval for a specialized academic fee, a program will be required to meet criteria 1., High Cost of Instruction as defined below. Additionally, the program should document meeting criteria 2.-7.,as applicable.

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

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

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

4. Accreditation. Meeting standards of specific accrediting agencies may also qualify a specialized program for charging specialized academic fees. The accrediting standards that justify a fee are those that specify the possession and use of certain equipment and

unique software that are extraordinarily costly and/or the employment of faculty with specific credentials that demand high salaries.

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

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

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

B. Institution must submit documentation of the above applicable criteria when requesting approval of a specialized academic fee. Specialized academic course fee revenues are limited to funding related costs accumulated in the instruction function.

IX. <u>Miscellaneous Course Fees</u>

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

X. <u>Incidental Fees and Charges</u>

A. Uniform Rates and Policies -Institutions

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

a. Application Fee:

(1) Undergraduate- Not less than $5.00 nor more than $25.00.
(2) Graduate- Not less than $5.00 nor more than $35.00.

(3) ETSU College of Medicine and College of Pharmacy- Not less than $50 or more than $100.

(a) This is a non-refundable fee paid by an individual who applies for admission to the institution. A student is required to pay this fee when he/she applies for admission as a graduate student even if the student attended a TBR institution as an undergraduate student Additionally, the student is required to pay this fee when he/she applies for admission to a doctoral-level program after receiving a masters-level degree from the institution.

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

(1) Associate Degree	$25.00 (2)
Baccalaureate	30.00
(3) Master and Specialist	35.00
(4) Doctor and Juris Doctor	45.00

(a) The fee is refundable only if the institution has incurred no costs on the student's behalf. Other items may be included in the fee, as determined by the institution. Additional fees may be charged for optional graduation- related activities or services. Effective July 1,2011, community colleges will no longer assess a graduation fee.

c. Late Exam Fee: None

B. Institutions

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

C. Colleges of Applied Technology

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

D. Other Fees and Charges Subject to Board Approval

1. Institutions

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

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

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

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

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~~special arrangements through which regular U.S. mail may be received.~~ This fee may be assessed for U.S. Postal Services provided on campus to the student population.

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

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

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

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

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

3. Fees and Charges to be Established and Administered by the Institution.
   a. The following fees and charges may be established and administered by each institution. No specific approval or notification to the Tennessee Board of Regents will be required unless subject to other Board or State requirements. The institution will establish appropriate refund policies. College of Applied Technology fees and charges in this category must be approved by the Vice Chancellor for Colleges of Applied Technology.

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

(2) Rental of non-student housing and facilities.

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

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

(5) Registration for conferences, institutes, and non-credit activities (see XIII.A.4.).

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

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

(8) Colleges of Applied Technology may assess a fee for specific school instructional projects to defray incidental costs incurred by the college of applied technology in performing the project.

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

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

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

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

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

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

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

XI. Deposits

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

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

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

XII. Student Residence Hall and Apartments

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

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

XIII. <u>Other Fee and Charge Considerations</u>

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

1. Fees may be established to control the utilization of facilities and services or to offset the cost of extraordinary requirements as a result of specific programs or activities. [Reference Tennessee Board of Regents Policy on Access to and Use of Campus Property and Facilities (No.1:03:02:50).]

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

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

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

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

XIV. Refunds and Fee Adjustments

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

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

C. Maintenance Fee Refunds and Adjustments

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

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

3. The fee adjustment for withdrawals or drops during regular terms (fall and spring) is 75% from the first day of classes through the fourteenth calendar day of classes and then reduced to 25% for a period of time which extends 25% of the length of the term. When the first day of the academic term falls on a Saturday, the 100% refund period is extended through the weekend until the following Monday morning (12:01am). There is no fee adjustment after the 25% period ends. Dropping or withdrawing from classes during either the 75% or the 25% fee adjustment period will result in a fee adjustment of assessed maintenance fees based on the total credit hours of the final student enrollment.

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

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

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

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

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

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

10. The fee adjustment is calculated as the difference between (1) the per credit hour cost of originally enrolled hours and (2) the per credit hour cost of the courses at final enrollment after adjustments have been applied for all courses dropped. Adjustments are calculated at the full per credit hour rate less the fee adjustment credit at the applicable fee adjustment percentage (regardless of the original number of hours enrolled). Not all drops/withdrawals will result in fee adjustments.

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

1. The fee adjustment provision for out-of-state tuition is the same as that for maintenance fees. The 75% fee adjustment period and the 25% fee adjustment period will follow the same dates as the fee adjustment periods for maintenance fees. When 100% of maintenance fees are refunded, 100% of out-of-state tuition also is refunded. Calculation procedures are the same as those specified for maintenance fees.

E. Debt Service Fee Refunds

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

F. Student Residence Hall/Apartment Rent and Deposit Refunds

1. Refund of residence hall rent after registration will be prorated on a weekly calendar basis when the student is forced to withdraw from the residence hall:

    a. Because of personal medical reasons confirmed in writing by a licensed physician, or

    b. At the request of the institution for other than disciplinary reasons. Full refund will be made in the case of the death of the student Withdrawals for other reasons will be subject to the same 75%/25% amounts and time periods as maintenance fees. No refund will be made other than under the above conditions.

2. Residence hall reservations and breakage deposits will be refunded in full if:

    a. The institution is notified by a specific date which it establishes, but which may not be later than 14 calendar days prior to the first official day of registration,

    b. The student is prevented from entering the university because of medical reasons confirmed in writing by a licensed physician, or

    c. Residence hall space is not available. Full refund also will be made in the case of the death of the student.

G. Meal Plan Refunds

1. Each institution with meal plans should develop appropriate refund procedures.

Sources

December 2, 1977 TBR meeting. Revised March 14,19SO TBR meeting; November 13, 1991 presidents meeting; November 9,1992 presidents meeting; July 1,1994; November 1,1995; May 15,1990 presidents meeting; August 14,1990 presidents meeting; November 10,1992 presidents meeting; August 10,1993 presidents meeting; November 9,1993 presidents meeting; August 9,1994 presidents meeting; May 5,1995 presidents meeting, August 5, 1995 presidents meeting, November 5,1995 presidents meeting, February 6,1996 presidents meeting, May 14,1996 presidents meeting, November 12,1996 presidents meeting, May 6,1997 presidents meeting, July 16,1997 called Board meeting, November 5,1997 presidents meeting, February 17,199S presidents meeting via conference call, August 25,199S presidents meeting, May 9,2000 presidents meeting, Augusts,2000 presidents meeting, November S, 2000 presidents meeting, February 13,2001 presidents meeting, August21,2001presidents meeting, May21,2002 presidents meeting, February 11,2003 presidents meeting, May 20,2003 presidents meeting, February 10,2004 presidents meeting, August 17,2004 presidents meeting, February S, 2005 presidents meeting, May 17,2005 presidents meeting, February S, 2006 presidents meeting, May 16, 2006 presidents meeting, August 16,2006 presidents meeting, May 15,2007 presidents meeting, August21,2007 presidents meeting, November 6,2007 presidents meeting, February17, 2009 presidents meeting; May 12,2009 presidents meeting; August 11, 2009 presidents meeting; November 10,2009 presidents meeting; February 16,2010 presidents meeting; February15,2011presidents meeting; May 17,2011presidents meeting; August16,2011 presidents meeting; May 16,2012 presidents meeting; August 21,2012 presidents meeting.

Related Policies

- Access to and Use of Campus PropertY and Facilities
- Student Residence Regulations and Agreements
    - Regulations for Classifying Students In-State & Out-of-State for Paying College or University Fees & Tuition & for Admission Purposes

Fixed Assets and Sensitive Minor Equipment : B-110

Policy/Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, Community Colleges, Universities

Purpose

The purpose of the following guideline is to outline significant provisions for consistent capitalization procedures for fixed assets at the institutions governed by the Tennessee Board of Regents.

Policy/Guideline

I. Introduction

A. These guidelines largely represent a consolidation of the existing practices and are intended to serve as a reference document for institutional staff responsible for fixed asset administration.

1. The guideline includes provisions for capitalizing land, land improvements, leasehold improvements, buildings, additions and improvements to buildings, infrastructure, nonexpendable personal property, software, and livestock.

a. Additionally, the guideline also includes provisions for the inventory of sensitive items.

B. Property records should be maintained for all land and capitalized assets.

1. Procedures should ensure the proper recordkeeping of capitalized assets, including the initial recording, movement and eventual disposal of assets and should ensure that these assets are periodically inventoried.

2. Property records for assets acquired with federal funds should conform to OMB Circular A-110, Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.

II. Land

A. Land is generally considered to have an unlimited life and is therefore a non-depreciable asset. Land acquired by the institution should be recorded at its original cost which includes a variety of expenditures related to its acquisition and its preparation for use as intended by the institution.

B. The following are examples of expenditures that should be capitalized as a part of the cost of land:

1. The original acquisition price.

2. Commissions related to the acquisition.

3. Legal fees related to the acquisition.

4. Cost of surveys.

5. Cost of an option to buy the acquired land.

6. Cost of removing unwanted buildings from the land, less any proceeds from salvage.

7. Unpaid taxes (to the date of acquisition) assumed by the institution.

8. Cost of permanent improvements (e.g. landscaping) and improvements that will later be maintained and replaced by other governments (e.g. street lights, sewers).

9. Cost of getting the land in condition for its intended use, such as excavation, grading, filing, draining, and clearing.

C. Land acquired through forfeiture should be capitalized at the total amount of all taxes, liens, and other claims surrendered, plus all other costs incidental to acquiring ownership and perfecting title.

1. Assumption of liens, mortgages, or encumbrances on the property increases the purchase price and should be included in the original cost.

2. A liability should be recognized for the amount of the lien, mortgage, or encumbrance assumed by the institution.

D. Land acquired by donation, or the intent to donate, e.g., for one dollar, should be recorded on the basis of an appraisal of the market value at the date of acquisition.

1. The cost of the appraisal itself, however, is expensed at the time incurred.

2. When costs are incurred but the land is not acquired, the costs should be expensed.

E. Land held for investment purposes should be classified as investments rather than as property.

III. Land Improvements

A. Expenditures for land improvements that have limited lives and exceed $50,000 should be capitalized in a separate account from the Land and depreciated over their estimated useful lives.

1. Examples of land improvements include, but are not limited to, site improvements such as landscaping that has a limited life (e.g. shrubbery, flowers, trees); retaining walls, parking lots, fencing, sidewalks, sculptures, and art work.

2. Land improvements are normally depreciated over a useful life of 20 years.

B. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.

1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

IV. Leasehold Improvements

A. Leasehold improvements include improvements to existing or new leased spaces. These improvements should be capitalized if the cost exceeds $50,000 and the cost is borne by the institution.

B. Leasehold improvements are generally depreciated over the lesser of the original term of the lease or the useful life of the improvements.

C. If the lease contains an option to renew for additional years but renewal is uncertain or the likelihood of renewal is uncertain, the improvements should be depreciated over the original term of the lease or the useful life of the improvement.

V. Buildings

A. The cost of a building includes all necessary expenditures to acquire or construct and prepare the building for its intended use.

1. Buildings consist of relatively permanent structures, including all permanently attached fixtures, machinery and other appurtenance that cannot be removed without damaging the building or the item itself.

B. Buildings are erected for the purpose of sheltering persons or property. Examples include, but are not limited to such items as academic buildings, dormitories, apartments, barns, etc.

1. All buildings costing $100,000 and above should be capitalized.

2. Buildings costing less than $100,000 should be expensed.

3. Buildings are normally depreciated over a useful life of 40 years.

C. Buildings acquired by purchase should be capitalized at their original cost. The following major expenditures are capitalized as part of the cost of buildings:

1. The original bargained purchase price of the building.

2. Cost of renovation necessary to prepare the building for its intended use.

3. Cost of building permits related to renovation.

4. Unpaid taxes (to date of acquisition) assumed by the institution.

5. Legal and closing fees.

D. Buildings acquired by construction should be capitalized at their original cost. The following major expenditures are capitalized as part of the cost of buildings:

1. Cost of constructing new buildings, including material, labor, and overhead.

2. Cost of excavating land in preparation for construction.

3. Cost of plans, blueprints, specifications, and estimates related to construction.

4. Cost of building permits.

5. Architectural and engineering fees.

6. Landscaping and other improvements related to the building construction that cannot be separately identified from the building project (e.g. wiring within the building, shrubbery and sidewalks around the building).

E. Buildings acquired by donation, or the intent to donate, e.g. for one dollar, should be recorded on the basis of an appraisal of the market value at the date of acquisition.

1. The cost of the appraisal itself, however, should not be capitalized.

2. Removable fixtures, including but not limited to furnishing for the new building, should be distinguished from the cost of the building and capitalized or expensed in the appropriate accounts even if they are acquired as a part of the purchase or the construction project.

F. The cost of a building that is acquired but immediately removed to prepare the land for construction of a new building is treated as part of the cost of the land rather than as part of the cost of the new building.

G. The cost of removing an old building that you have occupied in the past but that is now deteriorated and must be removed prior to constructing a new building, should be capitalized as a part of the cost of the new building.

1. The precedent supporting this treatment is the requirement to capitalize all normal costs of readying an asset for use, i.e., capitalizing demolition costs of unwanted building(s) with the purchase of land, capitalizing renovation costs when a building is purchased, capitalizing excavating costs in preparation for construction of a new building and, when a building is constructed with plans to expand later any demolition costs are capitalized with the cost of the addition.

H. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

VI. <u>Additions and Improvements to Buildings</u>

A. Additions

1. Additions represent major expenditures that are capital in nature because they increase the service potential of the related building.

2. Additions costing $50,000 or above should be capitalized.

3. Additions costing less than $50,000 should be treated as repairs and maintenance even though they have the characteristics of capitalized expenditures. Example:

   a. A new wing is added to an existing building at a cost of $700,000. The cost would be capitalized.

   b. A new wing is added to an existing building at a cost of $49,999. The cost would be expensed since it does not meet the dollar level established for capitalization.

4. Two major issues are involved with accounting for additions and generally require some professional judgment:

   a. Useful life: If the estimated useful life of the addition is independent of the building to which it relates, the addition is treated as a separate asset and depreciated over its estimated useful life, regardless of the life of the original asset. If the addition is not independent of the original asset, the useful life must be determined in relation to the original building. In this case, the cost of the addition is depreciated over the shorter of the estimated life of the addition or the remaining life of the original building.

   b. Capitalized costs: If the original building was constructed with a plan to expand, cost related to the original building incurred when the addition takes places should be capitalized. However, costs that could have been avoided with appropriate planning at an earlier date should be expensed rather than capitalized.

B. Improvements

1. Improvements represent the substitution of a new part of an asset for an existing part.

   a. For example, the roof of a building may be replaced or a new HVAC may replace an old HVAC system.

b. If the new part of the asset is similar in nature to the part being eliminated, the substitution is a called a replacement.

c. If the new part represents an improvement in quality over the part being eliminated, the substitution is called betterment.

2. Both replacements and betterments are subject to capitalization if the cost is $50,000 or more.

a. The appropriate accounting treatment is determined by whether the original part of the existing asset is separately identifiable.

b. If separate identification is possible, the new expenditure should be substituted for the portion of the book value being replaced or improved.

1. Example: Roof replacement at cost of $50,000 (original cost separately identified is $30,000).

1.	Building (new roof)	$50,000
2.	Accumulated Depreciated	27,000
3.	Loss on replacement of roof	3,000
4.	Building (old roof)	$30,000
5.	Cash	50,000

c. The separately identified asset is depreciated over the shorter of the expected life of the separate asset or the remaining life of the building.

d. If separate identification is not possible, the cost of replacements and betterments is treated as an increase in the book value of the Building, thereby increasing the basis for depreciation over the remaining life of the Building.

e. If the replacement or betterment is designed primarily to enhance the quality of the service potential of the building, the cost is charged to the Building asset account.

f. An appropriate increase in depreciation expense is recognized in future years but the useful life is not increased. Example:

1. Building $70,000

2. Cash $70,000

g. If the replacement is designed primarily to extend the length of the service life of the asset, the book value is increased by debiting Accumulated Depreciation. The revised book value is then depreciated over the revised useful life. Example:

1. Accumulated Depreciation – Building $70,000

2. Cash $70,000

3. Note:

    1. Alterations that modernize rather than improve the quality of a building should be expensed unless the alteration is so extensive as to increase the estimated life of the building.

    2. Re-roofing costs that are not replacing a separately identified asset should not be capitalized unless they are part of a major renovation of a building.

h. Examples:

1. An old gymnasium is converted to a block of individual rooms at a cost of $500,000. This is considered a major renovation and would be a building capitalization. This renovation enhances the service quality of the building but does not extend the life of the building.

1. Debit: Building $500,000

2. Credit: Cash $500,000

2. A deteriorating roof on an existing building (the original roof costs are not separately identified) is replaced at a cost of $55,000. These costs should be expensed in the year(s) costs are incurred.

   1. Debit: Maintenance of buildings $55,000

   2. Credit: Cash $55,000

3. A dormitory is completely renovated at a cost of $1,000,000 including a new roof. It is estimated that the renovation will add an additional 10 years to the life of the building. The entire project costs would be capitalized under buildings.

