BUSINESS AFFAIRS SUB-COUNCIL

July 25, 2007

MINUTES

The meeting began at 9:00 a.m. in the TBR conference room. Present were Ms. Debra Bauer (NSCC); Dr. Steve Campbell (NSTCC); Mr. Horace Chase (JSCC); Ms. Beth Cooksey (VSCC); Mr. John Cothern (MTSU); Dr. David Collins (ETSU); Mr. Danny Gibbs (RSCC); Mr. Mike Gower (MTSU); Mr. Ken Horner (COSCC); Mr. Bob Hughes (TSU); Dr. Charles Hurley (CLSCC); Dr. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Ms. Linda Maxwell (TTU); Mr. Ron Parr (SWCC); Mr. Mike Posey (MSCC); Mr. Mitch Robinson (APSU); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (DSCC); Mr. Greg Wilgocki (ETSU); Mr. David Zettergren (UOM); Dr. Bob Adams, Ms. Kathy Crisp, Mr. Tom Danford, Ms. Alicia Gillespie, Ms. Tammy Gourley, Ms. Angela Gregory, Mr. David Gregory, Ms. Lisa Hall, Dr. Charles Manning, Ms. Margaret Mason, Ms. Brooke Shelton, Mr. Ron Simmons, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

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

Dr. Manning spoke briefly regarding the situation with the Banner HR crosswalk. The goal is to have all HR PER reports converted by the October budget cycle. However, institutions will still need to complete the crosswalk in October in order to validate that the information is correct.

Dr. Manning also discussed the recent legislation passed regarding textbooks. He feels that the new law is a good approach to getting the cost of textbooks under control. There was much discussion regarding other ways to reduce the cost of textbooks for students. One institution is currently making resources available online in order to save the students money. Another possibility that was discussed was the implementation of a guideline on textbook adoption which would require the instructors to use the same textbook for more than a year. It was stressed that institutions should focus on how they will work to minimize costs. (Attachment A)

The committee reviewed the proposed policy, which was developed from the new law. The committee recommended deleting "at no additional cost to the institution or students" and replacing it with "accomplished by existing bookstore staff." A good faith effort should be made to implement the new policy by the spring semester. (Attachment B)

2. <u>Financial Aid Refunds</u>

The committee discussed financial aid refunds by third parties. Dr. Adams inquired if there was a widespread need for this service. Several institutions expressed an interest in acquiring this service for their institutions. Currently MTSU and APSU use third party vendors for their refunds, and ETSU and STCC are working on contracts with vendors for this service.

A question was raised regarding whether or not institutions could require students to receive their refunds by direct deposit, if the institutions can ensure that the students are able to get a bank account at no cost to them. Research will be conducted in order to determine if there are any federal regulations regarding this matter.

The issue was referred to the Banking Committee who will review contract issues related to a system-wide approach. A survey will be sent out to the institutions to determine what refund-related processes they wish to have contracted out and whether there is interest in a system-wide contract.

3. <u>Campus Safety and Security</u>

Dr. Adams reviewed campus safety and security issues that were discussed during a conference call with THEC and UT. There were several areas of concern, such as determining where personal rights and public rights to safety end. There is also a shortage of counselors available to students with problems, and those counselors are limited by licensure requirements as to what information they can disclose. At this time, there is no additional funding available for campus counselors. Adding counselors would be an individual budgetary decision for each campus.

The committee also discussed the shortage of campus police officers, and the need for training of faculty on how to handle disruptive students. The campuses need to ensure that they have updated campus crisis management policies and procedures in place.

There are also special needs for door security systems, video systems, and siren warning systems. A formal request will be made to THEC this fall for additional funding for these items. Institutions may also want to look into other types of communication for warnings, such as text messaging. MTSU is currently working on a contract that will allow them to send text messages to students. (Attachment C)

4. <u>State Insurance Office and EDISON Project (replacing TIS)</u>

The committee was updated about the new EDISON project, which will replace the Tennessee Insurance System (TIS) on January 1, 2008. Each campus will be responsible for entering their own information into the new system. The campuses will need training on how the information should be entered, as well as being required to pass a test before they are allowed to enter their information into the system. Debbie Johnson will schedule the training sessions.

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

A. Finance Committee

Dr. Collins highlighted the following issues from the July 11, 2007 Finance Committee meeting.

- G-110 Lead Institutions

  The committee discussed increasing the TTC checking accounts from $15,000 to $25,000. The committee recommended the increase to G-110. However, the Business Affairs Sub-Council referred the guideline back to the Finance Committee to review for any housekeeping changes that need to be made. (Attachment D)

- International Studies

  The committee was updated on the status of the International Studies Financing Policies and Procedures Task Force. The Task Force recently met and decided that it would limit itself to financial policies and would not address programmatic issues. The Tennessee Consortium for International Studies (TCIS) will administer the study abroad programs. The objective of the consortium is to operate like RODP. The Director of TCIS would like to have any needed policy changes presented at the September Board meeting.

  The Task Force discussed the finance issues related to study abroad trips. The issues are the trip budget, tuition, and accounting treatment. All of these issues are discussed in the Task Force minutes. (Attachment E)

  The committee discussed out-of-state students and whether they would be awarded scholarships to study abroad. After much discussion, it was recommended that this be reviewed as the academic policies are implemented.

  The committee discussed faculty pay for study abroad. The Task Force felt that study abroad programs needed exceptions to existing summer pay and overload rates. The committee approved revisions to the summer pay policy and overload rates. (Attachments F and G)

  Subsequent to the BASC meeting, the presidents did not support the concept of awarding scholarships to all participants to cover the cost of tuition and fees. The presidents agreed that Mr. Grimes will calculate the cost of each trip and students will be charged that cost plus tuition and fees. Each campus will determine which students, if any, will receive scholarships toward the cost of tuition and fees. Mr. Grimes will not include the $100 per student administrative fee originally agreed upon.

  Subsequent to the Presidents Council, the presidents reconsidered and decided to support the recommendations of the task force for a period of three years. After the three year period, a review of outcomes will be performed and a decision on continuing will be made.

- Computer Allocations

  The committee discussed the recent survey of the computer allocation methods used by the institutions. It appears that there are several different methods currently being used. The committee discussed how to revise the allocation method since the Banner system does not provide the information needed under the current allocation method.

It was recommended that the Finance Committee members research the methods being used and develop a recommendation. (Attachment H)

- Findings/Weaknesses

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

  State Audit issued a finding to MTSU and TBR that they should improve information security controls related to the Banner system implementation and maintenance. It was recommended that TBR should ensure that the remaining colleges and universities are notified of security conditions, and that action is implemented at their respective institutions. TBR should also perform ongoing monitoring at the institutions.

- Purchasing Policy

  The committee discussed the purchasing policy revision. There is a new section on the limitations of liability for personal service contracts.

  The committee approved the revision. (Attachment I)

- Geier Consent Decree

  The committee discussed the appropriate accounting for post-Geier Consent Decree funds. Only a few of the post-Geier funds will be recorded as state appropriations. Since most of the post-Geier funds are being used to make grants to the institutions, the institutions will record these funds as State Grants and Contracts starting July 1, 2007. More detailed instructions will be included in the October budget guidelines.

- Policy 4:01:00:00 Budget Control

  a. Renewal and Replacement Expenses

     The committee discussed the approval of renewal and replacement expenses as related to the budget control policy. One institution had questioned if they needed to get their President's approval of additional R&R expenses that were incurred after the budget was submitted to the TBR office and approved.

     It was suggested that institutions increase the amount of R&R expenses when preparing the budget in case of an emergency R&R expense. No changes to the Budget Control policy were recommended.

b. E&G Revenue Supported Budget and Functional Totals

The committee discussed the appropriate way to document functional overages due to revenue supported budgets. Any functional overages should be documented in the supplemental schedules submitted with the financial statements. No changes in policies/guidelines of current procedures were recommended.

