

BUSINESS AFFAIRS SUB-COUNCIL

April 20, 2000

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Dr. Joyce Mounce, Chairperson (APSU); Mr. James Bowman (ETSU); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Elaine Davis (NSTI); Ms. Shirley Eldredge (CLSCC); Mr. Mike Gower (MTSU); Mr. Clay Harkleroad, Jr. (TSU); Mr. Ken Horner (CoSCC); Mr. James Hodges (VSCC); Mr. Bob Hughes (TSU); Dr. Charles Hurley (NSTCC); Mr. Al Irby (APSU); Ms. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Ms. Linda Maxwell (TTU); Mr. Raymond Pipkin (UOM); Mr. Mike Posey (MSCC); Mr. Terry Rector (TTU); Mr. Mitch Robinson (DSCC); Mr. Stanley Robinson (SSCC); Mr. Grady Russell (STIM); Dr. Eugene Smith (UOM); Dr. Duane Stucky (MTSU); Ms. Tammy Swenson (CSTCC); Ms. Jamie Wilmoth (RSCC); Mr. John Rudley, Ms. Ortaeine Acidera, Mr. Pat Couch, Ms. Deanna Hall, Ms. Lisa Hall, Mr. Ron Simmons, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

Dr. Mounce called the meeting to order.

BUSINESS

1. Risk Management Presentation

Mr. Jamie Fohl from the Division of Risk Management gave a brief presentation on documentation requirements when a loss occurs. BASC members were specifically interested in how to document equipment items valued at less than the capitalization threshold. Mr. Fohl stated that an inventory list of items lost, both above and below the capitalization threshold, would be sufficient. The inventory should include a description of the item and historical cost, or approximate estimate. If offices, classrooms, and laboratories are similarly equipped, then a standardized list (1 desk, 1 table, 1 calculator, 2 bookcases, etc.) can be maintained for all offices, classrooms, and laboratories. The inventory list is not only a requirement of the Division of Risk Management, but is included in the contract with the state's insurance carrier, Royal and Sun Alliance. The insurance carrier covers losses exceeding \$5 million in any one year. If an inventory list is not maintained, then institutions will have to supply documentation, such as invoices, purchase orders, contracts, etc., for each item for which reimbursement is being sought.

Mr. Fohl also reminded institutions to review the amounts reported as "contents" for each campus. If this amount is underreported, the new FEMA proposed regulations will limit any reimbursement available.

2. Report of the Finance Committee

Mr. Pipkin highlighted the following issues from the April 6, 2000 Finance Committee meeting.

A. Student Refunds

The Finance Committee appointed a subcommittee to review the new Department of Education rules on Title IV refunds and determine its impact on TBR's refund policy. The subcommittee includes Lois Sams (ETSU), Ray Holbrooke (TTU), Marsha Mitchell (DSCC), Bob Creswell (WSCC), and Lisa Hall (TBR). The subcommittee will make its recommendations to the Finance Committee at the July meeting.

B. Deferred Payment Plan Guideline B-070

The Finance Committee recommended revising the deferred payment service charge from \$10 to 10% of the amount deferred with a minimum of \$10 and a maximum of \$25.

The BASC determined to revise the Finance Committee minutes and recommendation to remove the "10% of the amount deferred" calculation, as it was determined to be unnecessarily burdensome for bursars. See Attachment A for the approved revision to Guideline B-070.

C. Object Code Listing

The Finance Committee recommended defining object code 4595 as non-capitalized equipment (sensitive items). Each institution should develop a more descriptive definition as to what items will be included in object code 4595. The State's definition of sensitive items may be used as a guide, but its use is not mandated.

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

The Finance Committee recommended revising Policy 4:01:01:10 for recent changes made by the Department of Treasury related to the collateral pool. The Department of Treasury decreased the collateral requirement for financial institutions participating in the collateral pool from 105% to 100%, and is considering decreasing this requirement to 90% in the near future. The 105% requirement is still applicable to financial institutions not participating in the collateral pool. See Attachment B for the revised Policy 4:01:01:10.

E. Allocation of Fund Balance

The Finance Committee recommended reclassifying the technology access fee allocation and student activity fee allocation from discretionary to non-discretionary allocations. The committee recommended a FY 2000 implementation date.

F. GASB 35 Subcommittee

The Finance Committee appointed David Collins (ETSU), Linda Maxwell (TTU), Claire Stinson (NSTCC), Tim Hurst (WSCC) and Renee Stewart (TBR) to the GASB 35 subcommittee. Additionally, representatives from

UT, THEC, the Department of Finance and Administration, and State Audit will be invited to join the subcommittee.

G. Budget Guidelines

The Committee discussed the budget guidelines, which included instructions to budget reasonable estimates for fund balance allocations for encumbrances, unspent technology access fees, and unspent student activity fees. These items had not been budgeted in prior submissions. Additionally, the Central Office will no longer require institutions to budget a full salary for unfilled personnel positions.

The minutes of the Finance Committee were approved with the revision noted above.

3. Chancellor Manning

Mr. Rudley introduced Chancellor Manning to the BASC members. The Chancellor discussed the uncertainty surrounding the Legislature and FY 2001 higher education funding. The Chancellor, our Legislative liaison, and TBR board members are contacting every legislator and discussing the need to pass the Governor's FY 2001 budget, but FY 2001 appropriations will remain unknown until the final weeks of the legislative session.

4. Report of the Human Resource Officers Committee

Ms. Stewart highlighted the following issue from the April 11, 2000, meeting of the Human Resource Officers.

A. Guideline P-120 Longevity

The Human Resource Officers recommended adding language regarding the eligibility of regular part-time employees who work 1600 hours or more in a fiscal year.

The minutes of the Human Resource Officers were approved.

5. Debt Service Fee Policy

Ron Simmons presented the BASC with the debt service fee policy adopted by the THEC Board. The policy limits debt service fees to 10% of maintenance fees, requires that the debt service fee end when the related debt is retired, and imposes additional reporting requirements upon the institutions.

The BASC determined that the TBR Board should review this policy for approval. Additionally, at the July meeting, the Finance Committee will review all mandatory fees and determine if any additional thresholds would be appropriate.

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

Guideline B-060 currently lists the late registration fee as a uniform fee of \$10 at two-

year institutions and \$25 at universities. Two incidental fee submissions requested revisions to this fee: 1) UOM requested to increase it to \$100 and 2) VSCC requested elimination of this fee. Both campuses were invited to speak to their need for revision. After hearing each campus representative speak, the BASC determined to revise the guideline and reclassify the late registration fee from a uniform fee to a fee requiring Board approval. See Attachment C for the proposed revision.

5. OTHER BUSINESS

- Mr. Simmons discussed the preliminary principles THEC is proposing for a new funding formula. It was noted that these preliminary principles had not been submitted to Presidents or Academic Officers for consideration.
- Copies of the 1999 Single Audit Report were made available to BASC members.

There being no further business, the meeting was concluded.