

## Report/Recommendations of the International Risk and Liability Committee: Top Priority Risks and Liabilities Associated with International Activities

Submitted on January 16, 2009 to Meredith McQuaid, Associate Vice President and Dean, Office of International Programs

### Committee Membership:

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On January 17, 2008, Subcommittee C of the International Working Group (IWG) presented their report to you that included a set of comprehensive heat maps of the risks and liabilities facing the university. In June of 2008, you established the International Risk and Liability Committee (IRLC) to identify the top 5 to 10 risks that should be addressed by the university. You clarified that the committee was not to be an implementation or enforcement group; rather it was to make recommendations for who could address these issues and give suggestions for developing policies and procedures.

We met six times between June and December 2008, along with a number of additional meetings of subgroups and email exchanges. In the January 17, 2008 IWG report, there are two heat maps listing a large number of risk areas. Table 1 addresses existing programs and Table 2 addresses new program start-ups. We chose to focus our attention on Table 1, reasoning that risks and liabilities that currently exist should be addressed first. In addition, we feel that by addressing the top priority risks of existing programs, we are laying important groundwork by addressing issues that will affect planning for new international programs.

The committee feels that by addressing high-priority risk areas in a timely manner we could create a significant competitive advantage among higher education institutions.

Many universities have set the goal of becoming more global in activities and reach, but if we establish the infrastructure to support international mobility and activity we will be ahead of the pack.

We have identified six priority areas, three of which need to be assigned to working groups. In regards to the three other areas, we are pleased to report that three university departments/committees have already stepped forward voluntarily and taken the lead in creating an action plan to address one of the issues each. This is because they view the area of identified risk to fall under their purview and agree that policies and procedures need to be established to mitigate or eliminate the risk. Indeed, the “Employment Outside the United States” working group first convened in the summer of 2008 and has already taken concrete steps in their area.

The six priority areas are as follows:

**A. Recommendations: Three Top International Risks (in order of priority)**

1. Track Travel Abroad by University Students, Faculty and Staff
2. Expand Education/Resources on Cultural and Legal Norms for University Students, Faculty and Staff Traveling Abroad
3. Standardize International Contracts and Agreements and Create an Inventory

**B. Reports: Three High-Priority Risk Areas Being Addressed by University Units/Groups**

1. Employment Outside the United States
2. Research Issues in the International Context
3. International Asset Protection and Insurance

The rest of this document presents recommendations and reports addressing these six high-priority areas. First we present the IRLC subcommittee reports on the three areas that need to be assigned to working groups. Secondly, we include reports from the three university units who have chosen to address the three other risk areas.

**A. Recommendations: Three Top International Risks (in order of priority)**

**1. Track Travel Abroad by University of Minnesota Students, Faculty, and Staff**

The IRLC has identified the tracking of students, staff and faculty who go abroad as the number one priority for the university in terms of risk in the international arena. Tracking rose to the top of the list because many of the other risks/liabilities listed in the heat maps created for the IWG report are related to or dependent upon knowing who is abroad.

We define tracking as the capability to gather, store, and have quick access to the specific travel dates and contact and location information regarding individual faculty, staff, and students who go abroad. This information should be obtained before individuals go abroad. The purpose of this type of tracking is for individual and institutional safety, risk and liability reasons. By tracking international travel activities, University departments and offices will be able to provide individuals with support services and information, as well as emergency assistance. For example, the University could more consistently provide resources for preparation and planning related to areas such as culture, language and safety, scholarships/funding etc. These are widely available now but are only communicated to those populations that OIP or the education abroad offices know are traveling. In addition, international travel involves a number of university requirements and policies that all international travels should be aware of such as 1) prior authorization of proposals for funding and/or research, 2) international insurance coverage and 3) protection of researchers and human subjects.

The committee has determined that the following groups are currently being tracked sufficiently:

- International students and scholars coming to the University
- US students in programs managed by University education abroad offices and faculty/staff traveling with these students
- Faculty/staff leading programs run by their colleges and working through University education abroad offices, and students on these programs

We have identified two categories of persons as not currently being sufficiently tracked by the University and offer recommendations for policies, procedures and systems to identify and track these individuals' travel abroad.

*a. Faculty/staff going abroad for research, teaching or other University work*

Currently, there is no mandatory or comprehensive system for tracking the international activities of these individuals. The committee strongly recommends that a system be established to track faculty/staff travel abroad, while acknowledging that this will be logistically challenging and an effort that faculty and staff may resist. It will be helpful in this effort to include incentives as well as policies/procedures that enforce compliance. For example, release of travel reimbursement funds could be an element of the system, but it would also be useful to articulate benefits that tracking will afford to individuals and the University such as stimulating research connections. In light of the current financial issues faced by the University and the ongoing modifications to the EFS system, now may be an opportune time to establish such procedures.

**Recommendation:** Enlist top-level support from University administrators (perhaps the three senior vice presidents and the Deans Council) to make reporting and tracking of international travel a top priority and to mandate compliance with policies and procedures that establish reporting mechanisms to capture tracking-related information.

After this mandate is approved and announced by central administration, you should appoint a working group of administrators and faculty, including policymakers and staff from units that implement systems and procedures to consider implementing a comprehensive tracking system (see recommended approaches below). Such a system should be user-friendly and require the minimum information and effort necessary for gathering the essential tracking information. It may be prudent to gradually phase in a system including steps to communicate the necessity and benefits, and foster buy-in across campus. Currently, the only University-wide policy that relates to tracking travel abroad is the “Traveling on University Business” policy (see Appendix 1 or <http://policy.umn.edu/groups/ppd/documents/Policy/travel.cfm?copy=print&view=all>), under which departments have the discretion to require their employees to obtain permission to travel before expenses are incurred. This policy includes the use of Authorization to Travel Form #1649 (see Appendix 2 or <http://www.fpd.finop.umn.edu/groups/ppd/documents/index/formresults.cfm?titlecode=travel&go=Go>) as a centralized procedure for tracking travel and travel expenses prior to its occurrence, but it does not seem to be widely used. We recommend that prior travel authorization be adopted as a mandatory university policy and be implemented in one or more of the following ways.

- The Controllers Office or another centralized office could oversee implementation of a tracking system for international travel based on the current expense reporting system. Currently, university travel policy gives departments approval authority for all travel and allows them the discretion to require travel authorization for their employees prior to travel. Thus, travel is handled differently in each department and most departments have at least one employee responsible for administering travel approvals, authorizations and expense reporting. Departments that choose to require prior authorization either (1) require the Authorization to Travel Form #1649 or (2) use their own department-created forms. The working group charged with establishing this system should find out how widely these processes are followed, when Form #1649 is used as opposed to departmental forms, and when travel expense reimbursements are tied to prior authorization. Form #1649 may need to be amended in order to gather information currently not collected such as emergency contact information. The information collected through this process should optimally be available not only for tracking/approving individual travel but also centrally so in the case of an emergency, people in a certain location at a given time could be accounted for and contacted if necessary. Staff from the Controllers Office in charge of purchasing procedures have informed us that PeopleSoft does have a travel expense reimbursement module that has not been implemented at the University. NOTE: Both Michigan State University and The Ohio State University currently have effectively functioning “prior authorization to travel” procedures that faculty and staff are required to follow in order to receive expense reimbursements.
- OIP is currently working to develop a database that would be a central resource for the academic activity abroad of faculty, staff, and students as well as activities by department and college. Development of this database is seen as a core tool of

OIP's internationalization mission. The goal of this system is to gather and share information on who is doing what and where around the world to demonstrate and promote the internationalizing of teaching, learning and research. The goal is not to track specific real-time information of who is where and when. However, once this first phase of the database is developed and is working successfully, a natural second phase could include the development of a reporting and tracking system that would expand the purpose and breadth of the database. A tracking portal could capture travel dates, location, overseas contact information, nature of the activity to be pursued abroad (e.g. teaching, research, etc.) and the names of other University employees and students who will travel abroad to participate in the same activity. The database containing this information could be linked to the travel authorization and expenses reimbursement and reporting procedures and systems. In order to make this second phase optimally functional, attention should be given in the first phase to including system architecture that could readily accommodate such a patch.

NOTE: The Sponsored Projects Administration is currently considering adding a section to their Proposal Routing Form for sponsored research to gather information about international travel and collaboration, in part because of prompting by a member of the IRLC committee. This is an example of separate University procedures and systems related to international travel that should be coordinated and integrated to accomplish or accommodate tracking needs and requirements.

*b. Students going abroad without working with/through University education abroad offices*

1. Graduate students who go abroad for research or thesis work, whether for credit or not. Many of these students go without receiving the international insurance offered through the education abroad offices or obtaining required OIP approval for travel to countries on the Department of State Travel Warning list.
2. Students, both undergraduate/graduate, who go abroad during non-standard terms:
  - a. For credit: For example, students who go on a non-University program during winter, summer, or May term can simply transfer credit through the registrar even if not going through the appropriate channels prior to departure. We suggest that ideally these students would work through the education abroad offices' "outside program process" or similar in order to receive orientation as well as the required international insurance.
  - b. Not for credit but connected to the University: For example, students traveling during breaks with choir tours, service or internship programs, student clubs, research sanctioned by their faculty/department etc. This group is of specific concern as the University has liability for these university-sanctioned groups and the U-wide policy on insurance specifically requires these students to obtain international insurance as well as apply for the required OIP approval if traveling to countries on the Department of State Travel Warning list.

3. Students, both undergraduate/graduate, who choose to take a leave of absence for the term of travel abroad. This allows such students to skirt University policies and, for example, allows students to travel without obtaining required insurance or paying the education abroad office outside program fee. These students, much like the non-standard term travelers, can then transfer credits back through the registrar.

Recommendation: Charge a small working group of constituents (with representatives from Twin Cities and coordinate campuses) to explore this issue and possible identification/tracking mechanisms, and initiate communications with appropriate university units. They should develop a coordinated tracking system and related policies and procedures to address each population. The working group could include representation from OIP, the education abroad offices, the Registrar, Directors of Graduate Studies, Council of Research Associate Deans, and Academic Advising Network, Council for Undergraduate Education, Office of Undergraduate Research, Office of Institutional Compliance, student organizations, and Purchasing. Also, as international students fit within each of the above populations we recommend that international student offices be included in discussions of how to work with this specific population.