- Banner Advancement Module

The committee discussed the method to be used to allocate the Banner Advancement Module implementation and training costs. SCT proposed the cost for only those schools that had the ADS system. However, additional schools wanted to implement the Banner module and an additional cost was proposed. Two schools did not want the module. The committee discussed whether these two schools should be allocated the costs even though they would not be using the module. There was considerable discussion of the pros and cons of allocating costs to all schools as opposed to only those implementing. The committee recommended that only the institutions implementing the module be allocated the costs.

Several institutions have already implemented the Advancement Module and wanted to know how these costs were allocated. TBR personnel will check and adjust the allocation if needed.

It was also noted that future advancement modifications may be allocated among all institutions regardless of whether they have implemented the Advancement Module. (Attachment J)

- Policy and Guideline Changes

Policy 4:04:01:50 Revenues from Campus Concession

The committee recommended deleting "open competition in the form of proposals of bids" and replacing it with "any method provided under the TBR Purchasing Policy."

Housekeeping changes were also made. (Attachment K)

Policy 4:05:01:01 Inventory Method for TBR Libraries

The committee recommended adding a reference for the Financial Integrity Act statute. (TCA 9-18-102)

The policy includes several references to the Financial Integrity Act. TBR personnel contacted F&A and determined that the policy references are current.

Housekeeping changes were also made. (Attachment L)

Policy 4:06:00:00 Expenditure of State Funds for Paid Advertising

The only changes to this policy were housekeeping changes. (Attachment M)

Policy 4:07:00:00 Business Meals and Recognition Events

The only changes to this policy were housekeeping changes. (Attachment N)

Guideline B-062 Other Educational Assistance Programs

Section I Veteran's Education Program

The committee recommended adding "or was formerly a prisoner of war or missing in action under such circumstances" to the Veteran's Education Program.

Taxation of Educational Assistance Programs

The committee recommended deleting the language "up to $5,250 per year."

Housekeeping changes were also made. (Attachment O)

Guideline B-080 Reporting and Resolution of Fiscal Misconduct, Improper Use of Institutional Resources, and Institutional Losses

Reporting Section

The committee recommended changing the last sentence to "Losses must be reported as follows."

Actions Section

The committee recommended replacing "Dean of Students and/or the Vice President of Student Affairs" with Chief Student Affairs Officer."

Physical Property Section

There was discussion concerning property losses exceeding $25,000 and whether they need to be sent to Risk Management. Subsequent to the meeting, Risk Management was contacted and this section is still accurate. (Attachment P)

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

B. Council of Buyers

Ms. Gregory highlighted the following issues from the July 18, 2007 Council of Buyers meeting.

- SunGard Presentation

Charlie Page and Stanley Trent attended the meeting to conduct a SunGard Purchasing Webinar to demonstrate the purchase order creation process. The group found the information to be helpful, but felt that there were still issues that need to be discussed. It was suggested that more meetings of this sort should be scheduled in order to gain a better understanding of Banner operations, and discuss any questions/concerns that they might have.

- House Bill Public Chapter 169

  A packet was distributed with information that replaces the existing statute giving authority to the Commissioner of Finance and Administration. The new bill rewrites the provisions to allow any department of the executive branch to limit liability and limit warranties in contracts for personal services, professional services, and consultant services in accordance with rules promulgated by the Commissioner of Finance and Administration.

- Non-Credit Instruction Agreement Amount Revision (Short Form)

  A shorter version of the Non-Credit Instruction Agreement was distributed at the January 2007 COB meeting. This agreement was a result of a request from Chattanooga State's Business and Industry Department due to complaints from businesses that the existing form was too long. The continuing education group is now requesting that the limit be increased from $25,000 to $50,000.

- Fiscal Review – Revenue Agreements

  Ms. Gregory informed the Council that Fiscal Review has notified the Central Office that contracts which are strictly revenue will no longer require the approval of Fiscal Review. Contracts that have a mix of revenue and expenditures will still require Fiscal Review approval. Revenue contracts exceeding $250,000 will still need Central Office approval.

- Committee – RFP for Student Liability Insurance

  Ms. Gregory indicated that this was now in her hands, as the committee has met and she now has to complete a draft of the RFP for the committee's review. She indicated that it is highly unlikely that this will be in place for the fall semester, and that all institutions should continue as they have been until a system-wide contract is in place.

- Committee – Procedures for Accepting Electronic Signatures

  All surveys have now been received from the institutions and have been compiled into a large spreadsheet. The committee will now begin writing a policy and procedures. The baseline will be a policy by the University of Utah.

- E&I Cooperative

  Ms. Gregory has contacted E&I for a copy of the current agreement that they use for contracting with higher education institutions. She will work with Ms. Crisp to negotiate an agreement.

- National Intergovernmental Purchasing Alliance (NIPA)

  A couple of institutions have inquired as to whether TBR is eligible to purchase from this alliance. Ms. Gregory indicated that she has visited the website, printed some information, and will look into TBR's eligibility, consulting with Legal Counsel.

- Educational Broadcasting Services (EBS) RFP Committee

  A committee has been formed with representation of the five institutions that carry licenses and Lou Svendsen and Angie Gregory from TBR. The committee will develop specifications for the issuance of a collective RFP for all parties. The goal is to have a contract in place by May 2008, in order to allow implementation and testing prior to a 2011 deadline.

The Council of Buyers minutes were approved.

C. Human Resources

Dr. Adams highlighted the following issues from the July 13, 2007 Human Resource Officers Committee meeting.

- Legislative Update

  <u>Public Chapter 360</u> – Effective July 1, increased the paid military leave time from 15 to 20 working days in a year.

  <u>Public Chapter 564</u> – TBR P-115 Guideline for Certified Professional Secretaries will be revised to include "An employee must pass either the full (four-part) exam sponsored by the International Association of Administrative Assistants <u>or</u> the three-part certified professional secretary exam in order to receive the 9% increase, prospective as of June 27, 2007."

- THEC State Employee Fee Waiver for Summer

  A memo from the Tennessee Higher Education Commission regarding how fee waivers apply to summer sessions was reviewed. The policy only addresses what to do in a situation where an institution has two summer sessions. However, some TBR institutions have more than two sessions. Ms. Johnson will clarify with THEC regarding this issue and update the campuses.

- Clerical Support Staff Maintenance Fee Program

  A lengthy discussion ensued regarding a change to the Clerical and Support Staff Maintenance Fee Program as a result of issues faced by employees who have requested to attend private colleges. The discussion centered on a request to make the Faculty/Administrative Staff Tuition or Maintenance Fee Reimbursement Program and the Clerical and Support Staff Maintenance Fee Payment Program reflect the same eligibility requirements: **"Participants may attend accredited public and private institutions of higher education. Requests for participants attending public institutions will be reimbursed at the current semester hour rate for that institution. For individuals who wish to attend other than a Tennessee public institution under this program, reimbursement will not exceed the current semester hour rate for a Tennessee public institution. This program is subject to funds being budgeted and available within the institution."**

  It was suggested that TBR make the Clerical Support program a reimbursement program, instead of a maintenance fee payment program for those attending institutions other than Tennessee public institutions. Officers were also concerned about the budgetary impact of this change. The item was tabled for a smaller committee to review.

- B-061 Support for Educational Assistance (State Employees and Dependents)

  <u>Public Chapter 554</u> – The state employee fee waiver program for PC-191 will include the online course fees for Regents Online Degree Program. The change affects PC-191 only, effective July 1, 2007.

- Longevity and FMLA

  There was a question regarding whether FMLA leave without pay would count towards the twelve month anniversary longevity date, or if the date would be adjusted for the period of time off work. The longevity policy states that periods without pay are ineligible service unless the employee is on leave due to injury, and is receiving payment from the State of Tennessee. The longevity policy does not reference FMLA leave. The FMLA policy does address longevity in accordance with the longevity guideline.

  Subsequent to the HR Officers meeting, Ron Ostenfeld spoke with Vicki Parker at the State of Tennessee Personnel Office about longevity and FMLA. She stated that a state employee who is on unpaid, FMLA approved, leave for the majority of a month, does not get credit for that month toward their next longevity payment. The employee's longevity date should be adjusted accordingly.

- Housing Allowance

  All campuses were sent a memo from TCRS and have implemented changes to payroll that increase the housing allowance, for the purpose of retirement, from $250 to $600. This change was effective May 18, 2007.

