

## **BUSINESS AFFAIRS SUB-COUNCIL**

**April 26, 2001**

### **MINUTES**

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Mr. Mitch Robinson, Chairperson (DSCC); Dr. David Collins (ETSU); Mr. Horace Chase (JSCC); Ms. Shirley Eldredge (CLSCC); Mr. Mike Gower (MTSU); Mr. Clay Harkleroad, Jr. (TSU); Mr. James Hodges (VSCC); Mr. Ken Horner (CoSCC); Ms. Rosemary Jackson (WSCC); Mr. Dwight Johnson (STCC); Mr. Ron Kesterson (PSTCC); Ms. Linda Langiotti (NSTI); Ms. Deborah Mailen (CSTCC); Ms. Linda Maxwell (TTU); Ms. Marsha Mitchell (DSCC); Mr. Mike Posey (MSCC); Ms. Claire Stinson (NSTCC); Dr. Duane Stucky (MTSU); Ms. Jamie Wilmoth (RSCC); Mr. David Zettergren (UOM); Mr. John Rudley, Ms. Chris Modisher, Ms. Kathy Crisp, Mr. Kerry Goodwin, Ms. Deanna Hall, Mr. Elijah Hall, Ms. Lisa Hall, Ms. Ann Rutland, Mr. Ron Simmons, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

Mr. Robinson called the meeting to order.

### **BUSINESS**

#### **1. Vice Chancellor Rudley's Remarks**

Dr. Rudley updated the committee on the recent Senate Education Committee meeting. The committee members appeared receptive to the higher education budget included in the Governor's FY 2002 Budget. The Governor's Budget includes several innovative programs and operating improvements that, if passed, will bring the higher education funding to 88% of THEC's recommendation.

#### **2. Regents On-line Degree**

Dr. Ellen Weed, Academic Affairs, discussed the Regents On-line Degree program that will be implemented Fall 2001. Dr. Weed discussed all the working committees involved in bringing this program to fruition and what a monumental task it was to complete their work within the necessary timeframes. The program will include two baccalaureate degrees and three associate degrees. Both a website ([www.tn.regentsdegrees.org](http://www.tn.regentsdegrees.org)) and a toll-free help line (1-888-223-0023) have been established to assist interested parties.

The on-line classes are available to students using the fee waiver programs. Dr. Weed stated that the Academic Affairs staff would be available to assist institutions with the necessary procedures to ensure that space available criteria are met.

A contract has been tentatively awarded to Dell Computers to provide students, faculty, staff and alumni with the opportunity to purchase a computer at a discounted price. Mr. Elijah Hall stated that pricing details are still being negotiated. Once details have been finalized, institutions will be notified.

#### **3. License/Contract Issues Related to On-Line Courses**

Mr. Kerry Goodwin, General Counsel, discussed the ownership issues related to on-line courses and the five different pro forma contracts forwarded to institutions for use in defining ownership. Each institution should evaluate each course individually and select one of the five contracts that best fits that course's circumstances. If none of the pro forma contracts represent an institutions' situation, the institution should contact Mr. Goodwin for assistance.

#### **4. Technology in Higher Education**

Mr. Elijah Hall informed the BASC that TBR has been invited to appear before the Information Systems Council to give an overview of technology in higher education and to address the following issues:

- How is technology used in providing classes both on campus and remotely?
- How is technology used in the administration of the institution?
- Does higher education participate in the Secretary of State's Electronic Library contract?
- How can technology improve the information flow between K-12 and higher education?
- What are the advantages/disadvantages of consolidating institution data centers into one or more mega centers to leverage equipment costs and software efficiencies?

Mr. Hall stated that all Computer Center Directors had been contacted for input regarding these issues and now CBO's were being asked for their input. All responses should be forwarded to Mr. Hall or Mr. Ron Simmons.

#### **5. Report of the Finance Committee**

Dr. Collins highlighted the following issues from the April 10, 2001 Finance Committee meeting.

##### **A. TSAC Grants**

The Finance Committee determined that the administrative burden for the TSAC program was substantially the same as that for the Pell program. To ensure compliance with GASB 24, the committee recommended the restricted fund as the appropriate fund for reporting TSAC grants.

##### **B. Return of Institutional Portion of Title IV Aid**

After surveying institutions to determine what procedures are in use for returning the institutional portion of Title IV aid to the grantor, it was concluded that approximately half of our institutions are returning the institutional portion and reducing charges by the amount of the Title IV calculation required to be returned and half are billing the student for both the student portion and the institutional portion of the refund. It appears that both methods are allowable under the Title IV refund regulations. The Finance committee did not recommend mandating either method at

this time.

**C. GASB 33**

The committee discussed the effect GASB 33 will have on the FY 01 financial statements. It appears that paragraph 15 of GASB 33 requires a revision to Exhibits A and C of the financial statements for restricted funds. Paragraph 15 requires that restricted grants received in excess of expenditures incurred must be reported as deferred revenue, not as Excess of Restricted Receipts over Transfers to Revenues.

Subsequent to the BASC meeting, the GASB 34/35 concluded that restricted grants received in excess of expenditures will be reported on the Balance Sheet as deferred revenue. The Statement of Current Fund Revenues, Expenditures and Other Changes for FY 01 will not include an Excess of Restricted Receipts over Transfers to Revenue line and will not reported restricted revenues as equal to restricted receipts. **All institutions should inform personnel responsible for the financial statements of this major change in the reporting of restricted funds as soon as possible.**

**D. Guideline B-010**

The committee recommended the following clarifying language to Guideline B-010: 1) Revise Section 3.b. to state clearly that the limitations do not apply to the collection of employee overpayments, and 2) Revise Section 3.d. to state clearly that a formal Notice of Intent to Withhold is not required in the collection of employee overpayments. The proposed revisions are included as Attachment A.

