

TENNESSEE BOARD OF REGENTS  
Committee Chairs Meeting  
Wednesday, May 28, 2025  
Agenda

1. Opening remarks (*Reynolds/Tydings*)
2. Academic Policies and Programs/Student Life
  - Revisions to TBR Policy 2.03.00.04, Technical College Learning Support (*Reed*)
  - Revisions to TBR Policy 3.01.01.00, Student Organizations (*Lapps*)
3. Governance, Organization, and General Policies
  - Revisions to TBR Policy 1.02.12.00, Requests to Address the Board (*Lapps*)
  - Revisions to TBR Policy 1.07.00.05, General Policy on Alcoholic Beverages (*Lapps*)
  - New TBR Policy 1.08.10.00, Use of Artificial Intelligence (*Lapps and Reed*)
4. External Affairs
  - Workforce Development Update (*McCormick*)
  - Legislative Update (*McCormick*)
  - Ministerial Revisions to Policies (*Lapps*)
5. Finance and Business Operations (*Fox*)
  - 2024 Financial Performance
6. Review draft of the June Quarterly Meeting Schedule (*Tydings*)

- *This meeting will include members of the Tennessee Board of Regents who are participating by electronic means of communication and will be live-streamed and archived on the TBR website at <https://www.tbr.edu/board/may-2025-committee-chairs-personnel-compensation-and-audit-committee-meetings>.*
- *Persons who want to request to address the Board may follow the process authorized by [TBR Policy 1.02.12.00 – Requests to Address the Board](#).*

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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	TBR Policy 2.03.00.04 Technical College Learning Support
DATE:	May 28, 2025
PRESENTER:	Vice Chancellor Jothany Reed, Academic Affairs
PRESENTATION REQUIREMENTS:	5 Minutes
ACTION REQUIRED:	Informational Purposes
STAFF RECOMMENDATION:	Not Applicable

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**Summary:**

The policy revision includes renaming the Technology Foundations subjects to Data Literacy and Reading Comprehension and updating the definitions and scopes, and modifying the valid assessment scores definition to allow institutions to evaluate and assign prior learning credit. It also updates the student records section to include standard grades language, revises the exhibit to include degree and TCAT credential exemptions, and amends the exhibit to reflect the new subject name.

**Review Groups:**

March 5, 2025: TCAT Technology Foundations Statewide Faculty Group

April 24, 2025: Joint AA/SA Subcouncil

April 25, 2025: Faculty Subcouncil

May 2, 2025: Presidents Meeting

## 2.03.00.04 Technical College Learning Support



### Policy/Guideline Area

Academic Policies

### Applicable Divisions

TCATs

### Purpose

This policy reflects the commitment of The College System of Tennessee and its technical college institutions to enhance and success in, post-secondary education for all students. The policy presents the parameters for the delivery of Technology Foundations academic support made available for students who may require additional assistance for developing competency in applied mathematics, graphic literacy, and reading for information necessary for success in technical college programs, with the exception of Allied Health programs. This policy supports T BR Policy 2.03.00.01 (Admissions at TCATs).

### Definitions

**Applied Mathematics** is an assessment that measures critical thinking, mathematical reasoning, and problem-solving techniques for situations occurring in the workplace. measures and supports critical thinking, mathematical reasoning, and problem-solving techniques for situations occurring in the workplace.

**Co-Requisite Learning Support** is the linking of Technology Foundations courses with an appropriate technical college program that is required in the student's chosen field of study, so that the student is enrolled concurrently in both the Technology Foundations course and appropriate technical college program that are applicable to the student's academic program of study.

**Graphic Literacy** is an assessment that measures skills that individuals use to read and comprehend graphical materials to solve work-related problems.

**Data Literacy** measures and supports skills that individuals use to read, analyze and comprehend multiple sources of data to solve work-related problems.

**Reading for Information** is assessment that measures the skill people use when reading and using written text in order to do a job. The written texts include memos, letters, directions, signs, notices, bulletins, policies, and regulations.

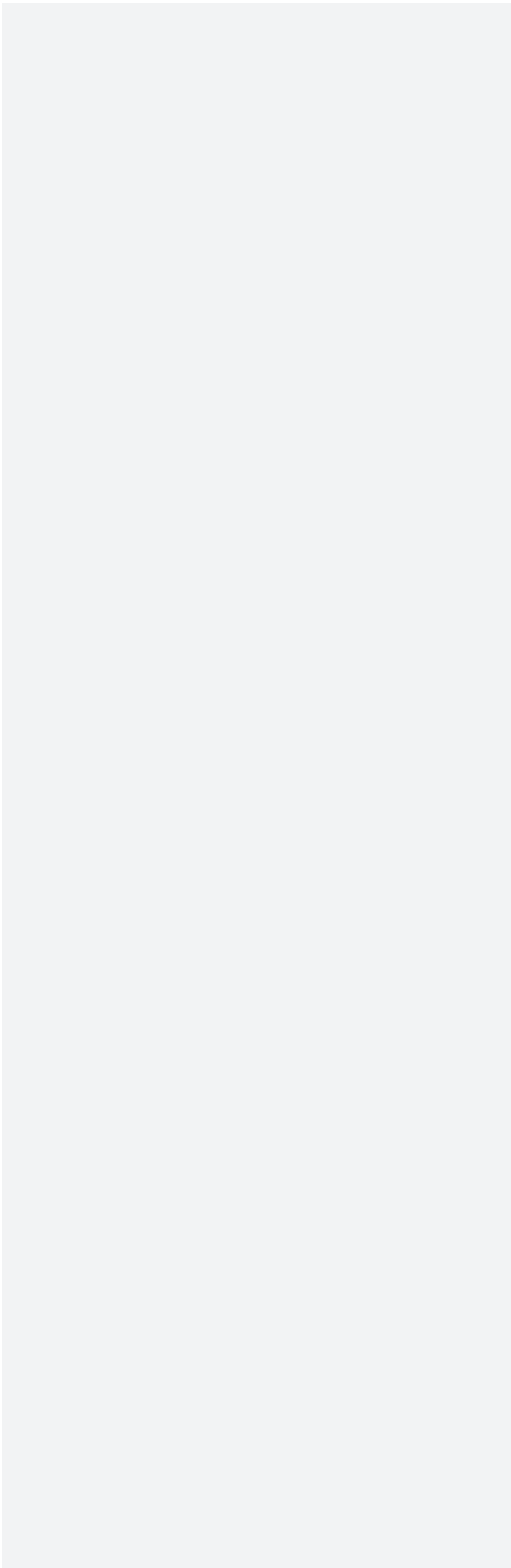
**Reading Comprehension** measures and supports reading for understanding and reasoning skills to prepare learners to utilize documents in the workplace.

**Technology Foundations** is an academic learning support course needed by a student to be successful in technical college programs and/or to meet minimum applied mathematics, graphic literacy, and reading for information data literacy, and reading comprehension competencies as determined by faculty in programs. The purpose of learning support is to enhance academic success in technical college programs and increase the likelihood of program completion that will prepare students for career

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| success in their chosen field of study.



**Valid Assessment Scores** are those recognized from sources approved by the Vice Chancellor of Academic Affairs (exhibit 1) that are no more than three years old prior to the first day of class for the student's entering trimester. Institutions shall evaluate, determine, and award prior learning credit.

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### **Policy/Guideline**

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- I. Each technical college in the College System of Tennessee must provide the Technology Foundation course, known as Learning Support, using the framework provided in the Exhibit 1.
- II. The delivery of Technology Foundations Learning Support must be in accordance with the procedures specified below.
- III. Any exception to this policy or procedure must be approved in writing by the Vice Chancellor for Academic Affairs.

### **Procedures**

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#### **I. Assessment and Placement**

- A. Students who do not present valid ACT, SAILS, or other approved valid assessment scores, that demonstrate college readiness based upon established cut scores, or other documentation to the contrary (exhibit 1), will be placed into the appropriate learning support course for applied mathematics, graphic literacy, and reading for information as defined by the academic program requirements.
- B. Students with transferable college-level coursework may be exempt from the Technology Foundations Learning Support course or completing assessments.
- C. Institutions will provide, or may require, assessment(s) to allow students to challenge placement into Technology Foundation Learning Support if they have not met established criteria.
  1. The challenge assessment will be a T BR approved nationally normed, standardized assessment that will be identified in the

institution's Catalog and/or Student Handbook and listed as one of the approved options in (exhibit 1).

- D. A first-time or transfer student, entering without valid assessment score or college level coursework not meeting transferable requirements will be enrolled into the appropriate subject area Technology Foundation Learning Support course along with the paired technical college program coursework or may be given the option of challenge testing to place into the technical college program without learning support.

## II. **Parameters**

### A. Organizational Structure

1. The president of each institution will determine the organizational structure and coordination of Technology Foundations Learning Support services for the institution.
2. Each institution will establish criteria for the selection of Technology Foundations Learning Support faculty consistent with professional standards within the discipline.
3. Institutional policies will apply to faculty and staff whose primary role is Technology Foundation Learning Support.

### B. Learning Support Framework

1. Institutions will develop a Technology Foundation competencies guide plan for applied mathematics, graphic literacy, and reading for information.
2. Full-time faculty who teach technical college programs must be involved in the development of appropriate Technology Foundations Learning Support curricula and delivery plans that support the linked technical college program.

3. The Technology Foundations Learning Support course must address the competencies determined to be appropriate for college readiness and must be aligned with the competencies required in the linked technical college program to facilitate successful completion of the college-level course.
4. Technology Foundations Learning Support competencies should be addressed as quickly as possible, beginning with the student's first trimester.
5. The Technology Foundation course should be kept to a maximum thirty (30) clock hours; however, while progress is individualized based on a progressive mastery of competencies, the instructors may also provide additional instruction through lectures, group discussions, and exercises.

C. Student Records

1. Students will demonstrate mastery of the defined Learning Support competencies at a level comparable to a passing grade.
2. Successful completion of a student's Learning Support requirements will be recorded on the student's academic record with ~~or without~~ the assignment of standard grades.
3. Institutions are encouraged to provide academic support in a variety of ways other than Learning Support courses. This is especially true for efforts to close achievement gaps or otherwise serve the needs of target populations.
4. Student progress and completion of Learning Support requirements will be recorded in Banner and posted to the academic record\*

D. Measures of Success

1. Success will be measured by: 1) student completion of Learning Support; 2) enrollment and success in technical college programs for which students have received Learning Support; and, 3) graduation rates.
2. Additional data measures may be established and reported by the institution to document and evaluate efforts to increase student access and success.

## **Exhibits**

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For Exhibits, click the Attachments button at the top right of the page.



## **Sources**

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Authority

T.C.A. §49-8-203

History

New Policy. Approved December 12, 2019, Board Meeting, July 26, 2022, Updated Exhibit 1; April 3, 2024, Updated Exhibit 1.



## 2.03.00.04 Technical College Learning Support



### Policy/Guideline Area

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Academic Policies

### Applicable Divisions

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TCATs

### Purpose

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## **Exhibit 1**

TBR Policy: 2.03.00.04 Technical College Learning Support

### **List of Assessments Approved by the Vice Chancellor for Academic Affairs**

1. ACT
2. National Career Readiness Certificate (NCRC)
3. National Work Readiness Certificate (NWCR)
4. ACCUPLACER
5. Completion of Learning Support Competencies through the Seamless Alignment and Integration of Learning Support (SAILS) program
6. Completion of the SAILS Mathematical Reasoning for Decision Making (MRDM) curriculum
7. Students successfully completing an Associate, Bachelor, Master, ~~or~~ Doctorate degree, or TCAT credential are automatically exempt from Tech~~nology~~- Foundations~~s~~.
8. Joint Military Transcript and Air Force Community College degrees and course completion can be used to exempt military veterans from part and/or all Tech~~nology~~- Foundations~~s~~ course, upon examination of transcript.

### **Approved Cut Scores for Placement into Technical College Programs,** except Allied Health programs

Subject Area	ACT***	ACCUPLACER (Next Generation)	NCRC***	NWCR***	SAILS*** §	Mathematical Reasoning for Decision Making (MRDM)***Y
Applied Mathematics	19	250	Level 5	Level 3	Successfully completed 5 identified math competencies <u>OR</u> SAILS Statistics/SAILS Algebra or SAILS Statistics/SAILS TCAT	Successful completion of the SAILS MRDM curriculum with a 70% or better on each proctored exam.
<del>Graphic Literacy</del> -Data Literacy (Science)	19	N/A	Level 5	Level 3	N/A	Successful completion of the SAILS MRDM curriculum with a 70% or better on each proctored exam.
<del>Reading for Information Reading Comprehension</del> (Reading)	19	250	Level 5	Level 3	N/A	

~~Revised 12/13/2024~~

***The cut scores identified above are those approved for placement in TBR technical college programs and are not used for admissions decisions.***

\*\*\* Students with a subject score that is equal to or greater than the listed cut score will be exempt from Technology Foundations Learning Support course.

§ Students must complete SAILS Statistics prior to completing SAILS Algebra or SAILS TCAT. SAILS Statistics completion done alone is not sufficient to waive Applied Mathematics remediation.

Ÿ Students must complete SAILS MRDM curriculum to waive Applied Mathematics and Graphic Literacy remediation.

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<b>Subject Area</b>	<b>ACT***</b>	<b>ACCUPLACER (Next Generation)</b>	<b>NCRC***</b>	<b>NWCR***</b>	<b>SAILS*** §</b>	<b>Mathematical Reasoning for Decision Making (MRDM)***Y</b>
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Data Literacy (Science)	19	N/A	Level 5	Level 3	N/A	Successful completion of the SAILS MRDM curriculum with a 70% or better on each proctored exam.
Reading Comprehension	19	250	Level 5	Level 3	N/A	

***The cut scores identified above are those approved for placement in TBR technical college programs and are not used for admissions decisions.***



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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	Policy 3.01.01.00, Student Organizations (revision)
DATE:	May 28, 2025
PRESENTER:	Brian Lapps, General Counsel
PRESENTATION REQUIREMENTS:	3 minutes
ACTION REQUIRED:	Discussion
STAFF RECOMMENDATION:	Not Applicable

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**Summary:**

The proposed revisions to this policy are to comply with the Stop Campus Hazing Act (the Act), which amends the Clery Act. Hazing within the TBR System is very rare.

The proposed revisions to the policy will meet the Act's requirement that the college have an anti-hazing policy that includes (1) how to report incidents, (2) the process for investigating incidents, and (3) identification of prevention and awareness programs designed to prevent hazing.

The proposed revisions to this policy also align the definition of "hazing" in this policy with the definition of "hazing" in Policy 3.02.00.00, Student Conduct & Disciplinary Sanctions.

The Act does not require a change to disciplinary policies regarding hazing, but hazing incidents must be reported pursuant to the Act's definition of hazing. The Office of General Counsel believes the definition of "hazing" in the Student Conduct Policy is sufficiently close to the Act's definition of hazing that there is no need to revise it. There is a low risk of Campus Security Authorities failing to report because of differing definitions.

This policy has been reviewed (twice) by the Student Affairs Subcouncil, and the Presidents Council recommends it for approval.

## 3.01.01.00 Student Organizations



### Policy/Guideline Area

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Student Policies

### Applicable Divisions

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TCATs, Community Colleges

### Purpose

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The following policy of the Tennessee Board of Regents, applicable to all institutions governed by the Board, provides minimum standards for the registration and conduct of student organizations at the institutions.

### Policy/Guideline

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#### I. Scope

- A. Each institution is authorized to establish additional policies and procedures affecting student organizations which are consistent with the provisions of this policy.

#### II. Types of Student Organizations

- A. Student organizations may be either organizations sponsored by the institution, such as student government associations, associated student body organizations, and professional and honor societies, or organizations officially registered by the institution.
- B. Organizations which may be registered to operate on campuses include the following:
  - 1. Honors and leadership organizations and recognition societies;
  - 2. Departmental organizations and professional fraternities and sororities; and
  - 3. Special interest groups (political, religious, athletic, etc.).

- C. Registration of a student organization by an institution shall neither constitute nor be construed as approval or endorsement by the institution of the purposes or objectives of the organization.

### III. General Policies on Student Organizations

- A. No student organization may carry on any activity on the campus of an institution unless the organization has been officially registered by the institution.
- B. No institution shall be responsible for injuries or damages to persons or property resulting from the activities of student organizations, or for any debts or liabilities incurred by such organizations.
- C. No student organization shall deny membership to any person on the basis of age, race, sex, religion, handicap or national origin, provided that social fraternities and sororities may have sex restricted membership, subject to the following exceptions:
  - 1. No TBR institution that grants recognition to any student organization shall discriminate against or deny recognition to a student organization, or deny to a student organization access to programs, funding, or facilities otherwise available to another student organization, on the basis of:
    - a. The religious content of the organization's speech including, but not limited to, worship; or
    - b. The organization's exercise of its rights pursuant to subsection 2.
  - 2. A religious student organization may determine that the organization's religious mission requires that only persons professing the faith of the group and comporting themselves in conformity with it qualify to serve as members or leaders.

D. No student organization or individual shall engage in or condone any form of hazing.

1. Hazing means any intentional or reckless act, on or off the property, of any higher education institution by an individual acting alone, or with others, which is directed against any other person(s) that endangers the mental or physical health or safety of that person(s), or which induces or coerces a person(s) to endanger such person(s) mental or physical health or safety. Hazing does not include customary athletic events or similar contests or competitions, and is limited to those actions taken and situations created in connection with initiation into or affiliation with any organization.

2. Allegations, information, or concerns of hazing should be reported to: [insert contact information].

3. Reports of hazing will be investigated and resolved in accordance with 3.02.00.01, General Policy on Student Conduct & Disciplinary Sanctions.

3.4. Exhibit 1 includes a list of prevention and awareness programs.

~~4. Hazing shall include, but is not limited to:~~

- ~~a. Any action taken, or situation created intentionally, to produce mental or physical discomfort, embarrassment or ridicule;~~
- ~~b. Any form of verbal or physical harassment or abuse; and~~
- ~~c. Engaging in public stunts, morally degrading or humiliating behavior or games, whether on or off campus.~~
- ~~d. Excessive demands on a student's time so as to interfere with academic performance are prohibited.~~

~~e. Threatening in any manner or form for the purpose of cajoling individuals into secrecy in regard to breaches (planned, threatened, attempted, or perpetrated) of hazing violations also is prohibited.~~

~~f.a. Hazing activity which is in violation of any other institution regulation such as the misuse of alcohol, drugs, institution property, etc., is strictly forbidden.~~

D.E. Student organizations shall be vicariously responsible and liable for the conduct and actions of each member of the organization while acting in the capacity of a member or while attending or participating in any activity of the organization.

E.F. No person, group or organization may use the name of the institution in any manner, provided that registered student organizations may use the name of the institution following the name of the organization.

F.G. No person, group or organization may use the seal or any symbol of the institution without the prior written approval of the president of the institution, or designee.

#### IV. Criteria for Registration of Organizations

- A. Any proposed student organization shall be open to all students of the institution who otherwise meet membership requirements.
- B. Membership in the organization shall be limited to currently enrolled students; provided that organizations may include faculty and staff of the institution, and/or spouses of students, faculty and staff, and provided further that professional organizations may include members of the professional and business communities as members.
- C. A proposed organization must represent the interests of the members, and the control of the organization must be within the local campus group.

- D. The organization must not have a knowing affiliation with an organization possessing illegal aims and goals, with a specific purpose to further those illegal aims and goals.
  - E. The proposed organization must agree to comply with all policies, regulations and procedures established by the Board and the institution, and with all federal and state laws and regulations.
  - F. The proposed organization must not:
    - 1. Have illegal aims and goals;
    - 2. Propose activities which would violate regulations of the Board or the institution, or federal or state laws and regulations, or materially and substantially disrupt the work and discipline of the institution; or
    - 3. Advocate incitement of imminent lawless action which is likely to produce such action.
  - G. The proposed organization must have the minimum number of charter members designated by the institution, and there must be a demonstration of continuous interest in the purposes of the organization sufficient to afford registration on a long-term basis.
    - 1. In the event there is not sufficient interest to warrant long-term registration, an institution may grant temporary registration to an organization for a limited period of time.
  - H. New organizations may be denied registration where the purposes are within the scope of a currently registered organization.
  - I. No organization may use the same name, or a name which is misleading and similar to the name, of a currently registered organization.
  - J. The organization must provide for the distribution of all funds and assets in the event of dissolution.
- V. [Procedure for Registration of Organizations](#)

- A. In order to become officially registered as a student organization, a group must meet the criteria set forth in section IV., and must provide to the institution a minimum of the following:
1. An application or request to form the organization on the form designated by the institution.
  2. The proposed constitution and bylaws of the organization, which must clearly contain the following:
    - a. The name, purpose, proposed activities, and rules of membership of the organization, the officers, their terms and methods of selection, the proposed nature and frequency of meetings and activities, and, the financial plans of the organization, including any proposed fees, dues and assessments.
    - b. The names and signatures of the charter members of the organization.
    - c. The names of the faculty adviser and/or the administrative officers of the institution who will sponsor the organization.
    - d. A statement of assurance of compliance by the organization that it will comply with all rules and regulations, policies and procedures of the Board and the institution and with all federal and state laws and regulations.
  3. The designated number of copies of the foregoing documents and information must be submitted to the office of the designated body or bodies of the institution authorized to review and make recommendations concerning proposed organizations.
  4. Recommendations regarding registration of a proposed organization must be forwarded by the designated body or bodies



of the institution to the president of the institution, or authorized designee; and registration by the president or designee is necessary before the organization can be officially registered.

5. Any official or body responsible for reviewing or registering proposed organizations may require the sponsors to clarify any materials or information provided in the registration process, to resubmit the application or request with non-conforming materials or provisions deleted, or to appear at a hearing for the purpose of obtaining additional information and testimony concerning the purposes, aims or proposed activities of the organization.

#### VI. [Nature and Conditions of Registration](#)

- A. Registration of a student organization for other than a temporary period will be on an annual basis only, effective until the beginning of the next fall term of the institution, and shall be subject to annual renewal by the institution for each ensuing year.
- B. Annual renewal of registration of an organization shall be dependent upon the organization's demonstration of compliance with the following:
  1. It must adhere to the purposes, aims and activities as stated in the approved constitution and bylaws;
  2. It must continue to meet all of the requirements for initial registration;
  3. It must have remained in compliance with all rules and regulations of the institution and all federal and state laws;
  4. It must submit all changes in the constitution and bylaws to the institution for approval;
  5. It must maintain a current list of officers, faculty advisers and sponsors on file with the institution; and

6. It must have submitted all required financial and other reports to the institution.

## VII. Reports

- A. Each institution may require any or all organizations to submit an annual report concerning its programs and activities during the preceding year. If required, this report shall be reviewed by the designated bodies or officials of the institution, and shall be a requirement for renewal of registration.

## VIII. Probation, Suspension, and Withdrawal of Registration

- A. An organization may be placed on probation, be suspended, or registration may be withdrawn by the designated authority of the institution for any of the following reasons:
  1. The organization fails to maintain compliance with the initial requirements for registration;
  2. The organization ceases to operate as an active organization;
  3. The organization request withdrawal of registration;
  4. The organization operates or engages in any activity in violation of rules and regulations of the institution, or federal or state laws; or
  5. The organization fails to submit any required reports.
- B. An organization which is placed on probation may continue to hold meetings but may not sponsor any activity or program.
- C. An organization which is placed under suspension may not engage in or sponsor any activity or program, and may not hold meetings.
- D. Where registration of an organization is withdrawn, it shall cease to exist as an organization.
- E. In the event an organization is placed on probation or suspended, or registration is withdrawn on the basis of section VIII.A.4., the organization

shall be afforded the opportunity for a hearing before the appropriate institutional representative or committee.

IX. **Officers of Student Organizations**

- A. No student who is under academic or social suspension from the institution shall be eligible to become, or maintain the status of, an officer of an organization.

X. **Fiscal Management**

- A. Institutional management of finances for student organizations is governed by Financial Management of Student Organizations, TBR Policy 4.01.08.00.

XI. **Programs and Activities**

- A. The use of any campus property or buildings by an organization shall be subject to the rules and regulations of the Board and the institution concerning use of property and facilities.
- B. All organizations registered pursuant to this policy shall be "affiliated organizations" for the purposes of any Board, or institutional policies concerning use of campus property and facilities. (Reference Policy No. 1.03.02.50)
- C. Except for routine meetings of the organization, no on-campus program or activity shall be engaged in unless approved by the designated bodies and/or officials of the institution, and each institution may require prior approval for off-campus programs and activities.
- D. Prior to approval, the institution may require a specified number of officials or security officers for any event, activity or program.
- E. Any fund-raising activity on campus shall be for the benefit of the organization as a whole or a charity, and no funds shall be distributed to the officers or members of an organization for personal profit or gain.

- F. No guest speakers shall be invited to the campus except pursuant to policies of the Board and the institution concerning guest or off-campus speakers. (Reference Policy No. 1.03.02.50)

## **Sources**

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### **Authority**

T.C.A. § 49-8-203

### **History**

SBR Meetings, September 29, 1978; December 7, 1979; September 30, 1983; March 23, 1984, September 21, 1990; December 2, 2016, Revised pursuant to T.C.A. § 49-7-150; March 31, 2022, Board approved revisions.

## **Related Policies**

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[1.03.02.50 Access to and Use of Campus Property and Facilities](#)

## 3.01.01.00 Student Organizations



### Policy/Guideline Area

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Student Policies

### Applicable Divisions

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TCATs, Community Colleges

### Purpose

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The following policy of the Tennessee Board of Regents, applicable to all institutions governed by the Board, provides minimum standards for the registration and conduct of student organizations at the institutions.

### Policy/Guideline

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#### I. [Scope](#)

- A. Each institution is authorized to establish additional policies and procedures affecting student organizations which are consistent with the provisions of this policy.

#### II. [Types of Student Organizations](#)

- A. Student organizations may be either organizations sponsored by the institution, such as student government associations, associated student body organizations, and professional and honor societies, or organizations officially registered by the institution.
- B. Organizations which may be registered to operate on campuses include the following:
  - 1. Honors and leadership organizations and recognition societies;
  - 2. Departmental organizations and professional fraternities and sororities; and
  - 3. Special interest groups (political, religious, athletic, etc.).

- C. Registration of a student organization by an institution shall neither constitute nor be construed as approval or endorsement by the institution of the purposes or objectives of the organization.

### III. General Policies on Student Organizations

- A. No student organization may carry on any activity on the campus of an institution unless the organization has been officially registered by the institution.
- B. No institution shall be responsible for injuries or damages to persons or property resulting from the activities of student organizations, or for any debts or liabilities incurred by such organizations.
- C. No student organization shall deny membership to any person on the basis of age, race, sex, religion, handicap or national origin, provided that social fraternities and sororities may have sex restricted membership, subject to the following exceptions:
  - 1. No TBR institution that grants recognition to any student organization shall discriminate against or deny recognition to a student organization, or deny to a student organization access to programs, funding, or facilities otherwise available to another student organization, on the basis of:
    - a. The religious content of the organization's speech including, but not limited to, worship; or
    - b. The organization's exercise of its rights pursuant to subsection 2.
  - 2. A religious student organization may determine that the organization's religious mission requires that only persons professing the faith of the group and comporting themselves in conformity with it qualify to serve as members or leaders.

- D. No student organization or individual shall engage in or condone any form of hazing.
1. Hazing means any intentional or reckless act, on or off the property, of any higher education institution by an individual acting alone, or with others, which is directed against any other person(s) that endangers the mental or physical health or safety of that person(s), or which induces or coerces a person(s) to endanger such person(s) mental or physical health or safety. Hazing does not include customary athletic events or similar contests or competitions and is limited to those actions taken and situations created in connection with initiation into or affiliation with any organization.
  2. Allegations, information, or concerns of hazing should be reported to: [insert contact information].
  3. Reports of hazing will be investigated and resolved in accordance with [3.02.00.01, General Policy on Student Conduct & Disciplinary Sanctions](#).
  4. Exhibit 1 includes a list of prevention and awareness programs.
- E. Student organizations shall be vicariously responsible and liable for the conduct and actions of each member of the organization while acting in the capacity of a member or while attending or participating in any activity of the organization.
- F. No person, group or organization may use the name of the institution in any manner, provided that registered student organizations may use the name of the institution following the name of the organization.

- G. No person, group or organization may use the seal or any symbol of the institution without the prior written approval of the president of the institution, or designee.

#### IV. **Criteria for Registration of Organizations**

- A. Any proposed student organization shall be open to all students of the institution who otherwise meet membership requirements.
- B. Membership in the organization shall be limited to currently enrolled students; provided that organizations may include faculty and staff of the institution, and/or spouses of students, faculty and staff, and provided further that professional organizations may include members of the professional and business communities as members.
- C. A proposed organization must represent the interests of the members, and the control of the organization must be within the local campus group.
- D. The organization must not have a knowing affiliation with an organization possessing illegal aims and goals, with a specific purpose to further those illegal aims and goals.
- E. The proposed organization must agree to comply with all policies, regulations and procedures established by the Board and the institution, and with all federal and state laws and regulations.
- F. The proposed organization must not:
  - 1. Have illegal aims and goals;
  - 2. Propose activities which would violate regulations of the Board or the institution, or federal or state laws and regulations, or materially and substantially disrupt the work and discipline of the institution; or
  - 3. Advocate incitement of imminent lawless action which is likely to produce such action.



- G. The proposed organization must have the minimum number of charter members designated by the institution, and there must be a demonstration of continuous interest in the purposes of the organization sufficient to afford registration on a long-term basis.
  - 1. In the event there is not sufficient interest to warrant long-term registration, an institution may grant temporary registration to an organization for a limited period of time.
- H. New organizations may be denied registration where the purposes are within the scope of a currently registered organization.
- I. No organization may use the same name, or a name which is misleading and similar to the name, of a currently registered organization.
- J. The organization must provide for the distribution of all funds and assets in the event of dissolution.

V. [Procedure for Registration of Organizations](#)

- A. In order to become officially registered as a student organization, a group must meet the criteria set forth in section IV., and must provide to the institution a minimum of the following:
  - 1. An application or request to form the organization on the form designated by the institution.
  - 2. The proposed constitution and bylaws of the organization, which must clearly contain the following:
    - a. The name, purpose, proposed activities, and rules of membership of the organization, the officers, their terms and methods of selection, the proposed nature and frequency of meetings and activities, and, the financial plans of the organization, including any proposed fees, dues and assessments.

- b. The names and signatures of the charter members of the organization.
  - c. The names of the faculty adviser and/or the administrative officers of the institution who will sponsor the organization.
  - d. A statement of assurance of compliance by the organization that it will comply with all rules and regulations, policies and procedures of the Board and the institution and with all federal and state laws and regulations.
- 3. The designated number of copies of the foregoing documents and information must be submitted to the office of the designated body or bodies of the institution authorized to review and make recommendations concerning proposed organizations.
- 4. Recommendations regarding registration of a proposed organization must be forwarded by the designated body or bodies of the institution to the president of the institution, or authorized designee; and registration by the president or designee is necessary before the organization can be officially registered.
- 5. Any official or body responsible for reviewing or registering proposed organizations may require the sponsors to clarify any materials or information provided in the registration process, to resubmit the application or request with non-conforming materials or provisions deleted, or to appear at a hearing for the purpose of obtaining additional information and testimony concerning the purposes, aims or proposed activities of the organization.

#### VI. [Nature and Conditions of Registration](#)

- A. Registration of a student organization for other than a temporary period will be on an annual basis only, effective until the beginning of the next fall

term of the institution, and shall be subject to annual renewal by the institution for each ensuing year.

B. Annual renewal of registration of an organization shall be dependent upon the organization's demonstration of compliance with the following:

1. It must adhere to the purposes, aims and activities as stated in the approved constitution and bylaws;
2. It must continue to meet all of the requirements for initial registration;
3. It must have remained in compliance with all rules and regulations of the institution and all federal and state laws;
4. It must submit all changes in the constitution and bylaws to the institution for approval;
5. It must maintain a current list of officers, faculty advisers and sponsors on file with the institution; and
6. It must have submitted all required financial and other reports to the institution.

## VII. Reports

A. Each institution may require any or all organizations to submit an annual report concerning its programs and activities during the preceding year. If required, this report shall be reviewed by the designated bodies or officials of the institution, and shall be a requirement for renewal of registration.

## VIII. Probation, Suspension, and Withdrawal of Registration

A. An organization may be placed on probation, be suspended, or registration may be withdrawn by the designated authority of the institution for any of the following reasons:

1. The organization fails to maintain compliance with the initial requirements for registration;

2. The organization ceases to operate as an active organization;
  3. The organization request withdrawal of registration;
  4. The organization operates or engages in any activity in violation of rules and regulations of the institution, or federal or state laws; or
  5. The organization fails to submit any required reports.
- B. An organization which is placed on probation may continue to hold meetings but may not sponsor any activity or program.
- C. An organization which is placed under suspension may not engage in or sponsor any activity or program, and may not hold meetings.
- D. Where registration of an organization is withdrawn, it shall cease to exist as an organization.
- E. In the event an organization is placed on probation or suspended, or registration is withdrawn on the basis of section VIII.A.4., the organization shall be afforded the opportunity for a hearing before the appropriate institutional representative or committee.

IX. **Officers of Student Organizations**

- A. No student who is under academic or social suspension from the institution shall be eligible to become, or maintain the status of, an officer of an organization.

X. **Fiscal Management**

- A. Institutional management of finances for student organizations is governed by Financial Management of Student Organizations, TBR Policy 4.01.08.00.

XI. **Programs and Activities**

- A. The use of any campus property or buildings by an organization shall be subject to the rules and regulations of the Board and the institution concerning use of property and facilities.

- B. All organizations registered pursuant to this policy shall be "affiliated organizations" for the purposes of any Board, or institutional policies concerning use of campus property and facilities. (Reference Policy No. 1.03.02.50)
- C. Except for routine meetings of the organization, no on-campus program or activity shall be engaged in unless approved by the designated bodies and/or officials of the institution, and each institution may require prior approval for off-campus programs and activities.
- D. Prior to approval, the institution may require a specified number of officials or security officers for any event, activity or program.
- E. Any fund-raising activity on campus shall be for the benefit of the organization as a whole or a charity, and no funds shall be distributed to the officers or members of an organization for personal profit or gain.
- F. No guest speakers shall be invited to the campus except pursuant to policies of the Board and the institution concerning guest or off-campus speakers. (Reference Policy No. 1.03.02.50)

## Sources

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### Authority

T.C.A. § 49-8-203

### History

SBR Meetings, September 29, 1978; December 7, 1979; September 30, 1983; March 23, 1984, September 21, 1990; December 2, 2016, Revised pursuant to T.C.A. § 49-7-150; March 31, 2022, Board approved revisions.

## Related Policies

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[1.03.02.50 Access to and Use of Campus Property and Facilities](#)

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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	Policy 1.02.12.00, Requests to Address the Board (revision)
DATE:	May 28, 2025
PRESENTER:	Brian Lapps, General Counsel
PRESENTATION REQUIREMENTS:	5 minutes
ACTION REQUIRED:	Discussion
STAFF RECOMMENDATION:	Not Applicable

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The General Assembly passed revisions to the Open Meetings Act. SB1316/HB1330 requires that the System Office make slight revisions to notice of Board meetings. The legislation also requires that any Board member participating remotely must be identifiable by name throughout the meeting. The legislation further requires that when any member of the Board participates via electronic means, members of the public be able to address the Board via electronic means, which will require a revision to the Requests to Address the Board policy. The proposed provisions track the language of the statute very closely and will bring the policy into compliance with the revisions the Open Meetings Act effective July 1, 2025.

One proposed revision is not required by the new legislation. Currently, a member of the public must make a request to address the Board at least seven (7) calendar days prior to the meeting, which leaves little or no time to make a request after publication of the agenda. The proposed revision would shorten this time period to three (3) calendar days prior to the Board meeting, which will give members of the public a chance to review the agenda before requesting to address the Board.

This proposed revision to policy has not been reviewed by any subcouncil or by the Presidents Counsel. A “tracked changes” and a “clean version” are included in the materials.

## 1.02.12.00 Requests to Address the Board



### Policy/Guideline Area

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Governance, Organization, and General Policies

### Applicable Divisions

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TCATs, Community Colleges, System Office, Board Members

### Purpose

The purpose of this policy is to set the conditions and procedures for appearances before the Board by students, employees, and members of the public.

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### Policy/Guideline

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- I. **Policy.** As a public body charged with the governance of the state's community and technical colleges, the Board of Regents will provide an opportunity for students, employees and members of the public to address the Board or a committee of the Board concerning matters germane to the responsibilities of the Board.
  - A. **Permissible Subjects.** Individuals may request to speak about items on the meeting agenda or other issues germane to the responsibilities of the Board. The Board will not hear speakers on grievances or appeals specific to individual students or employees or on pending or threatened litigation involving the Board, any of its institutions or its officials. If a speaker departs from the subject for which he or she is registered to speak, the presiding officer will declare the speaker out of order.
  - B. **Pre-registration.** Persons wishing to speak may preregister by completing a Request to Address the Board form (Exhibit 1) and submitting it to the Board of Regents office no later than ~~three (3) seven (7)~~ calendar days before the first day of a regular Board meeting.

1. Mail or email request form to:  
Tennessee Board of Regents  
Attn: Board Secretary  
1 Bridgestone Park, 3rd Floor  
Nashville, Tennessee 37214  
Email: [Board.Secretary@tbr.edu](mailto:Board.Secretary@tbr.edu)
  2. Persons will be registered to speak based upon the order in which their registration forms are received, subject to approval of the subject matter by the Chair or Vice Chair, except that no more than three (3) speakers will be scheduled to speak on the same subject.
- C. **Time Allocation.** A maximum of fifteen (15) minutes may be allocated during a regular meeting for persons to address the Board. Each speaker may speak for a maximum of three (3) minutes. Speakers may not combine their three (3) minute allotment with another speaker and may not give any part of their time to another speaker. Scheduled speakers must be physically present to address the Board, unless one or more members of the Board is participating through an electronic means of communication, in which case a speaker may provide public comment by electronic means of communication, including providing written comment through the use of an internet-based platform. Scheduled speakers who are unable to attend the meeting may not send a substitute.
- D. **Other Requirements.**
1. Only one (1) speaker will be permitted to speak at a time.
  2. Speakers will not be allowed to use audio and/or visual presentation equipment during their remarks.
  3. Speakers appearing in person may bring copies of written information to be distributed to the Board but must bring at least twenty-five (25) copies for distribution. Speakers appearing through



an electronic means of communication may provide written comment or other information in electronic form as prescribed in Exhibit 1. Speakers are not allowed to personally distribute copies to the Board or approach the Board table for any reason. When called to speak, speakers must provide the copies to the Secretary for distribution.

4. Failure to comply with the requirements of this policy may result in the suspension of a person's opportunity to address the Board at future meetings.
- E. **Board Action.** The Board will not take any action during the public comment period provided by this policy.
- F. **Exceptions.** Notwithstanding the foregoing provisions, the Chair or Vice Chair of the Board may authorize appearances before the Board or a Committee of the Board on any matter they deem appropriate for Board consideration.

## Exhibits

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For Exhibits, click the Attachments button at the top right of the page.