   1. Debit: Accumulated depreciation $1,000,000

   2. Credit: Cash $1,000,000

   3. Note: The life of the building should be changed to reflect the additional 10-years of service. The debit to accumulated depreciation is the accumulated depreciation on the original building.

4. A parking lot is repaved at a cost of $20,000 in order to restore to its original condition. This would be considered maintenance and would not be capitalized.

   1. Debit: Paving expense $20,000

   2. Credit: Cash $20,000

3. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years years of continued use.

a. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

VII. <u>Infrastructure</u>

A. Infrastructure is defined as improvements related to the skeletal structure and function of the campus.

1. Examples include, but are not limited to, roads, steam lines, chiller systems, storm sewers, tennis courts, sewer lines, severe weather systems, athletic scoreboards, turfs, lighting, radio and television towers, water lines, signage, all-weather track, telecommunications and computing wiring, and energy management systems.

B. Improvements valued at or above $50,000 should be capitalized.

C. Improvements valued at less than $50,000 should be expensed.

D. The same accounting rules that apply to improvements to buildings also apply to improvements to infrastructure. Infrastructure items are normally depreciated over a useful life of 20 years.

E. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.

1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

VIII. <u>Nonexpendable Personal Property</u>

A. Examples of nonexpendable personal property include machinery, implements, tools, furniture, vehicles and other apparatus with a unit cost of $5,000 or more and a minimum life expectancy in excess of one year.

B. The following list includes some of the costs that should be capitalized in the appropriate asset account:

1. The original bargained acquisition price.

2. Freight, insurance, handling, storage, and other costs related to acquiring the asset.

3. Cost of installation, including site preparation, assembling, and installing.

4. Cost of trial runs and other tests required before the asset can be put into full operation.

5. Cost of reconditioning equipment acquired in a used state.

C. Nonexpendable personal property acquired by donation, or the intent of donation, e.g. acquisition for one dollar, should be recorded on the basis of an appraisal of the market value at the date of acquisition.

1. Furniture – Movable furniture that is not a structural component of a building. Examples include, but are not limited to, desk, tables, filing cabinets, and safes. Office furniture purchased in components should be capitalized only if the individual components that cannot be separated cost at least $5,000. Furniture is normally depreciated over a useful life of 20 years.

2. Office and operational equipment – Office and operational equipment other than computers and peripherals. Examples include, but are not limited to, copiers, sorters, folders, filing system, printing press, shop equipment, athletic equipment, kitchen equipment, generators, and yard equipment. Office and operational equipment are normally depreciated over a useful life of 10 years.

3. Computers and peripheral – Computers and peripheral equipment are normally depreciated over a useful life of 5 years.

4. Educational and scientific equipment – Classroom or laboratory equipment used to conduct the normal program of education and research activity. Examples include, but are not limited to, audiovisual equipment, classroom demonstration models, electronic instruments, lab equipment, surveying equipment, radio equipment, pianos, and other musical instruments. Educational and scientific equipment are normally depreciated over a useful life of 10 years.

5. Motorized vehicles – Examples include, but are not limited to, cars, mini-vans, vans, boats, and light general-purpose trucks. Motorized vehicles are normally depreciated over a useful life of 5 years.

6. Heavy equipment – Examples include, but are not limited to, buses, heavy general-purpose trucks, forklifts, snowplows, and agricultural equipment. Heavy equipment items are normally depreciated over a useful life of 10 years.

7. Library holdings – Library holdings include library books, music, artistic, and reference materials included in the institution's library collection. Examples include, but are not limited to, books, periodicals, microfilm, microfiche, government documents, films, videocassettes, audiocassettes, phonograph records compact disc - audio, slide set, filmstrip, transparency, maps, multimedia kit, three-dimensional models, non-catalogued pamphlets, computer software manuscripts and archives, photographs, and compact disc. Library holdings are normally depreciated over a useful life of 10 years.

D. The same accounting rules that apply to building improvements apply to improvements to nonexpendable personal property.

E. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.

1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

IX. Software

A. Software with a cost of $100,000 or greater should be capitalized and amortized.

1. Capitalized software costs will include external direct costs of materials and services consumed in developing or obtaining internal-use computer software.

2. Training costs are not internal-use software development costs and should be expensed as incurred.

3. Data conversion often occurs during the application development stage. Data conversion costs should be expensed as incurred.

4. Internal costs incurred for maintenance should be expensed as incurred.

B. Software costs should be amortized over a useful life of 10 years.

C. For each module or component of a software project, amortization should begin when the computer software is ready for its intended use, regardless of whether the software will be placed in service in planned stages that may extend beyond a reporting period.

1. For purposes of this guideline, computer software is ready for its intended use after all substantial testing is completed.

2. Amortization shall begin the year in which the first module is placed in service. A full year of amortization will be charged the first year regardless of the actual implementation date.

D. Software with a cost less than $100,000 should be expensed unless the institution determines, and provides justification, for capitalizing.

1. For example, if an institution purchases a separate software package to support the Banner system (example Luminous Premier), it may be appropriate to capitalize the cost even if less than $100,000 since it is directly related to the Banner system.

2. It should be noted that software licensing agreements that are not perpetual in nature will be expensed, regardless of cost.

E. As assets near the end of their estimated lives, the estimates should be reviewed for accuracy of the original estimate and adjusted to reflect the anticipated number of years of continued use.

1. Any adjustment of estimated lives is a change in accounting estimate and should be applied to current and future depreciation calculations.

X. Livestock

A. Livestock should be expensed.

XI. Works of Art, Historical Treasures and Other Similar Assets

A. Works of art, historical treasures, and other similar assets should be capitalized whether held as individual items or as a collection. These can include, but are not limited to, paintings, works of art on paper, photography, sculptures, maps, manuscripts, recordings, film, artifacts, textiles, and other memorabilia.

B. These items with a cost (or fair value at the date of donation) in excess of $5,000 will be capitalized at their historical cost or fair value at the date of donation.

C. Collections that meet all of the following criteria will not be capitalized:

1. Held for public exhibition, education, or research in furtherance of public service rather than financial gain

2. Protected, kept unencumbered, cared for, and preserved

3. Proceeds from the sales of collection items must be used to acquire other items for collections

D. Notwithstanding paragraph XI.C above, any collections already capitalized at June 30, 1999, will remain capitalized and any additions to such collections will be capitalized.

E. Capitalized collections or items which are exhaustible, such as exhibits whose useful lives are diminished by display or educational or research applications, should be depreciated over their estimated useful lives. Inexhaustible collections or items are items where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. Depreciation is not required for collections which are inexhaustible.

F. Capitalized collections deemed exhaustible should be depreciated over a useful life of _10__ years.

XII. Sensitive Minor Equipment

A. Sensitive minor equipment items are of a movable nature which is particularly vulnerable to theft and have a cost or fair value (for donated items only) between $1,500.00 and $4,999.99, regardless of funding source.

1. The following items are examples of items that may be viewed as sensitive minor equipment: binoculars, boat motors, boat trailers, boats, cameras, camera lenses, canoes, computers, external computer storage devices, ham radios and receivers, marine band transmitters and receivers, microscopes, musical instruments, scientific equipment, oscilloscopes, PDAs, printers, projectors, radio scanners, external computer scanners, spectrum analyzers, televisions, two-way radio transmitters and receivers, vector scopes, video cameras, video recorders and players, and waveform monitors.

2. All weapons, regardless of cost, should be considered sensitive minor equipment.

B. Each institution will perform a risk assessment to determine which items should be designated as sensitive minor equipment for that institution.

1. The useful life of sensitive minor equipment is estimated at 3 years, after which the fair value will be considered to be nominal.

C. Although sensitive minor equipment items are not capitalized, they must be identified and inventoried.

1. Physical inventory of sensitive minor equipment should be conducted annually.

2. Sampling is an acceptable method of conducting the physical inventory of sensitive minor equipment.

Sources

New Guideline approved at Presidents Meeting, August 17, 2010.

Attachment D

Works of Art and Historical Treasures

Summary of GASB 34 Requirements

Institutions should capitalize works of art, historical treasures, and similar assets at their historical cost or fair value at date of donation whether held as individual items or in a collection.

Institutions are encouraged, but not required, to capitalize a collection that meets all of the following criteria:

A. Held for public exhibition, education, research in furtherance of public service, rather than financial gain
B. Protected, kept unencumbered, cared for, and preserved
C. Subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections

Collections already capitalized at June 30, 1999, should remain capitalized and all additions to those collections should be capitalized, even if they meet the conditions for exemption from capitalization.

Capitalized collections or individual items that are exhaustible, such as exhibits whose useful lives are diminished by display or educational or research applications, should be depreciated over their estimated useful lives. Depreciation is not required for collections or individual items that are inexhaustible.

> Inexhaustible collections or individual works of art or historical treasures are those with extraordinarily long useful lives. Because of their cultural, aesthetic, or historical value, the holder of the asset applies efforts to protect and preserve the asset in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, community Colleges, Universities

Purpose

The purpose of this guideline is to establish the process for low dollar payments to research participants through cash or gift card at the institutions governed by the Tennessee Board of Regents.

Definitions

Guideline

I. General

a. Payments to research participants for participation in studies should be made through the Institution's accounts payable system via check or direct deposit. The payment is considered compensation by the Internal Revenue Service and a name, SSN and home address must be provided for each payment.

b. Some research studies use low dollar payments to compensate participants for time, inconvenience, or as an incentive to increase participation. When such payments are no more than $50 per payment per participant, and individual participant payments aggregate to less than $600 per study, it may be appropriate to make payments utilizing cash or gift cards as long as the following procedures are followed.

II. Prohibition from use of cash or gift cards in research studies

a. No payment from cash or gift cards may be made to an institution employee or non-resident alien.

b. Cash may not be used to purchase gift cards.

III. Procedures for safeguarding and accounting for cash and gift cards in research studies

a. Cash or gift cards for research studies must be assigned to a custodian responsible for safeguarding the cash or gift cards.

b. Cash or gift cards for research studies must be maintained under lock and key by the custodian of the funds.

c. Access to the cash or gift cards for research studies must be controlled by the custodian of the funds.

d. The balance of cash gift cards on hand plus participant receipts must equal the cash and gift cards authorized and obtained. If a shortage of cash or gift cards on hand is determined, the shortage must be reported to the institution's Bursar's Office immediately.

e. Cash or gift cards must be used for research participant payment only and may not be used for departmental or other research expenses.

f. Cash and gift cards for research participants are subject to audit at any time by the institution, State Audit, or funding agency.

g. Cash and gift cards for research participants are required to be closed out at the end of the research study and any excess cash or cards must be returned to the Bursar's Office.

IV. Distribution of cash or gift cards to research participants

a. Cash or gift cards must be hand delivered to research participants. These funds cannot be sent to participants through the mail. If participant payments must be mailed, cash or gift cards cannot be used and the payments need to be in the form or a check or direct deposit processed through the Institution's Accounts Payable department.

b. Payments to research participants, regardless of delivery method (check, direct deposit, cash, or gift card) are considered compensation by the Internal Revenue Service. Research participants must provide name, SSN, and address at the time of the receipt of cash or gift card payments. Personally identifiable information should be gathered in a manner which prevents disclosure of personal information to other research participants. Signatures must be obtained from research participants indicating receipt of the cash or gift card payment.

c. Payments to individual research participants are limited to $50 per payment and aggregate to less than $600 per participant for the study.

d. Payments aggregate to $600 or more per participant are required to be reported as income to the Internal Revenue Service.

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Policy/Guideline Area

Business and Finance Policies

Applicable Divisions

TCATs,Community Colleges,Universities,System Office

Purpose

It is widely recognized that budget control is essential for effective financial management of any organization. In view of this, it is the purpose of this policy to provide clear and specific responsibility for proper budget management and control among the institutions governed by the Tennessee Board of Regents. It is the control mechanism aspect of budgeting that is the focus of this policy.

Definitions

- Budgeting- the process whereby the plans of an institution are translated into an itemized, authorized, and systematic plan of operation, expressed in dollars, for a given period. Budgets are the blueprints for the orderly execution of program plans; they serve as control mechanisms to match anticipated and actual revenues and expenditures.

Policy/Guideline

I. Submission of Budgets

   A. It is recognized that a budget is a plan and that circumstances may necessitate revisions or changes to the original plan from time to time. In view of this, institutions are to submit detailed budgets to the Tennessee Board of Regents for approval three times for each fiscal year. The three submissions are described briefly as follows:

1. Proposed Budget- This is the original budget prepared in the spring that is for the fiscal year to begin July 1. It Is normally submitted to the Tennessee Board of Regents for

2. Revised Budget- This budget is a revision of the proposed budget and is normally referred to as the "October Revised Budget". It is prepared as of October 31after actual fall enrollments and other estimated costs and closing balances are known and is normally submitted to the Tennessee Board of Regents for approval at the December Board meeting.
3. Spring Estimated Budget- This budget is the final budget submitted for the current year operations. It is submitted in the spring at the same time as the Proposed Budget for the coming year. This is the final approved budget for the institutions and therefore contains the control totals against which final year-end amounts are compared.

B. It should be noted that the approval of a budget does not waive statutory, policy, or other restrictions for expending funds.

II. <u>Operating Budgets</u>

A. Level of Budget Control

1. Institutional budget control amounts are approved for the major educational and general functional classifications of Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, Operation and Maintenance of Plant, and Scholarships and Fellowships where applicable.
2. Auxiliary Enterprises are controlled on a profit or break-even basis.
3. Additionally, control amounts are approved for educational and general transfers, both mandatory and non-mandatory. Funds transferred to other funds whether mandatory or non-mandatory are restricted in the other funds for the designated purpose. This restriction, however, does not prevent subsequent reallocations or transfers to other funds.
4. All discretionary allocations of the fund balance must be approved. Once approved the institution may not exceed those functional control limits established by the Board without prior approval of the Chancellor.

B. Budget Revisions

1. Revisions within Functional Area

    a. Institutions may make budget revisions within a given functional area at the campus level.

    b. The revisions should be properly documented and approved by the president or director, or his or her designee.

2. Revisions between Functions

    a. Budget revisions from one functional area to another that exceed 1% of total expenditures must receive prior approval of the Chancellor if proposed at other than the three regular budget submission times.

    b. The request for revision should be submitted by the president in writing with a detailed explanation.

    c. The college of applied technology director must receive the approval of the president of the lead institution prior to submission to the Chancellor.

3. Revision of Overall Expenditure Total

    a. Budget revisions to one or more educational and general functional areas that increase the overall educational and general budget must receive prior approval of the Chancellor if proposed at other than the three regular submission times.

    b. The request for revision should be submitted in accordance with item 2 above and should include the source of funding for the proposed revision.

III. <u>Plant Fund Budgets</u>

A. Unexpended Funds

1. General

    a. The purpose of the Unexpended Plant Fund is to account for the unexpended resources derived from various sources to finance the acquisition of long-term plant assets and the associated liabilities.

    b. These funds will be used for capital projects such as major additions and/or renovations to physical facilities.

c. Institutions may request approval for transfer of funds to the Unexpended Plant Fund ~~from unrestricted current funds~~ during the regular budgetary process or special request to the Chancellor.

d. All funds added or transferred into the Unexpended Plant Fund will be controlled by specific project.

e. Commitments or expenditures for any capital project shall be in conformance with all applicable state laws and requirements of the State Building Commission.

f. All project budget revisions and the utilization of reallocated project balances shall be approved by the Chancellor or designee.

2. Extraordinary Maintenance

a. Within the Unexpended Plant Fund, each institution shall establish an account for extraordinary maintenance to be used for unusual or unanticipated maintenance needs.

b. The annual budget shall include a minimum ~~transfer~~ balance of .1% of plant funds for extraordinary maintenance. ~~as specified in the annual budget instructions of the Chancellor.~~

c. All projects in the extraordinary maintenance account shall be approved by the Chancellor or designee.

B. Renewals and Replacements

1. The resources set aside for renewals and replacements, as distinguished from additions and improvements to plant, are accounted for in this fund group.

2. Institutions which have the responsibility to replace auxiliary equipment must transfer at least 5% of auxiliary gross margin to the renewal and replacement fund. ~~Guidelines for additions to this fund will be communicated through the annual budget instructions of the Chancellor.~~

C. Retirement of Indebtedness

1. The purpose of this fund is to account for the accumulation of resources for interest and principal payments and other debt service charges relating to plant fund indebtedness.

2. Additions to this fund are to be set up in separate debt service accounts.

~~3. All transfers from debt service accounts must be approved by the Chancellor.~~

IV. Guideline and Position Controls

A. Aside from functional budget control, institutions are required to comply with certain other controls.

1. A schedule of these controls will be distributed with the budget guidelines each year.

B. Position control is a part of the personnel budget process.

1. The number of authorized permanent positions at each institution is controlled within unrestricted education and general accounts and auxiliaries.
2. Controls exist on the total number of positions at the institution and on the classification of those positions (administrative, faculty/academic, professional, and clerical/support).
3. Positions are reported to the Board office each year in the proposed and revised budgeting processes, and at additional times as requested by the Board office during the legislative session.
4. Authorized permanent positions for each institution are approved at the June and December Board meetings.
5. Changes may be requested by special request to the Chancellor in the interim between budget periods.