**E. GASB 34/35 Update**

Dr. Collins updated the committee on the status of the GASB 34/35 subcommittee. The subcommittee has identified issues and assigned each member research projects related to those issues. Once the committee reaches consensus on each project, a position paper is written and forwarded to State Audit for approval. While several position papers are in progress, none have been completed at this time.

One project nearing completion is capital assets and related depreciation. A table defining the capital asset categories and estimated useful life will be forwarded to State Audit, with our position paper, in the near future.

Other projects include classification of operating/nonoperating items; identification of eliminating entries, the appropriate reporting of the Foundations, the calculation of the current/noncurrent portion of the compensated absences liability, and the preparation of the Statement of Activities.

ETSU has volunteered to host a website that includes the subcommittee's minutes, position papers, and conclusions, as well as links to other useful websites. Access to the ETSU website will be restricted to TBR users.

The minutes of the Finance Committee were approved.

**4. Report of the Human Resource Officers Committee**

Ms. Stewart highlighted the following issues from the April 11, 2001 Human Resource Offices Committee meeting:

**A. Guideline P-010 and Policy 5:01:00:00**

Ms. Modisher discussed the proposed revisions to Guideline P-010 Personnel Transactions and Recommended Forms and Policy 5:01:00:00 General Personnel Policy. The revisions were proposed to ensure compliance with the Geier Consent Decree.

**B. Guideline P-130**

The HR Officers recommended changes to Guideline P-130 that incorporated the language of Public Chapter 767, also known as the Veterans Dependents' Post-Secondary Education Assistance Act of 2000. Subsequent to the HR Committee meeting, the proposed changes to Guideline P-130 were revised. These revised changes were provided to BASC members and included the removal of language regarding the deferral of fees. It appears that the fee deferral language would be more appropriate in Policy 4:01:03:00 and/or Guideline B-060 and will be discussed at the July Finance Committee meeting. The revised changes to Guideline P-130 were approved by the BASC.

The minutes of the HR Officers meeting were approved as presented, with the exception of Guideline P-130.

**5. OTHER BUSINESS**

- Ms. Modisher briefly discussed the Geier Consent Decree. The Decree has a five-year time frame. If the court is then satisfied that all programs have been implemented, the lawsuit will be dismissed.
- Ms. Stewart reminded BASC members that copies of the Single Audit Report were available at the back of the room.

There being no further business, the meeting was concluded.

**Guideline B-010**

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will be deemed valid; the appropriate deductions may then be made. Additionally, if a TUAPA hearing, a Default Order must be issued. If the employee does not appeal the Default Order, funds may be deducted as specified. Attachment B specifies details for withholding from these funds.

- b. **Limitations on Amounts to be Withheld.** The deduction from any check shall not exceed the maximum deductible under state garnishment laws. The maximum amount of disposable earnings of an individual for any work week which is subjected to garnishment may not exceed: (1) Twenty-five percent (25%) of his disposable earnings for that week; (2) or thirty (30) times the federal minimum hourly wage at the time the earnings for any pay period become due and payable, whichever is less. In the case of earnings from any pay period other than a week, an equivalent amount shall be in effect. ("Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of any amounts required by law to be withheld.) These limits are applicable to retirement funds, but are not applicable to checks for accumulated annual leave. **Additionally, the above limits do not apply to employee overpayments.**
- c. **Retirement Funds.** If a former employee is found to owe a debt to the state, retirement funds may also be utilized to pay off the amount owing. The same procedural steps outlined in 3.a. for notice and the opportunity for a hearing must be followed. (See Attachment C for sample letters.) Accumulated retirement contributions of a former employee terminated for any reason and for which he has made application, or monthly benefits of a retired employee are subject to withholding. A copy of the final order resulting from an institutional or TUAPA hearing, or a signed waiver of hearing and written agreement of the former employee authorizing deductions should be sent to the director of the retirement system along with a written request to withhold, specifying the reason for the claim and the total amount involved.
- d. **Recovery of Overpayments to Employees.** Unlike cases in which the employee owes the institution money, in instances of overpayments to employees there is no obligation to provide a hearing. The institution is obligated, however, to attempt to recoup the funds. **The institution should advise the employee in writing of the overpayment and the institution's proposed actions to correct the overpayment.** The method of repayment will depend upon the amount of the overpayment, the time which has elapsed between the overpayment and its discovery, the hardship which immediate repayment might cause the employee because of amount of current salary and personal expenses, the culpability of the employees in not reporting the overpayment, and the longevity as well as the expectation that the employee will remain in state government until the repayment is completed.

If the current employee receives overpayment, the refund may be made in one of the following ways:

1. Repayment by the employee by cash or check; or,
2. Adjustment of deductions to be made automatically from the employee's paycheck, either with a single deduction or a series of deductions made from each paycheck until the full amount is recovered. The amount of partial payments recovered by the latter method should be reasonable and systematic so that full recovery will be completed within the shortest period possible.

If overpayment is discovered after the employee terminates employment with the state, an account receivable should be established. The former employee should be notified of the overpayment, the circumstances of the overpayment and a request that the employee contact the appropriate campus official. If the employee has not received his final paycheck, the appropriate deduction from that check can be made. If the final paycheck has been received, negotiations for reimbursement should be initiated. If repayment cannot be negotiated or collected, the account should be turned over to the collection agency. In the event collection is not possible, proper write-off procedures should be followed.

In instances where the employee has agreed to systematic deduction(s) from his paycheck(s), written authorization from the employee is encouraged. Each campus shall draft forms to document overpayments, the steps taken to recoup same, any negotiated repayment plan, the amounts received, and any write-off of the overpayment.