## Sources

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### Authority

T.C.A. § 49-8-203

### History

Board of Regents Bylaws, as amended; TBR Meeting September 30, 1983; TBR Meeting December 12, 1986; TBR Meeting March 17, 1989; TBR Meeting March 25, 1994; TBR Meeting June 24, 2011. NEW Policy to address appearances before the board, which used to be part of policy 1:02:11:00, approved by Board on December 13, 2018; revisions approved \_\_\_\_\_, 2025.

## Related Policies

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Related Policies |

## 1.02.12.00 Requests to Address the Board



### Policy/Guideline Area

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Governance, Organization, and General Policies

### Applicable Divisions

---

TCATs, Community Colleges, System Office, Board Members

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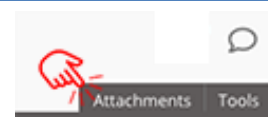
an electronic means of communication may provide written comment or other information in electronic form as prescribed in Exhibit 1. Speakers are not allowed to personally distribute copies to the Board or approach the Board table for any reason. When called to speak, speakers must provide the copies to the Secretary for distribution.

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## Related Policies

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Related Policies |

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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	Policy 1.07.00.05, General Policy on Alcoholic Beverages (revision)
DATE:	May 28, 2025
PRESENTER:	Brian Lapps, General Counsel
PRESENTATION REQUIREMENTS:	3 minutes
ACTION REQUIRED:	Discussion
STAFF RECOMMENDATION:	Not Applicable

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The proposed revisions are drafted to achieve three primary objectives.

The proposed revisions to Section II.A.2 are designed to permit serving alcoholic beverages in athletics facilities, but not in conjunction with an athletics event. Examples of when the serving of alcoholic beverages would be permitted, without making an exception to the policy, would be in conjunction with a fundraising event, a community event, or a Board meeting. The President would continue to retain control over decisions related to serving alcoholic beverages.

The proposed revisions in Sections I and II (other than those in Section II.A.2) are designed to improve clarity and to conform to the statewide rule that the Board previously approved.

Section V contains proposed revisions to reflect the existence of a distilling program at Motlow State Community College. The revisions track the changes in state law that permit a distilling program at Motlow State. State law does not permit students to participate in wine tastings, so there are no revisions to Section V.A.

This policy has been reviewed by the Business Affairs Subcouncil and the Joint Academic Affairs/Student Affairs Subcouncil. The Presidents Council recommends approval.

# 1.07.00.05 General Policy on Alcoholic Beverages



## Policy/Guideline Area

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Governance, Organization, and General Policies

## Applicable Divisions

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TCATs, Community Colleges

## Purpose

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The purpose of this policy is to establish system-wide policies on the possession, consumption and sale of alcoholic beverages on property owned or controlled by the Tennessee Board of Regents. This policy applies to all students, faculty, staff and visitors at all Colleges.

## Definitions

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- **Alcoholic Beverage** means and includes intoxicating liquors, as well as wine and beer as defined by T.C.A. § 57-3-101 and T.C.A. § 57-5-101.

## Policy/Guideline

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### I. General Prohibition

- A. The possession or consumption of alcoholic beverages on property owned or controlled by the college is prohibited except as provided in this policy.
- B. Faculty, staff, students or visitors who are at least twenty-one years of age may possess unopened containers of alcoholic beverages within their personal vehicles, provided that they may not open the containers or consume the contents while on property owned or controlled by the college. Alcoholic beverages must be stored out of plain sight, and the vehicle must be locked when not occupied.

### II. Serving Alcoholic Beverages at Special Events

- A. The President of each college is authorized to approve the serving and consumption of alcoholic beverages at a function or event held on college property.



1. The event may not take place in classrooms, labs, faculty or administrative offices, student dining halls, student gathering areas, or outdoor public areas, unless access to the area is restricted during the event.
- 1.2. ~~The event may take place in an~~ athletics facilities, including stadiums, gymnasiums, playing fields, training rooms or locker rooms, only if the event is unrelated to an athletics contest. E.g., a foundation or community event.
- 2.3. The approval must be ~~given~~ in writing and must designate the sponsor of the event, the specific location of the event, the date and time of the event and the hours during which the alcoholic beverages will be served.
4. Students under the age of twenty-one may attend an event at which alcoholic beverages will be served but must not be served or consume alcoholic beverages ~~at the event~~.
- 3.5. Students who are invited guests may consume alcoholic beverages at an approved event if at least twenty-one years of age.
- 4.6. ~~It is the responsibility of the~~ sponsor of the event is responsible for ensuring that ~~to determine if~~ guests who are served alcoholic beverages are at least twenty-one years of age and for otherwise complying with state and local law.
- 5.7. If the sponsor is a third party, they must agree to indemnify the college from all liability arising from the service of alcohol at the event and provide proof of adequate general liability insurance.

### III. Sale of Alcoholic Beverages at Special Events

- A. Subject to the provisions of section II, above, the President ~~of each college~~ may approve the sale of alcoholic beverages at a function or event

held on college property, consistent with state and local law. The sponsor of the event is responsible for ensuring compliance with the applicable laws and providing documentation of that compliance to the college prior to approval of the sale of alcoholic beverages at the event.

#### IV. Expenditure of State Funds for Alcoholic Beverages

- A. The expenditure of state funds for the purchase of alcoholic beverages is absolutely prohibited. "State funds" includes funds derived from state taxes, tuition, or student fees that are appropriated or re-appropriated by the general assembly. If alcoholic beverages are served at a college-sponsored event, the cost of alcoholic beverages, including tax, must always be separately identifiable on the receipts and supporting documentation and the source of the funds for the purchase must be identified.

#### V. Educational Culinary Arts Programs

- A. The use of alcoholic beverages as part of the curriculum in Hospitality Management/Culinary Arts and similar academic courses where the beverages are used solely in the cooking process or in the wine tasting process that is consistent with standard culinary practices is permitted, however, students who are not twenty-one shall not participate in wine tastings.

A.B. A student enrolled in a fermentation science, wine making, mead making, brewing, or distilling course may taste an alcoholic beverage for educational purposes as part of the course requirements. A student under twenty-one (21) years of age may draw an alcoholic beverage into the student's mouth, but is not permitted to swallow or otherwise consume the alcoholic beverage. The alcoholic beverage must remain in control of an instructor who is at least twenty-one years of age.

#### VI. Sale of Alcoholic Beverages by Lessees

- A. If property owned by the Tennessee Board of Regents is leased to a third party, the lease may allow for sale of alcoholic beverages on the property, subject to the applicable state and local laws. The lease must be for a period of at least twelve months; must require the lessee to obtain the lessor's prior approval of the sale of alcoholic beverages and provide for immediate termination of the lease if violations of the applicable state and local laws occur.

## Sources

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### Authority

T.C.A. § 49-8-203, T.C.A. § 49-7-3003; [T.C.A. § 57-4-109](#)  
Rules: Board of Regents Rule 0240-02-01, as amended, Tenn. Comp. R & Regs.  
([2018](#)~~1999~~)

### History

New Policy approved at Dec. 14, 2017 Board Meeting. Replaces Policy 1:07:00:00 General Policy on Tobacco and Alcoholic Beverages. Tobacco policy is now separate, Policy 1:07:00:10. TBR Meeting June 20, 1997; March 15, 2002; TBR Meeting June 26, 2008; TBR Board Meeting March 26, 2009; TBR Board Meeting September 25, 2009; TBR Board Meeting March 29, 2012; [TBR Board Meeting \\_\\_\\_\\_\\_, 2025](#).

# 1.07.00.05 General Policy on Alcoholic Beverages



## Policy/Guideline Area

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Governance, Organization, and General Policies

## Applicable Divisions

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TCATs, Community Colleges

## Purpose

---

The purpose of this policy is to establish system-wide policies on the possession, consumption and sale of alcoholic beverages on property owned or controlled by the Tennessee Board of Regents. This policy applies to all students, faculty, staff and visitors at all Colleges.

## Definitions

---

- **Alcoholic Beverage** means and includes intoxicating liquors, as well as wine and beer as defined by T.C.A. § 57-3-101 and T.C.A. § 57-5-101.

## Policy/Guideline

---

### I. General Prohibition

- A. The possession or consumption of alcoholic beverages on property owned or controlled by the college is prohibited except as provided in this policy.
- B. Faculty, staff, students or visitors who are at least twenty-one years of age may possess unopened containers of alcoholic beverages within their personal vehicles, provided that they may not open the containers or consume the contents while on property owned or controlled by the college. Alcoholic beverages must be stored out of plain sight, and the vehicle must be locked when not occupied.

### II. Serving Alcoholic Beverages at Special Events

- A. The President of each college is authorized to approve the serving and consumption of alcoholic beverages at a function or event held on college property.

1. The event may not take place in classrooms, labs, faculty or administrative offices, student dining halls, student gathering areas, or outdoor public areas, unless access to the area is restricted during the event.
2. The event may take place in an athletics facility, including stadiums, gymnasiums, playing fields, training rooms or locker rooms, only if the event is unrelated to an athletics contest. E.g., a foundation or community event.
3. The approval must be in writing and must designate the sponsor of the event, the specific location of the event, the date and time of the event and the hours during which the alcoholic beverages will be served.
4. Students under the age of twenty-one may attend an event at which alcoholic beverages will be served but must not be served or consume alcoholic beverages.
5. Students who are invited guests may consume alcoholic beverages at an approved event if at least twenty-one years of age.
6. The sponsor of the event is responsible for ensuring that guests who are served alcoholic beverages are at least twenty-one years of age and for otherwise complying with state and local law.
7. If the sponsor is a third party, they must agree to indemnify the college from all liability arising from the service of alcohol at the event and provide proof of adequate general liability insurance.

### III. [Sale of Alcoholic Beverages at Special Events](#)

- A. Subject to the provisions of section II, above, the President may approve the sale of alcoholic beverages at a function or event held on college property, consistent with state and local law. The sponsor of the event is

responsible for ensuring compliance with the applicable laws and providing documentation of that compliance to the college prior to approval of the sale of alcoholic beverages at the event.

#### IV. Expenditure of State Funds for Alcoholic Beverages

- A. The expenditure of state funds for the purchase of alcoholic beverages is absolutely prohibited. "State funds" includes funds derived from state taxes, tuition, or student fees that are appropriated or re-appropriated by the general assembly. If alcoholic beverages are served at a college-sponsored event, the cost of alcoholic beverages, including tax, must always be separately identifiable on the receipts and supporting documentation and the source of the funds for the purchase must be identified.

#### V. Educational Programs

- A. The use of alcoholic beverages as part of the curriculum in Hospitality Management/Culinary Arts and similar academic courses where the beverages are used solely in the cooking process or in the wine tasting process that is consistent with standard culinary practices is permitted, however, students who are not twenty-one shall not participate in wine tastings.
- B. A student enrolled in a fermentation science, wine making, mead making, brewing, or distilling course may taste an alcoholic beverage for educational purposes as part of the course requirements. A student under twenty-one (21) years of age may draw an alcoholic beverage into the student's mouth, but is not permitted to swallow or otherwise consume the alcoholic beverage. The alcoholic beverage must remain in control of an instructor who is at least twenty-one years of age.

#### VI. Sale of Alcoholic Beverages by Lessees

- A. If property owned by the Tennessee Board of Regents is leased to a third party, the lease may allow for sale of alcoholic beverages on the property, subject to the applicable state and local laws. The lease must be for a period of at least twelve months; must require the lessee to obtain the lessor's prior approval of the sale of alcoholic beverages and provide for immediate termination of the lease if violations of the applicable state and local laws occur.

## Sources

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### Authority

T.C.A. § 49-8-203, T.C.A. § 49-7-3003; T.C.A. § 57-4-109  
Rules: Board of Regents Rule 0240-02-01, as amended, Tenn. Comp. R & Regs. (2018)

### History

New Policy approved at Dec. 14, 2017 Board Meeting. Replaces Policy 1:07:00:00 General Policy on Tobacco and Alcoholic Beverages. Tobacco policy is now separate, Policy 1:07:00:10. TBR Meeting June 20, 1997; March 15, 2002; TBR Meeting June 26, 2008; TBR Board Meeting March 26, 2009; TBR Board Meeting September 25, 2009; TBR Board Meeting March 29, 2012; TBR Board Meeting \_\_\_\_, 2025.

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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	New Policy 1.08.10.00 Use of Artificial Intelligence
DATE:	May 28, 2025
PRESENTER:	Vice Chancellor Jothany Reed, Academic Affairs Brian Lapps, General Counsel
PRESENTATION REQUIREMENTS:	10 Minutes
ACTION REQUIRED:	Informational Purposes
STAFF RECOMMENDATION:	Not Applicable

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**Summary:**

The Tennessee Board of Regents (TBR) Artificial Intelligence Policy establishes comprehensive guidelines for the ethical, secure, and effective use of AI technologies, including Generative AI, across its colleges and system offices. It encourages AI adoption to enhance education, research, and operations while ensuring adherence to standards for academic integrity, data governance, intellectual property, and privacy. The policy empowers faculty to define AI use in their courses, outlines restrictions on handling confidential and copyrighted material, and provides protocols for research and employee use.

It was voted on and passed by the Joint SubCouncil on April 24, 2025, the Faculty SubCouncil on April 25, 2025, and the Presidents Meeting on May 2, 2025. Overall, the policy promotes innovation and efficiency while safeguarding institutional and individual responsibilities



## 1.08.10.00 Use of Artificial Intelligence



### Policy/Guideline Area

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Governance, Organization, and General Policies

### Applicable Divisions

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TCATs, Community Colleges, System Office

### Purpose

TBR supports the use of artificial intelligence (AI), including Generative AI (Gen AI), in the broadest sense, to assist students, faculty, and staff in achieving their goals more successfully. Artificial Intelligence has the potential to enhance learning experiences, streamline research processes, improve administrative efficiency, and foster innovation across all aspects of education. This policy establishes flexible guidelines to encourage responsible and effective use of AI within the TBR college system, while upholding academic integrity, information security, data governance, privacy, and ethical standards.

### Definitions

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The following definitions are applicable to this policy.

- “Artificial Intelligence” or “AI” refers to computer systems or software designed to perform tasks that typically require human intelligence. These tasks include learning from data, identifying patterns, solving problems, making decisions, processing natural language, and adapting to new information. AI covers a broad range of technologies, such as machine learning, natural language processing, and robotics, and is used to improve efficiency, accuracy, and innovation across various fields.
- “Generative AI” or “Gen AI” is a subset of artificial intelligence that creates new content by learning patterns and structures from existing data. Generative AI models can produce ~~original~~ outputs across various domains including text, images, audio, video, and code among others. Gen AI can be a standalone system or integrated into other software and services.
- “Private” or “Proprietary Generative AI System” refers to an artificial intelligence system or software owned and controlled by a specific individual, organization, or entity. These systems rely on proprietary algorithms, data, or models not available to the public, and their usage, distribution, and underlying technology are typically restricted by licenses, patents, or other intellectual property and data

privacy protections. These systems require that users adhere to strict data usage guidelines.

(See Exhibit \_\_\_\_ for a list of approved Private or Proprietary Generative AI Systems.)

- “Confidential Information” means any information that should be protected from dissemination pursuant to law, policy, guideline, or due to the potential risks or harm that could result from its unauthorized disclosure. Confidential Information includes Personally Identifiable Information (PII) as defined in TBR Policy [1.08.04.00, Personally Identifiable Information](#), confidential student information, financial information, individual health information, legally protected intellectual property (whether belonging to the TBR system, a college, a faculty member, or other individual or entity), sensitive research data, information that is not subject to disclosure under the Tennessee Public Records Act, information that is prohibited from disclosure in a license agreement or other contract, and any other information that should not be shared publicly.

## Policy/Guideline

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### I. General Information

- A. TBR colleges are committed to the responsible, efficient, and ethical use of artificial intelligence and other emerging technologies. Benefits of these tools include:
  - 1. Improving educational outcomes and career prospects;
  - 2. Helping students to ethically and responsibly learn and understand information;
  - 3. Increasing efficiency in the teaching, assessment, and learning process;
  - 4. Supporting ethical teaching and research; and
  - 5. Improving administrative efficiency.
- B. Artificial Intelligence, including Generative AI, is a tool that can assist humans. AI tools are not a substitute for creative, scholarly, or critical thinking. Users should recognize that Generative AI, while a rapidly improving technology, has significant limitations, can make errors, and may provide biased results. Users are responsible for Generative AI-produced content they use for their academic activities and in the course of their employment.
- C. Artificial Intelligence, including Generative AI use, must be consistent with existing policies including, but not limited to:
  - 1. TBR Policy [1.08.05.00, IT Acceptable Uses](#);
  - 2. TBR Policy [2.08.00.00, Research Compliance and Security](#);
  - 3. TBR Guideline A-110, [Institutional Review for Research](#);
  - 4. TBR Policy [3.02.00.01, General Policy on Student Conduct & Disciplinary Sanctions](#);

5. TBR Policy [3.02.03.00, Confidentiality of Student Records](#);
  6. TBR Guideline [S-020, Confidentiality of Student Records](#);
  7. TBR Policy [5.01.06.00, Intellectual Property](#);
  8. TBR Policy [5.02.03.10, Academic Freedom, Responsibility, & Tenure at TCATs](#); TBR Policy [5.02.03.30, Academic Freedom and Responsibility](#); TBR Guideline [B-090, Safeguarding Nonpublic Financial Information](#); and
  9. All non-discrimination policies and guidelines.
- D. Any purchase or other procurement of an AI tool must be consistent with applicable procurement policies and approved by the applicable information technology department, which should be consulted early in the procurement process. See [TBR Policy 4.02.10.00, Purchasing Policy](#).
- E. The TBR IT Department may restrict or prohibit using AI tools, including Generative AI, on college-owned computer systems or with college-issued credentials. This action may be made if the IT Department determines that the tools do not comply with TBR data governance standards, pose an unacceptable risk to information security, or for other reasons deemed necessary.
- F. Exhibit \_\_ contains [additional information from the System IT Department about Generative AI tools, information about selecting and using Generative AI tools, and data security considerations, including Private or Proprietary Generative AI Systems, that have been reviewed by information technology and security professionals within the TBR system and approved for full or partial use. It also contains a list of Generative AI tools that are restricted or partially restricted.](#)

## II. [Protection of Confidential Information and Copyrighted Material](#)

- A. Generally, prompts and other information entered into a Generative AI system are stored and may be used to further train the system. Therefore, Confidential Information should not be input into a public Generative AI system.
- B. Digital information use in college libraries is subject to license agreements. Some publishers and vendors consider uploading licensed information into AI tools, including Generative AI, to be a violation of these agreements. Users are responsible for understanding the terms of license agreements before uploading information from college libraries into AI tools.
- C. TBR colleges and employees must respect copyrights. Under the Fair Use doctrine, limited portions of copyrighted material may be used without permission for purposes such as criticism, commentary, teaching, scholarship, or research. Whether a particular use qualifies as Fair Use is dependent on all the circumstances and can be complex. Uploading licensed materials into AI tools, including Generative AI, may exceed Fair Use limits, and it is the responsibility of users to consult guidelines or seek permission where required.

D. Consequences of providing Confidential Information or copyrighted material to a Generative AI tool may include:

1. Violation of privacy laws, including FERPA and the Gramm-Leach-Bliley Act, as well as related policies and guidelines;
2. Loss of intellectual property rights;
3. Violation of the intellectual property rights of others; and
4. Violation of licensing agreements with third parties, as well as federal and state laws regarding intellectual property, including copyright laws.

E. Patient and other medical information relating to individuals, whether or not it meets the definition of personally identifiable information under HIPAA, should not be uploaded into an AI tool without specific instructions from an appropriate person. E.g., an instructor for students, or a supervisor for employees.

### III. Instructional and Classroom Use of AI Tools

- A. TBR encourages faculty to guide students in becoming proficient, responsible, and ethical users of AI tools, including Generative AI, when such use aligns with institutional policies, course objectives, and academic goals.
- B. Faculty, working within institutional policies and guidelines, have broad discretion to set the terms under which students may use both Generative AI and other forms of artificial intelligence for writing assignments, research, examinations, and other academic endeavors, including the complete prohibition of Generative AI and other forms of AI in some or all academic endeavors.
- C. Faculty are responsible for communicating the acceptable and unacceptable use of Generative AI and other forms of artificial intelligence in their classes.
1. Unauthorized or inappropriate use of Generative AI or other forms of artificial intelligence may violate TBR Policy [3.02.00.01, the General Policy on Student Conduct & Disciplinary Sanctions](#). Violations can lead to academic consequences, such as a failing grade on an assignment or in the course, or disciplinary sanctions under the policy. It is recommended that faculty establish clear AI-use guidelines in their course policies at the beginning of each semester and include them in their syllabi. These guidelines should outline acceptable and unacceptable uses of AI, specify when and how AI tools may be used, establish expectations for academic integrity and citation practices, and clarify the consequences of unauthorized use.
  2. Faculty have access to a selection of AI resources, including training recordings, tool recommendations, educational materials, and web links. Guidance on preparing course materials, syllabi, and assignment policies is also provided. Maintained by the TBR AI Collaborative, these materials are listed in the Resources and Policies section of the [Bridging Minds and Machines website](#) and are updated regularly.

3. Faculty and administrators should be aware that tools designed to detect AI-generated content may not be reliable or accurate. These detection tools can produce false positives (misidentifying human-written work as AI-generated) and false negatives (failing to detect AI-generated content). These tools should not be used as the sole method for evaluating student assignments or assessing academic integrity. Each college maintains authority to restrict the use of AI detection tools.

#### IV. Use of Generative Artificial Intelligence (Gen AI) in Research

- A. Generative AI can enhance various aspects of research if used conscientiously, ethically, and with acknowledgement of its limitations and the need for human oversight. Any use of Gen AI in research must adhere to the applicable data security, ethical, intellectual property, and publication requirements as well as relevant regulatory criteria.
- B. AI-generated content and processes should be attributed and cited in accordance with applicable standards. This includes appropriately citing any output created with the help of Generative AI tools as well as citing the specific tool, along with the scope of its contribution to the research. Refer to discipline-specific style guides for citation expectations.
- C. Researchers are responsible for ensuring the accuracy, reliability, and fairness of AI-generated data, analysis, and results. Any use of Generative AI in human subjects' research, as defined in the federal regulations (45 CFR Part 46), must receive and be consistent with Institutional Review Board approval, along with any necessary administrative and compliance approvals, prior to starting the research to ensure adherence to ethical standards and protection of participant rights. Researchers are responsible for obtaining participants' consent, respecting participant expectations, minimizing risks, and protecting identifiable private information collected, analyzed, or generated in AI-assisted research.
- D. The Principal Investigator and other researchers with approved access to confidential information are responsible for maintaining its integrity, ensuring its privacy, and implementing data security protocols. Researchers should ensure that any Generative AI tools employed are compliant with relevant data protection laws (e.g., FERPA), and TBR and institutional policies and guidelines on data security, data ownership, and privacy.

#### V. Use of Generative AI for Employees

- A. Employees are permitted and encouraged to use AI tools, including Generative AI to increase efficiency and productivity, subject to the requirements of this policy, other policies, and supervisory relevant criteria.

A.B. Employee use of AI must comply with any applicable ethical or professional standards.

B.C. Improper use of AI tools, including Generative AI may subject an employee to disciplinary action in accordance with relevant policies and guidelines.

C.D. Resource materials for employees, including training recordings, tool suggestions, learning resources, and curated web links for improving efficiency and productivity, are maintained by the TBR AI Collaborative. These materials are available in the Resources and Policies section of the [Bridging Minds and Machines website](#) and are regularly updated.

## D.E. Sources

### Authority

T.C.A. § 49-8-203; § 49-7-187

45 CFR Part 46

### History

NEW Policy approved at Board Meeting June \_\_\_, 2025.



## 1.08.10.00 Use of Artificial Intelligence



### Policy/Guideline Area

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Governance, Organization, and General Policies

### Applicable Divisions

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TCATs, Community Colleges, System Office

### Purpose

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## Policy/Guideline

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- B. AI-generated content and processes should be attributed and cited in accordance with applicable standards. This includes appropriately citing any output created with the help of Generative AI tools as well as citing the specific tool, along with the scope of its contribution to the research. Refer to discipline-specific style guides for citation expectations.
- C. Researchers are responsible for ensuring the accuracy, reliability, and fairness of AI-generated data, analysis, and results. Any use of Generative AI in human subjects research, as defined in the federal regulations (45 CFR Part 46), must receive and be consistent with Institutional Review Board approval, along with any necessary administrative and compliance approvals, prior to starting the research to ensure adherence to ethical standards and protection of participant rights. Researchers are responsible for obtaining participants' consent, respecting participant expectations, minimizing risks, and protecting identifiable private information collected, analyzed, or generated in AI-assisted research.
- D. The Principal Investigator and other researchers with approved access to confidential information are responsible for maintaining its integrity, ensuring its privacy, and implementing data security protocols. Researchers should ensure that any Generative AI tools employed are compliant with relevant data protection laws (e.g., FERPA), and TBR and institutional policies and guidelines on data security, data ownership, and privacy.

#### V. Use of Generative AI for Employees

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- B. Employee use of AI must comply with any applicable ethical or professional standards.

- C. Improper use of AI tools, including Generative AI may subject an employee to disciplinary action in accordance with relevant policies and guidelines.
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## **E. Sources**

### **Authority**

T.C.A. § 49-8-203; § 49-7-187

45 CFR Part 46

### **History**

NEW Policy approved at Board Meeting June \_\_\_\_, 2025.

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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	External Affairs Update
DATE:	May 28, 2025
PRESENTER:	Dr. Kim McCormick, Executive Vice Chancellor for External Affairs
PRESENTATION REQUIREMENTS:	10 minutes with discussion
ACTION REQUIRED:	Informational Purposes
STAFF RECOMMENDATION:	Not Applicable

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Executive Vice Chancellor for External Affairs Dr. Kim McCormick will share the following updates:

**Legislative Update**

This update includes a preview of the Legislative Session and a summary of bills tracked by the Department of Government Relations having an impact on TBR and higher education. This report highlights three significant pieces of legislation ahead of the full report to be presented at the External Affairs committee meeting in June.

**Workforce Development Update**

This update includes a preview of the Center for Workforce Development report on the 2024/2025 THEC reporting cycle for workforce hours and TNWORKS, a new state-wide workforce initiative.

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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	Ministerial Revisions to Policies
DATE:	May 28, 2025
PRESENTER:	Brian Lapps, General Counsel
PRESENTATION REQUIREMENTS:	5 minutes
ACTION REQUIRED:	Informational Purposes
STAFF RECOMMENDATION:	Not Applicable

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The policy regarding development and approval of policies permits “ministerial” revisions to policies without Board approval in limited circumstances. One circumstance is to comply with new laws. In 2025, the General Assembly implemented legislation effective upon passage, which means the System Office needed to change policies prior to the June 2025 Board meeting.

The Dismantling DEI Departments Act, SB1084/HB923 (Public Chapter 458), has broad prohibitions on actions designed to promote diversity, equity and inclusion. To comply with this law, the System Office revised Policy 1.03.03.00, Selection and Retention of Presidents and Policy 1.04.00.00, Selection and Retention of the Chancellor. The revisions remove diversity requirements for selection committees and candidate pools.

SB1209/HB1188 (Public Chapter 293) requires, among other things, that colleges incorporate the International Holocaust Remembrance Association working definition of “antisemitism” into policies regulating employee and student conduct. To comply with that statute, we have revised Guideline P-080, Discrimination & Harassment Complaint & Investigation Procedure, as well as Policy 3.02.00.01, General Policy on Student Conduct and Disciplinary Sanctions.

Versions of the policies “tracking changes” to identify the additions are provided.

## 1.03.03.00 Selection and Retention of Presidents



### Policy/Guideline Area

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Governance, Organization, and General Policies

### Applicable Divisions

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TCATs, Community Colleges, System Office, Board Members

### Purpose

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The Tennessee Board of Regents is responsible for the selection and employment of the chief executive officers of the system's community and technical colleges. In an effort to recruit and retain the most qualified college administrators as presidents, the following policy of the Board is established.

### Policy/Guideline

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#### I. Selection of Presidents

- A. **Criteria for Position.** The Board shall establish qualification criteria for the selection of a president at each of the various institutions upon the vacancy or notice of vacancy of the office. The criteria may vary from institution to institution based upon the Board's appraisal of the unique characteristics and complexity of the president's responsibility at each institution.
- B. **Search Committee.** A Search Committee will be appointed to assist the Chancellor in seeking out persons that meet the criteria established by the Board. Searches will be conducted as expeditiously as possible with an appropriate schedule developed for each search. The Search Committee will assist the Chancellor in reviewing the applicant pool, interviewing the candidates and participating in campus meetings with the candidates. The committee will consult with the Chancellor regarding the candidate to be recommended to the Board for appointment.

- C. **Composition of the Search Committee.** The Chancellor, after consultation with the Chairman and Vice-Chairman of the Board, will appoint three to six members of the Board of Regents; two members of the faculty, one being the chairman of the faculty governing body or their designee; two representatives of the student body, one being the president of the student government or their designee; one representative from the Alumni; one support employee; one administrator; one representative from the institution's local business community; and, at least one member from the community at large. Other members may be added as deemed appropriate. ~~In appointing members to the committee, the Chancellor shall strive for racial and gender diversity.~~
- D. **Identification of Candidates.** The position will be advertised through multiple sites and means designed to obtain a qualified, ~~diverse~~ applicant pool. Committee members and others may recommend and nominate candidates. ~~Effort shall be made to obtain gender and racial diversity in the pool of candidates.~~ A search firm may be utilized to assist in this process. The application process shall remain open until the position is filled.
- E. **Confidentiality of Applications.** Confidentiality of the applications and related materials submitted shall be maintained in accordance with T.C.A. § 49-7-154.
- F. **Screening Process.** The Chancellor, in consultation with the search firm if a search firm is used, shall conduct a preliminary review of all applications, eliminating those that do not meet the minimum criteria. Resumes of all qualified applicants will be shared with the Search Committee. The Chancellor and the Search Committee will determine which of those applicants should move forward for reference checking and interviews.



- G. **Selection of Finalists.** The Chancellor, in consultation with the Search Committee, will recommend up to three (3) applicants as finalists for the position. The applications and related materials submitted by, or on behalf of, the finalists shall then be open for public inspection in accordance with T.C.A. §49-7-154.
- H. **Finalist Interviews and Public Forums.** As deemed appropriate by the Chancellor and the Search Committee, each finalist will participate in interviews and forums with stakeholders on the campus. Each finalist will participate in at least one public forum scheduled in accordance with T.C.A. § 49-7-154.
- I. **Recommendation and Appointment.** After completion of the interviews and public forums, the Chancellor, in consultation with the Search Committee, will recommend a candidate to the Board of Regents. In accordance with T.C.A. § 49-8-203(a)(1)(A), the Board of Regents will vote on the recommendation.
- J. **Interim Presidents.** The Board delegates to the Chancellor the authority to appoint interim presidents in cases of illness, death, untimely resignation, or termination of incumbents. The Chancellor shall consult with the Chairman and Vice Chairman of the Board prior to making an interim appointment.
- K. **Background Investigations.** It is the policy of the Board of Regents to conduct background investigations on all candidates recommended for interview for the position of president. The investigations are conducted based on guidelines developed by the system office.
- L. **Search Committee Members' Eligibility for Employment or Promotion.** No person acting on a search committee for the selection of a president shall be eligible for initial employment or for promotion by that institution for a period of twelve (12) months after the effective date of the

president's appointment. This prohibition shall not apply to any person who is a full-time student at the time of service on the committee.

- M. **Exceptional Circumstances.** The Board is permitted to establish a search process at variance with subsections B, C, D, and F upon finding that exceptional circumstances exist. Exceptional circumstances may be found only in rare instances where the best interests of the institution justify a different search process. Any finding of exceptional circumstances must be based on detailed facts and include a rationale for not following the regular search process. The Board is not permitted to make exceptions to subsections A, E, G, H, or I, or any other requirements of state law.

## II. [Appointment and Retention of Presidents](#)

- A. A president serves at the pleasure of the Board. However, the Board anticipates upon appointment that, assuming satisfactory performance, a president will serve an institution for a number of years.
- B. After initial employment, a president's annual salary shall be established by the Board at the beginning of each fiscal year.
- C. A president may resign at any time upon written notification to the Board, given through the Chancellor.
- D. The Board may terminate the employment of a president at any time, with or without cause.
- E. In the event of termination of a president, up to three (3) months' severance compensation may be authorized by the Board.

## III. [Evaluation of Presidents](#)

- A. Each president shall be evaluated based upon an evaluation process developed and conducted by the Chancellor.

- B. Generally, the evaluation shall be conducted annually and as a minimum, the Chancellor shall consider:
1. The president's accomplishment of annual objectives at the institution.
  2. The demonstrated ability of the president to serve as the leader of a campus community, including such factors as the ability to organize, to make decisions, to motivate others, to communicate, to maintain strong external relationships, and to develop other leaders.
  3. The commitment of the president to the institution and the System, and to the implementation of the Board policies.
- C. The evaluations made by the Chancellor should be utilized to improve the administration of a president, to determine compensation adjustment, and to determine future employment status.

## Sources

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### Authority

T.C.A. §§ 49-8-203, 49-7-154

### History

TBR Meeting, September 30, 1977; December 4, 2008; Revised at TBR Board Meeting September 19 & 20, 2019; Revised at TBR Board Meeting December 10, 2020; Revised at Special Meeting April 27, 2023; Ministerial Revisions May 15, 2025.

# 1.04.00.00 Selection and Retention of the Chancellor



## Policy/Guideline Area

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Governance, Organization, and General Policies

## Applicable Divisions

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System Office, Board Members

## Purpose

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The Tennessee Board of Regents is responsible for the selection and employment of the chief executive officer of the system. In an effort to recruit and retain the most qualified higher education administrator as Chancellor, the following policy of the Board is established.

## Policy/Guideline

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### I. Selection of the Chancellor

- A. Criteria for Position. The Board shall establish qualification criteria for the selection of the Chancellor upon the vacancy or notice of vacancy of the office. The criteria should be based upon the Board's appraisal of the unique characteristics and complexity of the Chancellor's responsibilities.
- B. Search Committee. A Search Committee will be appointed to assist the Board in seeking out persons that meet the criteria established by the Board. Searches will be conducted as expeditiously as possible with an appropriate schedule developed for each search. The Search Committee will assist the Board in reviewing the applicant pool, interviewing the candidates and participating in meetings with the candidates. The committee will recommend a candidate to the Board for appointment.
- C. Composition of the Search Committee. In consultation with the Chair, the Vice-Chair of the Board will appoint the members of the search committee. In addition to representatives from the Board, the committee should include representatives from the System Office senior staff, representatives from the community and technical college presidents, and

representatives from other stakeholder groups, including faculty, students and alumni. ~~In appointing members to the committee, the Vice Chair shall strive for racial and gender diversity.~~

- D. Identification of Candidates. At a minimum, the position will be advertised through The Chronicle of Higher Education ~~and Diverse Issues in Higher Education~~ and through notification to appropriate national associations. Committee members and others may recommend and nominate candidates. ~~Effort shall be made to obtain gender and racial diversity in the pool of candidates.~~ A search firm may be utilized to assist in this process. The application process shall remain open until the position is filled.
- E. Confidentiality of Applications. Confidentiality of the applications and related materials submitted shall be maintained in accordance with T.C.A. § 49-7-154.
- F. Screening Process. The Vice Chair, in consultation with the search firm, if a search firm is used, shall conduct a preliminary review of all applications, eliminating those that do not meet the minimum criteria. Resumes of all qualified applicants will be shared with the Search Committee. The Search Committee will determine which of those applicants should move forward for reference checking and interviews.
- G. Selection of Finalists. The Search Committee will recommend up three (3) applicants as finalists for the position. The applications and related materials submitted by, or on behalf of, the finalists shall then be open for public inspection in accordance with T.C.A. § 49-7-154.
- H. Finalist Interviews and Public Forums. As deemed appropriate by the Vice Chair, the Search Committee chair, and the Search Committee, each finalist will participate in interviews and forums with stakeholders. Each

finalist will each participate in at least one public forum scheduled in accordance with T.C.A. § 49-7-154.

- I. Recommendation and Appointment. After completion of the interviews and public forums, the Search Committee will recommend a candidate to the Board of Regents. In accordance with T.C.A. § 49-8-202, the Board of Regents will vote on the recommendation.
- J. Interim Chancellor. The Board may appoint an interim Chancellor in cases of illness, death, untimely resignation, or termination of incumbents.
- K. Background Investigations. It is the policy of the Board of Regents to conduct background investigations on all candidates recommended for interview for the position of Chancellor. The investigations are conducted based on guidelines developed by the system office.
- L. Search Committee Members' Eligibility for Employment or Promotion. No person acting on a search committee for the selection of a Chancellor shall be eligible for initial employment or for promotion by the system office for a period of twelve (12) months after the effective date of the Chancellor's appointment. This prohibition shall not apply to any person who is a full-time student at the time of service on the committee.

## II. [Appointment and Retention of the Chancellor](#)

- A. The Chancellor serves at the pleasure of the Board. However, the Board anticipates upon appointment that, assuming satisfactory performance, the Chancellor will serve an institution for a number of years.
- B. After initial employment, the Chancellor's annual salary shall be established by the Board at the beginning of each fiscal year.
- C. The Chancellor may resign at any time upon written notification to the Board, given through the Vice Chairman.

- D. The Board may terminate the employment of the Chancellor at any time, with or without cause.
- E. In the event of termination of the Chancellor, up to three (3) months' severance compensation may be authorized by the Board.

## Sources

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### Authority

T.C.A. §§ 49-8-203, 49-7-154, 49-7-131

### History

Approved TBR Board Meeting September 19 & 20, 2019; [Ministerial Revisions May 15, 2025](#).

# P-080 Discrimination & Harassment - Complaint & Investigation Procedure



## Policy/Guideline Area

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Personnel Guidelines

## Applicable Divisions

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TCATs, Community Colleges, System Office, Board Members

## Purpose

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The purpose of this Guideline is to supplement Board Policies [6.02.00.00 Sex Discrimination and Sexual Harassment](#) and [5.01.02.00 Equal Employment Opportunity](#) relative to the orderly resolution of complaints of discrimination or harassment on the basis of race, color, religion, creed, ethnic or national origin, sex, sexual orientation, gender identity/expression, disability, age (as applicable), status as a covered veteran, genetic information, and any other category protected by federal or state civil rights law, as well as claims of retaliation, related to the institutions, and office of the Tennessee Board of Regents.

## Policy/Guideline

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- I. Introduction
  - A. For purposes of this Guideline, Prohibited Conduct means unlawful discrimination, sexual harassment, discriminatory harassment, or retaliation. Prohibited Conduct will not be tolerated.
  - B. Fair and prompt consideration shall be given to all complaints in accordance with the procedures set forth.
    1. These procedures may be utilized by any employee, applicant for employment or student who believes they have been subjected to Prohibited Conduct, except that certain complaints meeting the definition of sexual misconduct and the criteria for filing a formal



complaint must be handled in accordance with Board Policy 6.03.00.00, Sexual Misconduct.

