

BUSINESS AFFAIRS SUB-COUNCIL

April 20, 1995

MINUTES

The meeting began at 1:30 p.m. in Genesco Training Room 204. Present were Mr. Al Irby (APSU); Mr. Jim Bowman and Mr. David Collins (ETSU); and Mr. Raymond Pipkin (UOM); Mr. Bob Adams (MTSU); Mr. Clay Harkleroad Jr. (TSU); Mr. Jim Morris (CSTCC); Mr. Jacky Liner (CISCC); Mr. Ken Horner (CoSCC); Ms. Sharon Hayes (DSCC); Jean Redding (JSCC); Mr. Mike Posey (MSCC); Mr. Taft Davis and Ms. Ann Collett (NSTI); Ms. Claire Stinson (NSTCC); Mr. Ron Keterson (PSTCC); Mr. Bill Fuqua (RSCC); Ms. Susan Rains (SSCC); Mr. John Kirk (STIM); Mr. James Hodges (VSCC); Mr. Julian Jordan (WSCC); and Chancellor Charles Smith, Mr. Brad Hurley, Ms. Julie Goodyear, Mr. John Rudley, Ms. Jackie Shrago, Mr. Michael Gower, Mr. Elijah Hall, Ms. Debbie Johnson, Ms. Linda Bishop, Ms. Patricia Crook, Mr. Robert Hughes, Mr. Raja Kodali, Ms. Kathy Musselman, Mr. Bob Wallace and Mr. Harry Richards, of the Board staff. Dr. Duane Stucky (MTSU); Mr. Terry Rector (TTU); Dr. R. Eugene Smith (UOM); Mr. Wayne Powers (JSCC); and Dr. Charles Hurley (NSTCC) did not attend the meeting.

Chancellor Charles Smith introduced Mr. John Rudley as the new Vice Chancellor of Business and Finance. Mr. Rudley spoke to the committee and mentioned the previous positions he held prior to being appointed Vice Chancellor of Business and Finance. He indicated that he has been a chief financial officer for two universities, the University Tennessee at Chattanooga and Texas Southern University. Mr. Rudley discussed his two-year assignment with the Secretary of Education, Lamar Alexander, where he served to organize the department's chief financial officer's initiatives. During this period, he gained firsthand experience in the student financial aid delivery system (GSL, Pell, Campus Based Program), and worked with the General Accounting Officer, the Inspector General and the Officer of Management and Budgets. He stated that he has plenty of experience from working on both sides of the equation, and along with the support of the institutions' Chief Financial Officers should help him to provide more service to the TBR system. Mr. Rudley also encouraged the members to share their recommendations concerning changes needed at the Board.

ORDER OF BUSINESS

1. CHANCELLOR SMITH'S COMMENTS

Chancellor Smith met briefly with the Business Sub-council to discuss several issues and hear sub-council members' feedback. The issues were:

- A) The lifting of the freeze on capital projects
- B) *Agenda 2000* (Chancellor Smith noted his appreciation of the feedback he has received from the campuses)
- C) Recent news articles published about the Tennessee Board of Regents
- D) Two recent joint meetings of the TBR Committees on Finance and Business Operations and Personnel on April 6 and 19; in regard to these meetings, the Chancellor spoke about recommendations he made to the committees at the April 19 meeting.

The recommendations were to

1. Change Board policy to require that all TBR staff positions be filled through an open search process
2. Change Board policy to require that all appointments to senior staff positions receive prior approval by the full Board in open session
3. Eliminate the position of Executive Vice Chancellor
4. Cap the chargeback to campuses at a rate of three-tenths of one percent of the 1994-95 state appropriations (which would freeze the dollar amount of the chargeback)
5. Expand the time allotted to the Board's Finance and Business Operations Committee to permit more detailed presentation of budget recommendations
6. Hold a 2-3 day Board retreat annually to ensure that the Board's philosophy is being reflected in the Administration's actions

QUESTIONS

1. Do you expect additional information will need to be provided by the campuses for the budget review process?

Mr. Rudley replied that the campuses will need to provide overviews comparing their dollars and positions of where they were last year and where they are going (a one sheet summary).

2. Can the Chief Academic and Chief Fiscal Officers be invited to Board meetings again?

Chancellor Smith replied that he would look into this and see if there is any sensitivity on the part of the Board.

In conclusion, Chancellor Smith asked for feedback on whether his meeting regularly with the sub-council to brief them on current activities of the TBR central office would be helpful. The sub-council agreed it would be helpful and desired.

