

BUSINESS AFFAIRS SUBCOUNCIL

April 24, 1996

MINUTES

The meeting began at 9:00 a.m. in Genesco Training Room 204. Present were Dr. Joyce Mounce and Mr. Al Irby (APSU); Mr. Jim Bowman and Mr. David Collins (ETSU); Mr. Bob Adams (MTSU); Mr. Clay Harkleroad Jr. (TSU); Mr. Terry Rector (TTU); Dr. R. Eugene Smith and Mr. Raymond Pipkin (UOM); Ms. Tammy Swenson (CSTCC); Mr. Jacky Liner (CLSCC); Mr. Ken Horner (COSCC); Mr. Mitch Robinson (DSCC); Mr. Wayne Powers (JSCC); Mr. Mike Posey (MSCC); Mr. Taft Davis (NSTI); Dr. Charles Hurley (NSTCC); Mr. Ron Kesterson (PSTCC); Mr. Bill Fuqua (RSCC); Mr. Dwight Johnson (SSCC); Mr. John Kirk (STIM); Mr. James Hodges (VSCC); Mr. Julian Jordan (WSCC); Mr. John Rudley, Mr. Michael Gower, Mr. Elijah Hall, Ms. Heidi Dorris, Ms. Patricia Crook, Mr. Robert Hughes, Mr. Bob Wallace, Ms. Lisa Hall, Ms. Renee Stewart and Mr. Harry Richards of the Board staff.

Ron Kesterson called the meeting to order. John Rudley introduced Lisa Hall as the new analyst on the Business and Finance staff.

BUSINESS

1. REPORT OF COMMITTEES

A. Report of the Council of Buyers

Patricia Crook highlighted the following issues from the Council of Buyers Committee minutes of April 9, 1996.

1. Presentations

a. Xerox Corporation

Ms. Crook discussed the Xerox Corporation's presentation on "Master Purchase and Lease Agreements" as an alternative to an individual institution bid process when acquiring certain equipment and services common to all TBR institutions.

b. Tennessee Division of Claims Administration

Ms. Crook briefly explained the major issues discussed in the presentation by Ms. Anne Adams, Claims Supervisor for the Tennessee Division of Claims Administration, on liability coverage for employees and claims evaluation.

c. Fiscal Review Committee

Ms. Crook stated that the presentation by the Fiscal Review Committee had been canceled. The Fiscal Review Committee did,

however, send a letter and it was distributed to the Council of Buyers members. The Council of Buyers members recommended the TBR consider discontinuing the requirement for submission of Quarterly Purchasing Reports for low bid exceptions and proprietary purchases, if the Fiscal Review Committee agrees. Ms. Crook agreed to send out correspondence to the institutions with the decision on this matter.

Mike Posey recommended the Board consider making the institution level the final appeals for a bid protest instead of the Board. Board staff will take the recommendation under review.

d. Communication Technology

Ms. Crook informed the members of the TBR presentation on Internet, E-mail and the software available to institution personnel.

2. Other Agenda Items

a. TBR Sound System for Quarterly Board Meetings

Ms. Crook informed the members that the Council of Buyers recommended that the TBR enter into a master contract for a vendor to provide sound service for quarterly Board meetings. It was also recommended that the contract be effective for the June Board meeting.

b. Small Business and Minority Reports

Ms. Crook explained that as of July 1, 1995, higher education was required to add some additional categories to the Small Business and Minority reports. All incorrect reports were returned to institutions and the revised reports were to be returned to TBR by April 15, 1996.

An annual report is required to be submitted to the Tennessee General Service Department and included in the State's report to the Governor and General Assembly at the end of the fiscal year.

c. Corporate Credit Card Update

Ms. Crook informed the members that a credit card bid proposal received from Citicorp Diners Club Card was recommended by the committee for acceptance. The contract will include a provision for full value rental car collision/loss damage insurance at no cost. The Diners Corporate credit card will not be an exclusive agreement, giving institutions the option to participate.

Institutions can continue using the American Express Corporate credit card. Mr. Bowman inquired if employees can purchase American Express rental car insurance by paying the additional fee.

This is allowable at the employee's expense.

d. Performance Bond Survey

The requirement of a performance bond and the performance bond amount must be included in the request for proposals if it is to be a condition or criterion for bid awarding.