V. Legislative Controls

A. Each budget year will normally have unique guidelines and requirements depending on legislative or executive branch requirements.

1. A schedule of these requirements will be prepared each budget cycle.
2. It is the responsibility of the institution to insure that all budget guidelines for a given fiscal year are incorporated into the budget and are carried out operationally.

VI. Bud et Control

A. Each institution shall develop appropriate controls and procedures and insure that established control limits are not exceeded.

B. Summary management reports should be prepared for top level administrators to evaluate the current financial status of the institution.

VII. Follow-up by Board Staff

A. At the end of each fiscal year, the Board staff will review the annual financial report of each institution.

B. Actual year-end amounts will be compared to the Spring Estimated Budget or the Spring Estimated Budget as officially revised, which is the final approved budget for the year.

C. Functional expenditure totals will be analyzed for adherence to the approved control levels.

D. The financial information will also be examined for compliance with all budget guidelines and/or Board policies in effect for the fiscal year just completed.

E. The Chancellor shall report any institutional deficiencies or non-compliance with budget controls and guidelines to the Board.

Sources

TBR Meetings: September 30, 1983; December 8, 2006

Attachment G

Community College Resource Allocation Plan :4:01:00:10

Printed on January 13, 2014, 9:08am

Policy/Guideline Area

Business and Finance Policies

Applicable Divisions

Community Colleges

Purpose

The purpose of this policy is to establish a plan for allocation of resources among community colleges as required by T.C.A.§49-7-202 (c) (4) (D)):

For fiscal years ending on and after June 30, 2013, the commission shall have no authority for recommending individual community colleges operating budgets or in approving or disapproving the transfer of any funds between community colleges as may be determined necessary by the board of regents.

The intent of this policy is to:

- Reinforce the performance incentives present in the higher education funding formula adopted by the Tennessee Higher Education Commission; and
- Support development of a unified system of community colleges as dictated by the Complete College Tennessee Act of 2010, including providing financial incentives for cooperative action among institutions.

This policy provides for the pooling of community college resources to be used for system level investments, provision of funding for certain new program start-up expenses, expenses shared among all community colleges, to reward collaboration, and to allocate remaining resources among all community colleges.

Definitions

- ~~Collaboration- For purposes of allocation of funds, collaboration can be viewed as two or more institutions voluntarily bringing their knowledge and experience together by interacting toward a common goal in the best interest of students for the betterment of their education success. The Board acknowledges that defining measures for collaboration is challenging, that defining an excessive number of measures may limit the incentive to collaborate in meaningful ways, and defining too few measures may focus institution's efforts on unproductive collaboration.~~

Policy/Guideline

I. Community College System Investment Account ("Account")

A. Account Established.

1. There is established at the Board Office a Community College System Investment Account for the benefit of the Tennessee Community College System.
2. For each fiscal year, the target funding level of the Account will be an amount equal to point five percent (0.5%) of the Community College System recurring state appropriation.
3. To achieve the target funding level, the difference between the estimated funding level at fiscal year-end and the target funding level will be calculated. Should a deficit exist, an amount equal to 1/12th of the deficit amount will be withheld from the monthly Community College System state appropriation and deposited to the Account.
4. The Chancellor is authorized to allocate funds within the Account among the categories of uses provided below.

B. Uses of Account

1. System Level Investments. It is the Board's intent that funds be available to initiate or maintain activities that promote the interest and wellbeing of the community college system and its students. Examples of system level investments may include, but are not limited to, activities designed to communicate the benefit to students of considering attending community colleges, funding to support block scheduling and fast track activities. The Vice Chancellor for Community Colleges, in consultation with the Presidents, shall recommend the allocation of funds for specific system level

investments, subject to approval by the Chancellor.

2. Program Start-Up Funding. It is the Board's intent that funds be available to offset the cost to an individual college of development of a new program offering that is portable to other colleges and meets the needs of students at multiple colleges or the system as a whole. Guidelines shall be established that specify the process and criteria used in determining which program start-up proposals should be funded through this mechanism.
3. Community College System Shared Expenses. Eligible expenses include, but not be limited to, salaries, benefits and operational expenses that directly support the operations of the Office of Community Colleges, common licensing of software, and other expenses borne individually by colleges. The Vice Chancellor for Community Colleges, in consultation with the Presidents, shall recommend the allocation of funds for system level shared expenses, subject to approval by the Chancellor.
4. Reporting. On an annual basis the Chancellor shall file a written report with the Board Committee on Academic Policies and Programs and Student Life summarizing the activities funded through the Investment Account.

C. <u>Allocation of Funds to Community Colleges</u>

1. After funding of the Account, remaining state appropriations are to be distributed to individual community colleges in the following order:

~~a. Allocation for Collaboration~~

~~(1) It is the Board's intent that colleges have a financial incentive to collaborate in ways that promote increased educational outcomes by engaging in activities such as sharing effective instructional practices, facilities, instructional and other resources in ways that promote student success and efficient, cost effective operations.~~

~~(2) As part of the annual July Budget approval process, an amount determined by the Board of the remaining Community College System recurring state appropriation shall be set aside to recognize and reward collaboration among community colleges. This item shall be effective for fiscal years beginning July 1, 2014.~~

~~(3) Guidelines shall be developed governing the measures used to evidence collaboration and how these metrics are used to distribute funding pursuant to this item; provided, it is the Board intent that collaboration efforts be focused in ways that lead to increased outcomes.~~

~~(4) Reporting. On an annual basis the Chancellor shall file a written report with the Board Committee on Academic Policies and Programs and Student Life summarizing the activities funded through the Collaboration Allocation.~~

~~(5) Sunset - The provisions of this policy section (II. A.) shall expire and have no effect as of June 30, 2013 absent subsequent Board action.~~

a. Allocation of Remaining Recurring State Appropriation.

1. Board staff, in consultation with THEC staff, shall annually determine the percentage of the total Community College System recurring state appropriation that is attributable to each individual college as calculated within the THEC higher education funding formula.
2. The allocation of recurring state appropriation remaining after distributions to the Investment Account and for Collaboration shall be calculated by multiplying the remaining recurring state appropriation by the percentage determined for each college in II.B.!.

D.. Delegation

1. The Board acknowledges and grants authority for the development of guidelines necessary to implement the provisions of this policy, such guidelines to be consistent with and in furtherance of the provisions of this policy.

E.. Exceptions

1. Exceptions to this policy may be recommended by the Vice Chancellor for the Community Colleges for interim approval by the Chancellor.

Sources

TBR Board Meeting June 28,2012.

Deposit & Investment of Funds: 4:01:01:10

Printed on January 13, 2014, 9:15am

Policy/Guideline Area

Business and Finance Policies

Applicable Divisions

TCATs, Community Colleges, Universities, System Office

Purpose

The following policy on the deposit and investment of funds is adopted by the Board of Regents for the institutions under its jurisdiction, and shall apply to all funds, regardless of source, which are received by any institution.

All depositories which provide deposit or investment services shall agree to comply with the terms of this policy, and with the requirements of Chapter 4 of Title 9 of Tennessee Code Annotated as amended, and the latter provisions shall ontroln the event of conflict. Words and phrases used in this policy shall have the same definition and meaning as in Chapter 4 of Title 9 Tennessee Code Annotated.

Definitions

- Collateral Security- means securities which may be accepted as collateral for deposits.
- Compensating balances- means the amount of funds allowed to remain in an account.
- Default- may include but is not limited to:
    - The failure of any qualified public depository to return any public deposit, including earned interest in accordance with the terms of the deposit contract.
    - The failure of any qualified public depository to pay any properly payable check, draft or warrant drawn by the public depositor.

- The failure of any qualified public depository to honor any valid request for electronic transfer of funds.
- The failure of any qualified public depository to account for any check, draft, warrant, order, deposit certificate or money entrusted to it.
- The issuance of any order of any court or the taking of any formal action by any supervisory authority, which has the effect of restraining a qualified public depository from making payments of deposit liabilities.
- The appointment of a conservator or receiver for a qualified public depository; or
- Any other action which the treasurer determines to place public deposits in jeopardy.
- Failure to provide the required collateral.

- Deposit Insuranee - means the insuranee provided by the Federal Deposit lnsuranee Corporation.
- Eligible Collateral- shall have the meaning set forth in T.C.A.§ 9-4-103.For savings institutions securing local government deposits, eligible collateral shall also include securities described in T.C.A.§9-1-107(a)(2) under such additional conditions as the treasurer deems appropriate.
- Loss- includes but is not limited to:
  - The principal amount of the public deposit;
  - All accrued interest through the date of default;
  - Additional interest at the rate the public deposit was earning on the total of the principal amount of the public deposit and all accrued interest through the date of default, through the day of payment by a liquidator or other third party or through the date of sale of eligible collateral by the treasurer or his agent; and
  - Attorney's fees incurred in recovering public deposits.
- Market Value- means current market price.
- Depository- means any bank, savings and loan association or savings bank (collectively referred to as savings institutions) located in the state of Tennessee which is under the supervision of the Department of Financial Institutions, the United States Comptroller of the Currency, or the Office of Thrift Supervision, and which has been appropriately designated to hold public deposits by a public depositor.

- Required Collateral- means eligible collateral, excluding accrued interest, having a market value equal to or in excess of the greater of the average daily balance or average monthly balance of public deposits multiplied by the qualified public depository's collateral-pledging level as required by the Tennessee Board of Regents. (T.C.A. § 9-4-502)

- Trust Receipts- means a receipt issued by the trustee custodians in lieu of the actual deposit of eligible collateral, it is subject in all respects to the claims and rights of the institution to the same extent as though such collateral had been physically deposited with the institution.

- Trustee Custodian- means a financial institution designated to hold eligible collateral on behalf of the Tennessee Board of Regents or its institutions and a qualified public depository pursuant to T.C.A. § 9-4-108.

Policy/Guideline

I. Depository Accounts

A. Each institution shall maintain one general operating account and one payroll account at an authorized depository for the regular operating and payroll functions of the institution. No additional checking accounts may be opened or maintained by any institution unless approved by the Chancellor or his or her designee.

B. All checks, drafts, or other methods of withdrawing funds from an account must be co- signed by the president and the chief business officer of the institution; provided that facsimile signatures may be used on checks, drafts, or other methods of withdrawals; and provided that any authorization or request for withdrawal form shall bear the original or electronic signature of the president or the chief business officer or designee approved by the president in all cases where expenditures exceed one percent (1%) of the state appropriation to the institution ~~for the year or ten thousand dollars ($10,000.00), whichever is greater.~~

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C. The President of each institution is authorized to establish one or more checking accounts for the deposit and disbursement of petty cash funds within the business office. Additional petty cash accounts may be authorized by the presidents for departments external to the business office provided that no account shall exceed one thousand dollars ($1,000.00).1f the custodian of the fund has accepted responsibility for the funds in writing, and has agreed to repay any shortages or expended funds not properly accounted for from the account, then the custodian may be designated as the signatory authority for the account, and the custodian or the chief business officer of the institution shall be authorized to withdraw funds from the account.

D. Institutions will retain written documentation of employees' authority to perform routine activities related to the depository accounts.

E. No accounts shall be authorized or established which are complimentary non-interest bearing accounts. When using compensatory balances, the amount of funds allowed to remain in any checking account should be reasonably related to the number of transactions to be processed through the account during any month, and other servicing costs, if any.

II. Collateral

A. All depositories must provide collateral security for deposits and accrued interest in all accounts, including checking, savings, and certificates of deposit. Securities which may be accepted as collateral for deposits shall be limited to those specified in T.C.A. § 9-4-103. All items listed in Section V.J of this policy and items noted in Section V.K are eligible as collateral.

B. The required collateral accepted as security for deposits at financial institutions that do not participate in the collateral pool shall be collateral whose market value is equal to one hundred five percent (105%) of the value of the deposit and secured thereby; less so much of such amount as is protected by the Federal Deposit lnsuranee Corporation or the Federal Savings and Loan Insurance Corporation. The required collateral accepted as security for deposits at financial institutions participating in the collateral pool will be set by the Department of Treasury.

C. At the time of designation as an institution's depository or at any time thereafter, additional collateral with a market value of one hundred thousand dollars ($100,000) shall be required where the capital to asset ratio of a savings and loan association, savings bank, or bank is less than five percent (5%). This additional collateral shall be in addition to the collateral required by other provisions of this policy.

D. The market value of required collateral shall be evaluated by the institution monthly and more frequently if required by unusual market conditions. Any depository not providing collateral with a market value as specified in II.B above must provide additional, adequate collateral within two working days of a request by the institution. Failure to provide the additional collateral may be considered an act of default.

E. In the case of a checking account, the market value of the collateral accepted as security for deposits shall be the amount specified in Section II.B based on the highest daily depository book balance in the account for the preceding month excluding large deposits covered below. The amount of the depository balance must be determined on or before the fifth day of the month in question. Large deposits, such as registration receipts, which may result in insufficient collateral, either should be invested immediately or additional collateral should be in place. (If the investment is in a certificate of deposit, the certificate must be collateralized.) Alternatively, depositories may be allowed to post collateral daily to cover the current depository book balance.

F. Any loss to the institution due to a depository's default shall be satisfied out of collateral pledged by the depository to whatever extent possible. The collateral security shall be liable for any loss, including and not limited to the principal amount of the deposit, for accrued interest through the date of default, for additional interest through the date of recovery on the principal and accrued interest at the rate the deposit was earning, and for attorney's fees incurred in recovering deposits and other losses.

G. An institution must either be provided the actual securities pledged as collateral for deposits, or trust receipts from trustee custodians for the collateral in lieu of the actual delivery of the securities. A trustee custodian is one which meets the requirements of T.C.A. §
9-4-108. When any trustee custodian holds collateral for an institution's depository which is related to the custodian through shared ownership or control, such collateral shall be held in a restricted account at a Reserve Federal Bank or branch thereof or at a Federal Home Loan or branch thereof.

H. In lieu of the actual deposit of eligible collateral, the institution is authorized at its option to accept trust receipts therefore.

1. Trust receipts shall be issued by trustee custodians in a form acceptable to the institution

following the deposit of eligible collateral with the trustee custodian by an institution's depository.

2. Eligible collateral deposited with a trustee custodian shall be subject in all respects to the claims and rights of the institution to the same extent as though such collateral had been physically deposited with the institution.
3. Each trust receipt shall be nonnegotiable and irrevocable and shall continue in full force and effect until surrendered by the issuing trustee custodian with the release of the institution endorsed thereon.
4. The institution may present the trust receipt at any time to the issuing trustee custodian and upon delivery thereof shall be entitled to receive any and all collateral represented thereby from the trustee custodian, and such collateral shall thereafter be held by the institution as if deposited with the institution by the depository as collateral, without further liability on the party of the trustee custodian.
5. Following delivery of the collateral to the institution, the institution is permitted to register such collateral in the name of the institution and to hold it on behalf of the depository.

I. Institutions with depositories participating in the collateral pool administered by the Department of Treasury will not be responsible for monitoring the collateral securities pledged. As provided in T.C.A. § 9-4-501 through 9-4-523, the Department of Treasury will monitor the collateral securities pledged.

III. Depository Institutions

A. Subject to the other requirements of this policy, accounts may be authorized and established at depositories which are either under the supervision of the Department of Financial Institutions, the United States Comptroller of the Currency or the Federal Home Loan Bank Board.

B. Before a depository may be used by an institution for the deposit of funds in a checking account, it must provide documentation verifying the following:

1. That the depository is supervised by the Department of Financial Institutions of the State

Of Tennessee, the United States Comptroller of the Currency, or the Federal Home Loan Bank Board;

2. The capital to asset ratio of the depository as of the current date and the date of the last audited financial statements of the depository;
3. That the depository can comply with the collateral security requirements for all accounts;
4. The names of the members of the board of directors and officers of the depository;
5. The name of the holding company of the depository, if applicable; and
6. The names of the owners often percent (10%) or more of the stock of the depository.

C. Each institution shall identify the nature and level of services which must be provided by a depository before a checking account is established. Such services should include but are not limited to the minimum services in the standard request for proposals for depository services as set forth in guidelines established pursuant to this policy. Some or all of these services may be required without charge to the institution.

D. Each institution shall solicit proposals from all qualified depositories with offices within a reasonable distance from the campus, and shall determine those depositories which can provide the nature and level of services for accounts as required by the institution on a competitive basis. The agreement with the depository ~~may be renewed annually for up to four succeeding years.~~cannot exceed 5 years.

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IV. Depositing Funds

A. Each institutional department will deposit funds each day when $500 in funds has been accumulated. All funds must be adequately secured. In all cases, deposit must be made at least once each work week (Monday- Friday) if there are any funds to be deposited.

B. The $500 is considered in excess of the established change fund amount.

V. Investments

A. All investment decisions shall be in accordance with this policy and must be approved by the chief business officer or his or her designee.

B. All investments in which funds are deposited outside the State of Tennessee must be authorized by the president.

C. A trustee custodian account should be used for handling and holding all investments, other than the Local Government Investment Pool and collateralized certificates of deposit.