- TCRS

  Non-contributory members (members without an account balance) of TCRS should name one person as the beneficiary and should be cautioned against naming multiple beneficiaries, their estate, or an institutional (non-living) entity as their beneficiary.

  There was a considerable amount of concern regarding this issue when it was discussed at the BASC meeting. Dr. Adams has agreed to explore this issue further.

The HR Officers minutes were approved.

D. Internal Audit

Ms. Gourley highlighted the following issues from the July 18, 2007 Internal Auditors' meeting.

- Audit Committee Charter

  The requirement for the Audit Committee to review and approve the compensation for campus internal control auditors was changed to require only a review, not an approval of compensation for this group. The requirement for the Audit Committee to approve the termination of campus internal auditors was changed to instead require approval of the termination of campus internal audit directors.

- Chancellor's/President's Audits

  There was discussion regarding the August 31, 2007 due date for submitting completed expense audit reports for the president's and Chancellor. The group also reviewed and discussed the questionnaire for the audits, the audit program, and the report format.

- Risk Assessments

  Schedules of revised due dates for completion of risk assessment documents were discussed. For universities and community colleges, similar time frames (May and October of each year) were used. However, to facilitate meeting the due dates for submission to System-wide Internal Audit, a date was added for providing documents to the campus auditor. For the technology centers, due dates were established in alternate quarters (February and August of each year). However, a suggestion was made and it was agreed that streamlining the risk assessment process for the technology centers would be more beneficial for them. Auditors with responsibility for auditing TTC's will meet at a later time to discuss revisions to the TTC process.

- Guideline B-080

  Proposed changes to the guideline were discussed. A revised version was presented by Ms. Gourley at the BASC meeting, but the committee felt that more revisions were needed. Therefore, the revisions to the guideline were not approved at this time.

The Internal Audit Committee minutes were approved.

6. <u>Statement on Auditing Standards 112, Communicating Internal Related Matters Identified in an Audit</u>

Ms. Gourley distributed information regarding SAS 112. She called special attention to paragraph six, which states, "A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principals such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected."

This means that the items that were typically included on the list of weaknesses by the auditors, could now result in audit findings. This change will be effective for FY 2007 audits.

7. <u>Status of DBA Collaborative</u>

Mr. Danford introduced Ms. Margaret Mason, who is the new Manager of Information Systems. He also informed the committee that two new DBA's have been hired and are now attending training.

8. <u>Banner/SunGard Issues</u>

The committee was concerned about refunding in Banner. Banner is not currently set up to refund flat fees. Therefore, the schools have had to convert the flat fees into hourly rates, which results in revenue losses for the institutions. Mr. Danford said that he was not aware of this issue, and that this would be made an action item.

At this point, Mr. Ken Brooks joined the meeting to answer questions. He stated that Banner can be set up to refund by either course or by total, and we had elected to refund by course. At this point, there is no modification being developed to correct the refunding of flat fees issue.

Mr. Danford informed the committee that the ERP Steering Committee will reconvene on August 21, 2007 to discuss Banner modifications. There were originally 9 modifications, but now that number has increased to 27. This is a problem because each time a new version of Banner is released, all 27 modifications will have to be re-applied. He suggested that whenever possible, we should look at changing policies to fit the way Banner operates instead of creating additional modifications. It was requested that a list of the modifications be sent to the business officers for review.

The committee also discussed their expectations for the system maintenance office (SMO). Under the Plus system, the SMO was able to provide consulting services. However, under the Banner system they will be busy maintaining the modifications, and will likely be unable to provide consulting services. The committee will decide how this situation should be handled.

Another issue of concern regarding Banner is that enrollment numbers are down significantly for Cohort 1 schools. Research has been performed by some of the schools, and they have found that their enrollment decline is mainly due to a lack of enrollment by returning students. Some schools have contacted students to inquire as to why they have not registered, and the students have said that they are having trouble registering with the new system. At other institutions, students have voiced concern about being unable to find the class sections that they need to register for in the online system. The institutions have begun campaigns to contact those students who have not yet registered for the fall semester.

There being no further business, the meeting was adjourned.

Attachment B

POLICY 2:07:00:00

SUBJECT: Cost of Textbooks

Tennessee Code Annotated, Title 49, Chapter 7, Part 1 specifies that the Tennessee Board of Regents develop policies for minimizing the cost of textbooks and ancillary course materials at its higher education institutions, while maintaining quality of education and academic freedom.

I. Policy Development Provisions for All Institutions and Technology Centers

Each institution governed by the Tennessee Board of Regents shall develop policies for minimizing the cost of textbooks and ancillary course materials. The Tennessee Board of Regents hereby establishes certain minimum requirements each institution shall follow in developing institutional policies consistent with the provisions of this policy. Institutional policies shall require that:

(1) Faculty members submit lists of required textbooks and course materials to any on-campus bookstore in a timely manner so that the bookstore can ensure that textbooks and other course materials are available when courses begin.

(2) Students have access to information regarding required and supplementary course materials through viable channels, including the institution’s website, before courses begin. This information must include, but is not limited to, the International Standard Book Number (ISBN).

(3) Any on-campus bookstore disclose to faculty members on a per course basis the costs to students of purchasing the required textbooks and course materials and that faculty members affirmatively acknowledge the price of the textbooks and materials before an order is completed.

(4) Faculty members consider practices that reduce the cost of course materials, such as adopting the least expensive option from the available products that meet the requirements of the course. Bundled materials should only be considered if they deliver cost savings to the students. (Note: "bundled" means a group of objects joined together by packaging or required to be purchased as an indivisible unit).

(5) Any on-campus bookstore selling textbooks to students as part of a bundled package also provide students the option of purchasing the textbooks and other study products separately from each other, if possible.

(6) Any on-campus bookstore actively promote and publicize book buy-back programs.

(7) Copies of textbooks are made available for student use at no cost through the academic department or through the institution's library; provided, that such textbooks have been furnished at no charge by the publisher for this purpose.

(8) All textbook inventory and monitoring by any on-campus bookstore as set forth through these policies shall be ~~at no additional cost to the institution or students.~~ **accomplished by existing bookstore staff.**

II. Institutional Policy Approval

In developing policies for minimizing the cost of textbooks and ancillary course materials, an institution shall follow its established policy development and approval process. The institution policy, complete with processes, cost minimization strategies, and monitoring procedures, must be forwarded to the Tennessee Board of Regents Office of Academic Affairs for review and approval.

Source: Tennessee Board of Regents meeting, September 28, 2007

Attachment D

SUBJECT: Lead Institutions

Each community college and technical institute governed by the State Board of Regents serves as the lead institution for a geographical area designated by the Board as the institution's primary service area. As outlined below, the lead institution's general responsibilities include program planning within its primary service area, as well as providing administrative assistance to the technology centers within its designated area. There is no plan on the part of the Board of Regents to merge TTCs with lead institutions. The role of the lead institution is that of facilitator; budget management, program management, and personnel management is the responsibility of the TTC. Additional lead institution responsibilities may be specified by the Board or Chancellor to ensure effective program coordination and operations management within the primary service areas.

Program Planning

The lead institution is responsible for coordinating the development and delivery of vocational-technical, career, and job training programs and support services in its primary service area. To fulfill this responsibility, the general objectives of the lead institution, in cooperation with the technology centers, are to meet the needs within its service area for: (1) occupational and academic diagnostic services; (2) developmental education in the basic skills; (3) job/vocational education and occupational training; (4) special business and industrial training; (5) technical education at the sub-baccalaureate collegiate level or the non-collegiate entry level; (6) job placement and counseling; (7) college transfer (community college only); and (8) continuing education and community service. The Board staff shall provide assistance to the lead institutions and ~~area schools~~ **technology centers** in developing such plans as the Job Training and Coordination Plan and programs as may be necessary to provide, cause to provide, or recommend the provision of appropriate levels of sub-baccalaureate education and training services.