3. Announcements and Recognitions

Terry Rector announced that Glenn Binkley, Purchasing Officer at Tennessee Tech, acquired a master agreement for office supplies from which all TBR institutions can make purchases.

B. Report of the Finance Committee

Raymond Pipkin and Bob Adams highlighted the following issues from the Finance Committee minutes of April 10, 1996.

1. Deferred Payment Plan

Mr. Adams reviewed and highlighted points in the new guideline for the Deferred Payment Plan and the minutes of the Deferred Payment Plan Committee. It was suggested that **attachment A**, the revised Deferred Payment Plan guideline be reviewed. The following points were discussed:

a. New Guideline B-XXX Deferred Payment Plan

1. General Provisions

Each four-year and two-year institution is authorized to offer a deferred payment plan as provided in the Tennessee Board of Regents Policy on Payment of Students Fees and Enrollment of Students (No. 4:01:03:00).

The deferred payment plan is available for regular academic terms, but not for summer or other short terms.

2. Eligibility

All students in good financial standing and with no outstanding account balances from previous terms are eligible to participate in the deferred payment program. **Students who fail to make timely payments in previous terms may be denied the right to participate in the deferred payment in subsequent enrollment periods. Institutions may set minimum balances due for students to be eligible for deferred payment.**

3. Payment Terms

The Council voted and approved the revised version of the Payment terms. All financial aid awarded by the institutions, including students loans, must be applied toward payment of total fee balances before the deferred payment plan may be utilized. At least 50% of the remaining balance after financial aid and discounts is applied must be paid at the beginning of the term. The remaining balance may be paid in **a minimum of two equal installments**. Due dates for these payments will be set by the institution with approximately 30 days between due dates. **All balances should be scheduled to be paid before the end of the term.**

The Council had concerns about requiring that “all financial aid awarded by the institution to be applied toward payment of total fee balances before the deferred payment may be utilized.” Dr. Mounce informed the Council that the U.T. System and other states with deferred payment plan regulations have the same requirement.

4. Service Charges and Fines

Institutions may charge a service fee to help defray administrative costs associated with the deferment program in the amount of \$10 per term. An additional late payment charge, not to exceed \$25, will be assessed on each installment not paid on or before the due date. Withdrawal from classes will not alter any remaining balance due except to the extent any refund may be applied in accordance with Guideline B-060.

Jacky Liner inquired about student refunds after the 75% refund period. Refunds should be applied in accordance with Guideline B-060.

5. Approval of Exceptions

In accordance with these guidelines, the president of an institution or designee has the authority to determine the applicability of the provisions of the deferred payment program and to approve exceptions in instances of unusual circumstances. All such actions should be properly documented for auditing purposes.

The members were of the opinion, since the president or designee has the authority to grant exceptions, this allows institutions to have some flexibility.

b. Deferred Payment Plan Committee Recommendations

Mr. Adams discussed the following recommendations:

1. Residence Hall Monthly Optional Payment

Students should be prohibited from participating in both the deferred payment plan and the residence hall monthly optional payment program which would result in the business office administering both plans. The housing cost can be included in the deferred payment plan.

2. Financial Aid Deferments

Financial aid deferments should be treated in the same manner as financial aid awards and should be applied prior to calculating the 50% deferred amounts.

3. Holds on Transcripts, Grades, Etc.

If a student is not delinquent in making payments, holds will not be placed on transcripts, grades, etc., due to participation in the deferred payment plan.

4. Subsequent Charges after Registration

Reductions in fees, such as dropping classes, will not result in a refund of the 50% collected at registration. Reductions will be applied to the future amounts due. Also, increases in fees will not result in recalculation of the amount deferred. Fees incurred after registration will be due immediately. This will encourage students to complete registration during the regular registration period.

5. Uses of Private Vendors to Administer Program

After some discussion, it was decided that institutions interested in a vendor agreement should contact Mr. Michael Gower of the TBR central office.

6. Implementation Date

Institutions may implement the deferred payment program beginning with the Fall 1996 semester or later as desired. An institution's participation in the deferred payment program is optional.

7. Reinstatement Fee

Due to the inherent problems in assessing a reinstatement fee, it

was determined to replace the reinstatement fee with a larger late payment fee. The late payment fee should not exceed \$25 per late payment.

8. Optional Monthly Housing Payment Plan - Late Payment Fee

The late payment fee under the optional monthly housing payment should be increased from \$5 to \$15.

