

BUSINESS AFFAIRS SUB-COUNCIL

February 3, 1999

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Mr. James Hodges, Chairman (VSCC); Mr. Bob Adams (MTSU); Ms. Debra Bauer (NSTI); Mr. James Bowman (ETSU); Dr. David Collins (ETSU); Mr. Bill Fuqua (RSCC); Mr. Clay Harkleroad, Jr. (TSU); Mr. Ken Horner (CoSCC); Mr. Charles Hurley (NSTCC); Mr. Al Irby (APSU); Mr. Dwight Johnson (SSCC); Mr. Julian Jordan (WSCC); Ms. Susan Joseph (CSTCC); Mr. Ron Kesterson (PSTCC); Mr. John Kirk (STIM); Mr. Jack Liner (CISCC) Ms. Linda Maxwell (TTU); Mr. Raymond Pipkin (UOM); Mr. Mike Posey (MSCC); Mr. Terry Rector (TTU); Ms. Jean Redding (JSCC); Mr. Mitch Robinson (DSCC); Dr. R. Eugene Smith (UOM); Dr. Duane Stucky (MTSU); Ms. Velma Travis (JSCC); Ms. Phyllis Whittaker (APSU); Mr. John Rudley, Mr. Michael Gower, Ms. Ortaeine Acidera, Ms. Kathy Crisp, Ms. Deanna Hall, Ms. Lisa Hall, Mr. Raja Kodali, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

Mr. Hodges called the meeting to order.

BUSINESS

1. Chancellor Smith's Comments

Chancellor Smith addressed the recent meeting and media coverage of the Governor's Blue Ribbon Council on Higher Education (Governor's Council for Excellence in Higher Education). On January 20, the Council's draft report was released to the media which included a recommendation to divide Tennessee's higher education institutions into three tiers: research institutions, regional universities, and two-year institutions, including the TTCs. Each tier would have a separate governing board, with one "superboard" overseeing all three. On January 27, the recommendation was revised to leave the UT system intact and split the TBR system, separating four-year institutions from two-year institutions and TTCs. During their presentations at the January 27 meeting, Chancellor Smith and TBR Board member Jack Fishman criticized the Council chairman and staff director for this action. Additionally, Mr. Fishman authored a 22-page position paper with his recommendations for improving higher education in Tennessee, focusing on access, funding, accountability, workforce development, and articulation. As the meeting concluded, it appeared that the Council would shift their focus to strengthening THEC and leaving the existing governance structure intact. The final meeting of the Council will be February 11, 1999.

The Chancellor also discussed funding issues, including the Governor's Budget for 1999-2000, which the Governor will present on or around March 1, 1999. Because current tax revenue collections are below projections, the prospects for significant increases next year are not good at this time. The Chancellor felt that the best opportunity for full funding of the formula would be the 2000-2001 fiscal year.

2. Report of the Finance Committee

Mr. Pipkin highlighted the following issues from the January 19, 1999, Finance Committee minutes.

A. Consistency in Reporting for Restricted Accounts

The Finance committee discussed developing a subcommittee to review restricted accounts for consistency among institutions. The committee determined that a review of account titles for restricted accounts would not be beneficial. To determine the appropriate function and subcategory, the reviewer would need to examine the grant or project contract. As an alternative, it was recommended that each institution perform a self-analysis of their restricted accounts. In addition, TBR staff will be working with universities to address some concerns about the classification of restricted revenue. Instructions for reporting the self-analysis process and results will be forthcoming.

B. Y2K Note Disclosure

The Finance committee discussed the Y2K note disclosure and related procedures as required by GASB Technical Bulletin 98-1. State Audit has determined that their audit opinions will be qualified after October 31, 1998, due to the Y2K problem. It is State Audit's opinion that until the year 2000 arrives, its effects and the success of any remediation efforts cannot be fully determined. For those that are affected, business officers should be prepared to explain to their presidents why the audit opinion is qualified.

The minutes of the Finance Committee were approved as presented. See Attachment A for approved revisions to the travel policy.

3. Report of the Human Resource Officers Committee

Ms. Stewart highlighted the following issues from the January 14, 1999, meeting of the Human Resource Officers.

