

BUSINESS AFFAIRS SUB-COUNCIL

April 23, 1997

MINUTES

The meeting began at 8:30 a.m. in TBR Board Room 366. Present were Dr. Joyce Mounce and Mr. Al Irby (APSU); Mr. James Bowman and Mr. David Collins (ETSU); Dr. Duane Stucky and 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. Hugh Robinson (CISCC); Mr. Ken Horner (CoSCC); Mr. Mitch Robinson (DSCC); Mr. Wayne Powers and Ms. Velma Travis (JSCC); Mr. Mike Posey (MSCC); Ms. Debra Bauer (NSTI); Mr. Ron Kesterson (PSTCC); Mr. Bill Fuqua (RSCC); Mr. Dwight Johnson (SSCC); Mr. John Kirk (STIM); Mr. James Hodges (VSCC); Mr. Julian Jordan and Mr. Tim Hurst (WSCC); Mr. John Rudley, Mr. Michael Gower, Ms. Deanna Hall, Ms. Lisa Hall, Ms. Melissa Plant, Mr. Bob Wallace, Ms. Patricia Crook, and Ms. Renee Stewart (TBR).

Dr. Duane Stucky called the meeting to order. Mr. Jordan introduced Tim Hurst as the new Director of Accounting at WSCC.

BUSINESS

1. 1997-98 Fee Recommendation Position Paper

Mr. Bob Adams briefly described the process used to develop the fee recommendation position paper and the resulting recommendation of a 6% increase for universities and a 4% increase for two-year institutions (See Attachment A). Mr. Bowman stated that he opposes the two-tier approach because it will ultimately shift state appropriations from the universities to the two-year institutions. A discussion on the funding formula and its indexes followed, with Mr. Rudley noting that the Governor's Blue Ribbon Panel Review of Higher Education may recommend formula changes that could affect the index approach.

The committee discussed the need for a two-tier approach, noting the wide range in average fees between TBR institutions and their peers. Mr. Rudley stated that the intention is to follow a lock-step approach. This year we will demonstrate to the TBR Board the different needs of the universities as compared to the two-year institutions and the appropriateness of a two-tier approach for fee increases. Next year, we will develop an ad hoc committee to study the feasibility of different fee increases at each TBR institution. The goal is to bring each TBR institution in-line with its peer institutions while still remaining competitive.

Mr. Adams noted that a maintenance fee increase for the Technology Centers was not addressed in the Fee Recommendation Position Paper.

Mr. Adams next presented the recommendation for an increase in the technology access fee ceiling to \$100 per semester for universities and \$50 per semester for two-year institutions.

The committee approved the 1997-98 fee recommendations as stated in the position paper and these recommendations will be presented to the Presidents' Council. ETSU's funding formula concerns will be communicated verbally to the Presidents at the Council meeting.

2. Overview of Budget Reductions - Handling Terminations of Personnel, Etc.

The methods used by institutions when downsizing staff was discussed. UOM stated that any employees whose positions are scheduled for termination next year would be notified by either May 1 or May 15, would receive compensation for their accumulated annual leave, and would be given priority to interview for any advertised on-campus positions. Employees' service time will not be considered when determining positions to eliminate.

SSCC stated that in determining positions to eliminate, employee service time was considered and a "bumping rights" system was developed. This "bumping rights" system allows an employee in a position that has been eliminated to "bump" or replace an employee with less seniority in the same position in another department. SSCC stated that this system would not apply to professional staff.

Both the UOM and SSCC plans are being reviewed by the TBR Central Office.

3. Report of the Finance Committee

Raymond Pipkin highlighted the following issues from the Finance Committee minutes of April 3, 1997.

A. Guideline B-060 Fees, Charges, and Refunds

The Finance Committee recommended revising Guideline B-060 to state that each institution has the option of allowing students to participate in both the Deferred Payment Plan and the Optional Monthly Housing Payment Plan. See Attachment B for this revision.

B. Chart of Accounts

The Finance Committee has appointed the following personnel to identify inconsistencies among institutions in the use of expenditure function categories and sub-categories: Julian Jordan, Chairman (WSSC); Claire Blackwell (UOM); David Collins (ETSU); Bill Fuqua (RSCC); Ron Simmons and Melissa Plant (TBR). Mr. Jordan will update the Finance Committee on the project's progress at the July committee meeting.

C. Financial Reporting Issues

The committee determined that the Federal Direct Student Loan Program should not be reported in the Statement of Changes in Fund Balances; the Statement of Current Fund Revenues, Expenditures, and Other Changes; or on the Schedule of Federal Grants since participation was, in substance, no different than participation in other third-party loan programs, such as the Guaranteed Student Loan Program.

