

## **BUSINESS AFFAIRS SUB-COUNCIL**

**July 19, 2001**

### **MINUTES**

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Mr. Dwight Johnson, Chairperson (STCC); Dr. Bob Adams (APSU); Mr. James Bowman (ETSU); Mr. John Clark (PSTCC); Dr. David Collins (ETSU); Mr. Horace Chase (JSCC); Mr. Mike Gower (MTSU); Mr. Clay Harkleroad, Jr. (TSU); Mr. James Hodges (VSCC); Mr. Ken Horner (CoSCC); Dr. Charles Hurley (CLSCC); Mr. Al Irby (APSU); Ms. Rosemary Jackson (WSCC); Ms. Marsha Matthews (RSCC); Ms. Linda Maxwell (TTU); Mr. Mike Posey (MSCC); Mr. Terry Rector (TTU); Mr. Mitch Robinson (DSCC); Ms. Claire Stinson (NSTCC); Ms. Tammy Swenson (CSTCC); Ms. Jamie Wilmoth (RSCC); Ms. Kathy Crisp, Ms. Deanna Hall, Ms. Lisa Hall, Ms. Ann Rutland, Mr. Ron Simmons, Ms. Renee Stewart, and Mr. Bob Wallace (TBR).

Mr. Johnson called the meeting to order.

### **BUSINESS**

#### **1. Asst. Vice Chancellor Simmons' Remarks**

Mr. Simmons conveyed Chancellor Manning's regrets that he could not meet with the BASC due to another commitment. Mr. Simmons reviewed the points that Chancellor Manning had intended to address, such as the 15% fee increase, the 2.5% salary increase, and language included in the appropriations bill.

At the July 17, 2001, Board meeting, the Board members approved a 20% fee increase in out-of-state tuition at the UOM Law School and a 15% fee increase for all other maintenance fees and tuition. In passing this increase, the Board expressed its desire that faculty and staff salaries be given priority in the use of any revenue generated by this increase.

The appropriations bill included a 2.5% across-the-board salary increase for all state and higher education employees, effective July 1, 2001. Institutions were advised to defer increasing employees' salaries until the Governor either signs the bill into law or allows the bill to become law without his signature. If the Governor vetoes the appropriation bill, the 2.5% across-the-board salary increase is no longer in effect.

Additionally, the appropriations bill included provisions that appear to recast all special allocation funding from recurring to non-recurring. The following TBR institutions receive special allocations: MTSU, TSU, TTU, COSCC, and RSCC.

#### **2. THEC Formula Update**

Mr. Simmons updated the BASC on the status of the Formula Review Workgroup. The items discussed included peer evaluation, enrollment ranges, and credit hour distributions. Mr. Simmons cautioned the BASC that while formula changes are still being considered, it appears that, given the current revenue stream, the formula would not

be funded in the near future.

The Formula Review Workgroup has assembled a committee to evaluate the current peers and make recommendations. The committee is comprised of individuals representing finance, academics, and institutional research. State legislators requested this evaluation and suggested a completion date of September 2001. While every effort will be made to finalize all recommendations in a timely manner, September does not appear to be a feasible goal.

During the legislative session, THEC was criticized for the current enrollment range methodology that permits the funding of enrollments that an institution does not have. THEC will replace the current enrollment range methodology with a three-year moving average of actual enrollments. A three-year moving average will smooth out the effects of enrollment fluctuations, but will not continually allow an institution to receive funding for more students that it actually has. A three-year transition period has been recommended.

Effective with the 2002-03 formula recommendations, institutions will no longer be allowed to use the 1993 cost study credit hour distributions as a basis for the funding request. THEC is considering using a three-year moving average of credit hour distributions.

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

Dr. Collins highlighted the following issues from the July 12, 2001 Finance Committee meeting.

### **A. Guideline B-060**

The Finance Committee recommended several revisions to Guideline B-060 Fees, Charges, and Refunds. These revisions included 1) adding clarifying language to specify that only maintenance fees and out-of-state tuition are included in the “no maximum” summer school provision; and 2) adding language to incorporate recent TCA statutes regarding fee waivers for elderly students, disabled students, state retirees, and military personnel spouse and dependents. See Attachment A.

### **B. Financial Statements on the Web**

The Finance Committee discussed a recent SEC release that applies to posting financial statements on the internet. The Comptroller of the Treasury and the Commissioner of Finance and Administration jointly developed a disclaimer template in response to this release. All institutions posting their financial statements on the internet must include this disclaimer.

### **C. Athletic Fees**

Currently, MTSU and UOM include in their General Access fee an athletics fee. One institution is reporting the revenue as mandatory tuition and fees, while the other institution is reporting the revenue as Sales and Services of Educational

Activities. While the Finance committee recommended that both institutions report the athletic fee revenue as mandatory tuition and fees, the BASC referred the issue back to the Finance Committee for further study.

**D. Guideline B-041 Community College Athletics**

At the March Presidents Council, it was determined that community colleges could waive out-of-state tuition for up to twenty-five students at any given time. The expense of these waivers will be recorded as an athletic scholarship.

The BASC recommended removing the out-of-state fee waivers from the \$150,000 cap calculation. Subsequent to the meeting, Dr. Rudley stated that the community college cap of \$150,000 was a three-year pilot and that he would discuss at the President's Council a proposal to remove the cap. Attachment B includes revisions to Guideline B-041 for the athletic scholarships and removal of the \$150,000 cap.

