

# BUSINESS AFFAIRS SUB-COUNCIL

February 8, 1995

## MINUTES

The meeting began at 1:30 p.m. in Genesco Training Room 204. Present were Mr. Al Irby (APSU); Mr. Jim Bowman and Mr. David Collins (ETSU); Dr. R. Eugene Smith and Mr. Raymond Pipkin (UOM); Dr. Duane Stucky and Mr. Bob Adams (MTSU); Mr. Clay Harkleroad Jr. (TSU); Mr. Jim Morris (CSTCC); Mr. Jacky Liner (CLSCC); Mr. Ken Horner (COSCC); Ms. Sharon Hayes and Mr. Peter Brown (DSCC); Mr. Wayne Powers (JSCC); Mr. Mike Posey (MSCC); Mr. Taft Davis (NSTI); Dr. Charles Hurley and Ms. Claire Stinson (NSTCC); Ms. Nancy Donahue (PSTCC); Mr. Bill Fuqua (RSCC); Ms. Susan Rains (SSCC); Mr. John Kirk and Ms. Karen Goodwin (STIM); Mr. James Hodges (VSCC); Mr. Julian Jordan (WSCC); and Ms. Linda Bishop, Ms. Patricia Crook, Mr. Elijah Hall, Mr. Robert Hughes, Ms. Debbie Johnson, Ms. Kathy Musselman, Ms. Bettye Springfield, Ms. Jackie Shrago, Mr. Bob Wallace and Mr. Harry Richards, of the Board staff. Mr. Michael Gower (TBR); Mr. Ron Keterson (PSTCC); and Mr. Terry Rector (TTU) did not attend the meeting.

## ORDER OF BUSINESS

### 1. COMMITTEE MINUTES

#### A. REPORT OF THE HUMAN RESOURCES OFFICERS COMMITTEE

Ms. Debbie Johnson summarized the Human Resources Officers minutes of January 11, 1995.

#### **BENEFITS ISSUES**

##### 1. Educational Assistance

Debbie Johnson discussed a housekeeping change which the Human Resources Officers have recommended for Educational Assistance Guideline P-130. It has been proposed to insert language to the Types of Educational Assistance section of the guideline which would clarify eligibility of all personnel assigned by the military through an agreement with the institutions and to specify that military personnel are eligible to participate in programs III, IV, V, and VII.

The Human Resources Officers had also recommended to let the minutes serve as authorization for these changes until the guideline has been reviewed further and additional changes are required.

##### 2. Taxation of Educational Assistance Benefits

Ms. Johnson discussed the expiration of Section 127 on December 31, 1994, and the fact that reimbursement of maintenance-related fees to employees for graduate courses will be taxable unless legislation is passed to reinstate the benefit retroactively to January 1, 1995. Since job-related courses are non-taxable, it was recommended that the current guideline forms be revised to include the supervisor's recommendation of whether or not a course is job-related. The Finance Committee will make its recommendation regarding any action the System should/should not take

at the present time.

3. Longevity

Ms. Johnson advised the Officers that several questions have been raised regarding the eligibility of part-time service which immediately precedes regular part-time and/or full-time employment. Longevity Guideline P-120 is currently being reviewed to determine if revisions need to be made regarding these and other issues.

4. Deferred Compensation

As Ms. Johnson reported to the Officers, the Tennessee Consolidated Retirement System was asked to include the TBR System in its new RFP for a deferred compensation vendor. The State's plan includes 457 and 401 (k) plans, and the new contract is proposed to be effective July 1, 1995. Training for the new programs will be provided by the vendor.

5. Charitable Organization Deductions

The Officers were advised of a change in regard to payroll deductions for charitable organizations. It has been determined that the System will permit deductions for organizations, other than the United Way and/or UGF, in the same manner as the State and the University of Tennessee. The Human Resources Officers had referred this item to the Business Officers to identify issues of concern and to make recommendations regarding the development and administration of the policy. Identified as major areas of concern were: (1) solicitation practices, (2) enrollment periods, (3) minimum participant requirement for establishing payroll deductions for each organization, and (4) development of a centralized list of approved agencies.