D. All investments must be made subject to "delivery versus payment."

E. All funds which are received by an institution and which are available for a sufficient period of time for investment in any interest generating medium should be invested within three (3) days after receipt of such funds.

F. At a minimum, each institution shall determine rates of return on all feasible authorized mediums of investment prior to making an investment; and funds shall be invested in those mediums expected to pay the highest rate for the period of time for which the funds are available for investment.

G. All investments of funds in certificates of deposits where the period of investment will exceed thirty (30) days shall be determined on the basis of ~~telephone~~ competitive bids, with appropriate records maintained for audit purposes, including the person obtaining the bids, the institutions

which submitted the bids, the amount and rate of return of each bid, and the person who approved the investment. Where more than one bid provides the highest rate of return available, investments should be made in such a manner that no one institution making one of the high bids receives a disproportionate amount of the investments on the basis of two or more equal bids over a reasonable period of time. Records shall also be maintained on the basis for selecting LGIP and other investments as an investment medium.

H. An investment plan should be developed that specifies liquidity requirements for providing cash needed by an institution.

I. Investments of endowments in equity securities shall be limited to funds from private gifts or other sources external to the institution. Endowment investments shall be prudently diversified.

J. Funds of the institution may be invested in a savings account or certificate of deposit of any depository provided the requirements of this policy including Sections III.A and III.B, and the collateral security requirements of Section II. are met. Other authorized investments, subject to the limitations of Section V.L, are set forth in T.C.A. § 9-4-602.

K. All investments via repurchase agreements must include the following:

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1. There must be a written agreement in accordance with the standard agreement set forth in guidelines established pursuant to this policy.
2. The agreement must state explicitly that the exchange of assets represents a simultaneous purchase and resale transaction "and is not intended to be collateralized loan."
3. The purchased securities must be transferred to the Trustee Custodian Account.
4. The purchased securities must, at the time of purchase, have a current market value of at least 100% of the amount of the repurchase agreement.

L. The following terms and conditions shall apply to investments:

1. Prime banker's acceptances must be issued by domestic banks with a minimum AA rating or foreign banks with a AAA long term debt rating by a majority of the rating services that have rated the issuer. The short term debt rating services that rate the issuer (minimum of two ratings must be available). Banker's acceptances shall not exceed ~~twenty~~ five percent of total investments on the date of acquisition. The amount invested in any one bank shall not exceed five percent of total investments on the date of acquisition.
2. Prime banker's acceptances are required to be eligible for purchase by the Federal Reserve System. To be eligible the original maturity must not be more than 270 days, and it must
   a. arise out of the current shipment of goods between countries or within the United States, or
   b. arise out of storage within the United States of goods under contract of sale or expected to move into the channel of trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods.
3. The combined amount of banker's acceptances and commercial paper shall not exceed thirty-five percent of total investments at the date of acquisition.
4. Prime commercial paper shall not have a maturity that exceeds 270 days. Acquisitions shall be monitored to assure that no more than five percent of total investments at the date of acquisition are invested in commercial paper of a single issuing corporation. The total holdings of an issuer's paper should not represent more than two percent of the issuing corporation's total outstanding commercial paper. Purchases of commercial paper shall

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a. Senior long term debt, if any, should have a minimum rating of A1 or equivalent, and short term debt should have a minimum rating of A1 or equivalent, as provided by a majority of the rating services that rate the issuer. If there is no long term debt rating, the short-term debt rating must be A1 by all rating services (minimum of two).

b. The rating should be based on the merits of the issuer or guarantee by a nonbank.

c. A financial review should be made to ascertain the issuer's financial strength to cover the debt.

d. Commercial paper of a banking institution should not be purchased.

5. The amount invested in money market mutual funds shall not exceed ten percent of total investments on the date of investment.

VI. Lead Institutions and Colleges of Applied Technology

A. Each college of applied technology is authorized to establish a checking account. The type of account will be based upon the needs of each college of applied technology. A request for the establishment of such an account must be submitted jointly by each college of applied technology director and lead institution president, and be approved by the Chancellor. Each account will be subject to a $5,000 maximum for anyone transaction. Activity in this account shall be limited to operating transactions, and shall not include travel reimbursement. All transactions must be based on the concept of competitive bidding where possible with appropriate documentation maintained for review. All checks must be co-signed by any two of three authorized employees (director, assistant director, and a third employee) designated in the request for establishing the account. The documentation for the transactions must be reviewed at least quarterly by a person(s) designated by the president of the lead institution.

1. The request to establish such an account should, at a minimum, include a description of the type of account, the procedures that will be followed in administering the account, those persons authorized to sign the checks, the bank where the account will be established, and the person(s) at the lead institutions who will be assigned the responsibility for the quarterly review.

B. The director of the college of applied technology or his or her designee is authorized to establish a depository account for the deposit of miscellaneous revenues received by the college of applied technology. These funds shall be transmitted at least monthly to the lead institution for deposit and investment ~~in~~ on behalf of the college of applied technology.

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C. The lead institution shall maintain ~~restricted~~ a separate chart of accounts on behalf of each of the colleges of applied technology under its jurisdiction pursuant to the provisions of this policy and shall ensure that all interest income generated by the colleges of applied technology is appropriately credited to the individual college of applied technology accounts.

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D. The lead institution shall maintain appropriate fiscal records to ensure the existence of an audit trail for each college of applied technology under its jurisdiction.

VII. General

A. The Chancellor or his or her designee may approve exceptions to the requirements of this policy in appropriate cases.

Sources

TBR Meetings: September 29, 1978; September 30, 1983; December 13, 1985; September 18, 1987; September 16, 1988; June 30, 1989; September 21, 1990; June 28, 1991; September 23, 1994; June 21, 1996; October 2, 1998; June 23, 2000; September 26, 2003; December 8, 2006.

Attachment I

Classification and Operation of Auxiliary Enterprises: B-020

Printed on January 13, 2014, 9:17am

Policy/Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, Community Colleges, Universities

Purpose

The primary mission of institutions in the Tennessee Board of Regents System is the creation and dissemination of knowledge. To carry out this mission, it is often desirable for the institution and its affiliated units to charge fees for providing goods and services that enhance, promote, or support its instructional, research, public service, and all other educational and support functions in order to meet the needs of the students, faculty, staff and members of the public participating in institutional events.

Educational business activities shall be established and carried on only when pursuant to, and in accordance with, an authorization and statement of purpose approved by the institution's president/director or designee.

The purpose of Section II. is to provide uniformity in the classification and operation of auxiliary enterprises at the institutions in the Tennessee Board of Regents System. Also provided are examples to supplement the various System policies, procedures, and reports concerning the operation of auxiliary enterprises. Reference is made to reporting forms which shall be provided by the Board staff.

Definitions

- Definitions of Educational Business Activity and Auxiliary Enterprises are given as part of the guideline.

Policy/Guideline

I. Educational Business Activity

A. Definition of Educational Business Activity- Each educational business activity shall meet the following three conditions:

1. The activity is deemed to be an integral part in the fulfillment of the institution's educational, research, public service, and campus support functions, and other educational and support activities, without regard to profit.
2. The activity is needed to provide an integral good or service at a reasonable price, on reasonable terms, and at a convenient location and time.
3. The activity is carried out for the primary benefit of the campus community but with sensitivity to the total community.

B. Concept of Unrelated Activities

1. All institutions should comply with applicable laws and regulations pertaining to such activities, and educational business activities not falling within the conditions established above may be unrelated business income activities and subject to unrelated business income tax.

II. Auxiliary Enterprise Operation

A. Role and Scope of Auxiliary Enterprise Operation

1. Definition of Auxiliary Enterprises:

a. An auxiliary enterprise furnishes a service to students, faculty, or staff, and charges a fee directly related to, but not necessarily equal to, the cost of the service.

b. The public may be served incidentally in some auxiliary enterprises.

c. They are essential elements in support of the education program, and conceptually should be regarded as self-supporting. Little or none of the revenue comes from educational and general sources, but in the case of housing and food services, there may be a limited amount of sales to the institution.

d. Other examples of auxiliary enterprises are college union, college stores, rental facilities, institutionally operated vending services, recreational areas, faculty clubs, laundries, certain parking facilities.

e. This definition has been approved by the Tennessee Higher Education Commission, the State Comptroller, and the State Department of Finance and Administration in the publication Financial Reporting for Tennessee Public Colleges and Universities, with the following exceptions:

(1) Revenue and expenses of student centers (college unions), but not the auxiliaries housed therein, are to be classified under the category of student services.

2. Pursuant to the foregoing, the following activities should be classified as auxiliary enterprises:

a. Housing, including dormitories, apartments, and all other housing.

b. Food Services.

c. College Stores, including bookstores, hobby shops, mini-markets, etc.

d. Vending Services, including food vending and other non-food vending.

e. Post Offices, limited to the cost of revenue-related services, and excluding campus distribution.

f. Parking facilities, if subject to an indebtedness which is being liquidated through revenues or if otherwise operated in a manner within the definition of auxiliary enterprises.

g. Laundries, beauty shops, barber shops, etc.

h. Any other activity which meets the approved definition.

i. Student recreation centers subject to indebtedness.

3. Users of Auxiliary Enterprises

a. Auxiliary enterprises exist for the purposes of providing services to students, faculty, and/or staff, and any service to the public should only be incidental in nature.

(1) For example, student housing facilities are operated for the benefit of students, and occupancy should be limited to students and student housing personnel, provided that, on a space available basis, such housing may be provided to faculty or staff.

(2) In the case of food services, bookstores,etc.,while non-students who are guests or who otherwise have business on the campus may be served, the institution or school should not actively seek non-campus trade.

4. Concept of Auxiliary Enterprises as Self-Supporting

   a. The goal for all auxiliary enterprises, both individually and cumulatively, is for revenues to at least equal expenditures and transfers.

      (1) It is recognized that some auxiliary enterprises may have difficulty in providing necessary services at reasonable prices on a breakeven basis, but justification for each such enterprise must be provided to the Board through the annual operating budgets analyses.

   b. All rate structures should be recommended and set on the basis of projected expenditures and transfers.

B. Purchasing of Goods and Services for Auxiliary Enterprises

1. General

   a. Purchases for auxiliary enterprises generally fall into two major categories: (1) Purchases for resale; and

      (2) Purchases for consumption or use in the operation of the auxiliary enterprise. (a) Examples of purchases for consumption or use by the auxiliary enterprises are furnishings for dormitory rooms, general supplies, office supplies, etc.

      (b) Purchases for resale include items which are to be resold, including textbooks and other course related materials and supplies, and other miscellaneous items which are needed on a regular basis by the users of the enterprises.

   b. Purchases for auxiliaries are subject to the provisions of the Board purchasing policy (no. 4:02:10:00).

C. Classification of Revenues and Expenditures for Auxiliary Enterprises

1. All Revenues and Expenditures will be classified first under the appropriate specific auxiliary enterprise. Further details relative to appropriate classifications are provided below.

2. Classification of Revenues: The source of funds is the primary determinant of revenue classification. Only nominal amounts may be reported as "Other" or "Miscellaneous". With regard to the Federal Work Study Program, an amount equal to the federal share of FWS salary expenditures shall be

reported as restricted revenue. Supplemental schedules must clearly identify both restricted and unrestricted revenues. On all applicable statements, restricted auxiliary revenue should be reported under Auxiliary

Enterprises regardless of the source. Restricted auxiliary revenues should be reflected as auxiliary enterprises revenue rather than grants and in the same amount as the auxiliary enterprises restricted expenditures.

3. Classification of Expenditures: Expenditures should basically be classified by activity, with breakdowns by object classification or grouping of objects. The following specific provisions shall be applicable to classifications of expenditures:
   a. Staff benefits and FWS expenditures should be reported by activity. In Athletics, the "Grant-in-Aid" classification should include scholarships, room and board, books, fees and other costs directly associated with individual student athletes.
   b. Where several activities are managed by one office, the managing office may be listed as a separate activity with object classifications shown. The last line of the operating expenditures shall show the allocation of these costs to the operating activities. The management of a group of activities may also be reported under one of the activities by detail object, with the appropriate allocation shown as the last item under operating expenditures.
   c. Operating expenditures for prorated plant costs may be shown as one line, or they may be shown in further breakdowns under the Plant Allocation heading. Extraordinary Maintenance costs may be listed separately under plant operations. However shown, the Maintenance and Operation of Plant Costs must be clearly identifiable.

d. An "Excess (Deficit) of Revenues over Expenditures" sub-total before transfers must be included.

e. Transfers must be classified as Mandatory or Non-Mandatory, and detailed by the fund to which the transfer is made.All institutions which have the responsibility to replace auxiliary equipment are required to make a non-mandatory transfer of at least 5% of auxiliary gross margin to the renewal and replacement fund.

f. All direct costs will be charged to the appropriate activity. Where actual incurred costs apply to more than one activity, the costs will be allocated or prorated to each auxiliary enterprise. Salaries and wages will be utilized as the allocation base, unless otherwise designated. For example, vending and contracted food services must have the appropriate cost of the person(s) or activity which coordinates or manages them allocated as an expenditure. These are direct costs which are not replaced by institutional support allocations.

4. Allocation of Institutional Support to Auxiliaries:
   a. Auxiliary enterprises shall be charged directly for the specific and specialized services or benefits they receive, whether the initial charge is in Institutional Support, Student Services, or some other functional area. For example, if an employee is directly responsible for the management of an Educational and General activity and an Auxiliary Enterprise activity, his or her salary and related expenses should be prorated.
   b. Institutional Support functions which provide no benefit to Auxiliary Enterprises may not be allocated, such as the chief academic officer, catalogs and bulletins, and graduation expenses.
   c. All other institutional support costs shall be allocated on the basis of salaries and wages. "Direct" charges which are ~~allocated~~ charged to auxiliaries should be, for ~~this allocating purpose~~, broken down by object classification between salaries and wages and all other objects.
   d. ~~The methodology for allocation of Indirect Institutional Support shall be determined by the Board staff. Any other basis of allocation must be approved by the Board staff.~~
   e. Institutional Support allocation should be a separate line item expenditure on supplemental reports.
5. Plant Costs Allocated to Auxiliaries:
   a. Proportionate amounts of all Operation and Maintenance of Plant costs shall be allocated to Auxiliary Enterprises. The allocations shall be made on the basis of the most accurate information and the most reasonable basis in accordance with the following provisions.
   b. A direct charge basis shall be used when the institution maintains a work order or other costing system which records this information. The total of all costs incurred by the Maintenance and Operation of Physical Plant must be included in the costing system. Where only a portion of the costs is accounted for by direct job orders, the balance of the costs shall be prorated on the basis of square footage or on the basis of the direct charges which have been identified.
   c. In the absence of accurate costing information, the Maintenance and Operation costs shall be allocated on a square footage basis. Where adjustments are made to any of the allocations, for

example, dormitories which are not used in the summer, similar adjustments shall be calculated and recorded for Educational and General Facilities which may not have been in full use during all periods of the year. Due to the difficulty of establishing a reasonable basis for allocation, Care of Grounds costs may also be allocated on a square footage basis.

d. It is permissible to allocate some cost elements, such as Custodial Services and Maintenance and Repairs, on a direct charge basis and other costs such as Utilities on a square footage basis. The administrative expense of Maintenance and Operation must be allocated on the same basis that other direct services are allocated. Where a square footage basis is used, the administrative costs must be allocated on the basis of the relative direct charges made to auxiliaries. Any allocation basis other than direct charge of square footage must be approved by the Board staff.

6. Replacement of Equipment and Facilities

a. Any mandatory allocations for accumulating funds for the replacement of equipment and facilities must be made in accordance with the bond indenture or other binding external agreements. In financial reporting, these items shall be listed under Mandatory Transfers as transferred to Funds for Renewal and Replacement.

b. Non-Mandatory Transfers may be permitted, based upon the excess of revenues over expenditures and other transfers. Where a particular auxiliary or group of auxiliaries, such as dormitories, does not have a sufficient excess of revenues over expenditures and other transfers, Non-Mandatory Transfers to Renewals and Replacements are
not permitted.

7. Debt Service

a. Mandatory Debt Service Requirements must be shown as transfers to Funds for the Retirement of Indebtedness in accordance with external binding agreements such as bond indentures and agreements with the Tennessee State School Bond Authority. Strict adherence to the absolute transfers required by these external agreements must be made. Where agreements require only that the earnings will be available for debt retirement but do not specify where deficiencies in Debt Services Requirements are to be generated by the institution, the Mandatory Transfer may not include any amount in Excess of Revenues Over Expenditures and other Transfers.

b. Other transfers to Retirement of Indebtedness will be based strictly upon the nature of the transaction. Only where funds to increase Debt Service Requirements are planned by the institution to come from the auxiliary activity may Non-Mandatory Transfers to Debt Service be shown. Where funding for Retirement of Indebtedness is made from debt service fees assessed to all students from general funds or from
other sources, the addition to Retirement of Indebtedness funds shall not be shown as an auxiliary transfer.

Sources

May 22, 1979 SBR Presidents meeting. Revised July 1, 1984; February 16, 1988; November 8, 2006.