NOTE: Any system(s) developed to track these groups should aim to coordinate with existing or proposed procedures, policies or systems that track travel, business or academic work, or research (whether out-of state or international), as well as education abroad systems. The system should avoid duplication of efforts on the part of the multiple offices doing the tracking as well as the end-users. Again, no matter how easy, user-friendly, and loaded with benefits and incentives the system is, we expect significant pushback from faculty and other groups on campus. Therefore, the working group and office charged with implementing any tracking requirement and system should put significant thought into a public relations effort to explain the need, importance and benefits of this requirement as well as the ease of complying. The working groups that are assigned to carry forth these recommendations should examine what related policies, requirements, and systems exist across campus. An example of a "requirement" is the U-wide policy that students and staff/faculty traveling abroad as part of their University degree or job have international health insurance approved by Risk Management. An example of a working model to consider is in the School of Public Health, which has an electronic travel authorization procedure for students, staff, and faculty that includes prompts for health insurance and completion of the required release and waiver. Once policies and procedures are established, they should be communicated widely and displayed prominently on the website of the Policy Owner, but also linked to and highlighted on all relevant websites (e.g., OIP/units, financial systems, faculty/staff governance and benefits sites, Registrar, colleges, etc.)

## **2. Expand Education/Resources on Cultural and Legal Norms for University Students, Faculty, and Staff Traveling Abroad**

The committee recognizes that in many circumstances, University students, staff, and faculty intend to conduct themselves appropriately abroad, but may not recognize or understand the many local customs and laws that may impact their University-related activities. Local laws, resources, infrastructure, and cultural norms all may impact any of the activities engaged in by the wider University community. Particularly in the context of crisis management, it is imperative to have quick access to a) the critical questions/issues that need to be identified and b) the information that provides answers to those questions. Such situations include but are not limited to:

- Accidents or injury
- Sexual assault or harassment
- Political unrest and other safety and security-related situations
- Public health issues
- Detainment or arrest of a member of the University community
- Crime and scams
- Financial issues to include cash management
- Traffic safety and road conditions

### Recommendation:

Charge a working group of 5 to 10 persons (OIP staff and University faculty and staff with cultural, legal and business expertise) to expand OIP and education abroad offices efforts to make resources available to students, staff and faculty traveling abroad to enable them to more effectively prepare for the local context they will find in their host country/region. This will include expanding the scope of currently available resources, such as currently existing resources in international student offices and leveraging the cultural/country knowledge of current international students.

OIP's website currently provides a link to the State Department's country-specific information, which is an excellent resource. It may also be helpful to ask the working group to review the OIP travel resources page and suggest additional links to expand this page. For example, links to the U.S. Customs and Border Protection website (Top 10 Traveler Tips and Know Before You Go), a resource on determining what conduct constitutes "bribery" versus "a facilitation fee" and additional links to country specific details might be useful. TRACE is a nonprofit membership organization that works with companies with international operations to ensure that the practices of those companies reflect anti-bribery "best practices." It is recommended that efforts be directed to the identification and/or development of comparable resources for the countries most frequently traveled by University students, staff and faculty in connection with University-related activities. All additional information either identified or developed on these issues should ultimately be available on the OIP website and linked to appropriate other web locations, such as OGC and Student Affairs.

Furthermore, OIP might consider the use of its “World Team” or other pre-identified local and language experts and prepare such a group to assist or advise in situations where such knowledge might prove useful or expedite processes.

### **3. Standardize International Contracts and Agreements and Create an Inventory**

The University of Minnesota has a great number of international agreements and contracts. There is a both a lack of complete understanding as to what agreements exist and no standard way of writing or approving agreements. The IRLC is concerned about the risk to the University due to the lack of oversight related to international agreements and contracts for international programs, which could potentially open the University to violations of tax and employment law, human subjects protocol concerns, conflicts of interest, import/export regulations, or other University of Minnesota policies.

As indicated by the tracking subcommittee, we see the first step in addressing this issue to be efforts related to learning about what agreements/contracts with an international component currently exist. The “world team” group could assist in identifying what agreements we currently have as will the activities database suggested in the tracking section of this report. In addition, a search for any protocols or guiding principles already in place would be included in this initial information-gathering phase. A few examples of the international agreements that should be considered are:

- Affiliate agreements
- Contracts for international programs
- External sales agreements
- Exchange agreements—including the movement of students, staff, and/or faculty
- Research agreements
- Agreements that include clinical rotations or clinic work
- Agreements that involve University property/royalties
- Purchasing and/or service agreements
- Employment contracts

Next, we would recommend a review of what policies, rules, regulations, and laws apply in each agreement/contract. This would constitute a review of compliance; a few questions we suggest need to be address include: What is the expectation compared to the reality? What processes/policies will assist in reaching the expectation? What policies/processes already exist on campus that can be applied to these situations?

A few efforts related to this topic are already underway. The first of these is that the Office of the General Counsel (OGC) is in the process of updating their Contracts Library and reorganizing to add a specific section related to international contracts. This library has been suggested as a central location to provide international contracts/agreement templates as well as policy/practice. OIP is also working closely with OGC and other units across campus that have international exchange agreements in order to create standard templates for some of the most common situations including student and faculty exchanges. In addition, it seems that SPA has a good process for ensuring that research



related agreements are in compliance with University policy as well as U.S/international law and best practices surrounding research.

Recommendation:

Charge a working group drawn from OIP, OGC, Risk Management, the Office of Institutional Compliance, the Tax Director and Asset Management to address this issue. In addition, other relevant offices would need to be involved dependent on the type of agreement/contract. For example, OGC would bring expertise on contracts and patents, HR would need to be involved in employment discussions, the Conflicts of Interest Review and Management Program (through the Office of Institutional Compliance) would provide valuable knowledge related to avoiding conflicts of interest in agreements/contracts and the Controller could bring additional expertise in cases where money is exchanged. We suggest that the group assigned to investigate and address these concerns would need to consider delegations of authority, internal policies, and methods of communication and training. They would also need to reference domestic analogs and interpret policies, laws, and regulations.

**B. Reports: Three High-Priority Risk Areas Being Addressed by University Units/Groups**

**1. Employment Outside the United States**

Report: Employment Outside the U.S. Working Group, 12/9/08

-Chair: Susan Rafferty, Human Resources

The Employment Outside the United States Working Group, formed in July 2008, is an ad hoc committee pulling together diverse sections of University administration that interface with international employment situations on a regular basis. The Working Group includes representatives from the Academic Health Center, the Office of the General Counsel, the Office of International Programs, Risk Management, and the Tax Department, in addition to several areas of the Office of Human Resources, including Employee Benefits, Employee Relations and Compensation, the Job Center, Payroll Services, and Policy Development. While the group's primary intent is to gauge and manage risks in international employment cases, it serves as an important vehicle to share information and improve coordination of central service areas.

Standardizing Employment Procedures

The group's goal is to identify, or, when necessary, create procedures or practices for employing individuals to work for the University outside the United States for a period of twelve months or longer. (Note that twelve months is an important point of reference because shorter periods typically are exempt under international tax treaties.) These employment situations involve (1) expatriates or U.S. authorized workers, (2) home-country nationals, and (3) third-country nationals.

Major advancements in regularizing programs and procedures have occurred in two areas this fall. First, the OGC finalized contracts with Celergo to provide payroll services for home-country nationals and third-country nationals; Payroll Services is standardizing procedures with that vendor. Second, Employee Benefits has worked with a broker to create benefits programs for expatriates.

Work to capture or create procedures for all three above-listed employment situations for the key steps in the employment process – recruitment, hiring, establishing and paying salary/wages, determining and providing benefits, managing performance, and voluntarily or involuntarily severing employment – is ongoing. Standardizing employment procedures will help campus, college, and administrative unit administrators understand and comply with applicable laws and policies.

#### Reviewing Current “Employment” Situations

A primary concern is that several individuals working outside the United States are being classified as independent contractors and, therefore, have work arrangements that are not being reviewed by administrators in Payroll Services or the Tax Department. In order to examine these situations, the group is gathering names of current and recent workers and reviewing the classification and handling. This work will provide some assurance that current situations are in compliance with applicable federal and state employment and tax laws and should highlight situations for possible further review by the OGC for compliance with foreign laws and regulations. While any system to track University members’ work abroad is outside the scope of this working group, such a system, of course, would greatly further our more specific compliance goals.

#### Determining Applicability of Laws, Regulations, and University Policies

With an opinion from the OGC, the Working Group has examined the applicability of the major federal and state labor and employment laws and regulations. The vast majority of these laws and regulations do not apply outside the United States.

Because the applicability of foreign laws is specific to each situation at hand, the Working Group is not exploring applicability of those laws but expects that work to standardize employment procedures will help ensure that these situations are brought to the attention of the OGC for timely review.

With the beginning of a new year, the Working Group will be turning its attention to the applicability of the University’s human resources policies and practices to these international employment situations. Examination of these policies will require extensive consultation with various policy owners. For example, reviewing applicability of the sexual harassment policy and the consensual relationship policy will require working with the Office of Equity and Diversity and the Equal Opportunity and Affirmative Action Office. It is anticipated that one policy will be created instead of potentially revising each of these numerous policies to address whether and how they apply to employment situations outside the U.S. The established procedures for policy making, including review by the Policy Advisory Committee and the President’s Policy Committee, will be followed.

## **2. Research Issues in the International Context**

Report: International Risks & Liabilities Research Subgroup

-Chair: Lynn Zentner, Office of Institutional Compliance

A subgroup was formed to address issues that arise in the context of research initiatives conducted abroad. The subgroup included representatives from the IRLC (Gail Klatt, Peter Hudleston, and Lynn Zentner) as well as three Office of the Vice President for Research representatives (Pamela Webb, SPA; Moira Keane, Research Subjects Protection Program; and Michele Chin-Purcell, Research Integrity and Oversight). The subgroup was primarily concerned about the protection of researchers and human subjects. With respect to safety issues, the subgroup was concerned about legal and cultural differences that could significantly impact the activities of faculty, staff, and students traveling abroad for research-related purposes. The subgroup was also concerned about the protection of human subjects in those circumstances where the research project was not submitted to the IRB for review and therefore there was no opportunity to coordinate the University's IRB requirements with those of the foreign jurisdiction. When the Committee established tracking and the expansion of the educational focus on cultural and legal norms as its two top priorities, the issues of the subgroup were subsumed within the priorities of the larger Committee. We strongly support the recommendations listed under these priorities above. Establishing a tracking mechanism and preparing faculty, staff, and students for foreign cultural and legal contexts are foundational to supporting successful research endeavors abroad, as well as to University compliance requirements.

As noted previously in this report, SPA is currently considering revising the Proposal Routing Form to add a few questions about anticipated foreign travel and/or foreign collaboration. If this revision is adopted, once a grant is awarded, further detail can be obtained from those researchers who respond affirmatively to the international questions on the PRF.

