

BUSINESS AFFAIRS SUB-COUNCIL

April 23, 1998

MINUTES

The meeting began at 9:00 a.m. at the MTSU Foundation Reception House. Present were Mr. Jack Liner, Chairman (CISCC); Mr. Bob Adams (MTSU); Ms. Debra Bauer (NSTI); Dr. David Collins (ETSU); Mr. Bill Fuqua (RSCC); Mr. Clay Harkleroad, Jr. (TSU); Mr. James Hodges (VSCC); Mr. Ken Horner (CoSCC); Mr. Charles Hurley (NSTCC); Mr. Al Irby (APSU); Mr. Dwight Johnson (SSCC); Mr. Julian Jordan (WSCC); Mr. Ron Kesterson (PSTCC); Mr. John Kirk (STIM); Ms. Linda Maxwell (TTU); Mr. Raymond Pipkin (UOM); Mr. Mike Posey (MSCC); Ms. Dinah Reams (JSCC); Mr. Terry Rector (TTU); Mr. Mitch Robinson (DSCC); Dr. Gene Smith (UOM); Dr. Duane Stucky (MTSU); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (JSCC); Mr. John Rudley, Mr. Michael Gower, Ms. Ortaeine Acidera, Mr. Pat Couch, Ms. Kathy Crisp, Ms. Lisa Hall, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

Mr. Liner called the meeting to order.

BUSINESS

1. Report of the Finance Committee

Mr. Pipkin highlighted the following issues from the Finance Committee minutes of April 2, 1998.

A. Compensated Absences Liability

The committee discussed two alternative presentations of fund balance subsequent to recording the compensated absences liability. The first presentation includes a separate, negative allocation of fund balance titled Designation for Compensated Absences. The second presentation includes reductions in the fund balance allocation for working capital, discretionary allocations, and unallocated fund balance. The merits of each presentation was discussed and the presentation that includes a separate, negative allocation of fund balance titled Designation for Compensated Absences was adopted (see Attachment A).

The following related issues were also discussed: 1) The compensated absences expense will not be budgeted in the July Proposed Budget for either 1997-98 or 1998-99; the 1998-99 expense will be budgeted in the October Revised Budget. 2) The compensated absences liability will include related fringe benefits. 3) All prior period information presented in the financial statements for comparative purposes will be restated, including expenditures.

B. Salary Object Codes and Subcategories

For budget purposes, the committee proposed deferring until July 1, 1999, any programming changes required to reclassify salaries from three categories to four categories. For all internal personnel reports, institutions should use the four new categories. Also, any information provided to external sources, such as press releases, etc., will be reported using the four categories. Institutions will use FY 1998-99 to identify and revise supporting programs as needed so that on July 1, 1999, the budget implementation of the four categories and related subcategories can be done as smoothly as possible.

Additionally, a committee was formed to determine what programming revisions are necessary to convert to the four categories. Susan Rains, STIM, and Claire Blackwell, UOM, were selected as campus representatives on the committee, as well as the following Board Staff: John Rudley, Mike Gower, Debbie Johnson, George Malo, Raja Kodali, and Renee Stewart.

C. Department of Education Athletic Audit Requirement

The Board Staff informed the committee that Jim Burley, a representative of the Office of the Inspector General, has stated that the NCAA agreed-upon procedures review currently conducted by State Audit will not meet the requirements of 34 CFR 668.14. The committee determined that Board Staff would work with State Audit to ensure that DOE's athletic audit requirements are met.

D. Student Fee Discount for Spouse and Dependents

The committee discussed UT's request that UT spouses/dependents attending TBR institutions only receive the 50% discount on maintenance fee charges. Currently, TBR institutions are applying the 50% discount to all mandatory fees for both TBR and UT spouses/dependents. The committee recommended approval of UT's request, effective Fall 1998. A copy of UT's request is included as Attachment B.

