

BUSINESS AFFAIRS SUB-COUNCIL

January 25, 2006

MINUTES

The meeting began at 9:00 a.m. in the TBR conference room. Present were Dr. Claire Stinson (Chair, NSTCC); Ms. Debra Bauer (NSCC); Ms. Cynthia Brooks (TSU); Mr. Horace Chase (JSCC); Ms. Beth Cooksey (VSCC); Mr. John Cothorn (MTSU); Dr. Ashok Dhingra (STCC); Mr. Bill Fuqua (RSCC); Mr. Mike Gower (MTSU); Mr. Ken Horner (COSCC); Dr. Charles Hurley (CLSCC); Mr. Al Irby (APSU); Dr. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Mr. Charles Lee (UOM); Ms. Linda Maxwell (TTU); Mr. Mike Posey (MSCC); Mr. Mitch Robinson (APSU); Ms. Tammy Swenson (CSTCC); Mr. Dwight Taylor (ETSU); Ms. Velma Travis (DSCC); Mr. Greg Wilgocki (ECOM); Mr. David Zettergren (UOM); Dr. Bob Adams, Ms. Kathy Crisp, Mr. Tom Danford, Ms. Alicia Gillespie, Ms. Tammy Gourley, Ms. Angela Gregory, Ms. Deanna Hall, Ms. Lisa Hall, Ms. Debbie Johnson, Dr. Charles Manning, Ms. Brooke Shelton, Mr. Ron Simmons, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

1. Chancellor's Remarks

Dr. Manning spoke briefly regarding the upcoming year. He stated that he expects a conservative increase in tuition this year. He also discussed the use of TAF funds to cover some of the Banner implementation costs. Currently the Board has approved the use of up to 25% of TAF funds over the next five years to help the institutions absorb some of these costs. However, four institutions have requested the use of additional TAF funds for this project. He stated that Board members may view increasing the Banner allotment to 50% more favorably if only a limited number of community colleges intend to use it. Dr. Manning also discussed that the Geier Consent Decree funding is coming to a close. Some programs, such as the TSU Endowment program, were originally established as a ten year endeavor. There are indications that the General Assembly may calculate a present value amount for the remaining years and include in the 2006-2007 appropriations bill. Additionally, Dr. Manning stated that he is optimistic about capital outlay funding for 2006-2007.

2. Report of the Committees

A. **Finance Committee**

Ms. Stewart highlighted the following issues from the January 12, 2006 Finance Committee meeting.

- FRS System

The committee met with TBR IT personnel to discuss how much longer institutions will be required to maintain the old FRS system and other legacy systems. A meeting has been scheduled for the end of January with SCT and campus personnel to begin modifying or replacing the BDG. It was determined

that institutions should continue to maintain FRS and use the crosswalk table for the July 2006-2007 Proposed Budget, with the intention of having a different manner of collecting the information for the October 2006-2007 Proposed Budget.

- STARS Reports and Object Codes

The committee discussed the different object codes that are being used at the institutions versus the ones being used on the STARS Reports. The Department of Finance and Administration is reporting only one object code for Fund 32 expenses. It was determined that since institutions are not relying on the object codes used in the STARS reports, this should not pose a problem as long as supporting documentation is used.

- President / Chancellor Quarterly Expenditure Reports

The committee determined that entertainment expenses should be reported separately from business meeting/meal expenses. Therefore, another schedule will be required starting with the July 2006 report, which will report business meals separately from entertainment.

- Mileage Websites

The committee discussed the use of mileage websites as an authorized method for determining the actual mileage for travel reimbursement. It was recommended that the policy be updated to include reputable websites as an acceptable means of computing mileage. A recommendation was also made to allow the use of these websites to determine point-to-point as well as vicinity mileage (see Attachment A).

- Guideline B-060 Fee, Charges and Refunds

The committee recommended adding language to the guideline to clarify rates for students enrolled in both regular and developmental classes. The revision states that if a student is enrolled in both regular and developmental courses, the rates should be assessed at the part-time hourly rate for each, with the maximum not to exceed the established full-time rate of the home institution (see Attachment B).

The committee also recommended adding clarifying language to the guideline requiring a separate application fee for a masters degree and doctoral degree at the same institution. Language was also added to include the ETSU College of Pharmacy in the guideline (see Attachment C).