6. Family and Medical Leave Act (FMLA)

The final regulations for the Family and Medical Leave Act of 1993 were released on January 6. Employers are required to revise their existing policies to include changes by April 6.

7. Drug Testing

To comply with the OMNIBUS TRANSPORTATION EMPLOYEE TESTING ACT OF 1991 (PUB. L. 102-143, Title V), Ms. Johnson stated that the System will implement mandatory alcohol and controlled substance ("drug") testing of persons in or applying for safety-sensitive positions requiring commercial drivers' licenses (CDLs). The Central Office legal staff are in the process of reviewing the implementation date and testing requirements for the System. The Officers asked that the following concerns also be addressed: (1) grandfathering of existing employees with CDLs and (2) grandfathering of employees whose job requirements may change. Ms. Johnson stated that until these issues are resolved, the institutions should contact General Counsel's Office if an employee is involved in an accident or if they have further questions or concerns.

7. COMPENSATION ISSUES

Ms. Johnson informed the Officers that the job specifications for the Interpreter and Lead Interpreter positions are being reviewed, that the institutions have been asked to submit existing procedures for stand-by and on-call pay, and that the Compensation Committee is reviewing the Classification/Compensation Manual to determine if appropriate language is being used to describe requirements for persons with disabilities.

The minutes of the Personnel Officers Committee were approved as presented.

B. Report of the Finance Committee

Mr. Raymond Pipkin highlighted the following issues from the Finance Committee minutes of January 10, 1995.

**1. Revisions to TBR Policy 4:03:03:00, General Travel**

Mr. Pipkin informed the committee that Mr. Michael Gower was aware of the difficulty in obtaining approval for out-of-country travel for external grants on a timely basis.

Mr. Gower has pledged to reduce the out-of-country travel approval processing time at the board level. All requests needing immediate approval should be sent to his attention.

Mr. Pipkin discussed the committee's recommendation that the board office recommend to the State Department of Finance and Administration the deletion of Alaska and Hawaii as out-of-country travel as well as adding language to clarify the time schedule for meal allowances.

Members were advised of the recommendations that additional language be added to allow the president to approve individual exceptions to the travel policy. There were recommendations for out-of-state blanket authorization as well as deleting the last sentence in Section VIII which requires a written explanation for late travel claims. The committee also recommended that an Out-of-Country rate also be established. These recommendations are contingent upon the policy following TCA-4-3-1008. General Counsel is currently reviewing the recommendations made by the committee to verify that the policy does not violate the code.

**2. Taxability of Employer-Provided Vehicles**

Mr. Pipkin briefly discussed the taxability of Employer-Provided Vehicles. In order to value the use of a vehicle using the Commuting Wage Rule, five criteria must be met as listed in Attachment A. The members discussed the employer requiring the employee to commute to or from work in the vehicle for bona fide noncompensatory business reasons.

The required documentation of the mileage must be as the travel occurs and include total miles and business miles. A signed statement on file indicating the vehicle would be used for commuting only would be

accepted, if that were the case.

The committee recommended effective with the December 31, 1995, reporting year (calendar year 1995) institutions should value the employer provided vehicles using the annual lease value method. The value of the vehicle used should be the value at the time the annual lease value method is applied.

### **3. Prohibited Transactions Covered Under Purchasing Policy**

Mr. Pipkin reminded the members about Policy No. 4:02:10:00 regarding prohibited transactions. The policy states that no personal items shall be purchased through the institution for any employee of the institution. Personal items would include the purchase of personal services for the employee.

### **4. Incidental Fee Committee**

The Fee Committee met on February 8, 1995 to review the fees. Their recommendations will be reviewed by the Finance Committee.

