A G E N D A

PRESIDENTS MEETING
Tuesday, August 17, 2010 – 9:00 A.M. (CDT)

1. Presentation on the Business Intelligence Initiative with TSU (Tom Danford) - Attachment

2. Proposed Revisions to TBR Guideline A-100 – Basic-Developmental Studies Program (DSP) – Operational Guideline (Vice Chancellor Short) – Attachment

3. Proposed Revisions to TBR Guideline TTC -080 – TTC Fees and Refunds (Vice Chancellor King) - Attachment

4. Proposed Revisions to TBR Policy 4:03:03:00 – General Travel (Vice Chancellor Sims) - Attachment

5. Proposed Revisions to TBR Guideline G-030 – Contracts and Agreements (Vice Chancellor Sims) - Attachment

6. Proposed New TBR Guideline – Fixed Assets and Sensitive Minor Equipment (Vice Chancellor Sims) - Attachment

7. Flexible Benefits Forfeiture (Vice Chancellor Sims) - Attachment

8. Fee Review Process (Vice Chancellor Sims) - Attachment

9. Review of Financial Statement Ratios (Vice Chancellor Sims) - Attachment

PRESIDENTS QUARTERLY MEETING

DATE:	Presidents Meeting (August 17, 2010)
AGENDA ITEM:	Presentation on the Business Intelligence Initiative with Tennessee State University
ACTION:	Information Item
PRESENTER:	Tom Danford

BACKGROUND INFORMATION:

A presentation on the TSU Business Intelligence Initiative will be presented to the presidents.

Tennessee Board of Regents
Tennessee State University Information Technology
Business Intelligence Initiative

Deloitte Participation with TSU –

During 2008 the Deloitte Consulting Division for Public-Private Partnership in Strategic Planning offered a pro bono opportunity to work with Tennessee State University, the Executive Leadership Council, and Evisions Corporation to leverage the business intelligence resources at TSU to meet the strategic goals of the university. Working closely with the leadership of TSU to define key metrics for each division or department, the results of the pro bono project were the identification and delivery of a first-wave of key performance indicators (KPI) for Higher Education at the TSU campus. Since December 2009, TSU and the TBR have been working together to develop the remainder of the KPIs for the TSU Business Intelligence Initiative. The BI project at TSU gave special attention to:

Helping to refine the TSU Business Intelligence vision.

Identifying the technological blueprint to support BI.

Developing technical and functional user skills.

Establishing performance metric standards with TSU.

Organizing the methodological leadership team.

Road-mapping the TSU Business Intelligence program.

Enrollment Management

* in progress

- Freshman acceptance rate
- Freshman yield rate
- Freshman enrollment
- Freshman high school GPA
- Freshman from top 25% of class
- Freshman ACT

- 6 year graduation rate *
- Average time to degree *
- Undergraduate degrees conferred
- Master degrees conferred
- Doctoral degrees conferred
- Degrees granted by level or field of study
- Graduation rates of undergraduate freshman *

- Minority student ratio *
- Proportion of student applicants to acceptances, enrollment
- Degrees by type
- Percentage of international students

Instructional Programs

* in progress

- High school ranking *
- Average high School GPA
- SAT/ACT 25%-75%
- Acceptance ratios
- Graduate school admission test scores

- Student/faculty ratio
- Faculty class performance ratings *
- Completion of degrees in 150% of expected time *
- Percentage of classes taught by tenure/tenure track faculty *

- Educational expense per student FTE *
- Education expenses as a percent of total expenditures *
- Tuition and fees or other revenues per student FTE
- Educational expenses per degrees granted *
- Faculty and student surveys *
- Percent of faculty tenured

Access to Education

* in progress

Quality of Education

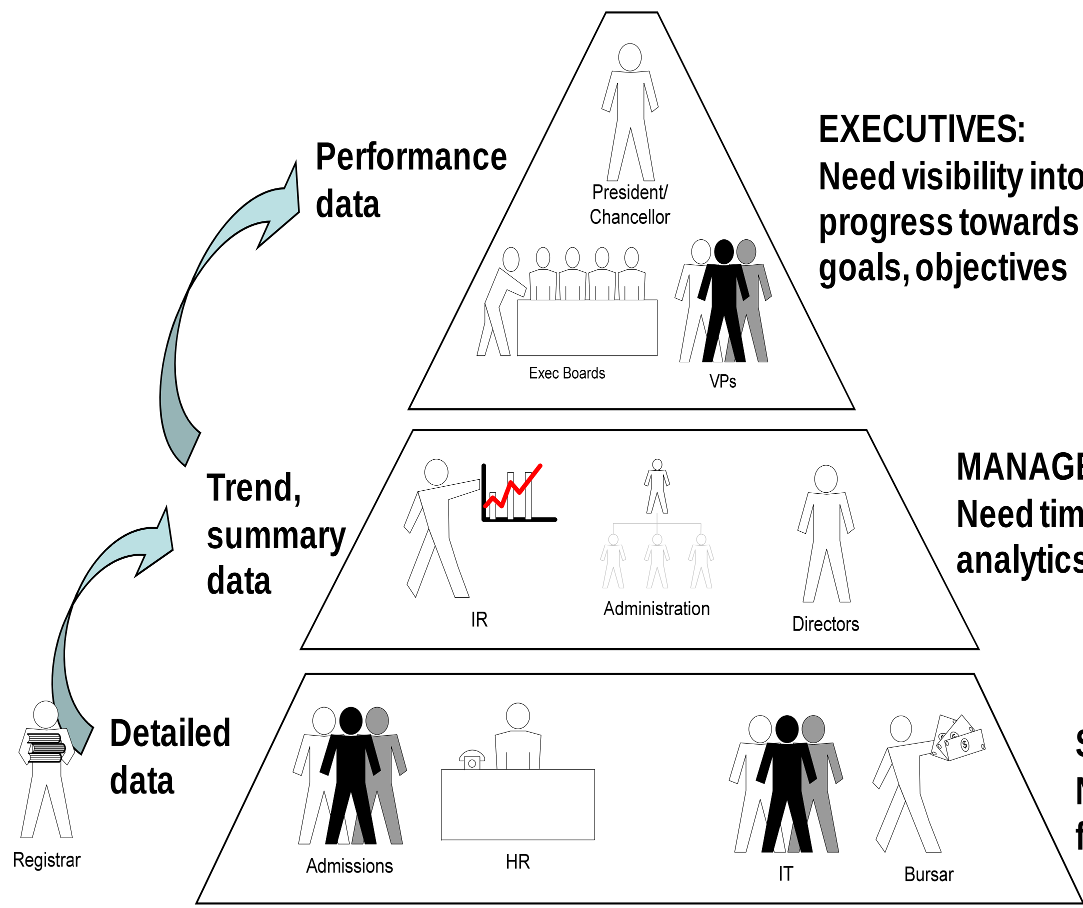
* in progress

Faculty Management

Client Service

Business Intelligence - Reporting and Analytics Design

Information needs to reach all levels of campus
Data from lower levels must be transformed to upper levels



EXECUTIVES:
Need visibility into progress towards our goals, objectives

MANAGEMENT:
Need timely trends, summaries, analytics of our operations

STAFF:
Need detailed reports in many formats and ad-hoc access

PRESIDENTS/DIRECTORS QUARTERLY MEETINGS
August 2010

DATE:	Presidents Meeting (August 17, 2010) Directors Meeting August 18, 2010)
AGENDA ITEM:	Proposed Revisions to TBR Guideline A-100 – Basic Developmental Studies (DSP) – Operational Guideline
ACTION:	Approval
PRESENTER:	Vice Chancellor Paula Myrick Short

BACKGROUND INFORMATION:

Proposed revisions to TBR Guideline A-100, Basic Developmental Studies Program (DSP) will be presented for your review and approval.

Guideline A-100 (Draft with action from July 2010 Sub-Councils)

Subject: Learning Support

The A-100 Guideline reflects the redesign of the former Developmental Studies Program. It demonstrates the commitment of the TBR System and its institutions to enhance students' access to and success in higher education. Learning support in this guideline is defined as academic support needed by a student to be college ready as established by the ACT college readiness benchmarks and standards. Full implementation of this guideline must occur by fall 2013.

I. Assessment - Initial assessment will be required of all students. Institutions will require secondary diagnostic assessment for students who have not met the criteria listed in the table below in order to determine the appropriate learning support.

Degree Seeking First-time Students

- Entering students under 21 years of age must present ACT/SAT scores.
- Community college students under the age of 21, who have no ACT or SAT scores, and who will not have an opportunity to take either on a national test date before classes begin, will be given COMPASS or ASSET.
- Entering students 21 years and older who do not have ACT/SAT scores must complete the COMPASS or ASSET.
- Scores used for initial assessment must have been earned within 3 years prior to the first day of the student's entering term.

Degree Seeking Transfer Students

- Students entering without transferable college-level English composition credit will be assessed in writing.
- Students entering without transferable college-level credit from a reading intensive general education course will be assessed in reading. The designation of the reading intensive course will be made by the receiving institution.
- Students entering without transferable college-level mathematics credit will be assessed in mathematics.