2. Policy on the Deposit and Investment

Mr. Pipkin discussed the revised Deposit and Investment of Funds policy (4:01:01:10) to include the collateral pool administered by the Department of Treasury. It was recommended that institutions include participation in the collateral pool in their bank requests-for-bids.

The policy was also revised to incorporate a policy for depositing receipts. **See attachment B.**

3. Revisions of Guidelines B-041 and B-042

Mr. Pipkin informed the members that Guideline B-041, Community College Athletics, was revised to remove athletic salaries and benefits from the maximum athletic allocation amount included in the budget guidelines. **See attachment C.**

Guideline B-042, Allocation of Maintenance Fees for University Athletics, was revised to remove the \$18 per student method used to compute UOM's maximum athletic allocation. UOM's maximum athletic allocation will be calculated in the same manner as the other universities.

4. Revisions to Guideline P-130

Guideline P-130 was revised to reflect the Business Guideline changes made last year due to TBR institutions discontinuing exchanging funds for PC 191 students. Universities were requested to provide adequate information for employees registering for graduate level classes. This information is needed by the employer institution in order to determine if the graduate course should be taxed.

The information should be addressed to the chief business officer. The Board staff will discuss the same arrangement with the UT System. **See attachment D.**

5. Travel Policy 4:03:03:00

Mr. Pipkin discussed the changes made in TBR's Travel Policy. The proposed changes submitted last summer and approved by the Department

of Finance and Administration and the revisions included in attachment E will be presented at the next President's meeting. All proposed revisions approved by the BASC and the President's Council will be presented at the June TBR meeting. **See attachment E.**

6. Reporting of Cash Overages/Shortages

Mr. Pipkin alerted the Council to the new changes in reporting cash shortages and overages. Institutions are now required to report immediately to the central office those single cash shortages or overages of \$100 or more. Previously institutions were to report immediately single shortages of \$50 or more.

7. Returned Checks

Mr. Adams explained the revisions made in TBR's policy on the Payment of Fees and Enrollment of Students (4:01:03:00), concerning returned checks. The revision gives the institution the option not to consider the student enrolled who tenders a check for payment of fees which is subsequently dishonored by the bank, and the check is not redeemed within the time period specified.

The revision also states "at the discretion of the institution, the student may be considered enrolled and assessed the applicable returned check fee, the late registration fee, and will be denied grade reports, transcripts and future registration privileges until such dishonored check is redeemed. Institutions and centers may deny future check writing privileges to students who have paid registration fees with checks that were subsequently dishonored."

8. Telecommunications and Computer Plan

Mr. Pipkin requested the Board staff to review the requirement for the Telecommunications and Computer Plan to include all purchases more than \$5,000. It was recommended that the \$5,000 be increased to \$50,000. Board staff will review this request.

The minutes of the Finance Committee were approved as presented.

2. Business

A. Budget Update

1. THEC Funding

Mr. Rudley notified the members that restoration of the total \$2.9 million loss of appropriations various institutions experienced due to the redistribution appear unlikely.

Members were told to prepare their budgets with a 3% salary increase plus benefits. The plan is for the state to fund 2% of the salary increase plus benefits and the institutions will fund the other 1% of the salary increase plus benefits.

2. Tuition Increase

Mr. Rudley gave a presentation on tuition fees at the March Board meeting. The presentation indicated that Tennessee has one of the lowest range of tuition fees when compared to its peers.

Mr. Rudley recommended that the Presidents present proposals for tuition fee increases at the next Presidents and Directors meeting. The proposals should include the following information:

1. A fee increase amount, if any.
2. An explanation of how the additional fees would be used.

3. 401K Plan

Mr. Rudley explained to the members that TBR will allow the 401K match program to lapse, if the State does not provide matching funds funding. The UT System has decided to continue the 401K match program even if the State does not provide the funding. UT will fund the 401K match out of savings from administering their cafeteria program and FICA savings. The option to participate in the 401K program will continue. The employer match participation will be discontinued.

Members expressed concerns about the UT System funding their 401K match from their FICA savings and savings from administering UT's cafeteria plan. Dr. Eugene Smith questioned whether the UT System would have FICA savings to use as their 401K match. Board staff will research how UT was able to generate these "savings".

4. Capital Outlay

Mr. Rudley stated that the Governor's 1996-97 Capital Outlay budget for TBR exceeded prior years. However, improvement is needed in future Operational budget funding.