## **3. International Asset Protection and Insurance**

Report: Steve Pardoe, Director, Office of Risk Management and Insurance

The University's ability to foresee overseas risks, and its capacity to educate staff and students to avoid it, cannot be perfect or complete. For events that escape proactive containment, the University may become legally liable for economic (monetary) damages. The University will also find itself in unique insurance regulatory environments that may have specific requirements concerning what is "acceptable" insurance within that jurisdiction. This section will review types of economic damages and touch on foreign insurance regulation. The focus here is on property/casualty insurance programs designed to protect the University; other programs designed to cover students' personal liabilities or health (such as 'Homeowners' or CISI) are outside this section's scope.

a. *Economic Damages*

Domestically and internationally, most of the University's insurable legal obligations to third parties fall into three broad liability categories:

- General and Professional Liability – bodily injury or property damage arising out of University negligence
- Non-profit Organization Liability –Liabilities arising from employment practices and other liabilities not arising from bodily injury or property damage
- Auto Liability - bodily injury or property damage arising out of University negligence in the operation of a motor vehicle.

The University maintains insurance policies covering each of these areas. Another important area is workers compensation. The University has no insurance to cover its workers compensation obligations; claims are self-funded.

- Who is insured under the policies?

*The Regents* are the First Named Insured on the University's insurance policies. Generally, *staff and faculty who are employees* of the University are also considered to be insured, to the extent the action the potential liability arises from was integral to the course and scope of their University employment. *Students are not considered to be insureds* under University policies. The University does not generally accept responsibility for compensating liabilities generated by third parties.

- Tort Caps

The University enjoys special protection under Minnesota law limiting financial responsibilities arising from lawsuits (tort liability). The common name for this protection is "tort caps". As of this writing, the maximum amounts the University may become legally liable to pay under 2008 Minnesota Statute 3.736 are \$400,000 per claim, or \$1,200,000 per occurrence.

- Liability Limits

Due to some practical considerations, the University maintains limits that are higher than the tort caps:

- General, Professional Liability: \$1MM/claim, \$3MM/occurrence
- Non-profit Organization Liability: \$1MM/claim, \$3MM/occurrence
- Extra-MN Auto Liability: \$6MM

- Are these limits adequate?

The limits described above are minimal when compared to similarly sized entities, public or private. In fact, *many middle-class homeowners maintain limits greater than the \$1MM/claim limit maintained by the University*. Benchmarking provided by one of our vendors suggests that our higher ed peers are protected by more robust limits, up to and exceeding \$25-50MM.

- What would be the consequences of inadequate limits in a claim situation?

If the University becomes party to an extra-territorial lawsuit and loses, and the losses exceed the limits the limits noted above, there would be an unfunded liability to contend

with. *If the judgment cannot be funded, the University's ability to operate in the jurisdiction in the future may be imperiled.*

#### Recommendation

The University must consider additional liability limits applicable to extra-Minnesota activity where tort cap protection is not applicable. The Office of Risk Management will work over the course of the next six months to develop options for higher limits applicable to extra-Minnesota claims unshielded by tort caps. The Office of Risk Management will require assistance from the Office of International Programs in quantifying international activity so that insurers have sufficient information to offer options.

#### *b. Foreign insurance regulation*

Countries have differing views concerning what is considered valid insurance within their jurisdictions:

- Some countries require that the insurers operating within their borders be “admitted”; generally, admitted carriers will have met certain tests – financial, structural, procedural – and are officially recognized by the local authorities.
- Other countries will only recognize state-run or -owned insurers.

The University will be optimally served by complying with these local laws and customs. This becomes particularly true once we establish local persistence, such as permanent employees or physical assets. In a practical sense, a temporal presence, or an ongoing minimal presence, may not require country-specific action. Real estate holdings (purchase or lease) or permanent local employees are both indicators of significant presence worthy of analysis.

#### Recommendation

The University's goal should be to establish substantial compliance with local insurance regulations in jurisdictions where we maintain a significant presence. The Office of Risk Management recommends that you consider instituting a panel of subject-matter experts to review significant country presences, including changes or additions. Activity would include review of briefs prepared by OIP outlining specific country situations, including:

- Scope of activities
- Property holdings
- Permanent staff on University payroll

Attendees could include representatives from the Office of International Programs, Office of Risk Management, and the Office of Human Resources (Payroll). Meetings would be called on an as-needed basis, but no less frequently than twice a year. Risk Management would use the country-specific data to determine appropriateness of the programs in place, and would seek locally accepted solutions in instances where there are compliance gaps.

## **Other Committee Actions and Deliberations**

The committee has revised Table 1, the heat map of existing programs (see Appendix 3). We have corrected and updated risk levels, assigned risk levels to any cell previously listed as unknown, and split some rows into “managed by OIP” vs. “not managed by OIP.” This document should continue to be used and updated as it is a valuable resource for judging our risks and progress in addressing them.

While discussing risks and ways to garner the support of the University community in eliminating or mitigating such risks, we often cited the importance of considering both policy requirements and motivational factors (the carrot vs. the stick). This approach is considered of specific relevance in regards to the high priority of implementing a reporting/tracking requirement. Thus, as a complement to our number one recommendation to implement such a requirement, the committee saw fit to identify the second priority as expanding education and resources on cultural and legal norms in order motivate travelers to participate in the tracking system and offer them important services.

Besides identifying the top-priority risks, the committee discussed and raised other issues and concerns during the course of our meetings. We decided to add a column for dependents of international students and scholars and identified the risk levels of a few applicable concerns. We also discussed the dependent children of students, faculty and staff going abroad and decided to note them with an asterisk as they are at their own risk except as they are enrolled in University health insurance. We discussed the issue of pandemic/emergency planning as related to international risks and our charts, and noted that this is an issue that has been addressed broadly by a special University-wide task force (which included some IRLC members). This task force does not seem to be currently active. We suggest that this group would be the most appropriate to address the pandemic issues and we support efforts to revive its activities, and to incorporate IRLC members.

We are including as Appendix 4 an article that Gail Klatt recommended as an excellent resource for OIP and/or the IRLC committee when attention turns to a comprehensive look at addressing risks of setting up major new programs overseas (also found at <http://www.nacubo.org/x10665.xml?ss=pf>).

## **Conclusion and Disposition**

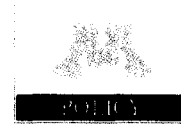
We recommend that the University units/groups addressing these six priority issues be given 6 to 9 months to make some progress and then report back to you. We suggest that as these groups attend to their work, they be advised to capture the elements of their work that apply to new programs, so that we can get a head start when you charge the IRLC or another appropriate group with assembling a toolkit for establishing new international programs.

We want to reiterate that tracking travel abroad clearly stood out as the number one priority because it is connected to almost all of the University risks inherent in international activities. We recommend that action be taken soon in this area, particularly because with the current financial issues faced by the University, including potential increased scrutiny of expenses, and the ongoing modifications to the EFS system, now may be an opportune time to establish a tracking system and requirements.

We suggest that the IRLC remain a standing committee, but not meet again until the action groups have had time to make progress and you reconvene the committee. The Committee can then refocus on identifying the next set of priorities and/or helping ensure coordination and communication among the action groups. In order to maintain this group as a standing committee, membership should be staggered such that members join for a regular two-year term (see Appendix #5 for suggested membership configuration).

In June 2008, the Board of Regents affirmed the University's commitment to internationalizing the University by adopting a new policy on international education and engagement. The policy states that "The president or delegate shall administer policies that, *in compliance with all applicable laws and regulations*, effectively promote and encourage a comprehensive program of international education and engagement...". When developing policies and procedures to address the recommendations in this risk and liability report, the committee feels it is important to invoke this new policy, both in its promotion of comprehensive international engagement, but also in implementing it with a keen eye to laws, regulations, and risks that are inherent in such engagement.

# Traveling on University Business



Printed on: January 26, 2009. See the online policy for the most current version.

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## POLICY STATEMENT

Employees (faculty and staff) traveling on University business are expected to choose the least costly method of transportation and lodging that meets the traveler's scheduling and business needs. Use of the University's preferred travel agencies and vendors is recommended. Employees are responsible to ensure that travel expenses are valid University business-related, in accordance with University policies and procedures and are a prudent use of public and University funds. All travel expenses incurred by employees must be substantiated and documented in accordance to University policy and applicable federal and state laws.

Departments have the discretion to require their employees to obtain permission to travel before expenses are incurred.

Travel on sponsored funds has unique requirements because the sponsor may have more or less restrictive rules than the University. The rule of thumb is to follow the most restrictive applicable policy. It is important to note that certain costs not allowed on non-sponsored funds may be allowed on sponsored funds, if the sponsor has given prior written approval for the expense. To request prior approval, the Principal Investigator must justify the business need for the expense to the appropriate business officer at the sponsoring organization. For further information, see the Travel on Sponsored Funds section in [Frequently Asked Questions](#).

When personal and business travel is combined, expenses must be clearly documented and may not exceed the lowest available cost of a direct or uninterrupted route. If the traveler uses an indirect route or interrupts travel for personal convenience, any additional expenses incurred are the sole responsibility of the traveler. Further information about lodging, meal rates, and mileage is available in [Traveling on University Business - Rates](#).

Expenses incurred by a spouse or personal guest are not reimbursable expenses, unless they conform to those acceptable conditions outlined in the Administrative Policy: Hospitality and Special Expenses.

Travel expenses for non-University employees, such as consultants, speakers, lecturers, visiting professors, and students are reimbursed in accordance with contract for professional services and vendor payment procedures. See the University Policy - Purchasing a Professional Service, in the Purchasing section of the Financial Policy Library.

In accordance with Minnesota Statute 15.435, Section 20, whenever University funds (regardless of whether those funds originated from private donors, state or federal grants, contracts or appropriations or from any other source) are used to pay for airline travel for University employees, any credits or other benefits issued by the airlines must accrue to the benefit of the University and may not be used by the University employee for personal travel. See Policy - Accrual & Use of Frequent Flyer Miles. The University guideline for domestic lodging is that the nightly lodging rate not exceed 150% of the lodging rate for that city as referenced on the US Government General Services Administration (GSA) website ([www.gsa.gov](http://www.gsa.gov)). The guideline does not apply to conference travel, where the traveler is paying a pre-negotiated rate that is



offered by the conference.

If a request for reimbursement is made for non-conference lodging, which exceeds the guideline and was not pre-approved, the supervisor/manager may deduct the overage from the reimbursement request.