Related Policies

- Purchasing Policies and Procedures

Attachment J

See Page 3

1st $500
+ 500 per nonemplyee not verified

Jan 1 8 2012

50-1-703

State of Tennessee

PUBLIC CHAPTER NO. 436

HOUSE BILL NO. 1378

By Representatives Carr, Maggart, Matheny, Shipley, White, Watson, Sexton, Casada, Don Miller, Floyd, Lollar, Weaver, Womick, Campbell, Sparks, Pody, Rich, Hensley, Hill, Hurley, Wirgau, Ragan, Keisling, Gotto, Hall, Butt, Coley, Todd, Faison, Ryan Williams, Forgety, Ford, Holt, Eldridge, Harry Brooks, Swann, Cobb, Dean, McManus, Hawk, Evans, Powers, Sanderson, Matlock, Halford, Harrison, Elam, Alexander, Kevin Brooks, Dennis, Kent Williams, Mike Turner, Shepard, Bass, Moore, Towns, Tidwell, Sontany, Larry Miller, Jones, Shaw, Phillip Johnson

Substituted for: Senate Bill No. 1669

By Senators Tracy, Beavers, Stewart, Campfield, Roberts, Ketron, Berke

AN ACT to amend Tennessee Code Annotated, Title 3; Title 4; Title 5; Title 6; Title 7; Title 8; Title 12; Title 39 and Title 50, relative to employment of persons unlawfully present in the United States.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-1-103(c), is amended by deleting the subsection in its entirety and substituting instead the following:

(c) A person has not violated subsection (b) with respect to a particular employee if the person requested from the employee, received, and documented in the employee record, after commencement of employment, lawful resident verification information consistent with employer requirements under the Immigration Reform and Control Act of 1986, compiled in 8 U.S.C. § 1101 et seq.

SECTION 2. Tennessee Code Annotated, Section 50-1-103, is amended by deleting subsection (d) in its entirety and by substituting instead the following:

(d) A person has not violated subsection (b) with respect to a particular employee if the person verified the work authorization status of the employee by using the federal electronic work authorization verification service provided by the United States department of homeland security pursuant to the federal Basic Pilot Program Extension and Expansion Act of 2003, P.L. 108-156, or any successor program thereto, and the verification service returned a confirmation showing that:

(1) Such employee was eligible to work;

(2) Such employee was ineligible to work, but the employee has appealed such confirmation and the appeal has not been resolved; or 50-1-703

(3) Such employee was ineligible to work, the employee has not appealed such confirmation and the time for such employee to appeal pursuant to federal law has not expired.

SECTION 3. Tennessee Code Annotated, Section 50-1-103(e)(1), is amended by deleting the language "Upon receipt of the complaint," and substituting instead the following:

Upon receipt of a complaint by a federal, state or local governmental agency, officer, employee or entity,

SECTION 4. Tennessee Code Annotated, Section 50-1-103, is further amended by adding the following language as new, appropriately designated subsections:

( ) The department shall notify the appropriate official making declarations pursuant to § 12-4-124 of a person's violation of this section.

50-1-703

must maintain 3 years

*

(1) Employers shall:

(A) For non-employees, request and maintain a copy, pursuant to subdivision (a)(3), of any one (1) of the following documents prior to the non-employee providing labor or services on or after the phase-in period applicable to the particular size employer described in subsection (b):

(i) A valid Tennessee driver license or photo identification license issued by the department of safety;

(ii) A valid driver license or photo identification license issued by another state where the issuance requirements are at least as strict as those in Tennessee, as determined by the department. The commissioner, in consultation with the department of safety, shall determine which states have issuance requirements that are at least as strict as Tennessee, and shall develop, and periodically update, a publicly accessible list of such states on the department's web site;

(iii) An official birth certificate issued by a U.S. state, jurisdiction or territory;

(iv) A U.S. government-issued certified birth certificate;

(v) A valid, unexpired U.S. passport;

(vi) A U.S. certificate of birth abroad (DS-1350 or FS-545);

(vii) A report of birth abroad of a citizen of the U.S. (FS-240);

(viii) A certificate of citizenship (N560 or N561);

(ix) A certificate of naturalization (N550, N570 or N578);

(x) A U.S. citizen identification card (I-197 or I-179); or

(xi) Valid alien registration documentation or other proof of current immigration registration recognized by the United States department of homeland security that contains the individual's complete legal name and current alien admission number or alien file number (or numbers if the individual has more than one number); and

(B) For employees, either:

(i) Request and maintain a copy, pursuant to subdivision (a)(3), of any one (1) of the documents described in (a)(1)(A)(i) -- (xi) prior to the employee providing labor or services on or after the phase-in period applicable to the particular size employer described in subsection (b); or

(ii)

inquiry, investigation, or inspection of the employer by the department's division of labor standards or workers' compensation division, or any successor divisions thereto. When conducting an inquiry, the commissioner shall provide written notification to the employer of the inquiry and a request for documentation establishing compliance with subdivision (a)(1). The employer shall provide such documentation to the commissioner within thirty (30) days from the date the employer received the department's request. If the employer fails to respond with documentation establishing compliance with subdivision (a)(1) within the thirty-day period, then the commissioner shall issue an initial order pursuant to subsection (d).

(b)

(1) On or after January 1, 2012, subsection (a) shall apply to:

(A) Governmental entities; and

(B) Private employers with employees of five hundred (500) or more;

(2) On or after July 1, 2012, subsection (a) shall apply to private employers with employees of two hundred (200) to four hundred ninety-nine (499); and

(3) On or after January 1, 2013, subsection (a) shall apply to private employers with employees of six (6) to one hundred ninety-nine (199).

(c)

(1) Any lawful resident of this state or employee of a federal agency may file a complaint alleging a violation of subdivision (a)(1) to the department. The complaint shall, at a minimum, include the name of the individual filing the complaint, and satisfactory evidence of a violation as determined by the commissioner.

(2) On receipt of a complaint, the commissioner shall determine if the complaint contains satisfactory evidence of a violation of subdivision (a)(1); provided, that the commissioner shall inform the individual filing the complaint the basis for such determination. The commissioner shall not investigate complaints that are based solely on race, color or national origin.

(3) If the commissioner determines that the complaint contains satisfactory evidence of a violation of subdivision (a)(1), then the commissioner shall conduct an inquiry. When conducting an inquiry, the commissioner shall provide written notification to the employer of the alleged violation of subdivision (a)(1) and a request for documentation establishing compliance with subdivision (a)(1). The employer shall provide such documentation to the commissioner within thirty (30) days from the date the employer received the department's request. Upon request by the employer, the department shall provide the employer with the name of the individual filing a complaint.

(4) Upon the expiration of the thirty-day period in subdivision (c)(3), the commissioner shall make a determination of whether a violation of subdivision (a)(1) occurred. If the employer fails to provide documentation establishing compliance with subdivision (a)(1) within the thirty-day period, then the commissioner shall issue an initial order pursuant to subdivision (d)(1). If documentation is submitted within the thirty-day period, then the commissioner shall determine whether there is clear and convincing evidence of a violation of subdivision (a)(1) based

(A) For a first violation, five hundred dollars ($500) for each employee or non-employee not verified pursuant to (a)(1)(A) and (B);

(B) For a second violation, one thousand dollars ($1,000) for each employee or non-employee not verified pursuant to (a)(1)(A) and (B); or

(C) For a third or subsequent violation, two thousand five hundred dollars ($2,500) for each employee or non-employee not verified pursuant to (a)(1)(A) and (B).

(3) The private employer shall submit to the commissioner evidence of compliance with subdivision (a)(1) within sixty (60) days of the final order. If the private employer fails to submit such documentation, then the commissioner shall request an order consistent with § 4-5-320, requiring the appropriate local government with respect to business licensure pursuant to title 67, chapter 4, to suspend the private employer's license until the employer remedies the violation; provided, however, if the private employer's license has also been suspended pursuant to § 50-1-103(e)(1)(A) or (B), then the license shall remain suspended until the expiration of the period provided for in § 50-1-103(e)(1)(A) or (B).

(g) A second or subsequent violation of subdivision (a)(1) shall accrue from a separate inquiry conducted under subdivision (a)(6) or (c)(3).

(h) All moneys collected pursuant to this section shall be deposited into the lawful employment enforcement fund created by § 50-1-708.

(i) The penalties described in this section shall not be mutually exclusive, and may be imposed in conjunction with any applicable penalties as provided by law.

(j) If the commissioner issues a final order for a violation of subdivision (a)(1) by a governmental entity, then the commissioner shall post the violation on the department's web site as provided in § 50-1-705.

50-1-704.

(a) If the department determines that an employer knowingly misclassified an individual in order to avoid the requirements of this part or title 50, chapters 1, 2, 6 or 7, then the department shall:

(1) Share the findings and information from its investigations with divisions within the department and with the department of commerce and insurance; and

(2) Pursue appropriate sanctions against the employer as provided by law including, but not limited to, sanctions provided in this part, and title 50, chapters 1, 2, 6 and 7.

(b) The department and its divisions are hereby authorized to execute any necessary memorandums of understanding to allow the sharing of such findings and information as required by this section.

50-1-705.

(a) Beginning February 1, 2012, and on a monthly basis thereafter, the department shall post a publicly accessible list on the department's web site of any employer against whom a final order has been issued pursuant to this part.

(b) The list required to be posted pursuant to this section shall state, at a minimum, the employer's name, the place of business of a private employer

SECTION 8. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 9. For purposes of promulgating rules and regulations, this act shall take effect upon becoming a law, the public welfare requiring it. For all other purposes, this act shall take effect January 1, 2012, the public welfare requiring it.

Attachment K

Exhibit 18

TENNESSEE BOARD OF REGENTS IMMIGRATION EXPENSE ALLOWANCE AGREEMENT

This Agreement is made on ___________________ between _________________________________ (referred to herein as "Institution"), and _______________________________(referred to herein as "Employee"),

WITNESS:
Employee, whose effective employment date is _________________ , desires to become employed at Institution and to have Institution reimburse Employee for Employee's own employment-related immigration expenses, and Institution desires to reimburse Employee for employment-related immigration expenses up to $ ___dollars. The parties therefore agree as follows:

1. Institution agrees to reimburse Employee an amount up to $ ____. Employee's reimbursement shall not exceed employee's actual costs. All reimbursement claims must comply with the guidelines and policies of the Tennessee Board of Regents system and the Tennessee Comptroller's rules and regulations.

2. Employee must provide Institution with original receipts for all expenses in order to receive reimbursement.

3. Only employees who are required to pay immigration fees to work and live in the U.S. are eligible for reimbursement. The allowance cannot be used to defray non-immigration-related costs or any cost(s) not associated with the individual employee's immigration expenses.

4. Reimbursement shall not exceed Employee's actual, documented expenses. No TBR employee may receive reimbursement more than once.

5. Reimbursable ~~fees~~ expenses include: fees charged by a licensed immigration attorney retained in connection with the application, filing, permanent residence fee, fee for and application to enter the U.S., fee for application to remain in the U.S., and associated fees required in the application process, such as medical examinations, fingerprinting, photo identification, postal/courier fees, and costs of evaluating foreign academic credentials or translations of foreign documents.

6. Reimbursable expenses do not include: expenses, fees, or costs associated with employment based petitions filed by the Institution for the benefit of the employee with the U.S. Department of Labor and/or the U.S. Citizenship and Immigration Services Bureau of the U.S. Department of Homeland Security.

7. In consideration for the Institution reimbursing Employee for immigration expenses, the Employee agrees in writing to remain employed by the Institution for a period of twenty-four (24) months following the effective date of his/her employment agreement, unless separated for reasons beyond his/her control and acceptable to the Institution. The service agreement statement should be maintained in the employee's personnel file. In case of a violation of the agreement, any funds expended by the Institution for such allowance shall be recoverable from the employee as a debt due the institution in the same manner as educational allowance payments.

8. Employee hereby gives the Institution an express lien on all salaries, wages, and other sums payable to him/her by the Institution, for the purpose of securing all amounts due under Section 5 above if Employee leaves prior to the expiration of two year's employment at the Institution. In the event that Employee voluntarily leaves Institution prior to the expiration of two years, Employee hereby expressly authorizes Institution to withhold all amounts due under this Agreement from any sum payable to Employee, including Employee's final paychecks and, if sufficient funds are not available from Employee's final paychecks, from Employee' s retirement.

9. If Employee fails to remain employed as indicated in Section 6 above for reasons beyond his/her control considered sufficient by the Institution, all or part of the liability under Section 6 may be waived by the Institution. Any such waiver must be approved in writing by the Employee's department head or dean and the President. (The dean/department head, whose account paid for the Employee's immigration expense, must notify Human Resources if the Employee does not

remain employed at the Institution for at least two years.)

Employee (Signature)	President/Director (Signature)
Employee (Print or Type)	President/Director (Print or Type)
Employee's ID No.	

INSTRUCTIONS:

Each institution processes the attached agreement in accordance with individual institutional procedures. An example is provided below:

Submit this form in duplicate to the Purchasing and Business Services Department (all information must be complete and all signatures must be affixed, except that of the President, which will be obtained by Purchasing and Business Services). Attach the employment contract signed by the President that reflect immigration expenses have been approved (do not attach an Appointment Recommendation Form).

When this agreement has been fully executed, a copy will be returned to the Department by Purchasing and Business Services to process/attach a travel requisition. A copy will also be forwarded to the Human Resources Department to be placed in the Employee's personnel file. The Employee may submit a travel claim after the immigration expense has been encumbered. All travel must be in compliance with TBR policy 4-03-03-00

Attachment L

TBR Form F-1

TENNESSEE BOARD OF REGENTS OF THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

____

(Institution)

NOTICE OF TENURE-TRACK APPOINTMENT AND AGREEMENT OF EMPLOYMENT FOR FACULTY

TO:______________________________

____

____

This is to confirm your appointment to a position approved by the Tennessee Board of Regents as ____________________________in the ___________________(department/division or area of assignment) for the ____________________(date) academic/fiscal year at an annual/monthly salary of $____________effective _________, 20___, subject to the terms and conditions hereinafter set forth and your acceptance thereof:

1. This appointment is made subject to the laws of the State of Tennessee, the requirements and policies of the Tennessee Board of Regents, and the requirements and policies of this institution. Any renewal of this appointment through a Notice of Renewal of Tenure-Track Appointment for Faculty or a Notice of Renewal of Tenure-Track Appointment and Amendment of Agreement of Employment for Faculty will be subject to all laws, requirements and policies in effect at the time of renewal. To be valid and binding, such renewal must be fully executed by all parties.

2. The above-stated salary is contingent upon your completion of service for the full term of this appointment. The salary for an academic year appointment will accrue at the rate of one-third for each academic quarter/one-half for each academic semester, and will be payable at the rate of one-twelfth of the amount for each month from August/September through July/August. The salary for a fiscal year appointment will accrue and be payable at the rate of one-twelfth for each completed month of service. In the case of appointments for less than an academic or fiscal year, or in the event of failure to complete the specified term of the appointment, the salary will be prorated in accordance with the policies of the institution.

3. This appointment and the above stated salary are in consideration of your performance of the duties and responsibilities assigned to you as a full-time faculty member of this institution, and such additional duties as may be assigned to you from time to time, subject to the policies of the department or other area of assignment, and subject to the supervision and direction of appropriate representatives of this institution.

4. A specific condition of this contract is your agreement to participate in an annual evaluation of your assigned duties and responsibilities.

5. Academic year appointments include no obligation for or guarantee of summer session employment.

6. This appointment is a tenure-track appointment, which is for faculty employed in a probationary period of employment. A tenure-track appointment does not include any right to permanent or continuous employment or any interest in or expectancy of renewal of the appointment. This appointment is on an annual basis only, subject to renewal by this institution, and annual approval by the Tennessee Board of Regents, for a maximum probationary period of seven years. The minimum requirements and conditions for the award of tenure by the Tennessee Board of Regents upon completion of the probationary period are set forth in TBR Policy 5:02:03:10 on academic

freedom, responsibility and tenure, which policy is incorporated by reference as if fully set forth herein. Requirements and conditions for the recommendation of tenure by this institution are set forth in the policies of the institution and are incorporated by reference as if fully set forth herein. Tenure may only be awarded by positive action of the Tennessee Board of Regents.

7. You are required to notify the Office of Human Resources/Vice President for Academic Affairs should you become employed at another state agency/institution.

8. By acceptance of this appointment, I agree to abide by the terms of the Drug-Free Workplace Act of 1988 as defined in published institution statements and policy. I also agree to notify the Office of Personnel of any criminal drug conviction for a violation occurring in the workplace no later than five days after such conviction.

9. Employment with the [Institution] is contingent upon completion of the Form I-9 as required by law to certify work eligibility. The Form I-9 is required to be completed and signed on or before the first day of employment. The first day of employment is the first day of the semester. Failure to do so may result in termination of employment.

10. The method of payment at the [Institution] is through direct deposit to a checking or savings account at a bank or credit union. I agree to provide the necessary account number(s) for deposit of my salary/wages.