Administrative Services

The lead institution administrative service responsibility will include accounting, budgeting, purchasing, personnel, and student records. For the performance of these services, the TTC will reimburse the lead institution for services on the basis of student enrollment and consideration of cost to provide such services. Charges for services provided by the lead institution will be evaluated annually. Effective coordination of services from the lead institution to the TTC will require regularity of meeting and communication. At a minimum, it is expected that representatives of both parties meet no less than quarterly to review status of services and required reporting to the Board. Following is a summary of minimum services provided:

(1) Accounting and Budgeting - The lead institution provides support and guidance in budget development and revisions as per Board policies and guidelines. In addition, monthly revenue and expenditure reports will be provided to each TTC. These reports will be reconciled by the TTC no later than the 20th day of the following month. The operating account maintained at the TTC will be reconciled by the TTC with the lead institution, at a minimum, monthly. Annual financial reports will be prepared by the lead institution. The annual report will be presented to the TTC prior to submittal to the Board Office. Problems encountered in accounting, budgeting, and fiscal management, if not resolved at the local level, should be reported to the Vice Chancellor for Tennessee Technology Centers. Any request for approval of a budget revision, involving adjustments from one functional area to another, must be transmitted to the Chancellor.

(2) Purchasing - The lead institution will purchase supplies and equipment from specifications provided by the TTC. The TTC will maintain an operating account, not to exceed ~~$15,000~~ **$25,000**, for purchasing supplies and materials at the local level. The TTC may bid items at the local level to limits established by TBR and Lead Institution purchasing policies and procedures. These accounts will be reconciled by the TTC on a monthly basis with the lead institution. The lead institution will maintain an equipment inventory for the TTC after the director has certified the accuracy and presence of items in the inventory on an annual basis.

(3) Personnel - The lead institution will provide support in hiring personnel, maintaining personnel records, including required reports to the Board and other external agencies, and performing the payroll for the TTCs. In hiring personnel, the role of the lead institution is to provide support in developing, distributing, and/or advertising position announcements, and monitoring affirmative action procedures. The responsibility for selecting personnel is with the TTC director, subject to Board policies and guidelines relating to the district classification/compensation plans, faculty salary ranges, and availability of funds in the budget. New positions not included in the budget, must be approved in advance by the Chancellor. The lead institution and TTC shall mutually agree on which entity actually prepares and submits reports on personnel records, including leave, payroll deductions, longevity pay, affirmative action, EEO reports, and Board-approved benefits. The TTC will follow the affirmative action plan of the lead institution unless it has in place a plan approved by the Board legal counsel.

(4) Student Records - The lead institution will maintain records and provide reports to the TTCs and the Board on required student information. The TTC has the responsibility to provide to the lead institution student data in the prescribed format for processing.

(5) Student Financial Aid - The lead institution will provide guidance to the TTC staff on financial aid program operations, assist in processing payment approval documents, prepare award checks and forward them to the TTC, maintain required accounting records, and accept and maintain records on repayments collected by the TTC. The TTC will maintain individual student financial aid records, forward appropriate payment approval documents to the lead institution, and disburse checks to students. The lead institution will complete appropriate reports requiring financial aid fiscal records for the TTC from information furnished by the TTC.

(6) Institutional Research - The lead institution performs various research activities for the TTC. These activities will include, but are not limited to, the following:

(a) Assist in preparation and justification for new program proposals.

(b) Provide assistance and support for annual Facilities Inventory and Capital Improvements requests.

(c) Provide assistance with the preparation of the Annual Report.

(d) Provide support and direction for the Lead Institution Job Training Coordination Plan and annual update.

(e) Provide support and guidance for the TTC Five-Year Strategic Plan and annual updates.

(f) Assistance and guidance with preparation of the Budget Summary and Analysis.

Source: November 14, 1984 SBR presidents meeting and November 16, 1984, AVTS Sub-Council meeting. Revised: August 16, 1988, Presidents Meeting; September 22, 1989 (Result of Change Made to Purchasing Policy); August 25, 1998 Presidents Meeting; February 11, 2003 Presidents Meeting; November 12, 2003 TTC Directors' Sub-Council meeting.

Attachment E

International Studies Financing Policies and Procedures Task Force

June 6, 2007

The International Studies Financing Policies and Procedures Task Force met at 10:00 am on June 6, 2007, in the TBR Board Room. The following members were in attendance: Bert Bach (ETSU); Milton Grimes (PSTCC); Ron Kesterson (PSTCC); Tom Nenon (UOM); Mike Posey (MSCC); Mitch Robinson (APSU); David Zettergren (UOM); Bob Adams and Renee Stewart (TBR).

The committee discussed the task force's charge. It was decided that the task force would limit itself to financial policies and would not address programmatic issues. It was additionally determined that while the Tennessee Consortium for International Studies would include all TBR campuses, international programs on individual campuses would still continue to exist.

The committee noted that the Tennessee Consortium for International Studies (TCIS) will administer study abroad programs only and will not include student exchange programs.

Establishing the Total Cost to Assess Student Participants

Mr. Grimes explained that he develops a budget for each study abroad trip that includes the cost of transportation, lodging, meals, travel incidentals, instructors, chaperones, course costs, etc. He uses this budget to develop a cost per student for participants. The cost per student includes an administrative fee for the home institution. Mr. Grimes explained that he did not include tuition costs in the cost per student calculation.

The committee discussed how the existing faculty pay policies for summer school and overload pay are hampering study abroad calculations. The committee recommended that study abroad programs, both consortium and campus-based, be given exemptions from the faculty pay policies for summer school and overload pay. Mr. Grimes recommended a flat rate of pay for consortium courses that would include $2,000 for the instructor or director and $3,000 for course development and other administrative duties. Additionally, campuses would have the authority to augment these flat rates to the extent they considered necessary. Dr. Adams recommended that the TBR policy not include the flat rate amounts; instead, the Executive Director of the TCIS will be given the authority to negotiate these rates.

Dr. Adams inquired how the mechanics of paying travel costs work. Mr. Grimes and Mr. Kesterson explained that as much as possible is prepaid before the trip, such as airfare, lodging costs, etc. The faculty member is issued a check, usually around $25,000, for costs incurred during travel, such as meals, incidentals, etc. The faculty member is required to retain receipts for expenditures made from the $25,000.

A committee member inquired about student health insurance. Mr. Grimes responded that all participants (students and faculty) must prove that they have health insurance prior to traveling. PSTCC has purchased a $25 international student ID card for study abroad students that includes repatriation insurance.

The committee briefly discussed the issue of accreditation. The TCIS is responsible for determining that academic credentials exist for the instructor of record.

The committee discussed who will issue grades – TCIS or the home institution? The consortium will follow the RODP model in that grades will be determined by the instructor of record and communicated by the consortium to the home institution. The home institution will record the grades and issue grade reports to the student.

The committee discussed how tuition (in-state and out-of-state) will be handled. Many committee members felt strongly that all students should pay the same rate, regardless of whether they are enrolled in a community college or university. It was noted that the only services the home institution is providing is registration, forwarding funds to TCIS, and issuing grades. After much discussion, the committee recommended charging all students the same rate and the home institution will award each student a scholarship to cover tuition costs. The accounting treatment will be as follows:

1) <u>Unrestricted fund</u>

Scholarship expense	XXXX.XX	
Tuition and fees revenues		XXXX.XX

To record the scholarship awarded to TCIS participant in the amount of in-state and out-of-state tuition (if applicable).

2) <u>Agency fund</u>

Cash	XXXX.XX	
Deposits held in custody for others		XXXX.XX

<u>Unrestricted fund</u>

Cash	XXX.XX	
Tuition and fees revenues		XXX.XX

To record funds collected from TCIS participant for study abroad program (agency fund includes amount to be remitted to TCIS and unrestricted fund includes administrative fee included in TCIS calculation.)

3) Agency Fund

Deposits held in custody for others	XXXX.XX
Cash	XXXX.XX

To record the transfer of funds for TCIS participant to TCIS.

The committee recommended establishing separate revenue and expense accounts for TCIS scholarships and tuition. The committee further recommended excluding TCIS scholarships from the 10% scholarship ceiling.

The committee briefly discussed whether non-degree transient students will be eligible for TCIS scholarships and how TCIS scholarships will affect the recent attention on need-based scholarships. No recommendations were made on either issue.