A. Policy 5:01:01:07

The Human Resource Officers recommended adding language to the sick leave policy permitting institutions to require a written physician's release to return to work. The Council appeared uncomfortable with this language and discussed such issues as who would pay for the doctor's visit, was a policy revision required in order to require a physician's release, and did the proposed language conflict with FMLA requirements? Additionally, the Council discussed the current process in which HR issues are presented to the BASC. The Council recommended that an HR representative be available for critical issues at future BASC meetings to answer questions. The timing of the HR meetings in relation to BASC meetings will be discussed at the TBR Central Office.

B. Post-Retirement Incentive Program

The pilot period for the Post-Retirement Incentive Program will end June 30, 1999. The HR Officers are soliciting comments regarding continuance of the program. Dr. Smith commented that it was a good program and should be continued.

The minutes of the Human Resource Officers and the proposed policy revision were approved.

4. Report of the Financial Systems Review Committee

Ms. Stewart highlighted the following issues from the January 26, 1999, Financial Systems Review Committee meeting.

A. Central Data Base Update

The committee determined that it would be extremely difficult to merge existing charts of accounts and decided to pursue commonality at the department level as a workable alternative. All institutions will be asked to submit a department listing for both academic and administrative departments. TBR staff will develop a common departmental listing for institutions to map their existing accounts to and present to the committee for discussion.

B. Budget Automation Update

All form revisions requested at the December 8, 1999 committee meeting have been completed with the exception of Form VI. TBR staff will recommend standard subtotals for Form VI at the next committee meeting. Training workshops for using the automated budget program have been scheduled for all institutions during February 22-25, 1999, and a program manual is under development.

C. FRS Modifications

Representatives from UOM presented some local FRS modifications. The committee requested the Central Office to pursue potential base modification enhancements to FRS.

5. Y2K Update

Mr. Raja Kodali updated the Council on various measures taken to assure Y2K compliance for campus computers and major systems. Three systems have been identified as critical; FRS, SIS, and HRS. Both FRS and SIS are Y2K compliant, installed, and operating at all campuses. HRS will be Y2K compliant once release 4.1 is installed and operating. Mr. Kodali stated that installation for HRS 4.1 is scheduled to begin by mid-month, including training and campus visits.

Additionally, a computer diskette was forwarded to all campus computer center directors in July 1998 for Y2K testing of PCs. The diskette was received from the State with the request that we report back the number of PCs tested and repaired using the diskette. Attachment B is a progress report of PCs tested and repaired.

6. OTHER BUSINESS

- Mr. Irby updated the council on the tornado damage sustained by APSU. While damage costs are estimated to exceed \$10 million, only one student was injured. Mr. Irby encouraged all Business Officers to review their disaster plans and stressed the importance of disaster drills.
- Mr. Gower stated the council's fee subcommittee met on February 3, 1999 to review the existing fee structure and to begin development of recommendations to the BASC and Presidents Council for 1999-2000 fees. Committee members include Dr. Collins, Mr. Jordan, Mr. Kirk, and Dr. Stucky.
- Ms. Deanna Hall presented the council with a summary of long-distance telephone service contracts in existence. See Attachment C.
- Mr. Rudley discussed the recent retirement of the Comptroller of the Treasury, William Snodgrass. He and Dr. Smith cited the outstanding leadership of Mr. Snodgrass. The council requested the development of a resolution of appreciation for Mr. Snodgrass' many years of exemplary state service.
- Mr. Johnson updated the council on SSCC's recent removal from financial aid reimbursement status. The US Department of Education had prohibited SSCC from drawing down Title IV funds prior to distribution due to problems cited in a program review of FYs 1993, 1994, and 1995. Under the reimbursement method, SSCC was required to complete a file for each student for whom reimbursement was being requested and submit the file with the reimbursement request. Mr. Rudley commended Mr. Johnson for his outstanding leadership in correcting this problem that he and President Amann inherited.
- Dr. Collins discussed the recent lease agreement ETSU is negotiating with CompUSA for IBM computers. The agreement would allow ETSU to lease computers for three years at approximately 97% of the purchase price, with monthly payments spread over the three-year lease period. IBM is responsible for the maintenance of leased machines and the removal of machines at lease termination. TBR Central Office staff will be reviewing this proposal with ETSU to determine whether it is a feasible option. Ms. Crisp discussed recent problems in negotiating contract terms with "middlemen" vendors, such as CompUSA in the above ETSU contract. Many times, the "middlemen" do not want to agree to terms and conditions mandated by statutes and regulations. To avoid these problems, Ms. Crisp recommended including in the bid request all terms required and having bidders indicate which terms were unacceptable to them.

There being no further business, the meeting was concluded.