

## **BUSINESS AFFAIRS SUB-COUNCIL**

**January 22, 1998**

### **MINUTES**

The meeting began at 8:30 a.m. in TBR Board Room 366. Present were Mr. Jack Liner, Chairman (CISCC); Mr. Bob Adams (MTSU); Ms. Debra Bauer (NSTI); Mr. James Bowman (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); Dr. Joyce Mounce (APSU); Mr. Raymond Pipkin (UOM); Mr. Mike Posey (MSCC); Mr. Terry Rector (TTU); Ms. Jean Redding (JSCC); Mr. Mitch Robinson (DSCC); Dr. Duane Stucky (MTSU); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (JSCC); Chancellor Charles Smith, Mr. John Rudley, Mr. Michael Gower, Ms. Kathy Crisp, Ms. Julie Goodyear-Walker, Ms. Deanna Hall, Ms. Lisa Hall, and Ms. Renee Stewart (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 January 8, 1998.

##### **A. Compensated Absences Liability**

The Finance Committee recommended that those institutions who can recognize the compensated absences liability without depleting reserves should do so in FY 1998. All remaining institutions should plan to recognize the liability by FY 2000. Mr. Rudley recommended that institutions first transfer any available renewal and replacement fund reserves into unrestricted current funds. If necessary, institutions may then reduce the 2-5% required reserve and the working capital allocation. Mr. Rudley noted that Tennessee institutions are being criticized by other states as well as SACS review teams for receiving a qualified audit opinion. It was determined that TBR staff would work with any institutions who could not recognize the compensated absences liability by 2000. Additionally, TBR will work with selected institutions to develop entries and present these entries to all institutions prior to June 30, 1998.

**B. Update from Subcommittee Reviewing Inconsistencies Relative to Institutions' Chart of Accounts**

This item was deferred as a separate presentation item, see below.

**C. October Revised Budget**

The requirement that the “actual column” of the October Revised Budget forms must reflect amounts as presented in the June 30 financial report was reviewed. While rounding differences that result from using the budget module are not considered a problem, adjustments to the financial statements due to overstatements/understatements should not be reflected in the October Revised Budget.

**D. Fee-Related Issues Subcommittee**

The findings of the Fee-Related Issues Subcommittee was reviewed. The subcommittee recommended the following actions: (1) no establishment of a second deferred payment plan, (2) no establishment of a 50% refund period, (3) institutions will continue to define “space availability” individually as it relates to PC 191 and state employee fee waivers, and (4) the pre-registration purge requirement was waived by the Chancellor for the Spring 1998 semester due to Hope Scholarship Tax Credit requirements.

**E. Change of Course Fees**

Due to expanded use of telephone registration, it was determined that change of course fees are no longer applicable at many institutions. The committee recommended reclassifying the change of course fee from a uniform fee approved by the TBR to a fee established and administered by each institution (see Attachment A for Guideline B-060 change). This reclassification will allow institutions to revise or eliminate this fee without TBR approval.

The minutes of the Finance Committee were approved as presented, with the exception of item 4 of the Finance Committee minutes which was deferred for full discussion (see below).

## 2. **Chancellor's Comments**

Chancellor Smith discussed appropriation expectations for 1998-99. It appears that revenue collections for 1997-98 are slightly higher than projected, therefore a 1997-98 impoundment appears unlikely. There is speculation of additional funding for higher education in 1998-99; however, nothing will be known until the Governor's State of the State address to be delivered on Monday, February 2, 1998.

Additionally, the Chancellor updated the BASC on the activities of the Governor's Blue Ribbon Panel on Higher Education. In December 1997, both UT and TBR were given the opportunity to make major presentations to the Panel. Both presentations were well received.

## 3. **Report of the Human Resource Officers Committee**

Ms. Stewart highlighted the following issues from the January 15, 1998, meeting of the Human Resource Officers.

### A. **Disaster Service Leave Policy**

The Human Resource Officers recommended adoption of a new policy outlining procedures for employees certified as disaster service volunteers by the American Red Cross (see Attachment B). This policy would require disaster service volunteers to register with the Office of Human Resources. Additionally, the policy states that disaster leave is subject to approval by the employee's supervisor.

### B. **Guideline G-070 Disposal of Records**

The Human Resource Officers recommended revising Guideline G-070 to include imaging as an acceptable alternative to maintaining paper originals (see Attachment C). This policy revision must be approved by the State Public Records Commission before adoption.

### C. **Guideline P-130 Educational Assistance**

The Human Resource Officers recommended revising Guideline P-130 to allow state employees using a fee waiver to register no earlier than four weeks prior to the first day of class (see Attachment D). This revision updates the policy for procedural revisions adopted by the BASC in October 1997.

**D. Guideline P-045 Deferred Compensation**

The Human Resource Officers recommended revising Guideline P-045 to incorporate revisions enacted by federal legislation in 1997 and various editorial corrections (see Attachment E).

The minutes were approved and the policy and guideline revisions will be forwarded to the Presidents Council.

**4. Status Report from the Committee on Consistency in Expenditure Reporting**

Mr. Jordan provided the BASC with a list of central issues identified as needing attention and the subcommittee's recommendations for improvement (see Attachment F). Mr. Jordan explained that in addition to the list of central issues identified, subcommittee members reviewed and compiled a list for each institution of issues specific to that institution. This second list will be forwarded to the Central Office by January 30, 1998, and then distributed to individual institutions in February. Mr. Rudley stated that he strongly supported the work of the subcommittee and subsequent implementation of all recommendations. The BASC approved the recommendation that all identified issues, both central and institution specific, will be corrected or explained by July 1, 1998.

**5. Other**

**A. Technology Access Fee Plans**

Mr. Rudley discussed the procedures to be used in developing future years' technology access fee plans. Future plans will be reviewed and revised as necessary by Chief Business Officers to ensure compliance with spending guidelines. These guidelines will be developed by the Presidents Council prior to the July budget guideline mailout.

**B. TSSBA Update**

Mr. Adams updated the BASC on TSSBA activities: (1) The new bond resolution draft is almost complete, with the Authority reviewing all revisions next week. (2) A surety bond is scheduled to replace the debt service reserve. (3) The state can improve its bond rating by improving the language in current legislation regarding the ability of TSSBA to intercept an individual institution's state appropriations if that institution defaults. (4) Bond raters from Moodys and Standard and Poor have scheduled visits to MTSU and UT in March.

**C. Purchasing Policy Revision**

The status of the proposed purchasing policy revision to increase the threshold of purchases requiring bids from \$500 to \$1,000 was questioned. Mr. Rudley stated that the proposed revision will be sent back to the Finance Committee to gather further data.

**D. 401(k) Match**

The possibility of matching 401(k) contributions in 1998-99 was raised. Mr. Rudley stated that TBR would not implement any unfunded mandates, including the \$20 per month 401(k) match.

There being no further business, the meeting was concluded at approximately 10:30 a.m.