The committee discussed the understatement of tuition and fees revenue and overstatement of sales and services of educational activities revenues that occurs due to the athletic allocation transfer. The Board staff will continue to study this issue.

The committee discussed State Audit's request to print FRS account numbers on selected supporting schedules included in the financial statements. TBR staff will work with State Audit to identify alternative approaches since the request was not a feasible one.

The committee approved the revised library holdings valuations recommended by the Library Group (see Attachment C). The revised valuations will be used for the FY 1996-97 Financial Statements.

D. Salary Reporting Categories

The Finance Committee reviewed an alternative for the personnel categories that are currently in use. This alternative includes four personnel categories - executive and administrative, academic/professional, other professional, and clerical and support. It was noted that the minutes for the Finance Committee presented examples for each category as the category definition.

Mr. Powers inquired why EEOC categories are not used. EEOC categories have more credibility because they were created by someone outside the TBR system.

Mr. Gower stated that he will follow-up this discussion with a memo requesting suggestions from each campus and details on how each campus classifies certain administrative positions.

E. Travel Policy 4:03:03:00

The Finance Committee considered and endorsed several revisions to the current travel policy. It was determined, however, that the June TBR meeting would not be the appropriate time to discuss travel policy revisions given the proposed state funding situation. The approved revisions will be presented to the TBR Board at the time deemed appropriate by TBR staff and the BASC.

F. Equipment Inventory

Mr. Gower informed the committee that the state is considering raising their equipment capitalization floor to \$1,000, effective July 1, 1997, if approved by the Board of Standards. This item will be on the July Finance Committee agenda, pending state action.

The minutes of the Finance Committee were approved as presented.

4. Fee Waivers for Performance-Based Scholarships

Mr. Gower outlined the background and the issues surrounding the Presidents' Council request to review a waiver of out-of-state tuition for performance-based scholarships. At the Finance Committee, the decision was made to forward the information to the Business Affairs Sub-Council without a recommendation.

Mr. Bowman discussed the effects this decision will have on gender equity issues. Currently, more males athletes are recruited from outside Tennessee than female athletes. If the out-of-state tuition were waived it would improve the gender equity status.

Dr. Stucky remarked that the athletic cap should be adjusted downward by the amount of tuition waived to avoid increasing athletic expenditures funded by other than athletic revenues.

The committee also discussed the funding formula ramifications if such a course of action were undertaken. Waiving the out-of-state tuition will lower the revenue deduction and, therefore, increase recommended appropriations. At full funding, this benefit would be realized one year after implementation. At less than full funding, however, waiving out-of-state tuition could result in a shift of appropriations from two-year institutions to universities.

The Business Affairs Sub-Council recommended to forward this issue to the Presidents' Council with a strong recommendation that, if approved, the athletic allocation be reduced by the amount of the waived out-of-state tuition.

5. Report of the Human Resource Officers Committee

Ms. Stewart highlighted the following issues from the April 10, 1997, meeting of the Human Resource Officers.

A. Policy 5:01:00:00 General Personnel Policy

The Human Resource Officers recommended revising this policy to include language that addresses abandonment of position. The language was developed by General Counsel and is similar to language used in the state policy.

B. Policy 5:01:01:08 Maternity Leave Policy

The Human Resource Officers recommended revising this policy to provide consistency with other leave policies in regard to use of paid leave prior to unpaid leave.

C. Guideline P-045 Deferred Compensation

The Human Resource Officers recommended revising this guideline to permit participants in the 401(k) or 457 deferred compensation plans to make both regular and longevity paycheck deferrals.

D. Additional ORP Products

Ms. Stewart requested that the Business Officers review the prospectuses for the additional ORP products under consideration and forward any comments to Debbie Johnson. It was also noted that we currently offer over 50 different ORP products and should consider placing a limit on the number of products offered.

6. Other Business

A. Post-Retirement Proposal

Mr. Gower informed the committee of the status of the Post-Retirement Program. Pending approval by the Presidents' Council, the program will be presented at the June TBR Board meeting for Board approval.

B. Current Year Audit Costs

Deanna Hall provided a breakdown of the current year single audit costs for each institution.

C. Status of State Funding

Mr. Gower updated the committee on the status of current year state funding. Although revenue collections are slightly above revenue estimates, the revenue estimates used have already been adjusted to include a current year impoundment.

D. Election of 98-99 Chairperson

James Hodges was nominated and elected the 1998-99 Chairperson-elect. Mr. Jacky Liner is the Chairperson for 1997-98.

There being no further business, the meeting adjourned at 10:30 a.m.

Note: The next meeting of the BASC is tentatively scheduled for Thursday, July 24, 1997 at 8:30 a.m. in the TBR Board Room.