Mr. Posey and Mr. Zettergren will research whether TCIS scholarships will have any affect on federal financial assistance awards.

Payment to Faculty Not Employed by the Delivery Institution

Dr. Adams reminded the committee that TBR policy requires that payment will be made by the home institution at which the instructor is employed. A dual service agreement is entered into between the home institution and the contracting institution.

Distribution of Fees Collected from Students of Multiple Institutions Participating in a Study Abroad Program Delivered by Another Institution

The TCIS will act as the administrative entity. As noted above, all home institutions will collect the amount calculated by the TCIS from each student and remit that amount to the TCIS. The home institution will account for these fees in the agency fund. The home institution will record tuition and fee revenue and an offsetting scholarship in the unrestricted fund for all TCIS participants. Additionally, the home institution will record any administrative fee collected in the unrestricted fund as tuition and fee revenue.

Reporting of Credit Hours Generated for Appropriation Purposes

The committee recommended that the home institution record and report the credit hours.

Accounting for Funds Collected from Students for Expenses beyond the Tuition Charges

The only funds collected from students will be the amount calculated by TCIS as the per student rate for the study abroad program. As noted above, all home institutions will collect the amount calculated by the TCIS from each student and remit that amount to the TCIS. The home institution will account for these fees in the agency fund, excluding any amount collected as an administrative fee for the home institution. Any administrative fee amount collected will be recorded in the unrestricted fund as tuition and fee revenue.

Other

The committee discussed how the consortium will be funded. Currently, a consortium fee of $3,000 for universities and $2,000 for community colleges is assessed each institution. PSTCC is supplementing the remainder of TCIS' expenses. The committee discussed whether the consortium should be supported by an increase in the rate paid by participating students, an increase in the consortium fee, or a dedication of a percentage of the international education student fee. The committee eliminated dedicating a percentage of the international education student fee as an option. It was felt that this fee should remain on campus and used primarily to fund the TCIS scholarships, internationalizing the college curriculum, and international cultural events. Mr. Grimes noted that if the consortium fee is expected to solely fund the consortium, it will need to be increased to more than double the current rate. Several members saw value in increasing the fee collected from each participating student to include a consortium overhead amount. This method would allow the revenue stream to grow as program demand grows.

The committee discussed whether membership in the consortium is optional. Membership is not optional at this time.

There being no further business to discuss, the committee adjourned.

Subsequent to the BASC meeting, the presidents did not support the concept of awarding scholarships to all participants to cover the cost of tuition and fees. The presidents agreed that Mr. Grimes will calculate the cost of each trip and students will be charged that cost plus tuition and fees. Each campus will determine which students, if any, will receive scholarships toward the cost of tuition and fees. Mr. Grimes will not include the $100 per student administrative fee originally agreed upon.

Attachment F

Policy No. 5:02:04:10

SUBJECT: Faculty Compensation During Summer Session and Inter-sessions

The Tennessee Board of Regents recognizes and considers summer session and intersession assignments of faculty as separate assignments from academic year appointments. It is further recognized that compensation for faculty assignments during summer sessions and intersessions should be a factor of the regular academic year salary which takes into account the nature and extent of the duties and responsibilities involved in these separate appointments. To provide for such appropriate levels of compensation for faculty service during summer sessions and intersessions, the Board hereby adopts the following compensation provisions.

Category I: Regular Academic year faculty personnel who serve the institution as teaching faculty during intersessions and summer sessions.

Faculty in this category shall be compensated at the rate of 1/32 of their academic year salary per semester hour of teaching load. The maximum summer and intersession pay may not exceed 25 percent of the preceding academic year salary; however, except as needs are determined by the institution, a faculty member may teach and be compensated for nine semester hours for the summer term, with appropriate documentation of need maintained at the institution.

Category II: Regular academic year faculty who serve under sponsored contracts for research and other professional services between academic years.

Compensation for personnel in this category shall not exceed the rate equivalent to one-ninth per month of the preceding academic year salary. If the faculty member works on a part-time basis on a sponsored contract project, the pay should be adjusted accordingly.

Category III: Division/Department Heads on an academic year appointment.

The level of compensation for these administrators should be commensurate with the duties assigned. For a full-time assignment, the rate of pay shall not exceed 25 percent of the preceding academic year salary.

Category IV: Part-time faculty.

The level of compensation for faculty in this category should follow the schedule set forth in TBR Guideline P-050 (Part-Time Faculty Compensation).

Category V: Faculty members in the Cecil C. Humphries School of Law (UM).

The level of compensation for faculty in this category will be at a flat rate of $2500 per credit hour without regard to rank, and no faculty member may exceed the limit of three credit hours per summer term.

The above compensation provisions do not apply to campus-based study abroad programs or study abroad programs included in the Tennessee Consortium for International Studies (TCIS). Compensation for these programs will be determined by the institution or the Executive Director of TCIS, respectively.

Any exception to the compensation provisions indicated above requires prior approval by the Chancellor.

Source: TBR Meetings: March 4, 1977; March 17, 1989; March 16, 1990; October 2, 1998.

Guideline P-055

SUBJECT: Faculty Compensation for Teaching Credit Courses as an Overload

Tennessee Board of Regents Policy 5:01:05:00 OUTSIDE EMPLOYMENT AND EXTRA COMPENSATION provides that "the minimum rates per credit hour of instruction… must be applied when calculating compensation for extra service for full-time faculty teaching credit courses at community colleges and universities."

The rates set forth in this Guideline shall be considered minimum rates for compensation of full-time faculty teaching credit courses in excess of the normal load.

Rank	Rate Per Credit Hour of Instruction
Full Professor	$700
Associate Professor	$650
Assistant Professor	$600
Instructor	$550

The rate per credit hour of instruction refers to the number of credits granted toward the faculty load, which may differ from the number of student credit hours. Faculty often receive more credits for teaching laboratory courses, for example, than they do for non-laboratory courses.

The above rates do not apply to either campus-based study abroad programs or study abroad programs included in the Tennessee Consortium for International Studies (TCIS). Rates for these programs will be determined by the institution or the Executive Director of TCIS, respectively.

Source: Presidents meeting November 8, 2005

	Instruction	Research	Public Service	Academic Support	Student Services	Institutional Support	Physical Plant	Ho
APSU	60%		1%	12%	12%	12%	1%	
ETSU	41.26%	0.02%	0.10%	16.82%	19.51%	22.24%	0.05%	
MTSU	39%	1%	1%	8%	25%	23%	1%	
TSU	65%			15%	17%	6%		
TTU	65.37%	4.42%	0.50%	11.46%	9.03%	7.98%	0.64%	
UOM	45.75%	19.71%	4.53%	9.72%	10.54%	8.46%	0.97%	
CSTCC	56%		4%	16%	12%	9%	1%	
CLSCC	24%			21%	33%	22%		
COSCC	54.20%		0.40%	10.70%	10.30%	15.40%	9%	
DSCC	58%			5%	20%	14%	3%	
JSCC	28%			8%	41%	22%	1%	
MSCC	56%			16%	21%	6%	1%	
NSCC	59%		1%	17%	9%	12%	3%	
NSTCC	10.51%			64.29%	9.91%	14.62%	0.67%	
PSTCC	58%		1%	8%	16%	15.50%	0.50%	
RSCC	53.76%		0.15%	2.10%	20%	23.49%	0.50%	
SWCC	15%			10%	25%	25.00%		
VSCC	55.06%			6.01%	14.43%	15.48%	9.02%	
WSCC	39%		6%	29%	13%	11%	2%	

Allocation Method

APSU	Combination of usage statistics from the VAX and the number of PC's in each area
ETSU	CPU usage and a component for maintenance and other support provided to PC users.
MTSU	Two part allocation: academic and adminstrative. The academic allocation is based on number of PC's in depar The administraive allocation is based on usage of the adminstrative systems.
TSU	Compute by adding CIT, Banner and Academic Computing together and allocating the total based on predeterr rates.
TTU	Computer use method as determined by IT.
UOM	Allocation percentages are based on prior's years actual salary expenditures under the sub-programs.
CSTCC	Number of users per function.
CLSCC	Operational expenses are allocated based on computer usage time. Personnel cost are allocated based on per of time IT personnel spend with various departments within a function.
COSCC	Number of full time employees is the basis for IT allocation.
DSCC	Number of PC's in each area is the basis for IT allocation.
JSCC	Number of hours that IT works in a functional area is the basis for IT allocation.
MSCC	N/A
NSCC	Budget for Computer Services is allocated based on salaries. The total salary for the functional area is divided into total salaries for the college to determine what percentage is applicable to the functional area.
NSTCC	Adminstrative computer services allocation is based on the previous year's usage and the computer user servi Academic coputing area is based on the number of faculty in the 2 areas.
PSTCC	Estimate of usage by Computer Services and Business Office.
RSCC	IT allocation takes the following into account: Direct IT labor hours, CPU processing time, log-in time and numb
SWCC	Computer charges are allocated into pool accounts in the functional areas.Computer costs for each function are

percentage

with a variable discretionary amount added in for certain years to account for special projects or circumstances.

