

## **BUSINESS AFFAIRS SUB-COUNCIL**

**January 27, 2000**

### **MINUTES**

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Dr. Joyce Mounce, Chairperson (APSU); Ms. Debra Bauer (NSTI); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Mr. Bill Fuqua (RSCC); Mr. Clay Harkleroad, Jr. (TSU); Mr. Ken Horner (CoSCC); Mr. James Hodges (VSCC); Dr. Charles Hurley (NSTCC); Mr. Al Irby (APSU); Mr. Dwight Johnson (SSCC); Dr. Julian Jordan (WSCC); Mr. Ron Kesterson (PSTCC); Mr. Jack Liner (CISCC) Ms. Linda Maxwell (TTU); Mr. Mike Posey (MSCC); Mr. Terry Rector (TTU); Mr. Mitch Robinson (DSCC); Dr. Duane Stucky (MTSU); Ms. Tammy Swenson (CSTCC); Ms. Jamie Wilmoth (RSCC); Mr. John Rudley, Ms. Ortaeine Acidera, Ms. Kathy Crisp, Ms. Deanna Hall, Ms. Lisa Hall, Mr. Ron Simmons, and Ms. Renee Stewart, (TBR).

Dr. Mounce called the meeting to order.

### **BUSINESS**

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

Dr. Jordan highlighted the following issues from the January 13, 2000 Finance Committee meeting.

##### **A. Fee Subcommittee Report**

The Fee Subcommittee recommended a three-year phase-in of computing part-time fees by dividing full-time fees by either 12 or 9 hours, as appropriate. During the phase-in period, the part-time fees will be calculated under both the old method and the new method, and 1/3 of the difference will be implemented. Under no circumstances will the current part-time fee be reduced during the phase-in period.

Additionally, the Fee Subcommittee did not recommend approval of the proposal to remove the maintenance fee ceiling. The Subcommittee felt that the proposal could reduce FTE numbers, which would have a negative effect on formula funding. To solve the problem of students routinely registering for eighteen hours with the intention of dropping to twelve hours during the drop/add period, the Subcommittee suggested consideration of a surcharge for students registering for 18+ hours. The Finance Committee recommended that TBR staff gather information from surrounding states that had removed the maintenance fee ceiling and any resulting effects on enrollment for further review by the Subcommittee.

##### **B. Allocation of Fund Balance**

Dr. Jordan noted that the Finance Committee minutes were in error. The Finance Committee recommended that the allocations of fund balance for

technology access fees and student activity fees remain classified as a discretionary allocation, but be removed from the calculation of the 2%-5% reserve. Due to the confusion regarding this issue, it will be discussed again at the April Finance Committee meeting.

C. **Auxiliary Contingency**

The Finance Committee recommended eliminating the requirement of a contingency allocation for auxiliaries that are contracted out. A contingency allocation will continue to be required for auxiliaries operated by the institution.

D. **Schedule of Expenditures by Object Code**

The Finance Committee recommended that the Schedule of Expenditures by Object Code included in the financial statements include a breakdown of unrestricted expenditures into an E&G column and an auxiliary column.

E. **Personnel Positions Classifications**

The Finance Committee recommended adoption of THEC's selection of the EEOC categories for classifying personnel positions, see Attachment A. THEC selected the EEOC definitions over the NACUBO definitions that TBR institutions had been using. Attachment A includes the EEOC definitions for the personnel categories. These definitions will be used beginning with the July Proposed Budget for 2000-2001.

F. **Equipment Capitalization**

The Finance Committee recommended increasing the equipment capitalization floor from \$1,000 to \$5,000, effective July 1, 1999. THEC has stated that equipment bases will be frozen at the June 30, 1999 level to ensure that the increase in the equipment floor will not have a negative effect on funding.

G. **Policy 4:01:01:10 Deposit and Investment of Funds**

The committee recommended adding clarifying language to Policy 4:01:01:10. This revised language clearly states that depositing funds with the bursar's office meets the intent of the policy. **Subsequent to the BASC meeting, it was determined that the Central Office did not support this revision. This item will be discussed at the April Finance Committee meeting.**

The minutes of the Finance Committee were approved with the correction noted above.

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

Ms. Stewart highlighted the following issue from the January 14, 2000, meeting of the

Human Resource Officers.

**A. Guideline P-010**

The Human Resource Officers recommended adding language regarding background checks to Guideline P-010.

Several of the business officers questioned Ms. Debbie Johnson on the suggestion of a single salary study for all two-year institutions and how this suggestion, if implemented, would effect two-year institutions with a study currently underway or recently completed. Ms. Johnson explained that this issue had not been fully developed yet and she was still unclear on all the details. It was her expectation that salary studies currently underway would be incorporated into a systemwide study. Furthermore, she thought that Presidents of institutions with a recently completed salary study would have the option of using their own study or the systemwide study.

The minutes of the Human Resource Officers were approved.

**3. Expenditure Object Codes**

The systemwide database project currently being undertaken by the FSR Committee will require a common object code listing for all institutions. Recently all institutions were asked to review their object code listing against the listing approved by the BASC and report any differences. All differences noted were researched for prior BASC approval and an updated object code listing appears as Attachment B. Additionally, the following revisions were approved and are reflected in Attachment B:

- A.) The 2100 to 2199 range and the 2200 to 2299 range were collapsed into one single range 2100 to 2299 – Retirement.
- B.) The 2300 to 2399 range and the 2400 to 2499 range were collapsed into one single range 2300 to 2499 – FICA.
- C.) The range 3800 to 3999 was established for Travel-Other.

BASC members questioned whether the range definitions for codes 4980 to 4989 and 4990 to 4999 were reversed, as the XX90 to XX99 range is normally reserved for other. It appears that the range 4980 to 4999 was originally defined as Other – Unclassified. In October 1985, the Finance Committee recommended that the range 4990 to 4999 be used for late payment charges relative to the Prompt Payment Act. Based upon this research, Attachment B appears correct.

Subsequent to the meeting, Linda Maxwell stated that in prior years the Central Office had defined the range 2700 to 2799 as Employee Scholarships. While no evidence of this was found in the Finance Committee or BASC minutes, an old object code listing was located with the 2700 to 2799 range defined as Employee Scholarships. This range definition has been included in Attachment B.

The Finance Committee will consider the recommendation to add a separate range for JTPA expenditures at the April meeting.

All institutions should review Attachment B and eliminate the usage of any object codes not defined on the list. Additionally, object codes falling between X000 and X100 should not be used, as they do not fall within the minor object ranges.

#### **4. Budget Variances and Encumbrances**

Mr. Rudley distributed a comparison of Actual, Proposed, and Revised budgeted expenditures for the UT system and for the TBR system. He discussed the large increase in expenditures the TBR system experiences in every Revised budget cycle, why this occurs, and alternatives to our current budgeting methodology. The BASC agreed that this problem could be alleviated if institutions budget fund balance allocations for encumbrances and budget realistic amounts for the 2% to 5% reserve. The 2% to 5% reserve will include any amounts budgeted as unallocated fund balance. This revision will be reflected in the Estimated budget for 1999-2000, as well as all subsequent budgets.

#### **5. OTHER BUSINESS**

- Ms. Stewart distributed the recent letter written by the American Association of Community Colleges regarding proposed INS rules that would require campuses to collect and remit a \$95 fee from all nonimmigrant students holding "F" or "M" visas. Institutions were encouraged to respond to the INS with their concerns regarding this proposed rule.
- Ms. Hall discussed a recent invoice received for trademark registration for the Association of Junior College Athletes.

There being no further business, the meeting was concluded.