For non-conference travel, if the lodging rate (excluding applicable taxes) will exceed the guideline, pre-approval must be obtained from a supervisor/manager who is at least one level higher in authority than the traveler or the appropriate designee.

Campuses, Colleges and Departments are not allowed to establish policies that differ from the University wide policy. For more information see the [Travel Frequently Asked Questions](#).

## **Exclusions**

This policy does not govern Hospitality expenses or other non-travel related expenses. Refer to Administrative Policy: [Hospitality and Special Expenses](#). Travel expenses for individuals who are not employees of the University but are providing services to the University, such as consultants, speakers, lecturers, visiting professors, and visiting students (scholars) are reimbursed in accordance with contract for services and vendor payment procedures. See the Administrative Policy: [Purchasing a Professional Service](#) in the policy library for more information.

Travel expenses for University students not performing services to the University may be paid or reimbursed as a fellowship or scholarship.

## **Special Situations**

### **Air Transportation**

Travel by employees who are Certified Pilots, and choose to pilot their personal or leased aircraft, will not be considered acting in an official capacity of the University and will not be reimbursed for any related expenses.

### **Chartered Transportation**

The University requires charter carriers, such as charter airlines, helicopters, buses and boats to demonstrate a specified level of insurance coverage when they are providing services to the University. Using charter companies that have negotiated University contracts will ensure that proper insurance coverage is provided. Currently, several bus companies are under contract to the University.

For bus charters, see the Bus Charter Reservation Information Sheet in Appendix L: [Bus Charter Information](#). For Plane Charters see Appendix M: [Air Charter Services](#).

For chartered aircraft, coordinate campuses and out-of-state charter contracts must meet the following criteria and be "pre-approved" by the Risk Management & Insurance Office at 612- 625-0062:

- Must be FAA certified under Part 135 and provide proof of certification.
- Must receive a Certificate of Insurance evidencing \$10,000,000 in aircraft liability insurance along with naming the Regents of the University of Minnesota as additional insureds.

### **Private plane**

Travelers should not be transported using a private plane or non-approved air charter unless an exception is given by the University-Risk Management Office (612-625-0062). Those not receiving this pre-approval will NOT be reimbursed for mileage expenses.

### **First-class**

The University will NOT reimburse first class travel. Business class may be reimbursed on flights lasting 8 or more hours. Frequent Flyer credits can be used to upgrade to business class ONLY on flights lasting 8 or more hours. For further information regarding travel on sponsored funds, see Travel on Sponsored Funds in Frequently Asked Questions.

### **Maximum Number**

No more than 20 University faculty, staff or regents may fly on the same plane at the same time.

### **Vehicle Transportation**

## Personal vehicle

Personal vehicles are NOT covered by University insurance. Use of a personal vehicle for University business requires approval from an appropriate authority. The traveler is responsible to insure a personal vehicle used for University business.

## University Student or Non-employee traveling with a University program

The University does NOT insure students or non-employees who are traveling with University programs. Students should be advised that such insurance is NOT provided and that it is their responsibility to obtain appropriate levels of insurance. Coverage for non-employees will be specified by contract or agreement.

## REASON FOR POLICY

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This policy has been established to provide standards that govern safe, and economical University travel while maintaining the necessary controls, accountability, compliance with applicable federal and state laws and administrative efficiency.

## PROCEDURES

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- [Arranging Travel](#)
- [Applying for Travel Expense Reimbursement](#)
- [Obtaining and Reconciling Cash Advances](#)

## FORMS/INSTRUCTIONS

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- [UM 1612 - Employee Expense Worksheet](#)
- [UM 1612I - Employee Expense Worksheet Instructions](#)
- [UM 1566 - Statement in Lieu of Receipt](#)
- [UM 1636 - Request for Domestic Lodging Exception](#)

## ADDITIONAL CONTACTS

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Subject	Contact	Phone	Fax/Email
<b>Primary Contacts</b>	<a href="#">Jan Kopczeski</a> <a href="#">Jackie Orchard</a>	<b>612-624-1696</b> <b>612-624-1830</b>	<a href="mailto:kopcz002@umn.edu">kopcz002@umn.edu</a> <a href="mailto:orcha002@umn.edu">orcha002@umn.edu</a>
University Fleet Car Rental	Fleet Services	612-625-3033	
Plane Charters	Purchasing/Travel Services	612-624-1696	
Housing on Campus	Housing Services	612-624-2994	
Travel Using Sponsored Funds	Office of Sponsored Projects Administration (SPA)	612-624-5599	
Contracts	Purchasing/Travel Services	612-624-1696	
Accident Reporting, Extra Hazardous Insurance	Risk Management and Insurance Office	612-625-0062	
Travel Training	Training Services	612-626-1373	
Travel Payment Processing	Disbursement Services	612-624-1830	
Financial Policy and Procedures	University Financial Helpline	612-624-1617	<a href="mailto:fsshelpp@umn.edu">fsshelpp@umn.edu</a>

## DEFINITIONS

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**Cash Advance**

Cash provided to an employee prior to travel or subject research.

**Commuting**

Travel between work and home is considered personal travel and is not a reimbursable expense.

**Domestic Travel**

Domestic Travel includes travel within the continental U.S. (CONUS), and to other Non-Foreign U.S. Overseas locations: Alaska, Hawaii, American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, Virgin Islands (U.S.), and Wake Island.

**Note:** Per diem rates for Non-Foreign U.S. Overseas locations (also known as non-contiguous US locations) can be found at the U.S. Department of State's website for Foreign Travel, in a separate section following the International per diem rates.

**Encumbrance**

A legal obligation of the University to pay a vendor or reimburse an employee or for one department to pay another department, when the payee performs as agreed. The amount is set aside once the formal agreement to purchase the goods or service goes into effect.

**Extended Day Travel**

Extended day travel is at least twelve hours in duration and does not require an overnight stay.

**International Travel**

Travel to any country or territory outside the continental U.S. (CONUS), and other Non-Foreign U.S. Overseas locations (Alaska, Hawaii, American Samoa, Guam, Midway Islands, Northern Mariana Islands, Puerto Rico, Virgin Islands (U.S.), and Wake Island).

**Local Travel**

Travel within the city or metropolitan area of employee's University location (office) or campus for the purpose of conducting authorized official University business. Note: Reimbursable expenses for use of personal vehicles are limited to the current mileage rate and reasonable parking fees.

**Office of Sponsored Projects Administration (SPA)**

Group responsible for administering sponsored funds and monitoring compliance with the terms of the grant or contract.

**Sponsored Funds**

Funds provided by a grant or contract and administered by the office of Sponsored Projects Administration (SPA).

**Travel Status**

Business travel that requires an overnight stay.

## RESPONSIBILITIES

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**Certified Approver**

- Reviews travel authorizations and expense reports for accuracy (including accounts being charged), appropriateness and compliance to applicable policies, procedures, and sponsoring agency guidelines.
- Takes action to approve, return, or deny travel authorizations and expense reports based on the review.
- Note: The financial system will automatically route travel authorizations and expense reports to the Certified Approver if sponsored funds are used.
- See [Research Roles and Responsibilities](#) website and select Certified Approver.

**Deans / Dept Heads**

Designate and document approval authority for staff business travel and for student travel as part of academic programs. Determine the documentation, if any, required to record approval. Inform employees of laws and policies.

**Department Approver**

Reviews travel authorizations and expense reports for accuracy (including accounts being charged), appropriateness and compliance to applicable policies and procedures. Takes action to approve, return, or deny travel authorizations and expense reports based on the review.

**Disbursement Services Travel Administrator**

Administer University employee travel payment process. Audit and process cash advance requests. Maintain and update employee travel policy, procedures and communication.

#### **Purchasing Services Travel Services Coordinator**

Administer University travel programs, negotiate with travel vendors to insure the best travel values, and keep University travelers and travel arrangers informed about policies, procedures, contracts, and industry conditions, as necessary. Distribute reports periodically to Area Managers that provide information on frequency of business travel at the individual level. The report will contain information from as many sources as practical. Maintain Travel Services policies.

#### **Sponsored Projects Administrator**

Review and approve documents for sponsored accounts.

#### **Traveler**

Comply with this policy. Choose the least costly method of transportation that also meets scheduling needs. Select domestic lodging that meets the University guidelines. Submit required forms and documentation. Track frequent flyer miles and track when a Frequent Flyer ticket is earned. When required by their department, obtain permission to travel before expenses are incurred. Obtain pre-approval for lodging rates that exceed the University guidelines from a supervisor/manager who is at least one level higher in authority, or the appropriate designee. Obtain approval for travel expenses. Account for cash advances and expenses in a timely manner.

#### **Vice President / Chancellors**

Designate and document approval authority for staff business travel and for student travel as part of academic programs.

## APPENDICES

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- [Appendix A - Planning Travel](#)
- [Appendix B - Worldwide Emergency Medical Assistance](#)
- [Appendix C - Travel Assistance](#)
- [Appendix D - Traveling on University Business Rates](#)
- [Appendix E - Preferred Travel Agencies](#)
- [Appendix F - Local Hotel Discounts](#)
- [Appendix G - Hotel Chain Discounts](#)
- [Appendix H - Employee Expense Worksheet Instructions](#)
- [Appendix I - Reimbursable / Non-reimbursable Travel Expenses](#)
- [Appendix J - Commercial Vehicle Rental Rates](#)
- [Appendix K - Payment Methods](#)
- [Appendix L - Bus Charter Information](#)
- [Appendix M - Travel Web](#)
- [Appendix N - Air Charter Services](#)

## FREQUENTLY ASKED QUESTIONS

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- [Frequently Asked Questions about Traveling on University Business](#)

## RELATED INFORMATION

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- [Administrative Policy: \*Accrual & Use of Frequent Flyer Miles\*](#)
- [Administrative Policy: \*Hospitality and Special Expenses\*](#)
- [Administrative Policy: \*Insurance \(Treasurer Section\)\*](#)
- [Administrative Policy: \*Purchasing a Professional Service\*](#)
- [Administrative Policy: \*Relocating New Employees\*](#)
- [Administrative Policy: \*Using the University Corporate Travel Card\*](#)
- [Administrative Policy: \*Using Automotive Vehicles for University Business\*](#)
- [TravelWeb - World Wide Web Travel Assistance - <http://travel.umn.edu>](#)
  
- [Job Aid: \*Transaction Justification/Documentation Standards for All Non-Sponsored and Sponsored Transactions\*](#)

## HISTORY

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**Amended:**

July 2008 - Policy completely revised to address the Enterprise Financial System rollout. Procedures, Forms, and Appendices I and K revised. Added new procedure: *Obtaining and Reconciling Cash Advances*.