VSCC N/A

WSCC Allocation based on the number of computers located throughout the college.

6/12/07 DRAFT

H. Limitations of Liability. The Chancellor or designee may approve limitations of liability and limitations of warranty in contracts for personal services, professional services, and consultant services.

Approval Process. The request made under this Section must be submitted in writing to the Chancellor and must be signed by the President or Director.

Not Authorized. The Chancellor is not authorized to approve limitations of contractor liability which may reduce TBR's potential recovery from a contractor below two (2) times the value of the contract without the written permission of the Commissioner of Finance and Administration. In no event shall a limitation of liability or warranty permitted under this Section limit the liability of the contractor for intentional torts, criminal acts, or fraudulent conduct. This Section does not authorize any further limitation of the legal rights of TBR as a state entity, does not constitute a waiver of sovereign immunity, and does not authorize a cause of action against TBR in any jurisdiction.

Banner Advancement Implementation Costs

(Estimates - for discussion purposes only)

		Shared (All Schools)		
			Number of Implementations	
	Tier	Allocation	Original 10	Additional 7
APSU*	IV	5.7%	29,815	49,633
ETSU*	V	8.8%	46,028	76,622
MTSU*	VI	13.3%	69,123	115,068
TSU*	V	7.6%	39,622	65,959
TTU*	V	7.2%	37,410	62,276
UOM*	VI	14.9%	77,419	128,879
CSTCC	IV	4.2%	22,030	36,672
CLSCC*	II	2.2%	11,595	19,303
COSCC	III	2.9%	14,851	24,722
DSCC*	II	2.0%	10,204	16,987
JSCC	III	2.8%	14,350	23,889
MSCC*	III	2.5%	13,241	22,043
NSCC	IV	3.5%	18,254	30,387
NSTCC	III	2.8%	14,523	24,176
PSTCC	IV	4.1%	21,159	35,223
RSCC	III	2.9%	15,102	25,140
STCC*	V	5.6%	29,310	48,792
VSCC	IV	3.7%	19,391	32,281
WSCC	III	3.2%	16,852	28,054
Total Costs:		100.0%	$520,280	$866,104

Shared (All Advancement Schools)		
Allocation	Original 10	Ad
6.3%	32,916	
9.8%	50,814	
14.7%	76,310	
8.4%	43,743	
16.4%	85,469	
4.7%	24,320	
3.2%	16,395	
2.2%	11,265	
3.0%	15,843	
2.8%	14,618	
3.9%	20,152	
3.1%	16,033	
4.5%	23,359	
3.2%	16,672	
6.2%	32,358	
4.1%	21,408	
3.6%	18,605	
100.0%	$520,280	$

Notes:

Costing is only for implementation training and consulting

Schools with an asterisk (*) were licensed for Advancement under Plus

Cost for 10 implementations:	$520,280
Cost for additional 7 implementations:	$345,824
Cost to add 18th institution:	$27,392
Cost to add 19th institution:	$122,771
Cost for stand alone implementation:	$213,575
Cost for 19 stand alone implementations:	$4,057,925

All costs are spread out over the remaining term of the contract.

Attachment K

POLICY 4:04:01:50

SUBJECT: Revenues From Campus Concession

The institutions ~~and technology centers~~ governed by the ~~State~~ **Tennessee** Board of Regents shall consider revenue received from campus concessions as unrestricted revenue.

Any contract between the institution ~~or center~~ and any external agency to the institution ~~or center~~ is to be awarded on the basis of ~~open competition in the form of proposals or bids.~~ **any method provided under TBR Purchasing Policy.**

Any award of concessions to agencies internal to the institution ~~or center~~ shall be awarded on the basis of proposals presented to the institution ~~or center~~ and eligibility to present proposals will not be limited to any specific internal agency.

Source: TBR Meetings, August 17, 1973; September 30, 1983

POLICY 4:05:01:01

SUBJECT: Inventory Method for TBR Libraries

In the ~~TBR~~ **Tennessee Board of Regents** libraries, collections vary significantly in ~~their~~ size and in the type of material ~~they contain~~ **contained**; consequently, the ~~prescription~~ **mandate** of a specific or uniform inventory method for all of the libraries to follow is not appropriate. The cost of conducting a systematic inventory of book stock and other library materials is also an important management consideration in TBR libraries.

(1) A full or partial inventory or census may be conducted annually to meet TBR requirements for materials accountability, and to meet the guidelines of internal accounting and administrative control that are cited in the Financial Integrity Act. **(TCA 9-18-102)**

(2) If a TBR library chooses to do an inventory, one of the two following methods should be used: (A) A partial inventory that covers the entire collection over a two- to five-year period; or (B) An annual or biennial book census using a reliable sampling technique derived from an authoritative statistics textbook that explains how to do standard deviation calculations.

(3) In order to meet the guidelines of internal accounting and administrative control that are cited in the Financial Integrity Act, TBR libraries not choosing to do an inventory must annually report to their institutions the numbers of library materials withdrawn from their collections.

Policy No.: 4:06:00:00

SUBJECT: EXPENDITURE OF STATE FUNDS FOR PAID ADVERTISING

I. General Statement

The purpose of this policy is to provide parameters within which colleges, universities and technology centers shall use state funds for advertising. Advertising, for the purposes of this policy, refers to expenditures to recruit students by media purchases through television, radio, newspapers, billboards, etc. This policy excludes advertising for position vacancies, costs associated with publication expenditures (see G-140), and advertising for auxiliary operations or athletic events and programs.

Advertising for the recruitment of students shall be designed to increase enrollments in the service delivery area as the first priority for advertising of ~~TBR~~ community colleges and technology centers. Any advertising in regional newspapers shall be restricted to zoned editions. Universities are not subject to service delivery area borders and are allowed to develop advertising campaigns that are congruent with the mission of the university.

Advertising expenditures should result in a citizenry which is better informed and thus more likely to support state higher education through both private giving and more effective advocacy. Advertising also informs citizens of the opportunities available through the state's institutions of higher education, thus improving the state's workforce and competitive position in the global economy. ~~TBR~~ ~~universities~~ **Universities** shall advertise in a manner that is designed to increase campus enrollments by emphasizing academic program offerings.

Campuses are encouraged to maintain an appreciation ~~for~~ **of** the efforts of all post secondary institutions to provide educational services to students. In this sense, advertising for one campus should not be designed in a manner that has the impact of being detrimental with regard to the educational services provided by another campus.

Given the aforementioned criteria, each campus shall evaluate paid advertising on an annual basis to determine if the original ~~statements~~ **estimates** of probable returns on investment are realized. A "cost to benefit" analysis of paid advertising should be a significant factor in the determination whether or not to continue ~~the~~ **an** advertising campaign, along with other factors deemed appropriate by the President.**or Director**

I. Exceptions

Any exceptions to this policy may be approved by the Chancellor.

SOURCE: TBR Meeting December 4, 1998.

Attachment N

Policy No.: 4:07:00:00

SUBJECT: Business Meals and Recognition Events

The ~~university/college/technology center~~ **institution** may pay or reimburse properly documented meals ~~whose~~ **for which the** primary purpose is a business discussion. Business meals generally include at least one ~~non-university/college/technology center~~ **non-institutional** employee. However, occasional gatherings of ~~university/college/technology center~~ **institutional** employees may be reimbursed as business meals. Expenses may be incurred only for those individuals whose presence is necessary to the business discussion.