2. Gopher Presentation

Presentation of the gopher was made by Mr. Elijah Hall and Mr. Raja Kodali. The gopher is more user friendly than the Infor-Account and has the same information as the Infor-Account. The intent is to replace the Info-Account with the gopher. The gopher is currently available to the institutions.

3. COMMITTEE MINUTES

A. REPORT OF THE HUMAN RESOURCES OFFICERS COMMITTEE

Ms. Debbie Johnson presented an overview of issues contained in the minutes of the April 5 Human Resources Officers meeting. Items requiring action by the Officers included proposed Family and Medical Leave Act Policy 5:01:01:14, proposed Charitable Organization Deductions (new guideline), and revisions to Longevity Guideline P-120.

BENEFITS ISSUES

1. Family and Medical Leave Act Policy (FMLA)

Ms. Johnson advised the Officers that the final regulations for administering the Family and Medical Leave Act leave were passed effective January 6, 1995. Therefore, it has become necessary to revise the memorandum under which FMLA has been administered since October 1993 to create a regular leave policy.

Ms. Linda Bishop presented a detailed review of the proposed policy. These changes were discussed with Assistant General Counsel Martha Staley, Department of Labor personnel, and members of various TBR committees. She informed the Officers that many of the changes were the result of efforts to clarify the intent of the law as it was originally passed. Significant changes were recommended in the following areas: (1) eligibility, (2) definitions ("serious health condition" and "health care provider"), (3) the employer's responsibility for informing employees of their rights under FMLA in a timely manner, (4) the employee's responsibilities for notifying the employer of the need for FMLA leave and changes in circumstances pertaining to the need for FMLA leave, (5) medical certification requirements, (6) the employee's rights regarding restoration to the same/equivalent position and benefits in effect prior to FMLA leave, and (7) interaction between FMLA and ADA.

The Officers were asked to advise the Human Resources Office whether or not they recommend to continue the current practice of paying the employee's portion of the insurance premiums if the employee defaults on payments during the FMLA leave. Due to the risk associated with the employer's responsibility to restore employees to the same/equivalent benefits, the State and TBR have previously elected to pay delinquent premiums and collect them upon the employee's return to work. The University of Tennessee has elected not to pay premiums for such employees.

2. Longevity

Ms. Johnson advised the Officers that a revision to Longevity Guideline P-120 is being proposed to provide consistency in the way temporary service is credited when it immediately precedes regular employment. Currently, regular clerical/support staff and administrative/professional employees with a prior service schedule of 1600 or more hours in a fiscal year receive credit if the service immediately precedes regular employment with no breaks. However, regular employees with prior adjunct service, which meets the equivalent of 1600 or more clock hours in a fiscal year, may not receive credit. Adjunct faculty will receive credit of longevity only if they are immediately appointed as regular employees. If they are never appointed to a regular position, they will not receive longevity pay nor service credit.

Other housekeeping revisions were proposed to clarify eligibility of employees who are scheduled to work 1600 or more hours in a fiscal year and to remove references to "full-time" employees where appropriate.

3. Charitable Organization Deductions

Due to concerns expressed during the Business Officers meeting in January regarding charitable organization deductions, Ms. Johnson had requested that the human resources committees to review and discuss once again the implementation process. As a result, a guideline was developed that addressed the types of organizations eligible for deductions, enrollment, methods of deduction, requirements and limitations, and the process to establish deductions. (See attachment A) Ms. Johnson advised the Officers that a functional area for administration of the guideline has not been designated.

The minutes of the Personnel Officers Committee were approved as presented.

B. Report of the Finance Committee

Mr. Raymond Pipkin highlighted the following issue from the Finance Committee minutes of April 4, 1995.

1. Taxability of Graduate Courses

Mr. Pipkin began the discussion by updating the status of Section 127 - Educational Assistance, which applies to the taxability of Graduate Courses. The Clinton Administration's budget does not include Section - 127 at this time. It is scheduled to be discussed by the Oversight Committee of the House Finance Ways and Means Committee. If Section 127 is not extended, graduate courses that are not job related will be taxed as income. As this appears to be the case, the Committee recommends that institutions begin taxing graduate courses that are not eligible for exclusion retroactive to January 1, 1995.

The minutes of the Finance Committee were approved as presented.