11. Employment offers and continued employment are contingent upon receiving a satisfactory background report.

12. I agree to abide by all applicable laws, policies, procedures and guidelines, including but not limited to, the Family Education Rights and Privacy Act (FERPA") and complete any all applicable training as determined by TBR or the institution.

13. I agree to abide by the policies of the Tennessee Board of Regents and of this Institution regarding Intellectual Property, and hereby acknowledge my responsibilities under those policies to disclose and possibly assign (as required under policy) Intellectual Property developed by me, either solely or jointly with others, during the term of my employment, and to otherwise assist the Institution as required by policy in protecting rights it may have in that Intellectual Property.

14. It is a Class A misdemeanor to misrepresent academic credentials.

[15. OPTIONAL The following special conditions shall govern this appointment:] [Insert Here]

You must signify your acceptance of this appointment under the terms and conditions set forth by signing this notice and returning the original to the office of Human Resources within fifteen days after the date of this notice.

I accept the appointment described above under the terms and conditions set forth.

____________________ _________________________

Date Appointee

Date President or Designee

____________________ _________________________

Date of Contract:

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

Attachment M

TBR Form F-2

TENNESSEE BOARD OF REGENTS OF THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

____

(Institution)

NOTICE OF RENEWAL OF TENURE-TRACK APPOINTMENT FOR FACULTY

TO:________________________________

____

____

This is to notify you of the renewal of your tenure-track appointment at this institution for the ___________academic/fiscal year, subject to the terms and conditions of your previous appointment and the Notice of Tenure-Track Appointment and Agreement of Employment for Faculty, and subject to the current policies and requirements of this institution and the Tennessee Board of Regents.

You will be notified of the recommended salary for your position in a separate document, Notice of Recommended Salary. This renewal constitutes an amendment to the term of your Notice of Tenure-Track Appointment and Agreement of Employment for Faculty, and you must signify your acceptance of this appointment under the terms and conditions set forth by signing ~~each copy of~~ this notice and returning ~~them~~ the original to the office of ~~the president/director~~ Human Resources within 30 days after the date of this notice. Your failure to accept this renewal within the above~~-~~ stated time will constitute a rejection of this offer and non-renewal of your appointment. Every other term and provision of the initial employment agreement shall remain valid and binding.

I accept the appointment described above under the terms and conditions set forth.

____

Date ~~President/Director~~Appointee

~~I accept the appointment described above under the terms and conditions set forth.~~

____

Date ~~Appointee~~ President or Designee

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

~~An Equal Opportunity/Affirmative Action Employer~~

Attachment N

TBR Form F-3

TENNESSEE BOARD OF REGENTS OF THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

____
(Institution)

NOTICE OF RENEWAL OF TENURE-TRACK APPOINTMENT AND AMENDMENT OF AGREEMENT OF EMPLOYMENT FOR FACULTY

TO: ________________________________
____
____

This is to notify you of the renewal of your tenure-track appointment at this institution for the ____ academic/ fiscal year, subject to the current policies and requirements of this institution and the Tennessee Board of Regents. ~~, and~~ This appointment is subject to the terms and conditions of your previous appointment and the Notice of Tenure- Track Appointment and Agreement for Employment for Faculty, as amended by the following conditions: [________________________]

You must signify your acceptance of this appointment under the terms and conditions set forth by signing ~~each copy of~~ this notice and returning ~~them~~ the original to the office of ~~the president/director~~ Human Resources within thirty days after the date of this notice. If you accept this renewal of your appointment, you will be notified of the recommended salary for your position in a separate document, Notice of Recommended Salary. Your failure to accept this renewal within the above stated time will constitute a rejection of this offer and non-renewal of your appointment. Every other term and provision of the initial employment agreement not inconsistent with the terms and provisions contained herein shall remain valid and binding.

________________________ ______________________________
~~Date President/Director~~

I accept the appointment described above under the terms and conditions set forth.

________________________ ______________________________
Date Appointee

________________________ ______________________________
Date President/Director

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

~~An Equal Opportunity/Affirmative Action Employer~~

Attachment O

TBR Form F-4

NOTICE OF AWARD OF TENURE AND/OR PROMOTION

Dear:

We are pleased to notify you the Tennessee Board of Regents, at its regular meeting on ________, 20____, approved the recommendation of this institution and awarded you the status of academic tenure in ______________________________at __________________. In addition, the Board approved your promotion to the rank of _______________. Your annual salary for the year will be $________.

Your appointment for the ________academic year will be a tenure appointment, which appointment shall continue thereafter under the terms and conditions of the policy on academic tenure of the Board, subject to your continued performance of the duties and responsibilities of a full-time faculty member at this institution.

We congratulate you on this award, and hope your service at this institution will continue at the level of professional excellence which you have previously demonstrated.

Sincerely,

________________ ____________________

President/Director Date

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

Attachment P

TBR Form F-5

TENNESSEE BOARD OF REGENTS OF THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

____
(Institution)

NOTICE OF NON-RENEWAL OF APPOINTMENT

TO:____________________________
____
____

Pursuant to Tennessee Board of Regent policy this letter is to notify you that your tenure-track appointment at this institution will not be renewed following your completion of service for the period ending ____,
20____. You may contact ______________________________ for a statement of the reason or reasons for this non-renewal.

________________ ____________________________
Date President/Director

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

Attachment Q

TBR Form F-6

TENNESSEE BOARD OF REGENTS OF THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

____
(Institution)

NOTICE OF TEMPORARY EMPLOYMENT AND AGREEMENT OF EMPLOYMENT FOR FACULTY

TO:___________________________
____
____

This is to confirm your temporary appointment to a position approved by the Tennessee Board of Regents as ______________________in the ___________(department/division or area of assignment) for a period beginning __________, 20____, and ending no later than __________, 20___, at an annual/monthly salary of $___________, subject to the terms and conditions hereinafter set forth and your acceptance thereof:

1. This appointment is made subject to the laws of the State of Tennessee, the requirements and policies of the Tennessee Board of Regents, and the requirements and policies of this institution.

2. The above stated salary is contingent upon your completion of service for the full term specified above. The salary for an academic year appointment will accrue at the rate of one-third for each academic quarter/one-half for each academic semester, and will be payable at the rate of one-twelfth the amount for each month from August/September through July/August. The salary for other specified term appointments will accrue and be payable at the rate of one-twelfth for each completed month of service. In the case of appointments for less than an academic or fiscal year, or in the event of failure to complete the specified term of the appointment, salaries will be prorated in accordance with the policies of the institution.

3. This appointment and the above stated salary are in consideration of your performance of the duties and responsibilities assigned to you as a full-time faculty member of this institution, and such additional duties as may be assigned to you from time to time, subject to the policies of the department or other area of assignment, and subject to the supervision and direction of appropriate representatives of this institution.

4. Academic year appointments include no obligation for or guarantee of other employment.

5. Positions which are funded in whole or in part by funds other than tax-appropriated funds are subject to termination by this institution/college of applied technology at any time in the event of reduction or termination by the source of the non-tax-appropriated funds which support this position.

6. This appointment is a temporary appointment, pursuant to which you are not eligible for academic tenure. This appointment does not include any right to, expectancy of or interest in permanent or continuous employment, extension of the period of employment, or renewal of the appointment. Any extension of the period of appointment or renewal of the appointment for a subsequent period must be made pursuant to a written agreement signed by the parties to this agreement.

7. You are required to notify the Office of Human Resources/Vice President for Academic Affairs should you become employed at another state agency/institution.

8. By acceptance of this appointment, I agree to abide by the terms of the Drug-Free Workplace Act of 1988 as defined in published institution statements and policy. I also agree to notify the Office of Personnel of any criminal drug conviction for a violation occurring in the workplace no later than five days after such conviction.

9. This agreement may be terminated upon thirty (30) days' notice.

10. Employment with the [Institution] is contingent upon completion of the Form I-9 as required by law to certify work eligibility. The Form I-9 is required to be completed and signed on or before the first day of employment. The first day of employment is the first day of the semester. Failure to do so may result in termination of employment.

11. The method of payment at the [Institution] is through direct deposit to a checking or savings account at a bank or credit union. I agree to provide the necessary account number(s) for deposit of my salary/wages.

12. Employment offers and continued employment are contingent upon receiving a satisfactory background report.

13. I agree to abide by all applicable laws, policies, procedures and guidelines, including but not limited to, the Family Education Rights and Privacy Act (FERPA") and complete any and all appropriate training as determined by the TBR or the institution.

14. I agree to abide by the policies of the Tennessee Board of Regents and of this Institution regarding Intellectual Property, and hereby acknowledge my responsibilities under those policies to disclose and possibly assign (as required under policy) Intellectual Property developed by me, either solely or jointly with others, during the term of my employment, and to otherwise assist the Institution/College of Applied Technology as required by policy in protecting rights it may have in that Intellectual Property.

15. It is a Class A misdemeanor to misrepresent academic credentials.

[16. OPTIONAL The following special conditions shall govern this appointment:] [INSERT HERE]

You must signify your acceptance of this appointment under the terms and conditions set forth by signing this notice and returning the original to the office of the Human Resources within fifteen days after the date of this notice.

I accept the appointment described above under the terms and conditions set forth.

____________________ ____________________________

Date Appointee

____________________ ____________________________

Date President/Director

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

Attachment R

TBR Form F-7

TENNESSEE BOARD OF REGENTS OF THE STATE UNIVERSITY AND
COMMUNITY COLLEGE SYSTEM OF TENNESSEE

____
Institution

NOTICE OF TERM APPOINTMENT AND AGREEMENT OF
EMPLOYMENT FOR FACULTY

TO: ______________________________
____
____

This is to confirm your term appointment to a position approved by the Tennessee Board of Regents as ____________________in the ______________(department/division or area of assignment) for a period beginning _________, 20______, and ending no later than
____________, 20_____, at a monthly/annual salary of $_______________, subject to the terms and conditions hereinafter set forth and your acceptance thereof:

1. This appointment is made subject to the laws of the State of Tennessee, the requirements and policies of the Tennessee Board of Regents, and the requirements and policies of this community college or college of applied technology.

2. The above stated salary is contingent upon your completion of service for the full term specified above. The salary for an academic year appointment will accrue at the rate of one-third for each academic quarter/one-half for each academic semester, and will be payable at the rate of one-twelfth of the amount for each month from August/September through July/August. The salary for other specified term appointments will accrue and be payable at the rate of one-twelfth for each completed month of service. In the case of an appointment for less than an academic or fiscal year, or in the event of failure to complete the specified term of the appointment, the salary will be prorated in accordance with the policies of the community college or college of applied technology.

3. This appointment and the above stated salary are in consideration of your performance of the duties and responsibilities assigned to you as a full-time faculty member of this community college or college of applied technology, and such additional duties as may be assigned you from time to time, subject to the supervision and direction of appropriate representatives of this community college or college of applied technology.

4. Academic year appointments include no obligation for or guarantee of other employment.

5. Positions which are funded in whole or in part by funds other than tax-appropriated funds subject to termination by this community college or college of applied technology at any time

the event of reduction or termination by the source of the non-tax-appropriated funds which support this position.

6. This appointment is a term appointment, pursuant to which you are not eligible for academic tenure. This appointment does not include any right to, expectancy of or interest in permanent or continuous employment, extension of the period of appointment or renewal of the appointment. Any extension of the period of appointment or renewal of the appointment for a subsequent period must be pursuant to a subsequent written agreement signed by the parties to this agreement.

7. You are required to notify the Director of Human Resources/Vice President for Academic Affairs should you become employed at another state agency/institution.

8. This agreement may be terminated upon 30 days' notice.

9. By acceptance of this appointment, I agree to abide by the terms of the Drug-Free Workplace Act of 1988 as defined in published institution statements and policy. I also agree to notify the Office of Human Resources of any criminal drug conviction for a violation occurring in the workplace no later than five days after such conviction.

14. I agree to abide by the policies of the Tennessee Board of Regents and of this Institution regarding Intellectual Property, and hereby acknowledge my responsibilities under those policies to disclose and possibly assign (as required under policy) Intellectual Property developed by me, either solely or jointly with others, during the term of my employment, and to otherwise assist the Institution as required by policy in protecting rights it may have in that Intellectual Property.

15. It is a Class A misdemeanor to misrepresent academic credentials.

[16.OPTIONAL The following special conditions shall govern this appointment:] [INSERT HERE]

You must signify your acceptance of this appointment under the terms and conditions set forth by signing this notice and returning the original to the office of the Human Resources within fifteen days after the date of this notice.

I accept the appointment described above under the terms and conditions set forth.

____

Date Appointee

____

Date President/Director

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

Attachment S

TBR Form F-8

TENNESSEE BOARD OF REGENTS OF THE STATE UNIVERSITY AND COMMUNITY COLLEGE SYSTEM OF TENNESSEE

____
Institution

NOTICE OF EMPLOYMENT OF ADJUNCT FACULTY

TO:_________________________________
____
____
____

This is to confirm your appointment as an adjunct faculty member in the _______________ (department/division or area of assignment) for the _______________(semester/quarter) 20_____to teach the following course(s): (list course by course number, name, and section number)____
____
____
at a salary of $__________per credit hour, effective _____________, 20_____, subject to the terms and conditions hereinafter set forth and your acceptance thereof:

1. This agreement is made subject to the laws of the State of Tennessee, the requirements and policies of the Tennessee Board of Regents, and the requirements and policies of this institution.

2. The above-stated salary is contingent upon your successful completion of service for the full term of this agreement. The salary will accrue and be payable as follows:
____
__ ____. In the event of failure to complete the specific terms of the appointment, salary will be prorated in accordance with the policies of the institution.

3. This appointment and the above-stated salary are in consideration of your performance of the duties and responsibilities assigned to you as an adjunct faculty member of this institution.

4. As an adjunct faculty member you are not eligible for employment benefits (for example retirement credit, annual or sick leave, holiday pay, or longevity credit.) Notwithstanding, social security will be deducted from your paycheck unless you are a member of a retirement system or are a rehired annuitant as specified in 26 CFR Part 31. Under federal law you may be eligible for health insurance benefits. If you are eligible you will be notified.

5. Finalization of the pending assignment will be subject to the course(s) sufficient enrollment and/or other administrative considerations. Should the class(es) not have a sufficient number of students register, this contract automatically becomes void. The institution also reserves the right to terminate this agreement and transfer the class(es) to a full- time faculty member.

6. This appointment does not include any assurance, obligation, or guarantee of subsequent employment.

7. Classes will begin on ___________, 20______and will end on ____________, 20_____, including examinations. In the event you cannot meet the class(es) at any scheduled time, you

must immediately contact your Department Head. Any absenteeism will be reflected in your rate of pay.

8. The class roll(s) will serve as the official record of attendance and catalog description(s) as the official record of contract hours taught.

9. This agreement may be terminated without advance notice.

10. You are required to notify the Office of Human Resources/Vice President for Academic Affairs should you become employed at another state agency/institution.

11. By acceptance of this appointment, I agree to abide by the terms of the Drug-Free Workplace Act of 1988 as defined in published institution statements and policy. I also agree to notify the Office of Personnel of any criminal drug conviction for a violation occurring in the workplace no later than five days after such conviction.

12. Employment with the [Institution] is contingent upon completion of the Form I-9 as required by law to certify work eligibility. The Form I-9 is required to be completed and signed on or before the first day of employment. The first day of employment is the first day of the semester. Failure to do so may result in termination of employment.

13. The method of payment at the [Institution] is through direct deposit to a checking or savings account at a bank or credit union. I agree to provide the necessary account number(s) for deposit of my salary/wages.

14. Employment offers and continued employment are contingent upon receiving a satisfactory background report.

15. I agree to abide by all applicable laws, policies, procedures and guidelines, including but not limited to, the Family Education Rights and Privacy Act (FERPA") and complete any and all appropriate training as determined by TBR or institution.

16. I agree to abide by the policies of the Tennessee Board of Regents and of this Institution regarding Intellectual Property, and hereby acknowledge my responsibilities under those policies to disclose and possibly assign (as required under policy) Intellectual Property developed by me, either solely or jointly with others, during the term of my employment, and to otherwise assist the Institution as required by policy in protecting rights it may have in that Intellectual Property.

17. It is a Class A misdemeanor to misrepresent academic credentials.

[18. OPTIONAL The following special conditions shall govern this appointment:] [INSERT HERE]

You must signify your acceptance of this appointment under the terms and conditions set forth by signing this Notice and returning the original to the office of Human Resources within fifteen (15) days after the date of this notice.

I accept the appointment as described above. I understand that this appointment is not approved until all signatures have been obtained.

I am___/___am not employed as a regular part-time or regular full-time employee at another state agency or institution.
In order to process a payroll check, federal regulations require disclosures of your retirement system(s). If none, please write in None or N/A

Retirement System

Employee Signature Date

Date President/Director

[INSTITUTION] does not discriminate on the basis of race, color, religion, ethnic or national origin, sex, disability, age, status as a covered veteran, or genetic information in its programs and activities. The following person has been designated to handle inquiries regarding the nondiscrimination policies: NAME, TITLE, ADDRESS, CONTACT INFO (phone and email) or via this webpage: http://www. / . (If applicable).

Out of State Tuition Amount (Amend B-060?)

