

BUSINESS AFFAIRS SUB-COUNCIL

April 20, 2005

MINUTES

The meeting began at 9:00 a.m. at the MTSU Miller Coliseum. Present were Mr. John Cothorn (Chair, MTSU); Ms. Debra Bauer (NSCC); Ms. Cynthia Brooks (TSU); Mr. Horace Chase (JSCC); Ms. Beth Cooksey (VSCC); Dr. David Collins (ETSU); Ms. Shirley Eldredge (CLSCC); Mr. Bill Fuqua (RSCC); Mr. Mike Gower (MTSU); Ms. Sharon Hayes (UOM); Mr. Ken Horner (COSCC); Dr. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Mr. Charles Lee (UOM); Ms. Linda Maxwell (TTU); Mr. Mike Posey (MSCC); Mr. Mitch Robinson (APSU); Dr. Claire Stinson (NSTCC); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (DSCC); Mr. David Zettergren (UOM); Dr. Bob Adams, Ms. Kathy Crisp, Ms. Tammy Gourley, Ms. Angela Gregory, Ms. Lisa Hall, Ms. Elizabeth Holton, Ms. Debbie Johnson, Ms. Brooke Shelton, Mr. Ron Simmons, and Ms. Renee Stewart (TBR).

Ms. Holton introduced the Geier fellows and noted the institutions at which they are serving.

BUSINESS

1. SciQuest Presentation

Mr. Rex Myers, Regional Account Executive, discussed the advantages of the e-procurement software SciQuest. SciQuest specializes in higher education markets and promotes a seamless integration with Banner software. Several screen shots were provided to demonstrate the user-friendly capabilities of the software.

Mr. Myers noted several features of SciQuest that were of interest to the BASC, such as:

- A. Software maintenance responsibilities remain with SciQuest.
- B. Process and data remains on SciQuest's servers, not the institution's.
- C. Minimal training required for use.

Prices and scalability issues were discussed, as well as contract terms. SciQuest offers a five-year contract with three cost components: 1) the annual license fee; 2) the supplier enablement license fee; and 3) implementation costs. The fees in the first year will be higher due to the implementation costs. The licensing fees are frozen during the five-year period (no escalation clause). At the end of the five-year period, both parties negotiate a new contract for the next five-year period or terminate the relationship.

2. Report of the Committees

A. Finance Committee

Dr. Collins highlighted the following issues from the April 6, 2005, Finance Committee meeting.

- Guideline B-060 Fees, Charges, and Refunds

The Finance Committee recommended deleting language that limited student government activity fee increases to \$1. This limit was eliminated by TCA several years ago. (See Attachment A)

- Guideline B-041 Community College Athletics

The Finance Committee recommended language clarifying that the maximum 25 out-of-state tuition waivers only applies to expenses excluded for the general fund support cap. If community colleges wish to award in excess of 25 out-of-state tuition waivers, those expenses must be considered when determining compliance with the general fund support cap. (See Attachment B)

- GASB 40

The Finance Committee recommended approval of the investment note disclosure template developed by the GASB Subcommittee. The template complies with GASB 40 disclosure requirements. (See Attachment C)

- Financial Statement Items

The Finance Committee recommended the following actions for the FY 2005 financial report:

- 1) If the repo balance exceeds the book balance at June 30th, the institution should record a checks payable liability for the difference.
- 2) Administrative costs should not be reported in the principal or interest columns of the debt service requirements tables in the long-term debt disclosure.
- 3) The component unit cash flow statement should not be included on the face of the institution's cash flow statement, but presented as supplementary information after the note disclosures.
- 4) Component unit assets will no longer be reported in both the institution and the component unit columns of the Statement of Net Assets. The component unit assets will only be reported in the component unit column. A restatement and related disclosure will be required for FY 04.

- Check Recovery System

A survey was sent to institutions to gauge interest in a systemwide contract for this service. At this time, there appears to be little interest. ETSU's bank has offered to perform the same service for ETSU for free. UOM felt their current banking agreement was as advantageous as the recovery services offered.

- American Express Contract

The State has a contract allowing the acceptance of American Express Cards that includes TBR institutions. The current contract expires October 31, 2005, and discount rates may change at that time. Campuses have the authority to decide if they want to pursue accepting American Express Cards through the state contract.

- Asset Classification for Banner Software

The Finance Committee recommended classifying capitalized costs for the Banner software as a project-in-progress until implemented. Once the first Banner system goes live, the software costs will move out of projects-in-progress and the entire system will be amortized. As implementation costs are accumulated, the base amount will increase each year and will be amortized over the remaining useful life.

The Finance Committee minutes were approved.

B. Council of Buyers

Ms. Gregory highlighted the following issues from the April 12, 2005, Council of Buyers meeting.

- Directory of Small, Minority, and Women-Owned Businesses

The Governor's Office of Diversity Business Enterprise has developed a registration process for and maintains a directory of small, minority, and women-owned businesses. There are currently over 400 businesses in the directory, which can be accessed at the following website:

<http://www.tennessee.gov/businessopp/>.