**Amended:**

January 2007 - Dinner expenses are now covered for extended day travel.

**Amended:**

December 2006 - Canada is now considered international travel. Domestic and International Travel definitions, Arranging Travel procedure, and Appendix D and I have been updated to reflect that. Aisle seat charges are not a reimbursable expense. Mileage rate updated for 2007.

**Amended:**

July 2006 - Guideline on what is considered reasonable hotel expense has been added. A procedure and form (UM 1636) has been added to address exceptions to the guideline.

**Amended:**

March 2006 - Updated International Travel definition. Added Instructions to the Employee Expense Worksheet to the Forms section. Rates section updated to include partial per diem table.

**Amended:**

January 2006 - To change policy from reimbursing actual for travel meals to reimbursing per diem rates for travel meals. Frequent Flyer information moved to Policy 3.8.5 - Accrual and Use of Frequent Flyer Miles. The purpose of the changes is to establish that travel expenses require "one-up" approval and to disallow the establishment of or existence of different departmental policies. Most policy sections extensively revised.

**Amended:**

December 2005 - Mileage rate updated.

**Amended:**

October 2005 - Policy Statement language updated in the paragraph addressing travel using sponsored funds. Added Travel on Sponsored Funds questions and answers to Frequently Asked Questions. Updated Domestic Travel information in the rates section.

**Amended:**

September 2005 - Updated mileage rate. Appendix I: Reimbursable/Non-Reimbursable Travel Expenses updated.

**Amended:**

December 2004 - Updated mileage rates to include 2005 rates.

**Amended:**

November 2004 - Added this sentence to Policy Statement: "Employees and non-employees will not be compensated for business use of personal Frequent Flyer miles, vouchers for bumping, discount coupons, or other personal reward/discount documents of value."

**Amended:**

April 2004 - Policy Statement changed: "Travelers should obtain permission to travel before travel begins, from supervisory or designated authority" changed to: "Travelers must obtain permission to travel before travel begins, from supervisory or designated authority."

**Amended:**

January 2004 - Added Common Audit Recommendations ? Travel to appendices.

**Amended:**

December 2003 - Updated Rates Section.

**Amended:**

October 2003- Updated Rates section including the following; meal rates increased to match Federal Government's State Department Per Diem (daily allowance), added international travel, link for currency conversions, and policy clarifications. Procedure 3.8.3.1 also updated.

**Amended:**

August 2003 - Added link to Certified Approvers site and clarified that CA approval must be obtained for travel on

sponsored accounts.

**Amended:**

June 2003 - Added new form - Statement in Lieu of Receipt. Updated Rates section to state that gratuities on meals should not exceed 20%. Updated Appendix I to reflect this. Disbursement Services is now Responsible Office (in addition to Purchasing Services).

**Amended:**

January 2003 - Mileage rates updated to \$0.360. Wording updated in rates section.

**Amended:**

January 2002 - Mileage rates updated to \$0.365

**Amended:**

January 2001 - Mileage rates updated to \$0.345, Procedure 3.8.3.2 updated to reflect current requirements for documentation and justification within the Employee Travel Reimbursement Forms.

**Amended:**

August 2000 - Added Frequently Asked Questions Section.

**Amended:**

July 2000 - meal rates changed to Federal Government's State Department Per Diem (daily allowances) rates.

**Amended:**

January 2000 - mileage rates updated from \$.31 to \$.325 effective January 1, 2000.

**Amended:**

March 1999 - mileage rates updated from \$.325 to \$.31 effective April 1, 1999.

**Amended:**

January 1998 - mileage rates updated from \$.315 to \$.325 effective January 1998.

**Amended:**

June 1997 - mileage rates updated to reflect 1997-1998 rates.

**Amended:**

April 1997 - added clarification on Frequent Flyer accounts.

**Amended:**

January 1997 - added meal rates for expensive cities to table & mileage rate change.

**Amended:**

October 1996 - added Appendix N

**Amended:**

March 1996 - added link to Travel Web (Appendix M)

**Effective:**

December 1995

**Supersedes:**

January 1993 *Employee Business Related Expenses*

To obtain a copy of a historical policy, e-mail the U Policy Librarian at [policy@umn.edu](mailto:policy@umn.edu) or call 612-624-4372.

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Please go to the following URL for the most current version of the policy  
<http://policy.umn.edu/groups/ppd/documents/Policy/travel.cfm?view=all>

Institution Concern - Existing Programs Revised Jan. 2009

New Program Issue Impacts Tax Concern	Location	Outside US														Inside US			
	Quantity Of Personnel Involved	Group of Students, Faculty or Staff Involved in Program *														Single Student, Faculty or Staff Involved in Program			
	Sponsor	U of M Program									Affiliated Program			Contracted Program		U of M Program			
	Function	Teaching/learning			Research			Out Reach											
	Role	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Student	Faculty & Staff	Student	Faculty & Staff	International Student	International Faculty	Dependents
<b>Risk/Issue</b>																			
x	<b>I. Tracking Contact Information</b>																		
	Managed by OIP																		
	Not Managed by OIP																		
<b>II. Regulatory</b>																			
<b>A. Compliance with US Laws</b>																			
<b>1. Work/Immigration Permits</b>																			
<b>a. General</b>																			
<b>b. Compliance with Sevis/Patriot Act</b>																			
<b>2. Money Laundering Regulations</b>																			
Managed by OIP																			
Not Managed by OIP																			
x	<b>3. Export Controls</b>																		
<b>a. Materials</b>																			
<b>b. Information on PC or paper</b>																			
<b>c. Financial Transactions with certain groups</b>																			
<b>d. Communication of Information</b>																			
x	<b>4. Import Controls</b>																		
<b>a. Material Transfer-Safety Issues</b>																			
<b>b. Prohibited Material</b>																			
<b>5. Foreign/Corrupt Practice Act</b>																			
<b>6. Labor and Employment Laws</b>																			
<b>7. US Research Requirements in Foreign Location</b>																			
x	<b>a. HIPAA-Patient Consent</b>																		
(Outreach -red for medical clinics)																			
x	<b>b. Controlled Substance</b>																		
(Outreach -red for medical clinics)																			
x	<b>c. Human Subject Protection</b>																		
x	<b>d. Animal Protection</b>																		
x	<b>e. Other</b>																		
<b>8. Disability Accommodations</b>																			
Managed by OIP																			
Not Managed by OIP																			
<b>9. Travel Restrictions</b>																			
Managed by OIP																			
Not Managed by OIP																			
<b>10. Tax Issues</b>																			
<b>a. US Payroll Tax Concerns</b>																			
Short Term Stay																			
Long Term Stay																			
<b>b. Income Tax Concerns</b>																			
Short Term Stay																			
Long Term Stay																			
<b>c. Sales Taxes</b>																			
Short Term Stay																			
Long Term Stay																			
<b>d. Property Taxes</b>																			
Short Term Stay																			
Long Term Stay																			

Institution Concern - Existing Programs Revised Jan. 2009

New Program Issue Impacts Tax Concern	Location		Outside US												Inside US					
	Quantity Of Personnel Involved		Group of Students, Faculty or Staff Involved in Program *												Single Student, Faculty or Staff Involved in Program					
	Sponsor		U of M Program									Affiliated Program			Contracted Program					
	Function		Teaching/Learning			Research			Out Reach											
	Role		Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Student	Faculty & Staff	Student	Faculty & Staff	International Student	International Faculty	Dependents
<b>Risk/Issue</b>																				
B. Compliance with International/Country Laws and Regulations																				
	1. Work/Immigration Permits		Managed by OIP		Green			Green			Green			Green			Green			
			Not Managed by OIP		Yellow			Yellow			Yellow			Yellow			Yellow			
x	2. Local Accreditation - Degree Granting Authority - Education Authority		Red			Red			Red			Red			Red			Red		
x	3. Foreign National Registration Requirements		Red			Red			Red			Red			Red			Red		
x	4. Export Controls		Yellow			Yellow			Yellow			Yellow			Yellow			Yellow		
x	5. Labor and Employment Laws		Red			Red			Red			Red			Red			Red		
x	a. Workers' Compensation		Red			Red			Red			Red			Red			Red		
	b. Definition of employee vs. contractor status		Managed by OIP		Yellow			Yellow			Yellow			Yellow			Yellow			
x	Definition of when person is employee of country		Red			Red			Red			Red			Red			Red		
	visiting vs.visitor		Red			Red			Red			Red			Red			Red		
	Definition of employees considered foreign official		Not Managed by OIP		Red			Red			Red			Red			Red			
	c. Minimum Wage Requirements		Red			Red			Red			Red			Red			Red		
	d. Workplace Safety		Red			Red			Red			Red			Red			Red		
	e. Child Labor Law Issues		Red			Red			Red			Red			Red			Red		
	f. Labor Hour/Vacation Limitations		Red			Red			Red			Red			Red			Red		
	g. Pension Funding Requirements		Red			Red			Red			Red			Red			Red		
x	h. Benefits		Red			Red			Red			Red			Red			Red		
x	6. Foreign Registration Requirements		Red			Red			Red			Red			Red			Red		
	7. Tax		Red			Red			Red			Red			Red			Red		
	a. Payroll Tax		Short Term Stay		Yellow			Yellow			Yellow			Yellow			Yellow			
			Long Term Stay		Red			Red			Red			Red			Red			
x	b. Income Tax		Short Term Stay		Red			Red			Red			Red			Red			
			Long Term Stay		Red			Red			Red			Red			Red			
x	c. Sales Taxes		Short Term Stay		Green			Green			Green			Green			Green			
			Long Term Stay		Green			Green			Green			Green			Green			
x	d. Ad Valium Tax - Property -Licensing		Short Term Stay		Yellow			Yellow			Yellow			Yellow			Yellow			
			Long Term Stay		Red			Red			Red			Red			Red			
x	e. Import Duties and Taxes		Short Term Stay		Yellow			Yellow			Yellow			Yellow			Yellow			
			Long Term Stay		Red			Red			Red			Red			Red			
x	f. Export Taxes		Short Term Stay		Yellow			Yellow			Yellow			Yellow			Yellow			
			Long Term Stay		Red			Red			Red			Red			Red			
	g. Unemployment & Work Comp		Short Term Stay		Yellow			Yellow			Yellow			Yellow			Yellow			
			Long Term Stay		Red			Red			Red			Red			Red			
	h. Tax Treaty Compliance		Short Term Stay		Red			Red			Red			Red			Red			
			Long Term Stay		Red			Red			Red			Red			Red			