- Facility Fee

The committee discussed proposing a facility fee, which would be used to maintain facilities and fund expenditures such as replacing carpets in student lounges, remodeling restrooms, etc. The fee would not be used to gain funds for

routine maintenance or construction purposes, but would be used to make improvements to areas that have an impact on students. This would be a dedicated fee, and would require reporting revenues and expenditures back to the TBR in a report similar to the one currently being used for TAF funds. The committee also discussed how these expenditures would impact the M&O calculation.

The matter was referred back to the Finance Committee to make a formal recommendation for approval of the fee at their April meeting.

- **Banner Attendance Modification**

Ms. Stinson met with the Financial Aid process team on January 13, 2006 to discuss the needed modification to the attendance screen for financial aid reporting purposes. It was discovered that SCT has already done this modification for some other school systems, and that they would be able to perform the modification for us as well.

- **Report Writing Software**

The committee discussed the need for a system-wide report writer for Banner. Oracle Discover is included with our package; however, it can be difficult to use and may not give the user the information desired. Some of the institutions have already purchased different report writers such as Web Focus and Brio to perform these tasks. Mr. Danford discussed the system's two reporting needs – standard reports to the TBR and ad hoc reporting at the campus level. Mr. Danford stated that the standard TBR reports will be generated using a programming language called Pro*C. Pro*C, however, requires specialized knowledge and may not be useful as an ad hoc reporting tool. The BASC suggested that TBR negotiate contracts with several report writer vendors so that campuses may select the one that best fits their needs.

The Finance Committee minutes were approved with the revisions to Guideline B-060 noted above.

B. Bank RFP Committee

Ms. Stewart highlighted the following issues from the November 16, 2005 and January 11, 2006 Bank RFP Committee meetings.

- The committee is considering negotiating system-wide contracts with three or four major banks in Tennessee. This could result in lower fees due to our system-wide volume. The institutions could then use the local branch of one of the contracted banks. Participation in the contract would be optional for the institutions.

C. Council of Buyers

Ms. Gregory highlighted the following issues from the January 24, 2006 Council of Buyers meeting.

- **State Employees Purchase of State Property**

State statutes, TCA 12-2-201 and 12-2-08, regarding property purchases by state employees, were discussed. It is permissible for TBR employees to: (1) bid at public auction for property confiscated by another state agency, and (2) to bid on state surplus goods either at public auction or an internet auction such as GovDeals as long as the internet bidding is done on the employee's personal computer and personal time.

- **Governor's Office of Diversity Business Enterprise**

Dr. Adams and Ms. Gregory have been meeting with the GODBE to develop percentage goals for small, minority, and women-owned businesses. TBR has decided that it would be in the best interest of our institutions to have one collective goal for each category, as some institutions may experience difficulty in meeting a percentage goal individually because of the businesses located in their particular region.

A handout was distributed detailing object codes to be used when determining our baseline of expenditures for the GODBE. At this point, the object codes to be used for reporting are to be restricted to the operating funds, and exclude plant funds. A question was raised regarding the reporting of subcontractors being used for campus projects. Dr. Adams stated that the Facilities/Capital Projects office is keeping up with that information.

Institutions are to submit their reports to the board by February 15, 2006.

The Council of Buyers minutes were approved.

D. Human Resources

Ms. Johnson highlighted the following from the minutes of the Human Resource Officers Committee meeting held on January 12, 2006.

- **Guideline P-130 Educational Assistance**

The guideline has been divided into four individual guidelines organized by general area addressed: Educational Assistance for TBR System Employees; Educational Assistance for Spouses and Dependents of TBR Employees; Educational Assistance for State Employees and Dependents of State Employees and Public School Teachers; Other Educational Assistance Programs. Because the final two guidelines do not affect TBR employees, it was recommended that these be moved to the Business and Finance Guidelines.

- Guideline P-160 Post Retirement

The academic year and fiscal year contracts for post retirement faculty contained different language regarding merit and discretionary increase, e.g. “may be eligible” or “will be eligible”. It was recommended that both contracts use the “may be eligible” clause.

A recommendation was also made to update the policy to increase the maximum number of semester hours of instruction during any 12-month period from 15 to 18.

- Policy 5:01:03:00 Retirement and Guideline P-040 Optional Retirement Program

The Retirement Policy and Optional Retirement Guideline was updated to include the following paragraph concerning federal contribution limits:

For either retirement system (TCRS or ORP), the limit to employer contributions made on behalf of employees employed after July 1, 1996 is \$210,000. There is no contribution limit for employees employed before July 1, 1996. Additionally, for employees enrolled in the ORP, there is also an annual aggregate contribution limit for contributions to the ORP and 401(k). This limit is defined on an annual basis.