2. Former employees or students may file complaints of Prohibited Conduct which took place during the time of employment or enrollment provided the complaint is timely filed pursuant to Section V.B of this Guideline, and the conduct has a reasonable connection to the institution.
  3. These procedures are not intended, and will not be used, to infringe on expression protected by the First Amendment, the Tennessee Campus Free Speech Protection Act, or Board Policy 1.03.02.60, Freedom of Speech and Expression, even though such expression may be offensive, unwise, immoral, indecent, disagreeable, conservative, liberal, traditional, radical, or wrong-headed, or any other rights provided by the Tennessee or United States Constitutions.
- C. All employees, including faculty members, are to be knowledgeable of policies and guidelines concerning Prohibited Conduct.
1. Using the procedures outlined in Section V below, supervisory employees must promptly report to the appropriate institutional contact any complaint or conduct which might constitute Prohibited Conduct whether the information concerning a complaint is received formally or informally. Failure to do so may result in disciplinary action up to and including termination.
  2. Other employees and students are encouraged to report such conduct to the appropriate institutional contact.
- D. All faculty members, students and staff are subject to this Guideline.
1. Any faculty member, student or staff found to have engaged in Prohibited Conduct will be subject to disciplinary action, which may

include dismissal, expulsion or termination, or other appropriate sanction.

2. TBR institutions will not tolerate Prohibited Conduct directed at employees or students by vendors, visitors, or other third parties. The manner in which an institution responds to a report will depend on the circumstances involved, including the institution's ability to investigate, and if necessary, implement corrective action.

E. All faculty and staff members are required to cooperate with investigations of Prohibited Conduct.

1. Failure to cooperate may result in disciplinary action up to and including termination.
2. Students are also required to cooperate with these investigations; failure to do so may result in disciplinary action.

F. Institutions must take measures to periodically educate and train employees on preventing and reporting Prohibited Conduct.

1. All employees, including faculty members, are expected to participate in such education and training.
2. All faculty members, students and staff are encouraged to take reasonable and necessary action to prevent and discourage all types of discrimination and harassment.

II. General Statement

A. The System Office and all of the institutions within the Tennessee Board of Regents System shall fully comply with the applicable provisions of federal and state civil rights laws, including but not limited to;

1. ~~Executive Order 11246~~;
2. The Rehabilitation Act of 1973;
3. The Americans with Disabilities Act of 1990;

4. The Vietnam Era Veterans Readjustment Act of 1974;
  5. The Equal Pay Act of 1963;
  6. Titles VI and VII of the Civil Rights Act of 1964;
  7. Title IX of the Educational Amendments of 1972;
  8. The Age Discrimination in Employment Act of 1967;
  9. The Age Discrimination Act of 1975;
  10. The Pregnancy Discrimination Act;
  11. The Genetic Information Nondiscrimination Act of 2008;
  12. Regulations promulgated pursuant thereto; and
  13. The Tennessee Human Rights Act.
- B. The Board of Regents promotes equal opportunity for all persons without regard to race, color, religion, creed, ethnic or national origin, sex, sexual orientation, gender identity/expression, disability, age (as applicable), status as a covered veteran, genetic information, and any other category protected by federal or state civil rights law.
- C. Institutions and the System Office will not tolerate discrimination against any employee or applicant for employment because of race, color, religion, creed, ethnic or national origin, sex, sexual orientation, gender identity/expression, disability, age (as applicable), status as a covered veteran, or genetic information, nor will they tolerate harassment on the basis of these protected categories or any other category protected by federal or state civil rights law.
- D. Similarly, institutions shall not subject any student to discrimination or harassment under any education program or activity, and no student shall be discriminatorily excluded from participation nor denied the benefits of any education program or activity on the basis of race, color, religion, creed, ethnic or national origin, sex, sexual orientation, gender identity/expression,

disability, age (as applicable), status as a covered veteran, genetic information, or any other category protected by federal or state civil rights law.

### III. Types of Prohibited Conduct

#### A. Discrimination - Discrimination may occur by:

1. Treating individuals less favorably because of their race, color, religion, creed, ethnic or national origin, sex, sexual orientation, gender identity/expression, disability, age (as applicable), status as a covered veteran, genetic information, or any other category protected by federal or state civil rights law; or,
2. Having a policy or practice that has a disproportionately adverse impact on protected class members.

#### B. Sexual Harassment and Other Discriminatory Harassment

##### 1. General

- a. Not every act that might be offensive to an individual or a group will be considered harassment. Whether the alleged conduct constitutes sexual or discriminatory harassment depends upon the record as a whole and the totality of the circumstances, such as the nature of the conduct in the context within which the alleged incident occurs. Harassment does not include verbal expressions or written material that is relevant and appropriately related to course subject matter or curriculum. Depending on the severity of the conduct, a single incident may be considered sexual or other discriminatory harassment.
- b. Not every action or utterance that may be perceived as offensive will constitute Prohibited Conduct. In addition, institutions may take corrective or educational action, even if an investigation does not support an allegation of Prohibited

Conduct, or in the event that conduct violates another policy, appropriate disciplinary action in accordance with that policy.

- c. Rude, inappropriate, or offensive behavior by employees that it is not based on sex or other characteristics protected by state or federal law should be addressed by the appropriate supervisor or through administrative channels in accordance with other applicable policies.

## 2. Sexual Harassment

- a. With respect to conduct directed at another employee, sexual harassment means unwelcome sexual advances, request for sexual favor, and other verbal or physical conduct of a sexual nature, which includes conduct based on gender, pregnancy when:
  - (1) Submission to such conduct is made either explicitly or implicitly a term or condition of an individual's employment;
  - (2) Submission to or rejection of such conduct by an individual is used as the basis for employment decisions affecting that individual; or
  - (3) Such conduct has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, abusive, or offensive work environment.
- b. With respect to conduct directed at a student by an employee, sexual harassment means unwelcome conduct of a sexual nature determined by a reasonable person to be so severe, pervasive and objectively offensive that it effectively denies a

person equal access to the institution's education program or activity.

- c. With respect to student-on-student harassment and disciplining students for their speech, expression, or assemblies, an institution will not impose disciplinary action, except for unwelcome conduct directed toward a person that is discriminatory on a basis prohibited by federal, state, or local law, and that is so severe, pervasive, and objectively offensive that it effectively bars the victim's access to an education opportunity or benefit.
- d. Examples of sexual harassment – Sexual harassment is not limited to personal interactions, but can occur via telephone, texting, social media, the internet, and other methods of communication. Examples of sexual harassment include, but are not limited to, the following:
  - (1) Refusing to hire, promote, or grant or deny certain privileges because of acceptance or rejection of sexual advances;
  - (2) Promising a work-related benefit or a grade in return for sexual favors;
  - (3) Suggestive or inappropriate communications, email, texts, notes, letters, or other written or electronic materials displaying objects or pictures which are sexual in nature that would create hostile or offensive work or living environments;
  - (4) Sexual innuendoes, comments, and remarks about a person's clothing, body or activities;

- (5) Suggestive or insulting sounds;
  - (6) Whistling in a suggestive manner;
  - (7) Humor and jokes about sex that denigrate men or women;
  - (8) Sexual propositions, invitations, or pressure for sexual activity;
  - (9) Use in the classroom of sexual jokes, stories, remarks or images in no way or only marginally relevant to the subject matter of the class;
  - (10) Implied or overt sexual threats;
  - (11) Suggestive or obscene gestures;
  - (12) Patting, pinching, hugging, and other inappropriate touching;
  - (13) Unnecessary touching or brushing against the body;
  - (14) Attempted or actual kissing or fondling;
  - (15) Repeated requests for dates after refusal;
  - (16) Sexual violence; including rape, sexual assault, sexual battery, dating violence, domestic violence, and sexual coercion;
  - (17) Suggestive or inappropriate acts, such as comments, innuendoes, or physical contact based on one's actual or perceived sexual orientation, gender identity/expression; and
  - (18) Institutional policies may delineate additional examples.
- e. Incidents of sexual violence may constitute criminal acts and as such, investigation and processing by the criminal justice

system, local police, campus security and crisis intervention centers may occur in addition to the processes developed by the Sexual Misconduct Policy and this Guideline. Complainants must be notified of the right to file a criminal complaint.

#### C. Other Discriminatory Harassment

1. With respect to conduct directed at an employee, other discriminatory harassment means unwelcome conduct based on race, color, religion, national origin, age, disability, genetic information, veteran status, and any other category protected by federal or state law that has the purpose or effect of unreasonably interfering with an individual's work performance or creating an intimidating, hostile, abusive, or offensive work environment.
2. With respect to conduct directed toward a student by an employee, other discriminatory harassment means unwelcome conduct based on race, color, religion, national origin, age, disability, genetic information, veteran status, and any other category protected by federal or state law that has the purpose or effect of unreasonably interfering with an individual's educational performance or creates an intimidating, hostile, or offensive educational environment.
3. Examples of conduct that may constitute discriminatory harassment include, but are not limited to verbal or physical conduct relating to an employee's national origin, race, surname, skin color or accent, offensive or derogatory jokes based on a protected category, racial or ethnic slurs, unwelcome comments about a person's religion or religious garments, offensive graffiti, cartoons or pictures, or offensive remarks about a person's age.

#### D. Antisemitism



1. "Antisemitism" has the same meaning as the working definition of antisemitism adopted by the International Holocaust Remembrance Alliance (IHRA) on May 26, 2016, including the "contemporary examples of antisemitism." See IHRA Definition and Tennessee Code Annotated § 49-50-1801.
2. Neither TBR nor a TBR College shall interpret the IHRA working definition of antisemitism to prohibit speech or expression that is protected by the First Amendment to the United States Constitution or the Campus Free Speech Protection Act.
3. Employees are required to report complaints of antisemitism or antisemitic harassment to the College Title VI Coordinator.

#### D.E. Retaliation

1. "Retaliation" means to intimidate, threaten, coerce, or discriminate against any individual for the purpose of interfering with any right or privilege secured by this Guideline, or because the individual has made a report or complaint, testified, assisted, or participated or refused to participate in any manner in an investigation, proceeding, or hearing. Retaliation is a violation of this policy regardless of whether the underlying alleged violation is ultimately found to have merit.
2. The exercise of rights protected under the First Amendment does not constitute retaliation.
3. Charging an individual with a policy or guideline violation for making a materially false statement in bad faith in the course of a proceeding under this Guideline does not constitute retaliation.

#### IV. Consensual Relationships

- A. Intimate, romantic, and dating relationships between supervisors and their subordinates and between faculty members and students are strongly

discouraged due to the inherent inequality of power in such situations and for other reasons.

1. These relationships can lead to undue favoritism or the perception of undue favoritism, abuse of power, compromised judgment or impaired objectivity.
2. Engaging in a consensual relationship with a student over whom the faculty member has either grading, supervisory, or other authority is prohibited.
3. The faculty member must take steps to remove the conflict by assigning a different supervisor to the student, resigning from the student's academic committees, or by terminating the personal relationship at least while the student is in their class.
4. Likewise, it is prohibited for a supervisor to engage in a consensual relationship with a subordinate over whom they have evaluative or supervisory authority.
  - a. The supervisor must take action to resolve the conflict by, for example, assigning another individual to supervise and/or evaluate the subordinate or by terminating the personal relationship.
  - b. In circumstances where a consensual relationship is permitted, regardless of whether it involves physical intimacy, both parties should ensure that their respective actions and attentions are welcomed by the other party.

## V. Procedures

### A. General

1. The following procedures are intended to protect the rights of the person who is alleged to be the victim of conduct that could violate this Guideline ("the Complainant") as well as the person who has been

alleged to be a perpetrator of conduct that could violate this Guideline ("the Respondent"), as required by state and federal laws. Each complaint must be properly and promptly investigated absent unusual circumstances, such as the inability to conduct an investigation. When warranted, appropriate corrective and/or disciplinary action will be taken.

2. The Office of General Counsel shall be consulted prior to an investigation.
3. In situations that require immediate action because of safety or other concerns, the institution may take any administrative action, which is appropriate, e.g., administrative leave with pay pending the outcome of the investigation for employees and interim suspension in accordance with applicable policy, for students. Legal Counsel shall be contacted before any immediate action is taken.
4. Institutional policies, procedures, and guidelines shall inform employees, applicants for employment and students of the name, address, email address, and telephone number of the designated EEO Officer, Student Affairs, Title VI and Title IX officer(s) responsible for assuring compliance with this Guideline, Board policies, and federal law.

#### B. Filing Complaints

1. Any current or former student, applicant for employment, or current or former employee who believes they have been subjected to Prohibited Conduct shall present the complaint to the designated EEO Officer, Student Affairs, Title VI or Title IX Coordinator/officer responsible for compliance with this Guideline. Any employee required or encouraged to make such a report should use the same reporting procedure.

2. Complaints under Title VI must be brought within 180 days of the last incident of discrimination or harassment pursuant to Guideline G-125. Complaints must be brought within 365 days of the most recent incident of discrimination or harassment.
  - a. Complaints brought after that time period will not be pursued absent unusual circumstances.
  - b. Whether the complaint was timely or whether unusual circumstances exist to extend the complaint period must be made after consultation with Legal Counsel.
3. Complainants are encouraged to provide the complaint in writing. The complaint should include the circumstances giving rise to the complaint, the name of the Respondent, the dates of the alleged occurrences, and names of witnesses, if any.
  - a. The complaint should be signed by the Complainant.
  - b. When the Complainant chooses not to provide or sign a written complaint, or when a complaint is made anonymously or by a third party, the institution is responsible for conducting an appropriate investigation and taking appropriate corrective action.
4. Complaints or reports received by the System Office will be directed to the institution's Title IX Coordinator (for complaints involving sex discrimination) or EEO Officer (for other allegations of Prohibited Conduct), unless the matter should be investigated by System Office personnel or an outside investigator- in accordance with Section V of this Guideline.
5. If the allegations, even if proved, would not violate this Guideline, the Investigator may dismiss the complaint without further investigation after consultation with Legal Counsel.

- a. The Complainant should be informed of other available processes such as the employee grievance/complaint process, or a student non-academic complaint process.
- b. Any such dismissal shall be in writing, conveyed to the Complainant and Respondent, and retained in accordance with record retention obligations.

C. Investigation

1. Legal Counsel shall be notified of the complaint, whether written or verbal, as soon as possible in order to provide legal advice.
2. If a person wishes to make a complaint or report of Prohibited Conduct against a high level administrator (such as a Vice President, the EEO Officer, Student Affairs Officer, Title VI or Title IX Coordinator/Officer) or someone who is reasonably believed to have a conflict of interest or bias, or if a person is otherwise uncomfortable using the reporting procedures in this Guideline, a complaint or report may be directed to the President, Chancellor, TBR System Office Title IX Coordinator (for complaints involving sex discrimination), or TBR System Office EEO Officer (for other allegations of Prohibited Conduct), who should consult the Office of General Counsel. An appropriate person will be appointed to investigate the matter. Complainants are encouraged submit a signed, written complaint and to include the circumstances giving rise to the complaint, the name of the Respondent, the dates of the alleged occurrences, and the names of witnesses, if any. When a Complainant makes an allegation of Prohibited Conduct against the President, the recipient of the report shall notify the Office of General Counsel. An appropriate person will be appointed to investigate and report to the Chancellor.

3. Any investigation and/or disciplinary action against a student shall be consistent with the institution's student conduct and disciplinary procedures policy, and in the event of a conflict between that policy and this guideline, that policy shall govern.
4. When a student is involved as the Complainant, the Respondent, or an individual interviewed, documentation shall be subject to the provisions and protections of the Family Educational Rights and Privacy Act (FERPA), T.C.A. § 10-7-504(a)(4), and other applicable law. Certain records may be subject to disclosure pursuant to a public records request or otherwise.
5. Investigation of complaints against employees of a Tennessee College of Applied Technology (TCAT) shall be initiated by the Chancellor or designee, which may include the President.
  - a. In certain circumstances, an investigator from another institution or System Office may conduct the investigation.
  - b. TCAT Presidents are responsible for notifying the Office of General Counsel whenever a verbal or written complaint of Prohibited Conduct is made.
6. The Investigator shall conduct an investigation of the complaint that is appropriate under the circumstances.
  - a. An investigation shall include interviews with both the Complainant and the Respondent, unless either declines to be interviewed. Follow-up interviews may be conducted. The Complainant and Respondent are encouraged to provide, as soon as possible, information they want the Investigator to consider.
  - b. The investigation shall also include review of documents, other information, and interviews with relevant witnesses, including

those named by the Complainant and Respondent, as well as those otherwise identified by the Investigator.

- c. The purpose of the investigation is to determine whether there has been a violation of the applicable policies and this Guideline. Determinations will be based on whether a preponderance of the evidence establishes a policy or Guideline violation. The burden of obtaining evidence and (if supported by the evidence) establishing a violation shall be on the institution.
7. It is the responsibility of the investigator to weigh credibility and to determine the weight to be given information received during the course of the investigation. To the extent possible, the investigation will be conducted in such a manner to protect the confidentiality of both parties.
- a. In the case of a complaint or report involving Prohibited Conduct, if the Complainant wishes to maintain confidentiality or requests that no investigation be conducted, or no disciplinary action be taken, the institution will weigh that request against the institution's obligation to provide a non-discriminatory environment for the Complainant, as well as other students and employees, and other applicable policies. A decision to honor a request for confidentiality or not to investigate a matter must be confirmed in writing with the Complainant, approved by the President, and maintained by the institution. The Office of General Counsel must be consulted before such a decision is made.
  - b. The Complainant, Respondent and all individuals interviewed shall be informed that the institution has an obligation to address alleged harassment and that, in order to conduct an

effective investigation, complete confidentiality cannot be guaranteed.

- c. Information may need to be revealed to the Respondent and to potential witnesses.
- d. Information about the complaint should be shared only with those who have a need to know about it.
- e. The Complainant and Respondent shall also be informed that a request to inspect documents made pursuant to the Public Records Act may result in certain documents being released unless made confidential pursuant to FERPA or other law.
- f. A Complainant may be informed that if they want to speak privately and in confidence about discrimination or harassment, they may wish to consult with a social worker, counselor, therapist or member of the clergy who is permitted, by law, to assure greater confidentiality. Confidentiality and available resources are discussed in institutional Sexual Misconduct policies.
- g. The Complainant shall be informed that when the institution receives notice of alleged retaliation, it will take immediate and appropriate steps to investigate and will take corrective action if it determines that retaliation occurred.
- h. Retaliation is prohibited and should be reported to the Investigator immediately.
- i. Allegations of retaliation must also be investigated pursuant to the procedure set out in this Guideline.



8. The Investigator shall notify in writing the Respondent within five (5) working days of receipt of a written complaint or the decision to initiate an investigation.
  - a. The Respondent may respond in writing to the complaint within five (5) working days following the date of receipt of the Investigator's notification.
9. If either the Complainant or the Respondent is a student, the Investigator should communicate that the institution will comply with FERPA and only disclose information as required by FERPA and other applicable law.
10. The Complainant, the Respondent and all individuals interviewed shall be notified that any retaliation engaged against someone because they filed a complaint or participated in an investigation is strictly prohibited, regardless of the outcome of the investigation and may, in itself, be grounds for disciplinary action.
11. At any time prior to completion of the investigation report, the Investigator may meet with both the Complainant and the Respondent individually for the purpose of attempting to resolve the complaint informally.
  - a. Either party has the right to end informal processes at any time.
  - b. If informal resolution is successful in resolving the complaint, a report of such, having first been reviewed by Legal Counsel, shall be submitted to the President.
12. Unless there is an informal resolution, the Investigator shall draft a report summarizing the investigation, which shall be sent to the Office of General Counsel for legal review.
  - a. Each report shall outline the basis of the complaint, including the dates of the alleged occurrences, the response of the

Respondent, the findings of the Investigator, whether there were any attempts made to resolve the complaint informally, and recommendations regarding disposition of the complaint.

- b. After receiving advice from the Office of General Counsel, the report shall be submitted to the President within sixty (60) calendar days following receipt of the complaint, absent cause for extending the investigation timeline. In situations where more time is needed to complete the investigation, for reasons such as difficulty in locating a necessary witness, or complexity of the complaint, additional time may be taken, but only following notice to Legal Counsel and written notice to both the Complainant and the Respondent.
  - c. Working papers, investigator notes, witness statements, etc. generated in the investigation generally should not be attached to the report. Relevant exhibits such as emails, photographs, and other documents that were not created as part of the investigation may be attached.
13. If, after investigation, a preponderance of the evidence does not establish a violation of policy or this Guideline, it may be appropriate to discuss the complaint with the Complainant and/or Respondent so that they understand relevant policies and appropriate behavior standards.
- a. Any investigation and subsequent discussion should be documented and retained.
  - b. Conduct which does not rise to the level of a policy violation may, nevertheless, provide a basis for disciplinary action.
14. The President shall review the Investigator's report and make a written determination within a reasonable time as to whether a policy or Guideline violation has occurred and the appropriate resolution.

- a. After the President has made this determination, absent unusual circumstances and after consultation with Legal Counsel, the Complainant and the Respondent should receive a copy of the determination and the Investigator's report.
15. If the President finds that a preponderance of the evidence establishes that a violation of policy or this Guideline has occurred, the President must take appropriate corrective or remedial action.
- a. When it has been determined that an employee has violated policy or this Guideline, the employee is subject to disciplinary action, up to and including, termination of employment. A faculty member's violation of this policy may constitute "adequate cause" for disciplinary action, including termination.
  - b. Remedial action may include meeting with the Respondent and/or the Complainant and attempting to resolve the problem by agreement, e.g., through restorative justice.
  - c. The institution will take steps designed to prevent the recurrence of Prohibited Conduct and to remedy effects on the Complainant and others, as appropriate.
  - d. Copies of the determination (including any reconsideration and/or appeal), the Investigator's report, the investigation file, the complaint (if it concerns an employee) and documentation of any disciplinary action, any remedies provided to the Complainant, should be placed in a file maintained by the institution.
  - e. Copies of any documentation establishing disciplinary action shall also be maintained in the personnel or student record, as appropriate.

- (1) Some documents involved in an investigation may be subject to the Public Records Act and thus open to public inspection.
  - (2) Other documents may be protected under FERPA, the attorney/client privilege, or attorney work product and would not be releasable.
  - (3) If a Public Records Act request is received, Legal Counsel must be consulted prior to the release of any documents.
16. A complaint found to have been intentionally dishonest or maliciously made will subject the Complainant to appropriate disciplinary action. A finding that the evidence does not establish a violation of policy or this Guideline, in and of itself, does not establish that a complaint was dishonest or malicious.

D. Reconsideration of Decision

1. Because TBR and TBR institutions are committed to a high quality resolution of every case, each institution (and the System Office as applicable), must afford the Complainant and Respondent an opportunity to request that the President reconsider a determination.
  - a. The reconsideration process shall consist of an opportunity for the parties to provide information to the President's attention that would change the decision.
  - b. The reconsideration process will not be a de novo review of the decision, and the parties will not be allowed to present their cases in person to the President unless the President determines, in their sole discretion, to allow an in-person presentation.

2. The institution shall provide written notice of the reconsideration process to the parties at the time that the parties are advised of the outcome of the investigation.
3. Either party may send a written request for reconsideration to the President within ten (10) working days, absent good cause, of receipt of the President's determination.
  - a. The party(ies) requesting reconsideration must explain why they believe the factual information was incomplete, the analysis of the facts was incorrect, the determination was affected by bias or a conflict of interest, procedural irregularity, and/or the appropriate policy standard was not applied, and how this would change the determination in the case.
  - b. Failure to do so may result in a denial of the request.
4. The President will issue a written response as promptly as possible. This decision will constitute the institution's final decision with respect to President's determination.

#### VI. Other Applicable Procedures

- A. If the President's determination includes disciplinary action, the procedures for implementing the decision shall be determined by the applicable policies relating to discipline (e.g., employee grievance/complaint procedure, student disciplinary policies, and academic affairs policies).
- B. The System Office shall comply with the rules and processes of the Tennessee Human Rights Commission (THRC) regarding complaints and investigations covered by Title VI.

#### VII. Other Available Complaint Procedures

- A. An aggrieved individual may also have the ability to file complaints with external agencies such as the Equal Employment Opportunity Commission

(EEOC), the Tennessee Human Rights Commission (THRC), the Office for Civil Rights (OCR), and the courts. Deadlines for filing with external agencies or courts may be shorter than the deadline established for filing a complaint under this Guideline.

## Sources

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### Authority

T.C.A. § 49-8-203; All State and Federal states, codes, Acts, rules and regulations referenced in this policy.

### History

Presidents Meeting: November 14, 1984 and November 16, 1984 AVTS Sub-Council meeting; August 16, 1988; February 14, 1989; November 10, 1992; August 13, 1996; February 13, 2001; August 16, 2005; November 8, 2005; February 13, 2008; February 14, 2012: Changes in Title VI procedures became effective October 1, 2013 (Ratified at President's Meeting, Nov. 5, 2013); Revision approved at November 11, 2014 President's Meeting; Revision approve at August 5, 2020 President's Meeting; Revision approved at August 10, 2021 Presidents Meeting; Ministerial ~~Revisions~~  
February 14, 2025; Ministerial Revisions May 15, 2025.

## Related Polices

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[5.01.02.00 Equal Employment Opportunity](#)

## 3.02.00.01 General Policy on Student Conduct & Disciplinary Sanctions



### Policy/Guideline Area

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Student Policies

### Applicable Divisions

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TCATs, Community Colleges

### Purpose

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The Tennessee Board of Regents authorizes the institutions under its jurisdiction to take such action consistent with this policy as may be necessary to maintain campus conditions and preserve the integrity of the institution and its educational environment. Institutional policies on this subject shall be subject to prior review and approval by the TBR Offices of General Counsel and Academic Affairs.

### Definitions

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- For the purpose of this policy, a “student” shall mean any person
  - who is admitted, enrolled, and/or registered for study (including for non-credit classes) at a Board of Regents institution for any academic period. This shall include any period of time following admission and/or registration, but preceding the start of classes for any academic period, following the end of an academic period through the last day for registration for the succeeding academic period, and during any period while the student is under suspension from the institution; who engaged in academic misconduct as part of the application process; and/or
  - who previously attended a TBR institution and who was found to have violated the institution’s student conduct and disciplinary standards policy during the time of enrollment.
  - “Student” shall also include any person subject to a period of suspension or removal from campus resulting from a finding of a violation of this policy;

- Unless explicitly provided otherwise in these rules, the term “student” shall also refer to a student organization.
- Definitions of “Disciplinary Offenses” and “Disciplinary Sanctions” are included in their respective sections, II. and V.

## **Policy/Guideline**

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### **I. Policy Statement**

- A. Students enrolled in a TBR postsecondary educational institutions are citizens of their civic communities as well as the academic community. As such they are expected to conduct themselves as law-abiding members of each community at all times.
- B. Admission to an institution of postsecondary education carries with it special privileges and imposes special responsibilities apart from those rights and duties enjoyed by non-students. In recognition of the special relationship that exists between the institution and the academic community which it seeks to serve, the Tennessee Board of Regents (“TBR” or “the Board”) has authorized the presidents of the institutions under its jurisdiction to take such action as may be necessary to maintain conditions on institution-owned and controlled property and to preserve the integrity of the institution and its educational environment.
- C. Pursuant to this authorization and in fulfillment of its duties to provide a secure and stimulating atmosphere in which individual and academic pursuits may flourish, the Board has developed the following policy, which is intended to govern student conduct at the institutions under its jurisdiction.
- D. Each institution under the jurisdiction of the TBR is directed to implement policies subject to, and consistent with, this policy.



- E. In addition, students are subject to all federal, state and local laws and ordinances. If a student's violation of such laws or ordinances also adversely affects the institution's pursuit of its educational objectives, an institution may enforce its own policies regardless of the status or outcome of any external proceedings instituted by other civil or criminal authorities.
- F. Students are responsible for compliance with this policy and with institutional policies and regulations.
- G. Disciplinary action may be taken against a student for violation of policies and regulations that occur on institutionally owned, leased or otherwise controlled property, while participating in international or distance learning programs, and off campus, when the conduct impairs, interferes with, or obstructs any institutional activity or the mission, processes, and functions of the institution. In the case of violations that occur off institutionally owned, leased, or controlled property, the institution will take into account whether the violation impairs, interferes with, or obstructs any institutional activity, or the mission, processes, and function of the institution, including, but not limited to, conduct that:
  - 1. occurs in connection with any institutional activity, including but not limited to, international, distance, online, or remote learning programs, athletics events and other extracurricular activities, clinical, internship, practicum, and similar activities;
  - 2. occurs while using institutional resources, such as computers and network systems;
  - 3. involves or affects another member of the TBR community (a student, faculty, staff member, or guest of a TBR institution); or
  - 4. poses a credible, serious threat to the health and safety of the TBR community.

- H. This policy, and related material incorporated herein by reference, is applicable to student organizations as well as individual students. Whether a student organization will be held responsible for a violation of these rules by one or more of its members will be based on the following considerations:
1. the violation is endorsed by the student organization or any of its officers. “Endorsed by” includes, but is not limited to, active or passive consent or support, having prior knowledge that the conduct was likely to occur, or helping to plan, advertise, or promote the conduct;
  2. the violation took place during the course of an activity paid for by the student organization or by members of the student organization to support the activity in question;
  3. the prohibited conduct occurred on property owned, controlled, rented, leased, or used by the student organization or any of its members for an organizational event;
  4. the prohibited conduct was related to initiation, admission into, affiliation with, or as a condition for continued membership in the student organization; and
  5. one or more officers of the student organization had prior knowledge or reasonably should have known the prohibited conduct would likely take place.
- I. Confidentiality of Discipline Process. Subject to the exceptions provided pursuant to the Family Educational Rights and Privacy Act of 1974 (FERPA), 20 U.S.C. 1232g, the Tennessee Public Records Act, T.C.A. § 10-7-504, and/or other state and federal law, a student’s disciplinary records and files are considered “education records” and are confidential in accordance with those statutes.

- J. Matters involving sexual harassment, sexual assault, stalking, domestic violence, and dating violence occurring within an education program or activity, if within the scope of TBR Policy 6.03.00.00, Sexual Misconduct, which implements 34 C.F.R. Part 106 related to Title IX of the Education Amendments of 1972, shall proceed in accordance with TBR Policy 6.03.00.00, Sexual Misconduct, and not this policy.

## II. Disciplinary Offenses

- A. Disciplinary measures shall be imposed according to this policy and the institution's restatement of this policy and applicable procedures and processes.
- B. Institutions shall use the "preponderance of the evidence" standard. A preponderance of the evidence means the greater weight of the evidence or that, according to the evidence, the conclusion sought by the party with the burden of proof is the more probable conclusion.
- C. These rules shall not be used to violate rights guaranteed under the constitution of the State of Tennessee or the constitution of the United States.
- D. Institutions shall adopt and publish notice of offenses for which both individuals and student organizations may be subject to disciplinary action.
- E. Both students and student organizations may be subject to disciplinary action for the following disciplinary offenses identified in this policy:
  - 1. Threatening Conduct. Any conduct, threatened conduct, or attempted conduct that, poses a threat to a person's safety, health, or personal well-being including, but not limited to, endangering the health, safety, or welfare of any person; engaging in conduct that causes a reasonable person to fear harm to his or her health, safety or welfare; or making an oral or written statement that an

objectively reasonable person hearing or reading the statement would interpret as a serious expression of an intent to commit an act of unlawful violence to a particular individual or group of individuals;

2. **Disruptive Conduct.** Any conduct, threatened conduct, or attempted conduct that is disruptive to the institution's learning environment, including, but not limited to, engaging in any action that interferes with the ability of the instructor to teach or other students to learn. Disruptive conduct in the class setting (which includes but is not limited to remote education and off-site locations) includes, but is not limited to, behavior that obstructs or disrupts the learning environment (e.g., offensive language, harassment of students or instructors, repeated outbursts from a student that disrupt the flow of instruction or prevent concentration, failure to cooperate in maintaining class decorum, etc.), text messaging, and the continued use of any electronic or other noise or light emitting device which disturbs others;
3. **Hazing.** Hazing, as defined in T.C.A. § 49-7-123(a)(1), means any intentional or reckless act, on or off the property, of any higher education institution by an individual acting alone, or with others, which is directed against any other person(s) that endangers the mental or physical health or safety of that person(s), or which induces or coerces a person(s) to endanger such person(s) mental or physical health or safety. Hazing does not include customary athletic events or similar contests or competitions, and is limited to those actions taken and situations created in connection with initiation into or affiliation with any organization;

4. Disorderly Conduct. Any individual or group behavior which is abusive, obscene, lewd, indecent (including, without limitation, public exposure of one's sex organs, public urinating, and public sexual acts), violent, excessively noisy, disorderly, or which unreasonably disturbs institutional functions, operations, classrooms, other groups or individuals;
5. Obstruction of or Interference with institutional activities or facilities. Any intentional interference with or obstruction of any institutional, program, event, or facility including but not limited to the following:
  - a. Any unauthorized occupancy of facilities owned or controlled by an institution or blockage of access to or from such facilities;
  - b. Interference with the right of any institution member or other authorized person to gain access to any activity, program, event or facilities sponsored or controlled by an institution;
  - c. Any obstruction or delay of a security officer, public safety officer, police officer, firefighter, EMT, or any official of an institution, or failure to comply with any emergency directive issued by such person in the performance of their duty;
  - d. Participation in a demonstration that substantially impedes institutional operations; or
  - e. Obstruction of the free flow of pedestrian or vehicular traffic on property owned, leased or controlled by an institution or at an institutional activity.
6. Misuse of or Damage to Property. Any act of misuse, vandalism, malicious or unwarranted damage or destruction, defacing, disfiguring or unauthorized use of property belonging to the

institution or a member of the TBR community including, but not limited to, any personal property, fire alarms, fire equipment, elevators, telephones, institution keys, library materials and/or safety devices;

7. Theft, Misappropriation, or Unauthorized Sale of Property;
8. Misuse of Documents or Identification Cards. Any forgery, alteration of or unauthorized use of institutional documents, forms, records or identification cards, including the giving of any false information, or withholding of necessary information, in connection with a student's admission, enrollment or status in the institution;
9. Weapons. Possessing, carrying, using, storing, or manufacturing any weapon on institution controlled property or in connection with an institution affiliated activity, unless federal or state law provides a student with an affirmative right to possess or carry a weapon on institution controlled property or in connection with an institution-affiliated activity. (Refer to Guidance on Firearms on Campus, Exhibit #1);
10. Explosives, Fireworks, Flammable, and Hazardous Materials. The unauthorized possession, ignition or detonation of any object or article that represents a potential danger to the TBR community, including, but not limited to, explosives, fireworks, flammable materials, ammunition, hazardous liquids, chemicals, or hazardous materials;
11. Alcoholic Beverages and Alcohol-Related Conduct. The use, -possession, and/or sale of alcoholic beverages on institution owned or controlled property or in connection with any institutional activity unless expressly permitted by the institution;

12.    Drugs. The unlawful possession, use, sale, or manufacture of any drug or controlled substance (including, but not limited to, any stimulant, depressant, narcotic or hallucinogenic drug, or marijuana). This offense includes using or possessing a prescription drug if the prescription was not issued to the student, as well as the violation of any local ordinance, state, or federal law concerning the unlawful possession or use of drugs;
13.    Drug Paraphernalia. The use, possession, distribution, sale, or manufacture of equipment, products or materials that are used or intended for use in manufacturing, growing, using or distributing any drug or controlled substance. This offense includes the violation of any local ordinance, state, or federal law concerning the unlawful possession of drug paraphernalia;
14.    Public Intoxication. Appearing on institution owned or controlled property or at an institutional sponsored event while under the influence of alcohol, a controlled substance, or of any other intoxicating substance;
15.    Gambling. Unlawful gambling in any form;
16.    Financial Irresponsibility. Failure to meet financial responsibilities to the institution promptly including, but not limited to, knowingly passing a worthless check or money order in payment to the institution;
17.    Unacceptable Conduct Related to Disciplinary Proceedings. Any conduct at any stage of an institutional disciplinary proceeding or investigation that is contemptuous, threatening, retaliatory, or disorderly, including false complaints, false testimony or other falsification of evidence, and attempts to influence the impartiality of a member of an adjudicatory body, verbal or physical harassment

or intimidation of an institutional official, hearing panel member, complainant, respondent or witness;

18. Failure to Cooperate with Institutional Officials. Failure to comply with reasonable directions of institutional officials acting in the performance of their duties. This includes, but is not limited to, failing to respond to a request to report to an institutional administrative office, failing to cooperate in an institutional investigation, and/or failing to appear at an institutional hearing, including, without limitation, a disciplinary hearing;
19. Attempts, Aiding and Abetting. Any attempt to commit any of the offenses listed under this section or the aiding or abetting of the commission of any of the offenses listed under this section. (An attempt to commit an offense is defined as the intention to commit the offense coupled with the taking of some action toward its commission.) Being present during the planning or commission of any offense listed under this section without having made an immediate report to the institution prior to the commission of the planned offense will be considered as aiding and abetting. Students who anticipate or observe an offense must remove themselves from the situation and are required to report the offense to the institution;
20. Violations of State or Federal Laws. Any conviction of violation of state or federal laws, rules, or regulations prohibiting conduct or establishing offenses;
21. Violation of Imposed Disciplinary Sanctions. Intentional or unintentional violation of a disciplinary sanction imposed through an institutional disciplinary proceeding;



22. Sexual Misconduct. Committing any act of sexual assault, rape, sexual battery, domestic violence, or dating violence as defined by state or federal law;
23. Harassment, Stalking, or Retaliation. Any conduct that falls within T.C.A. § 39-17-308 (Harassment) or T.C.A. § 39-17-315 (Stalking) or “student-on-student harassment,” which means unwelcome conduct directed toward a person that is discriminatory on a basis prohibited by federal, state, or local law, and that is so severe, pervasive, and objectively offensive that it effectively bars the victim’s access to educational opportunity or benefit. Engaging in “retaliation,” which is an act or omission committed by a student because of another person’s participation in a protected activity that would discourage a reasonable person from engaging in protected activity. Retaliation violates these standards regardless of whether the underlying allegation of a violation of policy is ultimately found to have merit. Retaliation can include, without limitation: an act or omission committed against a person’s family, friends, advisors, and or other persons reasonably expected to provide information in connection with an institutional investigation or hearing, and an act or omission committed by a student through a third party;
24. Discrimination. Any conduct prohibited by any federal or state law, rule, or regulation related to discrimination, harassment, or retaliation;
  - a. “Antisemitism” has the same meaning as the working definition of antisemitism adopted by the International Holocaust Remembrance Alliance (IHRA) on May 26, 2016, including the “contemporary examples of antisemitism.” See

IHRA Definition and Tennessee Code Annotated § 49-50-1801.

a.b. Neither TBR nor a TBR College shall interpret the IHRA working definition of antisemitism to prohibit speech or expression that is protected by the First Amendment to the United States Constitution or the Campus Free Speech Protection Act.