5. Non-Formula Units

Mr. Rudley alerted the members that THEC would be reviewing non-formula units very closely next year.

6. Centralized Payroll

Mr. Rudley inquired about the institutions benefiting from a centralized payroll system. Dr. Joyce Mounce informed Mr. Rudley that Dr. Jerry

Farley's research indicated that decentralization is more cost effective than centralization. Dr. Mounce agreed to send Mr. Rudley a copy of Dr. Fareley's research.

7. Effective and Efficiency List

Mr. Rudley requested members to provide a list of their savings resulting from being effective and efficient. The Chancellor will be asking some of the presidents to present their effective and efficient saving projects at the next Board meeting.

Mr. Bob Adams volunteered for MTSU to present its project on Co-Generation.

8. M&O Update

Mr. Gower discussed revisions of 1996-97 Maintenance and Operation (M&O) Budget Guideline in a memo that was distributed to members. The original calculations used for the M&O base included the 1995-96 recommendation. The memo reflects the switch to the 1996- 97 recommendations for the M&O base.

The schedule was computed using a 95% average to reflect estimated funding for 1996-97. There remains the possibility that THEC could decide to use the institution's actual funding percentage, which would require another revision to the M&O schedule. Any additional changes by THEC to the M&O schedule will be made in the October revisions.

Raymond Pipkin stated that THEC should use only the state-funded salary increase amount in the M&O calculation and not the total salary increase amount. The committee made a motion to recommend that THEC use in their calculation of M&O only the portion of the salary increase funded by the state. Motion was seconded and passed on a voice vote.

B. Student Rules; Fines for Traffic-Related Offenses and Bankruptcy Procedures

Heidi Dorris, Assistant General Counsel, distributed copies of the Revised Bankruptcy Procedures to the members. Ms. Dorris discussed the Student Rules and Fines for Traffic-Related Offenses Memo, mailed to the members as part of the BASC mail out. She reminded the members that currently the rules must include all fines and any changes in the amounts of such fines in the process. Additionally, approvals of fine revisions are part of the June budget process.

The memo discusses an Attorney General's opinion which states that rules need not include specific fine amounts. The opinion recommends that institutions retain some reference in the rules to penalties to reduce the risk of any challenges to their validity and enforceability.

The opinion allows institutions to have the following options:

1. Institutions could continue as is presently done and, in coordination with the budget process, promulgate the specific fines assessed for traffic offenses.
2. A provision enumerating the possible penalties for traffic offenses, such as towing of the vehicle, withdrawal of parking privileges and a range of monetary fines could be included. The provision should contain a short recitation of the budget process and information concerning where the amounts of fines can be found.

In closing, she reminded the members that a fine should not be part of the annual June budget process that is not first a part of the March rule approval process. If an institution decides to remove specific fine amounts from the student rule, the range of fines should replace specific amounts that must be reflected in the subsequent June budget request. Changes made within the range of fines would not have to come to the Legal office for approval.

C. Tax Issues

Renee Stewart distributed an article titled “IRS to Introduce Compliance Program for Nonresident Alien Reporting” to the members. Ms. Stewart briefly summarized the article.

D. Other

a. Report of Human Resource Officers

Mr. Gower asked the members if they had any concerns about the Human Resource Officers minutes of April 10, 1996. The members voted for a 2% increase in the maximum skill level for the clerical support staff and no increase in the minimum skill level for the clerical support staff. This was the only change the members requested in the minutes of the Human Resource Officers.

b. Balance Sheet

Julian Jordan requested that the BASC Summary be revised to state that the cash and cash equivalent time frame reference will not be a part of the summary with specific amounts; however, the specific amounts will be a part of the financial statement instructions. The change will be made by Board staff.

c. Automation of Budget Process

Mr. Gower updated the members on the automated budget process. During the 1996-97 October revision, four institutions will be selected as

pilot institutions for the automated budget process. All institutions will be involved in the automated budget process in the 1997-98 proposed budget cycle.

d. Official Duty Station

A copy of the Official Duty Station memo was distributed to the members. The memo advised the members to conduct a review to ensure that all employees are aware of the location of their official duty station.

There being no further business, the meeting adjourned at 11:00 a.m.

Note: The next meeting of the BASC is tentatively scheduled for Thursday, July 18, 1996 at 9:00 a.m. in the TBR Board Room.