E. Equipment Capitalization Floor

The committee requested that Board Staff examine the effects of raising the capitalization floor from \$1,000 to \$1,500 to coincide with the recent increase in the purchasing floor that requires bidding. Mr. Gower stated that staff will examine this issue.

F. Recalculation of Federal Awards When Students Do Not Attend Classes

Mr. Harkleroad questioned whether institutions could expect an audit finding if there were not some systemwide uniformity in corrective procedures. Mr. Pipkin responded that the uniformity would be found in actual compliance with the federal regulation, not in how that compliance was achieved. It appears that most campus' now have a process in development that will result in compliance with the federal regulation.

G. Policy 4:01:01:10 Deposit and Investment of Funds

The committee reviewed the Department of Finance and Administration's proposed policy on deposit practices and the effect it will have on Policy 4:01:01:10. The question was raised regarding F&A authority to apply policies to TBR institutions. Subsequent to the Finance Committee meeting, General Counsel determined that the policy proposed by the Department of Finance and Administration did not apply to TBR institutions. A copy of General Counsel's opinion was distributed to all BASC members.

The minutes of the Finance Committee were approved as presented.

2. Report of the Human Resource Officers Committee

Ms. Stewart highlighted the following issues from the April 8, 1998, meeting of the Human Resource Officers.

A. Transfer of Sick Leave Policy 5:01:01:15

The Human Resource Officers recommended policy revisions that clarify donations between full-time and part-time employees and that change the minimum donation from ten days to five days.

B. Charitable Organization Deductions Guideline P-140

The Human Resource Officers recommended revising Guideline P-140 to include allowing personal checks or cash as an option for charitable contributions. **The BASC did not support revising Guideline P-140 to include this option.**

C. Benefit in the Event of Employee Death Proposed Guideline

The Human Resource Officers recommended adopting the proposed guideline setting forth procedures to follow and forms to use in the event of an employee death.

D. Disposal of Records Guideline G-070

The Human Resource Officers recommended revising Guideline G-070 to include an imaged document as a record for retention purposes.

The minutes were approved with the **exception** of the proposed revision to the Charitable Organization Deductions Guideline P-140.

4. Purchasing Card Presentation

Dr. Collins presented information to the BASC on ETSU's purchasing card program. ETSU has currently issued approximately 75 cards using a \$499.99 per purchase limit. The limit will increase to \$999.99 as of July 1, 1998, to correlate with the equipment capitalization floor of \$1,000. The card vendor, NationsBank, sends one official statement for the entire university each month and a wire transfer is used to pay the obligation. The program has resulted in decreased paperwork and a better turnaround time in paying obligations. A copy of ETSU's purchasing card policies, as well as UT's purchasing card policies, are included as Attachment C.

5. Finance Committee Appointment

Mr. Mitch Robinson was elected to replace Mr. John Kirk on the Finance Committee. Mr. Kirk's term expires June 30, 1998. Mr. Gower acknowledged Mr. Kirk's long service and contribution to the committee. The Finance Committee consists of the following members: Raymond Pipkin, Chairman (UOM); Bob Adams (MTSU); Larry Wakefield (TSU); Bill Fuqua (RSCC); Julian Jordan (WSCC); and Mitch Robinson (DSCC).

6. Other

Mr. Rudley discussed the public perception of the rising costs of higher education. Although Tennessee is considered a low fee state, the national public outcry has resulted in recent legislative scrutiny of maintenance fee and tuition rate increases, as well as mandatory and nonmandatory incidental fees. The result of this scrutiny may be a differentiated fee structure for institutions in the future.

The committee inquired as to the status of the special equipment funding included in the Governor's 1998-99 budget document. The Governor's Budget included a \$3 million appropriation for equipment funding. There is a bill in the legislature to increase the amount to \$10 million. Currently, there does not appear to be any restrictions or special reporting requirements attached to the appropriations. Finalized amounts and any related restrictions or reporting requirements will be forwarded to the campus' upon receipt.

There being no further business, the meeting was concluded.