24.25. Academic Misconduct. Any action or attempted action designed to provide an unfair academic advantage or disadvantage for oneself or others. Academic misconduct includes a wide variety of behaviors such as plagiarism, cheating, fabrication, and other academic dishonesty. For purposes of this policy the following definitions apply:

- a. Plagiarism. The adoption or reproduction of ideas, words, statements, images, or works of another person as one's own without proper attribution. Examples include but are not limited to copying of passages from works of others into one's own work without acknowledgment; summarizing or paraphrasing ideas from another source without proper attribution, unless such information is recognized as common knowledge; and using facts, statistics graphs, representations, or phrases without proper attribution;
- b. Cheating. Using or attempting to use unauthorized materials, information, or aids in any academic exercise or test/examination. Examples include but are not limited to copying another's work; obtaining or giving unauthorized assistance; unauthorized collaboration or collusion with another person; having another person take a test for a

student; and the use of unauthorized materials or devices. The term academic exercise includes all forms of work submitted for credit or hours;

- c. Fabrication. Falsifying, fabricating, or misrepresenting data, research results, citations or other information in connection with an academic assignment. Unauthorized falsification or invention of any information or citation in an academic exercise.

25-26. Unauthorized Duplication or Possession of Keys. Making, causing to be made or the possession of, with the intent to use or make available for use by others, any key for an institutional facility without proper authorization;

26-27. Litter. Dispersing litter in any form onto the grounds or facilities of the campus;

27-28. Pornography. Public display of literature, films, pictures or other materials which an average person applying contemporary community standards would find, (1) taken as a whole, appeals to the prurient interest, (2) depicts or describes sexual conduct in a patently offensive way, and/or (3) taken as a whole, lacks serious literary, artistic, political or scientific value;

28-29. Abuse of Computer Resources and Facilities. Misusing and/or abusing campus computer resources including, but not limited to the following:

- a. Use of another person's identification to gain access to institutional computer resources;
- b. Use of institutional computer resources and facilities to violate copyright laws, including, but not limited to, the act of

unauthorized distribution of copyrighted materials using institutional information technology systems;

- c. Unauthorized access to a computer or network file, including but not limited to, altering, using, reading, copying, or deleting the file;
- d. Unauthorized transfer of a computer or network file;
- e. Use of computing resources and facilities to send abusive or obscene correspondence;
- f. Use of computing resources and facilities in a manner that interferes with normal operation of the institutional computing system;
- g. Use of computing resources and facilities to interfere with the work of another student, faculty member, or institutional official; and
- h. Unauthorized peer-to-peer file sharing;

29-30. Unauthorized Access to Institutional Facilities and/or Grounds. Any unauthorized access and/or occupancy of institutional facilities and/or grounds is prohibited, including, but not limited to, gaining access to facilities and grounds that are closed to the public, being present in areas of campus that are open to limited guests only, being present in academic buildings after hours without permission, and being present in buildings when the student has no legitimate reason to be present;

30-31. Providing False Information. Giving any false information to, or withholding necessary information from, any institutional official acting in the performance of his or her duties in connection with a student's admission, enrollment, or status in the institution;

~~31.~~32. Observation Without Consent. Observation Without Consent, which is prohibited by T.C.A. § 39-13-607 (a criminal statute) for purposes of this policy, means knowingly spying upon, observing, or otherwise viewing an individual, regardless of whether a photo, video, or recording is made, when the individual is in a place where there is reasonable expectation of privacy, without the prior effective consent of the individual, if the viewing would offend or embarrass an ordinary person if the person knew the person was being viewed. This includes, but is not limited to, taking video or photographic images in shower/locker rooms, living quarters, restrooms, and storing, sharing, and/or distributing of such unauthorized images by any means;

~~32.~~33. Smoking Violations. Smoking or tobacco use in any institution building or facility, in any state-owned vehicle, or on any institution grounds or property, unless in a designated smoking or tobacco use area. For the purposes of these rules, “tobacco use” includes, but is not limited to, the personal use of any tobacco product, whether intended to be lit or not, which includes smoking tobacco or other substances that are lit and smoked, as well as the use of an electronic cigarette or any other device intended to simulate smoking, and the use of smokeless tobacco, including snuff; chewing tobacco; smokeless pouches; any form of loose-leaf, smokeless tobacco; and the use of unlit cigarettes, cigars, and pipe tobacco;

~~33.~~34. Maintenance of Ethical and Professional Standards. Failure to maintain the high ethical and professional standards of the various disciplines of the health professions may subject a student to

suspension from a program, dismissal from a program, or other appropriate remedial action.

- a. A student enrolled in a program leading to a degree or certificate in a health profession is subject to disciplinary action up to and including suspension and dismissal from a program for engaging in the following acts of misconduct, regardless of location:
  - (1) Commission of an offense classified as a felony by Tennessee or federal criminal statutes;
  - (2) Unlawful use, possession, or sale of drugs or narcotics, whether or not felonious
  - (3) Other unprofessional or unethical conduct that would bring disrepute and disgrace upon both the student and profession and that would tend to substantially reduce or eliminate the student's ability to effectively practice the profession in which discipline he or she is enrolled; or
  - (4) Conduct that is in violation of either a relevant Tennessee statute establishing professional standards or a rule or regulation of a Tennessee regulatory board or other body responsible for the establishment and enforcement of professional standards.
- b. A person applying for admission to a health profession program may be denied admission to the program on the basis of his or her violation of the aforementioned ethical and professional standards;

34.35. Traffic and Parking Fines. Receiving \$100.00 or more in traffic and/or parking violations on institution property or institution-controlled property during any semester.

35.36. Indecent Exposure. Indecent Exposure, which is prohibited by T.C.A. § 39-13-511 (a criminal statute), for purposes of this policy means in a public place intentionally exposing one's genitals or buttocks to another or engaging in sexual contact or sexual penetration where the person reasonably expects that the acts will be viewed by another, and the acts will offend an ordinary viewer or are for the purpose of sexual arousal and/or gratification.

F. Disciplinary Holds.

1. An institution may place a hold on a student record when the student has
  - a. Withdrawn from the institution while a disciplinary meeting and/or proceeding is pending;
  - b. Not responded to an institutional official's request for a meeting or hearing; or
  - c. Been suspended or expelled.
2. A disciplinary hold may remain on a student's record until final resolution of a disciplinary meeting and/or disciplinary hearing.
3. An institution will not confer a degree or credential when a student record has been placed on hold, or when a student has a pending disciplinary meeting and/or disciplinary proceeding.
4. Except for cases involving Academic Misconduct, an institution will not revoke a degree or credential based on conduct occurring while a person was a student, but not discovered until after the awarding of a degree or credential.

### III. Classroom and Academic Misconduct

#### A. Classroom Misconduct.

1. The instructor has the primary responsibility for maintenance of academic integrity and controlling class (which for this policy includes any remote class and/or offsite class such as a clinic site or other non-traditional class environment) behavior and responding to disruptive conduct.
2. The instructor may order the temporary removal or exclusion from the class of any student engaged in disruptive conduct or other conduct that violates this policy for each class session during which the conduct occurs. Extended or permanent exclusion from the classroom, beyond the session in which the conduct occurred, or further disciplinary action can be effected only through appropriate procedures.

#### B. Academic Misconduct

1. Academic misconduct is prohibited. Students guilty of academic misconduct, either directly or indirectly, through participation or assistance, are immediately responsible to the instructor of the class. In addition to other possible disciplinary sanctions which may be imposed in accordance with this policy, the instructor has the authority to take academic discipline consistent with institutional policy, procedures, and processes.
2. An instructor who determines that a student has engaged in academic misconduct may choose to exercise academic discipline by lowering to any extent, including to a grade of "F" or "zero," a student's grade in the course, assignment, or examination affected by the alleged academic misconduct.



3. An instructor who initiates academic discipline shall inform the appropriate Chair and Dean (or other individual(s) identified by the institution) in writing of the finding of academic misconduct, the basis therefor, the academic discipline imposed, and the appeals process within five (5) days of the imposition of academic discipline.
4. A student may not withdraw from a course pending final resolution of an allegation of academic misconduct. Students are permitted and encouraged to continue attending class until the academic disciplinary decision, including all appeals, is final.
5. A student charged with academic misconduct has the option of either accepting the academic discipline imposed by the instructor or initiating the appeals process to challenge the allegation of academic misconduct or the severity of the academic discipline. If the student does not respond in writing within five (5) days by either accepting or appealing the academic discipline to the institutional academic misconduct appeals committee, the student waives the right to contest the academic discipline, at which time it becomes final.
6. An institutional academic misconduct appeals committee shall consist of at least three (3) individuals and include at least one (1) student. The chief academic officer or other administrator identified by the institution will assemble the committee and coordinate the hearing but will not participate on the committee. Any individual who has an interest in the incident, a conflict of interest, or a bias is not permitted to serve on the committee. An institution may maintain standing pools from which individuals may appointed and/or appoint ad hoc academic misconduct appeals committees. At a technical college the president has the authority to appoint a

single administrator to perform the functions of the academic misconduct appeals committee and to effectuate the processes identified in this policy.

7. The academic misconduct appeals committee will set a hearing date that is within fifteen (15) business days of receipt of date of the student's appeal. The student must receive at least seven (7) calendar days' notice of the date, time, and location of the hearing. A student will be notified of the due process protections provided for in this policy.
8. The academic misconduct appeals committee will conduct the appeal hearing, consider the evidence presented, and make a decision based on a simple majority vote using a preponderance of the evidence standard. The committee can either uphold, overturn, or lessen the academic discipline. The results of the committee's decision will be conveyed to the student in writing, through the chief academic officer or other individual identified by the institution, within ten (10) business days of the hearing.
9. If the academic misconduct appeals committee upholds or lessens the academic discipline, the student may appeal in writing to the president within five (5) business days following receipt of the decision of the committee. The president will make a decision within ten (10) business days. The president's decision is final.
10. The institution's chief academic officer, president, or other administrator identified by the institution has the ability to extend any deadline in this section for good cause and upon written notice to the student.
11. In addition to academic discipline, a student who is found responsible for academic misconduct, either one or more times,

may be subject to disciplinary sanctions in accordance with this policy.

12. The institution shall maintain permanently all submissions by the student and all decisions of institutional officials and committees relating to academic misconduct.

#### IV. Disciplinary Sanctions

- A. Institutions shall publish this policy, provide notice of potential disciplinary sanctions applicable to both students and student organizations. Disciplinary sanctions may be imposed only after a violation of this policy has been established. Disciplinary sanctions may be imposed, either singly or in combination, by the appropriate institution or school officials.
- B. Types of Sanctions.
  1. Restitution. Restitution may be required in situations which involve theft, destruction, damage, or loss of property, or unreimbursed medical expenses resulting from physical injury. When restitution is required, the student or student organization is obligated by the appropriate institutional authority to compensate a party or parties for a loss suffered as a result of disciplinary violation(s). This action may take the form of appropriate service, monetary compensation, or material replacement. Any monetary payment in restitution shall be limited to actual cost of repair, replacement or financial loss;
  2. Warning. The appropriate institutional official may notify orally or in writing the student or student organization that continuation or repetition of specified conduct may be cause for other disciplinary action;
  3. Reprimand. A written or verbal reprimand or censure may be given to any student or student organization whose conduct violates any

part of this policy and provides notice that that any further violation(s) may result in more serious penalties;

4. Service to the Institution or Community. A student, or student organization, may be required to donate a specified number of service hours to the institution performing reasonable tasks for an appropriate institution office, official(s), or the local community. The service required shall be commensurate to the offense ( including but not limited to service for maintenance staff for defacing institutional property);
5. Specified Educational/Counseling Program. A student or student organization may be required to participate in specified educational or counseling program(s) relevant to the offense, or to prepare a project or report concerning a relevant topic;
6. Restriction. A restriction upon a student's or student organization's privileges for a period of time may be imposed. This restriction may include, but is not limited to denial of the ability to represent the institution at any event, ability to participate in institution or TBR sponsored travel, use of facilities, parking privileges, participation in extracurricular activities or restriction of organizational privileges;
7. Probation. Continued enrollment of a student or recognition of a student organization on probation may be conditioned upon adherence to this policy. Any student or organization placed on probation will be notified in writing of the terms and length of the probation. Probation may include but not be limited to restrictions upon extracurricular activities, or any other appropriate special condition(s). Any conduct in further violation of this policy while on probationary status or the failure to comply with the terms of the

probationary period may result in the imposition of further disciplinary action;

8. Suspension. Suspension is the separation of a student or student organization from the institution for a specified period of time. Suspension may be accompanied by special conditions for readmission or recognition;
9. Expulsion. Expulsion entails a permanent separation from the institution. The imposition of this sanction is a permanent bar to the student's admission, or a student organization's recognition by the institution. A student or organization that has been expelled may not enter institution property or facilities or institution-controlled property or facilities without obtaining prior approval from an appropriate campus official with knowledge of the expulsion directive;
10. Revocation and Withholding of Admission, Degree, or Credential; and
11. Interim Involuntary Withdrawal or Suspension. As a general rule, the status of a student or student organization accused of violation of TBR rules, this policy, or an institutional policy should not be altered until a final determination has been made in regard to the charges. However, interim or involuntary withdrawal or suspension, pending the completion of disciplinary procedures, may be imposed upon a finding that the conduct, or attempted conduct of the student poses a direct threat to the safety of any other member of the institution, its guests, property, or the student's behavior is materially and substantially disruptive of the institution's learning environment or other campus activities. In any case of interim or involuntary withdrawal or suspension, the student, or student

organization, shall be given an opportunity at the time of the decision, or as soon thereafter as reasonably possible, to contest the suspension in accordance with this policy;

- C. The president is authorized, either personally or through a designee, to negotiate a mutually acceptable resolution to any disciplinary proceeding or to rescind or convert any sanction imposed to a lesser sanction.

#### V. Disciplinary Procedures

- A. -Institutions shall provide students with a system of constitutionally and legally sound procedures that provide the protection of due process of law in accordance with TBR Systemwide Student Rules, this policy, and applicable state and federal law. All policies adopted related to student conduct shall be subject to prior review and approval by the TBR Offices of General Counsel and Academic Affairs. Once adopted or amended, all disciplinary procedures shall be affirmatively communicated to the faculty, staff, and students of the institution as well as published in appropriate websites, handbooks, or manuals.
- B. At community colleges, the Vice President of Student Affairs or other administrator designated by the institution is responsible for matters within the scope of this policy, except that the Chief Academic Officer is responsible for matters related to academic misconduct. In situations where the conduct could fall within both areas of responsibility, the two offices will confer and decide which procedures will apply and advise the student or student organization in writing of the decision. At colleges of applied technology, the president or designee has responsibility.
- C. Complaints related to discrimination, harassment, and retaliation that are not subject to another rule will be investigated and resolved in accordance with this policy and the institution's restatement of this policy, procedures, and processes.

1. In determining whether the evidence establishes a violation of institutional policy, the institution shall use the preponderance of the evidence standard for contested cases, as explained in TBR Policy 1.06.00.05, Uniform Procedures for Cases Subject to the Uniform Administrative Procedures Act and Department of State Rule 1360-04-01. At all times the burden of obtaining evidence and establishing a violation shall be on the institution.
2. In the event of bias or conflict of interest by an institutional official, the institution may appoint a substitute, who may or may not be employed by the institution.
3. The investigator shall conduct an appropriate investigation, which may include interviews of the parties and witnesses, as well as review of documents and other information. The purpose of the investigation is to determine whether the evidence establishes a violation of institutional policy and procedures. The parties are encouraged, but not required, to provide information that they want the investigator to consider.
4. The investigator shall provide written notice of receipt of a written complaint or the decision to initiate an investigation.
5. The investigator shall notify students that the institution will comply with FERPA and only disclose information in accordance with FERPA and other applicable law.
6. The investigator shall prepare a report summarizing the investigation. The report shall include, but not be limited to, the dates of the alleged occurrences, the response of the respondent, the findings of the investigator, and recommendations regarding disposition of the complaint.

7. The report shall be submitted to the institution's president within sixty (60) calendar days following receipt of the complaint, absent cause for extending the investigation timeline. In situations where more time is needed to complete the investigation, written notice shall be provided to the parties explaining the reasons.
8. The president shall review the investigator's report and shall make a written determination as to whether this policy, and institutional policy, processes, and procedures have been violated and the appropriate disciplinary sanction, if any. The president's determination and the investigator's report shall be provided to the parties, unless prohibited by law.
9. Either party may send a written request to reconsider to the president within ten (10) working days, absent good cause, of receipt of the president's determination.
  - a. The request to reconsider process shall consist of an opportunity for the parties to provide information to the president's attention that would change the determination and/or disciplinary sanction. A party must explain why the factual information was incomplete, the analysis of the facts was incorrect, the determination was affected by bias or a conflict of interest, procedural irregularity, and/or the appropriate standard was not applied, and how this would affect the determination. Failure to do so may result in denial of the request to reconsider.
  - b. The parties will not be allowed to present their request to reconsider in person unless the president determines, in his or her sole discretion, to allow an in-person appearance.



- c. The president shall issue a written response to the request to reconsider as promptly as possible. The decision will constitute the institution's final decision.
  - d. The institution shall provide written notice of the ability to contest the determination and/or disciplinary sanctions, including where applicable, the ability to request a contested case hearing pursuant to the UAPA, to the parties at the time the parties are advised of the determination and upon the resolution of any request to reconsider or appeal.
- D. Students and student organizations subject to any disciplinary sanction are entitled to a due process hearing in accordance with this policy and standards established by the constitutions of the State of Tennessee and the United States unless that right is waived after receiving written notice of the available procedures.
- E. All proceedings under this policy will be held in closed session and not open to the public. Formal rules of evidence shall not be applicable. The administrator or committee chair may exclude evidence which in their judgment is immaterial, irrelevant, or unduly repetitious.
- F. Written notice to a student or student organization is accomplished either by handing a copy to the student; sending documents via email to the student's or student organization's institutional email account; email account of record on file with the institution; or by sending a copy via certified mail, registered mail, return receipt requested mail, or a nationally recognized delivery service that tracks delivery to the student's residence of record or the student organization's address of record.
- G. Initiation of Charges
  - 1. An institution may initiate the disciplinary process on the basis of written allegations received from any source, including any member

of the college community. Complaints should be directed to the Vice President of Student Affairs or other administrator identified by the institution, except that complaints relating to discrimination, harassment, and retaliation should be referred to the administrator identified by the institution so that such complaints can be handled in accordance with institutional policy and procedures. The institution may also initiate disciplinary procedures without written allegations if it becomes aware of potential violations of these rules through other means.

2. When the allegations, if proven, may warrant the imposition of a disciplinary sanction, the institution shall inform the student of the allegations and proceed to gather information concerning the matter, including, but not limited to, interviewing relevant witnesses and reviewing relevant documents and evidence. Students who may be the subject of disciplinary sanctions will be provided the minimum due process protections identified in this policy.
3. After reviewing the evidence, the administrator with responsibility for the matter shall decide whether sufficient evidence exists to charge the student, and if so, the appropriate disciplinary sanction(s). Notice of the charges and disciplinary sanction(s), if any, shall be provided in writing to the student. If there is insufficient evidence to continue the disciplinary process, the matter will be closed, and written notice will be provided to the student.

H. Minimum Due Process Protections. Institutions shall provide the following minimum procedural due process protection components in disciplinary matters:

1. The student shall be advised, in writing, of the breach of the policy provision(s) of which he or she is charged;

2. The student shall be advised of the time, date, and place of the hearing allowing reasonable time for preparation; and
3. The student shall be advised of the following rights applicable at the hearing:
  - a. The right to present his or her case;
  - b. The right to be accompanied by an advisor of his or her choice. The advisor's participation shall be limited to advising the student, and not include advocating on behalf of the student, speaking on behalf of the student, or otherwise actively representing the student. An advisor is not permitted to interfere with the hearing;
  - c. The right to call witnesses on his or her behalf;
  - d. The right to confront witnesses against him or her; and
  - e. The method and time limitations for appeal, if any is applicable.
- I. Options for Students. Four potential processes exist for adjudication of disciplinary matters. The student will be informed in writing of each available option and the due process rights associated with each option. A student will have five (5) business days following written notification to select an option. If a student fails to return the election of a procedure in a timely manner, the student will be deemed to have waived the right to contest the disciplinary sanction. Selection of one option constitutes waiver of all other options.
  1. Contested Case Hearing: All cases which may result in either: suspension or expulsion of a student from the institution for disciplinary reasons, or revocation of registration of a student organization, are subject to the contested case provisions of the

Uniform Administrative Procedures Act , T.C.A. § 4-5-301 et seq., and TBR Policy 1.06.00.05, Uniform Procedures for Cases Subject to the Uniform Administrative Procedures Act, unless the student or student organization, after receiving written notice, waives those procedures.

2. A student at a community college may elect an institutional panel hearing. A student at a college of applied technology may elect a formal hearing in front of a single administrator appointed by the president.
  - a. Institutional Panel Hearing (Community Colleges)
    - (1) An institutional panel hearing committee at a community college shall consist of at least three (3) individuals and include at least one (1) student. The dean of students or other administrator identified by the institution will assemble the committee and coordinate the hearing but will not vote as to the committee's decision. An individual who has an interest in the incident, a conflict of interest, or a bias is not permitted to serve on the committee. The institution may appoint individuals from standing pools and/or appoint ad hoc committees.
    - (2) The committee will set a hearing date that is within fifteen (15) business days of receipt of the student's request for a panel hearing. The student must be notified of the date, time, and location of the hearing as soon as possible, but given at least seven (7) calendar days' notice. A student will be notified of the due process protections provided for in these rules.

- (3) The committee will conduct the hearing, consider the relevant evidence presented, and make a decision based on a simple majority vote. The committee can either uphold, overturn, or lessen the disciplinary finding and/or sanction. The results of the decision will be conveyed to the student in writing, through the dean of students or other administrator identified by the institution, within ten (10) business days of the hearing.
  - (4) If the committee upholds or lessens the disciplinary finding and/or sanction, the student may appeal in writing to the president within five (5) business days following receipt of the decision of the committee. The president will make a decision within ten (10) business days. The president's decision is final.
  - (5) The president, dean of students or other administrator identified by the institution has the ability to extend deadlines for good cause and upon written notice to the student.
  - (6) The institution shall maintain all submissions by the student and all decisions of institutional officials and committees permanently.
- b. Formal Administrative Hearing (Colleges of Applied Technology)
- (1) The president of a college of applied technology shall appoint an administrator who will set a hearing date that is within fifteen (15) business days of receipt of the student's request for a hearing. The student must

be given at least seven (7) calendar days' notice of the hearing. A student will be notified of the due process protections provided for in this policy.

- (2) The administrator will conduct a hearing, consider the relevant evidence presented, and make a decision either upholding, overturning, or lessening the disciplinary finding and/or sanction. The results of the decision will be conveyed to the student within ten (10) business days of the hearing.
  - (3) If the administrator upholds or lessens the disciplinary finding and/or sanction, the student may appeal in writing to the president within five (5) business days following receipt of the decision of the committee. The president will make a decision within ten (10) business days. The president's decision is final.
  - (4) The president has the ability to extend deadlines for good cause and upon written notice to the student.
3. Administrative Resolution. An administrative resolution involves the student meeting with a single administrator appointed by (i) for community college students, the dean of students or other administrator identified by the institution or (ii) for college of applied technology students, the president. There is no appeal. The decision of the administrator is final.
4. A student may elect not to contest the disciplinary action, either affirmatively or by failing to return the election of a procedure in a timely manner, which serves as a waiver of the right to contest the disciplinary action.

J. Procedures Related to Interim Involuntary Withdrawal or Suspension Hearings.

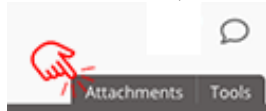
1. When the Vice President for Student Affairs or other administrator identified by the institution determines that an interim suspension or other interim measure is required for the health and safety of the institutional community and/or property, or to prevent an ongoing imminent threat of disruption to or interference with the normal operations of the institution, the student will receive an opportunity for an informal hearing with the Vice President of Student Affairs or other administrator identified by the institution to contest the interim measure.
2. The informal hearing will be held within five (5) calendar days, absent good cause.
3. The evidence presented at the hearing shall be limited to that which is relevant to the basis asserted for imposition of the interim suspension or other interim measure.

- K. Alternative Resolution Procedures: An institution, with the consent of all relevant parties, may use an alternative resolution method including, but not limited to, an apology, mediation, or a negotiated resolution.

## Exhibits

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For Exhibits, click the Attachments button at the top right of the page.



## Sources

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### Authority

T.C.A. § 49-8-203; All Federal and State statutes, codes, rules and regulations referenced in this policy.

## History

TBR Meetings, December 2, 1977; March 3, 1978; March 18, 1983; September 30, 1983; TBR Board Meeting, March 29, 2012; TBR Board Meeting June 19, 2015; TBR Board Meeting June 18, 2021 (Effective August 16, 2021 for Community Colleges and August 26, 2021 for TCAT's ); September 23, 2022 updated Exhibit 1.

## Related Policies

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[3.02.01.00 Student Due Process Procedure](#)

[5.01.02.00 Equal Employment Opportunity](#)

[6.01.00.00 Sex Discrimination, Sexual Harassment or Sexual Misconduct](#)

[6.02.00.00 Sex Discrimination and Sexual Harassment](#)

[6.03.00.00 Sexual Misconduct](#)



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**BOARD TRANSMITTAL**

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MEETING:	Committee Chairs Meeting
SUBJECT:	2023-24 Financial Report Overview
DATE:	May 28, 2025
PRESENTER:	Alisha Fox, Vice Chancellor of Business and Finance
PRESENTATION REQUIREMENTS:	15 minutes
ACTION REQUIRED:	Informational Purposes
STAFF RECOMMENDATION:	Not Applicable

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Vice Chancellor Fox will present financial performance results for the system by sector. No action is required.

Board materials will include the consolidated financial report, including management discussion and analysis for FY 2023-24. The state requires that our consolidated financial report includes the financial information from the six locally governed institutions. Therefore, the LGI's information is included in this report. No action is required.

# TENNESSEE BOARD OF REGENTS



## ANNUAL FINANCIAL REPORT OF FLORA TYDINGS CHANCELLOR

2023-24

# **TENNESSEE BOARD OF REGENTS**

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## **Management's Discussion and Analysis**

This section of the Tennessee Board of Regents' (TBR) systemwide annual financial report presents a discussion and analysis of the financial performance of the System during the fiscal year ended June 30, 2024, with comparative information presented for the fiscal year ended June 30, 2023. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statements and notes. The financial statements, notes, and this discussion are the responsibility of management.

The System has one discretely presented component unit for the System's foundations. More detailed information about the foundations is presented in Note 27 to the financial statements. This discussion and analysis focuses on the System and does not include the foundations.

### **Overview of the Financial Statements**

The financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. The financial statements are presented on a consolidated basis to focus on the System as a whole. The full scope of the System's activities is considered to be a single business-type activity, and accordingly, is reported within a single column in the basic financial statements.

The System's financial report includes the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Notes to the financial statements are also presented to provide additional information that is essential to a full understanding of the financial statements.

### **The Statement of Net Position**

The Statement of Net Position is a point in time financial statement. The Statement of Net Position presents the financial position of the System at the end of the fiscal year. To aid the reader in determining the System's ability to meet immediate and future obligations, the statement includes all assets, liabilities, deferred outflows/inflows, and net position of the System and segregates the assets and liabilities into current and noncurrent components. Current assets are those that are available to satisfy current liabilities, inclusive of assets that will be converted to cash within one year. Current liabilities are those that will be paid within one year. The Statement of Net Position is prepared under the accrual basis of accounting; assets and liabilities are recognized when goods or services are provided or received despite when cash is exchanged.

From the data presented, readers of the statement are able to determine the assets available to continue the operations of the System. They are also able to determine how much the

System owes vendors, lenders, and others. Net position represents the difference between the System's assets and liabilities, along with the difference between deferred outflows and deferred inflows, and is one indicator of the System's current financial condition.

The Statement of Net Position also indicates the availability of net position for expenditure by the System. Net position is divided into three major categories. The first category, net investment in capital assets, represents the System's total investment in property, plant, and equipment, net of outstanding debt obligations related to these capital assets. To the extent debt or deferred inflows of resources have been incurred but not yet expended for capital assets, such amounts are not included. The next category is restricted net position, which is sub-divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position includes endowment and similar resources whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity. Expendable restricted net position is available for expenditure by the System but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the resources. The final category is unrestricted net position. Unrestricted net position is available to the System for any lawful purpose of the System.

The following table summarizes the System's assets, liabilities, deferred outflows/inflows, and net position at June 30, 2024, and June 30, 2023:

Statement of Net Position (in thousands of dollars)		
	<u>2024</u>	<u>2023</u>
<b>Assets:</b>		
Current assets	\$ 970,348	\$ 903,467
Capital assets, net	4,208,452	3,877,112
Other assets	1,661,744	1,546,926
<b>Total Assets</b>	<b>6,840,545</b>	<b>6,327,505</b>
<b>Deferred Outflows of Resources</b>	<b>282,122</b>	<b>251,001</b>
<b>Liabilities:</b>		
Current liabilities	426,079	382,577
Noncurrent liabilities	1,050,065	1,144,758
<b>Total Liabilities</b>	<b>1,476,145</b>	<b>1,527,335</b>
<b>Deferred Inflows of Resources</b>	<b>95,925</b>	<b>85,341</b>
<b>Net Position:</b>		
Net investment in capital assets	3,421,053	3,078,461
Restricted – nonexpendable	61,179	64,038
Restricted – expendable	269,101	194,049
Unrestricted	1,799,264	1,629,282
<b>Total Net Position</b>	<b>\$ 5,550,597</b>	<b>\$ 4,965,830</b>

Deferred outflows of resources increased approximately \$31.1 million or 12%. This occurred primarily in the deferred outflows related to pensions (\$34.7 million). In FY 2024, payments made subsequent to the measurement date included an additional contribution by the State of \$46.2 million, which represents the System's portion of a \$300 million additional State contribution.

Current liabilities increased approximately \$43.5 million or 11%. This is primarily due to an increase in accounts payable of \$28.0 million. Accounts payable increased approximately \$13.7 million at Tennessee State University (TSU) due to cash flow difficulties at year-end and \$6.3 million at Middle Tennessee State University (MTSU) due to year-end construction projects. The remaining increase is due to timing differences and year-end construction projects at various institutions.

Deferred inflows of resources increased approximately \$10.6 million or 12%. This occurred primarily in the deferred inflows related to OPEB (\$24.1 million). The changes in proportion and differences between benefits paid and proportional share of benefits paid component of deferred inflows increased approximately \$34.6 million over the prior year. Additional information regarding deferred inflows related to OPEB can be found in Note 15 of the note disclosures.

Net investment in capital assets increased approximately \$342.6 million or 11%. This is primarily due to the \$229.6 million increase in construction projects (projects in progress) across the System, including the Health Professionals Building at Austin Peay State University (APSU) (\$59.7 million); the Applied Engineering Building, Aerospace Campus, Student Athlete Performance Center, and Kirksey Old Main renovation, and Rutledge Hall renovations at MTSU (\$48.8 million); the Engineering Building at Tennessee Tech University (TTU) (\$43.2 million); and the Stanton Campus and the Lexington Replacement Campus at the Tennessee College of Applied Technology (TCAT) at Jackson.

Restricted, expendable net position increased approximately \$75.1 million or 39%. This is primarily due to state appropriations received to fund new ERP systems at APSU (\$20 million), TTU (\$20 million), and UOM (\$20 million).

Unrestricted net position increased approximately \$170.0 million or 10%. This is due to various items across all sectors, including funds set aside in renewal and replacement funds for future projects, unrestricted revenues exceeding expenses, and additional state funding received for several systemwide projects.

### **The Statement of Revenues, Expenses, and Changes in Net Position**

The Statement of Revenues, Expenses, and Changes in Net Position presents the results of operations for the fiscal year. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received. The statement indicates whether the System's financial condition has improved or deteriorated during the fiscal year. The statement presents the revenues received by the System, both operating and nonoperating,

and the expenses paid by the System, operating and nonoperating, and any other revenues, expenses, gains, or losses received or spent by the System.

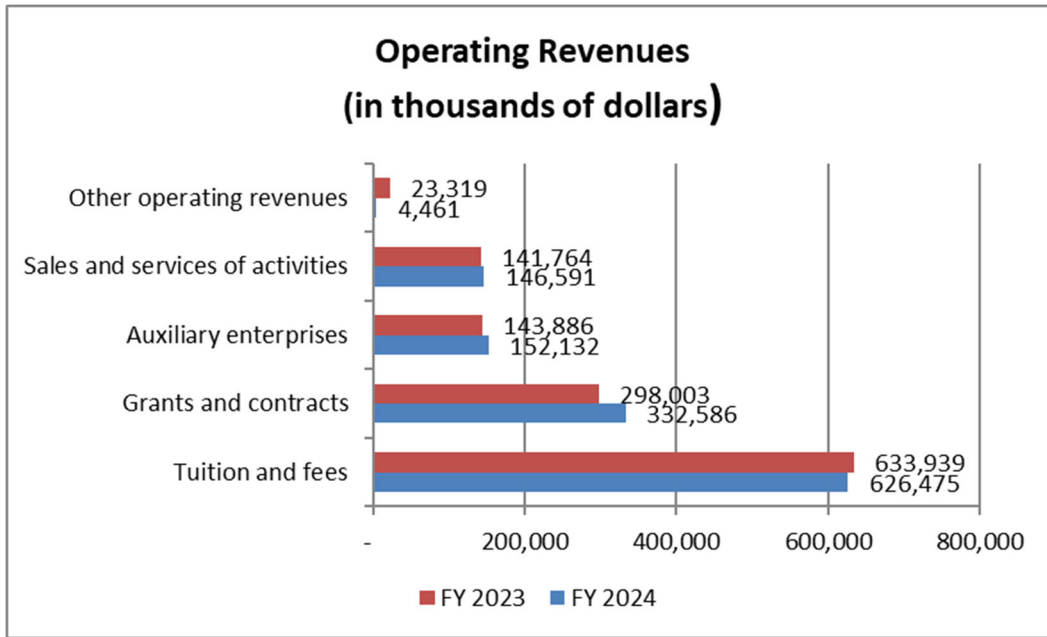
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the System. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the System. Nonoperating revenues are revenues received for which goods and services are not provided directly to the payor. Although the System is dependent upon state appropriations and gifts to fund educational and general operations, under GASB standards these funding sources are reported as nonoperating revenues, as is investment income. As a result, the System has historically reported an excess of operating expenses over operating revenues, resulting in an operating loss. Therefore, the “increase in net position” is more indicative of overall financial results for the year.

A summary of the System’s revenues, expenses, and changes in net position for the year ended June 30, 2024, and June 30, 2023, follows.

Statement of Revenues, Expenses, and Changes in Net Position (in thousands of dollars)		
	2024	2023
Operating revenues	\$ 1,262,245	\$ 1,240,911
Operating expenses	(3,293,119)	(3,041,502)
Operating loss	(2,030,874)	(1,800,591)
Nonoperating revenues and expenses	2,227,017	2,062,894
Income (loss) before other revenues, expenses, gains or losses	196,144	262,303
Other revenues, expenses, gains, or losses	335,312	255,645
Increase (decrease) in net position	531,456	517,948
Net position at beginning of year	4,965,830	4,447,713
Adjustments for Accounting Changes and Error Corrections	53,311	169
Net position at end of year	\$ 5,550,597	\$ 4,965,830

### Operating Revenues

The following summarizes the operating revenues by source that were used to fund operating activities for the last two fiscal years:



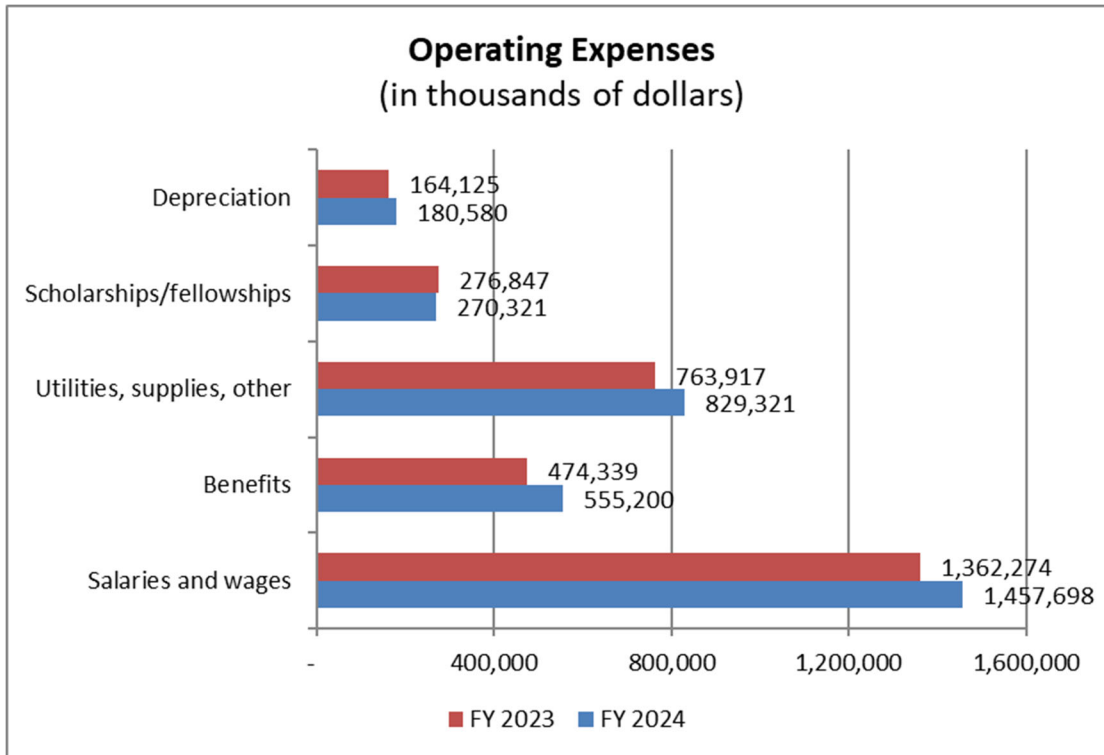
Grants and contracts increased \$34.6 million or 12%. This increase occurred primarily at ETSU (\$8.1 million) due to increases in both the number of federal grants and the amount of the awards and UOM (\$12.0 million) due to additional federal grants from the Center for Disease Control and Prevention, U.S. Department of Health and Human Services, and the Economic Development Administration.

Other operating revenues decreased approximately \$18.9 million or 81%. This occurred primarily at TSU (\$19.1 million) due to insurance recoveries received in FY 2023 for storm and tornado damage.