Special Students: Non-degree Seeking / Certificate Programs

- Certificate ~~Non-degree~~ seeking students entering without *transferable* college-level English composition credit will be assessed prior to enrollment in college-level English or in any course with English composition as a prerequisite.
- Certificate ~~Non-degree~~ seeking students entering without *transferable* college-level credit from a reading intensive general education course will be assessed in reading. The designation of the reading intensive course will be made by the receiving institution.
- Certificate ~~Non-degree~~ seeking students without *transferable* college-level mathematics credit will be assessed prior to enrollment in college-level mathematics or in any course with mathematics as a prerequisite.
- Students who change to degree-seeking status will be assessed under guidelines for degree seeking students.
- For students desiring to take one or more courses for personal or professional development, the institution ~~may waive assessment requirements on a case-by-case basis or~~ will establish a policy to address the need for assessment.

Secondary Diagnostic Test

- Institutions will provide secondary diagnostic assessment for students who are not required to test but request this assessment.

- Students will be assessed diagnostically to determine appropriate learning support if their initial assessment scores fall below:

Proposed ACT/COMPASS/ASSET Minimum College Level *

	ACT	COMPASS	ASSET	SAT
Writing	18	74 (*possible range 74-79*)	43	Critical Reading 450
Reading	19	83 (*possible range 83-84*)	43	Critical Reading 460
Mathematics	19	36 (*possible range 36-40*)	39	Math 460

* Concordant ACT, COMPASS, and ASSET Scores February, 2010

~~*(This statement, highlighted in yellow, is provided only as an explanation and will be deleted from the approved A-100. Please notice the lowering of the COMPASS score in mathematics. In the current A-100 Guideline, the COMPASS score of 50 in mathematics was concorded with an ACT math subject score of 19. Now, "50" has a concorded score of 22 match ACT subject score (the college ready benchmark score), based upon the February 2010 national concordance.)*~~

- Beginning fall 2012, in response to the TN diploma project and Complete College TN Act, TN college readiness benchmark scores will be reviewed biannually. TBR institutions should anticipate revision of assessment scores to parallel ACT recommended college readiness scores. Students will be assessed diagnostically to determine appropriate learning support when assessment scores fall below the ACT or concorded SAT, COMPASS, or ASSET college readiness scores. (*2010 ACT College Readiness scores: Writing--18;Reading--21;Mathematics-22)*

II. Parameters – The president of each institution will submit to the TBR vice chancellor for academic affairs the institution's plan. This plan should include the proposed redesign that will demonstrate compliance with this guideline and the transition of current students to that redesign. A timeframe will be determined by the vice chancellor for academic affairs in consultation with the institution's president. Subsequent annual reports and/or modifications to the institution's plan will be submitted on a timeline to be established by the vice chancellor.

Organizational Structure

- The president of each institution will determine the organizational structure and coordination of learning support Services for the institution.
- Each institution will establish criteria for the selection of learning support faculty consistent with professional disciplinary standards and SACS accreditation.
- Institutional policies will apply to faculty and staff whose primary role is learning support.

Learning Support

- Institutions will develop procedures to transition students to the redesign.
- Only learning support at the high school level as defined by Tennessee Department of Education. qualifies for federal financial aid. (*Federal Student Aid Handbook, Volume 1 – Student Eligibility 2009-2010)*
- If a student matriculates, the institution's plan must include strategies to address learning support for those students with ACT subject scores 12 or below (or concorded SAT/COMPASS/ASSET scores).
- The plan will focus on adequate preparation to enable successful completion of entry-level college courses. Faculty who teach the college-level courses for which the learning support exists must be involved in the development of the plan and are encouraged to be actively involved in the delivery of learning support.
- The learning support must reflect and not exceed learning outcomes and competencies determined to be appropriate for college readiness.
- Students must attain the appropriate mastery level of learning competencies during their initial semesters of enrollment. Students are expected to enroll in the appropriate college-level course immediately upon completion of the learning support or in the next term to enroll.
- The delivery of learning support must be based on proven methods of integrating technology and learner-centered pedagogy and must address the desired learning competencies.
- The plan must include provision for students to be able to move progressively and consistently through the learning support interventions without having to repeat interventions related to competencies for which mastery learning has been demonstrated.
- Four year institutions will not offer credit that is less than college level for learning support.
- The mathematics learning support curriculum will have a single exit point into entry- college level mathematics courses. Academic programs or certificates that do not require a college level math course may prescribe mathematics learning support competencies as pre-requisites/co-requisites specific to the degree program or certificate.
- The institution will design Learning Support so that full-time students should be able to satisfy pre-college level requirements in one semester. Credit hours assigned to pre-college level Learning Support should be kept to a minimum, not to exceed 15 credit hours.
- If a student attempts the same less than college level learning support requirements twice and does not demonstrate appropriate mastery learning, the student will be placed on a learning support alert. ("Attempt" is

defined as being enrolled after the 14th day count as defined in lottery scholarship rules.) The institution will determine a procedure to work with these students.

- "Learning Strategies" will not be offered as a required Learning Support course for less than college level credit. Institutions will determine the delivery of appropriate "learning strategies" at their individual institutions.

Student Records

- Students will demonstrate mastery with a grade of C or higher.
- Successful completion of a student's learning support competencies will be recorded on the student's academic record with or without the assignment of standard grades.
- Students may not audit any portion of their learning support plans.
- Student progress and completion of learning support competencies will be notated in Banner and posted to the academic record.

Student Transfers

- Student learning support information will be provided upon request. When a transcript is requested, the institution must send placement and enrollment status reports for transferring students that includes student record of progress and completion of learning support competencies.
- Regardless of the strategies and activities used to provide learning support, once mastery learning has been documented by the institution, all TBR institutions must accept that documentation.
- If mastery learning for required competencies has not been documented as satisfied, the receiving institution will have an established plan to reassess, if necessary, in order to provide for the continuation of appropriate academic support.

III. Accountability - Evaluation of the learning support services must be a continuous process. As a component of the approved plan, the institution will establish benchmarks and subsequent annual performance indicators to demonstrate progress of students who are placed in learning support.

Measures of Success

- Success will be measured by student completion of learning support, enrollment and success in college entry-level courses for which students have received learning support, fall to fall retention, and graduation rates.
- Additional data measures may be established and reported by the institution to document and evaluate efforts to increase student success.
- Appropriate data tracking must be established to track the progress of any student with an ACT subject score 12 or below who is enrolled at the institution.
- The institution will submit an annual report of progress to the TBR vice chancellor of academic affairs.
- All TBR institutions will form partnerships with the high school districts' Local Educational Agency (LEA) in order to develop early intervention systems to provide learning support for at-risk students identified through the EXPLORE, PLAN, and ACT assessments taken prior to the senior year of high school.

Guideline A-100

Subject: Learning Support

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PRESIDENTS QUARTERLY MEETING
August 2010

DATE: August 17, 2010

AGENDA ITEM: Proposed Revision to Guideline TTC-080

ACTION: Approval

PRESENTER: James D. King

BACKGROUND INFORMATION:

Proposed revision to Guideline TTC-080 (*TTC Fees and Refunds*) is being presented for review and approval. The revision replaces language regarding bad check collections with current language from TBR Guideline B-010 (*Collection of Accounts Receivable*).

Guideline No. TTC-080
Subject: TTC Fees and Refunds

This guideline compliments and implements provisions of Guideline B-060 (Fees, Charges and Refunds), relative to the TTCs. All provisions of B-060 shall otherwise remain in effect for the TTCs. The purpose of the following provisions is to ensure uniform administration of fees and refunds at the TTCs, and to establish related procedures between the TTCs and Lead Institutions.

I. FEE ASSESSMENT

The amount of fees assessed to a student should be determined by an individual other than the one who collects the fees. Fees assessed shall be in accordance with the current Fee Schedule approved by the Tennessee Board of Regents. Fee schedules shall be made readily available to students and prospective students through the use of bulletin boards, advertisements and school publications. The fee assessment shall be as follows:

A. Regular Students – All students, whether residents or non-residents, shall pay the appropriate fees based upon the number of hours the student is scheduled to attend in the term. Students who enroll concurrently in two or more programs/classes will be assessed fees appropriate to the number of hours scheduled to attend in each program/class.

B. Secondary Students (Public Schools) – The TTC will negotiate the appropriate fees with each local public school system for secondary students enrolling at the TTC.

C. Secondary Students (Non-Public Schools) – Students enrolled in state-recognized home schools or private schools will be assessed fees in accordance with the current fee schedule.

D. Special Industry Students – Students shall not be individually assessed fees for special industry training. All charges will be made to the receiving industry(s) and shall be credited to the school's appropriate Grants and Contracts revenue account.

II. FEE COLLECTIONS

A. Payment of Fees

Before any student is counted as enrolled, fees must be paid. Maintenance fees may be waived only in accordance with TBR Guideline B-060. After a student has properly completed the enrollment form and has been approved for the courses designated on the form, the amount of applicable fees will be determined according to the fee schedule. Fees shall be paid according to provisions provided in Policy No. 4:01:03:00 with the students being furnished a pre-numbered receipt.

B. Depositing of Fees

After payments for fees are made, the individual collecting the fees will prepare a report of students' names and fees collected at the end of the collection period and present the report and fees to the assigned individual in the school's business office. The assigned individual in the business office shall accept the fees and sign report verifying the accuracy of the count. The individual collecting the fees shall receive a copy of the verified report as a receipt. Fee collections shall be deposited in accordance with TBR Policy 4:01:01:10 by the TTC staff into the local depository account established for the TTC. A copy of the report detailing student names and fees collected, accompanied by a copy of the deposit slip shall be transmitted to the business office of the Lead Institution.