Institution Concern - Existing Programs Revised Jan. 2009

New Program Issue Impacts Tax Concern	Location	Outside US												Inside US					
	Quantity Of Personnel Involved	Group of Students, Faculty or Staff Involved in Program *														Single Student, Faculty or Staff Involved in Program	U of M Program		
	Sponsor	U of M Program									Affiliated Program		Contracted Program		U of M Program				
	Function	Teaching/learning			Research			Out Reach											
	Role	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Student	Faculty & Staff	Student	Faculty & Staff	International Student	International Faculty	Dependents
<b>Risk/Issue</b>																			
<b>III. Miscellaneous Compliance Concerns</b>																			
A. Lobbying																			
B. Conflict of Interest																			
C. Human Trafficking																			
D. Drug Trafficking																			
E. Terrorism Financing																			
F. Research Requirements																			
<b>IV. Protection of University</b>																			
A. Legal Liability																			
1. Staff - Student Safety																			
a. Health																			
i. Health Insurance																			
ii. Immunizations																			
iii. Access & Quality to Health Service																			
iv. Food Safety																			
v. Pandemic																			
vi. Students who refuse to take medication, with resulting harm to the student																			
b. Physical Security																			
i. Lack of education to traveler of risks																			
ii. Secure Transportation																			
iii. Secure Housing																			
iv. Secure Educational or Research Site																			
v. Secure Interactions with Local People																			
vi. Disability Accommodation																			
vii. Human Trafficking																			
c. Changing Political Climate																			
i. Communication - State Dept Travel Alerts																			
ii. Emergency Evacuation Procedures																			
d. Family Notification																			

Institution Concern - Existing Programs Revised Jan. 2009

New Program Issue Impacts Tax Concern	Location		Outside US												Inside US					
	Quantity Of Personnel Involved		Group of Students, Faculty or Staff Involved in Program *												Single Student, Faculty or Staff Involved in Program					
	Sponsor		U of M Program						Affiliated Program			Contracted Program			U of M Program					
	Function		Teaching/learning			Research			Out Reach											
	Role		Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Contracted Local Staff	Student	Faculty & Staff	Student	Faculty & Staff	Student	Faculty & Staff	International Student	International Faculty	Dependents
<b>Risk/Issue</b>																				
<b>B. Protection of University Investments</b>																				
x	1. Cash - Bank Accounts																			
	2. Equipment																			
	a. Sponsored Funding Restrictions																			
	b. Liability Insurance Requirement																			
	c. Titling																			
	d. Equipment																			
x	3. Capital Goods																			
	a. Sponsored Funding Restrictions																			
	b. Liability Insurance Requirement																			
	c. Titling																			
	d. Property - Buildings																			
	e. US Funding Restrictions																			
x	4. Contracts and Agreements																			
	(Appropriate terms, compliance with local laws, address performance issues, filing/documentation)																			
<b>C. Profit &amp; Loss Issues</b>																				
1 Expenses																				
	a Processing Expenses																			
	b Flow down to Foreign Research Partners																			
	c Facilitation Fees																			
2 Revenues																				
	a Tuition/Fee Payments																			
	Run through PS																			
	Not run through PS																			
3 Miscellaneous																				
	a Currency																			
	i. Exchange Rate																			
	ii. Rules on Movement of Cash																			
<b>D. Protection of University Reputation</b>																				
1. Quality of Educational or Research Experience																				
	Managed By OIP																			
	Not Managed by OIP																			
2. Student's negative impact on education program																				
	a Disruptive behavior by student																			
	b Students AWOL																			
	Managed By OIP																			
	Not Managed by OIP																			
3. Programs not in compliance with U standards																				
	Managed By OIP																			
	Not Managed by OIP																			

\* = Dependent children of U.S. students, faculty and staff in programs abroad go at own risk except as enrolled in UM health insurance.

N/A  
 Poor Controls  
 Marginal Controls  
 Good Controls  
 ??????  
 Out of Scope

# Authorization to Travel

Optional form for department use.	U Wide Form: UM 1649
Rev: 7/01/08	

Complete this form to document approval prior to travel.  
This is an optional form for department use.

Employee Name	Employee ID
Travel Destination:	
Travel Dates:	
From:	To:

**Record the purpose for travel and how it benefits the University.**

**Account number(s) to be charged:**

Fund	DeptID	Prog	PCBU	Proj	Activity	Account	CF 1	CF 2	CS

**Estimated expenses**

Type of Expense	Estimated Amount
Airfare	\$0.00
Car rental	\$0.00
Lodging	\$0.00
Meals	\$0.00
Other:	\$0.00
<b>Total Estimated Expenses</b>	<b>\$0.00</b>

Employee Signature	Date
Authorized Signature	Date

## **Making It as a Multinational University**

NABUCO, July–August 2008

If your destination is to go international in a big way, business officers who are taking the trip have some news for you: Be prepared for a bumpy ride.

By Hal Irvin and Robert Thompson

If you are a business officer at an American university with strong international ties, you are likely already working with academic colleagues who are pushing the boundaries of international education. If the academic side of the house is making plans for a major overseas initiative and administrative support units are not heavily involved, fundamental questions may not be addressed.

From our experiences in France, Singapore, and Ireland, and our planning efforts in other nations, the Georgia Institute of Technology, Atlanta, has learned a great deal about the keys to success as we evolve into a multinational university. While we don't have all the answers, we outline the critical questions the campus business officer must address with the chief academic officer in implementing strategic international initiatives.

**What Do We Mean By Multinational?**

American universities are still defining what it means to go global. For most higher education institutions, global in the university context will continue to mean recruiting international students, offering student exchanges, providing study abroad programs, and facilitating faculty collaborations and joint degrees with foreign universities.

With the United States positioned as the world leader in higher education, it is little wonder that some universities are taking globalization a step further. A number of institutions, particularly research universities, are developing strategies to be truly multinational—including establishing a physical presence abroad to extend the institution's mission on a global scale while delivering educational programs in foreign countries.

While certain corporations jump to mind when using the term multinational, the American Heritage dictionary definition is silent about organizational type: "having operations, subsidiaries, or investments in more than two countries." Using this broad definition, the number of multinational American universities will likely grow considerably in the 21st century.

Figure 1 shows the continuum of international activities in which a college or university might engage. We believe the level of risk increases with investments in facilities and people in another country—the right side of the continuum—which is our focus here. An increasing level of commitment and risk requires careful analysis and planning to address issues and opportunities, as well as open communication and thoughtful discussion by all involved. Chief academic officers and chief business officers must work closely together to ensure that financial and operational realities align with strategic mission priorities.

The president, provost, and executive vice president for administration and finance at Georgia Tech meet regularly to discuss major strategic opportunities, challenges, and priority issues. Additionally, the provost and executive vice president for administration and finance meet regularly on strategic program plans, budgets, and financial strategies to move the university forward. They plan major international initiatives together—assigning lead people to shepherd the planning process from our respective areas, and traveling together with key deans, department chairs, faculty, and administrative leaders to assess the potential of major undertakings.

As the institution digs deeper into the details, we engage more people to bring different viewpoints and skill sets to the table. We discuss our plans with corporations that might want access to our students, faculty, and research. Our brand and our reputation are on the line, so we must be appropriately engaged as leaders to deliver the best thinking from our campus community.

Why Go Global?

With more than 550,000 international students studying in the United States and with faculty collaborating with colleagues around the world, American colleges and universities do not necessarily have to establish a physical presence abroad to be active members

of the global academic community. Even without active recruitment in most cases, so many international students apply to major U.S. graduate programs that not enough spots exist. With 2,600 graduate school applicants from China and India alone for fall 2006, Georgia Tech does not have to be in Asia to attract students from the region.

And, delivering programs in new locations is not always easy for universities, even in markets for which success seems like a slam dunk. A July 20, 2007, article in the Chronicle of Higher Education reported "an unprecedented number of Australian universities are withdrawing from overseas ventures." This trend was highlighted after the University of New South Wales Asia, an undergraduate-focused campus based in Singapore, closed after only one semester of operation. Like their U.S. counterparts, Australian universities viewed the huge Asian student market as an opportunity for growth. Despite the obvious advantages of proximity to and experience with Asian student markets, many Australian universities have apparently decided to rethink their strategies.

Whether the focus is on graduate or undergraduate education, why expand beyond the United States? Each institution must have its own reasons. Georgia Tech's reasons are clear: Our vision is to "define the technological research university of the 21st century and educate the leaders of a technologically driven world." To achieve our vision, we believe our institution has a leadership responsibility to address global issues where we can make a difference. While Georgia Tech's reputation and brand come from more than 100 years in Atlanta, we believe we can have a positive impact around the world by leveraging our strengths in such areas as energy, the environment, security, public policy, and health.

There is nothing in our vision that dictates we must be overseas to achieve it. Our judgment is that we can best "educate the leaders of a technologically driven world" by establishing satellite research and academic operations in a limited number of strategic locations where we can have a major impact beyond Atlanta. The exchange of ideas, of faculty and student talent, of cultures, of broadened understanding that will occur by being there—all this will enrich our academic community and enhance our reputation.

If you think that's a great leap of logic, you are not alone. Thoughtful people—board members, alumni, university system officials, taxpayers, politicians, faculty members—question the need, the cost, the risk, the assistance we might provide our economic competitors, and the very idea that we should export our higher education institutions after decades of success importing talent.

And yet, we are not alone as we challenge ourselves to consider our place in the world. Many American universities are setting up academic programs and research centers abroad, either in partnership or on their own. We don't have a formula to follow or hard-and-fast lessons learned that we can apply as we make these decisions. It's a long and difficult trip, with no end in sight.

We suspect other institutions are taking the same winding road. Going global is messy, it is challenging—but it is so important that we owe it to our institutions and to our constituents to arm ourselves with the information required to make the best decisions possible. Academic priorities and institutional vision must remain at the forefront; this is the proper domain of the faculty, department chairs, deans, and the chief academic officer. Given the need to properly capitalize any new initiative, particularly one involving the good name of the institution in a different part of the world, careful consideration must be given to the size, scope, and sustainability of the institution's investment in a new market.

Far short of a formula, we outline factors for academic and business leaders to consider as they think through their strategies for globalization. While there is no single way to approach these decisions, several factors should be taken into account to increase the likelihood for success over the long term.

With the primacy of the academic mission in mind, we begin with academic program considerations for international ventures before moving on to outline administrative support considerations. We use a simple two-by-two matrix as a framework for making decisions about global ventures. Rather than providing you answers (which will depend on your situation), we highlight key questions and thoughts—and provide a few of our own examples—to consider as you use the matrix to assess your circumstances.

