

BUSINESS AFFAIRS SUBCOUNCIL

July 18, 1996

MINUTES

The meeting began at 8:30 a.m. in TBR Board Room 366. Present were Dr. Joyce Mounce and Mr. Al Irby (APSU); Mr. David Collins (ETSU); Mr. Bob Adams (MTSU); Mr. Clay Harkleroad Jr. (TSU); Mr. Terry Rector (TTU); Dr. R. Eugene Smith (UOM); Ms. Tammy Swenson (CSTCC); Mr. Jacky Liner (CISCC); Mr. Ken Horner (CoSCC); Mr. Mitch Robinson (DSCC); Mr. Wayne Powers (JSCC); Mr. Mike Posey (MSCC); Ms. Debra Bauer (NSTI); Dr. Charles Hurley (NSTCC); Mr. Ron Kesterson (PSTCC); Mr. Bill Fuqua (RSCC); Mr. Dwight Johnson (SSCC); Mr. John Kirk (STIM); Mr. James Hodges (VSCC); Mr. Julian Jordan (WSCC); Mr. John Rudley, Dr. George Malo, Mr. Michael Gower, Mr. Elijah Hall, Ms. Kathryn Crisp, Ms. Patricia Crook, Ms. Renee Stewart, Ms. Carolyn Moore, and Mr. Harry Richards of the Board staff.

Mr. Ron Kesterson called the meeting to order.

BUSINESS

1. REPORT OF COMMITTEES

A. Report of the Finance Committee

Julian Jordan highlighted the following issues from the Finance Committee minutes of July 10, 1996.

1. Transfers

Julian Jordan explained to members the Board's need for detailed explanations on transfers. This information will provide the Central Office with an explanation of changes in transfers between budget cycles. The explanations are to be included in the transmittal letter. Mr. Jordan requested the Board staff reconsider revising analysis form 3.A. to include transfer explanations to eliminate duplication.

Mr. Jordan informed the members of Mr. Rudley's request for the institutions budgets to reflect realistic growth estimates in tuition and maintenance fees revenue estimates. Members were cautioned about the fee revenue estimates being too conservative to the point that presidents may not have sufficient data upon which to make decisions.

2. Application Fee

Mr. Jordan explained to the members that a subcommittee was appointed to review the current application fee and to make recommendations at the October Finance Committee meeting. The subcommittee will consider having a different application fee for the universities and the other TBR

institutions. The universities were requested to send their recommendations for application fee changes to Bob Adams. The other institutions should send their recommendations for application fee changes to Julian Jordan.

3. Quarterly Purchasing Report

Mr. Jordan informed the members that as of June 30, 1996, the TBR will no longer be required to submit quarterly reports of low bids and proprietary purchases to the Fiscal Review Committee.

Since this requirement had been incorporated into policy 4:02:10:00 Purchasing Policies and Procedures, the discontinuation of the report will require a policy change. The requirement of the report of low bids and proprietary purchases will be deleted and a requirement to submit a quarterly report of minority and small business transactions will be added.

Currently, all institutions are required to submit a quarterly report of minority and small business transactions but this requirement is not referenced in policy.

4. Taxation of State Employees Participating in Educational Assistance Programs at the Graduate Level

The minimum wage bill includes language to extend through December 31, 1995, the Internal Revenue Code (IRC) Section 127 that annually exempts \$5,250 of educational assistance from gross income. This extension would not apply to any periods after December 31, 1995. The Board will notify institutions if the extension is approved.

Institutions will provide State agencies requesting information concerning State employees participating in educational assistance programs upon request.

5. Equipment Capitalization Minimum

Michael Gower led the members in a discussion of the proposed change to increase the equipment capitalization minimum from \$500 to \$1,000. Mr. Gower discussed the Estimated Change in the Higher Education Formula schedule distributed and indicated the impact of the change in equipment capitalization from \$500 to \$1,000 would have on the formula funding. Currently, the formula funds equipment at 5%, which is an unrealistically low amount. Mr. Rudley agreed that the Board would continue to pursue the issue of increasing the equipment capitalization from \$500 to \$1,000 only if it will not result in a reduction of funds.

Mr. Gower discussed the following three options with the members:

1. Increase the percentage of funding equipment to offset the reduction as a result of the increased capitalization from \$500 to \$1,000;

2. THEC could agree for Institutions to continue to reflect their current level of inventory as their minimum amount until the readjusted inventory level exceeds the original level;

3. The current equipment capitalization amount would remain at \$500.

6. Donation of Surplus Property to Public School Systems

Mr. Jordan informed the members that state law does not provide for an exception which would allow the donation of surplus property to public school systems. Therefore, institutions should discontinue requesting such exceptions from the Chancellor. TBR's legal staff stated that public school systems are not state agencies; therefore, TBR institutions cannot donate surplus property to these agencies.