C. Bad Check Collections

~~If a student pays his/her fees with a check that is not honored by the bank, he/she will be notified by the person so designated at the TTC and if the check is not paid in cash within 15 calendar days from the date of notice, that student will be withdrawn from classes.~~ **A student paying enrollment fees with a check that is dishonored must redeem the check within 10 calendar days from receipt of the notice. Notice should be sent by the technology center to the student no more than three (3) working days from receipt of notice of a bad check from the bank. Notice by certified mail is optional. The technology center will have 5 working days after the expiration of the 10 calendar days to pursue any additional collection efforts deemed necessary. Immediately after the 5 working days, the student will be deleted if the check has not been redeemed in full .** If the student pays the bad check within the allotted time period, he/she will be assessed a return check fee in accordance with TBR Guideline B-060 in addition to his/her fee payment. **Enrollment fees including returned check fees for students de-enrolled for bad checks should be reversed.**

III. REFUNDS OF FEES

A. Eligibility for Refunds

1. Change in a full-time student's schedule which results in reclassification to a part-time student;

2. Change in a part-time student's schedule which results in a class load of fewer hours;

3. Voluntary withdrawal of the student from the school;

4. Cancellation of a class by the school; or

5. Death of the student.

Students administratively dismissed will not be eligible for refunds.

B. Calculation of the Refund

1. Full Refund

a. 100% of fees will be refunded for classes cancelled by the school.
b. 100% of fees will be refunded for drops or withdrawals prior to the first official day of classes.
c. 100% of fees will be refunded in the case of death of the student during the term.

2. Partial Refunds

a. A refund of 75% may be allowed if a program is dropped or a student withdraws within the first 10% of the class hours.

b. A refund of 50% may be allowed if a program is dropped or a student withdraws within the first 20% of the class hours.

c. No refund may be permitted after 20% of the class hours has been completed.

C. Processing of Refunds

The TTC will be responsible for determining the amount of student refunds and will process refunds in accordance with TBR Guideline B-060 and the Council on Occupational Education (COE) standards.

1. Refunds, when due, will be made without requiring a request from the student.

2. Refunds, when due, will be made within 30 days of the last day of attendance when the student has informed the institution in writing prior to withdrawal.

3. If the student drops out without notice to the institution, the refund will be processed 30 days from the date the institution terminates the student or determines withdrawal by the student. All refunds, however, must be made within 60 days of the student's last day of attendance.

4. Retention of tuition and fees collected during pre-registration or in advance for a student who does no commence class will not exceed $100.

5. An update will be made to the accounting system by the TTC or Lead Institution with a transaction resulting in the reduction of revenues from the appropriate fee account.

IV. OTHER FEE AND CHARGE CONSIDERATIONS

A. 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. The amount charged to or paid by the third party is credited to the appropriate Grants and Contracts and/or fee revenue account.

B. Fees established for general interest classes and activities shall be sufficient to cover the total cost incurred in providing instruction.

C. Agreements with public school systems to provide instruction to secondary students will include a provision to outline the specific fee(s) negotiated with the local school systems.

Source: AVTS Director's Meeting-August 15, 1985. Revised AVTS SubCouncil Meeting, May 14, 1987; Presidents' Meeting May 21, 1987. Revised AVTS SubCouncil Meeting, January 18, 1989; Presidents' Meeting, February 14, 1989. Revised Presidents' Meeting, November 9, 1994. Directors Meeting February 14, 2002; Presidents Sub-Council May 21, 2002; Presidents' Sub-Council Meeting August 16, 2005; TTC Directors' Sub-Council Meeting August 17, 2005; Presidents' Meeting May 16, 2006;

PRESIDENTS QUARTERLY MEETING
DIRECTORS QUARTERLY MEETING
August 2010

DATE:	Presidents Meeting (August 17, 2010) Directors Meeting (August 18, 2010)
AGENDA ITEM:	Suggested Revisions to Policy 4:03:03:00 – General Travel
ACTION:	Approval
PRESENTER:	Dale Sims

BACKGROUND INFORMATION:

The suggested revisions to the General Travel policy are housekeeping in nature and also provide additional clarification.

Policy 4:03:03:00
Subject: General Travel

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

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

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

I. Contents

II. General Provisions

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

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

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

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

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

The official station of an employee shall be designated by the appointing authority. It is normally expected that the official station is that location at which the employee spends the major portion of his or her working time. For an employee required to be on call (as determined by his or her job description), either overnight or on weekends, the official station of the employee while on call becomes his or her residence, or the location at which the employee receives the call. Reimbursable mileage begins at the location at which the employee receives the call.

4. The employee is considered to be on official travel status, and as such, eligible for reimbursement of travel expenses, at the time of departure from the employee's official station or residence, whichever is applicable, for the purpose of traveling on state business. Expenses for meals will be allowed when overnight travel ~~or occasional excessive hours of work are~~ **is** required outside the county of the employee's official station or residence. En route lodging will be allowed for only one day each way on trips of long duration. Expenses for lodging will only be allowed in cases where the approved and most direct or expeditious mode of travel will require more than ten (10) hours of continuous travel for trips of long duration. The lodging expense will not be considered en route lodging if it does not add an additional day of lodging expense. For example: An employee has a 9:00 a.m. meeting in Atlanta, GA. Assume the employee needs to work a full day prior to the trip. It would be less expensive and more convenient to drive rather than fly. The employee leaves the night before and drives to within two hours of Atlanta. Then the employee spends the night, continues the drive the next morning and arrives for the 9:00 a.m. meeting. This will be reimbursed but is not considered en route lodging as it did not add an additional day of lodging expense to the normal travel expenses.

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

6. Reimbursement for travel expenses shall only be allowed for actual expenses incurred, subject to the maximum limitations shown on the Addendum. Receipts must accompany claims for reimbursement for all expenses exceeding the amount cited on the Addendum. The exceptions to this rule are for meals, taxi fares, tolls and ferry fees, with no receipt required. Lodging receipts are required and must itemize room charges and taxes. No expenses shall be reimbursed until after travel has been completed.

7. When using websites (such as Expedia.com, Travelocity.com, Hotwire.com, etc.) to make travel arrangements using package deals, documentation is required for each specific item included in the package such as airfare, hotel, and rental car. Documentation should be provided to substantiate the conformance with set rates as established in CONUS and in the general travel policy. If such documentation cannot be obtained from the website or vendors, the employee is responsible for comparing the package price to the separate coach airfare rates, hotel rates (as allowed by CONUS/conference rate) and vehicle rental rates and providing documentation to reflect that the package price is less expensive than fares allowed individually. When the website documentation is not sufficiently detailed, a signed statement by the employee (along with documentation from separate coach airfare rates, hotel rates, etc.) referencing the comparison above is to be attached to the travel claim to certify

that a reasonable effort was made to procure the best price for the college or institution. The employee is responsible for abiding by rates as approved by TBR.

III. Authorization of Travel

l. Approving Authorities - The president or director or his or her designees shall have authority to approve travel by employees of the various institutions and schools. The Chancellor or his or her designees shall have authority to approve travel by employees of the Board. Authorization for travel by a student, regardless of the destination, shall be approved by the president or director of the institution or school or his or her designee.

2. In-State Travel - All employees must obtain prior authorization for in-state travel by the employee's appropriate approving authority. Written authorization may not be necessary for in-state travel where the expected expenses will not be substantial, or when there is no advance notice of the circumstances necessitating the travel, and such travel is approved orally by the appropriate approving authority. Employees whose employment requires frequent in-state travel may obtain blanket authorization in writing for such travel.

3. Out-of-State Travel - All employees must obtain prior written authorization for out-of-state travel, which must be approved by the employee's appropriate approving authority. The authorization must show the name of the person traveling, purpose of the trip, destinations, date of departure and return, mode of transportation, estimated expenses, and availability of funds. If, in the normal course of official business, the employee must routinely travel into another state and back in the same day, such travel will be considered in-state travel and shall be subject to the in-state travel provisions. This exception applies for trips which do not exceed 50 miles into another state. Employees whose employment requires frequent out-of-state travel may obtain blanket authorization in writing for such travel.

4. Canada Travel - Authorization for travel by an employee to Canada shall be approved by the president for employees of institutions, the Vice Chancellor for Technology Centers for employees of the schools, and the Chancellor for employees of the Board.

5. All Other Travel - Authorization for travel by an employee to Alaska, Hawaii, and all out-of-country travel shall be subject to approval by the president. Authorization for travel to Alaska, Hawaii, and all out-of-country travel by the president shall be subject to approval by the Chancellor (or designee). Authorization for travel to Alaska, Hawaii and all out-of-country travel by an employee of a technology center shall be subject to approval by the Vice Chancellor of Technology Centers.

IV. Transportation

1. General - All travel must be by the most direct or expeditious route possible, and any employee who travels by an indirect route must bear any extra expense occasioned thereby. When work is performed by an employee in route to or from the official station, reimbursable mileage is computed by deducting the employee's normal commuting mileage from the actual mileage driven in performing the work in route to or from the official station. For example, if an employee normally commutes 10 miles (20 miles round trip), and performs work on the way home from the official station which results in 12 miles driven, the mileage reimbursement will be for 2 miles only, as that is the amount of mileage in excess of the employee's normal commute. In no instance shall mileage claimed for reimbursement exceed actual miles traveled.

2. Mode of Transportation - Transportation for employees traveling singly should be by common carrier (air, train, or bus) whenever practical. The use of air travel is recommended when time is an important factor or when the trip is so long that other methods of travel would increase the subsistence expense. Automobile transportation may be used to save time when common carrier transportation cannot be satisfactorily scheduled, or to reduce expenses when two or more employees are making the trip. Reimbursement for personal vehicle use may be claimed at the standard mileage rate provided that the cost of such reimbursement is less than comparable cost of commercial transportation including taxi fares and/or limousine charges.