- Policy 5:01:05:00 Outside Employment/Extra Compensation

As recommended by the Academic Affairs Officers and Presidents, the Board approved a new policy for Outside Employment and Extra Compensation 5:01:05:00, and accompanying guidelines for faculty earning additional compensation (teaching credit courses as an overload) effective Fall 2006, at its December 2005 Board of Regents meeting.

- P-080 Sexual Harassment

A new guideline was recently passed and it was recommended to the group to make certain that all regular employees receive a copy of the new policy. Many of the campuses are currently training using the University of Memphis contract with New Media Resources for sexual harassment. Officers may contact the company directly if they are interested. TTC’s may use the lead institution contract in certain cases.

The HR Officers minutes were approved.

E. Internal Audit

Ms. Gourley highlighted the following from the minutes of the Internal Auditors’ meeting held on January 11, 2006.

- Risk Assessment

The information in the letter from State Audit regarding audit committees and risk assessment procedures was discussed, particularly the role of the internal audit staff in the risk assessment process. According to the advice in the letter, the risk assessment is the responsibility of management but internal auditors may assist management with the assessment. In addition, the letter advises that internal auditors may assist management in designing and monitoring internal controls but that management has the primary responsibility for designing and monitoring controls. However, because risk assessments will be submitted to the Audit Committee for review and approval and because external auditors will review the risk assessment documentation for adequacy, timeliness, completeness, breadth and clarity during regular audits, internal auditors should review risk assessment documentation for these attributes before submission to the central office.

- Internal Audit Work Groups

The objectives of the following groups were reviewed. The overall objective is to review the documents and procedures currently in use, and provide recommendations for improvement. The groups were asked to provide timelines for completion of the objectives by January 31, 2006

1. IA Policy/Guidelines (B-050 & B-080)
2. Audit Manual & Audit Programs
3. IIA-GAO Standards/Quality Assurance Reviews
4. Fraud/Hotline Calls/Investigations
5. Audit Plans
6. Risk Assessment Tools
7. Report Format/Content/Submission
8. Presidential/Director Audits
9. TAF Audits

The Internal Audit Committee minutes were approved.

2. **Title VI Reporting Requirements**

Dr. Adams reminded everyone that the Affirmative Action plans are due February 28, 2006 for the upcoming year plan based on October 2005 budget data. He also reiterated that it was important to turn in these reports in a timely manner.

3. **Foundation Audit Committees**

It was determined that foundations are not subject to the legislation handed down regarding audit committees, because they are private entities. Although an audit committee is not required, it would be beneficial in providing oversight to avoid any potential problems that may arise.

4. Risk Assessment

Risk assessment training will be held on March 15 and 16, 2006 at TBR. The institutions reports will need to be submitted to the TBR in May for presentation at the June Board of Regents meeting. Due to the time constraints, it was recommended that the assessment be performed at the VP and director levels only for this year. In future years, the assessment will also include other staff members.

Ms. Gourley is in the process of developing the documents that the institutions will need to report their information back to the TBR. Management will also be required to include a write-up with their submissions.

5. Guidelines for Revision of TAF Budget Plans

Dr. Dhingra proposed that institutions not be required to seek TBR approval if an approved TAF project's costs differ from the estimate originally submitted. A change in the intent of a project or a new project would still require TBR approval. The Finance Committee will review the guidelines and recommend changes at the next Finance Committee meeting.

6. Cashiering Software

Dr. Dhingra proposed that a system-wide contract be developed to purchase cashiering software for the Banner system. The Touchnet cashiering system is included with our contract; however, campuses need to evaluate the system to determine whether or not it meets their needs. The matter was referred to the Finance ERP Committee for further evaluation.

7. Visa/Mastercard Settlement

TBR General Counsel received a letter stating that the state of Tennessee had received \$177,000 as a settlement from the Visa/Mastercard litigation. However, the UT system had already claimed \$133,000 of it. We were encouraged to submit a consolidated request in order to try to be awarded more money from the settlement. Our request is currently being processed, and we should have more information within the next four to six weeks.

8. Other

- Dr. Adams reviewed the THEC funding formulas, which according to the old formula, showed that five institutions had been over-funded. However, TBR doesn't feel that any of the institutions have been over-funded, because the old formula doesn't take into account the fact that these institutions are experiencing significant growth.