In addition to an itemized receipt, IRS rules of substantiation of business expenses require documentation of the time, date, place, specific topic of discussion and attendees at the meals. Please note that the documentation requirements apply to all on-campus or off-campus business meals, regardless of payment method. Accordingly, all on-campus dining facilities require this documentation for all meals charged to departmental accounts.

The ~~university/college/technology center~~ **institution** will deny reimbursement for meal expenses that lack documentation or a clear business purpose. Gatherings that are primarily social in nature do not qualify for payment or reimbursement as business meals.

Institutional funds may be used to purchase food and non-alcoholic beverages for recognition, appreciation and/or retirement events if the event is in accordance with institutional policies and is reasonable in number and events per fiscal year and amount spent. Recognition gifts and retirement plaques are allowable up to a reasonable value limit per employee/retiree recognized.

Source: TBR Board Meeting December 5, 2003; December 2, 2005.

OTHER EDUCATIONAL ASSISTANCE PROGRAMS

B-62 Support for Educational Assistance

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/technology center/Central Office. 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-061) and two programs offered to general state employees and the dependents of licensed teachers and State employees (B-062). Exceptions to the provisions of the programs for TBR employees can be made upon recommendation of the president/director and approval by the Chancellor.

Types of Support for Educational Assistance

The guidelines for Educational Assistance (P-130, P-131, B-061, B-062) contain a total of eleven (11) programs. The Programs in P-130 provide benefits to personnel at TBR institutions, Tennessee Technology Centers and the Central Office to further their formal education. The Program in P-131 provides benefits for dependents of TBR employees. The programs in B-061 provide assistance to dependents of veterans and to state employees 65 years of age and older. The programs in B-062 provide assistance to state employees and dependents of public school teachers. The programs are:

P-130 – Educational Assistance for TBR Employees

I. Faculty or Administrative/Professional Staff Grant-in-Aid Program

II. Faculty or Administrative/Professional Staff Tuition or Maintenance Fee Reimbursement Program

III. Employee Audit/Non-credit Program

IV. Clerical and Support Staff Maintenance Fee Payment Program

V. Fee Waiver for TBR/UT System Employees Program (PC 191)

P-131 – Educational Assistance for Spouse and Dependents of TBR Employees

I. Fee Discount for Spouse and/or Dependent Children Program

B-061 – Educational Assistance for State Employees and Dependents of State Employees or Public School Teachers

I. Public Higher Education Fee Waiver for State Employees Program

II. Fee Discount for Dependent Children of Licensed Public School Teachers or State Employees Program

B-062 – Other Educational Assistance Programs

I. Veterans' Dependents' Post-Secondary Education Program

II. Age 65 or Above Program

Complete eligibility information is contained within each Guideline.

Taxation of Educational Assistance Programs

Undergraduate and graduate course tuition, ~~up to $5250 per year~~, 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.

I. Veterans' Dependents' Post-Secondary Education Program

Effective July 1, 2000, TCA §49-7-102 was amended to provide that: "every dependent child in this state under the age of twenty-one (21) 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, and/or maintenance fees, and/or student activity fees and/or required registration or matriculation fees, and shall be admitted without cost to any institutions of higher education owned, operated and maintained by the state." Therefore, this program is available to both TBR employees and persons outside of the Tennessee Board of Regents system. 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. Exceptions: Grant-in-Aid and Desegregation Program recipients.

A. Eligibility

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.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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. The spouse's eligibility shall extend to the end of the term in which the ten (10) year period expires. A spouse who has previously earned an undergraduate degree or certificate shall not be eligible for benefits. Otherwise, the spouse shall be eligible for benefits until one of the following occurs:

   a. Prior to the expiration of benefits, the spouse earns ~~and~~ **an** undergraduate degree or certificate; *or*

   b. The spouse has accumulated one hundred fifty (150) semester hours, or the equivalent; *or*

   c. The spouse has maintained a full-time enrollment of at least fifteen (15) semester hours, or the equivalent, for ten (10) semesters, or the equivalent.

6. A dependent child shall be matriculated as a full-time student at a state institution of higher education prior to attainment of age twenty-one (21). 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 21, the dependent earns an undergraduate degree or certificate; *or*

b. The dependent has accumulated one hundred fifty (150) semester hours, or the equivalent; *or*

c. The dependent has maintained a full-time enrollment of at least fifteen (15) semester hours, or the equivalent, for ten (10) semesters, or the equivalent.

7. 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 the following U.S. military campaign medals are authorized:

(1) Armed Forces Expeditionary Medal; *or*

(2) Southwest Asia Service Medal with at least one (1) bronze star appurtenance for specific military campaign participation by the veteran; *or*

(3) Vietnam Service Medal with at least one (1) bronze star appurtenance for specific military campaign participation.

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 ~~area~~ technology center system that offers courses of instruction leading to a certificate or degree; and

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

B. 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 and/or technology center.

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

C. Payback Provisions

None

D. When the Participant May Attend

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

E. 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.

F. Where the Participant May Attend

Any public institution of higher education in Tennessee

II. Employees 65 Years and Above Program

In accordance with TCA §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 (See Section IX.B.)

A. Eligibility

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.

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

1. A fee of $75 per semester or $50 per quarter may be assessed for credit courses. (This fee includes maintenance fees, student activity fees, technology access fess, 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.

C. Payback Provisions

None

D. 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.

E. 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.

F. Where the Participant May Attend

Employees may enroll at any public Tennessee institution.

Source: Presidents Meeting February 7, 2006; Presidents Meeting November 8, 2006

TBR Guideline No. B-080

SUBJECT: Reporting and Resolution of Fiscal Misconduct, Improper Use of Institutional Resources, and Institutional Losses

It is the responsibility of each institution to establish a system to report fiscal misconduct and losses of state or institutional funds and property. When someone suspects wrongdoing, the appropriate authorities as designated by the institution's president/director should be informed. The Tennessee Board of Regents Business and Finance Office (TBR) shall be immediately notified of the reported incident as outlined below. Administrators at all levels of management should be aware of the risks and exposures inherent in their areas of responsibility, and should establish and maintain proper internal controls to provide for the security and accountability of state resources, including resources entrusted to them. "Resources," as used herein, shall refer to personnel, equipment, and financial resources. Compliance with the guideline will:

- Promote adherence to federal and State law (including, but not limited to, Tenn. Code Ann. §§ 8-19-501, 12-4-101, and 12-4-103).
- Promote adherence to federal regulations and state policy.
- Establish responsibility for detection, reporting and investigation of suspected fraud, misuse, or misappropriation of state resources.
- Increase the awareness of all employees to the possibility of fraud and resource-related misconduct.
- Establish consistency with the reporting of allegations of fraud and resource-related misconduct.
- Ensure immediate notification to TBR of all authenticated cases of fraud.
- Ensure appropriate disposal of surplus property.

Terms

The following definitions apply to these terms as they are used in this guideline. "Fraudulent activities" is defined as actions that deceive or cheat, ordinarily for the purpose or result of causing some financial loss to another, or bringing about some financial gain to oneself or others. "Suspected fraud" is a reasonable belief or actual knowledge that a fraudulent activity has occurred. "Misconduct" includes conduct that contravenes institutional, TBR or other state policy/statute or federal regulation/statute, or enriches the employee or others beyond the remuneration specified by the terms of the employee's appointment, employment contract, or vendor contract. "Suspected misconduct" is a reasonable belief or actual knowledge that misconduct has occurred.

Fraudulent activities, misappropriation, and misconduct include, but are not limited to:

- Embezzlement or misappropriation of institutional funds, goods, property, services or other resources.
- Improper use or assignment of institutional personnel, property, services or other resources.
- Forgery or unauthorized alteration or falsification of documents or computer files.
- Authorizing or receiving compensation for hours not worked by the employee or by others.
- Improper handling or reporting of financial transactions, including use, acquisitions and divestiture of state property, both real and personal.