- Subcommittee Report for Vendor Codes and Terms and Conditions for POs

The subcommittee is developing standard vendor codes and terms and conditions for the system. A draft will be forwarded to all institutions for input. Once the standards are adopted, all institutions will be expected to use these standards. A problem has been encountered in obtaining commodity codes. A license is available for the five digit codes, but the three digit codes preferred by several institutions are no longer licensed separately. A conference call will be held April 21st to resolve this issue.

- Subcommittee Report for SCT Standards

The subcommittee is developing units of measure, FOB codes, equivalency maintenance, PO class, and cancellation codes. A draft will be forwarded to all institutions for input. Once the standards are adopted, all institutions will be expected to use them.

Ms. Gregory also discussed the difficulty encountered in getting SciQuest pricing from SCT. SciQuest was included in the SCT proposal, but so far only SciQuest has provided list prices. Additionally, SciQuest will increase prices June 30th.

The Council of Buyers minutes were approved.

C. Human Resources

Ms. Debbie Johnson highlighted the following from the minutes of the Human Resource Officers Committee meeting held on April 14, 2005.

- ERP Banner HR Training and ERP HRS Committee

An ERP HRS Committee has been established with members from institutions in cohorts 1a and 1b. Additionally, questionnaires have been sent to all institutions in cohorts 1a and 1b to determine HR processing commonalities and develop standardized prototypes.

Several campuses have requested information regarding the applicant tracking system from People Admin. There is no interfacing required between Banner and People Admin; therefore, People Admin will be delayed until after the implementation of the Banner HRS system.

The ERP HRS Committee is also discussing whether a system standard will be developed for payroll cycles. No decision has been made at this time.

- Temporary Employees

All institutions were reminded that temporary positions are for employees working six months or less. Employees should not be employed six months, given a one day break in service, and rehired as temporary again. These type actions have legal consequences. Larger institutions will have more difficulty in monitoring departments to ensure employees are classified appropriately.

- Proposed Optional Allowance for Visa/Immigration Expenses

This proposal will allow institutions to help newly-hired employees defray the cost of visa/immigration application expenses required to obtain and maintain legal employment status. The employee must agree to remain at the institution for 24 months. The maximum allowance is \$4,500 and is limited to actual expenses (receipts required for reimbursement).

The HR Officers minutes were approved.

3. Funding Formula

Prior to discussing THEC's revised funding formula, Dr. Adams briefly discussed a situation regarding out-of-state students. One institution contracted with an out-of-state employer to allow their employees to register as in-state students. The institution did not record the out-of-state tuition revenue or the related scholarship expense. This was inappropriate. Unless the waiver exists in state statute, an institution cannot "waive" out-of-state tuition without recording the revenue and related scholarship expense. Additionally, these type scholarships must be included when determining if the institution is within the 10% of tuition and fee revenue limit for institutional scholarships.

Dr. Adams briefly discussed some of the components of the revised funding formula. All out-of-state FTE will be deducted from the total need calculation using the state subsidy amount (Total Need - (out-of-state FTE x State Subsidy)). In the current formula, the actual out-of-state tuition revenue amount is deducted. This change will allow TBR and UT to approve differing out-of-state rates for neighboring counties, etc. All such proposals should be submitted by April 29, 2005, for consideration at the June Board meeting. If approved, the institution will not record the tuition differential as a scholarship. Dr. Adams cautioned institutions that the only source of revenue for these out-of-state students is the tuition and fees charged; the state will not subsidize these out-of-state students. It was noted that UT is considering accelerating the out-of-state tuition rate, not waiving or reducing it.

Dr. Adams discussed the new emphasis on student retention at the university level. The revised formula will fund sophomores at a higher level than freshmen, juniors at a higher level than sophomores, etc. At the community college level, the emphasis is placed on non-traditional students (over 25 years of age).

The revised formula base enrollment will be computed as a three-year moving average. During the transition period, the progression to this three-year moving average will occur in the following manner: In the first year, only Fall 2005 will be considered the base enrollment. In the second year, Fall 2005 plus the supplemental enrollment for Fall 2005 will be averaged with Fall 2006 to obtain the base enrollment. In the third year, the adjusted Fall 2005, Fall 2006 plus supplemental enrollment, and Fall 2007 will be averaged to obtain the base enrollment.

Dr. Adams noted that the revised funding formula has been approved in principle by THEC, but the final approval has been delayed at the request of UT.

4. Other

Dr. Adams recognized the service of out-going Finance Committee members Linda Maxwell, Horace Chase, and Julian Jordan. The election of new Finance Committee members was held. David Zettergren, Beth Cooksey, and Mike Posey were elected; each will serve five-year terms

Dr. Adams recognized the service of the out-going BASC Chair John Cothorn. The election of a new BASC Chair was held. Dr. Claire Stinson was elected BASC Chair for FY 2006.

The desegregation match was briefly discussed. Institutions cannot spend state funds first, then matching funds. All state funds must be matched proportionately at the time of expenditure.

There being no further business, the meeting was adjourned.