### Operating Expenses

Operating expenses may be reported by nature or function. The System has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position and has displayed the functional classification in the notes to the financial statements. The following summarizes the operating expenses by natural classifications for the last two fiscal years:



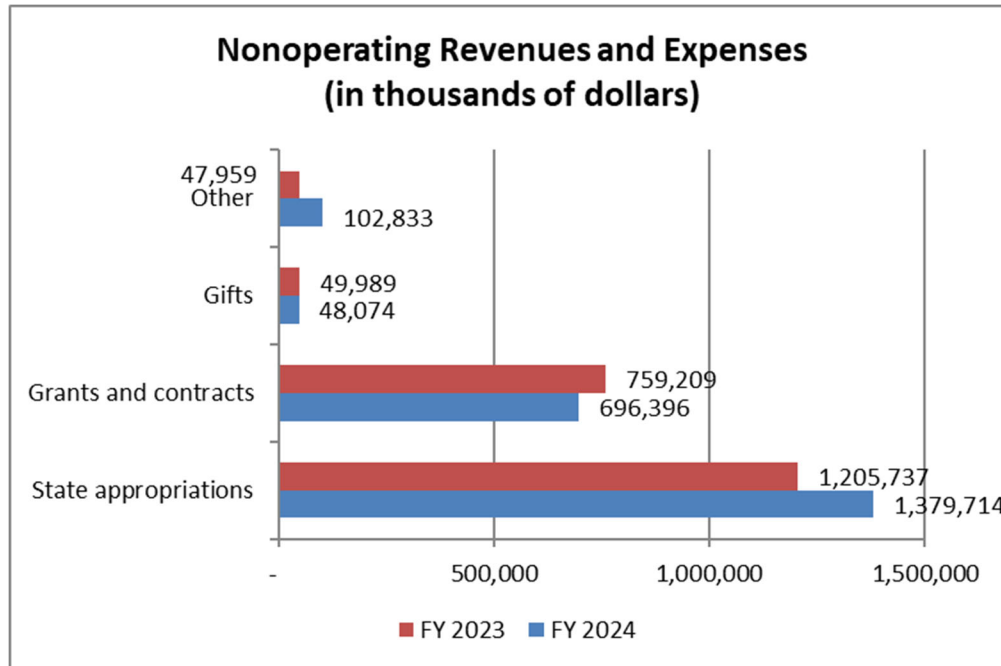


Benefit expenses increased approximately \$80.9 million or 17%. This is due to increases in the state retirement expense. State retirement expense increased due to a upswing in the pension expense based on actuarial studies. Benefits also increased due to a rise in insurance premiums for basic life, dental & long-term disability benefits.

Depreciation expense increased approximately \$16.5 million or 10%. This is primarily due to the FY 2023 implementation of GASB 96 related to SBITAs and the resulting recognition of capital assets and depreciation. Depreciation for software purchased through SBITAs increased approximately \$20.9 million this year.

### **Nonoperating Revenues and Expenses**

Certain revenue sources that the System relies on to provide funding for operations, including state noncapital appropriations, certain gifts and grants, and investment income, are defined by the GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the System's nonoperating revenues and expenses for the last two fiscal years:

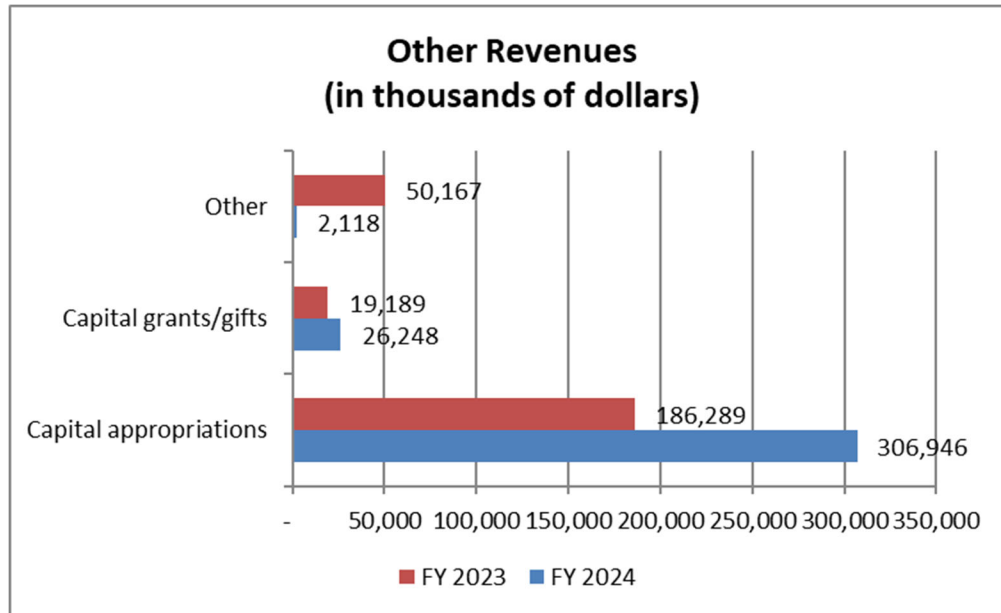


State appropriations increased approximately \$174.0 million or 14%. This is primarily due to \$49.2 million for salary increases, \$34.8 million in formula funding improvements and \$88.6 million in non-recurring initiatives.

Other non-operating revenues increased \$54.9 million or 114%. This was primarily due to investment income which increased approximately \$56.0 million over the prior year due to favorable market conditions and rising interest rates.

### **Other Revenues**

This category is composed of State appropriations for capital purposes, capital grants and gifts, and additions to permanent endowments. The following summarizes these amounts for the last two fiscal years:



Capital appropriations increased approximately \$120.7 million or 65%. This increase occurred primarily at APSU (\$47.6 million), MTSU (\$17.4 million), TCAT Shelbyville (\$13.3 million), and TCAT Jackson (\$13.3 million). The increase at APSU is due to the ongoing construction of the Kimbrough Building project, the Health Professionals Building, and the Welcome Center. The increase at MTSU is due to the construction of the new Applied Engineering Building. The increase at the TCAT Shelbyville is due to the Bedford County Higher Education Center. The increase at the TCAT Jackson is due to the TCAT Stanton Campus and the Lexington Replacement campus construction.

Capital grants and gifts increased approximately \$7.1 million or 37%. This increase occurred primarily at TTU (\$4.1 million) and is due to capital gifts received for a new engineering building.

Other revenues decreased approximately \$48.0 million or 98%. This decrease occurred primarily at UOM, which received a \$50 million appropriation in FY 2023 to fund an endowment for research.

## **Capital Assets and Debt Administration**

### **Capital Assets**

The System had \$4.21 billion invested in capital assets, net of accumulated depreciation of \$2.54 billion at June 30, 2024; and \$3.88 billion invested in capital assets, net of accumulated depreciation of \$2.40 billion at June 30, 2023. Depreciation charges totaled \$180.6 million and \$164.1 million for the years ended June 30, 2024, and June 30, 2023, respectively.

Schedule of Capital Assets, Net of Depreciation (in thousands of dollars)		
	2024	2023
Land	\$ 172,942	\$ 166,224
Land improvements & infrastructure	351,497	331,293
Leasehold improvements	1,780	56
Buildings	2,854,036	2,809,278
Equipment	198,914	182,667
Library holdings	8,533	8,984
Intangible assets	10,280	12,178
Art & historical collections	1,434	2,597
Projects in progress	504,349	274,712
Right-to-use land	5,795	62
Right-to-use infrastructure	1,802	2,495
Right-to-use buildings	30,529	33,581
Right-to-use equipment	3,223	2,551
SBITA - software	47,332	50,433
SBITA - projects in progress	16,007	-
Total	\$ 4,208,452	\$ 3,877,112

Significant additions to capital assets occurred in fiscal year 2024. This is primarily due to the \$229.6 million increase in projects in progress across the System, including the Health Professionals Building at Austin Peay State University (APSU) (\$59.7 million); the Applied Engineering Building, Aerospace Campus, Student Athlete Performance Center, and Kirksey Old Main renovation, and Rutledge Hall renovations at MTSU (\$48.8 million); the Engineering Building at Tennessee Tech University (TTU) (\$43.2 million); and the Stanton Campus and the Lexington Replacement Campus at the Tennessee College of Applied Technology (TCAT) at Jackson.

At June 30, 2024, outstanding commitments under construction contracts totaled \$1.81 billion for various projects of which \$1.57 billion will be funded by future state capital outlay appropriations.

More detailed information about the System's capital assets is presented in Note 6 to the financial statements.

### **Debt**

The System had \$712.8 million and \$736.8 million in debt outstanding at June 30, 2024, and June 30, 2023, respectively. The table below summarizes these amounts by type of debt instrument.

Outstanding Debt by Instrument Type (in thousands of dollars)		
	2023	2023
Notes payable	\$ 3,529	\$ 76
TSSBA debt:		
Bonds	640,909	664,695
Unamortized premium	59,044	64,687
Revolving credit facility	9,014	6,810
Commercial paper	347	502
Total	\$ 712,844	\$ 736,770

The Tennessee State School Bond Authority (TSSBA) issued bonds with interest rates ranging from 0.17% to 5.10% due serially until 2050 on behalf of the System. The System is responsible for the debt service of these bonds. The current portion of the \$640.9 million outstanding at June 30, 2024, is \$45.1 million.

The TSSBA issues loans from the revolving credit facility program to finance costs of various capital projects during the construction phase. The entire \$9.0 million outstanding at June 30, 2024, is considered noncurrent debt.

The Tennessee State Funding Board issued commercial paper on behalf of the System to finance the acquisition of certain sites and existing structures for expansion purposes. The entire \$347,063.89 outstanding at June 30, 2024, is considered noncurrent debt.

The ratings on debt issued by the Tennessee State School Bond Authority at June 30, 2024, were as follows:

Fitch	AA+
Moody's Investor Service	Aa1
Standard & Poor's	AA+

More information about the System's long-term liabilities is presented in Note 10 to the financial statements.

### **Economic Factors That Will Affect the Future**

In June 2024, the Tennessee Board of Regents approved the following increases in undergraduate tuition rates for the System's community colleges and TCATs. The university rates are set by their own local governing board.

	In-state	Out-of-State
Community colleges	5.1%	0.0%
TCATs	5.2%	N/A

Full-time equated enrollment growth for community colleges for Fall 2024 ranged from a positive 12.6% to a negative 3.9%, with an overall rate of 3.4% for the System. The TCAT full-time equated enrollment growth for Fall 2024 was negative 18.2%.

**TENNESSEE BOARD OF REGENTS**  
**Unaudited Statement of Net Position**  
**June 30, 2024**

	System	Component Units
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Notes 2 & 27)	\$ 700,668,523.12	\$ 72,185,339.78
Short-term investments (Note 27)	-	8,873,586.94
Accounts, notes, and grants receivable (net) (Note 5)	171,967,066.01	15,639,986.09
Due from primary government	40,538,773.90	10,332.76
Due from component unit	23,552,695.27	-
Pledges receivable (Note 27)	-	27,976,470.84
Inventories (at lower of cost or market)	3,686,259.77	44,412.73
Prepaid expenses	25,351,575.79	493,261.73
Accrued interest receivable	4,559,803.07	271,095.60
Other assets	23,712.61	126,556.82
Total current assets	<u>970,348,409.54</u>	<u>125,621,043.29</u>
Noncurrent assets:		
Cash and cash equivalents (Notes 2 & 27)	1,283,473,478.29	75,014,763.64
Investments (Notes 3 & 27)	324,564,420.61	936,164,957.87
Investment in Tennessee Retiree Group Trust	34,001,569.30	-
Accounts, notes, and grants receivable (net) (Note 5)	2,076,065.51	4,455,725.37
Due from primary government	14,884,225.73	-
Net pension asset (Note 13)	1,275,673.60	-
Pledges receivable (Note 27)	-	55,643,495.65
Capital assets (net) (Notes 6 & 27)	4,208,452,414.86	63,143,413.52
Other assets	1,468,507.24	626,069.07
Total noncurrent assets	<u>5,870,196,355.14</u>	<u>1,135,048,425.12</u>
Total assets	<u><u>6,840,544,764.68</u></u>	<u><u>1,260,669,468.41</u></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on debt refunding	11,313,188.49	-
Deferred outflows related to OPEB (Note 15)	53,917,574.94	-
Deferred outflows related to pensions (Note 13)	216,891,528.58	-
Total deferred outflows of resources	<u><u>282,122,292.01</u></u>	<u><u>-</u></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable (Note 9)	87,081,669.80	5,726,219.06
Accrued liabilities	93,464,403.37	5,393,397.10
Due to grantors (Note 10)	790,262.17	-
Due to primary government	30,205,852.61	23,552,695.27
Due to component unit	10,332.76	-
Student deposits	3,965,771.25	-
Unearned revenue (Note 10)	104,596,454.09	468,724.85
Compensated absences (Notes 10 & 27)	23,372,716.43	136,831.00
Accrued interest payable	5,612,671.61	28,727.00
Lease liability (Notes 7 & 27)	7,698,926.04	717,157.12
SBITA liability (Notes 8 & 27)	17,446,551.14	734,903.08
Long-term liabilities (Notes 10 & 27)	45,984,421.08	2,150,886.98
Deposits held in custody for others	5,409,010.02	319,753.04
Other liabilities	440,371.69	1,108,424.32
Total current liabilities	<u>426,079,414.06</u>	<u>40,337,718.82</u>
Noncurrent liabilities:		
Due to primary government	1,600.00	-
OPEB liability (Note 15)	67,306,337.38	-
Net pension liability (Note 13)	173,452,617.10	-
Unearned revenue (Note 10)	2,415,909.09	-
Compensated absences (Notes 10 & 27)	77,401,574.96	547,325.00
Lease liability (Notes 7 & 27)	34,672,964.31	4,022,828.62
SBITA liability (Notes 8 & 27)	23,282,931.53	-
Long-term liabilities (Notes 10 & 27)	666,859,397.08	8,115,689.94
Due to grantors (Note 10)	4,338,022.85	-
Other liabilities	334,094.61	1,603,489.82
Total noncurrent liabilities	<u>1,050,065,448.91</u>	<u>14,289,333.38</u>
Total liabilities	<u><u>1,476,144,862.97</u></u>	<u><u>54,627,052.20</u></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred amount on debt refunding	2,959,746.84	-
Deferred inflows related to OPEB (Note 15)	85,034,435.71	-
Deferred inflows related to pensions (Note 13)	6,398,152.00	-
Deferred outflows related to leases	1,532,975.91	4,648,124.38
Deferred inflows related to split interest agreements	-	1,182,679.07
Total deferred inflows of resources	<u><u>95,925,310.46</u></u>	<u><u>5,830,803.45</u></u>
<b>NET POSITION</b>		
Net investment in capital assets	3,421,053,102.02	54,097,586.49
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	6,058,077.19	346,906,547.79
Research	50,000,000.00	4,155,859.52
Instructional department uses	879,007.00	54,134,351.01
Other	4,241,628.37	153,364,433.29
Expendable:		
Scholarships and fellowships	15,552,173.49	199,078,697.36
Research	9,470,237.92	16,485,821.61
Instructional department uses	5,764,216.32	74,163,355.76
Loans	5,534,712.00	77,354.16
Capital projects	73,005,216.75	55,666,331.71
Debt service	14,222,331.95	-
Pensions	1,275,673.60	-
Other	144,276,025.25	158,867,561.87
Unrestricted	<u>1,799,264,481.40</u>	<u>83,213,712.19</u>
Total net position	<u><u>\$ 5,550,596,883.26</u></u>	<u><u>\$ 1,200,211,612.76</u></u>

The notes to the financial statements are an integral part of this statement.

**TENNESSEE BOARD OF REGENTS**  
**Unaudited Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2024**

	System	Component Units
<b>REVENUES</b>		
Operating revenues:		
Student tuition and fees (Note 16)	\$ 626,475,102.44	\$ -
Gifts and contributions, including \$4,450,484.00 from component units	-	74,441,083.45
Governmental grants and contracts	267,136,405.44	1,467,916.71
Non-governmental grants and contracts, including \$4,859,231.07 from component units (Note 16)	65,449,799.47	7,188,861.00
Sales and services of educational activities (Note 16)	37,216,497.00	9,438.00
Sales and services of other activities (Note 16)	109,374,595.32	6,162,148.83
Patient charges	-	60,264,148.71
Auxiliary enterprises:		
Residential life (Note 16)	70,770,079.84	-
Bookstore (Note 16)	16,290,557.95	-
Food service (Note 16)	37,517,716.60	-
Wellness facility (Note 16)	5,911,766.37	-
Other auxiliaries (Note 16)	21,641,891.26	12,324.99
Interest earned on loans to students (Note 16)	143,411.56	-
Other operating revenues	4,317,671.33	6,675,943.24
Total operating revenues	<u>1,262,245,494.58</u>	<u>156,221,864.93</u>
<b>EXPENSES</b>		
Operating Expenses (Note 21)		
Salaries and wages	1,457,697,949.63	53,597,150.62
Benefits	555,199,686.33	6,688,461.17
Utilities, supplies, and other services	829,320,795.38	32,977,820.03
Scholarships and fellowships	270,321,038.85	28,979,008.55
Depreciation expense	180,579,553.19	3,910,852.10
Payments to or on behalf of component unit	-	45,470,835.19
Total operating expenses	<u>3,293,119,023.38</u>	<u>171,624,127.66</u>
Operating income (loss)	<u>(2,030,873,528.80)</u>	<u>(15,402,262.73)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	1,379,713,864.32	-
Gifts, including \$25,370,762.59 from component units to institutions	48,073,810.20	-
Grants and contracts	696,396,382.45	-
Investment income (net of investment expense of \$4,493,280.73 for the system and \$1,923,320.31 for component units)	130,135,656.10	110,232,914.34
Interest on capital asset-related debt	(25,343,301.52)	(126,785.83)
Bond issuance costs	(47,645.85)	-
Payments to or on behalf of ETSU or ETSU Foundation	-	(3,147,187.70)
University/College support (Note 27)	-	8,755,721.48
Other non-operating revenues/(expenses) (Note 16)	(1,911,504.30)	5,050,755.73
Net nonoperating revenues	<u>2,227,017,261.40</u>	<u>120,765,418.02</u>
Income before other revenues, expenses gains, or losses	<u>196,143,732.60</u>	<u>105,363,155.29</u>
Capital appropriations	306,946,362.25	-
Capital grants and gifts, including \$13,937,545.23 from component units	26,247,830.17	13,175,247.21
Additions to permanent endowments	2,117,675.76	25,228,333.53
Total other revenues	<u>335,311,868.18</u>	<u>38,403,580.74</u>
Increase (decrease) in net position	<u>531,455,600.78</u>	<u>143,766,736.03</u>
<b>NET POSITION</b>		
Net position - beginning of the year	4,965,829,885.79	1,055,320,853.07
Adjustments for accounting changes and error corrections (Note 24)	53,311,396.69	1,124,023.66
Net position - beginning of the year, restated	<u>5,019,141,282.48</u>	<u>1,056,444,876.73</u>
Net position - end of year	<u>\$ 5,550,596,883.26</u>	<u>\$ 1,200,211,612.76</u>

The notes to the financial statements are an integral part of this statement.



**TENNESSEE BOARD OF REGENTS**  
**Unaudited Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

**Cash flows from operating activities:**

Tuition and fees	\$ 608,875,304.04
Grants and contracts, including \$134,619.37 from component unit	329,107,266.12
Sales and services of educational activities	38,062,908.26
Sales and services of other activities	110,380,833.37
Payments to suppliers and vendors	(800,492,185.89)
Payments to employees	(1,451,450,006.53)
Payments for benefits	(539,951,108.48)
Payments for scholarships and fellowships	(270,846,787.10)
Loans issued to students	(1,843,133.44)
Collection of loans from students	707,581.32
Interest earned on loans to students	144,371.82
Funds received for deposits held for others	1,386,093,923.40
Funds dispersed for deposits held for others	(1,385,992,564.79)
Auxiliary enterprise charges:	
Residence halls	70,925,787.60
Bookstore	16,937,064.17
Food services	37,612,857.54
Wellness facility	5,882,170.20
Other auxiliaries	22,185,111.97
Other receipts (payments)	3,982,501.99
Net cash flows provided (used) by operating activities	<u>(1,818,227,801.31)</u>

**Cash flows from non-capital financing activities:**

State appropriations	1,321,143,297.34
Gifts and grants received for other than capital or endowment purposes (including \$31,579,885.51 from the component units)	749,351,931.37
Private gifts for endowment purposes	(242.34)
Federal/state student loan receipts	327,218,739.80
Federal/state student loan disbursements	(325,574,849.87)
Principal paid on noncapital debt	(934,186.37)
Interest paid on noncapital debt	(61,084.42)
Other non-capital financing receipts (payments)	(1,785,868.42)
Net cash flows provided (used) by non-capital financing activities	<u>2,069,357,737.09</u>

**Cash flows from capital and related financing activities:**

Proceeds from capital debt	(411,012.91)
Capital - state appropriation	(116,426.42)
Capital grants and gifts received (including \$11,576,115.44 from the component units)	12,595,396.37
Proceeds from sale of capital assets	334,398.40
Purchase of capital assets and construction	(154,816,421.22)
Principal paid on capital debt and lease	(56,763,476.94)
Interest paid on capital debt and lease	(31,817,538.69)
Bond issue costs paid on new debt issue	(47,645.85)
Other capital and related financing receipts (payments)	3,075,875.38
Net cash flows provided (used) by capital and related financing activities	<u>(227,966,851.88)</u>

**TENNESSEE BOARD OF REGENTS**  
**Unaudited Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

**Cash flows from investing activities:**

Proceeds from sales and maturities of investments	152,731,874.60
Income on investments	126,739,098.55
Purchase of investments	(145,942,382.37)
Other investing receipts (payments)	1,357,135.66
Net cash provided (used) by investing activities	<u>134,885,726.44</u>
Net increase (decrease) in cash and cash equivalents	158,048,810.34
Cash and cash equivalents - beginning of year	1,826,093,191.07
Cash and cash equivalents - end of year (Note 2)	<u>\$ 1,984,142,001.41</u>

**Reconciliation of operating loss to net cash provided (used) by operating activities:**

Operating loss	\$ (2,030,873,528.80)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Noncash operating expenses	248,555,785.83
Other adjustments	5,844,370.16
Change in assets, liabilities, and deferrals:	
Receivables, net	(17,856,650.48)
Due from component unit/primary government	(4,413,794.40)
Inventories	(224,255.55)
Prepaid items	(13,101,314.97)
Net pension asset	3,198,855.05
Other assets	(269,143.08)
Deferred outflows	10,818,061.21
Accounts payable	21,379,557.79
Accrued liabilities	4,082,497.23
Due to component unit/primary government	(936,667.95)
Unearned revenues	22,625.40
Deposits	(66,521.36)
Compensated absences	8,446,382.92
Net pension liability	(17,326,591.98)
Net OPEB obligation	(46,748,317.29)
Due to grantors	(175,471.61)
Loans to students	222,816.90
Deferred inflows	11,343,498.27
Other	(149,994.60)
Net cash provided (used) by operating activities	<u>\$ (1,818,227,801.31)</u>

**Non-cash investing, capital, or financing transactions**

Gifts in-kind - capital	17,959,571.29
Unrealized gains/(losses) on investments	10,903,677.24
Gain/(loss) on disposal of capital assets	(7,113,578.89)
Proceeds of capital debt held by State	18,701,094.33
Capital appropriation held by State	267,179,136.31
Purchase and construction of capital assets by State	(172,440,703.78)
Other capital receipts/(expenses) held by State	(1,625,533.66)
Acquisition of right-to-use assets	12,434,962.93
Lease liability	3,800,168.90
SBITA liability	10,479,275.41

The notes to the financial statements are an integral part of this statement.

**TENNESSEE BOARD OF REGENTS**  
**Unaudited Fiduciary Statement of Net Position**  
**June 30, 2024**

	<b>System</b>
<b>ASSETS</b>	
Cash and cash equivalents (Note 2)	\$ 719,456.45
Receivables	
Student receivables	-
Other receivables	188,865.49
Total receivables (Note 5)	<u>188,865.49</u>
Total assets	<u><u>908,321.94</u></u>
 <b>LIABILITIES</b>	
Accounts payable and accrued liabilities (Note 9)	<u>227,405.12</u>
Total liabilities	<u><u>227,405.12</u></u>
 <b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	428,638.84
Other	252,277.98
Total net position	<u><u>\$ 680,916.82</u></u>

The notes to the financial statements are an integral part of this statement.

**TENNESSEE BOARD OF REGENTS**  
**Unaudited Fiduciary Statement of Changes in Net Position**  
**For the Year Ended June 30, 2024**

	<b>System</b>
<b>ADDITIONS</b>	
Contributions	
Contributions from student organizations	\$ 81,042.41
Contributions from participants	2,026,484.94
Other Contributions	3,873,988.05
Total contributions	<u>5,981,515.40</u>
Total additions	<u>5,981,515.40</u>
<b>DEDUCTIONS</b>	
Payments for student organizations	85,229.68
Payments for participants	2,051,732.03
Other deductions	3,796,020.67
Total deductions	<u>5,932,982.38</u>
Net increase/(decrease) in fiduciary net position	<u>48,533.02</u>
Net position - beginning of year	<u>632,383.80</u>
Net position - end of year	<u><u>\$ 680,916.82</u></u>

## TENNESSEE BOARD OF REGENTS

### Notes to the Financial Statements June 30, 2024

#### 1. Summary of Significant Accounting Policies

##### REPORTING ENTITY

The State University and Community College System of Tennessee (Tennessee Board of Regents) is a component unit of the State of Tennessee because the state appoints a majority of the System's governing body and provides significant financial support; the System is discretely presented in the Tennessee Comprehensive Annual Financial Report. The Focus on College and University Success Act of 2016 removed the six universities from the governance of the Tennessee Board of Regents but they remain part of the System. The universities have their own local governing boards that provide governance, approve policies, set tuition and fee rates, and hire presidents. The System has continuing oversight responsibilities in the areas of budget approval and institutional debt.

The foundations are considered a component unit of the System. Although the System does not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, that the foundations hold and invest are restricted to the activities of the System by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the System, the foundations are considered a component unit of the System and are discretely presented in the System's financial statements. See Note 27 for more detailed information about the component units and how to obtain their reports.

##### BASIS OF PRESENTATION

The System's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to governmental colleges and universities engaged in business-type activities as prescribed by the Governmental Accounting Standards Board (GASB).

##### FIDUCIARY ACTIVITIES

The System holds deposits as custodian or fiscal agent for students, student organizations, and certain other organized activities related to the System. These amounts are not System funds and are shown in separate statements.

##### BASIS OF ACCOUNTING

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement addresses changes in accounting principles, changes in accounting estimates, changes in the reporting entity, and error corrections. The System implemented this standard as of July 1, 2023.

For financial statement purposes, the System is considered a special-purpose government engaged only in business-type activities. Accordingly, the financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All significant internal activity has been eliminated.

The System has classified its revenues and expenses as either operating or nonoperating according to the following criteria: Operating revenues and expenses are those that have the characteristics of exchange transactions. Operating revenues include 1) tuition and fees, net of scholarship discounts and allowances, 2) most federal, state, local and private grants and contracts, 3) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and 4) interest on institutional loans. Operating expenses include 1) salaries and wages, 2) employee benefits, 3) scholarships and fellowships, 4) depreciation, and 5) utilities, supplies, and other services.

Nonoperating revenues and expenses include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other activities that are defined as nonoperating by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, such as state appropriations and investment income.

When both restricted and unrestricted resources are available for use, it is the System’s policy to determine whether to use restricted or unrestricted resources first depending upon existing facts and circumstances.

#### CASH EQUIVALENTS

This classification includes instruments that are readily convertible to known amounts of cash and have original maturities of three months or less.

#### INVENTORIES

Inventories are valued at the lower of cost or market. All items included in the inventory are recorded on a first-in, first-out or weighted average basis.

#### COMPENSATED ABSENCES

The System’s employees accrue annual and sick leave at varying rates, depending upon length of service or classification. Some employees also earn compensatory time. The amount of the liabilities for annual leave and compensatory time and their related benefits are reported in the Statement of Net Position. There is no liability for unpaid accumulated sick leave since the System’s policy is to pay this only if the employee is sick or upon death.

## CAPITAL ASSETS

Capital assets, which include property, plant, equipment, library holdings, works of art, historical treasures/collections, intangible assets, and leased assets, are reported in the Statement of Net Position at historical cost or at acquisition value at date of donation, less accumulated depreciation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' useful lives are not capitalized.

A capitalization threshold of \$100,000 is used for buildings and \$50,000 is used for infrastructure. Equipment is capitalized when the unit acquisition cost is \$5,000 or greater. The capitalization threshold for additions and improvements to buildings and land is set at \$50,000. The capitalization threshold for intangible assets is set at \$100,000. The capitalization threshold for art, historical treasures/collections, and similar assets is set at \$5,000. The capitalization threshold for leases is set at \$100,000. The capitalization threshold for SBITAs is set at \$60,000 for community colleges and TCATs and ranges from \$60,000 to \$100,000 for universities.

These assets, with the exception of works of art and historical treasures/collections deemed inexhaustible and land, are depreciated/amortized using the straight-line method over the estimated useful lives of the assets, which range from 1+ to 60 years.

## LWIA EQUIPMENT

Under a contract with the Tennessee Department of Labor and Workforce Development, several of the System's institutions are the administrative entity and grant recipient for the Local Workforce Investment Area of the State of Tennessee. The title to all the equipment purchased by these institutions under the provisions of the Workforce Investment Act resides with the U.S. Government. Therefore, this equipment is not included in the System's capital assets.

## PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Closed State and Higher Education Employee Pension Plan and the State and Higher Education Employee Retirement Plan in the Tennessee Consolidated Retirement System (TCRS) and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Closed State and Higher Education Employee Pension Plan and the State Higher Education Employee Retirement Plan. Investments are reported at fair value.

## OTHER POSTEMPLOYMENT BENEFITS

For purposes of measuring the net other postemployment benefits (OPEB) liability, as well as deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Closed Employee Group OPEB Plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the State of Tennessee Postemployment Benefits Trust. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the Closed Employee Group OPEB Plan. Investments are reported at fair value.

## NET POSITION

The System's net position is classified as follows:

NET INVESTMENT IN CAPITAL ASSETS: This represents the System's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

RESTRICTED NET POSITION – NONEXPENDABLE: Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expendable or added to principal.

RESTRICTED NET POSITION – EXPENDABLE: Restricted expendable net position includes resources in which the System is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

UNRESTRICTED NET POSITION: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of educational departments, sales and services of other, and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the System and may be used at the discretion of the System to meet current expenses for any purpose. The auxiliary enterprises are substantially self-supporting activities that provide services for students, faculty, and staff.

#### SCHOLARSHIP DISCOUNTS AND ALLOWANCES

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discount and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the System, and the amount that is paid by the student and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the System's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the System has recorded a scholarship discount and allowance.

#### 2. Cash and Cash Equivalents

In addition to demand deposits and petty cash on hand, this classification includes instruments which are readily convertible to known amounts of cash and which have original maturities of three months or less. At June 30, 2024, cash and cash equivalents consists of \$165,994,382.35 in bank accounts, \$235,251.50 of petty cash on hand, \$1,784,897,556.68 in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, \$31,999,271.68 in the LGIP Deposits – Capital Projects account, and \$1,759,629.89 in various other cash equivalents. Of the \$1,984,861,457.86 total cash and cash equivalents, \$719,456.45 is held by the fiduciary fund.

LGIP Deposits – Capital Projects - Payments related to the System's capital projects are made by the State of Tennessee's Department of Finance and Administration. The System's estimated local share of the cost of each project is held in a separate Local Government Investment Pool (LGIP) account. As expenses are incurred, funds are withdrawn from the LGIP account by the Tennessee Board of Regents and transferred to the Department of Finance and Administration. The funds in the account are not available to the System for any other purpose until the project is completed and the Tennessee Board of Regents releases any remaining funds.

The Local Government Investment Pool (LGIP) is administered by the State Treasurer and is measured at amortized cost. The LGIP is part of the State Pooled Investment Fund. There are no minimum or maximum limitations on withdrawals. The fund's required risks disclosures are presented in the financial report of the State Pooled Investment Fund. That report is available on the state's website at <http://treasury.tn.gov>. LGIP investments are not rated by nationally recognized statistical ratings organizations.



3. Investments

In accordance with GASB Statement 31, as amended, investments are reported at fair value, including those with a maturity date of one year or less at the time of purchase, unless otherwise noted.

As of June 30, 2024, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		Less than 1	1 to 5	6 to 10	More than 10	No Maturity Date
US treasury	\$ 165,979,265.96	\$ 4,210,607.86	\$ 161,768,658.10			
US agencies	113,047,868.35	31,046,557.92	78,820,914.87	1,648,754.42	1,514,924.52	16,716.62
Corporate bonds	29,712.90	9,928.10		9,865.30	9,919.50	
Mutual bond funds	1,694,077.66			1,131,895.31		562,182.35
Other	4,764,014.22	890,744.26	3,873,269.96			
Total debt instruments	285,514,939.09	\$ 36,157,838.14	\$ 244,462,842.93	\$ 2,790,515.03	\$ 1,524,844.02	\$ 578,898.97
Mutual equity funds	29,578,015.36					
Certificates of deposit	311,785.35					
Other	9,159,680.81					
Total	\$ 324,564,420.61					

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of a debt investment. The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System is authorized by statute to invest funds in accordance with Tennessee Board of Regents or the universities' policies. Under the current policy, funds other than endowments may be invested only in obligations of the United States or its agencies which are backed by the full faith and credit of the United States, repurchase agreements for United States securities, certificates of deposit in banks and savings and loan associations, banker's acceptances, commercial paper, money market mutual funds and the State of Tennessee Local Government Investment Pool. The policy requires that investments of endowments in equity securities be limited to funds from private gifts or other sources external to the System and that endowment investments be prudently diversified. Securities are rated using Standard and Poor's, Moody's, and/or Fitch's and are presented below using the Standard and Poor's rating scale.

System policy restricts investments in banker's acceptances and commercial paper. The policy requires that prime banker's acceptances must be issued by domestic banks with a minimum AA rating or foreign banks with a AAA long-term debt rating by a majority of the rating services that have rated the issuer. Prime banker's acceptances are required to be eligible for purchase by the Federal Reserve System. To be eligible, the original maturity must not be more than 270 days, and it must 1) arise out of the current shipment of goods between countries or with the United States, or 2) arise out of storage within the United States of goods under contract of sale or expected to move into the channel or trade within a reasonable time and that are secured throughout their life by a warehouse receipt or similar document conveying title to the underlying goods.

The policy requires that prime commercial paper shall be limited to that of corporations that meet the following criteria: 1) Senior long-term debt, if any, should have a minimum rating of A1 or equivalent, and short-term debt should have a minimum rating of A1 or equivalent, as provided by a majority of the rating services that rate the issuer. If there is no long-term debt rating, the short-term debt rating must be A1 by all rating services (minimum of two). 2) The rating should be based on the merits of the issuer or guarantee by a nonbank. 3) A financial review should be made to ascertain the issuer's financial strength to cover the debt. 4) Commercial paper of a banking institution should not be purchased. Prime commercial paper shall not have a maturity that exceeds 270 days.

As of June 30, 2024, the System's investments were rated as follows:

Investment Type	Fair Value	Credit Quality Rating			
		AA	A	BBB	Unrated
LGIP	\$ 1,816,896,828.36				\$ 1,816,896,828.36
US agencies	113,030,753.70	113,030,753.70			
Corporate bonds	29,712.90		19,784.80	9,928.10	
Mutual bond funds	1,694,077.66				1,694,077.66
Other	4,764,014.22				4,764,014.22
Total	\$ 1,936,415,386.84	\$ 113,030,753.70	\$ 19,784.80	\$ 9,928.10	\$ 1,823,354,920.24

Custodial Credit Risk. For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System does not have a deposit policy for custodial credit risk. At June 30, 2024, the System had \$7,146,279.07 of uninsured and unregistered investments for which the securities are held by the counterparty and \$2,285,131.11 of uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent but not in the System's name.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. System policy restricts investments in banker's acceptances, commercial paper, and money market mutual funds. The policy limits banker's acceptances to not exceed twenty percent of total investments on the date of acquisition and limits the combined amount of banker's acceptances and commercial paper to not exceed thirty-five percent of total investments at the date of acquisition. The amount invested in any one bank shall not exceed five percent of total investments on the date of acquisition. Additionally, no more than five percent of total investments at the date of acquisition may be invested in the commercial paper of a single issuer. The policy further limits the total holdings of an issuer's commercial paper to not more than two percent of the issuing corporation's total outstanding commercial paper. System policy limits investments in money market mutual funds to not exceed ten percent of total investments on the date of acquisition.

More than five percent (5%) of the individual institution's investments were invested in the following single issuers at June 30, 2024:

Institution	Issuer	Percentage of Total Investments
ETSU	Federal Farm Credit Bank	36%
	Federal Home Loan Bank	35%
	Federal Home Loan Mortgage Co.	15%
	Federal National Mortgage Assoc.	12%

4. Fair Value Measurement

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The System has the following recurring fair value measurements as of June 30, 2024:

	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Investments Measured at the Net Asset Value (NAV)
<b>Assets by Fair Value Level</b>				
Debt Securities				
US Treasury	\$ 165,979,265.96	\$ 165,979,265.96		
US Agencies	113,047,868.35	58,862,505.20	54,185,363.15	
Corporate bonds	29,712.90		29,712.90	
Mutual bond funds	1,694,077.66	259,288.22	302,894.13	1,131,895.31
Other	4,764,014.22		4,764,014.22	
Total debt securities	285,514,939.09	225,101,059.38	59,281,984.40	1,131,895.31
Equity Securities				
Mutual equity funds	29,578,015.36	29,571,595.87	6,419.49	
Other	9,137,099.77	9,137,099.77		
Total equity securities	38,715,115.13	38,708,695.64	6,419.49	
Other assets	9,974.60		9,974.60	
Total assets	\$ 324,240,028.82	\$ 263,809,755.02	\$ 59,298,378.49	\$ 1,131,895.31

Assets and liabilities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets and liabilities classified in Level 2 of the fair value hierarchy are valued at amounts provided by statements from investment companies and use of a third-party investment manager (US agencies), use of a third-party investment manager (US Treasuries), price quotes for identical or similar assets in non-active markets (corporate bonds), use of third-party pricing services and guidance provided by custodians and trading counterparties for fair value estimates (mutual bond funds and mutual equity funds). Assets and liabilities

classified in Level 3 are valued based on modelling techniques that are unobservable to the System. These values are obtained from independent valuation services or provided by an external source.

The valuation method for assets and liabilities measured at the net asset value per share (or its equivalent) is presented on the following table.

<b>Assets and Liabilities Measured at the NAV</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if currently eligible)</b>	<b>Redemption Notice Period</b>
Mutual bond funds	\$ 1,131,895.31	-	Monthly	5 business days

The assets of the Multi-Strategy Bond Fund are allocated among strategies in proportions that Commonfund Asset Management Company considers beneficial for a fully diversified fixed income portion of an educational endowment. There are currently no redemption restrictions on the Multi-Strategy Bond Funds, although they could be put in place in extraordinary circumstances, such as any period during which the New York Stock Exchange is closed other than customary weekend or holiday closings, or during which trading thereon is restricted or there exists any emergency affecting the practicability of disposal of portfolio securities of the Fund or the practicability of determining net asset value. It is not probable that the university will sell an investment for an amount different from the NAV per share.

5. Accounts, Notes, and Grants Receivable

Accounts receivable included the following:

	June 30, 2024
Student accounts receivable	\$ 114,304,452.19
Grants receivable	81,216,268.03
Notes receivable	1,187,767.83
Leases receivable	1,537,544.37
Other receivables	31,185,437.07
Subtotal	229,431,469.49
Less allowance for doubtful account	(56,697,416.26)
Total	\$ 172,734,053.23

Federal Perkins Loan Program funds include the following:

	June 30, 2024
Perkins loans receivable	\$ 5,640,752.62
Less allowance for doubtful accounts	(4,142,808.84)
Total	\$ 1,497,943.78

Of the \$174,231,997.01 total accounts, notes, and grants receivable, \$188,865.49 is held by the fiduciary fund.

6. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beg Balance	Additions	Transfers	Reductions	End Balance
Land	\$ 166,223,915.69	\$ 7,814,406.01		\$ (1,096,630.30)	\$ 172,941,691.40
Improvements/infrastructure	708,890,032.66	18,555,605.25	36,056,631.99	(2,708,949.23)	760,793,320.67
Leasehold improvements	2,541,017.44	773,772.27			3,314,789.71
Buildings	4,363,049,352.22	29,543,818.52	93,600,659.57	(10,408,984.24)	4,475,784,846.07
Equipment	552,011,822.98	54,213,953.05	92,457.47	(21,614,612.78)	584,703,620.72
Library holdings	22,439,981.34	1,740,023.59		(3,032,934.27)	21,147,070.66
Intangible assets	66,151,120.75			(321,720.89)	65,829,399.86
Art & historical collections	2,629,947.12	713,578.00		(1,870,173.00)	1,473,352.12
Projects in progress	274,712,395.89	359,723,968.85	(129,749,749.03)	(337,527.56)	504,349,088.15
Right-to-use asset - land	74,801.75	5,886,541.96			5,961,343.71
Right-to-use asset - infrastructure	3,352,981.26	93.92			3,353,075.18
Right-to-use asset - buildings	41,394,155.42	5,399,311.15		(1,145,224.53)	45,648,242.04
Right-to-use asset - equipment	5,052,532.35	2,938,733.68		(2,294,635.05)	5,696,630.98
SBITA - software	59,108,218.86	24,828,067.61		(1,728,563.70)	82,207,722.77
SBITA - projects in progress	6,446,185.41	9,606,219.25		(45,592.00)	16,006,812.66
Total	6,274,078,461.14	521,738,093.11		(46,605,547.55)	6,749,211,006.70
Less accumulated depreciation/amortization:					
Improvements/infrastructure	378,908,571.48	32,097,851.77		(1,710,274.06)	409,296,149.19
Leasehold improvements	1,174,296.19	360,517.40			1,534,813.59
Buildings	1,553,771,192.64	76,601,025.38		(8,623,531.03)	1,621,748,686.99
Equipment	369,340,886.21	36,674,797.33		(20,226,194.06)	385,789,489.48
Library holdings	13,455,877.36	2,191,563.48		(3,032,934.26)	12,614,506.58
Intangible assets	53,973,086.78	1,898,429.46		(321,720.89)	55,549,795.35
Art & historical collections	33,192.53	6,111.50			39,304.03
Right-to-use asset - land	12,603.40	153,465.24			166,068.64
Right-to-use asset - infrastructure	857,501.35	693,676.70			1,551,178.05
Right-to-use asset - buildings	8,077,466.01	7,421,199.01		(379,673.68)	15,118,991.34
Right-to-use asset - equipment	1,694,261.40	1,161,556.60		(382,182.40)	2,473,635.60
SBITA - software	15,121,195.53	20,886,292.20		(1,131,514.73)	34,875,973.00
Total	2,396,420,130.88	180,146,486.07		(35,808,025.11)	2,540,758,591.84
Capital assets, net	\$ 3,877,658,330.26	\$ 341,591,607.04		\$ (10,797,522.44)	\$ 4,208,452,414.86

7. Leases

System as Lessor

Lease receivables are reported with accounts, notes, and grants receivable in the Statement of Net Position.

The System leases property, buildings, and classroom space, to various third parties, the terms of which expire in various years through 2030. Payments increase annually based upon such items as the lessee's enrollment, an agreed-upon interest rate, or the annual rate for maintenance, operations, utilities, and janitorial expenses as approved by the Tennessee Higher Education Commission. One lease included usage-based payments that are not included in the measurement of a lease receivable because the payments are not fixed in substance. The leases were measured based upon various factors at commencement. One lease includes options to extend for an additional 5-year period, representing increments of no more than one year and a total contract term of no more than 10 years.

Revenue recognized under lease contracts during the year ended June 30, 2024, was \$432,909.83, which includes both lease revenue and interest.

System as Lessee

Lease assets are reported with capital assets and lease liabilities are reported separately in the Statement of Net Position.

The System leases equipment, buildings, and classroom space, the terms of which expire in various years through 2063. Variable payments of certain leases are based upon such items as an incremental borrowing rate, usage, and common-area maintenance charges. Variable payments are not included in the lease liability because they are not fixed in substance.

During the year ended June 30, 2024, the university/college recognized \$162,921.20 of rental expense for variable payments, residual value guarantees and/or termination penalties not previously included in the measurement of the lease liability.

Lease liability activity for the System for the year ended June 30, 2024 is summarized as follows:

	Beg Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 39,274,729.87	12,298,849.19	(179,608.00)	(9,022,080.71)	\$ 42,371,890.35	\$ 7,698,926.04
Less: Amts due to component unit					(733,801.13)	(174,583.29)
Lease liabilities with external parties					41,638,089.22	7,524,342.75

The following is a schedule by year of payments under the leases as of June 30, 2024:

For the Year(s) Ended June 30	Principal	Interest	Total
2025	\$ 7,698,926.04	\$ 1,518,083.40	\$ 9,217,009.44
2026	5,321,105.54	1,317,793.60	6,638,899.14
2027	4,191,372.03	1,171,576.53	5,362,948.56
2028	2,680,437.47	1,050,350.98	3,730,788.45
2029	1,808,944.87	1,180,574.45	2,989,519.32
2030-2034	4,602,666.07	5,376,684.62	9,979,350.69
2035-2039	2,457,165.22	4,795,517.74	7,252,682.96
2040-2044	3,028,933.14	4,121,195.21	7,150,128.35
2045-2049	3,816,985.42	3,296,996.70	7,113,982.12
2050-2054	3,806,032.41	2,287,989.54	6,094,021.95
2055-2059	1,429,318.38	577,117.80	2,006,436.18
2060-2064	1,530,003.76	130,629.19	1,660,632.95
Total	\$ 42,371,890.35	\$ 26,824,509.76	\$ 69,196,400.11

8. Subscription-based Information Technology Arrangements (SBITAs)

SBITA assets are reported with capital assets and SBITA liabilities are reported separately in the Statement of Net Position.

The System has entered into subscription-based arrangements for various types of software, the terms of which expire in various years through 2029.

SBITA liability activity for the System for the year ended June 30, 2024 is summarized as follows:

	Beg Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
SBITA liabilities	\$ 38,641,895.18	\$ 24,942,496.65	\$ (899,553.25)	\$ (21,955,355.91)	\$ 40,729,482.67	\$ 17,446,551.14

The following is a schedule by year of payments under the subscription arrangements as of June 30, 2024:



For the Year(s) Ended June 30	Principal	Interest	Total
2025	17,304,829.49	1,287,712.25	\$ 18,592,541.74
2026	13,745,945.34	749,933.78	14,495,879.12
2027	7,513,605.64	334,250.96	7,847,856.60
2028	2,147,439.71	69,292.34	2,216,732.05
2029	17,662.49	28.07	17,690.56
Total	\$ 40,729,482.67	\$ 2,441,217.40	\$ 43,170,700.07

9. Accounts Payable

Accounts payable included the following:

	June 30, 2024
Vendors payable	\$ 77,946,680.29
Unapplied student payments	2,851,315.20
Other payables	6,511,079.43
Total	\$ 87,309,074.92

Of the \$87,309,074.92 total accounts payable, \$227,405.12 is held by the fiduciary fund.

10. Long-term Liabilities

Long term liability activity for the year ended June 30, 2024, was as follows:

	Beg Balance	Additions	Reductions	End Balance	Current
Payables:					
Notes payable	\$ 75,512.80	\$ 4,367,837.45	\$ (914,154.30)	\$ 3,529,195.95	\$ 922,518.46
TSSBA debt:					
Bonds	\$ 664,694,647.53	20,278,648.76	(44,064,135.23)	640,909,161.06	45,061,902.62
Unamortized premium	64,673,369.71	-	(5,629,311.53)	59,044,058.18	
Revolving facility credit	6,809,640.24	3,204,698.84	(1,000,000.00)	9,014,339.08	
GO debt:					
Commercial paper	501,627.89		(154,564.00)	347,063.89	
Subtotal	736,754,798.17	27,851,185.05	(51,762,165.06)	712,843,818.16	45,984,421.08
Other liabilities:					
Compensated absences	92,327,581.40	59,292,728.58	(50,846,018.59)	100,774,291.39	23,372,716.43
Due to grantor	5,432,193.83	587,361.68	(891,270.49)	5,128,285.02	790,262.17
Unearned revenue	100,987,599.61	75,882,966.00	(69,858,202.43)	107,012,363.18	104,596,454.09
Total	\$ 935,502,173.01	\$ 163,614,241.31	\$ (173,357,656.57)	\$ 925,758,757.75	\$ 174,743,853.77

#### Notes Payable

The System, on behalf of East Tennessee State University, borrowed funds to purchase equipment. The notes have imputed interest rates that range from 2.88% to 4.68%, a minimum annual debt service of \$333,947.51, and maturity dates through June 2027. The balance owed by the university was \$593,328.69 at June 30, 2024.

The System, on behalf of Tennessee State University, borrowed funds to purchase equipment. The note bears an annual interest rate of 5.6%, a face amount of \$3,320,540.08, a minimum annual debt service of \$664,108.02, and a due date of July 1st Annually. The balance owed by the university was \$2,935,867.26 at June 30, 2024.

Debt service requirements to maturity for all notes payable at June 30, 2024, are as follows:

For the Year(s) Ended June 30	Principal	Interest	Total
2025	\$ 922,518.46	\$ 75,537.07	\$ 998,055.53
2026	721,323.37	149,698.32	871,021.69
2027	662,978.16	108,210.27	771,188.43
2028	594,195.86	69,912.16	664,108.02
2029	628,180.10	35,927.90	664,108.00
Total	\$ 3,529,195.95	\$ 439,285.72	\$ 3,968,481.67

## TSSBA Debt - Bonds Payable

Bonds, with interest rates ranging from 0.17% to 5.10%, were issued by the Tennessee State School Bond Authority. The bonds are due serially until 2050 and are secured by pledges of the facilities' revenues to which they relate and certain other revenues and fees of the System, including state appropriations; see Note 12 for further details. The bonded indebtedness with the Tennessee State School Bond Authority included in long-term liabilities on the Statement of Net Position is shown net of unexpended bond proceeds. The unexpended bond proceeds were \$43,010,074.15 at June 30, 2024.

Debt service requirements to maturity for the System's portion of TSSBA bonds at June 30, 2024, are as follows:

For the Year(s) Ended June 30	Principal	Interest	Total
2025	\$ 45,061,902.62	\$ 24,476,149.13	\$ 69,538,051.75
2026	45,051,381.16	22,772,094.21	67,823,475.37
2027	43,948,972.29	21,055,293.29	65,004,265.58
2028	43,059,837.50	19,369,624.47	62,429,461.97
2029	38,442,613.89	17,711,323.53	56,153,937.42
2030-2034	143,554,155.09	74,039,148.62	217,593,303.71
2035-2039	118,554,890.29	48,255,819.99	166,810,710.28
2040-2044	92,980,430.88	25,085,215.12	118,065,646.00
2045-2049	48,836,278.72	10,725,487.20	59,561,765.92
2050-2054	21,418,698.62	1,835,339.86	23,254,038.48
<b>Total</b>	<b>\$ 640,909,161.06</b>	<b>\$ 265,325,495.42</b>	<b>\$ 906,234,656.48</b>

## TSSBA Debt – Revolving Credit Facility

The Tennessee State School Bond Authority issues loans from the revolving credit facility to finance costs of various capital projects during the construction phase. When projects are placed in service, long-term, fixed-rate debt is issued by TSSBA to finance the project over its useful payback period and the revolving credit facility debt is redeemed. The amount outstanding for projects of the System was \$9,014,339.08 at June 30, 2024. This includes \$17,500.00 in projects TSSBA has not yet withdrawn from the revolving credit facility debt.

More detailed information regarding the bonds and the revolving credit facility can be found in the notes to the financial statements in the financial report for the Tennessee State School Bond Authority. That report is available on the state's website at <https://comptroller.tn.gov/boards/tennessee-state-school-bond-authority/investor-information/tssba-financial-reports.html>.

## General Obligation Debt - Commercial Paper

The Tennessee State Funding Board issues commercial paper for, among other things, acquisition of certain sites and existing structures for expansion purposes for the TBR on behalf of the System. The amount outstanding for projects of the System was \$347,063.89 at June 30, 2024. More detailed information regarding the commercial

paper can be found in the notes to the financial statements in the financial report for the Tennessee State Funding Board. The Tennessee Annual Comprehensive Financial Report is available on the state's website at <https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html>.

11. Endowments

If a donor has not provided specific instructions to the System's institutions, state law permits the institution to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering its power to spend net appreciation, the institution is required to consider its long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

While some institutions spend all investment income, others choose to spend only a portion of the investment income (including changes in the value of investments) each year. Under the various spending plans established by each institution, different percentages and/or amounts have been authorized for expenditure. The remaining amounts, if any, are retained to be used in future years when the amount computed using the spending plan exceeds the investment income. At June 30, 2024, net appreciation of \$3,087,496.36 is available to be spent, of which \$2,308,873.90 is included in restricted net position expendable for scholarships and fellowships, \$37,377.06 is included in restricted net position expendable for instructional departmental uses, \$446,631.53 is included in restricted net position expendable for loans, \$46,194.99 is included in restricted net position expendable for other, and \$248,418.88 is included in unrestricted net position.

12. Pledged Revenues

The System has pledged certain revenues and fees, including state appropriations, to repay \$640,909,161.06 in bonds issued from October 1998 to November 2022. Proceeds from the bonds provided financing for various projects. The bonds are payable through 2053. Annual principal and interest payments on the bonds are expected to require approximately 3.1% of available revenues. The total principal and interest remaining to be paid on the bonds is \$906,234,656.48. Principal and interest paid for the current year and total available revenues were \$69,878,175.89 and \$2,243,202,639.67, respectively.

13. Pension Plans

Defined Benefit Plans

**Closed State and Higher Education Employee Pension Plan**

General Information about the Pension Plan

Plan Description - State employees and higher education employees with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, are provided with pensions through the Closed State and Higher Education Employee Pension Plan. This plan is a component of the Public Employee Retirement Plan, an agent, multiple-employer defined benefit pension plan. The Closed State and Higher Education Employee Pension Plan stopped accepting new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. A new agent defined benefit retirement plan, the State and Higher Education Employee Retirement Plan, became effective July 1, 2014 for state employees and higher education employees hired on or after July 1, 2014.

The TCRS was created by state statute under Title 8, Chapters 34-37, Tennessee Code Annotated. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Protecting-Retirement-for-Tennessee/Reporting-and-Investment-Policies>.

Benefits provided. Title 8, Chapters 34-37, Tennessee Code Annotated, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Closed State and Higher Education Employee Pension Plan are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined using the following formula:

$$\begin{array}{l} \text{Average of Member's Highest Compensation} \\ \text{for 5 Consecutive Years (up to Social Security} \\ \text{Integration Level)} \end{array} \times 1.50\% \times \begin{array}{l} \text{Years of} \\ \text{Service} \\ \text{Credit} \end{array} \times 105\%$$

Plus:

$$\begin{array}{l} \text{Average of Member's Highest Compensation} \\ \text{for 5 Consecutive Years (over Social Security} \\ \text{Integration Level)} \end{array} \times 1.75\% \times \begin{array}{l} \text{Years of} \\ \text{Service} \\ \text{Credit} \end{array} \times 105\%$$

A reduced early retirement benefit is available at age 55 and vested. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw employee contributions, plus any accumulated interest.

Contributions - Contributions for state employees and higher education employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The System's employees are non-contributory, as are most members in the Closed State and Higher Education Employee Pension Plan. State and higher education agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Closed State and Higher Education Employee Pension Plan are required to be paid. Employer contributions by the System for the year ended June 30, 2024, to the Closed State and Higher Education Employee Pension Plan were \$73,487,299.85, which is 21.95 percent of covered payroll. Additional contributions of \$46,203,613.69 were made to the state legacy pension plan by the State of Tennessee on behalf of the System. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liability/(asset). At June 30, 2024, the System reported a liability of \$173,452,617.64 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of June 30, 2023, and the total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The System's proportion of the net pension liability/(asset) was based on the proportion of the System's contributions during the year

ended June 30, 2023, to the pension plan relative to the contributions of all participating state and higher education agencies. At the June 30, 2023, measurement date, the System's proportion was 15.71 percent. The proportion measured as of June 30, 2022, was 16.28 percent.

Pension expense/(negative pension expense). For the year ended June 30, 2024, the System recognized a pension expense of \$112,994,538.47.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,449,431.00	
Net difference between projected and actual earnings on pension plan investments	20,355,124.00	
Changes in assumptions	-	
Changes in proportion of Net Pension Liability /(Asset)	872,586.00	4,246,854.00
System's contributions subsequent to the measurement date of June 30, 2022	119,690,913.54	
<b>Total</b>	<b>\$ 197,368,054.54</b>	<b>\$ 4,246,854.00</b>

Deferred outflows of resources, resulting from the System's employer contributions of \$73,274,704.45 subsequent to the measurement date will be recognized as a decrease in net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2025	37,028,897.00
2026	(26,932,834.00)
2027	63,076,202.00
2028	157,900.00
2029	-
Thereafter	-

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions. The total pension liability as of the June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.125 percent

Mortality rates were customized based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate - The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all state and higher education agencies will be made at the actuarially determined contribution rate in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents the System's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the System's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.75 percent) or one-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The System's proportionate share of the net pension liability (asset)	\$547,749,658.00	\$173,452,617.64	(\$136,138,779.00)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

#### Payable to the Pension Plan

At June 30, 2024, the System reported a payable of \$4,915,675.62 for the outstanding amount of legally required contributions to the pension plan required for the year ended June 30, 2024.

### State and Higher Education Employee Retirement Plan

#### General Information about the Pension Plan

Plan description – State employees and higher education employees with membership in the Tennessee Consolidated Retirement System (TCRS) before July 1, 2014, are provided with pensions through the Closed State and Higher Education Employee Pension Plan, an agent plan within the Public Employee Retirement Plan administered by the TCRS. The TCRS is a multiple-employer pension plan. The Closed State and Higher Education Employee Pension Plan was closed effective June 30, 2014, and covers employees hired before July 1, 2014. Employees hired after June 30, 2014, are provided with pensions through a legally separate plan referred to as the State and Higher Education Employee Retirement Plan, an agent plan within the Public Employee Retirement Plan administered by the TCRS.



The TCRS was created by state statute under Title 8, Chapters 34-37, Tennessee Code Annotated. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits provided – Tennessee Code Annotated Title 8, Chapters 34-37, establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the State and Higher Education Employee Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Members are entitled to receive unreduced service retirement benefits, which are determined by a formula multiplying the member's highest five consecutive year average compensation by 1.0 percent multiplied by the member's years of service credit. A reduced early retirement benefit is available at age 60 with 5 years of service credit or pursuant to the rule of 80 in which the member's age and service credit total 80. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to July 2nd of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions – Contributions for state and higher education employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of their salary to the State and Higher Education Employee Retirement Plan. State and higher education agencies make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the State and Higher Education Employee Retirement Plan are required to be paid. Employer contributions by the System for the year ended June 30, 2024, to the State and Higher Education Employee Retirement Plan were \$10,085,577.73, which is 2.57 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

#### Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liabilities (assets). At June 30, 2024, the System reported an asset of (\$1,275,673.60) for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2023, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation of that date. The System's proportion of the net pension asset was based on the proportion of the System's contributions during the year ended June 30, 2023, to the pension plan relative to the contributions of all participating state and higher education agencies. At the June 30, 2023, measurement date, the System's proportion was 17.71 percent. At the June 30, 2022, measurement date, the System's proportion was 18.25 percent.

Pension expense. For the year ended June 30, 2024, the System recognized a pension expense of \$8,052,291.08.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	4,066,705.00	\$ 1,227,560.00
Net difference between projected and actual earnings on pension plan investments	1,513,043.00	
Changes in assumptions	3,065,004.00	
Changes in proportion of Net Pension Liability /(Asset)	793,144.31	923,738.00
System's contributions subsequent to the measurement date of June 30, 2022	10,085,577.73	
Total	\$ 19,523,474.04	\$ 2,151,298.00

The System's employer contributions of \$10,085,577.64 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction in net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2025	840,762.00
2026	616,659.00
2027	2,895,581.00
2028	915,548.00
2029	938,858.00
Thereafter	1,079,193.00

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial assumptions. The total pension liability (asset) as of the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.125 percent

Mortality rates were based on actual experience study including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was using in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<hr/> 100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability/(asset) was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from all state and higher education agencies will be made at the actuarially determined contribution rate in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents the System's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the System's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.75 percent) or one-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
The System's proportionate share of the net pension liability (asset)	\$28,921,186.00	(\$1,275,673.60)	(\$23,489,697.00)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan. At June 30, 2024, the System reported a payable of \$1,119,698.62 for the outstanding amount of legally required contributions to the pension plan required at the year ended June 30, 2024.

Total defined benefit pension expense – The total pension expense for the year ended June 30, 2024, for all defined benefit pension plans was \$121,046,829.55.

### **Federal Retirement Program**

Plan description – Tennessee State University contributes to the Federal Retirement Program, a cost-sharing, multiple-employer, defined benefit pension plan administered by the Civil Service Retirement System (CSRS) for participants employed prior to January 1, 1987, and the Federal Employees Retirement System (FERS) for participants employed after December 31, 1986. Both CSRS and FERS provide retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and beneficiaries. All regular full-time employees of the Tennessee State University Agricultural Extension Service who hold federal appointments for 51% or more of their time are required to participate in either one of the two Federal Retirement Programs. For both systems, benefit provisions are established by federal statutes. Federal statutes are amended by the U.S. Congress. One (1) of the university's extension employees currently participate in CSRS.

The CSRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Office of Personnel Management, Retirement Information Office, P.O. Box 45, Boyers, Pennsylvania, 16017-0045, or by calling (202) 606-0500. Additionally, the financial statements can be found at <https://www.opm.gov/news/reports-publications/publications-database/publication-listings>.

Funding Policy – Participating employees and the university are required to contribute to the CSRS plan. Contribution requirements are established and may be amended by federal statutes. The university was required to contribute 7% of covered payroll to the CSRS plan, and employees were required to contribute 7% of covered payroll. Contributions for the year ended June 30, 2024 were \$936.64, which consisted of \$468.32 from the university and \$468.32 from the employees. Contributions for the year ended June 30, 2023 were \$11,239.68, which consisted of \$5,619.84 from the university and \$5,619.84 from the employees. Contributions met the requirements for each year.

### **Defined Contribution Plans**

Plan Description – The System contributes to the Optional Retirement Plan (ORP). The ORP, administered by the Tennessee Treasury Department, is a defined contribution plan. The ORP was established by state statute in Title 8, Chapter 25, Part 2 of the TCA. This statute also sets out the plan provisions. The plan provisions

are amended by the Tennessee General Assembly. The ORP was designed to provide benefits at retirement to faculty and staff who are exempt from the overtime provision of the Fair Labor Standards Act and who waive membership in the TCRS. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

**Funding Policy** – For employees employed prior to July 1, 2014, plan members are noncontributory. The System contributes 10 percent of the employee's base salary up to the social security wage base and 11 percent above the social security wage base. For employees hired after June 30, 2014, plan members will contribute 5 percent to the ORP and the System will contribute 9 percent of the employee's base salary. The required contributions made to the ORP were \$52,302,707.43 for the year ended June 30, 2024, and \$50,014,937.84 for the year ended June 30, 2023. Contributions met the requirements for each year.

Members are immediately 100 percent vested in the employer contributions made pursuant to the ORP. The Treasury Department has selected three investment vendors who offer a variety of investment products in which members are responsible for selecting how the contributions are invested. Each member makes the decision when to reallocate future contributions or when to transfer funds from one investment product to another. Funds are held by the investment vendor in the name of the member, not in the name of the State of Tennessee. The State of Tennessee has no discretion over these funds other than to make the initial contributions. Accordingly, the State of Tennessee is not acting in a trustee capacity nor does it have a fiduciary responsibility for the funds held by the investment vendors.

Payable to the Plan – At June 30, 2024, the System reported a payable of \$1,336,446.47 for the outstanding amount of legally required contributions to the plan required for the year then ended.

### **Deferred Compensation Plan**

The System, through the State of Tennessee, provides a deferred compensation pension plan pursuant to the Internal Revenue Code (IRC) Section 401(k). The plan is outsourced to a third-party vendor, and the administrative costs assessed by the vendors of these plans are the responsibility of plan participants. Section 401(k) plan assets remain the property of the contributing employees and they are not presented in the accompanying financial statements. Sections 401(k) establishes participation, contribution, and withdrawal provisions for the plan. The System provides up to a \$100 monthly employer match for employees who participate in the state's 401(k) plan. Employees hired before July 1, 2014, voluntarily participate in the state's 401(k) plan. Pursuant to Chapter 259 of the Public Acts of 2013, employees hired after June 30, 2014, are automatically enrolled in the state's 401(k) plan if they elect to be in the TCRS pension plan. Employees contribute 2% of their salary, with the employer contributing an additional non-matching 5%. Employees may opt out of the 2% auto enrollment. Such contribution rates may only be amended by the Tennessee General Assembly. There are certain automatic cost controls and unfunded liability controls in the defined benefit plan where the employees participate that may impact the non-matching 5% employer contribution to the 401(k) plan.

Employees are immediately vested in both the employee and employer contributions in the plan. The IRC establishes maximum limits that an employee can contribute to the plan. The employee may increase, decrease, or stop contributions at any time for the plan.

During the year ended June 30, 2024, contributions totaling \$43,983,739.51 were made by employees participating in the 401(k) plan, and the System recognized pension expense of \$32,698,843.46 for employer contributions. During the year ended June 30, 2023, contributions totaling \$39,071,030.79 were made by employees participating in the 401(k) plan, and the System recognized pension expense of \$30,897,603.57 for employer contributions.

At June 30, 2024, and June 30, 2023, the university/college reported a payable of \$2,186,078.07 and \$1,633,693.11, respectively, for the outstanding amount of legally required contributions to the plan required for the year then ended.

14. Other Employee Benefits

Deferred Compensation Plans

Employees are offered two deferred compensation plans that are not considered pension plans. The System, through the State of Tennessee, provides a plan established pursuant to IRC, Section 457, and another is administered by the System and was established in accordance with IRC, Section 403(b). The plans are outsourced to third-party vendors, and the administrative costs assessed by the vendors of these plans are the responsibility of plan participants. Section 403(b) and Section 457 plan assets remain the property of the contributing employees; therefore, they are not presented in the accompanying financial statements. IRC Sections 403(b) and 457 establish participation, contribution, and withdrawal provisions for the plans.

15. Other Postemployment Benefits (OPEB)

**Closed State Employee Group OPEB Plan**

General information about the OPEB plan

**Plan description** - Employees of the System, who were hired prior to July 1, 2015 and choose coverage, are provided with pre-65 retiree health insurance benefits through the closed State Employee Group OPEB Plan (EGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a cost-sharing multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The employers participating in this plan includes the primary government, the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee and the institutions that make up the State University and Community College System. The State of Tennessee Postemployment Benefits Trust (OPEB Trust) was established to accumulate resources to pay for the retiree benefits of EGOP participants. The OPEB Trust prepares a stand-alone financial report that can be found at <https://www.tn.gov/finance/rd-doa/opeb22121.html>.

**Benefits provided** - The EGOP is offered to provide health insurance coverage to eligible retired and disabled participants and is the only postemployment benefit provided to eligible pre-65 participants. Benefits are established and amended by an insurance committee created by Tennessee Code Annotated (TCA) 8-27-201. All retirees and disabled employees of the primary government and certain component units, who are eligible and choose coverage, and who have not yet reached the age of 65 are enrolled in this plan. All members have the option of choosing between the premier preferred provider organization (PPO) plan, standard PPO plan or the wellness healthsavings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members receive the same plan benefits, as active employees, at a blended premium rate that considers the cost of active and retired employees. This creates an implicit subsidy for the retirees. The retirees' cost is then directly subsidized, by the employers, based on years of service. Therefore, retirees with 30 years of service are subsidized 80 percent; 20 but less than 30 years, 70 percent; and less than 20 years, 60 percent.

**Contributions** - Annually, an insurance committee, created in accordance with Tennessee Code Annotated (TCA) 8-27-201, establishes the required contributions to the plan by member employees through the premiums established to approximate claims cost for the year. Pre-age 65 retired members of the EGOP pay a premium based on a blended rate that considers the cost of active and retired employees as well as their individual years of service. Therefore, retirees pay either 20 percent, 30 percent, 40 percent or 100 percent of the appropriate premium rate. These payments are deposited into the OPEB Trust. Employers contribute to the OPEB Trust based on an actuarially determined contribution (ADC) rate calculated in a manner to meet the funding goals of the state. The total ADC rate for plan employers for the fiscal year ended June 30, 2024, was \$109.5 million. The System's share of the ADC was \$20,940,757.06. During the fiscal year the System contributed \$20,940,757.06 to the OPEB Trust. The state general assembly has the authority to change the contribution requirements of the employers participating in the EGOP.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

**Proportionate share** - The System's proportion and proportionate share of the collective total OPEB liability, related to the EGOP, is 16.87% and \$67,306,337.38, respectively. The proportion existing at the prior measurement date was 16.79%. This represents a change in proportion of 0.08% between the current and prior measurement dates. The System's proportion of the collective total OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective total OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2023 and measurement date of June 30, 2023.

**OPEB expense** - For the fiscal year ended June 30, 2024, the System recognized OPEB expense of \$(6,650,767.37).

**Deferred outflows of resources and deferred inflows of resources** - For the fiscal year ended June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 8,668,566.82
Changes in assumptions	17,318,348.51	17,850,228.99
Net difference between actual and projected investment earnings	2,126,722.48	
Changes in proportion and differences between benefits paid and proportionate share of benefits pd	13,531,746.89	58,515,639.90
Contributions subsequent to the measurement date	20,940,757.06	
<b>Total</b>	<b>\$ 53,917,574.94</b>	<b>\$ 85,034,435.71</b>

The amounts shown above for "contributions subsequent to the measurement date" will be recognized as a reduction to the collective total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB paid by the EGOP will be recognized in OPEB expense as follows:

For the year ended June 30:

2025	(17,805,421.01)
2026	(17,297,330.71)
2027	(5,699,867.55)
2028	(8,123,053.80)
2029	(2,659,106.52)
Thereafter	-

In the tables above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

**Actuarial assumptions** - The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	10.31% for 2024, decreasing annually to an ultimate rate of 4.50% for 2035 and later years
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation, a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS) for Group 1 employees. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2021 from the central year. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally with MP-2021.

**Long-term expected rate of return** - The long-term expected rate of return of 6 percent on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. TCA 8-27-802 establishes the responsibility of the trustees to adopt written investment policies authorizing how assets in the OPEB Trust may be invested and reinvested by the State Treasurer. The treasurer may invest trust assets in any security or investment in which the Tennessee Consolidated Retirement System (TCRS) is permitted to invest, provided that investments by the OPEB Trust shall be governed by the investment policies and guidelines adopted by the trustees. Any changes to the investment policy will be the responsibility of the established trustees. The OPEB Trust investment policy target asset allocation and allocation range for each major asset class is summarized in the following table:



Asset Class	Allocation Range		
	Minimum	Maximum	Target Allocation
Equities	25%	80%	53%
Fixed income and short-term securities	20%	50%	25%
Real estate	0%	20%	10%
Private equity and strategic lending	0%	20%	7%
Cash and cash equivalents	0%	25%	5%
			100%

The best-estimates of geometric real rates of return for each major asset class included in the OPEB Trust target asset allocation are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
U.S. equity	4.65%
Developed market international equity	4.55%
Emerging market international equity	4.94%
Cash (Gov't)	1.32%
Private equity and strategic lending	5.43%
U.S. fixed income	2.59%
Real estate	4.16%

**Discount rate** - The discount rate used to measure the net OPEB liability was 6%. This is the same rate used at the prior measurement date. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only member contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on these assumptions, the OPEB Trust fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB Trust investments was applied to all periods of projected benefit payments to determine the net OPEB liability.

**Changes in assumptions** - The mortality scale was updated from MP2020 to MP2021. This change increased the liability by .05 percent. The medical and drug trend rate assumptions were updated to reflect more recent experience and a change in expected per capita health claims to reflect more recent information as of the measurement date. This change increased the liability by 8.2 percent.

**Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate** - The following presents the System's proportionate share of the collective total OPEB liability of the EGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

	<b>1% Decrease (5.0%)</b>	<b>Discount Rate (6.0%)</b>	<b>1% Increase (7.0%)</b>
Proportionate share of the collective total OPEB liability	\$70,630,891.74	\$67,306,337.38	\$44,881,723.74

**Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate** - The following presents the System's proportionate share of the collective total OPEB liability of the EGOP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	<b>1% Decrease (9.31% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (10.31% decreasing to 4.50%)</b>	<b>1% Increase (11.31% decreasing to 5.50%)</b>
Proportionate share of the collective total OPEB liability	\$40,276,513.74	\$67,306,337.38	\$77,211,024.74

**OPEB plan fiduciary net position** – Detailed information about the OPEB plan's fiduciary net position is available in the State of Tennessee Annual Comprehensive Financial Report found at <https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html>.

### **Closed Tennessee Plan**

General information about the OPEB plan

**Plan description** - Employees of the System, who were hired prior to July 1, 2015 and choose coverage, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The primary government as well as the Tennessee Student Assistance Corporation, the Tennessee Housing Development Agency, the University of Tennessee and the institutions that make up the State University and Community College System also participates in this plan. This plan also serves eligible post-65 retirees of employers who participate in the state administered Teacher Group Insurance and Local Government Insurance Plans.

**Benefits provided** - The TNP is offered to help fill most of the coverage gaps created by Medicare and is the only postemployment benefit provided to eligible post-65 retired and disabled employees of participating employers. This plan does not include pharmacy. In accordance with Tennessee Code Annotated (TCA) 8-27-209, benefits are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receive a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Many retirees receive direct subsidies toward their premium cost, however, participating employers determine their own policy in this regard. The primary government contributes to the premiums of component unit retirees based on years of service. Therefore, retirees with 30 years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The System does not provide any subsidies for retirees in the TNP. The primary government paid \$1,490,751.00 for OPEB as the benefits came due during the reporting period. This plan is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

In accordance with TCA 8-27-209, the state insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies.

#### Total OPEB Liability and OPEB Expense

**Proportionate share** - The primary government is entirely responsible for the TNP OPEB liability associated with the System's employees. The primary government's proportionate share of the total OPEB liability associated with the System was \$32,399,942.61. At the June 30, 2023, measurement date, the proportion of the collective total OPEB liability associated with the System was 0.1846%. This represents a change of (0.0072%) from the prior proportion of 0.1918%. The System's proportion of the collective total OPEB liability was based on a projection of its long-term share of contributions to the OPEB plan relative to the projected share of contributions of all participating employers, actuarially determined. The collective total OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2023 and measurement date of June 30, 2023.

**Actuarial assumptions** - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection; therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS) for Group I employees. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed

in this valuation are taken from the PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disabled pre-retirement mortality, with mortality improvement projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

**Discount rate** - The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-Year Municipal GO AA index. This is a change of .11 percent from the prior year discount rate of 3.54 percent.

**Changes in assumptions** – The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability by 1.21 percent. The mortality scale was updated from MP2020 to MP2021. This increased the total OPEB liability by .35 percent. The medical and drug trend rate assumptions were updated to reflect more recent experience as of the measurement date. This has zero impact on the liability for state and CU employees due to the flat rate subsidy offered to retirees.

**Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate** - The following presents primary governments proportionate share of the System’s related collective total OPEB liability, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate. The System does not report a proportionate share of the OPEB liability for employees in the TNP.

	<b>1% Decrease (2.65%)</b>	<b>Discount Rate (3.65%)</b>	<b>1% Increase (4.65%)</b>
Primary government share of the collective total OPEB liability	\$36,158,866.00	\$32,399,942.61	\$29,207,674.00

**OPEB expense** - For the fiscal year ended June 30, 2024, the primary government recognized OPEB expense of \$523,135.33 for employees of the System participating in the TNP.

**Total OPEB Expense** - The total OPEB expense for the year ended June 30, 2024, was (\$6,127,632.04), which consisted of OPEB expense of (\$6,650,767.37) for the EGOP and \$523,135.33 paid by the primary government for the TNP.

16. Revenues

A summary of adjustments and allowances by revenue classification is presented as follows:

Revenue Source	Gross Revenue	Less Scholarship Allowances	Less Uncollectible Debts	Net Revenue
Operating revenues:				
Tuition and fees	\$ 1,197,528,640.00	\$ (556,439,428.50)	\$ (14,614,109.06)	\$ 626,475,102.44
Non-govt grants and contracts	69,869,628.21	(4,556,915.07)	137,086.33	65,449,799.47
Sales & services - ed activity	37,288,650.67		(72,153.67)	37,216,497.00
Sales & services - other activity	109,451,611.00		(77,015.68)	109,374,595.32
Residential life	102,252,430.07	(30,974,428.41)	(507,921.82)	70,770,079.84
Bookstore	19,285,021.10	(2,994,882.21)	419.06	16,290,557.95
Food services	45,594,686.74	(8,093,624.51)	16,654.37	37,517,716.60
Wellness facility	7,591,818.42	(1,660,469.06)	(19,582.99)	5,911,766.37
Other auxiliaries	21,646,972.05		(5,080.79)	21,641,891.26
Interest earned on loans	118,106.44		25,305.12	143,411.56
Other operating	4,317,672.32		(0.99)	4,317,671.33
Other non-operating	(1,909,804.34)		(1,699.96)	(1,911,504.30)
Total	\$ 2,307,520,310.83	\$ (604,719,747.76)	\$ (15,118,100.08)	\$ 1,687,682,462.99

17. Chairs of Excellence

The System had \$250,547,850.40 on deposit at June 30, 2024, with the State Treasurer for its Chairs of Excellence program. These funds are held in trust by the state and are not included in these financial statements.

18. Insurance-Related Activities

It is the policy of the state not to purchase commercial insurance for the risks associated with casualty losses for general liability, automobile liability, medical malpractice liability, and workers' compensation. By statute, the maximum liability for general liability, automobile liability, and medical malpractice liability is \$300,000 per person and \$1,000,000 per occurrence. The state's management believes it is more economical to manage these risks internally and set aside assets for claim settlement in its internal service fund, the Risk Management Fund (RMF). The state self-insures against property and cyber liability losses through the RMF and the State of Tennessee Captive Insurance Company (TCIC). The state purchases commercial insurance for real property and crime and fidelity coverage on the state's officials and employees above the limits of the RMF and TCIC. For property coverage, the deductible for an individual state agency is based on a tiered deductible system that accounts for averaged losses over a three-year period, and the type of loss. The RMF is responsible for property losses of \$2.5 million per occurrence for all perils. The TCIC is

responsible for property losses in excess of the RMF limits up to an annual aggregate of \$25 million. Purchased insurance coverage is responsible for losses exceeding these limits to the maximum insurance coverage of \$600 million per year for perils other than earthquakes and floods, which are capped at \$50 million per year. For cyber coverage, the RMF is responsible for \$1.5 million per occurrence. The TCIC is responsible for losses in excess of the RMF limits up to an aggregate of \$10 million. Settled claims resulting from these risks have not exceeded maximum commercial insurance coverage in any of the three past fiscal years.