- Misappropriation, misapplication, destruction, removal, or concealment of property, services or other resources.

- Inappropriate use of computer equipment, software, networks, or systems, including personal or private business use, hacking and software piracy.

- Concealment or misrepresentation of events or data.

- Acceptance of bribes, kickbacks or any gift, rebate, money or anything of value whatsoever, or any promise, obligation or contract for future reward, compensation, property or item of value, including intellectual property.

- Conflict of Interest.

Reporting

The procedure for reporting property losses to the appropriate campus officials is divided into three categories: (1) losses due to cash shortages, (2) losses involving acknowledged or suspected misconduct, and (3) losses of physical property. TBR reports the suspected fraud items and cash shortages to the Comptroller of the State of Tennessee, Division of State Audit, and the property losses to the State of Tennessee, Department of Treasury, Risk Management Division. Losses must be reported ~~to the State immediately upon discovery and the institutional procedures should address timely reporting~~. **as follows**:

1. Losses Due to Cash Shortages

   Each institution is required to report cash shortages equal to or greater than $100 **immediately** to TBR and should follow-up with a "Notification of Loss of Funds and/or Property" report (see Attachment A). Some cash shortages result from human error and are the cost associated with doing business. However, objective reviews must be completed to eliminate misconduct and provide assurance that controls are effective. Regardless of amount, if the shortage is a repeating event or a pattern of financial shortfalls is identified in any area or unit, such should be specifically noted in the report. Furthermore, the investigation unit identified on the "Notification of Loss of Funds and/or Property" report should file a "Case Resolution Report" (see Attachment B) at the conclusion of the investigation. Both reports should be sent to TBR and Internal Audit.

2. Losses Involving Acknowledged or Suspected Misconduct

   Losses of institutional assets as the result of acknowledged or suspected misconduct by either an employee or a non-employee (for example, a vendor, contractor, or student) may include, but are not limited to: shortages of cash, lost, stolen or altered checks, operational supplies, physical property, intellectual property, and any other instance where assets may have been misappropriated, e.g., travel claim abuse, long distance telephone abuse, theft of athletic tickets, reporting or approval of hours not worked, etc. TBR must be verbally notified of the incident followed by a written notification.

   Individuals involved with suspected fraud activity or misconduct as that term is defined in this policy must assist with and cooperate in any authorized investigation, including providing complete, factual responses to questions and either providing access to or turning over relevant documentation immediately upon request by any authorized person. Any person refusing to provide such assistance must be notified that such refusal may result in the imposition of discipline, up to and including termination. Failure to provide such notice will not preclude the institution from terminating the employee. The procedures outlined below should be followed:

A. Any employee who becomes aware of losses involving misconduct or suspected fraud must immediately report the incident to an appropriate department official. If the incident involves their immediate supervisor, the employee must report the incident to the next highest-level supervisor. Employees should not confront the individual being investigated or initiate an investigation on their own. Such actions could compromise the investigation. A department official who receives notice of suspected misconduct or fraudulent activity must immediately report the incident to the following:

1. Vice President of Business and Finance or their designee
2. Internal Audit Department
3. Safety and Security Office (as deemed necessary)

B. The president/director will designate one of the above referenced officials to verbally notify TBR regarding the acknowledged or suspected fraud or misconduct.

C. Each institution must complete a "Notification of Loss of Funds and/or Property" report (see Attachment A). This report must be sent to TBR and Internal Audit.

D. The investigation unit identified on the "Notification of Loss of Funds and/or Property" (see Attachment A) report will file a "Case Resolution Report" (see Attachment B) at the conclusion. This report will be issued to TBR, Vice President of Business and Finance, Internal Audit Department, and the Office of Safety and Security (as deemed necessary).

3. Losses of Physical Property – Property Claims Process

Losses of physical property from thefts, equipment inventory shrinkage, natural disasters, or acts of God should be reported to TBR on a monthly basis as instances occur. Physical property includes those items that meet the definition of a capital asset.

~~However, individual~~ **Individual** occurrences exceeding **$25,000** and occurrences that are potentially serious situations that would create public concern regardless of amount must be reported to the TBR and the State of Tennessee Treasury Department, Office of Risk Management **immediately** followed by a written report.

Go to http://www.treasury.state.tn.us/risk/index.htm and click on the "Contact Us" link for contact information and the "Claims Process" link for details of the insurance claims process.

The loss of physical property report referenced above should list equipment items individually and should include all related data as reflected on the equipment inventory list. This information may be forwarded to TBR on an Excel spreadsheet with a brief narrative explaining how the loss occurred. Each property damage report should include a detailed description of the loss and the estimated cost. These forms should be forwarded to:

1. Vice President of Business and Finance or their designee
2. Internal Audit Department
3. Department where loss occurred

Actions

The TBR will evaluate the information provided and make a determination concerning external reporting obligations, if any, and the feasibility of pursuing available legal remedies against persons or entities involved in misconduct or fraudulent acts against the institution. Remedies include, but are not limited to, terminating employment, requiring restitution, and forwarding information regarding the suspected fraud to appropriate external authorities for criminal prosecution. In those cases where disciplinary action is warranted, the Office of Personnel/Human Resources, Office of General Counsel, and other appropriate offices shall be consulted prior to taking such action, and applicable institutional and Board policies related to imposition of employee discipline shall be observed.

An employee suspected of theft of institutional property may not resign as an alternative to discharge after the investigation has been completed. Exceptions to this requirement can only be made by the institution's President/Director, and require advance consultation with and approval by the Vice Chancellor for Business and Finance. If the employee resigns during the investigation, the employment records must reflect the situation as of the date of the resignation and the outcome of the investigation.

An employee who is dismissed for gross misconduct or who resigns to avoid dismissal for gross misconduct shall not be entitled to any payment for accrued but unused annual leave at the time of dismissal.

Students found to have participated in misconduct or fraudulent acts as defined by this guideline will be subject to disciplinary action pursuant to the *Code of Student Conduct.* The ~~Dean of Students and/or the Vice President of Student Affairs~~ **Chief Student Affairs Officer** will be responsible for adhering to applicable due process procedures and administering appropriate disciplinary action.

All investigations will be conducted in as strict confidence as possible, with information sharing limited to persons on a "need to know" basis. The identities of persons communicating information or otherwise involved in an investigation or allegation of misconduct or fraudulent activity will be revealed beyond the institution and the TBR Legal and Business Office staff only as necessary to comply with reporting requirements, state law or if legal action is taken.

Administrators at all levels of management must implement, maintain, and evaluate an effective compliance program to prevent and detect fraudulent activities. Once fraud has been reported, the overall resolution should include an assessment of how it occurred, an evaluation of what could prevent recurrences of the same or similar conduct, and implementation of appropriate controls, if needed.

Source: November 6, 2002, Presidents Meeting.

NOTIFICATION OF LOSS OF FUNDS AND/OR PROPERTY

(Date)

_________________, Vice Chancellor for Business and Finance
Tennessee Board of Regents
1415 Murfreesboro Road, Suite 350
Nashville, TN 37217

Dear ____________:

Please be advised that the following loss has occurred in _(Department Name)______ at ___________(Institution)____

Below is a brief description of the loss:

(include individuals name, approximate amount in question, and the nature of the loss) __
____
____
____
____

The situation is currently being investigated by ___(investigating unit)____. A case resolution report will be issued to you by ____(name, title, phone number)____ at the conclusion of the investigation.

Sincerely,

______________(Name)________________

______________(Title)_________________

Attachment B

CASE RESOLUTION REPORT

______________(INSTITUTION NAME)________________

(Date) ______________

Department:_________________________________ Unit:_______________________

1. Date of the loss:____

2. Reported by:____

3. Investigation/unit conducted by:_____________________________________

4. Description of the loss:____
____
____

5. Total amount of loss:____

6. Was employee dishonesty discovered? Yes___________ No___________

7. Name(s) of employee(s) involved:____
____
____

8. Action taken:____
____
____

9. Methodology used to determine loss:_________________________________
____
____

10. Internal control weaknesses found:____________________________________
____
____

11. Actions taken to resolve weaknesses:_________________________________
____
____