3. Common Carrier Travel - When travel is by common carrier, the fare must not exceed the regular coach fare charged the general public, and advantage must be taken of round trip rates when available. The employee's copy of the ticket, or an acceptable receipt, must be submitted for reimbursement of common carrier expenses.

4. Chartered Aircraft – Generally, faculty and staff (including group travel and athletics) whose duties require travel will use commercial ground and air carriers or a university/college/technology center automobile. However, a chartered aircraft may be used if time and/or distance preclude ground travel or if a commercial air service is either unavailable or does not meet the needs of the traveler(s). The following guidelines apply:

   a. The chief executive officer of each institution shall assign the following duties to a responsible official: (1) reviewing and approving requests for charter air services, (2) scheduling charter flights, and (3) informing those who request charter flights of the charter company’s policy on canceling scheduled flights.

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

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

5. <u>Automobile Travel</u> - When travel by automobile is appropriate, employees may use state-owned automobiles whenever available and feasible. However, state-owned vehicles should be used <u>only</u> on official business.

a. State Owned Automobiles - When transportation is by a state-owned automobile, tolls, parking, gasoline and storage expenses are allowable. When using motor pool automobiles, employees will be furnished with courtesy cards for purchase of gasoline, oil, and other automobile services, and such expenses should not be claimed by employees as travel expenses. Emergency out-of-pocket expenses, such as towing or emergency repairs, will be reimbursed but must be accompanied by proper receipt identifying the automobile and itemizing the services. Such expenditures <u>must</u> be of an emergency nature when immediate service is required and access to a state facility is not possible. Major repairs should be approved by campus officials prior to work being performed. Such expenditures are allowed but should be filed for reimbursement separately.

b. Personally-Owned Automobiles - Use of a personally-owned automobile must be authorized. Mileage reimbursement rates are provided on the Addendum. The authorized mileage allowance includes all operating expenses such as gas, oil, and repairs precluding any separate claim for such items. Employees may use reputable websites to determine point-to-point and/or vicinity mileage.

Commuter Mileage - Procedures for calculating mileage are based on the fact that the State is prohibited from reimbursing employees for normal commuting mileage.

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

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

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

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

c. The travel claim must indicate the employee's itinerary and must show the official business mileage. Business mileage as indicated by the official state map or reputable websites, and that published by Rand-McNally or reputable websites for out-of-state routes will be regarded as official. Vicinity mileage must be reported on a separate line and not included with point-to-point mileage. Only mileage on official business may be claimed.

d. Necessary charges for hotel and airport parking will be allowed provided that airport parking fees do not exceed normal taxi fare to and from the airport or the cost of two round trips in the employee's personal car (see item 10 below). ~~Receipts must be furnished on airport and hotel parking.~~

6. Limousine and Taxi Service - When travel is by common carrier, reasonable limousine and taxi fares will be allowed for necessary transportation. Bus or limousine service to and from airports will be used when available and practical. After arrival at destination, necessary taxi fares for traveling between hotel or lodging and meeting or conference will be allowed. No receipt is required for reimbursement of reasonable taxi fares.

7. Car Rentals at Destination - Charges for automobile rental shall be allowed whenever it is more economical than alternative methods of transportation or it is the only practical means of transportation. Charges for insurance for rented automobiles are not reimbursable. Whenever possible, employees should refuel before returning vehicles.

8. Tolls and Ferry Fees - Reasonable tolls and ferry fees will be allowed when necessary. No receipt is required for reimbursement of tolls and ferry fees.

9. Daily Parking Fees - Daily parking fees for those employees working in downtown offices will not be allowed. However, if an employee is required to leave his office on official business and later returns the same day, the actual additional charge required to park will be reimbursed up to the maximum indicated

(see Addendum). Also, those employees required to utilize commercial parking facilities in the daily performance of duties, or while on travel status, will be allowed reimbursement for actual costs. Receipt is required if the fee exceeds the maximum indicated per day (see Addendum).

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

11. If travel is by common carrier, the employee will be reimbursed for expenses in traveling to and from the common carrier including but not limited to the reasonable cost of one of the following options, whichever is less:

a. one round trip taxi fare,

b. or parking of the employee's personal car at the location of the common carrier, plus mileage of one round trip,

c. or mileage of two round trips in the employee's personal car (subject to a 200 mile maximum for two round trips).

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

V. Lodging

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

2. Out-of-State Lodging - Lodging expenses incurred out of the state while on authorized travel will be reimbursable to the maximum shown on the Addendum. The maximum reimbursement rates for out-of-state travel are the same as those maintained by the U. S. General Services Administration for federal employees within the continental United States (CONUS). The CONUS list, available on the General Services Administration web site, contains a standard reimbursement rate for lodging and meals and incidentals, and several pages of exceptions. Most destinations for out-of-state travel fall within the list of exceptions. En route lodging will be allowed for only one day each way on trips of long duration. En route lodging will only be allowed in cases when the approved and most direct or expeditious mode of travel will require more than ten (10) hours of continuous travel. (Refer to Section II.4. for explanation of en route lodging expenses.)

3. Additional Lodging Expenses - Sales taxes on lodging costs will be reimbursable.

Higher rates for lodging at the location of a convention or conference will be allowed, without special approval, up to the amount indicated in the convention or conference brochure or conference website. Additional lodging for presidents/directors will be approved on the same basis as approval is granted for other employees. Any exceptions must be approved by the Chancellor. The convention or conference brochure which indicates the lodging rates must be included with the travel claim. Otherwise, reimbursement will be limited to the applicable lodging rate as provided in these regulations.

4. Shared Lodging – In the event of double occupancy for state employees on official travel, both employees should attach an explanation to his/her travel claim detailing dates and other employees with whom the room was shared. The lodging cost may be claimed by the employee who incurred the cost, or one half the double occupancy charge may be allowable for each employee. If a room is shared with other than a state employee, actual cost subject to the maximum in the Addendum will be allowed. The receipt for the entire amount should be submitted with the expense account.

VI. Meals

1. In-State and Out-of-State Meals - Meals while on authorized travel will be reimbursed, subject to the meal allowance provided on the Addendum. The maximum per diem rates include a fixed allowance for meals and for incidental expenses (M&I). The M&I rate, or fraction thereof, is payable to the traveler without itemization of expenses or receipts. Incidentals are intended to include miscellaneous costs associated with travel such as tips for baggage handling, phone calls home, etc.

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

The M&I rates for out-of-state travel are the same as those for federal employees, and are available on the General Services Administration’s web site. As with lodging, there is a standard rate for the continental United States (CONUS), and a list of exceptions. Reimbursement for meals and incidentals for the day of departure shall be three-fourths of the appropriate M&I rate (either the in-state rate or CONUS rate for out-of-state travel) at the rate prescribed for the lodging location. Reimbursement for M&I for the day of return shall be three-fourths of the M&I rate applicable to the preceding calendar day. To assist in this calculation, the following table lists partial per diem rates for meals and incidentals for in-state and out-of-state travel.

Per Diem Rates – Three-fourths Calculations

$46	$34.50
$51	$38.25
$56	$42.00
$61	$45.75
$66	$49.50
$71	$53.25

The following table may be used to determine reimbursement for a single meal, when appropriate. Reimbursement for meals will not be permitted when overnight travel is not involved.

In-State and Out-of State of Tennessee

Meals and Incidental – Allocated by Meal

Per diem	$46	$51	$56	$61	$66	$71
Breakfast	7	8	9	10	11	12
Lunch	11	12	13	15	16	18
Dinner	23	26	29	31	34	36
Incidentals	5	5	5	5	5	5

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

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

3. Business Meals – See Policy 4:07:00:00 for criteria on reimbursing business meals.

VII. Miscellaneous Expenses

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

2. Telephone, Telegram and Fax Expenses - Charges for long distance telephone calls, telegrams, and/or fax on official business will be allowed ~~provided a statement is furnished showing the date, the name and location called, and the purpose of the call~~. Charges for necessary local calls on official business will be allowed.

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

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

VIII. Claims

The standard form for claims for travel expenses approved by the President, director or Chancellor shall be used for reimbursement of expenses. The form must show movement and detail of expenses on a daily basis, be signed in ink by the employee, and be approved by the appropriate approving authority prior to reimbursement. All signatures on travel claims must be original or electronic in accordance with TBR policy**.** Receipts for appropriate expenses must be attached to the form. Expenses for books, supplies, postage, and other items that do not constitute actual traveling expenses should not be included in the claim form. Claims for reimbursement for travel expenses should be submitted no later than thirty (30) days after completion of the travel.

IX. Travel Advances

1. General - Normally travel expenses should be paid when incurred by an employee, with reimbursement made to the employee for actual expenses upon proper submission of a claim for travel expenses. Advances to employees for anticipated travel expenses may be made under the circumstances hereinafter described as (1) permanent travel advances and (2) temporary travel advances except as provided in Section X.3. All travel advances must be approved by the president or his or her designees for employees of the institution, the director for employees of the school, and the Chancellor for employees of the Board.

2. Permanent Travel Advances - When an employee has blanket travel authorization, and is expected to travel the major portion of each month, the employee may be placed upon permanent travel status. Upon determination of the employee's estimated monthly expenses, if such expenses exceed $100, the employee may be provided with a single advance in an amount sufficient to cover such expenses for one month, provided such amount may not exceed the semi-monthly salary of the employee. Subsequent to the initial advance, the employee shall submit appropriate claims and be reimbursed as heretofore provided, with any unused portion of the advance to be returned upon termination of the employee's permanent travel status.