### **5. Taxability of Graduate Courses**

Mr. Pipkin briefly discussed the history and the committee's recommendation on the expiration of Section 127 - Educational Assistance which applies to the taxability of Graduate Courses. There is a possibility this code section will be extended later in this year and be made retroactive back to January 1, 1995. If Section 127 is not extended graduate courses that are job related are eligible for exclusion as a working condition fringe benefit. The forms used for approving courses will be revised to include a section on the purpose of the class and if it is job related. The committee recommended institutions maintain data for reporting these courses as taxable income, but postpone the taxing of these benefits until later in the year. The Finance Committee will review the status of this code section at their next meeting.

The minutes of the Finance Committee were approved as presented.

### **3. NEW BUSINESS**

#### **A. Fee Exchange Between TBR Institutions**

Ms. Kathy Musselman explained to the members that she is summarizing the responses recently received concerning "Fee Exchange Between TBR institutions". The Board intends to consider the institutions responses to the questionnaire in making the decision about institutions continuing to exchange fees.

#### **B. Joint Meeting with Academic Affairs: Summer School**

The Business Affairs Sub-Council and the Academic Affairs Sub-Council met jointly to discuss summer school issues. A copy of the 16 summer school issues and responses was distributed to the group. Dr. Nebraska Mays led the group in a discussion of the summer school issues and responses. The group was informed

that TBR policies apply to summer school and the Summer School Policy was developed to meet the needs of the students.

The question was asked if the response to Summer School issues #12 " How is compensation for summer appointments to be compensated?" correctly interprets TBR Policies. Dr. Mays agreed to review the response to Summer School issue #12 and TBR Policies.

A request was made for TBR to consider revising the TBR Policy on "Extra Compensation". Dr. Mays agreed to review TBR's current policy on Policy on Extra Compensation. See Attachment B for the 16 summer school issues.

Ms. Musselman explained the funding formula to the group. The funding formula should not be used as a budgeting tool. Dr. Eugene Smith cautioned the institutions against the requirement of budgeting and spending in accordance with the funding formula which would reduce their flexibility. It is each institution's responsibility to prioritize their programs.

C. Update on the Renewal of the SCT Contract

Ms. Shrago distributed copies of the SCT Contract and led a discussion on the five-year renewal of the SCT Contract. Currently, TBR is negotiating a contract with a commitment to purchase software priced at \$2.5 million at a 52% discount for \$1.2 million.

Ms. Shrago informed the institutions the 52% discount would be reduced, if TBR did not purchase \$2.5 million of new software at the list price. The reduction in the discount would be allocated to the institutions participating in the contract. The SCT contract would be for five years and not a one year contract with the option to renew each of the next four years. See Attachment C for additional details on the SCT contract.

Ms. Shrago requested that the members let her know if their institution will be purchasing packages in the next five years. The members were requested to inform Ms. Shrago of their institution's commitment amount over the next five years by the end of February. The members recommended that Ms. Shrago continue to pursue the renewing of the SCT contract for \$2.5 million for five years.

Ms. Shrago stated that the Information Service Plan should be included as a part of the institution's budget. The plan should include purchases for data, voice, computer, and also video for distance learning.

Ms. Jackie Shrago briefly discussed the status of the SIS+ Migration. Each member was distributed a memo on the SIS+ Migration. The SIS+ Migration is expected to be completed in Spring 1995.

D. Sexual Harassment Training

Ms. Bettye Springfield distributed a short questionnaire for the members to complete and gave a presentation on sexual harassment. Her presentation included several landmark cases on sexual harassment. Ms. Springfield requested for the members to circulate the policy on Sexual Harassment to their employees.

There being no further business, the meeting adjourned at 4:15 p.m.

**Note: The next meeting of the BASC is tentatively scheduled for Thursday, April 20, 1995 at 9:00 a.m. in the TBR Board Room.**