Mr. Simmons developed a new spreadsheet using the new 2005-2006 formula and the new peers, which were adopted in the Summer of 2005. Dr. Adams feels that this is more indicative of where we really stand, and he will be presenting this to THEC on

January 26, 2005.

- Mr. Danford requested that someone from BASC be appointed to the IT Subcouncil to provide guidance from a business perspective. Mr. Robinson was nominated and agreed to serve on the IT Subcouncil.
- Mr. Wallace discussed the increase in receivables for Pell and the Wilder-Naifeh scholarships that the TTC's are likely to experience from their transition to trimesters. According to the guidelines, a payment for a crossover payment period can be made from either award year. It was determined that a representative from the community colleges should be involved in the February 7, 2006 meeting to discuss the impact of this. Mr. Posey will be attending that meeting to represent the community colleges.
- Ms. Stewart demonstrated the updated Business and Finance website. The website now includes the BASC summary as well as the minutes from the BASC and Finance Committee meetings over the past ten years. The website may be viewed at www.tbr.state.tn.us/business_finance/index.html.

There being no further business, the meeting was adjourned.

Travel Policy

5. Automobile Travel - When travel by automobile is appropriate, employees may use state-owned automobiles whenever available and feasible. However, state-owned vehicles should be used only on official business.
- a. State Owned Automobiles - When transportation is by a state-owned automobile, tolls, parking, gasoline and storage expenses are allowable. When using motor pool automobiles, employees will be furnished with courtesy cards for purchase of gasoline, oil, and other automobile services, and such expenses should not be claimed by employees as travel expenses. Emergency out-of-pocket expenses, such as towing or emergency repairs, will be reimbursed but must be accompanied by proper receipt identifying the automobile and itemizing the services. Such expenditures must be of an emergency nature where immediate service is required and access to a state facility is not possible. Major repairs should be approved by campus officials prior to work being performed. Such expenditures are allowed but should be filed for reimbursement separately.
 - b. Personally-Owned Automobiles - Use of a personally-owned automobile must be authorized. Mileage reimbursement rates are provided on the Addendum. The authorized mileage allowance includes all operating expenses such as gas, oil, and repairs precluding any separate claim for such items. **Employees may use reputable websites to determine point-to-point mileage.**
 - c. The travel claim must indicate the employee's itinerary and must show the official business mileage. Business mileage as indicated by the official state map **or reputable websites**, and that published by Rand-McNally **or reputable websites** for out-of-state routes will be regarded as official. Vicinity mileage must be reported on a separate line and not included with point-to-point mileage. Only mileage on official business may be claimed.

Attachment B

B. Rates

1. Rates are established by the Board and incorporated in a fee schedule that groups specific full-time and part-time fees; by type of institution (two-year institutions; APSU, ETSU, MTSU, TSU, and TTU; and UOM); and by course/program level (undergraduate and graduate). Developmental courses are charged at the two-year institution hourly rate, with the maximum not to exceed the home institution's established full-time rate.
2. Part-time rates are applied based on the type of course (regular or developmental) and the level of credit for the course, regardless of student level. If a student, part-time or full-time, enrolls for both regular and developmental courses, the rates shall be assessed at the part-time hourly rate for each, with the maximum not to exceed the established full-time rate **of the home institution**. In an instance where a course may be taken for undergraduate or graduate credit, the student shall pay the rate of the level of credit sought. If a student, part-time or full-time, enrolls for both undergraduate and graduate courses, the rates shall be assessed at the course/program level, with the maximum not to exceed the established graduate full-time rate.

Attachment C

VIII. Incidental Fees and Charges

A. Uniform Rates and Policies

Institutions

The following fees will be uniformly charged (or, if applicable, to the extent that they remain within the set range) at all institutions both as to the amount and condition of assessment. Charges are subject to approval by the Tennessee Board of Regents.

1. Application Fee: Undergraduate - Not less than \$5.00 nor more than \$25.00. Graduate - Not less than \$5.00 nor more than \$35.00. ETSU College of Medicine - \$100. This is a ~~one-time~~ non-refundable fee paid by an individual who applies for admission to the institution. A student is required to pay this fee when he/she applies for admission as a graduate student even if the student attended an institution as an undergraduate student. **Additionally, the student is required to pay this fee when he/she applies for admission to a doctoral-level program after receiving a masters-level degree from the institution.**