The System participates in the Risk Management Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the System based on a percentage of the System's expected loss costs, which include both experience and exposures. This charge considers recent trends in actual claims experience of the state as a whole. Information regarding the determination of the claims liabilities and the changes in the balances of the claims liabilities for the year ended June 30, 2024, is presented in Tennessee's Annual Comprehensive Financial Report, which is available on the state's website at <https://www.tn.gov/finance/rdo-fa-accfin-ar.html>. At June 30, 2024, the Risk Management Fund held \$241 million in cash designated for payment of claims.

At June 30, 2024, the scheduled coverage for the System was \$11,505,132,151.31 for buildings and \$ 2,581,544,026.55 for contents.

The state has also set aside assets in the Employee Group Insurance Fund, an internal service fund, to provide a program of health insurance coverage for the employees of the state with the risk retained by the state. The System participates in the Employee Group Insurance Fund. The fund allocates the cost of providing claims servicing and claims payment by charging a premium to the System based on estimates of the ultimate cost of claims, including the costs of claims that have been reported but not settled and of claims that have been incurred but not reported. Employees and providers have 13 months to file medical claims.

19. Commitments and Contingencies

Sick Leave - The System records the cost of sick leave when paid. Generally, since sick leave (earned one day per month with unlimited accumulation) is paid only when an employee dies or is absent because of illness, injury, or related family death, there is no liability for sick leave at June 30. The dollar amount of unused sick leave was \$499,558,613.19 at June 30, 2024.

Construction in Progress - At June 30, 2024, outstanding commitments under construction contracts totaled \$1,806,306,936.34 for various projects of which \$1,566,458,927.71 will be funded by future state capital outlay appropriations.

Litigation - The System is involved in several lawsuits, none of which are expected to have a material effect on the accompanying financial statements.

20. Funds Held in Trust by Others

Tennessee Tech University (TTU) is beneficiary under the William Jenkins Estate trust. The underlying assets are not considered assets of TTU and are not included in the System's financial statements. TTU received \$7,186.06 from these funds in fiscal year 2024.

The University of Memphis (UOM) is beneficiary under the Van Vleet, Pope M Farrington, C. M. Gooch, Mike Driver and Herman Bensdorf trusts. The underlying assets are not considered assets of UOM and are not included in UOM's financial statements. UOM received \$162,630.41 from these funds during the fiscal year ended June 30, 2024.

21. Natural Classifications with Functional Classifications

The System's operating expenses by functional classification for the year ended June 30, 2024, are as follows:

Functional Classification	Natural Classification					
	Salaries	Benefits	Other Operating	Scholarship	Depreciation	Total
Instruction	\$ 707,094,721.16	\$ 261,419,057.70	\$ 168,689,330.12	\$ 2,025,522.40		\$ 1,139,228,631.38
Research	100,694,311.26	33,235,668.35	45,158,124.61	1,230,163.18		180,318,267.40
Public service	66,442,736.75	23,168,984.38	46,081,226.62	109,366.56		135,802,314.31
Academic support	140,403,727.46	57,897,686.74	9,449,769.00	92,566.19		207,843,749.39
Student services	173,177,448.23	65,357,398.92	130,809,260.65	971,072.15		370,315,179.95
Institutional support	165,538,261.52	70,593,778.12	105,497,869.19	517,528.95		342,147,437.78
Maintenance & operation	80,491,525.97	35,849,073.51	211,607,353.66			327,947,953.14
Scholarships	251,983.14	29,676.59	171,535.08	265,077,121.98		265,530,316.79
Auxiliary	23,603,234.14	7,648,362.02	111,856,326.45	297,697.44		143,405,620.05
Depreciation					180,579,553.19	180,579,553.19
Total	\$ 1,457,697,949.63	\$ 555,199,686.33	\$ 829,320,795.38	\$ 270,321,038.85	\$ 180,579,553.19	\$ 3,293,119,023.38

Expenses initially incurred by the academic support function as a result of providing internal services to the other functional classifications were allocated to the other functional areas by reducing the academic support function's operating expenses by the total amount of salaries, benefits, and operating expenses incurred in the provision of these services and allocating this amount to the other functional areas' operating expenses on the basis of usage. As a result of this process, expenses totaling \$73,324,077.04 were reallocated from academic support to the other functional areas.

22. Affiliated Entity Not Included

The TCAT Foundation is a private, nonprofit foundation with the individual TCATs as the sole beneficiaries. The Foundation is controlled by a board independent of the TCATs. The financial records, investments, and other financial transactions are handled external to the TCATs and these amounts are not included in the TCAT's financial report. As reported in the Foundation's most recently financial report, at June 30, 2024, the assets of the TCAT Foundation totaled \$2,484,488.51, liabilities were \$0.00, and the net position amounted to \$2,484,488.51.

The East Tennessee State University Research Foundation is a private, nonprofit foundation with the university as the sole beneficiary. The Research Foundation is controlled by a board independent of the university. The financial records, investments, and other financial transactions are handled external to the university and these amounts are not included in the university's financial report. As reported in the Research Foundation's most recently audited financial report, at June 30, 2024, the assets of the Research Foundation totaled \$1,829,719.61, liabilities were \$793,543.17, and the net position amounted to \$1,036,176.44.

The Tennessee Tech University Agricultural Foundation is a private, nonprofit foundation with the university as the sole beneficiary. The Agricultural Foundation is controlled by a board independent of the university. The financial records, investments, and other financial transactions are handled external to the university and these

amounts are not included in the university's financial report. As reported in the most recently audited financial report, at June 30, 2023, the assets of the Agricultural Foundation totaled \$974,569.79, liabilities were \$0.00, and the net position amounted to \$974,569.79.

The Bryan Symphony Orchestra Association at Tennessee Technological University, Inc. (BSOA) is a nonprofit 501(c)(3) organization controlled by a board independent of the university. The mission of the BSOA is to provide an orchestra of the highest artistic standards, provide educational experiences for a diverse audience, and to serve as a leader and a continuing force in the Upper Cumberland region. BSOA provides support to the Bryan Symphony Orchestra jointly with Tennessee Technological University. The financial records and transactions are handled external to the university and are not included in the university's financial report.

The Friends of the Appalachian Center for Crafts of Tennessee (FACCT) is a nonprofit 501(c)(3) that promotes and supports educational art and craft outreach activities. FACCT is controlled by a board independent of the university. FACCT provides non-monetary support to the Tennessee Technological University Craft Center through marketing and other promotional activities. FACCT is currently inactive. The financial records and transactions are handled external to the university and are not included in the university's financial report.

23. On-Behalf Payments

During the year ended June 30, 2024, the State of Tennessee made payments of \$ 1,490,751.00 on behalf of the System for retirees participating in the Closed Tennessee OPEB Plan and \$46,203,613.69 for the Closed State and Higher Education Employee Pension plan. The Closed Tennessee OPEB Plan is a postemployment benefit healthcare plan and is discussed further in Note 15. The payment to the Closed State and Higher Education Pension plan is the System's allocation from a one-time \$300 million state appropriation. The Closed State and Higher Education Pension plan is a defined benefit pension plan with membership in the Tennessee Consolidated Retirement System and is discussed further in Note 13.

24. Adjustments for Accounting Changes and Error Corrections

During FY 2024, the System was informed that the State had made an additional contribution to the Closed State and Higher Education Employee Pension Plan during FY 2023 of which the System was unaware. Therefore, state appropriation revenues and deferred outflows related to pensions were understated by \$56,215,778.94 in FY 2023 for this error. Additionally, Tennessee State University erred in the calculation of the allowance for doubtful accounts in FY 2023 that resulted in an understatement of the allowance by (\$2,388,749.70). Immaterial other error corrections across the System totaling (\$515,632.55) were made to various accounts. The net effect of correcting these errors is shown in the table below.

During fiscal year 2024, error corrections resulted in a restatement of beginning net position as follows:

	June 30, 2023 as previously reported	Change in Accounting Principle	Change in Reporting Entity	Error Correction	June 30, 2023 as restated
Net position	4,965,829,885.79			53,311,396.69	5,019,141,282.48

25. Blended Component Unit

The Herff Trust was created exclusively for the benefit of the University of Memphis (UOM). The Trust invests and manages the bequest of Herbert Herff to support primarily the School of Engineering and the School of Law. Although it is legally separate from UOM, it is reported in UOM's financial statements as a blended



component unit. The exclusion of the Trust from the university's reporting entity would render the financial statements incomplete. The assets, liabilities, revenues and expenses of the Trust are included in the university's statement of net position and statement of revenues, expenditures and changes in net position.

Complete financial statements for the Trust can be obtained from the Controller, University of Memphis, 275 Administration Building, Memphis TN 38152.

The following is a condensed statement of net position; condensed statement of revenues, expenses, and changes in net position; and condensed statement of cash flows showing assets, liabilities, revenues, and expenses that are reported as blended component unit of the university.

**Herbert Herff Trust**  
**Condensed Statement of Net Position**  
**June 30, 2024**

<b>Assets:</b>	
Current assets	\$ 121,800
Other assets	30,910,925
<b>Total Assets</b>	<b>31,032,725</b>
Liabilities:	
Current liabilities	\$ 102,786
<b>Total Liabilities</b>	<b>\$ 102,786</b>
<b>Net Position:</b>	
Restricted - expendable	\$ 30,929,939
<b>Total Net Position</b>	<b>\$ 30,929,939</b>

**Herbert Herff Trust**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2024**

Nonoperating revenues and expenses	\$ 2,350,114
Income before other revenues, expenses, gains or losses	2,350,114
Increase in net position	2,350,114
Net position at beginning of year	28,579,825
Net position at end of year	\$ 30,929,939

**Herbert Herff Trust**  
**Condensed Statement of Cash Flows**  
**June 30, 2024**

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	\$ 2,118,761.00
Income on investments	668,703
Purchase of investments	(1,946,122)
Other investing receipts (payments)	(852,561)
Net cash used for capital and related financing activities	(11,219)
Net increase (decrease) in cash and cash equivalents	(11,219)
Cash and cash equivalents - beginning of year	77,913
Cash and cash equivalents - end of year	\$ 66,694
Non-cash investing transactions	
Unrealized losses on investments	2,304,723

26. Subsequent Events

On August 12, 2024, the University of Memphis entered into a P3 arrangement for the development and construction of a 542-bed student housing development on its Park Avenue Campus. Madrone Memphis Student Housing I, LLC (Madrone) will serve as the owner of the student housing development. As a part of this project the university is leasing land to Madrone from 2024 through 2056. Rent will be paid from surplus cash flow and if there is no cash flow the rent will be zero. The university will assume ownership of the development after the lease term. The cost of the development is expected to approximate \$58,000,000. The Health, Educational and Housing Facility Board of the County of Shelby, Tennessee and the Underwriter will issue Student Housing Revenue Bonds to fund the cost of the project. The university will not be responsible for the debt. The university will operate the student housing facility and its rent proceeds will be forwarded to a Trust. The Trust will facilitate the required payments to bondholders. The developer and general contractor expect to have the project completed in time to house students in August 2026.

27. Component Units

The foundations are legally separate, tax-exempt organizations supporting institutions within the System. The foundations act primarily as fund-raising organizations to supplement the resources that are available to the System in support of System programs. The foundation boards are self-perpetuating and consist of graduates and friends of the System. Although the System does not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon, which the foundations hold and invest, is restricted to the activities of the System by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the System, the foundations are considered a component unit of the System and are discretely presented in the System's financial statements.

During the year ended June 30, 2024, the foundations made distributions of \$48,618,022.89 to or on behalf of the System for both restricted and unrestricted purposes. Complete financial statements for each foundation can be obtained from the appropriate address:

APSU Foundation:  
Austin Peay State University  
Donna Johansen, Accounting Services  
PO Box 4635  
Clarksville, TN 37044

JSCC Foundation:  
Tim Dellinger  
2046 North Parkway  
Jackson, TN 38301

ETSU Foundation:  
Christine Graham  
ETSU Chief Financial Officer  
P. O. Box 70601  
Johnson City, TN 37614

MSCC Foundation:  
Renee Austin  
Motlow College Foundation  
P.O. Box 8500  
Lynchburg, TN 37352

MEAC:  
Charles Woepfel  
Executive Director, MEAC  
P.O. Box 699  
Mountain Home, TN, 37684

NASCC Foundation:  
Jennifer Rector  
Nashville State Community College  
120 White Bridge Road  
Nashville, TN, 37209

MTSU Foundation:  
Joe Bales  
Vice President, University Advancement  
MTSU  
1301 East Main Street  
Murfreesboro, TN 37132

TSU Foundation:  
Betsy Jackson Mosley  
Executive Director  
3500 John A. Merritt Blvd  
Nashville, TN 37209

TTU Foundation:  
Tennessee Technological University  
Office of the Vice President  
for Planning and Finance  
P.O. Box 5037  
Cookeville, TN 38505

UOM Foundation:  
Managing Director  
635 Normal Street  
Memphis, TN 38152-3750

ChSCC Foundation:  
Susan Joseph  
Vice President for Business & Finance  
Chattanooga State Technical Community College  
4501 Amnicola Highway  
Chattanooga, TN 37406

CLSCC Foundation:  
Cleveland State Community College  
P. O. Box 3570  
Cleveland, Tennessee 37320

NESCC Foundation:  
Chad Bailey  
Chief Financial Officer  
Northeast State Community College  
P. O. Box 246  
Blountville, TN 37617-0246

PSCC Foundation:  
Pellissippi State Community College  
P.O. Box 22990  
Knoxville, TN 37933-0990

RSCC Foundation:  
Roane State Community College Foundation  
276 Patton Lane  
Harriman, TN 37748

STCC Foundation:  
Karen Nippert  
5983 Macon Cove  
Memphis, TN 38134

COSCC Foundation  
1665 Hampshire Pike  
Columbia, TN 38401

VSCC Foundation:  
Brett Stoller  
1480 Nashville Pike  
Gallatin, TN 37066

WSCC Foundation:  
Mark Hurst  
Walters State Community College Foundation  
PO Box 1508  
Morristown, TN 37816-1508

UOM Research Foundation  
365 Innovation Drive, Suite 303  
Memphis, TN 38152

DSCC Foundation:  
Vice President, Finance and Administrative Services  
Dyersburg State Community College  
1510 Lake Road  
Dyersburg, TN 38024

The ETSU Foundation, MEAC, the TSU Foundation, the TTU Foundation, the UOM Research Foundation, the STCC Foundation, and the WSCC Foundation are nonprofit organizations that report under GASB standards. All other foundations report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the foundations' financial information in the institutions' financial report for these differences. When the disclosure requirements are different, two disclosures are presented below, one for the consolidated FASB foundations and one for the consolidated GASB foundations.

**Fair Value Measurements (FASB Foundations).** The foundations report certain assets and liabilities at fair value. Fair value has been determined using quoted prices in active markets for identical assets and liabilities that are accessible at the measurement date (Level 1), inputs other than quoted market prices included in Level 1 that are directly or indirectly observable for the asset or liability (Level 2), or significant unobservable inputs (Level 3). The following table categorizes the recurring fair value measurements for assets and liabilities at June 30, 2024:

	Total Fair Value at June 30, 2024	Quoted Prices: Level 1	Significant Other Inputs: Level 2	Significant Unobservable Inputs: Level 3	Investments Measured at the Net Asset Value
Assets:					
Cash equivalents	\$ 7,918,420.52	\$ 5,109,195.03	\$ 2,809,225.49		
Investments	505,439,821.07	346,269,769.35	40,538,832.22	54,733,107.72	63,898,111.78
Pledges receivable	23,257,993.51			23,257,993.51	
Other assets	32,225.00	32,225.00			
Total assets	\$ 536,648,460.10	\$ 351,411,189.38	\$ 43,348,057.71	\$ 77,991,101.23	\$ 63,898,111.78
Liabilities:					
Charitable gift annuities	\$ 22,686.96	\$ 3,382.38		\$ 19,304.58	
Total liabilities	\$ 22,686.96	\$ 3,382.38		\$ 19,304.58	

The following table reconciles beginning and ending balance of all assets/liabilities valued using Level 3 inputs:

	Beginning Balance	Total Gains/Losses, Realized & Unrealized	Purchases	Issuances	Settlements	Transfers In/ Out of Level 3	Ending Balance
Assets:							
Investments	\$ 51,753,078.99	\$ 3,994,606.32			\$ (3,380.63)	\$ (1,011,196.96)	\$ 54,733,107.72
Pledges receivable	18,388,028.16	4,710,128.22	125,272.78	1,029,800.00	(995,235.65)		23,257,993.51
<b>Total assets</b>	<b>\$ 70,141,107.15</b>	<b>\$ 8,704,734.54</b>	<b>\$ 125,272.78</b>	<b>\$ 1,029,800.00</b>	<b>\$ (998,616.28)</b>	<b>\$ (1,011,196.96)</b>	<b>\$ 77,991,101.23</b>
Liabilities:							
Charitable gift annuities	\$ 23,133.60	\$ (1,429.02)			\$ (2,400.00)		19,304.58
<b>Total liabilities</b>	<b>\$ 23,133.60</b>	<b>\$ (1,429.02)</b>			<b>\$ (2,400.00)</b>		<b>\$ 19,304.58</b>

All gains and losses, both realized and unrealized, have been reported on the statement of revenues, expenses, and changes in net position as investment income. Of this total, \$5,451,761.78 are attributable to the change in unrealized gains or losses relating to those assets and liabilities still held at June 30, 2024.

In accordance with U.S. GAAP, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

The valuation method for assets and liabilities measured at the net asset value per share is presented on the following table.

Assets and Liabilities Measured at the NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Mutual bond funds	\$ 10,019,317.40	\$ -	Daily to Monthly	Daily to 5 days
Mutual equity funds	44,497,095.38	35,662,877.00	Daily to Monthly	Daily to 5 days
Real estate	9,173,860.00	1,733,867.00	Manager discretion	Not Applicable
Other investments	207,839.00	805,000.00	Not Applicable	Not Applicable

University of Memphis

- a) Hedged Equity      This category consists of funds of funds that make long and short position equity investments. The bulk of the investment is subject to annual redemption.
- b) Private Equity      This category consists of partnerships that invest primarily in U.S. or international based private companies. These investments cannot be voluntarily redeemed and are subject to third-party sale based on market demand.

- c) Real Assets                      The real assets allocation may include, among other things, real estate investment trusts, commingled funds, limited liability companies and limited partnerships. Underlying investments could include real estate securities, real estate (including private), oil & gas, metals & minerals, timber, MLPs, farmland, etc.

#### Columbia State Community College

The assets of mutual bond funds are allocated among strategies in proportions that the investment company considers beneficial for a fully diversified fixed income portion of an educational endowment. The assets of the mutual equity funds are allocated among strategies in proportions that the investment company considers beneficial for a fully diversified public equity position of an educational endowment. There are currently no redemption restrictions on the equity and bond funds, although they could be put in place in extraordinary circumstances, such as any period during which the New York Stock Exchange is closed other than customary weekend or holiday closings, or during which trading thereon is restricted or there exists any emergency affecting the practicality of disposal of portfolio securities of the fund or the practicability of determining net asset value. It is not probable that the foundation will sell an investment for an amount different from the NAV per share.

#### Pellissippi State Community College

The Multi-Strategy Equity Fund is invested principally in a diversified portfolio of marketable common stocks and other marketable equity-type investments including but not limited to, convertible bonds, convertible preferred stocks and warrants. The fund may also hold cash, short-term obligations, and U.S. government, corporate and other bonds. The objective of the fund is to offer an actively managed, multi-manager investment program that will provide broad exposure to global equity markets. Funds are valued at the close of business each month using the net asset value per unit. Unit values are typically available by the seventh business day following the end of each month.

The Multi-Strategy Bond Fund is invested principally in a diversified portfolio of marketable securities of intermediate and longer-term maturities of specified types. The fund is also permitted to hold preferred stocks and convertible preferred stocks of corporations whose senior debt securities meet certain rating criteria. The objective of the fund is to offer an actively managed, multi-manager investment program that will provide broad exposure to global debt markets. Funds are valued at the close of business each month using the net asset value per unit. Unit values are typically available by the seventh business day following the end of each month.

**Fair Value Measurements (GASB Foundations)** - The foundations categorize their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The foundations have the following recurring fair value measurements as of June 30, 2024:

	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Investments Measured at the Net Asset Value (NAV)
<b>Assets by Fair Value Level</b>					
Debt Securities					
US Treasury	\$ 13,254,024.79	\$ 13,254,024.79			
US Agencies	12,024,872.32	735,881.30	11,288,991.02		
Corporate bonds	15,841,613.79	10,941,184.12	4,900,429.67		
Mutual bond funds	77,700,675.18	31,996,646.91			45,704,028.27
Other	1,305,574.43	1,305,574.43			
<b>Total debt securities</b>	<b>120,126,760.51</b>	<b>58,233,311.55</b>	<b>16,189,420.69</b>		<b>45,704,028.27</b>
Equity Securities					
Corporate stock	39,578,344.62	39,578,344.62			
Mutual equity funds	214,804,544.38	56,579,672.81			158,224,871.57
Real Estate	5,200,000.00			5,200,000.00	
Equity REITs	2,075,846.20	2,000,247.07			75,599.13
Private equities	16,124,635.10			311,010.55	15,813,624.55
Hedge funds	9,202,874.16				9,202,874.16
Natural resources	2,464,846.00				2,464,846.00
Other	15,389,083.08	2,006.20			15,387,076.88
<b>Total equity securities</b>	<b>304,840,173.54</b>	<b>98,160,270.70</b>		<b>5,511,010.55</b>	<b>201,168,892.29</b>
<b>Total assets</b>	<b>\$ 424,966,934.05</b>	<b>\$ 156,393,582.25</b>	<b>\$ 16,189,420.69</b>	<b>\$ 5,511,010.55</b>	<b>\$ 246,872,920.56</b>

Assets and liabilities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Assets and liabilities classified in Level 2 of the fair value hierarchy are valued using the spread above risk-free yield curve (ETSU MEAC) and various benchmarks including the S&P 500 TR Index and the Barclay's Capital US Aggregate TR Index (TSU). Assets and liabilities classified in Level 3 are valued using real estate appraisal and most recent sale prices for assets not on an active market (TTU) and various fair value techniques (ETSU).

The valuation method for assets and liabilities measured at the net asset value per share (or its equivalent) is presented on the following table.



<b>Assets and Liabilities Measured at the NAV</b>	<b>Fair Value</b>	<b>Unfunded Commitments</b>	<b>Redemption Frequency (if currently eligible)</b>	<b>Redemption Notice Period</b>
Mutual bond funds	\$ 45,704,028.27		Daily to Monthly	5 business days
Mutual equity funds	\$ 158,224,871.57		Daily to Monthly	5 business days
Equity REITs	\$ 75,599.13		Not applicable	Not applicable
Private equities	\$ 15,813,624.55	\$ 7,382,540.01	Not applicable	Not Applicable
Hedge funds	\$ 9,202,874.16		Various	Various
Natural resources	\$ 2,464,846.00	\$ 361,000.00	Not applicable	Not Applicable
Other	\$ 15,387,076.88	\$ 3,740,567.00	Daily	Not Applicable

#### East Tennessee State University

The above assets are commingled bond/equity funds that are considered to be commingled in nature. They are valued at the net asset value of units held at the end of the period based upon the fair value of the underlying investments.

#### Tennessee Technological University

The Multi-Strategy Bond Fund's investment objective is to offer an actively managed program that will provide broad exposure to global debt markets. The portfolio will be made up of marketable securities of intermediate and longer-term maturities. The High Quality Bond Fund will consist primarily of U.S. Treasury and Agency issues, corporate and mortgage bonds, and other asset-backed securities with an objective to outperform its benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index. The investment objective of the Intermediate Term Fund is to generate a higher current yield than short-term money market investments. The Multi-Strategy Equity Fund ranges from international equity to domestic and hedged equities on investment strategy. The investment objective of the Core Equity Fund is to outperform the S&P 500 Index. The Strategic Solutions Equity Fund has an investment objective to focus on equities. The private equities' investment strategies vary among many equity industries, including services, manufacturing, and consumer related. The investment objective of the Real Estate Opportunity Funds is to deliver Non-Core real estate exposure primarily through external real estate managers advising portfolio funds the investment manager believes to be high-quality managers. The natural resources investment strategies include allocations among energy, mining, and utilities. The Secondary Partners III fund objective is to invest in secondary market transactions in multiple types of investments. The objective of the Environmental Sustainability Partners fund is to invest in target funds which make investments that provide environmental and sustainability benefits to society. The Capital Venture Partners XIV fund invests in U.S. and foreign investments. The funds themselves are liquidated when all underlying assets are liquidated. There is no exact date for this liquidation and will likely be after the termination date given in the previous paragraph. It is unlikely that any investment listed above will be sold for an amount different from the NAV per share.

#### Walters State Community College

ValStone Opportunity Fund V, LLC, a Delaware limited liability company was formed May 18, 2010, and began operations on March 1, 2013, for the purpose of investing in distressed debt obligations and other assets, including operating companies and real estate. ValStone Opportunity Fund V invests primarily in real estate with certain desirable attributes.

**Cash and Cash Equivalents (FASB Foundations)** – Cash and cash equivalents consisted of demand deposit accounts, certificates of deposit, State of Tennessee Local Government Investment Pool account administered by the State Treasurer, mutual funds, money market funds, and other cash equivalents. Uninsured bank balances at June 30, 2024, totaled \$28,385,364.20.

**Cash and Cash Equivalents (GASB Foundations)** – In addition to demand deposits and petty cash on hand, this classification includes instruments which are readily convertible to known amounts of cash and which have original maturities of three months or less. At June 30, 2024, cash and cash equivalents consisted of \$15,122,826.57 in bank accounts, \$3,550.00 of petty cash on hand, \$25,748,694.70 in the State of Tennessee Local Government Investment Pool administered by the State Treasurer, and \$2,930,582.13 in other funds.

At June 30, 2024, \$4,475,653.87 of the Foundation's bank balances of \$15,638,215.26 was exposed to custodial credit risk with \$4,160,256.16 categorized as uninsured and uncollateralized and \$315,397.71 categorized as uninsured and collateralized with securities held by the pledging financial institution.

The Foundation also has deposits in the Local Government Investment Pool (LGIP) administered by the State Treasurer. The LGIP is measured at amortized cost and is part of the Pooled Investment Fund. There are no minimum or maximum limitations on withdrawals. The fund's required risks disclosures are presented in the financial report of the State Pooled Investment Fund. That report is available on the state's website at <http://treasury.tn.gov>. LGIP investments are not rated by nationally recognized statistical ratings organizations.

**Investments (FASB Foundations)** – Investments are recorded on the date of contribution and are stated at market value. Unrealized gains and losses are determined by the difference between market values at the beginning and end of the year. Investment securities held at year-end were as follows:

	June 30, 2024	
	Cost	Market Value
US treasury	\$ 4,857,218.98	\$ 4,869,745.40
US agencies	2,317,946.76	1,394,976.28
Certificates of deposit	249,195.00	503,407.77
Corporate stock	16,531,369.73	27,316,700.69
Corporate bonds	6,724,222.01	6,525,031.53
Mutual bond funds	29,203,030.51	29,445,775.80
Mutual equity funds	258,096,525.66	322,104,521.23
Money market funds	799,498.60	1,317,643.83
Life insurance		589,534.19
Annuity	180,000.00	160,267.50
Offshore hedge fund-of-funds	15,210,104.00	29,013,360.00
Other	31,140,114.86	50,331,942.41
<b>Total</b>	<b>\$ 382,847,102.11</b>	<b>\$ 505,775,436.28</b>

### Operating return

The boards of trustees designate only a portion of the component units' cumulative investment return for support of current operations; the remainder is retained to support operations of future years and to offset potential market declines. The amount computed under the endowment spending policy of the investment pool is used to support current operations.

**Investments (GASB Foundations)** – The foundations are authorized to invest funds in accordance with their board of directors' policies. In accordance with GASB Statement 31, as amended, investments are reported at fair value, including those with a maturity date of one year or less at the time of purchase, unless otherwise noted.

As of June 30, 2024, the foundations had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (In Years)				
		Less than 1 yr	1 to 5 yrs	6 to 10 yrs	More than 10 yrs	No Maturity Date
US treasuries	\$ 13,254,024.79	\$ 2,531,350.08	\$ 6,090,721.05	\$ 4,631,953.66		
US agencies	12,024,872.32	999,691.12	9,764,923.40	249,958.80	1,010,299.00	
Corporate bonds	15,841,613.79	554,997.03	10,154,253.65	5,116,067.97	16,295.14	
Mutual bond funds	77,700,675.18		12,192,239.54	11,711,280.45	92,564.74	53,704,590.45
Other	1,305,574.43	44,062.00	774,844.63	486,667.80		
<b>Total debt instruments</b>	<b>120,126,760.51</b>	<b>\$ 4,130,100.23</b>	<b>\$ 38,976,982.27</b>	<b>\$ 22,195,928.68</b>	<b>\$ 1,119,158.88</b>	<b>\$ 53,704,590.45</b>
Corporate stock	39,578,344.62					
Mutual equity funds	214,804,544.38					
Certificates of deposit	13,567,495.30					
Other	51,185,963.72					
<b>Total</b>	<b>\$ 439,263,108.53</b>					

**Interest Rate Risk.** Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of a debt instrument. The foundations do not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value arising from increasing interest rates.

**Credit Risk.** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The foundations have no investment policy limiting its investment choices based on ratings issued by nationally recognized statistical rating organizations. Securities are rated using Standard and Poor's, Moody's, and/or Fitch's and are presented below using the Standard and Poor's rating scale. As of June 30, 2024, the foundations' investments were rated as follows:

Investment Type	Fair Value	Credit Quality Rating								
		AAA	AA	A	BBB	BB	B	CCC	C	Unrated
LGIP	\$ 25,748,694.70									\$ 25,748,694.70
US agencies	12,024,872.32		12,024,872.32							
Corporate bonds	15,841,613.79	436,105.11	192,742.90	7,166,447.42	8,046,318.36					
Mutual bond funds	77,700,675.18	8,429,239.92	709,101.33	772,790.35	1,583,748.19	13,121,885.99	21,972.93	4,376.90	224,636.70	52,832,922.87
Other	1,305,574.43	272,552.00	820,564.43	212,458.00						
Total	\$ 132,621,430.42	\$ 9,137,897.03	\$ 13,747,280.98	\$ 8,151,695.77	\$ 9,630,066.55	\$ 13,121,885.99	\$ 21,972.93	\$ 4,376.90	\$ 224,636.70	\$ 78,581,617.57

**Custodial Credit Risk.** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the foundations will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The foundations do not have a deposit policy for custodial credit risk. At June 30, 2024, the foundations had \$ 145,666,264.97 of uninsured and unregistered investments for which the securities are held by the counterparty.

**Concentration of Credit Risk.** Concentration of credit risk is the risk of loss attributed to the magnitude of the foundations' investments in a single issuer. The foundations' policies place no limit on the amount they may invest in any one issuer. More than five percent (5%) of the individual foundation's investments were invested in the following single issuers at June 30, 2024:

Foundation	Issuer	Percentage of Total Investments
ETSU Foundation	US Treasuries	6%
TSU Foundation	DWS Real Assets, Inst.	6%
	Vanguard TTL Stock Mkt Adm	6%
	Abbey Capital Futures Strategy I	6%
MEAC	Federal Farm Credit Bank	18%
	Federal Home Loan Mortgage Corp.	32%
	Federal Home Loan Bank	50%

**Foreign Currency Risk.** Foreign currency risk is the risk that changes in exchange rates will adversely affect the cash flows or fair value of a transaction. The foundations place no limit on the amount they may invest in foreign currency. The foundation's exposure to foreign currency risk at June 30, 2024, is as follows:

Foundation	Investment	Currency	Maturity	Fair Value
STCC Foundation	J.O. Hambro Capital Management	Various	N/A	\$280,699.07
	Seafarer Overseas Growth & Income	Various	N/A	\$239,376.98
	Artisan Dev World Fund	Various	N/A	\$196,247.81
WSCC Foundation	Mutual equity funds	Various	N/A	\$852,365.12

**Alternative Investments (GASB and FASB foundations)** – The following foundations held alternative investments at June 30, 2024:

Foundation	Investment	Fair Value at June 30, 2024
ETSU Foundation	Private equity, real estate, and private credit funds	\$ 311,010.55
MTSU Foundation	Offshore hedge-of-hedge funds	\$ 32,202,529.65
TSU Foundation	Hedge funds, private equity and real estate trusts	\$ 11,112,510.36
TTU Foundation	Private equity funds, natural resource funds, private real estate funds, secondary partners fund, environmental fund, venture partners fund, real estate, and a marketable alternative strategy	\$ 22,818,077.20
UOM Foundation	Limited partnership/LLC investments	\$ 29,013,360.00
CHSCC Foundation	Limited partnership hedge fund	\$ 1,139,403.00
COSCC Foundation	First Farmers and Merchants Corporate Stock	\$ 118,000.00
PSCC Foundation	Pooled investment funds and private capital	\$ 16,538,331.58
WSCC Foundation	Private equity funds	\$ 1,615,271.00

The foundations believe that the carrying amount of their alternative investments is a reasonable estimate of fair value as of June 30, 2024. Because these investments are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material. These investments are made in accordance with the foundations' investment policies. These investments are designed to enhance diversification and provide reductions in overall portfolio volatility. These fair values are estimated using various valuation techniques.

The ETSU Foundation estimates fair value using various fair value techniques. These techniques include EV/EBITDA multiples and take into consideration the specific nature, facts and circumstances of each investment, including but not limited to the price at which the investment was acquired, current and projected operating performance, trading values on public exchanges for comparable securities, listed market comparables, recent market transactions, price of recent investments and/or comparable industry valuation benchmarks and financing terms currently available.

The MTSU Foundation estimates fair value using various valuation techniques. Each offshore hedge fund-of-funds owned by the Foundation has an annual independent CPA firm audit. Hedge fund values are determined by using monthly reports received directly from the hedge fund-of-funds managers, as well as from the Foundation's registered investment advisors and/or investment custodian.

The TSU Foundation purchased the following hedge funds for the purpose of diversifying the investment portfolio against volatility in the market. The fund values are as of June 30, 2024.

Radcliffe International Ultra Short Duration Select Fund	1,950,296.54
Taconic Offshore	1,569,618.86
Varadero International LTD	1,390,303.00

Mackay Municipal Capital Trading	528,840.35
NB Insurance-Linked Strategies	719,598.19
Victory Market NTRL Inc	1,349,459.21
Base10 Advancement Initiative , LP	94,373.00
Hudson Bay International Fund Ltd	1,600,385.01

#### InvenTrust Properties

The value of shares for the InvenTrust Properties is estimated to be \$24.58 per share (ignoring purchase price discounts for categories of purchasers). The estimated value may not reflect the actual market value for these shares on any given date. The fund was valued at \$580,727.08, as of June 30, 2024.

#### Highlands REIT Inc.

The value of shares for Highlands REIT Inc. is estimated to be \$0.32 per share (ignoring purchase price discounts for categories of purchasers). The estimated value may not reflect the actual market value for these shares on any given date. The fund was valued at \$75,599.13, as of June 30, 2024.

#### Xenia Hotels & Resorts

The value of shares held for Xenia Hotels and Resorts, Inc. is estimated to be \$14.10 per share. The estimated value may not reflect the actual market value for these shares on any given date. The fund was valued at \$72,361.20, as of June 30, 2024.

The TTU Foundation's alternative marketable investment fund and alternative mutual fund investments were valued at the net asset values as determined by the portfolio managers. All funds are issued audited financial statements on a calendar year basis or June 30 fiscal year end depending on the fund. To determine the fair value of the private equity, natural resources, private real estate funds, secondary funds, and environmental sustainability funds those audited fair values are used as a beginning point, valuations are adjusted for net capital activity and marketplace considerations to ascertain the reasonableness of estimated fair values provided by the portfolio managers.

The UOM Foundation estimates fair value using valuation techniques and assumptions chosen by the Foundation's investment managers. The following is a description of the valuation methodologies used for investments measured at fair value.

Mutual funds: Valued at the daily closing price reported on the active market on which securities are traded.

U.S. government securities: Valued at quoted prices from less active markets and/or quoted prices of securities with similar characteristics.

Limited partnership: Valued using the NAV or capital balances as a practical expedient to determine the fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The CHSCC Foundation estimates the fund's fair value by using the monthly account statements prepared by the fund's third-party accounting administrator.

The COSCC Foundation estimates the fair value of the stock at June 30, 2024, based on the value published by OTC Markets as of June 30, 2024.

The PSCC Foundation estimates the fair value using various valuation techniques and are recorded at net asset value per unit as reported by the Foundation's Investment Managers.

The WSCC Foundation estimates the fair value for the private equity fund based on various valuation techniques performed by the fund manager.

**Pledges Receivable (All Foundations)** - Pledges receivable are summarized below net of the allowance for doubtful accounts:

	June 30, 2024
Current pledges	\$ 27,897,911.70
Pledges due in one to five years	40,093,433.57
Pledges due after five years	24,226,918.54
Subtotal	92,218,263.81
Less discounts to net present value	(8,598,297.32)
Total pledges receivable, net	\$ 83,619,966.49

**Liquidity and Availability (FASB Foundations)** – Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of net position date, comprise the following:

	June 30, 2024
Cash and cash equivalents	13,374,471.45
Operating investments	6,092,584.68
Promises to give	197,819.57
Endowment spending rate distributions and appropriations	4,606,684.00
Other	367,781.42
Total	24,639,341.12

The foundations' endowment funds consist of donor-restricted endowments and quasi-endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. The quasi-endowments have spending rates of 0.0% to 7.5%. \$7,131,626.96 from the quasi-endowment will be available within the next 12 months.

The foundations do not have liquidity management plans.