Situation Summary

- The levels of out of state tuition among TBR institutions is significantly higher than regional peer institutions
- This is impacting the ability of institutions to recruit a geographically diverse student population.
- The recruitment goals of institutions vary as does the financial effect of any “uniform” treatment of out of state tuition decision process.

Proposal

- Each university and the community college office is ask to review the existing level of out of state tuition in light of market changes, student demand, potential changes in maintenance fees, and any other factors the institution deems relevant.
- Each institutions advises the System’s finance staff as to the change in out of state tuition level (if any) the institution recommends be considered by the staff. Recommendations should be supported by information from the institution on the potential impact of adoption of the recommended level and how the recommended action supports the institution’s strategic direction.
- The recommended level of out of state tuition can be no less than the minimum amount as specified below.
  - In November of each year, THEC produces a formula funding recommendation for each university and community college.
  - As part of the state funding recommendation, THEC calculates a “Per FTE Subsidy” amount for each institution.
  - This “Per FTE Subsidy” is multiplied by the out of state FTE with the resulting amount deducted from the state funding need calculation. The purpose of this calculation is to effectuate longstanding policy that state funds not financially support non-resident students.
  - THEC’s state funding recommendation results in a specific share of the state need being met. For example, in FY 2014-15 the level of state need funded is 62.8%.
  - Using THEC’s recommendations for FY 2014-15, the following represent the minimum out of state tuition amounts for full time students at TBR institutions:

	APSU	TTU	MTSU	ETSU	TSU	UM	CC's
Per FTE State Subsidy	$ 6,100	$ 6,535	$ 6,185	$ 6,735	$ 8,278	$ 8,514	$ 5,442
THEC Recommended Share of State Need Funded	62.8%	62.8%	62.8%	62.8%	62.8%	62.8%	62.8%
Est. Actual Per FTE State Subsidy	**$ 3,831**	**$ 4,104**	**$ 3,884**	**$ 4,229**	**$ 5,198**	**$ 5,347**	**$ 3,417**

- This minimum out of state tuition level would be re-set each year based on updated formula recommendations.

Border County Students Transferring to other TBR Institutions

Situation Summary

- Currently a number of institutions are permitted to admit students from certain border counties with a waiver of out of state tuition.
- A number of these students subsequently seek admission to other TBR institutions where the out of state tuition is not waived.
- This causes confusion for students and may result in decrease outcomes for TBR institutions.
- A remedy to these situations must:
    - Avoid permitting these arrangements from becoming a conduit for students to temporarily enroll in a TBR institution to gain out of state waiver treatment at other TBR institutions;
    - Support the attainment of outcomes for the involved institutions.

Proposal

- 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 under the following conditions:
    - the student is dually admitted to both the TBR community college and TBR university; and
    - 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.
- Students originally admitted to a TBR University authorized to grant a border county waiver of out of state tuition are not entitled to that waiver at any other TBR institution.

Border County Students Receiving Waiver of Out of State Tuition Arrangements

Situation Summary

- Several TBR institutions (both community colleges and universities) have been authorized to grant waivers of out of state tuition to residents of certain named border counties.
- This action has been accomplished by either statute or board action
- Generally, these waivers are unconditional, meaning that after a student establishes geographic eligibility, and no further conditions are placed on eligibility for the waiver.
- While these provisions were reasonable at a time where formula funding was based primarily on institutional enrollment, in the current environment it appears in the System's and institution's best interest to award these waivers only to students most likely to generate outcomes for the State and institution.

Proposal

- Beginning with students first admitted in Fall 2015, to the eligibility for a border count waiver of out of state tuition a student must attain:
    - A composite ACT score of at least 21 on any single ACT test date or a combined SAT score of at least 980 on any single SAT test date; or
    - A final overall weighted high school grade point average of at least 3.0

Treatment of Out of State Enrollment in the Outcome Formula

Situation Summary

- Discussion has taken place about how the THEC outcome formula treats of out of state enrollment and its effect on appropriation recommendations for institutions.
- This has generated an interest in some quarters in eliminating (either in whole or in part) the deduction from the state funding recommendation that results from consideration of out of state enrollment.
- Without an infusion of funding to hold institutions harmless from such a policy change, significant funds would be shifted among institutions.

Proposal

- The System Office will only support alteration of the formula treatment of out of state enrollment if state funds are provided in a sufficient amount to "hold harmless" all institutions from any funding shifts that result from such a policy change.

Tennessee Higher Education Commission

2014-15 State Appropriations Distribution Recommendation - Modified by TBR to Illustrate Change in Treatment of Out of State Enrollment

2014-15 New Funding Rec	$	29,600,000
Out of State Hold Harmless Funds (4)	$	-
New Funds Required	$	29,600,000

Assumes Formula **Excludes** Out of State Enrollment

	A	B	C	D	E = C + D	F = E + A	G = E / A	H = F / B		
			Breakdown of 2014-15 Changes							
Academic Formula Units	2013-14 Appropriation[1]	2014-15 Formula Recommendation	Outcomes Formula Adjustments	Share of New Funding	2014-15 Changes	2014-15 Appropriation	Percent Change	Percent Funded	Original 2014-15 Appropriation	Impact of Change in Out of State Treatment
TBR Universities										
Austin Peay	$32,995,000	$58,054,000	$5,400	$1,187,700	$1,193,100	$34,188,100	3.6%	58.9%	$ 35,261,000	$ (1,072,900)
East Tennessee	48,685,000	90,848,000	2,956,900	$1,858,600	4,815,500	53,500,500	9.9%	58.9%	49,341,900	4,158,600
Middle Tennessee	81,024,600	141,832,500	(400,900)	$2,901,600	2,500,700	83,525,300	3.1%	58.9%	85,237,700	(1,712,400)
Tennessee State	32,610,800	65,122,300	4,407,500	$1,332,300	5,739,800	38,350,600	17.6%	58.9%	33,016,400	5,334,200
Tennessee Tech	39,559,500	68,095,900	(850,800)	$1,393,100	542,300	40,101,800	1.4%	58.9%	39,512,700	589,100
University of Memphis	89,106,400	162,555,000	3,296,900	$3,325,500	6,622,400	95,728,800	7.4%	58.9%	91,957,400	3,771,400
Subtotal	**$323,981,300**	**$586,507,700**	**$9,415,000**	**$11,998,800**	**$21,413,800**	**$345,395,100**	**6.6%**	**58.9%**	**$ 334,327,100**	**$ 11,068,000**
Community Colleges[2]										
Chattanooga	$26,624,800	$44,964,000	($1,065,300)	$919,900	($145,400)	$26,479,400	-0.5%	58.9%	$ 26,816,300	$ (336,900)
Cleveland	8,997,100	14,668,000	(659,200)	$300,100	(359,100)	8,638,000	-4.0%	58.9%	9,118,700	(480,700)
Columbia	12,339,500	20,495,700	(688,900)	$419,300	(269,600)	12,069,900	-2.2%	58.9%	12,734,000	(664,100)
Dyersburg	7,238,900	12,118,000	(350,500)	$247,900	(102,600)	7,136,300	-1.4%	58.9%	7,545,900	(409,600)
Jackson	11,510,200	18,402,000	(1,049,700)	$376,500	(673,200)	10,837,000	-5.8%	58.9%	11,440,100	(603,100)
Motlow	11,017,200	17,706,000	(952,300)	$362,200	(590,100)	10,427,100	-5.4%	58.9%	10,987,600	(560,500)
Nashville	15,983,500	26,404,000	(974,300)	$540,200	(434,100)	15,549,400	-2.7%	58.9%	16,354,600	(805,200)
Northeast	13,648,200	21,745,000	(1,287,400)	$444,900	(842,500)	12,805,700	-6.2%	58.9%	13,634,800	(829,100)
Pellissippi	22,913,400	39,149,000	(659,400)	$800,900	141,500	23,054,900	0.6%	58.9%	24,160,400	(1,105,500)
Roane	16,619,800	29,107,000	(74,100)	$595,500	521,400	17,141,200	3.1%	58.9%	17,943,000	(801,800)
Southwest	25,739,300	40,973,000	(2,448,500)	$838,200	(1,610,300)	24,129,000	-6.3%	58.9%	25,442,600	(1,313,600)
Volunteer	16,075,400	27,002,000	(726,300)	$552,400	(173,900)	15,901,500	-1.1%	58.9%	16,721,200	(819,700)
Walters	19,866,900	33,839,000	(631,300)	$692,300	61,000	19,927,900	0.3%	58.9%	20,984,900	(1,057,000)
Community College Subtotal	**$208,574,200**	**$346,572,700**	**($11,567,200)**	**$7,090,300**	**($4,476,900)**	**$204,097,300**	**-2.1%**	**58.9%**	**$ 213,884,100**	**$ (9,786,800)**
UT Universities										
UT Chattanooga	$36,128,500	$65,185,000	$925,500	$1,333,600	$2,259,100	$38,387,600	6.3%	58.9%	$ 38,586,500	$ (198,900)
UT Knoxville[3]	171,335,300	312,180,000	6,121,400	$6,386,600	12,508,000	183,843,300	7.3%	58.9%	181,395,200	2,448,100
UT Martin[3]	25,043,000	45,468,000	803,000	$930,200	1,733,200	26,776,200	6.9%	58.9%	26,788,700	(12,500)
Subtotal	**$232,506,800**	**$422,833,000**	**$7,849,900**	**$8,650,400**	**$16,500,300**	**$249,007,100**	**7.1%**	**58.9%**	**$ 246,770,400**	**$ 2,236,700**
Total Colleges and Universities	**$765,062,300**	**$1,355,913,400**	**$5,697,700**	**$27,739,500**	**$33,437,200**	**$798,499,500**	**4.4%**	**58.9%**	**$ 794,981,600**	**$ 3,517,900**
TN Colleges of Applied Technology	**$57,400,500**	**$90,955,000**	**($5,697,700)**	**$1,860,800**	**($3,836,900)**	**$53,563,600**	**-6.7%**	**58.9%**	**$ 57,081,200**	**$ (3,517,600)**
Total Academic Formula Units	**$822,462,800**	**$1,446,868,400**	**$0**	**$29,600,300**	**$29,600,300**	**$852,063,100**	**3.6%**	**58.9%**	**$ 852,062,800**	**$ 300**

1 - Recurring

2 - THEC's Community College recommendation is only for the sector as a whole. Institutional detail displayed here is for informational purposes only.

3 - Does not include recurring funds appropriated to UT Martin for the Parsons Center ($200K) or to UT Knoxville for the engineering college ($3M). These appropriations are included as Program Initiatives.

4 - Breakeven point for hold harmless funding if out of state enrollment is ignored in formula is approximately $56.0 million

Tennessee Higher Education Commission 2014-15 Outcomes-Based Formula

Outcomes (10-11 to 12-13 Data)	UTM	APSU	TTU	UTC	MTSU	ETSU	TSU	UM	UTK
Students Accumulating 24 hrs	1,276	1,516	1,688	1,880	3,175	1,801	990	2,233	3,483
Students Accumulating 48 hrs	1,200	1,421	1,555	1,604	3,350	1,723	867	2,314	3,878
Students Accumulating 72 hrs	1,236	1,387	1,642	1,654	3,775	1,946	889	2,534	4,151
Bachelors and Associates	1,134	1,582	1,710	1,491	3,979	2,163	1,082	2,763	4,426
Masters/Ed Specialist Degrees	128	309	488	456	953	605	409	1,038	1,568
Doctoral / Law Degrees	0	0	17	61	21	83	68	262	539
Research and Service	2,895,193	3,234,935	9,618,702	10,734,922	24,168,097	23,360,636	32,085,374	56,665,629	151,648,066
Transfers Out with 12 hrs	249	206	321	536	625	382	214	425	551
Degrees per 100 FTE	17	19	19	17	19	19	18	18	23
Six-Year Graduation Rate	56	43	56	51	52	49	37	46	72

Sub-population Outcomes (10-11 to 12-13 Data)	UTM	APSU	TTU	UTC	MTSU	ETSU	TSU	UM	UTK
Adults Accumulating 24 hrs	114	250	60	35	217	152	78	150	32
Adults Accumulating 48 hrs	152	352	95	53	337	192	124	297	82
Adults Accumulating 72 hrs	200	455	184	150	626	314	184	526	209
Adults Bachelors and Associates	355	906	481	461	1,519	836	546	1,305	718
Low-income Accumulating 24 hrs	703	851	680	733	1,668	836	579	1,187	1,123
Low-income Accumulating 48 hrs	689	840	701	664	1,766	828	524	1,262	1,276
Low-income Accumulating 72 hrs	707	799	803	733	1,998	965	558	1,403	1,447
Low-income Bachelors and Associates	628	877	879	694	2,044	1,062	687	1,507	1,540

Sub-population Premium = 40%

Scaled Outcomes (10-11 to 12-13 Data)	UTM	APSU	TTU	UTC	MTSU	ETSU	TSU	UM	UTK
Students Accumulating 24 hrs (Scale=1)	1,276	1,516	1,688	1,880	3,175	1,801	990	2,233	3,483
Students Accumulating 48 hrs (Scale=1)	1,200	1,421	1,555	1,604	3,350	1,723	867	2,314	3,878
Students Accumulating 72 hrs (Scale=1)	1,236	1,387	1,642	1,654	3,775	1,946	889	2,534	4,151
Bachelors and Associates (Scale=1)	1,134	1,582	1,710	1,491	3,979	2,163	1,082	2,763	4,426
Masters/Ed Specialist Degrees (Scale=0.3)	428	1,029	1,627	1,520	3,176	2,017	1,364	3,461	5,228
Doctoral / Law Degrees (Scale=0.05)	0	0	340	1,213	420	1,653	1,367	5,240	10,780
Research and Service (Scale=20,000)	145	162	481	537	1,208	1,168	1,604	2,833	7,582
Transfers Out with 12 hrs (Scale=1)	249	206	321	536	625	382	214	425	551
Degrees per 100 FTE (Scale=0.02)	832	945	967	837	974	971	890	925	1,134
Six-Year Graduation Rate (Scale=0.04)	1,403	1,070	1,409	1,273	1,303	1,230	914	1,138	1,789

Scaled Sub-pop Outcomes (10-11 to 12-13 Data)	UTM	APSU	TTU	UTC	MTSU	ETSU	TSU	UM	UTK
Adults Accumulating 24 hrs	45.5	100.0	24.0	13.9	86.9	60.8	31.2	60.0	12.9
Adults Accumulating 48 hrs	60.7	140.8	37.9	21.3	134.9	76.9	49.5	118.7	32.9
Adults Accumulating 72 hrs	79.9	182.1	73.5	59.9	250.3	125.7	73.5	210.3	83.5
Adults Bachelors and Associates	142.0	362.3	192.3	184.3	607.5	334.4	218.5	521.9	287.3
Low-income Accumulating 24 hrs	281.1	340.5	272.1	293.2	667.1	334.4	231.7	474.7	449.3
Low-income Accumulating 48 hrs	275.7	336.0	280.3	265.5	706.3	331.3	209.6	504.8	510.5
Low-income Accumulating 72 hrs	282.8	319.5	321.2	293.2	799.1	386.1	223.2	561.3	578.8
Low-income Bachelors and Associates	251.2	350.8	351.6	277.6	817.7	424.7	274.9	602.9	616.1