7. Other Business

Mr. Jordan discussed debtors using counseling services in the Memphis area. These organizations act as financial managers in helping debtors setup payment plans to repay their debts and manage their finances. The business is a nonprofit organization with full-time staff. The organization requests creditors to make a standard donation of 15% of collections, which is less than the collection agencies charge.

The UOM was requested to contact TBR for approval to enter into an agreement with the counseling services.

Mr. Jordan discussed the TBR system's discontinuation of the 401K match, due to the State not providing funding. Although, Dr. Eugene Smith agrees with TBR's decision to discontinue funding the match, he expressed difficulty in explaining to UOM employees how the UT system can continue to provide funds for the match when the TBR system does not provide this funding.

Mr. Gower indicated that his conversations with the UT staff have not provided explanations on how they are using the saving from fees paid to the outside vendor to manage the fringe benefit plan as match for the 401K.

The minutes of the Finance Committee were approved as presented.

2. Business

A. Diners Club Contract Presentation

Mr. Gower introduced Mr. John Ohaver, Director, College/University Development, and Ms. Claire Wynne Parks, Assistant employees of the Diners Club. Mr. Ohaver informed the group that he works solely with colleges and

universities. Currently, Diner Club legal staff and TBR's legal staff are negotiating a contract. Mr. Ohaver informed the members that he was attending NACBO and would be happy to discuss the Diners Club contract.

Mr. Ohaver agreed to make Diners Club presentations at individual institutions and regional meeting with several institutions. Diners Club has agreed to provide the services the institutions need.

The biggest benefit provided by the Diners Club card is car rental insurance. The Diner Club card will cover the full value of an employee's rental of a car up to a 15-passenger van for up to 60 days domestic and international, provided the vehicle is rented with the Diners Club card and the employee does not accept the car rental company's insurance. This applies to all car rental companies. Mr. Ohaver agreed to investigate what could be negotiated to get the rental of trucks covered on the Diners Club card vehicle rental insurance.

The following are the benefits offered by Diners Club card:

- 1) Full coverage of car rental insurance;
- 2) Half a million dollars insurance when the staff is traveling;
- 3) Elimination of cash advances, due to ATM accepting the card, (transaction fees billed to the traveler);
- 4) Reporting package provides reports on vendors the TBR system and each institution is doing business with.

Mr. Ohaver informed the group that Diners Club would not conduct credit checks on employees and no minimum salary amount would be required in order for an employee to receive a card. The institution would have no obligation to assist Diners Club in collection of delinquent accounts. However, the institution is required to notify Diners Club when a person is no longer employed at the institution. Institutions are not required to collect the card.

B. Automation of Budget Process - Update

Ron Simmons gave the members an update on the automation of the budget process. During the 1996-97 October revision, UOM, MTSU, DSCC, and NSTI were selected as pilot institutions to run the automated budget process in parallel with their current budget process. All institutions will be converted to the automated budget process in the 1997-98 proposed budget cycle.

C. Deferred Payment - Update

Mr. Elijah Hall distributed the members' copies of the Status of Deferred Payment as of July 17, 1996. Mr. Hall requested the members to review their calendars cutoff days for payments and the last day for payments. The deferred payment cutoff payment dates in the Spring 97 could have a problem posting payments prior to closing for the holiday.

Mr. Hall informed the members that the startup dates for the deferred payment

plan were supplied by the institutions' computer center directors. Mr. Rudley requested the members to inform Mr. Hall of any changes to their deferred payment plan startup dates. The revised schedule will be sent to the institutions.

Mr. Clay Harkleroad informed the members of his concern about the deferred payment plan penalizing students on financial aid. Mr. Harkleroad agreed that the deferred payment plan was better than what the system currently has, but requested for the Board to review the issue of the Deferred Payment plan penalizing students on financial aid in a year. The member voted and accepted the deferred payment plan and agreed to review it in a year.

D. Policy/Guideline Changes

1. Sexual-Harassment, Racial, Other (P-080)

Ms. Kathy Crisp explained to the members that the changes to Guideline P-080 were to tighten the language and to make this guideline exclusively sexual and racial harassment. It also replaced "charges" with "allegations."

A specific reference for the role of the Student Affairs and Title VI officers in such matters was added. A statement was added, "if a finding of violation against a student is made, the matter proceeds pursuant to the institutional disciplinary policy. Documentation in such matters will be subject to FERPA protections."