3. Temporary Travel Advances - When temporary travel is authorized for an employee, the employee may receive an advance, provided a request for the advance, including estimated expenses, is submitted to the appropriate approving authority with the request for written authorization for the travel, and is approved. An amount equal to 80% of the estimated expenditures will be allowed as an advance, however, no advance less than $100 will be made. Students traveling under individual authorizations or an employee traveling with a student or students who is responsible for disbursing all funds for the trip may be advanced 100% of the amount of the authorization.

4. Payroll Deduction Authorization - Each employee receiving a permanent or temporary travel advance for the first time must sign a payroll deduction authorization form which will allow the State to recover the advance from any salary owed the employee in the event of termination of employment or failure to submit a travel claim. This deduction from payroll should be used as a last resort only in the event all other efforts to collect the advance have failed.

5. Expense Claim - Upon return, the employee should submit an expense claim detailing his or her actual expenditures. This claim should show the total expenses incurred. The advanced amount should be subtracted from this total. A voucher should then be prepared requesting the additional amount due the employee. No advance should exceed actual expenses. If this does happen, however, the excess should

be returned by the employee to the business office for deposit as a credit against the original advance with proper distribution being made of the actual expenses incurred. In the latter instance, the expense account claim should be forwarded to the business office with notification to file it with the advance request.

X. Corporate Credit Cards for Travel

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

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

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

   a. any employee who is issued a corporate card, or
   b. any employee who is designated but chooses not to apply for a corporate card.
   c. any employee who has had his/her corporate card cancelled or was refused a card based on the vendor's credit requirements.

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

4. Reimbursement - Reimbursement for travel expenses shall only be allowed for actual business expenses incurred, subject to the provisions of Section II, Item 6, and the maximum limitations shown on the Addendum.

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

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

XI. Exceptions

General - The Chancellor shall have the authority to grant exceptions to any part or all of the provisions of this policy when deemed appropriate and necessary; however, any exception directly affecting the Chancellor must be approved by the Vice Chair of the Board. The Chancellor delegates to the presidents and directors the authority to grant exceptions to any part or all of the provisions of this policy in individual instances when deemed appropriate and necessary; however, any exception directly affecting presidents or directors must be approved by the Chancellor or Vice Chancellor for Technology Centers, respectively.. Two areas of standing exceptions to the policy are provided below.

Exception No. 1

(a) Provisions for travel contained in this Exception Number One shall be applicable only to the Chancellor and his or her immediate staff, presidents of institutions, technology center directors, and System employees traveling in their company. This exception corresponds with Exception Number Three of the Comprehensive Travel Regulations. All provisions of the Sections II through X of this policy shall be applicable unless superseded by the following.

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

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

Exception No. 2

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

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

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

Addendum

Tennessee Board of Regents General Travel Policy

This Addendum provides the specific expenses considerations cited in the general travel policy. The reimbursement rates listed below are consistent with the current Comprehensive Travel Regulations of the State of Tennessee, which may be revised from time to time. The following shall remain in effect from and after October 1, 2009, until revised by the Chancellor. The Board delegates to the Chancellor the authority to increase TBR travel rates commensurate with any rate increases approved by the State of Tennessee.

General Reimbursement Rates

Standard mileage rate	Rate approved by the Dept. of Finance and Administration ~~(see http://www.state.tn.us/finance/act/documents/policy8.pdf)~~
Maximum parking fees without receipt	$ 8.00 per day
Fees for handling of equipment or promotional materials	$ 20.00 per hotel

Out-of-State Reimbursement Rates

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

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

In-State Travel Reimbursement Rates

Level I Counties and Cities

Day of Departure And Return	Maximum Lodging	Maximum Meals and Incidentals
75% of M&I	$119.00 + tax	$66.00

Davidson County

Level II Counties and Cities

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

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

Level III Counties and Cities

Day of Departure And Return	Maximum Lodging	Maximum Meals and Incidentals
75% of M&I	$70.00+ tax	$46.00

All other counties and cities not listed above.

Standard Out-of-Country Rates

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

(per diem amount only to be used when receipts are not available)

Special Rates Under Exception One

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

Out-Of State Reimbursement Rates

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

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

In-State Travel Reimbursement Rate

Level I Counties and Cities

Day of Departure And Return	Maximum Lodging	Maximum Meals and Incidentals
75% of M&I	$124.00+ tax	$66.00

Davidson County

Level II Counties and Cities

Day of Departure And Return	Maximum Lodging	Maximum Meals and Incidentals

75% of M&I	$107.00+ tax	$46.00

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

Level III Counties and Cities

Day of Departure And Return	**Maximum Lodging**	**Maximum Meals and Incidentals**
75% of M&I	$75.00 + tax	$46.00

All other counties and cities not listed above.

Special Rates Under Exception Two

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

Out-of State Reimbursement Rates

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

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

In-State Travel Reimbursement Rates

Level I Counties and Cities

Day of Departure And Return	**Maximum Lodging**	**Maximum Meals and Incidentals**
75% of M&I	$139.00+ tax	$66.00

Davidson County

Level II Counties and Cities

Day of Departure And Return	**Maximum Lodging**	**Maximum Meals and Incidentals**
75% of M&I	$122.00+ tax	$46.00

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

Level III Counties and Cities

Day of Departure And Return	**Maximum Lodging**	**Maximum Meals and Incidentals**
75% of M&I	$95.00 + tax	$46.00

All other counties and cities not listed above.

PRESIDENTS QUARTERLY MEETING
DIRECTORS QUARTERLY MEETING
August 2010

DATE:	Presidents Meeting (August 17, 2010) Directors Meeting (August 18, 2010)
AGENDA ITEM:	Suggested Revisions to Guideline G-030 – Contracts and Agreements
ACTION:	Approval
PRESENTER:	Dale Sims

BACKGROUND INFORMATION:

The proposed revisions to Guideline G-030 would insert two sample agreements: (1) Workshops/Seminars up to $5,000 and (2) Workshop/Seminar Participation Agreement. These agreements were developed as a result of a suggestion from faculty requesting a simpler form for low dollar, low risk events. The use of these agreements is an option to the standard contract form for events and can only be used for events costing $5,000 or less.

DRAFT

SAMPLE AGREEMENT (Up to $5,000.00)

(INSTITUTION)

CONTRACT for WORKSHOP/SEMINAR

This Contract documents the agreement between ______________________________ (hereinafter Institution) and ____(hereinafter Contractor).

This Contract consists of this cover page, the Institution's Standard Terms and Conditions (below or on reverse), and _____ additional attached pages.

Scope of Services. Contractor agrees to provide the following services:

a) Conduct a workshop or seminar on the following date(s) and time(s): ___________________________

b) the workshop/seminar shall be on the following subject: ___________________________________

The period of performance under this Contract is from _________________ through __________________. The Institution shall have no obligation for services rendered by the Contractor which are not performed within the specified period.

The Institution will compensate the Contractor $ ________ ***OR*** $________ per ____day ____week after services have been performed. If the contractor is a non-resident alien, payment will not be made until an Individual Taxpayer Identification Number has been assigned to the Contractor by the Internal Revenue Service and presented to the Institution.

The Institution ____will ___will not compensate the Contractor for documented travel expenses. If this Contract provides for reimbursement for travel, meals or lodging, such reimbursement must be made in accordance with Institution travel policies.

Other payment terms:

____

____

The Institution's maximum liability under this Contract shall not exceed $_________.

This Agreement shall not be effective until the Contractor has completed a Minority/Ethnicity Form.

Other terms (N/A if none): ____

____

In witness of their acceptance of the terms set forth herein, the duly authorized representatives of the parties have executed this Contract this ____________ day of ________________, 20____.

(CONTRACTOR):

____

Print Name

____

Signature Date

Address:

____

____

____

Telephone____________________

Email: _______________________

____

SSN or Fed Tax ID No.

(**INSTITUTION):**

____

Print Name

____

Signature, Title Date

STANDARD TERMS AND CONDITIONS

1. The Contractor shall not assign this Contract or enter into a subcontract for any of the services performed under this Contract without obtaining the prior, written approval of the Institution.

2. The Institution may terminate this Contract by giving the Contractor at least thirty (30) days written notice before the effective termination date. The Contractor shall be entitled to receive equitable compensation for satisfactory, authorized work completed as of the termination date.

3. If the Contractor fails to perform properly its obligations under this Contract or violates the terms of this Contract, the Institution shall have the right to terminate this Contract immediately and withhold payments in excess of fair compensation for completed services. The Contractor shall not be relieved of liability to the Institution for damages sustained by breach of this Contract by the Contractor.

4. The Contractor, being an independent contractor, agrees to carry adequate public liability and other appropriate forms of insurance, and to pay all taxes incident to this Contract. The Institution shall have no liability except as specifically provided in this Contract. Any claims made against the Institution under this agreement will be brought pursuant to the Tennessee Claims Commission Act.

5. The Contractor shall comply with all applicable Federal and State laws and regulations in the performance of this Contract including, without limitation, any applicable laws relating to equal opportunity hiring and non-discriminatory performance of this agreement. No person on the grounds of disability, age, race, color, religion, sex, national origin, veteran status or any other classification protected by Federal and/or Tennessee State constitutional and/or statutory law shall be excluded from participation in, or be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract.