**Capital Assets (FASB Foundations)** - Capital assets at year-end were as follows:

	June 30, 2024
Land	\$ 5,700,087.94
Improvements & infrastructure	1,009,439.46
Buildings	22,273,694.38
Equipment	320,523.59
Art & historical collections	875,305.00
Total	30,179,050.37
Less accumulated depreciation:	
Improvements & infrastructure	930,719.43
Buildings	9,479,009.39
Equipment	284,426.31
Total accumulated depreciation	10,694,155.13
Capital assets, net	\$ 19,484,895.24



**Capital Assets (GASB Foundations)** - Capital asset activity for the year ended June 30, 2024, was as follows:

	Beg Balance	Additions	Transfers	Reductions	End Balance
Land	\$ 13,870,739.38	\$ 1,229,717.51		\$ (425,900.47)	\$ 14,674,556.42
Infrastructure	918,661.29	306,422.00	171,839.14		1,396,922.43
Leasehold improvements	1,656,460.55	192,400.00			1,848,860.55
Buildings	11,375,838.06	100,700.14		(146,850.00)	11,329,688.20
Equipment	5,679,464.52	394,836.10		(320,197.43)	5,754,103.19
Intangible assets	1,094,262.25	45,348.00	-	(106,811.00)	1,032,799.25
Art & historical collections	6,110,942.34	137,500.00			6,248,442.34
Projects in progress	4,041,295.45	33,026.42	(171,839.14)	(117,500.00)	3,784,982.73
Right-to-use assets - buildings	7,402,176.42	54,681.00		(355,202.16)	7,101,655.26
Right-to-use assets - equipment	929,621.66	268,569.60			1,198,191.26
SBITA - software	3,753,896.05	-			3,753,896.05
Total	56,833,357.97	2,763,200.77		(1,472,461.06)	58,124,097.68
Less accumulated depreciation:					
Infrastructure	301,010.99	63,767.16			364,778.15
Leasehold improvements	1,050,861.91	129,963.80			1,180,825.71
Buildings	2,178,500.50	493,550.29		(85,348.78)	2,586,702.01
Equipment	4,578,530.99	361,940.70		(196,808.58)	4,743,663.11
Intangible assets	494,791.25	37,318.00		(43,773.00)	488,336.25
RTU assets - buildings	810,838.03	484,235.08		-	1,295,073.11
RTU assets - equipment	579,636.94	258,835.22		-	838,472.16
SBITA - software	1,483,864.46	1,483,864.44			2,967,728.90
Total accumulated depreciation	11,478,035.07	3,313,474.69		(325,930.36)	14,465,579.40
Capital assets, net	\$ 45,355,322.90	\$ (550,273.92)		\$ (1,146,530.70)	\$ 43,658,518.28

**Leases (GASB Foundations)**

Component Unit as Lessor

Lease receivables are reported with accounts, notes, and grants receivable in the Statement of Net Position.

The foundations lease building and office space to various third parties, the terms of which expire in various years through 2053. Some lease agreements include payments that increase annually based upon agreements between the management company and the tenants. Some leases were measured based upon present value, discounted using the rate implicit in the lease, at commencement. One foundation leases building space to third parties where the lease payments are based on usage. The usage-based payments are not included in the measurement of the lease receivable because they are not fixed in substance.

Revenue recognized under lease contracts during the year ended June 30, 2024, was \$675,042.90, which includes both lease revenue and interest. The foundations recognized lease revenue of \$171,087.06 for the year ended June 30, 2024, for variable payments, residual value guarantees, and/or termination penalties not previously included in the measurement of the lease receivable.

#### Component Unit as Lessee

Lease assets are reported with capital assets and lease liabilities are reported separately in the Statement of Net Position.

The foundations lease equipment, building space, facilities, and office space from various third parties, the terms of which expire in various years through 2030. Variable payments of certain leases are based upon the pro-rata portion of insurance policy premiums, taxes, utilities, and common area maintenance or usage. Variable payments are not included in the lease liability because they are not fixed in substance.

During the year ended June 30, 2024, the foundations recognized \$60,564.86 of rental expense for variable payments, residual value guarantees and/or termination penalties not previously included in the measurement of the lease liability.

Lease liability activity for the foundation includes both leases with external parties and leases with the System. Lease liability activity for the foundation for the year ended June 30, 2024 is summarized as follows:

	Beg Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
Gross lease liabilities	\$ 5,403,480.96	268,156.63	-	(931,651.85)	\$ 4,739,985.74	\$ 717,157.12
Less: Amts due to primary govt					(1,206,598.00)	(194,619.00)
Lease liabilities with external parties					3,533,387.74	522,538.12

The following is a schedule by year of payments under the leases as of June 30, 2024:

For the Year(s) Ended June 30	Principal	Interest	Total
2025	\$ 717,157.12	\$ 129,808.92	\$ 846,966.04
2026	619,298.46	107,455.78	726,754.24
2027	598,705.33	87,971.83	686,677.16
2028	2,427,316.78	53,240.74	2,480,557.52
2029	278,290.05	9,546.95	287,837.00
2030-2034	99,218.00	723.00	99,941.00
<b>Total</b>	<b>\$ 4,739,985.74</b>	<b>\$ 388,747.22</b>	<b>\$ 5,128,732.96</b>

**Subscription-based Information Technology Arrangements (GASB Foundations)**

SBITA assets are reported with capital assets and SBITA liabilities are reported separately in the Statement of Net Position.

The foundations have entered into subscription-based arrangements for various types of software, the terms of which expire in various years through 2025. Variable payments of certain SBITAs are based upon billing information and number of seats. Variable payments are not included in the SBITA liability because they are not fixed in substance.

During the year ended June 30, 2024, the foundations recognized \$273,713.90 of operating expense for variable payments, other payments, and/or termination penalties not previously included in the measurement of the subscription liability.

SBITA liability activity for the foundation for the year ended June 30, 2024 is summarized as follows:

	Beg Balance	Additions	Remeasurements	Reductions	Ending Balance	Current Portion
SBITA liabilities	\$ 2,152,521.40	\$ -	\$ -	\$ (1,417,618.32)	\$ 734,903.08	\$ 734,903.08

The following is a schedule by year of payments under the subscription arrangements as of June 30, 2024:

For the Year(s) Ended June 30	Principal	Interest	Total
2025	734,903.08	9,595.59	\$ 744,498.67
<b>Total</b>	<b>\$ 734,903.08</b>	<b>\$ 9,595.59</b>	<b>\$ 744,498.67</b>

**Long-term liabilities (FASB Foundations)** - Long term liabilities at year-end consisted of the following:

	Ending Balance	Current Portion
Loans Payable	\$ 6,801,788.00	\$ 1,857,147.00
Other	3,382.38	1,350.00
Total	\$ 6,805,170.38	\$ 1,858,497.00

#### Loans Payable

The UOM Auxiliary Services Foundation borrowed funds from First Bank to provide financial support to the university's athletic program due to short-term financial shortfalls specific to the athletic revenues impacted by COVID 19. The loan bears an interest rate of 2.85%, has a principal amount of \$12,000,000, a minimum debt service of \$474,262 and a due date of December 10, 2027. The balance owed was \$6,801,788.00 at June 30, 2024.

Debt service requirements to maturity for all loans payable at June 30, 2024, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2025	\$ 1,857,147.00	\$ 185,524.00	\$ 2,042,671.00
2026	1,913,492.00	136,221.00	2,049,713.00
2027	3,031,149.00	108,773.00	3,139,922.00
Total	\$ 6,801,788.00	\$ 430,518.00	\$ 7,232,306.00

**Long-term liabilities (GASB Foundations)** - Long term liability activity for the year ended June 30, 2024, was as follows:

	Balance	Additions	Reductions	Balance	Current
Notes payable	\$ 3,709,211.34	\$ -	\$ (268,838.80)	\$ 3,440,372.54	\$ 271,355.98
Loans payable	57,106.00	-	(36,072.00)	21,034.00	21,034.00
Subtotal	3,766,317.34	-	(304,910.80)	3,461,406.54	292,389.98
Compensated absences	616,661.45	67,494.55	-	684,156.00	136,831.00
Total	\$ 4,382,978.79	\$ 67,494.55	\$ (304,910.80)	\$ 4,145,562.54	\$ 429,220.98

#### Notes Payable

The East Tennessee State University Foundation borrowed funds to purchase the University Plaza property. The note bears an annually adjusted interest rate of 1.75% of the prime rate (not to exceed 1.75%), a minimum annual debt service of \$200,000.00, and a due date of December 6, 2041. The balance owed by the Foundation was \$3,065,372.54 at June 30, 2024.

The TTU Foundation borrowed funds in fiscal years 2017, 2019, and 2021 for the real estate building held for investment to improve space occupied by SAIC. As of June 30, 2024, the total usable credit available to the foundation from the note was \$0.00. The note bears an annually adjusted interest rate of 1.25% fixed for the first five years beginning June 2017. At the end of five years, the interest rate will convert to an annual rate equal to the WSJ Prime less 2.5% but not less than 1.25% annually, adjusted monthly. Principal payments of \$125,000.00 began January 2020 and are due each January until maturity in January 2027. The balance owed was \$375,000.00 at June 30, 2024.

The foundation's outstanding note of \$500,000.00 contains a provision that in the event of default, the lender may declare all indebtedness under the note immediately due. Outstanding amounts may be declared by the lender immediately due if the foundation is unable to make payments on time or in the amount due. The foundation's outstanding note from direct borrowings is secured with collateral of assignment of leases and rents and security interest in real estate.

Debt service requirements to maturity for all notes payable at June 30, 2024, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2025	\$ 271,355.98	\$ 72,394.02	\$ 343,750.00
2026	273,917.21	62,332.79	336,250.00
2027	276,523.26	52,226.74	328,750.00
2029	156,872.98	43,127.02	200,000.00
2030-2034	826,517.60	173,482.40	1,000,000.00
2035-2039	901,413.79	98,586.21	1,000,000.00
2039-2043	579,596.80	20,403.19	599,999.99
<b>Total</b>	<b>\$ 3,440,372.54</b>	<b>\$ 568,377.45</b>	<b>\$ 4,008,749.99</b>

#### Loans Payable

The UOM Research Foundation borrowed funds from Steelcase Financial Services, Inc. to purchase operating equipment. This loan bears a 1% interest rate, has a principal amount of \$76,664, a minimum debt service of \$2,113, and a due date of April 1, 2025. The balance owed was \$21,034.00 at June 30, 2024.

Debt service requirements to maturity for all loans payable at June 30, 2024, are as follows:

For the Year(s) Ending June 30	Principal	Interest	Total
2025	\$ 21,034.00	\$ 97.00	\$ 21,131.00
<b>Total</b>	<b>\$ 21,034.00</b>	<b>\$ 97.00</b>	<b>\$ 21,131.00</b>

**Endowments (FASB Foundations)** - The foundations' endowments consist of approximately 2,636 individual funds established for a variety of purposes. Their endowments include both donor-restricted endowment funds and funds designated by the Boards of Trustees to function as endowments. As required by GAAP, net position associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law.** The foundations are subject to the Uniform Prudent Management of Institutional Funds Act (the Act) as adopted by Tennessee, and thus, classify amounts in their donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the foundations' Boards appropriate such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The foundations' Boards have developed various interpretations of the Act. As a result of these interpretation, when reviewing its donor-restricted endowment funds, the foundations consider a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The foundations have interpreted the Act to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with the Act, the foundations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Composition of Endowment by Net Position Class			
As of June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 11,718,336.22	\$ 215,202,078.59	\$ 226,920,414.81
Donor-restricted endowment funds:		8,609,659.80	8,609,659.80
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor		149,182,735.90	149,182,735.90
Accumulated investment gains		66,835,169.14	66,835,169.14
Term endowment		3,048,969.16	3,048,969.16
Total funds	\$ 11,718,336.22	\$ 442,878,612.59	\$ 454,596,948.81

Changes in Endowment Net Position As of June 30, 2024			
	Without Donor Restrictions	With Donor Restrictions	Total
Investment return, net	2,626,326.43	46,975,598.11	49,601,924.54
Contributions	205,353.82	14,624,224.93	14,829,578.75
Appropriation of assets for expenditure	(958,023.81)	(10,936,269.28)	(11,894,293.09)
Other changes:			
Transfers	356,941.93	7,285,532.81	7,642,474.74
Others	(8,169.99)	(882,228.93)	(890,398.92)
Endowment net position, end of year	\$ 11,718,336.22	\$ 442,878,612.59	\$ 454,596,948.81

Underwater Endowment Funds. From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Act requires the foundations to retain as a fund of perpetual duration. Deficiencies of this nature exist in 37 donor-restricted endowment funds, which together have an original gift value of \$6,442,745.16, a current fair value of \$5,682,681.32, and a deficiency of (\$760,063.84) as of June 30, 2024. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the foundations' Boards.

Return Objectives and Risk Parameters. The foundations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by their endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organizations must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Boards of Trustees, the endowment assets are invested in a manner that is intended to meet the various return objectives. The foundations expect their endowment funds, over time, to provide an average rate of return of approximately 0.0% to 10.0% percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives. To satisfy their long-term rate-of-return objectives, the foundations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The foundations target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve their long-term return objectives within prudent risk restraints.

Spending Policy and How the Investment Objectives Relate. The foundations have policies of appropriating for distribution each year various amounts. In establishing these policies, the foundations considered the long-term expected return on their endowments. Accordingly, over the long-term, the foundations expect the current spending policy to allow their endowments to grow at an average of 1% to 8% annually. The foundations have policies that permit spending from underwater endowment funds depending on the degree to which the funds are underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The governing boards appropriated for expenditure \$151,353.00 from underwater endowment funds during the year, which represents 2% of the 12-quarter moving average, not the 4% they generally draw from endowment.

**Endowments (GASB foundations)** - If a donor has not provided specific instructions to the foundations, the foundations' policies and procedures permit the foundations to authorize for expenditure the net appreciation (realized and unrealized) of the investments of endowment funds. When administering their power to spend net appreciation, the foundations are required to consider their long-term and short-term needs, present and anticipated financial requirements, expected total return on its investments, price-level trends, and general economic conditions. Any net appreciation that is spent is required to be spent for the purposes for which the endowment was established.

While some foundations spend all investment income, others choose to spend only a portion of the investment income (including changes in the value of investments) each year. Under the various spending plans established by each foundation, different percentages and/or amounts have been authorized for expenditure. At June 30, 2024, net appreciation of \$42,234,532.07 is available to be spent, of which \$31,497,510.65 is included in restricted net position expendable for scholarships and fellowships, \$199,953.66 is included in restricted net position expendable for research, \$3,823,285.33 is included in restricted net position expendable for instructional departmental uses, \$6,178,324.95 is included in restricted net position expendable for other and \$535,457.48 is included in unrestricted net position.

**Revenues (all foundations)** - A summary of adjustments and allowances by revenue classification is presented as follows:

Revenue Source	Gross Revenue	Less Uncollectible Debts	Net Revenue
Operating revenues:			
Gifts	\$ 74,457,536.95	\$ (16,453.50)	\$ 74,441,083.45
Sales & services - other activity	9,274,694.41	\$ (3,112,545.58)	6,162,148.83
Total	\$ 83,732,231.36	\$ (3,128,999.08)	\$ 80,603,232.28

**Natural Classifications with Functional Classifications (FASB foundations)**

The foundation's operating expenses by functional classification for the year ended June 30, 2024, are as follows:

Functional Classification	Natural Classification						
	Salaries	Benefits	Other Operating	Scholarship	Depreciation	To Institution	Total
Program services	\$ 888,032.13	\$ 318,638.06	\$ 5,451,529.79	\$ 8,082,363.32	\$ 339,542.29		\$ 15,080,105.59
Support activities	4,778,663.49	1,700,876.77	6,433,312.50	9,474,116.00	56,838.02		22,443,806.78
Payments To Institutions						28,058,536.68	28,058,536.68
Total Expenses	\$ 5,666,695.62	\$ 2,019,514.83	\$ 11,884,842.29	\$17,556,479.32	\$ 396,380.31	\$ 28,058,536.68	\$ 65,582,449.05

The foundations' financial statements report certain categories of expenses that are attributed to more than one program or supporting function. These type expenses have been allocated on a reasonable basis that has been consistently applied.

**Support from University/College** – During fiscal year 2024, the System paid certain payroll costs amounting to \$7,216,097.00 for System personnel who also performed services supporting the foundation. Additionally, the System paid certain other operating costs amounting to \$1,539,624.48 supporting the foundation.



These support costs paid by the System are reflected in the statement of revenues, expenses, and changes in net position as University/College Support, with a like amount included in expenses. The System provides office space and the use of certain common facilities and services to the foundation at no cost. These costs have not been recorded as University/College Support at some of the System's foundations because they are not considered to be significant to the operations of those foundations.

#### **Adjustments for Accounting Changes and Error Corrections**

During fiscal year 2024, Austin Peay State University discovered that during fiscal year 2023 certain endowments should have been reported as foundation assets instead of university assets. This error resulted in the understatement of foundation investments and investment income of \$943,425.77. Additionally, Tennessee State University discovered an error in the prior year calculation of investments that resulted in the understatement of investments and investment income of \$229,340.52. Immaterial other error corrections across the System's component units totaling \$48,742.63 were made to various accounts. The net effect of correcting these errors is shown in the table below.

During fiscal year 2024, error corrections resulted in a restatement of beginning net position as follows:

	June 30, 2023 as previously reported	Change in Accounting Principle	Change in Reporting Entity	Error Correction	June 30, 2023 as restated
Net position	1,055,320,853.07			1,124,023.66	1,056,444,876.73

#### **Blended Component Unit – TTU Foundation**

Tech Farms, LLC was established in December 2015 in anticipation of a future real estate gift. The sole member of the limited liability company is the Tennessee Technological University Foundation. The farm, now known as Tech Farms, was donated on March 6, 2017. The purpose of the limited liability company is to own, manage, and operate agricultural resources. The farm will also be used by Tennessee Technological University for research, teaching, and outreach programs. Although it is legally separate from the foundation, it is reported in the foundation's financial statements as a blended component unit. The exclusion of the limited liability company from the foundation's reporting entity would render the foundation's financial statements incomplete. The assets, liabilities, revenues, and expenses of the limited liability company are included in the foundation's Statement of Net Position and Statement of Revenues, Expenditures, and Changes in Net Position. Upon dissolution of the limited liability company, the assets shall be distributed to the foundation.

The following is a condensed Statement of Net Position, Condensed Statement of Revenues, Expenses, and Changes in Net Position, and a Condensed Statement of Cash Flows showing assets, liabilities, revenues, and expenses that are reported as a blended component unit of the foundation.

**Tech Farms, LLC**  
**Condensed Statement of Net Position**  
**For the Year Ended June 30, 2024**

**ASSETS**

Current assets:	
Cash and cash equivalents	488,050.48
Accounts, notes, and grants receivable (net)	
Total current assets	\$ 488,050.48
Noncurrent assets:	
Capital assets (net)	7,502,821.36
Total noncurrent assets	7,502,821.36
Total assets	\$ 7,990,871.84

**LIABILITIES**

Current liabilities:	-
Total current liabilities	-
Noncurrent liabilities:	-
Total liabilities	-

**NET POSITION**

Net investment in capital assets	\$ 7,502,821.36
Restricted for expendable:	
Other	488,050.48
Total net position	\$ 7,990,871.84

**Tech Farms LLC**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Year Ended June 30, 2024**

Operating revenues	
Sales and services of other activities	\$ 501,295.58
Operating expenses	
Utilities, supplies, and other services	(25,739.66)
Benefits	(234.19)
Depreciation	(32,153.99)
Payments to TTU	<u>(212,000.00)</u>
Operating income	231,167.74
Other non-operating revenues/(expenses)	<u>88,611.15</u>
Net nonoperating revenues	<u>88,611.15</u>
Income before other revenues, expenses, gains, or losses	<u>319,778.89</u>
Total other revenues	<u>-</u>
Increase in net position	<u>319,778.89</u>
Net position - beginning of year	<u>7,671,092.95</u>
Net position - end of year	<u><u>\$ 7,990,871.84</u></u>

**Tech Farms LLC**  
**Condensed Statement of Cash Flows**  
**for the Year Ended June 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Payments to suppliers and vendors	\$ (57,246.09)
Payments to employees	(2,661.69)
Payments for benefits	(701.88)
Other receipts (payments)	508,955.66
Net cash used by operating activities	<u>\$ 448,346.00</u>

Net increase in cash and cash equivalents	448,346.00
Cash and cash equivalents - beginning of year	39,704.48
Cash and cash equivalents - end of year	<u>\$ 488,050.48</u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
USED BY OPERATING ACTIVITIES**

Operating income	\$ 231,167.74
Adjustments to reconcile operating loss to net cash used by operating activities:	
Noncash operating expenses	244,153.99
Change in assets, liabilities, and deferrals:	
Accounts payable	(32,796.35)
Accrued liabilities	(3,129.38)
Receivables	8,950.00
Net cash used by operating activities	<u>\$ 448,346.00</u>

**Blended Component Unit – UOM Research Foundation**

UMRF Ventures, Inc. is a wholly-owned subsidiary of the UOM Research Foundation that was incorporated in 2017 and commenced business operations on July 1, 2017. Its mission is to create viable part-time employment for students of the University that provides relevant job experience and potential pathways to future full-time employment. Although it is legally separate from the Research Foundation, it is reported in the Research Foundation's financial statement as a blended component unit. The exclusion of the wholly-owned subsidiary from the UOM Research Foundation's reporting entity would render its financial statements incomplete. The assets, liabilities, revenues, and expenses of UMRV Ventures, Inc. are included in the Research Foundation's statement of net position and statement of revenues, expenditures, and changes in net position. Upon dissolution of the wholly-owned subsidiary, the assets shall be distributed to the Research Foundation.

The following is a condensed statement of net position; condensed statement of revenues, expenses, and changes in net position; and condensed statement of cash flows showing assets, liabilities, revenues, and expenses that are reported as blended component unit of the Research Foundation.

**UMRF Ventures, Inc.**  
**Condensed Statement of Net Position**  
**June 30, 2024**

**Assets:**

Current assets	\$ 1,758,83
Capital assets, net	1,226,92
Other assets	204,66
<b>Total Assets</b>	<b>3,190,42</b>

**Liabilities:**

Current liabilities	756,15
Noncurrent liabilities	1,260,57
<b>Total Liabilities</b>	<b>2,016,72</b>

**Net Position:**

Net investment in capital assets	(14,103)
Unrestricted	1,187,80
<b>Total Net Position</b>	<b>\$ 1,173,69</b>

**UMRF Ventures, Inc.**  
**Condensed Statement of Revenues, Expenses, and Changes in Net Position**  
**June 30, 2024**

Operating revenues	\$ 4,862,489
Operating expenses	(4,668,828)
Operating income	193,661
Income before other revenues, expenses, gains or losses	193,661
Other revenues, expenses, gains or losses	(355,086)
Increase in net position	(161,425)
Net position, beginning of year	1,335,124
Net position, end of year	\$ 1,173,699

**UMRF Ventures, Inc.**  
**Condensed Statement of Cash Flows**  
**June 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Grants and contracts	\$ 5,316,864
Payments to suppliers and vendors	(245,093)
Payments to employees	(3,942,256)
Payments to the University of Memphis	(2,247)
Other receipts (payments)	(12,974)
Net cash used by operating activities	<u>1,114,294</u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Principal paid on noncapital debt	(96,695)
Interest paid on noncapital	(66,535)
Other non-capital financing receipts (payments)	(80,000)
Net cash provided by non-capital financing activities	<u>(243,230)</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of capital assets and construction	(30,099)
Principal paid on capital debt and lease	(268,420)
Net cash used for capital and related financing activities	<u>(298,519)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from sales and maturities of investments	
Purchase of investments	(200,000)
Net cash used for investing activities	<u>(200,000)</u>

Net increase (decrease) in cash and cash equivalents	372,545
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Cash and cash equivalents - beginning of year	850,845
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Cash and cash equivalents - end of year	<u>\$ 1,223,390</u>
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**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of System's Proportionate Share of the Net Pension Liability/(Asset)**  
**Closed State and Higher Education Employee Pension Plan Within TCRS**  
Fiscal Year Ending June 30

	System's proportion of the net pension liability	System's proportionate share of the net pension liability	System's covered- employee payroll	System's proportionate share of the net pension liability as a percentage of it's covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	15.71%	\$ 173,452,617.64	\$ 334,697,984.42	51.82%	94.48%
2022	16.28%	\$ 193,967,224.08	\$ 339,760,354.19	57.09%	93.80%
2021	16.70%	\$ (102,203,246.03)	\$ 352,362,238.07	-29.01%	103.30%
2020	16.68%	\$ 273,272,979.73	\$ 369,205,541.82	74.02%	90.58%
2019	16.79%	\$ 236,874,310.76	\$ 378,368,807.48	62.60%	91.67%
2018	19.74%	\$ 273,353,582.02	\$ 391,479,512.02	69.83%	90.26%
2017	17.08%	\$ 299,861,721.93	\$ 401,889,132.23	74.61%	88.88%
2016	16.99%	\$ 310,602,315.84	\$ 415,293,503.04	74.79%	87.96%
2015	16.30%	\$ 211,048,987.86	\$ 427,927,871.10	49.32%	91.26%
2014	16.08%	\$ 111,720,453.00	\$ 442,014,149.94	25.28%	95.11%



**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of System's Proportionate Share of the Net Pension Liability/(Asset)**  
**State and Higher Education Employee Retirement Plan Within TCRS**  
Fiscal Year Ending June 30

	System's proportion of the net pension liability	System's proportionate share of the net pension liability	System's covered- employee payroll	System's proportionate share of the net pension liability as a percentage of it's covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2023	17.71%	\$ (1,275,673.60)	\$ 323,547,317.83	-0.39%	101.03%
2022	18.25%	\$ (4,550,422.65)	\$ 266,310,433.73	-1.71%	104.81%
2021	17.83%	\$ (15,108,545.41)	\$ 224,933,113.61	-6.72%	121.71%
2020	17.42%	\$ (6,134,530.99)	\$ 199,229,238.49	-3.08%	112.90%
2019	17.29%	\$ (7,186,235.91)	\$ 163,671,685.54	-4.39%	122.36%
2018	17.06%	\$ (6,579,830.13)	\$ 126,967,130.44	-5.18%	132.39%
2017	17.87%	\$ (3,414,793.38)	\$ 88,028,676.83	-3.88%	131.51%
2016	17.16%	\$ (1,445,043.49)	\$ 53,044,211.01	-2.72%	130.56%
2015	16.56%	\$ (460,490.27)	\$ 18,058,420.16	-2.55%	142.55%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of System's Contributions**  
**Closed State and Higher Education Employee Pension Plan within TCRS**  
**Fiscal Year Ended June 30**

	Contractually Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2024	\$ 73,467,299.92	\$ 119,690,913.54	\$ (46,223,613.62)	\$ 334,474,841.44	35.78%
2023	\$ 73,138,939.43	\$ 126,922,505.14	\$ (53,783,565.71)	\$ 334,802,143.50	37.91%
2022	\$ 70,823,298.27	\$ 109,109,158.88	\$ (38,285,860.61)	\$ 339,754,957.78	32.11%
2021	\$ 71,343,203.83	\$ 71,343,203.83	\$ -	\$ 352,397,423.90	20.25%
2020	\$ 72,594,817.68	\$ 72,594,817.68	\$ -	\$ 369,392,862.64	19.65%
2019	\$ 72,725,281.80	\$ 72,723,833.80	\$ 1,448.00	\$ 378,355,894.56	19.22%
2018	\$ 73,932,535.74	\$ 73,932,081.74	\$ 454.00	\$ 391,667,045.39	18.88%
2017	\$ 60,207,854.91	\$ 60,207,854.91	\$ -	\$ 401,398,099.25	15.00%
2016	\$ 62,375,640.78	\$ 62,518,847.37	\$ (143,206.59)	\$ 416,047,470.80	15.03%
2015	\$ 64,138,126.13	\$ 64,301,027.57	\$ (162,901.44)	\$ 428,172,051.68	15.02%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of System's Contributions**  
**State and Higher Education Employee Retirement Plan within TCRS**  
**Fiscal Year Ended June 30**

	Contractually Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2024	\$ 10,085,577.73	\$ 10,085,577.73	\$ -	\$ 389,636,419.15	2.59%
2023	\$ 7,992,591.33	\$ 7,992,591.33	\$ -	\$ 325,788,228.36	2.45%
2022	\$ 5,047,785.48	\$ 5,047,785.48	\$ -	\$ 266,305,139.46	1.90%
2021	\$ 4,119,191.47	\$ 4,119,191.47	\$ -	\$ 224,998,535.65	1.83%
2020	\$ 3,695,731.83	\$ 3,695,736.83	\$ (5.00)	\$ 200,080,213.64	1.85%
2019	\$ 2,842,711.25	\$ 2,842,711.25	\$ -	\$ 162,477,043.32	1.75%
2018	\$ 4,441,388.81	\$ 4,875,437.16	\$ (434,048.35)	\$ 124,745,146.75	3.91%
2017	\$ 3,381,300.29	\$ 3,393,275.29	\$ (11,975.00)	\$ 88,261,650.16	3.84%
2016	\$ 1,994,149.14	\$ 1,997,385.84	\$ (3,236.70)	\$ 53,453,334.19	3.74%
2015	\$ 668,555.94	\$ 706,789.03	\$ (38,233.09)	\$ 18,165,068.01	3.89%

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the Systems Proportionate Share of the Collective Total OPEB Liability**  
**Closed State Employee Group OPEB Plan**  
**Fiscal Year Ended June 30**

	System's proportion of the collective total OPEB liability	System's proportionate share of the collective total OPEB liability	System's covered payroll	System's proportionate share of the collective total OPEB liability as a percentage of it's covered payroll	OPEB plans fiduciary net position as a percentage of the total OPEB liability
2024	16.87%	\$ 67,306,337.38	\$ 502,009,859.02	13.41%	68.40%
2023	16.79%	\$ 119,067,658.89	\$ 521,437,394.18	22.83%	39.00%
2022	16.64%	\$ 118,695,948.15	\$ 544,605,571.97	21.79%	39.00%
2021	16.18%	\$ 135,486,315.31	\$ 599,282,079.77	22.61%	25.20%
2020	15.98%	\$ 181,806,886.05	\$ 629,303,718.40	28.89%	18.30%
2019	16.65%	\$ 230,717,791.02	\$ 686,107,716.72	33.63%	0.00%
2018	15.65%	\$ 210,339,361.74	\$ 689,491,217.71	30.51%	0.00%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of the Systems Proportionate Share of the Collective Total OPEB Liability**  
**Closed Tennessee Plan**  
**Fiscal Year Ended June 30**

	System's proportion of the collective total OPEB liability	Primary government's proportionate share of the collective total OPEB liability	System's covered payroll	Primary government's share of the collective total OPEB liability related to institution as a percentage of covered-employee payroll
2024	0.00000%	\$ 32,399,942.61	\$ 622,155,158.04	0.00%
2023	0.00000%	\$ 30,904,588.00	\$ 648,034,626.42	0.00%
2022	0.00000%	\$ 36,361,202.00	\$ 659,097,988.71	0.00%
2021	0.00000%	\$ 41,801,937.00	\$ 724,364,147.05	0.00%
2020	0.00000%	\$ 35,261,156.00	\$ 748,073,601.25	0.00%
2019	0.00000%	\$ 35,578,437.00	\$ 750,812,777.04	0.00%
2018	0.00000%	\$ 43,006,790.00	\$ 774,078,784.97	0.00%

- (1) There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.
- (2) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.
- (3) The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

**REQUIRED SUPPLEMENTARY INFORMATION**  
**Schedule of System's Contributions**  
**Closed State Employee Group OPEB Plan**  
**Fiscal Year Ended June 30**

	Contractually Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered-employee Payroll	Contributions as a Percentage of Covered-employee Payroll
2024	\$ 20,940,757.06	\$ 20,940,757.06	\$ -	\$ 532,270,663.64	3.93%
2023	\$ 21,741,721.55	\$ 21,741,721.55	\$ -	\$ 509,581,870.23	4.27%
2022	\$ 23,355,482.08	\$ 23,355,207.08	\$ 275.00	\$ 542,666,997.82	4.30%
2021	\$ 25,645,696.46	\$ 25,645,696.46	\$ -	\$ 564,984,326.89	4.54%
2020	\$ 25,269,762.92	\$ 25,269,762.92	\$ -	\$ 612,517,180.50	4.13%
2019	\$ 22,941,383.00	\$ 20,584,755.85	\$ 2,356,627.15	\$ 645,683,529.69	3.19%

(1) This is a ten year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until ten years of information is available.

**TENNESSEE BOARD OF REGENTS**  
**Supplementary Information**  
**Unaudited Statement of Cash Flows - Component Units**  
**For the Year Ended June 30, 2024**

**Cash flows from operating activities:**

Gifts and contributions, including \$576,400.00 from MEAC to ETSU Foundation	\$ 65,166,890.01
Grants and contracts	6,723,764.00
Sales and services of educational activities	6,025.00
Sales and services of other activities	6,186,803.39
Collection from patient charges	59,035,911.85
Payments to suppliers and vendors	(42,987,989.99)
Payments to employees	(46,604,914.57)
Payments for benefits	(4,724,982.21)
Payments for scholarships and fellowships	(19,540,111.84)
Payments to university/college/technology center	(40,719,832.62)
Auxiliaries	12,324.99
Other receipts (payments)	4,911,864.78
Net cash flows provided (used) by operating activities	<u>(12,540,184.21)</u>

**Cash flows from non-capital financing activities:**

Gifts and grants received for other than capital or endowment purposes	1,842,616.95
Private gifts for endowment purposes	23,510,549.38
Principal paid on noncapital debt	(1,899,157.00)
Interest paid on noncapital debt	(72,847.00)
Other non-capital financing receipts (payments), includes \$3,147,187.70 to ETSU from ETSU Foundation or MEAC	1,301,815.44
Net cash flows provided (used) by non-capital financing activities	<u>24,682,977.77</u>

**Cash flows from capital and related financing activities:**

Capital grants and gifts received	5,559,941.97
Proceeds from sale of capital assets	1,692,575.83
Purchase of capital assets and construction	(3,539,826.54)
Principal paid on capital debt and lease	(1,170,723.55)
Interest paid on capital debt and lease	(165,432.90)
Other capital and related financing receipts (payments)	(1,235,331.54)
Net cash flows provided (used) by capital and related financing activities	<u>1,141,203.27</u>

**TENNESSEE BOARD OF REGENTS**  
**Supplementary Information**  
**Unaudited Statement of Cash Flows - Component Units**  
**For the Year Ended June 30, 2024**

**Cash flows from investing activities:**

Proceeds from sales and maturities of investments	166,806,233.60
Income on investments	13,778,697.13
Purchase of investments	(183,441,853.76)
Other investing receipts (payments)	187,956.74
Net cash provided (used) by investing activities	<u>(2,668,966.29)</u>
Net increase (decrease) in cash and cash equivalents	10,615,030.54
Cash and cash equivalents - beginning of year	136,585,072.88
Cash and cash equivalents - end of year (Note 27)	<u>\$ 147,200,103.42</u>

**Reconciliation of operating loss to net cash provided (used) by operating activities:**

Operating loss	\$ (15,402,262.73)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Noncash operating expenses	13,862,718.87
Other adjustments	(268,624.18)
Change in assets, liabilities, and deferrals:	
Receivables, net	(12,128,353.31)
Due from component unit/primary government	(4,880.86)
Inventories	(10,741.76)
Prepaid items	(46,536.73)
Accrued liabilities	1,300,487.77
Due to component unit/primary government	(2,316,207.54)
Unearned revenues	(237,559.15)
Deposits	(5,898.63)
Other	2,400,302.78
Net cash provided (used) by operating activities	<u>\$ (12,540,184.21)</u>

**Non-cash investing, capital, or financing transactions**

Gifts in-kind - capital	653,828.59
Unrealized gains/(losses) on investments	73,687,512.68
Gain/(loss) on disposal of capital assets	(9,258.15)
Transfer of capital asset to institution	(207,959.38)
Change in Split Interest Agreement	18,419.87

The notes to the financial statements are an integral part of this statement.



**TENNESSEE BOARD OF REGENTS**  
**Committee Meetings**  
**Thursday, June 12, 2025 – 1:00 p.m. (Eastern)**  
**Agenda**

**I. Committee on Academic Policies and Programs and Student Life**

1. Consent Agenda

- Revisions to TBR Policy 2.03.00.04, Technical College Learning Support
- Revisions to TBR Policy 3.01.01.00, Student Organizations

2. TCAT Program Approvals (*Reed*)

3. Accreditation Report (*Reed*)

4. TBR Strategic Plan Update (*Deaton*)

5. Learning Support and the TN Coaching Project (*Moreland*)

6. Dual Enrollment (*Deaton/Moreland*)

**II. Committee on Finance and Business Operations**

1. FY25 Estimated Budgets and FY26 Proposed Budgets (*Fox*)

2. Capital Budget Requests for the 2026-27 Fiscal Year (*Tracy*)

**III. Committee on Personnel and Compensation**

1. Promotions and Tenure Recommendations at the Tennessee Colleges of Applied Technology (*Reed*)

2. Promotions and Tenure Recommendations at the Community Colleges (*Reed*)

3. Faculty Promotion Increases (*Reed*)

4. Compensation Plan Revisions (*Fox*)

5. Executive Incentive Pay (*Fox*)

6. System-Wide Compensation Strategies (*Fox*)

7. Institution Increases (*Fox*)

8. Chancellor's Evaluation (*Powers*)

**IV. Committee on External Affairs**

1. Legislative Update (*McCormick/Williams*)

**V. Committee on Workforce Development**

1. 2024/2025 THEC Reporting Cycle (*McCormick/Sisk*)

2. TNWorks (*Sisk*)

- This meeting will be live-streamed and archived on the TBR website at <https://www.tbr.edu/board/june-2025-quarterly-board-meeting>.
- Persons who want to request to address the Board may follow the process authorized by [TBR Policy 1.02.12.00 – Requests to Address the Board](#).

**TENNESSEE BOARD OF REGENTS**  
**Quarterly Board Meeting**  
**Friday, June 13, 2025 – 9:30 a.m. (Eastern)**  
**Agenda**

- I. **Minutes**
  - A. February 26, 2025 Quarterly Board Meeting
  - B. March 27, 2025 Special Called Meeting of the Board
- II. **Report of Interim Action**
- III. **Report of the Committees**
  - A. Report of the Academic Policies and Programs/Student Life Committee Meeting on June 12, 2025
  - B. Report of the External Affairs Committee Meeting on June 12, 2025
  - C. Report of the Workforce Development Committee Meeting on June 12, 2025
  - D. Report of the Finance and Business Operations Committee Meeting on June 12, 2025, that includes FY25 Estimated Budgets and FY26 Proposed Budgets and the Capital Budget Request for 2026-27
  - E. Report of the Personnel and Compensation Committee Meeting on June 12, 2025, that includes Faculty Promotion Increases, System Compensation Plan Recommendations, Chancellor's evaluation, and the Report of the Special Called Meeting of the Personnel and Compensation Committee held on May 28, 2025 that includes Compensation Strategies and President Emeritus Contracts
  - F. Report of the Audit Committee Meeting on May 28, 2025.
- IV. **Report of the Chancellor**
- V. **Unfinished Business**
- VI. **New Business**
  - A. Consent Agenda
    - Revisions to TBR Policy 1.02.12.00, Requests to Address the Board
    - Revisions to TBR Policy 1.07.00.05, General Policy on Alcoholic Beverages
    - New TBR Policy 1.08.10.00, Use of Artificial Intelligence
  - B. Notice of Proposed Changes to the Bylaws
  - C. Building Naming Request from Roane State Community College
  - D. Resolution of Appreciation for President Tony Miksa
  - E. Resolution of Appreciation for Faculty Regent Ross Roberts
  - F. Resolution of Appreciation for Student Regent Cayden Keltgen
  - G. Election of the Vice Chair for 2025-2026

- *This meeting will be live-streamed and archived on the TBR website at <https://www.tbr.edu/board/june-2025-quarterly-board-meeting>.*
- *Persons who want to request to address the Board may follow the process authorized by [TBR Policy 1.02.12.00 – Requests to Address the Board](#).*