Thinking Strategically—Academic Program Considerations

How many institutions assess their competitive program advantages, identify areas of growth, select a program, and pick a place in which to offer it? We doubt very many. If our experience is a guide, most international initiatives are built on relationships.

A faculty member knows a colleague, a delegation is visiting from Ireland, a dean serves on an advisory board for a program in South Africa. A discussion sparks an idea and the idea sparks more discussion. Either enthusiasm builds as the circle of support grows larger or interest wanes if the mountain appears too high to climb. At times, the administration may prompt a targeted strategic discussion about opportunities in a particular geographic area. In either scenario, bottom-up or top-down, successful initiatives end up with a champion: a faculty member, department chair, or dean with quixotic zeal and absolute passion.

The International Academic Program Decision Matrix shows the two primary variables regarding delivery of academic programs internationally, as well as locally: academic program quality and market potential. Each variable includes several elements.

#### Academic Program Quality

We believe the following five elements need to be taken into account when evaluating academic program quality in the international context.

**LEADERSHIP.** You will have to think carefully about the characteristics that will be most important for leadership success in a start-up operation.

#### Key questions

- \* Is the champion leading the charge on campus the right person to take the leadership role in your new location?

- \* If you have no one on your campus to assume a leadership role and have to hire someone from outside permanently for your new effort, how will you ensure that the new person translates your organizational culture to the new setting?

- \* How long do you expect the leader to serve overseas?

- \* Will you need to provide the leader a better incentive package than the rest of the team at the new location?



## Key thought

The ability to connect to local business and government leaders is paramount. The ideal candidate would combine excellent people skills, a strong drive to excel, the adaptability to look for a solution from multiple angles, some experience in leading a team, and a thorough understanding of the culture where he or she will work (including fluency in the local language). Because we are a research institution, we prefer a leader with a strong research portfolio. If the individual is not from the country where we wish to locate, he or she must be well connected in some way—preferably through collaborative research efforts in the proposed location. The candidate's chances for success, as well as yours, increase to the extent that the individual already possesses strong relationships in your new locale.

**REPUTATION.** Reputational quality provides a competitive advantage in a new market.

## Key questions

- \* How strong is the reputation in the United States of the program(s) being considered for delivery abroad?
- \* How will delivering the program abroad enhance its reputation at home?
- \* Can the program be delivered overseas without degrading the home program?

## Key thought

Georgia Tech's graduates have a strong reputation in the corporate community for being highly skilled, hard-working, and innovative problem solvers as well as self-starters. We promote that reputation, along with our strengths in technology transfer and commercialization as well as interdisciplinary programs when we seek students and faculty, because employability is so critical to recruitment efforts. Government entities and academic partners care about reputational rankings, not even allowing institutions below a certain perceived quality threshold to participate in the conversation. Since we deliver highly ranked programs overseas, we highlight their reputation in the United States as we recruit abroad.

**PARTNERSHIPS.** A program delivery partnership may quickly assist you in understanding the complexity of the new market, although it may water down your brand name in the new setting.

#### Key questions

- \* What are the advantages and disadvantages for program delivery of partnering with an institution of similar or better quality in the new location?

- \* Short of a formal partnership, are there opportunities for faculty collaborations that will benefit your institution?

#### Key thought

If you are a newcomer to the market, collaboration might reduce potential threats and political undermining. We have a dual-degree program with the National University of Singapore (NUS) and our School of Industrial Engineering in logistics, with strong support from the government of Singapore through its Economic Development Board. NUS is a world-class institution, and Georgia Tech's School of Industrial Engineering is the top program in the United States. NUS understands the student market in the region, Singapore serves as a logistics hub, and Georgia Tech extends its reach beyond the United States to Asia—a win for all involved.

**CONSISTENCY.** To invest the necessary resources in building a top-quality program, your institution must adopt the mind-set that an overseas program will be permanent.

#### Key questions

- \* Will you be able to develop a research program or deliver an academic program equal to or better than the quality of the programs at your main campus?

- \* If you have to build quality over time, how many years will it take?

#### Key thought

There is likely no advantage to a first-tier university delivering a second-tier program overseas. In fact, it could negatively affect brand reputation at home if it can't be sustained over time.

**CONTINUITY.** Start-up efforts are so fragile and so dependent on deep relationships built over time that the departure of a champion from either the institution or the host country can throw the whole enterprise into confusion.

#### Key questions

- \* How likely is turnover of the key players involved in this new initiative?
- \* What are your backup plans if someone who is essential to the new effort should depart?
- \* Can faculty be recruited and retained over the long term?

#### Key thought

International academic initiatives are notoriously slow starters, and a quick pullout can hurt the institution's academic reputation abroad and at home. Campuses should factor succession planning into their thinking by having possible replacements in mind and getting them actively engaged. For example, Georgia Tech Lorraine, our European campus in Metz, France, has several faculty permanently based there. If the president were to leave, we could appoint one of those faculty members as an interim or permanent replacement—knowing that several of our faculty in France have strong ties with our main campus and understand our culture.

#### Market Potential

When it comes to assessing market potential, it is tempting to make an educated guess. The logic goes something like this: Country X has a lot of students, so we are bound to succeed if we get only a fraction of them to enroll. A research university might assume it could tap into the economic development and research potential of a country, only to find it is an unwelcome competitor with local institutions. Four elements are critical when assessing the market.

**KNOWLEDGE OF THE MARKET.** Competition, program pricing, program length, the job market for graduates, your reputation in that market—all these are fundamental to your success.

## Key questions

- \* What does your institution really know about the market now and in the future?
- \* If international students can be accepted in the same program in this country or at a competing U.S. program, how do you convince them to stay in their home country to enroll in your new program there?
- \* How will you engage a firm to do a market study and how much will it cost?
- \* If your business model depends on research dollars, how firm are corporate or government commitments for funding support?
- \* If your initiative falls flat, do you want to tell your campus stakeholders that you gave it your best guess and it didn't work out?
- \* How will the market change over time as new competitors emerge?

## Key thought

Even if your institution plans to establish a research center without an educational program, a careful assessment of the funding sources, funding practices, and competitive environment should be completed before launching the new effort. Georgia Tech uses several strategies, which vary with the situation, to understand the local market. We have used local firms to scope out the size of the market and our name recognition. We have relied on the knowledge of our local academic partner(s) to understand the market potential. We have received multiyear funding guarantees, so we are not as dependent on enrollment. We have worked with multinational corporations with local operations to gauge their interest in our students.

**ENROLLMENT PROJECTIONS.** Given enough financial backing, enough time, and conservative enrollment projections, an institution may be able to learn from experience—even without a solid marketing plan.

## Key questions

- \* What enrollment goals do you have by program for the first five years that you enroll students?
- \* Where will your students come from (mix of countries and regions) and how did you make that determination?
- \* When will you have the infrastructure in place (faculty, staff, space) to enroll students?
- \* What is the ideal size for your program to be noticed in this new market?
- \* Will the market support your projections?

#### Key thought

The cost per student of the ramp-up phase will be dizzying if the enrollment numbers are small. As long as overall expenses are in sync with available funding, the institution can wait it out. But if the level of investment assumes enrollment numbers that are not being met, the pressure will grow to retool plans or cut back operations. In our start-up phases, we try to build from a guaranteed base—either from government funding so we are less dependent on full-tuition-paying students or from corporations guaranteeing a certain number of students they will fund. To be realistic, we assume the guaranteed base to be 75 percent to 80 percent of our enrollment the first few years while we develop a better understanding of effective recruitment and marketing strategies.

**STUDENT FLOW.** A one-way flow may fall far short of the potential global impact of your new operation.

#### Key questions

- \* Do you want students in your overseas campus to spend time on your home campus?
- \* Do you want students on your home campus to spend time on your overseas campus?
- \* How attractive might your program be to students from other countries and from other operating regions (e.g., might U.S. and European students want to study at your Asian campus)?
- \* Where will students come from and go to?

#### Key thought

We build an expectation that students studying primarily in one of our overseas programs will also study in Atlanta. Not only does it round out their educational experience, it means they can take advantage of a broader range of course offerings when they are in Atlanta (and we don't have to mirror our Atlanta operations abroad). We are working hard to recruit undergraduates from Atlanta to study at our campus in France; the numbers are small but growing and we expect those efforts to pay off over time. We need to expose students to our international operations, even before they arrive on campus, so they can plan ahead.

**TUITION PRICING.** Without tuition parity, an institution runs the risk of undercutting its own campus. With tuition parity, however, the foreign campus runs the risk of pricing itself out of the new market.

#### Key questions

- \* Will your tuition be priced the same for your overseas program as it is on your home campus? Why or why not?
- \* If priced differently, how does this affect your brand in the global marketplace?
- \* How much is your program worth in the new setting?
- \* What is the role of tuition relative to the cost of education and funding strategies?

#### Key thought

If quality institutions are already operating in the new market offering substantially lower tuition (subsidized by the local government, for example), the institution will need time to demonstrate the value of the new degree. Brand impacts globally will need to be considered. India provides a perfect example. As we plan our new campus in India, we are confronted with tough choices for tuition pricing. Offering a tuition scaled to the Indian economy would severely undercut tuition on our Atlanta campus. Since many Indian students already study in Atlanta, we believe there should be tuition parity—not just in this instance but as a general operating principle. We will need our corporate partners to understand that education is a unique commodity and they need to fund the tuition of the employees they send our way.

Thinking Operationally—International Administrative Support

Whether faculty teach for short periods of time or relocate to live abroad for a year or longer, they will expect a high level of support in their transition. Yes, it can be an adventure living abroad and many of those interested in the experience will be excited about the opportunity. Even the most adventuresome people will consider the effect on their careers and their families, counting on the institution to provide expert advice, counsel, and expatriate packages to support them in their new location. Beyond that, they will expect graduate student support and classroom facilities that will ease their transition. Students may not expect dormitories, but they will at least expect a comfortable place to live.

Too little is made of these issues, particularly if the proposed location is in the developing world. Multinational corporations have been operating abroad for years, either building capacity within to advise on cost-of-living issues, tax, and benefits, or working with contract providers to support expatriate arrangements. They know an expat package can cost two-and-a-half to three times a base salary and build those costs into their planning. These issues drive up costs and affect long-term success. The International Program Support Decision Matrix shows the two primary variables regarding the viability of academic programs abroad: quality of life and financial sustainability.

No matter how prime the market and great the academic program, success is predicated on talented people who are happy with their decision to participate in the new enterprise. While the chief business officer must keep the bottom line in mind, he or she must work with the chief academic officer to insist that faculty and students enjoy excellent work and home environments.