6. The Contractor warrants that no part of the total Contract amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as officer, agent, employee, subcontractor, or consultant to Contractor in connection with any work contemplated or performed relative to this Contract, and that no employee or official of the State of Tennessee holds a controlling interest in the Contractor. If the Contractor is an individual, the Contractor certifies that he/she is not presently employed by the Institution or any other agency or institution of the State of Tennessee; that he/she has not retired from or terminated such employment within the past six months; and that he/she will not be so employed during the term of this Contract.

7. The Contractor shall maintain documentation for all charges against the Institution under this Contract. The books, records and documents of the Contractor, insofar as they relate to work performed or money received under this Contract, shall be maintained for a period of three (3) full years from the date of final payment, and shall be subject to audit, at any reasonable time and upon reasonable notice, by the Institution or the Comptroller of the Treasury, or their duly appointed representatives. These records shall be maintained in accordance with generally accepted accounting principles and, if applicable, and if this Contract is made pursuant to a grant, additional requirements will be attached and incorporated by this reference as if fully stated herein.

8. This Contract shall be governed by the laws of the State of Tennessee without regard to that State's conflict of interest provisions. This Contract may be modified only by a written amendment which has been executed and approved by the appropriate parties as indicated on the signature page of this Contract.

9. ***ILLEGAL IMMIGRANTS -*** By signing this Agreement, the Contractor is attesting that the Contractor will not knowingly utilize the services of illegal immigrants and will not knowingly utilize the services of any subcontractor that does so in delivery of the services to0 be provided under this Contract. If the Contractor is discovered to have breached this attestation, the Contractor shall be prohibited from supplying goods/services to any TBR institution/state for a period of one (1) year from the date of discovery of the breach.

DRAFT

SAMPLE AGREEMENT
(TBR INSTITUTION)
WORKSHOP/SEMINAR PARTICIPATION AGREEMENT

The undersigned Participant hereby agrees that the amounts specified below are the entire amount to be paid by ________________________________ (hereinafter "Institution") to Participant in consideration for Participant's attendance and participation at the Workshop/Seminar entitled:

__________________________________(hereinafter "Workshop") being held by ____________________ from

______________ through________________.

The Institution will compensate the Participant $ ___ per ____day ____week as a per diem for food.

The Institution will compensate the Participant $ ___ per ____day ____week as a stipend.

The Institution will compensate the Participant $ ___ for documented travel expenditures.

Other payment terms:
____
____

The Institution's maximum liability under this Agreement is limited to the amount of compensation provided to Participant as set forth above. In no event will any reimbursement for travel, meals or lodging, exceed the amounts provided for in the current version of the Institution's travel policies.

This Agreement shall not be effective until the Contractor has completed a Minority/Ethnicity Form.

Other terms (N/A if none):
____
____

In witness of their acceptance of the terms set forth herein, the parties have executed this Contract this_____ day of _________________, 20___.

(Participant):

____
Print Name

____
Signature Date

Address:
____
____
____

____
Telephone Number

____
SSN or Fed. ID No.

(Institution):

____
Print Name

____
Signature Date

PRESIDENTS QUARTERLY MEETING
DIRECTORS QUARTERLY MEETING
August 2010

DATE:	Presidents Meeting (August 17, 2010) Directors Meeting (August 18, 2010)
AGENDA ITEM:	Suggested New Guideline – Fixed Assets and Sensitive Minor Equipment
ACTION:	Approval
PRESENTER:	Dale Sims

BACKGROUND INFORMATION:

The suggested new guideline will formalize the procedures and processes that are already in place on TBR campuses.

Guideline B - XXX

Subject: Fixed Assets and Sensitive Minor Equipment

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. 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. The guideline includes provisions for capitalizing land, land improvements, leasehold improvements, buildings, additions and improvements to buildings, infrastructure, nonexpendable personal property, software, and livestock. Additionally, the guideline also includes provisions for the inventory of sensitive items.

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

I. Land

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. 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, filling, draining, and clearing.

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. Assumption of liens, mortgages, or encumbrances on the property increases the purchase price and should be included in the original cost. A liability should be recognized for the amount of the lien, mortgage, or encumbrance assumed by the institution.

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

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

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

II. Land Improvements

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

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.

III. Leasehold Improvements

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

IV. Buildings

The cost of a building includes all necessary expenditures to acquire or construct and prepare the building for its intended use. 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. 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. All buildings costing $100,000 and above should be capitalized. Buildings costing less than

$100,000 should be expensed. Buildings are normally depreciated over a useful life of 40 years.

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.

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).

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

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.

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.

The cost of removing an old building that you have occupied in 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. 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 then any demolition costs are capitalized with the cost of the addition.

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.

V. Additions and Improvements to Buildings

A. Additions

Additions represent major expenditures that are capital in nature because they increase the service potential of the related building. Additions costing $50,000 or above should be capitalized. Additions costing less than $50,000 should be treated as repairs and maintenance even through they have the characteristics of capitalized expenditures.

Example:

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

Two major issues are involved with accounting for additions and generally requires some professional judgment:

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.

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

Improvements represent the substitution of a new part of an asset for an existing part. For example, the roof of a building may be replaced or a new HVAC may replace an old HVAC system. If the new part of the asset is similar in nature to the part being eliminated, the substitution is a called a <u>replacement</u>. If the new part represents an improvement in quality over the part being eliminated, the substitution is called <u>betterment.</u> Both replacements and betterments are subject to capitalization if the cost is $50,000 or more. The appropriate accounting treatment is determined by whether the original part of the existing asset is separately identifiable.

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

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

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

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

- 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.

  - 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.
    - An appropriate increase in depreciation expense is recognized in future years but the useful life is *not* increased.

    Example:

Building	$70,000	
Cash		$70,000

  - 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:

Accumulated Depreciation – Building $70,000
Cash $70,000

Note:

- 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.
- 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.

Examples:

- 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.
  - Debit: Building $500,000
    Credit: Cash $500,000
- 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.
  - Debit: Maintenance of buildings $55,000
    Credit: Cash $55,000
- 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.
  - Debit: Accumulated depreciation $1,000,000
    Credit: Cash $1,000,000
  - 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.
- 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.

- Debit: Paving expense $20,000
  Credit: Cash $20,000

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. Infrastructure

Infrastructure is defined as improvements related to the skeletal structure and function of the campus. 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. Improvements valued at or above $50,000 should be capitalized. Improvements valued at less than $50,000 should be expensed. 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.

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.

VII. Nonexpendable Personal Property

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. 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.

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.

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

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.

VIII. Software

Software with a cost of $100,000 or greater should be capitalized and amortized. Capitalized software costs will include external direct costs of materials and services consumed in developing or obtaining internal-use computer software. Training costs are not internal-use software development costs and should be expensed as incurred. Data conversion often occurs during the application development stage. Data conversion costs should be expensed as incurred. Internal costs incurred for maintenance should be expensed as incurred. Software costs should be amortized over a useful life of 10 years.

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

Software with a cost less than $100,000 should be expensed unless the institution determines, and provides justification, for capitalizing. 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. It should be noted that software licensing agreements that are not perpetual in nature will be expensed, regardless of cost.

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.

IX. Livestock

Livestock should be expensed.

X. Sensitive Minor Equipment

Sensitive minor equipment items are of a movable nature which are 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. 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. All weapons, regardless of cost, should be considered sensitive minor equipment. Each institution will perform a risk assessment to determine which items should be designated as sensitive minor equipment for that institution. The useful life of sensitive minor equipment is estimated at 3 years, after which the fair value will be considered to be nominal.

Although sensitive minor equipment items are not capitalized, they must be identified and inventoried. Physical inventory of sensitive minor equipment should be conducted annually. Sampling is an acceptable method of conducting the physical inventory of sensitive minor equipment.

PRESIDENTS QUARTERLY MEETING
DIRECTORS QUARTERLY MEETING
August 2010

DATE:	Presidents Meeting (August 17, 2010) Directors Meeting (August 18, 2010)
AGENDA ITEM:	Flexible Benefits Forfeiture
ACTION:	Approval
PRESENTER:	Dale Sims

BACKGROUND INFORMATION:

The TBR flexible reimbursement plan is governed bv IRS Section 125. Pursuant to federal regulations, any unused amounts at the end of the plan year are forfeited by employees to the plan. It is recommended that we adopt a procedure where forfeitures will be distributed as follows:

1. Fund any deficit by institutions
2. Fund a plan reserve equal to 10% of the annual remaining balance
3. Refund to institutions with positive balances the remaining amounts in proportion to their positive amounts.

The attached represents four years of planned forfeiture. Going forward our intent is to make distribution annually in the month of June.