Tennessee Higher Education Commission 2014-15 Outcomes-Based Formula

Weights Based on Institutional Mission	UTM	APSU	TTU	UTC	MTSU	ETSU	TSU	UM	UTK
Students Accumulating 24 hrs	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%
Students Accumulating 48 hrs	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	3.0%	3.0%
Students Accumulating 72 hrs	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	5.0%	5.0%
Bachelors and Associates	30.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	15.0%
Masters/Ed Specialist Degrees	15.0%	20.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Doctoral / Law Degrees	0.0%	0.0%	5.0%	5.0%	7.5%	7.5%	7.5%	10.0%	10.0%
Research and Service	10.0%	10.0%	10.0%	10.0%	12.5%	12.5%	12.5%	12.5%	15.0%
Transfers Out with 12 hrs	10.0%	10.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Degrees per 100 FTE	15.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	7.5%	10.0%
Six-Year Graduation Rate	5.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	15.0%	20.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Weighted Outcomes	UTM	APSU	TTU	UTC	MTSU	ETSU	TSU	UM	UTK
Students Accumulating 24 hrs	48.1	58.7	59.5	65.6	117.9	65.9	37.6	55.4	78.9
Students Accumulating 48 hrs	76.8	94.9	93.7	94.5	209.5	106.6	56.3	88.1	132.6
Students Accumulating 72 hrs	111.9	132.2	142.5	140.5	337.7	172.1	83.0	165.3	240.7
Bachelors and Associates	458.1	573.8	563.4	488.1	1,351.1	730.4	393.8	972.0	799.4
Masters / Ed Specialists	64.2	205.8	244.0	228.0	476.3	302.5	204.7	519.2	784.2
Doctoral / Law Degree	-	-	17.0	60.7	31.5	124.0	102.5	524.0	1,078.0
Research and Service	14.5	16.2	48.1	53.7	151.1	146.0	200.5	354.2	1,137.4
Transfers Out with 12 hrs	24.9	20.6	32.1	53.6	31.2	19.1	10.7	21.3	27.5
Degrees per 100 FTE	124.7	94.5	96.7	83.7	97.4	97.1	89.0	69.4	113.4
Six-Year Graduation Rate	70.2	107.0	140.9	127.3	130.3	123.0	91.4	170.7	357.7
Total	**993**	**1,304**	**1,438**	**1,396**	**2,934**	**1,887**	**1,269**	**2,939**	**4,750**
SREB Carnegie Type Avg Salary	61,858	65,483	65,483	65,483	69,348	69,348	69,348	79,367	91,781
Outcome Based Performance	61,445,657	85,363,226	94,162,084	91,399,590	203,471,875	130,830,920	88,032,685	233,289,195	435,945,032
Fixed Costs									
M&O & Utilities	15,484,799	13,720,362	19,728,154	19,722,554	35,364,209	23,722,280	20,375,858	44,092,106	80,256,244
Equipment Replacement	1,255,571	1,482,433	2,463,767	1,504,179	5,122,115	2,615,771	2,738,855	3,802,762	23,179,143
Fixed Costs Subtotal	**16,740,370**	**15,202,795**	**22,191,921**	**21,226,734**	**40,486,323**	**26,338,051**	**23,114,713**	**47,894,867**	**103,435,387**
Formula Subtotal	**78,186,027**	**100,566,021**	**116,354,005**	**112,626,324**	**243,958,198**	**157,168,970**	**111,147,398**	**281,184,062**	**539,380,419**
Quality Assurance Score	92.0	91.0	97.5	96.0	98.0	93.5	89.0	93.0	96.0
Subtotal	**3,920,247**	**4,987,572**	**6,182,761**	**5,892,609**	**13,029,807**	**8,008,938**	**5,391,205**	**14,251,814**	**28,220,384**
Total	82,106,300	105,553,600	122,536,800	118,518,900	256,988,000	165,177,900	116,538,600	295,435,900	567,600,800
Old Phase-in Factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2014-15 Total Need Recommendation	82,416,000	105,554,000	123,237,900	118,519,000	257,477,500	165,178,000	117,565,300	295,501,000	567,601,000
Subsidy/Fee Policy	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%	55.0%
Out of State Tuition Deduct	0	0	0	0	0	0	0	0	0
2014-15 Recommendation	45,468,000	58,054,000	68,095,900	65,185,000	141,832,500	90,848,000	65,122,300	162,555,000	312,180,000
Legislative Initiatives	310,000	-	700,900	-	489,500	-	1,026,300	65,000	-
2012-13 FTE	7,016	9,068	9,793	10,299	21,694	12,836	7,385	18,165	24,281
per FTE subsidy	6,129	6,100	6,535	6,014	6,185	6,735	8,278	8,514	12,218
OSFTE	0	0	0	0	0	0	0	0	0
OS tuit est.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Out of State FTE Per THEC Formula	432.35	291.88	746.24	584.74	922.76	1,727.23	1,441.73	1,792.00	1,799.77

Tennessee Higher Education Commission 2014-15 Outcomes-Based Formula

Outcomes (10-11 to 12-13 Data)	Chattanooga	Cleveland	Columbia	Dyersburg	Jackson	Motlow	Nashville	Northeast	Pellissippi	Roane	Southwest	Volunteer	Walters
Students Accumulating 12 hrs	2,462	1,122	1,572	1,040	1,224	1,410	2,339	1,631	2,922	1,704	3,667	2,213	1,964
Students Accumulating 24 hrs	1,881	810	1,333	704	943	1,105	1,936	1,385	2,395	1,313	2,901	1,687	1,393
Students Accumulating 36 hrs	1,628	669	1,067	538	773	952	1,666	1,201	2,017	1,136	2,206	1,434	1,205
Dual Enrollment	1,168	623	769	818	862	833	1,069	625	1,328	1,553	394	1,626	1,226
Associates	913	365	583	280	546	574	624	727	1,097	787	849	758	783
1-2 Year Certificates	166	39	50	24	23	0	83	115	0	76	58	81	16
<1yr Certificates	109	155	2	10	29	32	152	13	448	21	329	305	249
Job Placements	406	202	229	107	307	83	320	262	298	402	429	371	506
Remedial & Developmental Success	2,628	934	1,422	1,071	1,338	1,584	2,889	1,820	2,629	1,586	4,446	2,240	1,736
Transfers Out with 12 hrs	511	214	424	217	287	516	622	383	730	448	741	583	424
Workforce Training (Contact Hours)	185,122	6,295	61,430	6,350	16,351	6,603	36,159	6,183	51,528	97,898	67,464	80,459	173,664
Awards per 100 FTE	15.3	15.4	17.4	13.1	17.1	17.7	10.9	17.9	14.3	19.3	10.1	14.6	17.2

Sub-population Outcomes (10-11 to 12-13 Data)	Chattanooga	Cleveland	Columbia	Dyersburg	Jackson	Motlow	Nashville	Northeast	Pellissippi	Roane	Southwest	Volunteer	Walters
Adults Accumulating 12 hrs	748	362	342	304	317	308	1,030	531	695	433	1,243	560	475
Adults Accumulating 24 hrs	760	320	384	269	323	301	928	544	710	399	1,210	561	394
Adults Accumulating 36 hrs	736	299	358	237	290	294	870	523	718	387	1,084	526	400
Adult Associates	572	209	281	171	305	266	443	406	555	425	608	429	372
Adult 1-2 Year Certificates	105	29	32	17	11	0	64	70	0	55	41	57	11
Adult <1yr Certificates	71	90	2	6	15	27	123	8	208	16	211	180	159
Low-income Accumulating 12 hrs	1,394	704	860	675	850	777	1,610	1,059	1,563	1,060	2,568	1,226	1,220
Low-income Accumulating 24 hrs	1,169	551	775	511	707	660	1,341	955	1,368	903	2,049	1,056	948
Low-income Accumulating 36 hrs	1,019	466	632	404	578	581	1,171	842	1,205	803	1,605	911	839
Low-income Associates	550	252	350	205	379	350	418	495	683	522	598	477	529
Low-income 1-2 Year Certificates	80	27	21	17	15	0	44	73	0	48	30	45	9
Low-income <1yr Certificates	62	91	1	6	19	14	75	9	257	12	209	162	143

Sub-population Premium = 40%

Scaled Outcomes (10-11 to 12-13 Data)	Chattanooga	Cleveland	Columbia	Dyersburg	Jackson	Motlow	Nashville	Northeast	Pellissippi	Roane	Southwest	Volunteer	Walters
Students Accumulating 12 hrs (Scale=2)	1,231	561	786	520	612	705	1,170	816	1,461	852	1,834	1,106	982
Students Accumulating 24 hrs(Scale=2)	940	405	667	352	472	553	968	692	1,198	657	1,451	844	696
Students Accumulating 36 hrs (Scale=2)	814	335	534	269	387	476	833	601	1,009	568	1,103	717	602
Dual Enrollment (Scale=2)	584	311	385	409	431	417	535	312	664	777	197	813	613
Associates (Scale=1.5)	609	244	389	187	364	382	416	484	731	525	566	505	522
1-2 Year Certificates (Scale=1.5)	111	26	33	16	15	0	56	77	0	51	39	54	11
<1yr Certificates	73	103	1	7	20	21	102	8	299	14	220	203	166
Job Placements (Scale=0.5)	811	404	457	213	613	165	641	523	596	805	858	742	1,012
Remedial & Developmental Success (Scale=5)	526	187	284	214	268	317	578	364	526	317	889	448	347
Transfers Out with 12 hrs (Scale=2)	255	107	212	108	144	258	311	192	365	224	370	291	212
Workforce Training (Contact Hours) (Scale=50)	3,702	126	1,229	127	327	132	723	124	1,031	1,958	1,349	1,609	3,473
Awards per 100 FTE (Scale=0.05)	306	308	348	262	343	354	219	358	286	387	202	292	344

Scaled Sub-pop Outcomes (10-11 to 12-13 Data)	Chattanooga	Cleveland	Columbia	Dyersburg	Jackson	Motlow	Nashville	Northeast	Pellissippi	Roane	Southwest	Volunteer	Walters
Adults Accumulating 12 hrs	149.6	72.4	68.3	60.7	63.5	61.5	206.0	106.3	138.9	86.7	248.5	112.1	95.0
Adults Accumulating 24 hrs	152.1	63.9	76.9	53.8	64.7	60.2	185.7	108.8	141.9	79.8	242.1	112.1	78.9
Adults Accumulating 36 hrs	147.3	59.8	71.6	47.5	58.1	58.9	174.0	104.5	143.6	77.3	216.9	105.2	79.9
Adult Associates	152.5	55.6	74.9	45.6	81.4	71.0	118.2	108.3	147.9	113.4	162.0	114.4	99.1
Adult 1-2 Year Certificates	27.9	7.8	8.6	4.5	2.9	0	17.2	18.6	0	14.8	10.9	15.1	3.0
Adult <1yr Certificates	18.9	24.0	0.4	1.6	3.9	7.3	32.7	2.1	55.4	4.4	56.2	48.1	42.3
Low-income Accumulating 12 hrs	278.7	140.9	172.0	134.9	169.9	155.4	322.0	211.8	312.6	212.1	513.6	245.2	244.0
Low-income Accumulating 24 hrs	233.8	110.2	155.0	102.3	141.4	131.9	268.3	190.9	273.6	180.5	409.9	211.2	189.6
Low-income Accumulating 36 hrs	203.7	93.1	126.3	80.8	115.7	116.3	234.3	168.3	241.1	160.7	321.0	182.3	167.9
Low-income Associates	146.8	67.1	93.3	54.6	101.2	93.4	111.6	132.0	182.2	139.2	159.4	127.3	141.2
Low-income 1-2 Year Certificates	21	7	6	5	4	0	12	20	0	13	8	12	2
Low income <1yr Certificates	17	24	0	2	5	4	20	2	69	3	56	43	38

Weights Based on Institutional Mission	Chattanooga	Cleveland	Columbia	Dyersburg	Jackson	Motlow	Nashville	Northeast	Pellissippi	Roane	Southwest	Volunteer	Walters
Students Accumulating 12 hrs	6.0%	6.0%	4.0%	6.0%	6.0%	6.0%	4.0%	4.0%	6.0%	2.0%	4.0%	2.0%	4.0%
Students Accumulating 24 hrs	7.0%	7.0%	5.0%	7.0%	7.0%	7.0%	5.0%	5.0%	7.0%	3.0%	5.0%	3.0%	5.0%
Students Accumulating 36 hrs	7.0%	7.0%	6.0%	7.0%	7.0%	7.0%	6.0%	6.0%	7.0%	5.0%	6.0%	5.0%	6.0%
Dual Enrollment	5.0%	10.0%	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	10.0%	10.0%	5.0%	10.0%	10.0%
Associates	5.0%	15.0%	10.0%	10.0%	20.0%	10.0%	20.0%	20.0%	20.0%	20.0%	10.0%	20.0%	20.0%
1-2 Year Certificates	5.0%	1.0%	4.0%	2.0%	3.0%	0.0%	7.0%	17.0%	0.0%	6.0%	2.0%	4.0%	1.0%
<1yr Certificates	5.0%	9.0%	1.0%	8.0%	7.0%	5.0%	13.0%	3.0%	5.0%	14.0%	18.0%	16.0%	19.0%
Job Placements	20.0%	5.0%	5.0%	10.0%	5.0%	10.0%	10.0%	10.0%	10.0%	15.0%	10.0%	5.0%	5.0%
Remedial & Developmental Success	10.0%	20.0%	10.0%	20.0%	15.0%	10.0%	10.0%	5.0%	5.0%	5.0%	20.0%	10.0%	10.0%
Transfers Out with 12 hrs	15.0%	10.0%	20.0%	15.0%	10.0%	20.0%	10.0%	10.0%	15.0%	10.0%	5.0%	15.0%	10.0%
Workforce Training (Contact Hours)	10.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	10.0%	5.0%	5.0%	5.0%	5.0%
Awards per 100 FTE	5.0%	5.0%	20.0%	5.0%	10.0%	15.0%	5.0%	10.0%	5.0%	5.0%	10.0%	5.0%	5.0%
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Weighted Outcomes	Chattanooga	Cleveland	Columbia	Dyersburg	Jackson	Motlow	Nashville	Northeast	Pellissippi	Roane	Southwest	Volunteer	Walters
Students Accumulating 12 hrs	99.6	46.4	41.1	42.9	50.7	55.3	67.9	45.3	114.8	23.0	103.8	29.3	52.8
Students Accumulating 24 hrs	92.8	40.5	44.9	35.6	47.4	52.1	71.1	49.6	112.9	27.5	105.1	35.0	48.2
Students Accumulating 36 hrs	81.6	34.1	43.9	27.8	39.2	45.6	74.5	52.4	97.5	40.3	98.5	50.2	51.0
Dual Enrollment	29.2	31.1	38.5	20.5	21.6	20.8	26.7	15.6	66.4	77.7	9.9	81.3	61.3
Associates	45	55	56	29	109	55	129	145	212	156	89	149	152
1-2 Year Certificates	8	0	2	1	1	0	6	20	0	5	1	3	0
<1yr Certificates	5	14	0	1	2	2	20	0	21	3	60	47	47
Job Placements	162	20	23	21	31	17	64	52	60	121	86	37	51
Remedial & Developmental Success	53	37	28	43	40	32	58	18	26	16	178	45	35
Transfers Out with 12 hrs	38	11	42	16	14	52	31	19	55	22	19	44	21
Workforce Training (Contact Hours)	370	6	61	6	16	7	36	6	103	98	67	80	174
Awards per 100 FTE	15	15	70	13	34	53	11	36	14	19	20	15	17
Total	**1,001**	**311**	**451**	**257**	**407**	**390**	**595**	**460**	**883**	**608**	**837**	**616**	**710**
SREB Avg Salary	54,621	54,621	54,621	54,621	54,621	54,621	54,621	54,621	54,621	54,621	54,621	54,621	54,621
Outcome Based Performance	54,653,545	16,997,474	24,617,952	14,017,293	22,219,322	21,278,714	32,522,695	25,098,773	48,230,709	33,201,835	45,699,560	33,654,542	38,792,715
Fixed Costs													
M&O & Utilities	8,180,769	3,592,951	4,150,872	3,083,399	3,449,966	3,731,133	4,630,557	4,986,303	6,589,231	7,526,314	11,455,378	4,183,167	8,690,385
Equipment Replacement	1,224,978	393,578	402,965	181,622	534,831	267,372	464,425	847,047	1,100,184	504,453	1,249,003	611,813	651,870
Fixed Costs Subtotal	9,405,747	3,986,529	4,553,837	3,265,021	3,984,797	3,998,505	5,094,982	5,833,350	7,689,415	8,030,767	12,704,381	4,794,980	9,342,256
Formula Subtotal	**64,059,293**	**20,984,002**	**29,171,789**	**17,282,313**	**26,204,119**	**25,277,218**	**37,617,677**	**30,932,123**	**55,920,124**	**41,232,602**	**58,403,941**	**38,449,522**	**48,134,971**
Quality Assurance Score	97.0	89.0	92.0	95.0	98.0	93.0	97.0	100.0	92.0	98.0	96.0	98.0	100.0
Subtotal	**3,386,495**	**1,017,829**	**1,462,674**	**894,792**	**1,399,562**	**1,281,176**	**1,988,658**	**1,685,801**	**2,803,835**	**2,202,233**	**3,055,694**	**2,053,589**	**2,623,356**
Total Formula Calculation	67,445,800	22,001,800	30,634,500	18,177,100	27,603,700	26,558,400	39,606,300	32,617,900	58,724,000	43,434,800	61,459,600	40,503,100	50,758,300
Total	67,445,800	22,001,800	30,634,500	18,177,100	27,603,700	26,558,400	39,606,300	32,617,900	58,724,000	43,434,800	61,459,600	40,503,100	50,758,300
Old Phase-in Factor	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
2014-15 Total Need Recommendation	67,446,000	22,002,000	30,706,700	18,177,000	27,604,000	26,558,000	39,606,000	32,618,000	58,724,000	43,585,000	61,460,000	40,503,000	50,758,000
Subsidy/Fee Policy	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%	66.67%
Out of State Tuition Deduct	0	0	0	0	0	0	0	0	0	0	0	0	0
2014-15 Recommendation	44,964,000	14,668,000	20,495,700	12,118,000	18,402,000	17,706,000	26,404,000	21,745,000	39,149,000	29,107,000	40,973,000	27,002,000	33,839,000
Legislative Initiatives	-	-	72,700	-	-	-	-	-	-	150,000	-	-	-
2012-13 fte	6905	2524	3479	2217	2979	3042	6449	4487	7445	4269	8064	5375	4399
per FTE subsidy	6185	5543	5590	5197	5864	5539	3888	4596	5008	6440	4828	4769	7294
OSFTE	0	0	0	0	0	0	0	0	0	0	0	0	0
OS tuit est.	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Out of State FTE Per THEC Formula	343	24	35	17	28	34	84	4	124	76	85	71	52