Higher education institutions can't be so focused on globalization that they forget to address fundamental quality-of-life issues. These costs must be budgeted, even though they appear to inflate the total cost of the enterprise. They are the total cost of the enterprise and do factor into its sustainability. If going abroad is nothing but a huge hassle, if the work and living environments are not comfortable, if currency exchange rates reduce the value of a paycheck, if medical insurance makes people sick just thinking about it, people will bail out before the enterprise hits its stride.

At the same time, the business officer needs to help the academic team think beyond the start-up phase. How sustainable is the initial funding, and will the financial model in the first three to five years be successful for the long term? Revenues and expenses need to be estimated as accurately as possible. The president and the board need to have confidence that a solid business plan supports the new venture. As a state university, we need to demonstrate that our international initiatives operate without state dollars. A convincing, considered budget case needs to accurately reflect the financial complexity of the initiative and its prospects.

An administrative leader will need to be identified to oversee implementation of support plans. Without a business officer supporting the new initiative, the academic leader will quickly become overwhelmed. As chief business officer, you should insist on a senior administrative leader on the ground with a dotted-line relationship to you (assuming the individual will report directly to the leader of the new initiative).

#### Quality of Life

The following seven elements are critical when considering the quality-of-life issues essential to long-term success.

**EXPATRIATE PACKAGES.** If you do not invest appropriately in the people you send overseas, your program will be dead on arrival.

#### Key questions

- \* What is your policy for faculty and staff serving on an overseas assignment?

- \* How will you determine an appropriate expatriate package to keep your faculty and staff financially whole for the duration of their assignment?

- \* Depending in part on the scope of your plans, will you build up international expertise in your office of human resources, contract it out, or use a combined approach?

#### Key thought

The first people (and their families, where relevant) who participate in the program must have a positive and productive experience, or no one will take their place. The absence of secure, comfortable



housing will be a deal breaker for people considering an overseas assignment from your institution. Put yourself in the shoes of the people you are sending over and ask yourself what you and your family would need. Ensure that your pioneers are financially whole from the experience, but go a step further to think through what you must do to help them be productive and happy. Sending a few graduate students abroad to do research with a faculty member serving overseas sounds expensive, but how will the faculty member be productive without them?

**MEDICAL CARE.** The insurance package that works at home may not provide coverage in Asia or Europe.

#### Key questions

- \* What is the standard of medical care in your proposed location relative to the standard at home?
- \* If the faculty members abroad still pay for the health insurance in their standard benefits package, does the package serve their needs?

#### Key thought

There is no need to reinvent the wheel—ask consulting firms or corporations with whom you have connections for recommendations about what you should do.

**BUSINESS SYSTEMS.** The collection and maintenance of institutional financial, student, and human resources data should be a major consideration.

#### Key questions

- \* How will local data integrate with business systems on the home campus?
- \* Should information systems be outsourced early on, and what should be the enterprise's size and scope to maintain its own systems?
- \* Should the home campus outsource some of its information technology support if it is less expensive in the new location?

#### Key thought

Outsourcing key functions and contracting for the maintenance of institutional data through a local provider may be the only option at first, but may not scale as the organization grows. Georgia Tech struggled with its information technology systems at its campus in France until hiring a full-time IT staff person and connecting that person on a regular basis with a key IT contact in Atlanta. The two individuals work through opportunities collaboratively to improve service and support, facilitating the transitions of our faculty who travel between the campuses. You may need a key point of contact on the main campus for all services offered at the overseas location, depending on the scale of the operation.

**PAYROLL.** The value of the monthly paycheck paid in U.S. dollars to an individual serving abroad may go up or down depending on exchange rates.

#### Key questions

- \* How does the business officer help the faculty or staff member serving overseas hedge against currency market fluctuations?
- \* Should salaries be paid in local currency to avoid currency fluctuations?

#### Key thought

For our permanent faculty serving in France, the value of the dollar relative to the Euro has been a financial issue. We have taken steps to lessen the impact of the fluctuation on their take-home pay.

**RESEARCH CONTINUITY.** Faculty who relocate may feel they are interrupting their research careers.

#### Key question

- \* What type of research relocation package will you need to establish to support a productive career transition?

#### Key thought

An annual package that would cover funding for several graduate students, travel, and incidental expenses could be a positive

investment toward faculty success. At Georgia Tech, we do not have a standard protocol for this, since it depends in part on the type of funding the faculty member receives and the funding arrangements we have for our overseas operation. We try to build this arrangement into our funding model wherever possible.

**CLASSROOM AND RESEARCH FACILITIES.** Facilities will help establish your brand in the new environment.

#### Key questions

- \* What investments in space and equipment will be required for the people in your new program to be successful?
- \* How do you engage staff from the library, information technology, distance learning, and capital planning to work with faculty from the relevant academic disciplines to create interim and permanent facilities plans?

#### Key thought

Accurately projecting utility, rental, fit-out, and construction costs will require careful coordination between home campus units and local firms with required expertise. At Georgia Tech, we engage our campus staff in real estate and capital planning with expertise in our overseas location. We do not use a cookie-cutter approach; instead we collaborate with local experts to ensure that our facilities fit in the local environment and that our cost estimates make sense. Our operations are generally co-located with another institution or near a corporate park, so appearance has not been as big an issue as accurately estimating the cost and speed of construction. Assuming we go forward with our new campus in India, we will be working with a local developer, so a campus master plan will be much more critical.

**PERMANENT FACULTY AND LOCAL SUPPORT.** Permanent faculty will talk to their colleagues back home. They will expect similar reward structures and a high level of service and support.

#### Key questions

- \* Will faculty be hired for permanent assignment at your new location?

\* If permanent faculty are hired, what role will the home department play in hiring, tenure, and promotion, and what budget support will the home department receive for recruiting?

\* Where appropriate, will permanent faculty receive research start-up packages comparable to their colleagues at home?

\* How will the new operation use local firms to hire local staff, provide legal advice, develop marketing plans, assist with accounting and financial reporting, and so forth?

\* When will you depend on local firms and when will you hire staff? Why?

### Key thought

We did not locate permanent faculty at our French campus until 2005. For more than 10 years, Atlanta-based faculty traveled back and forth to teach for one or two academic terms at a time. Now that we have permanent faculty in France, we have received local government support to build comparable research facilities and technology support. Faculty serving overseas for an extended period of time must have the necessary tools at their disposal. We build these costs into our financial plan because we will not succeed institutionally if our faculty cannot succeed individually.

### Financial Sustainability

The following three elements are critical when considering the financial sustainability required to survive and thrive in the proposed new location.

**FUNDING SOURCES.** The mix of possible funding includes institutional investments; tuition; direct government support; contributions from corporations, foundations, wealthy individuals, or alumni; research funding; and borrowing.

### Key questions

\* If you are a state institution, how will you ensure that state funding does not support the new overseas enterprise?

\* Were you invited in by a federal, state, or municipal government and how does that translate into funding support?

\* If local government support is part of your funding plan, how will you assure your funding does not negatively affect existing local institutions?

- \* Where will research funding come from?
- \* What is the potential for philanthropic support?

#### Key thought

The best scenario starting out would be substantial funding support from foreign government sources at the federal, state, or local level. The foreign government funding assumes another critical factor: that the institution is an invited guest with strong local relationships. What can an institution do without an invitation? A key relationship with a multinational company could lead to an opportunity abroad by helping the company address a research need or skill deficit abroad. Strategically identifying relationships within your state and joining economic or business development missions abroad could position your institution for future initiatives internationally.

**BUDGET PROJECTIONS.** The chief business officer must engage the budget office to prepare a formal five-year budget for review by key campus officials.

#### Key question

\* How confident are members of your leadership team, including your president, in the budget projections and your potential for success?

#### Key thought

The chief business officer is uniquely positioned to take the emotion out of these decisions by putting a planning team together with the chief academic officer to paint the financial picture for the new research center, study abroad housing complex, or campus.

**FUNDING STABILITY.** As you plan for financial sustainability, you should be able to model a financial future that takes you beyond the start-up phase.

#### Key questions

\* Will your institution make it out of the start-up phase to steady-state?

\* What are the financial scenarios for success or failure and what are your contingency plans for each scenario?

\* Is your campus willing to give the new initiative at least five years to hit its stride? If not, are you prepared to walk away now before you even get started?

### Key thought

In the event your model fails, you should know your alternatives.  
Breaking From the Pack

A handful of institutions, not just American universities, will go global effectively. As they develop the new model of the multinational university, they will distinguish themselves in the academic marketplace in ways that will enhance their reputations around the world. Their students will be in greater demand because of experiences abroad. Their corporate, government, and alumni connections will help them make a global contribution in teaching, research, and economic development.

Even though American higher education institutions have been recruiting and collaborating globally for years, operating our institutions overseas offers new challenges and opportunities. At the beginning of the 21st century, those institutions that make the right strategic decisions around the globe will be positioned for success for this century and beyond. Getting key faculty and administrators, the chief academic officer, the chief business officer, and the president strategically and operationally aligned may make the difference in achieving your global ambitions.

And even in financially hard times, if your team can see a path forward that takes advantage of your program quality, that reaches a new market and builds your reputation, that provides your faculty and students with a high quality of life in an intellectually stimulating environment, your institution will break from the pack as a leader on a global scale.

HAL IRVIN, formerly of the Georgia Institute of Technology, Atlanta, is associate vice president, human resources, Virginia Tech, Blacksburg; and ROBERT THOMPSON is executive vice president emeritus, administration and finance, Georgia Institute of Technology.

## **International Risk and Liability Committee**

### **Guidelines for Membership Configuration**

15 Committee Members

#### **6 Standing members:**

OIP Associate Director	Mark Schneider
OIP Health, Safety and Compliance Coordinator	Stacey Tsantir
OGC lawyer	Don Amundson
Internal Auditor	Gail Klatt
Director, Institutional Compliance	Lynn Zentner
Director, Risk Management	Steve Pardoe

#### **9 Revolving members (in the long run these members will serve 2 year terms):**

- 3 Representatives from Coordinate Campuses: UMC, UMD, UMM
- LAC representative
- ISSS representative
- Representative from Student Services
- 2 representatives from Faculty or Academic Administrators
- 1 Ad hoc representative

In order to set this in motion, when it is time to reconvene the committee in mid-2009, current revolving members should be divided into three approximately equal groups (about 3 per group): those willing to serve a total of three years, those who will serve two years, and those whose appointment will be considered complete. Then, approximately 3 new persons should be added each year to maintain a full complement of 15 members.