2006-2009 PLAN YEAR
FORFEITURES

	BALANCE			Est Payment
AUSTIN PEAY STATE UNIVERSITY	(540.18)			
CHATTANOOGE STATE TECH COMMUNITY COLLE	2,701.21	1.88%		$2,294.87
CLEVELAND STATE COMMUNITY COLLEGE	(994.59)			
COLUMBIA STATE COMMUNITY COLLEGE	2,897.59	2.02%		$2,461.71
COVINGTION TTC	(834.08)			
DYERSBURG STATE COMMUNITY COLLEGE	(818.68)			
EAST TENNESSEE STATE UNIVERSITY	28,183.34	19.64%		$23,943.72
JACKSON STATE COMMUNITY COLLEGE	9.62	0.01%		$8.17
MIDDLE TENNESSEE STATE UNIVERSITY	28,937.83	20.16%		$24,584.71
MOTLOW STATE COMMUNITY COLLEGE	3,530.11	2.46%		$2,999.08
NASHVILLE STATE TECH COMMUNITY COLLEGE	7,997.84	5.57%		$6,794.72
NEWBERN TTC	-			
NORTHEAST STATE TECH COMMUNITY COLLEGE	(100.85)			
PELLISSIPPI STATE TECH COMMUNITY COLLEGE	4,567.32	3.18%		$3,880.26
RIPLEY TTC	1.50	0.00%		$1.27
ROANE STATE COMMUNITY COLLEGE	1,326.94	0.92%		$1,127.33
SOUTHWEST TENNESSEE COMMUNITY COLLEGE	9,860.89	6.87%		$8,377.52
TCC AT NASHVILLE	694.46	0.48%		$589.99
TCC AT PARIS	500.03	0.35%		$424.81
TENNESSEE STATE BOARD OF REGENTS	2,501.66	1.74%		$2,125.34
TENNESSEE STATE UNIVERSITY	21,939.88	15.29%		$18,639.46
TENNESSEE TECH CENTER AT PULASKI	-			
TENNESSEE TECH UNIVERSITY	731.50	0.51%		$621.46
TTC AT ATHENS	72.47	0.05%		$61.57
TTC AT CHATTANOOGA	(812.92)			
TTC AT CROSSVILLE	56.21	0.04%		$47.75
TTC AT CRUMP	27.48	0.02%		$23.06
TTC AT DICKSON	(929.14)			$0.00
TTC AT HARRIMAN	34.57	0.02%		$29.37
TTC AT HARSVILLE	394.35	0.27%		$335.03
TTC AT HOHENWALD	1.40	0.00%		$1.19
TTC AT JACKSON	452.27	0.32%		$384.24
TTC AT KNOXVILLE	(238.09)			
TTC AT LIVINGSTON	13.96	0.01%		$11.86
TTC AT MCKENZIE	(349.98)			
TTC AT MCMINNVILLE	(50.00)			
TTC AT MEMPHIS	431.74	0.30%		$366.79
TTC AT MORRISTOWN	267.64	0.19%		$227.38
TTC AT MURFREESBORO	(1,733.40)			
TTC AT ONEIDA	-			
TTC AT SHELBYVILLE	(495.11)			
UNIVERSITY OF MEMPHIS	20,454.79	14.31%		$17,455.09
VOLUNTEER STATE COMMUNITY COLLEGE	(54.89)			
WALTERS STATE COMMNUNITY COLLEGE	4,852.53	3.38%		$4,122.56
	135,489.22			
	121,940.30			$121,940.30
Per control file				

PRESIDENTS QUARTERLY MEETING
DIRECTORS QUARTERLY MEETING
August 2010

DATE:	Presidents Meeting (August 17, 2010) Directors Meeting (August 18, 2010)
AGENDA ITEM:	Fee Review Process
ACTION:	Discussion Purposes Only
PRESENTER:	Dale Sims

BACKGROUND INFORMATION:

The Board Finance and Business Operations Committee requested that we explore creation of a process for review of proposed fee changes including treatment of student referenda on fees. The attached is a draft of such a process that is before presidents for review and comment, but no action is required.

Our intent is to review this draft, including any comments or changes that arise at this meeting, with the Board Finance and Business Operations Committee in September. We will make changes as recommended and submit for approval in the December cycle.

Process for Review of Mandatory & Incidental Fee Proposals by the Tennessee Board of Regents

Background

- Board members and state policy makers have questioned how the results of student referenda on fee proposals should be weighed when action is taken on mandatory and incidental fee proposals.
- Decision makers also question whether the process used by campus leadership throughout the system to develop fee proposals ensures that the broad campus community is aware of mandatory and incidental fee proposals, the extent of this consultative process, and the degree to which these processes are consistent among institutions.
- As it pertains to student referendum, questions are raised as to the length of time that referendum results should be considered by campus leadership and the Board as representing the views of current students.
- The Board Committee on Finance and Business Operations, as well as various state officials, have asked that a statement be developed addressing these and other related questions.
- The purpose of this document is to begin addressing these questions.

Draft Principles

- Create a process that provides for meaningful, considered input by the broad campus community on fee proposals

- Preserve the ability of Presidents to make recommendations to the Board that, in their judgment, serve the best long term interest of students and the institution

- Provide the Board with an understanding of the views of both the broad campus community and the President when considering fee proposals

- Permit the Board to act on fee proposals with confidence that all proposals have received comparable levels of public scrutiny at the campus level

Draft Proposal

- Define the Scope of Fees Covered by Proposed Process – which fees should be covered?
    - Mandatory fees (campus access, debt service, athletic, international education, student activity, student government, etc…)
    - ~~Behavioral Fees (parking fines, late fees, returned check, others)~~
    - Miscellaneous Course Fees (materials, field trip fees, external facility use fees, etc…)
    - Miscellaneous Incidental Fees (study abroad, equipment deposit fees, graduation, orientation, etc…)
    - ~~Specialized Academic Program Fees (business, nursing, engineering, etc…)~~

- ~~Housing & Dining~~ Fees related to Auxiliary Enterprises –Will be reviewed for inclusion on a case-by-case basis

- Require Creation of Campus Fee Advisory Committees (7 members)
  - Student Representation (3)
    - SGA President
    - SGA Student Senate Leader
    - One additional student selected by SGA Senate
  - Faculty (1)
    - Member selected by Faculty Senate
  - Administration (3)
    - Two members appointed by President
    - VP for Business & Finance (or equivalent)

- Role of Advisory Committee
  - Act in an advisory capacity, providing advice to the President on fee proposals to ensure President's recommendation to the Board considers broad campus input

- Committee Process
  - Committee presented with all fee proposals that fall within jurisdiction
  - Fee proponents permitted to make a presentation on need for fee, use of proceeds, and respond to Committee questions
  - Committee required to provide an opportunity for public testimony on fee proposals
  - For each fee proposal, the Committee provides a report to President that summarizes -
    - The proposed fee action; and
    - The Committee's sense of :
      - the benefits of approval of the fee;
      - the long term impact on students and the institution if the fee proposal is not approved;
      - any detrimental impact resulting from approval of the fee;
      - campus sentiment on the proposal based on comments made during the public hearing; and
      - Other information the Committee deems relevant to the President's consideration of the fee proposal.

- Action by the President
  - The President is required to consider the views of the Committee in developing fee recommendations for consideration by the Chancellor and the Board
  - However, the President is not bound by the advice of the Committee in determining which fee proposals to recommend to the Chancellor and Board

        - The President's recommendation should be guided by what proposed action serves the best long term interest of the student body and the institution
    - Fee recommendations by the President must be accompanied by the report of the Committee together with any response provided by the President

- Action by Board
    - In considering fee proposals submitted by Presidents , the Board will require that the Chancellor and staff consider the report of the Committee
    - Staff fee recommendations for the Board must include a brief overview or characterization of the Committee's comments

Treatment of Student Referendum Results

In recognition of that a process will exist to gather informed student and campus views on fee proposals through the Campus Fee Advisory Committees, the following is provided for treatment of the results of student referenda on fee proposals

- Provide that a student referendum is not required in order to implement or revise fees
- Provide that the results of a student referendum where participation is above a defined level is considered to indicate broad student sentiment on the issue and will be binding on the Board
    - However, provide that the Board is free to act contrary to the referenda results in situations where, in the Board's sole judgment, the long term interests of the students and institution support acting contrary to the referenda results (ex. debt service on bonds to fund earthquake repair to a student union)
- Provide that student referenda where participation falls below the defined threshold level is considered to not indicate broad student sentiment on the issue and, therefore, will be considered advisory only and not binding on the Board
- The level of participation required (i.e. 10%, 15%) should represent a reasonable standard based on the history of student participation in elections & referenda
    - The level established should not be so low as to only represent the views of a minority of the student body nor should it be so high that it represents an unattainable level

Procedural Question

- Should these proposals be promulgated as a "guideline", "policy", or some combination of both

PRESIDENTS QUARTERLY MEETING
DIRECTORS QUARTERLY MEETING
August 2010

DATE: Presidents Meeting (August 17, 2010)
Directors Meeting (August 18, 2010)

AGENDA ITEM: Review of Financial Statement Ratios

ACTION: For Discussion Purposes Only

PRESENTER: Dale Sims

BACKGROUND INFORMATION:

The financial landscape surrounding the TBR and its institutions has changed in many ways over the last several years. As a system, significant decreases in the level of state funding have been experienced over the last several years as well as dramatically reduced levels of support for capital outlay needs. In looking toward the future, the State's ability to financially support the system is uncertain, both from an operational and capital standpoint. Lastly, the formula for distribution of available state funds has been modified to move away from an enrollment basis to one that recognizes educational outcomes. Taken together, these changes can lead to levels of financial strain within the system and its institutions that should be monitored to a systematic basis. It should also be noted that in higher education generally, there is an increasing use of various financial analyses to monitor the financial health of systems and institutions.

To address this need, we are examining the use of ratio analysis to monitor the financial condition of the TBR as a system and as individual institutions. The specific methodology being explored has been developed by KPMG, Prager, Sealy & Co., LLC, and Bearing Point, Inc. over the last 20 years and is now widely used by higher education institutions. This methodology is known as the Composite Financial Index (CFI). It has been designed to provide a more complete picture of financial health at a point in time (financial statement date) than is possible by attempting to examine and compare multiple financial indicators. The methodology focuses on the examination of CFI score trends over an extended period, thereby offering a more stable long-term view of financial performance. This is important given fluctuations in institutional conditions and external circumstances, such as market performance. The CFI focuses on four commonly used financial ratios:

- Primary Reserve Ratio – This ratio measures the financial strength of the institution by comparing expendable net assets to total expenses. This ratio provides a snapshot of financial strength and flexibility by indicating how long the institution could function using its expendable reserves without relying on additional net assets generated by operations.