Ms. Crisp informed the members that a Section III, Consensual Relationships, was added. Dr. Joyce Mounce informed Ms. Crisp that some institutions have stronger policies concerning consensual relationships. Ms. Crisp stated that institutions do not have a right to forbid consensual relationships. Ms. Crisp agreed to replace "university" with "institution." Ms. Crisp encouraged the members to send the General Counsel's Office recommendations for changes.

Dr. Smith inquired about the Section IV Procedures 3A giving the General Counsel control of the investigation once they are notified, if this was applicable to an institution's counsel. Ms. Crisp was of the opinion that this was also applicable to an institution's legal staff when they were notified.

In the Section IV A "Preliminary" was replaced with "Investigation." Ms. Crisp agreed that "claims" should be replaced with "allegations."

A sample complaint form was added as an appendix and more specificity is given concerning how to conduct an harassment investigation. A section prohibiting retaliation was also added.

The members voted to accept the report of the Sexual, Racial Harassment, Other (P-080).

2. Contract Meeting

Ms. Crisp inquired about setting up a meeting on contracts with contract officers and purchasing officers at the end of September. Ms. Crisp agreed to change the meeting to the first week in October, since the THEC hearings are scheduled for the end of September.

E. Personnel Policy/Guideline Changes

Renee Stewart reviewed the items from the Human Resources Officers meeting on June 26, 1996.

1. Proposed Paternity Leave Policy/Related Policies

Ms. Stewart informed the members of the Paternity Leave Policy as a result of legislation passed by the 1996 General Assembly. The maternity and sick leave policies which interact with the new policy are also being revised accordingly.

2. General Personnel Policy 5:01:01:00

The members were informed of one of the pushdown issues reviewed by the campuses was the list of appointment requiring review and approval by the Chancellors. The Human Resource Officers recommended replacing the language in General Personnel Policy with the language used in Guideline P-010. The BASC members recommended not to include items 2, 3, 4, 5, and 6 as a part of General Policy 5:01:01:00. Items number 1, 7, and 8 were recommended to be included and item 9 was requested to be reviewed.

3. Education Assistance Guideline P-130

Ms. Stewart informed the members of two changes proposed for Educational Assistance Guideline P-130:

- 1) Insert cross-references to Deferred Payment Guideline B-070 in the Faculty/administrative /Professional Staff Reimbursement and the Fee Discount for Spouses and Dependent Children Programs;
- 2) Delete Language in the Fee Waiver Program which limits the number of fee waivers that may be approved between Spring and Fall Semesters.

The latter is contingent upon written verification from THEC that fee waivers may be granted for any term in which a grade is given, provided there is no overlapping of terms.

Due to the small number of people that would be affected, it was

recommended to use Chancellor Smith's letter to administer fee waiver eligibility

4. Deferred Compensation Guideline P-045

Deferred Compensation Guideline P-045 is revised to clarify that 401(k) enrollment forms must be sent to Security First thirty (30) days prior to the effective date of any type of election (increase, decrease, or termination) that affects the payroll. Although the System will not be matching funds after June 30, the Officers agreed that it would be precipitous to assume that funding would never be available. Therefore, they recommended deleting existing dollar amounts and to include "adequate funding" verbiage in all references pertaining to matching funds.

In Guideline P-045, Section I, members recommended that the following "Employees whose longevity date occurs on or after July 1, 1996, will be entitled to receive matching funds in accordance with appropriations for each fiscal year" be replaced with "Employees whose longevity date occurs on or after July 1, 1996 will be subject to TBR action to receive match funds in accordance with appropriations and budget availability for each fiscal year."

Mr. Rudley expressed concerns about the lack of communications between the Human Resources Officers and the Chief Business Officers. Mr. Powers recommended that someone on the Board staff review the Human Resource Officers' agenda prior to their meeting. Dr. Mounce would like for all changes to state that they are subject to the president's approval prior to being publicized.

A motion was made to accept the Human Resources Officers' recommendations for changes and the changes recommended by the members to the Policies and Guidelines.

F. Travel Policy - Update

1. Exception for President

Mr. Rudley requested the members to review the revised Travel Policy that allowed the presidents to make exceptions to the policy.

G. Others

1. Election of 1997-98 Chairperson

Jacky Liner was nominated and elected the 1997-98 Chairperson. Dr. Duane Stucky is the Chairperson for 1996-97. Mr. Gower thanked Mr. Kesterson for doing an outstanding job as the 1995-96 Chairperson.

2. Appropriation Request Information

Mr. Wayne Powers informed the lead institutions that THEC's diskette included questions regarding the TTCs appropriation request information, Tommy Hall's section will request information from the TAC and provide it to THEC.

There being no further business, the meeting adjourned at 10:30 a.m.

Note: The next meeting of the BASC is tentatively scheduled for Thursday, October 17, 1996 at 8:30 a.m. in the Genesco Training Center.