C. Report of the Incidental Fee Committee

Ms. Musselman reviewed the recommendations for changes to Guideline B-060. One of the changes recommended was to allow institutions to assess summer school fees at the part-time rate with no maximum amount for total credit hours enrolled. Another change to the guideline was to allow the institutions to refund student government activity fees, student activity fees, and campus access fees on the same basis as maintenance fees or as established by the institution. Recommendations were also made to change the late registration fee of \$10.00 to \$25.00 for universities and to change the returned check fee to \$25.00 from the current fee of \$15.00. The late registration fee for the community colleges would remain at \$10.00.

A discussion of the current application fee of \$5 was held. Mr. John Rudley recommended that the application fee would be subject to further review by the Board executive staff and the President's Council. Also, Mr. Jim Bowman recommended the committee review the graduate fee again.

D. Report of the Council of Buyers Committee

Ms Pat Crook highlighted the following issues from the Council of Buyers minutes of April 4, 1994:

1. **Minority and Small Business Report**

Effective for the quarter ended September 30, 1995, information on solicitations and awards made to minority and small businesses will be reported using the revised format. It was stated that the report format was changed to comply with state legislation effective July 1, 1995.

2. **Centralization of Travel**

The discussion on the status of the centralization of travel was tabled to a later presentation made by Mr. Glenn Binkley. The results of the survey on air travel volume were distributed during the presentation.

3. **Existing and Future Contracts/ Sharing of Information Among Institutions**

Mr. Elijah Hall agreed to develop online capability (gopher) in the TBR network that will allow institutions access to information on shared contractual agreements with various vendors.

4. **Disposition of Paper Waste**

The Council of Buyers agreed that all institutions entering into recycling agreements should follow TBR's and its institution's purchasing policies when making such awards.

The minutes of the Council of Buyers Committee were approved.

E. Report of the Financial Integrity Committee

Mr. Harry Richards informed the committee of the results of the Financial Integrity Committee meeting on April 5, 1995. The 1995 TBR Financial Integrity Topics are "Accounts Payable" and "Cash Disbursements." Questionnaires will be developed for the universities and two-year institutions and separate questionnaires for the technology centers. The questionnaires will be distributed to the institutions by September 1, 1995 and due to TBR by November 1, 1995.

The minutes of the Financial Integrity Committee were approved as presented.

4. **NEW BUSINESS**

A. Automation of the Budget Process

Mr. Elijah Hall informed the committee that automation of the budget process will be beneficial to the Board staff and the institutions. A committee will be formed consisting of three or four people from the institutions and some of the Board staff. The committee will initially identify forms that should be automated and automate as many forms as possible for the October budget period.

Mr. Michael Posey recommended that a person from a technology center be involved automating the budget process.

B. Centralization of Travel

Mr. Glenn Binkley gave the committee an update on the Centralization of Travel Sub-Committee. Mr. Binkley discussed the need for the additional information requested from all the institutions by the airline carriers. The committee's recommendations are needed on preparing the contract for the centralization of travel.

The contract would be administered through the Tennessee Board of Regents and not through a travel agency. The airline agencies will not allow a review of their contracts by the Board's legal staff prior to presenting their contract proposals. It is possible the contracts could be in place by late summer or early fall.

C. Information Systems

1. Update on Negotiations SCT

Ms. Jackie Shrago updated the committee on the SCT Contract. Negotiations will be for a two- or three-year contract instead of a five-year contract, due to the institutions' financial commitments not being as large as previously thought. The amount of institutions' commitments will determine the amount of the discount.

Ms. Shrago was not aware of SCT's plan to go to a regional SMO concept. The current arrangement with SCT is cost effective and she would like to continue with it.

2. Information System Plan

Ms. Shrago reminded the Committee that the TBR Central Office recommends that the information system plan be integrated into the academic planning process as well as the budget process. The current plan is to have video conference meetings presenting the information system plans, immediately after their due date.

3. Computer Applications Using

Ms. Shrago informed the committee that TBR is looking at additional tools to take better advantage of the PC, and move data base format for on-line students access. Institutions will be experimenting with new tools to determine a collective TBR strategy over the next few months.

D. Other

1. Fee Exchange

The fee exchange issue is still under review by the Board staff and will be discussed at the next meeting.

2. Educational and General Reserve

The institutions requested for the Board to consider allowing the institution to replenish their Education and General Revenue reserves over a two year period, instead of the one-year requirement. Mr. Rudley agreed to review this requirement and would communicate information on any changes as soon as possible.

3. Ms. Kathy Musselman briefly discussed the revised state appropriation schedule.

There being no further business, the meeting adjourned at 12:30 p.m.

Note: The next meeting of the BASC is tentatively scheduled for Thursday, July 20, 1995 at 9:00 a.m. in the TBR Board Room.