- Net Operating Revenues Ratio – A measure of the operating performance. This ratio indicates whether total unrestricted activities resulted in a surplus or deficit, and answers the question, "Do operating results indicate the institution is living with available resources?"

- Return on Net Assets Ratio – A measure of overall asset return and performance. This ratio is a measure of whether or not the institution's resources are growing. Like all the ratios, it is better applied over an extended period so that results of long-term plans are measured. Long-term returns are quite volatile and vary significantly based on the prevailing level of inflation. Therefore, establishing fixed nominal return targets is not possible. Rather, institutions should establish a real rate of return target in the range of 2-3%.

- Viability Ratio – A measure of the ability to cover debt with available resources. This ratio measures whether or not the institution has sufficient Net Assets to pay off long-term debt.

Once each of these four core ratios is calculated, the relative strength of the score, or strength factor, and its importance in the mix of creating a composite score, or weight, are computed. The result is one weighted score for each indicator that when added together produces the Composite Financial Index. The strength factors and CFI score are standardized scores that fall along a scale of -1 to 10. A CFI score of 3 is the threshold of institutional financial health. A score of less than 3 indicates a need for serious attention to the institution's financial condition. A score of greater than 3 indicates an opportunity for strategic investment of institutional resources to optimize the achievement of institutional mission. A more detail description of this methodology can be found in *Strategic Financial Analysis for Higher Education* (6th ed.) by KPMG, Prager, Sealy & Co., LLC, and BearingPoint, Inc. (2005). Worksheets accompany this transmittal that illustrate this calculation.

This information is being presented for discussion purposes only. Our intent is to brief the Board Finance and Business Operations Committee during its September meeting on the potential use of this methodology to monitor financial condition. Future direction would be based on the outcome of those discussions.

INSTRUCTIONS

This set of worksheets will be used to calculate the CFI for your institution.

If you're a private institution use Financial Results (FASB) Column A or B depending on whether an operating measure is presented.

If you're a public institution use Financial Results (GASB) Column A for the institution. If there is a foundation--and it follows GASB reporting standards--use Financial Results (GASB) Column B for the foundation. If there is a foundation--and it follows FASB reporting standards--use Financial Results (FASB) column A or B depending on whether an operating measure is presented for the foundation. Even though the foundation may not be under your control, the institution's financial health cannot be assessed without considering the component unit(s).

FASB entities report all expenses as part of unrestricted net assets. Focus only on that section or column when completing the expense lines of the forms. When considering revenues, be sure to include net assets released from restrictions if they appear in the unrestricted net assets section or column.

Some foundations include payments to or on behalf of the institution as part of expenses; others present it in a separate category. A separate line is provided in case it is not included with expenses.

Several adjustments will be necessary. First, most private institutions and foundations following FASB reporting standards include net investment in plant as part of unrestricted net assets. These are not expendable net assets so they must be eliminated from unrestricted net assets. Note A on the adjustments page addresses this.

Restricted expendable net assets and temporarily restricted net assets may include resources that are to be used for capital assets or debt service. These amounts must be subtracted. Sometimes they will be on the face of the statements but, more likely, they will be found in the notes. Note B on the adjustments page addresses this.

(Continued on Next Page)

Not all private colleges and foundations present an operating measure in their statement of activities. If there is no indicated operating measure (e.g., net operating income/loss), the calculations must be based on the net change in unrestricted net assets and total unrestricted revenues. Note C on the adjustments page addresses this.

The net operating income or loss reported by public institutions does not represent the true picture. It excludes various items that are used to support operations. These include state appropriations for operations, non-endowment contributions, nonoperating grants, and investment income. The worksheet provides extra lines for these items.

NOTE: THE LABELS ON THE WORKSHEET MAY NOT MATCH THE TERMINOLOGY IN YOUR STATEMENTS. ASK IF YOU'RE UNSURE.

FINANCIAL RESULTS (GASB)
FISCAL YEAR______

Line	Per Financial Statements	Column A Public Institution	Column B GASB Foundation
G1	Unrestricted Net Assets		
G2	Restricted Expendable (B)		
G3	Operating Expenses		
G4	Payments to Institution (if not included in operating expenses)		
G5	Interest Expense		
G6	Other Expenses (not included in operating expenses)		
G7	Net Operating (Loss) / Surplus		
G8	Plant Debt - Current Portion (include capital leases)		
G9	Plant Debt - Noncurrent Portion (include capital leases)		
G10	Change in Total Net Assets		
G11	Beginning Total Net Assets		
G12	Operating Revenues		
G13	Government Appropriations for Operations		
G14	Contributions (non-endowment)		
G15	Nonoperating grants (exclude capital grants)		
G16	Net investment income (if positive)		
G17	Change in fair value of investments (if positive and presented separately)		
G18	Other nonoperating revenues		

SEE NOTES ON PAGE 5

ADJUSTM TS PAGE

FISCAL YEAR____________

	With Operating Measure	Without Operating Measure
Note A:		
*Determination of private college/university or FASB foundation unrestricted net assets**		
Unrestricted net assets per financial statements	______	______
Add plant-related long-term debt and capital leases (both current and noncurrent, if classified)	______	______
Subtract net property, plant, and equipment (PP&E) included in assets	______	______
Adjusted unrestricted net assets	______	______
**FASB classifies net PP&E as unrestricted net assets. Because PP&E is not expendable, it must be removed from unrestricted net assets.*	insert on line F1, column A	insert on line F1, column B

Note B:

	With Operating Measure	Without Operating Measure
*Determination of restricted expendable/temporarily restricted net assets***		
Restricted expendable/temporarily restricted net assets per financial statements	______	______
Subtract amounts restricted for plant or debt service (typically found in the notes)	______	______
Adjusted restricted expendable/temporarily restricted net assets	______	______
***Net assets restricted for plant purposes are unavailable for other purposes. As such, they are not expendable net assets.* **FASB:**	insert on line F2, col. A	insert on line F2, col. B
GASB:	insert on line G2, either col. A or B	

Note C:

	Without Operating Measure
Determination of total unrestricted revenues for entities ***not*** *reporting operating measure****	
Change in unrestricted net assets per financial statements	______
Add expenses	______
Add payments to institution (if not included in expense total)	______
Add losses reported in unrestricted net assets	______
Add any other deductions from unrestricted net assets	______
Total unrestricted revenues	______
****All private institution and foundation expenses are charged to unrestricted net assets. Therefore, the difference between the change in unrestricted net assets and expenses (and losses) is unrestricted revenues.*	insert on line F18, column B

RATIO CALCULA WORKSHEET

FISCAL YEAR__________

	RATIOS	COMPUTATION TABLES			
		Column A	Column B		
1	PRIMARY RESERVE	Institution	Foundation	Total (Col. A + B)	
	Numerator = total expendable net assets (unrestricted and adjusted restricted expendable)--combine lines F1 and F2 **OR** G1 and G2				A
	Denominator = total operating and nonoperating expenses--combine lines F3 and F4 **OR** G3, G4, G5, and G6				B
	RATIO =				A/B
2	VIABILITY				
	Numerator = expendable net assets--combines line F1 and F2 **OR** G1 and G2				A
	Denominator = plant debt--combine lines F6 and F7 **OR** G8 and G9				B
	RATIO =				A/B
3	RETURN ON NET ASSETS				
	Numerator = change in total net assets--lines F8 **OR** G10				A
	Denominator = total net assets (beginning of year)--lines F9 **OR** G11				B
	RATIO =			%	A/B
4	NET OPERATING REVENUES				
4A	Net operating surplus (loss)--line F5 **OR** G7				
4B	Add nonoperating revenues--GASB only--combine lines G13, G14, G15, G16, G17, and G18*				
4C	Change in unrestricted net assets (if no operating measure presented) FASB only--line F11				
	Numerator = total adjusted operating revenues (enter line 4C **OR** combine lines 4A and 4B)				A
4D	Operating revenues--line F10 **OR** G12				
4E	Add nonoperating revenues--GASB only--combine lines G13, G14, G15, G16, G17, and G18*				
4F	Total unrestricted revenues (if no operating measure presented)--line F12				
	Denominator = total adjusted revenues (enter line 4F **OR** combine lines 4D and 4E)				B
	RATIO =			%	A/B

* Exclude net investment income and change in fair value of investments if it is a loss.

CFI SCORING SHEET

FISCAL YEAR__________

RATIO	VALUE	**STRENGTH:** Divide Value by These Factors	**WEIGHT:** Multiply Strength by These Factors	**CFI SCORE** (Note 1)
Primary Reserve		0.133	0.35	
Viability		0.417	0.35	
Return on Net Assets	%	2.00%	0.2	
Net Operating Revenues (or Net Unrestricted Revenues)*	%	0.7%*	0.1	
CFI SCORE - sum last column				

*Assumes use of operating measure; if change in unrestricted net assets is used, the strength factor is 1.3% versus 0.7%.

Note 1: Maximum score for the ratios is 3.5 for primary reserve and viability, 2 for return on net assets, and 1 for net operating revenues ratio. If score exceeds these amounts, enter the maximum value in appropriate cell.

Note 2: If no long-term debt is reported, the weights change as follows: primary reserve weight becomes .55, return on net assets weight becomes .30, net operating revenues weight/net unrestricted revenues becomes .10, and viability is ignored.