**E. Capitalization of Software**

The Finance committee discussed the advantages/disadvantages of adopting AICPA Statement of Position 98-1 Capitalization of Software. The adoption would require capitalization of all software purchased or developed for internal use and depreciating the cost over the useful life of the asset. While NACUBO has recommended adoption of SOP 98-1, it is not required. UT has proposed capitalizing software costs and depreciating it over 5 years. Since the majority of large-dollar TBR software purchases occurred more than 5 years ago, a similar policy for our system would have little benefit. The committee recommended continuation of the current policy of expensing all software, subject to future review should major outlays for software become necessary.

The minutes of the Finance Committee were approved with the exception of athletic fees as discussed in C. above. This issue was referred back to the Finance Committee for further review.

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

Ms. Johnson highlighted the following issues from the July 18, 2001 Human Resource Offices Committee meeting.

**A. Policy 5:01:01:07**

The HR Officers recommended revising the number of days an employee injured in the line of duty might remain on the payroll from 14 to 28 calendar days. This revision will ensure compliance with TCA 8-50-111.

**B. Guideline P-110**

The HR Officers recommended deleting the words "sex" and "handicap" from subsection (b) and adding the phrases "gender, including claims

under Title IX” and “disability, including claims under the ADA, the Rehabilitation Act, or § 504.” These revisions will ensure compliance with 34 CFR 104.7 and 106.8(b).

The BASC inquired whether the non-discrimination clauses used in contracts should also be revised. Subsequent to the meeting, Ms. Crisp stated that the current language in the non-discrimination clauses is appropriate.

The minutes of the HR Officers meeting were not available for approval; however, the two revisions noted above were approved as presented.

#### **OTHER BUSINESS**

- Ms. Stewart informed the BASC that accounts receivable write-off requests should no longer include a diskette. The state will no longer compare our write-off requests with the state personnel listing.

There being no further business, the meeting was concluded.

4. For institutions with multiple summer sessions, ~~fees~~ **maintenance fees and tuition** may be assessed by using the current part-time rate with no maximum amount for total credit hours enrolled.
5. Maintenance fees may not be waived. However, specific exceptions are provided in the following instances:
  - a. Pursuant to TCA 49-7-113 (~~copy attached~~), exceptions exist for certain disabled and elderly students, **as well as state service retirees**. For audit courses, no fee is required for persons with a permanent, total disability, ~~and~~ persons 60 years of age or older and domiciled in Tennessee, **and persons who have retired from state service with 30 or more years of service, regardless of age**. For credit, a fee ~~equal to 50% of the per hour rate with a maximum of \$45 for two year institutions or \$75 per semester for universities or a maximum of \$30 for the technology centers~~ **or \$50 per quarter** may be charged to persons **with a permanent, total disability, and persons** who will become 65 years of age or older during the academic quarter or semester in which they begin classes and who are domiciled in Tennessee. (Note: This fee includes maintenance fees, student activity fees, technology access fees, and registration fees; it does not preclude an application fee, late fee, change-of-course fee, parking fee, etc.). This only applies to enrollment on a space available basis.
  - b. Pursuant to TCA 49-7-102 (copy attached), certain statutory fee exceptions exist for dependents **and spouses** of military personnel ~~killed in World War II or the Korean Conflict, or~~ killed, missing in action, or **officially declared** a prisoner of war **while serving honorably as a member of the armed forces during a period of armed conflict**. ~~from the Vietnam War~~. If these provisions are invoked by a student, the correct applicable law should be determined.

TBR Guideline B-041

SUBJECT: Community College Athletics

This guideline is established to provide a necessary level of control and consistency among the community colleges in the administration of intercollegiate athletic programs. The provisions set forth below represent standards to ensure program accountability, while allowing for institutional discretion and promoting intercollegiate athletic competition within the limitations of campus resources. The guideline supersedes all previous statements or agreements and is effective upon approval by the Tennessee Board of Regents.

### I. Program Authorization

A. Each community college is authorized to participate in any of the following intercollegiate sports: Men's basketball, baseball, tennis, golf, and wrestling; and women's basketball, softball, tennis and golf.

B. Participation in additional sports will require written justification by the president and approval by the Chancellor.

### II. Expenditures

~~A. Total expenditures for intercollegiate athletics are limited to maximum of student fee allocations provided in the annual budget documents. There will be no limitations on the raising and expenditure of funds from private sources (external grants, donations, concession receipts, gate receipts, advertising).~~

BA. Athletic funds may be derived from and are limited to the following sources:

1. No state appropriated funds from General State of Tennessee Revenue may be used for Athletics.

~~2. Student fee allocations, subject to a maximum provided in the annual budget documents determined by an annual review of such factors as student fee increases and inflation; and~~

3. All other sources, (such as gate receipts, concession receipts, and private restricted and agency funds).

C. ~~The Athletic expenditures limit~~ includes supplies materials, travel, scholarships, communications, etc. ~~It does not include a proration of maintenance costs for facilities, capital expenditures, prorated athletic salaries, and post-season tournament costs. Detailed guidelines for determining costs which apply against the maximum expenditure limit are as follows:~~

1. Operating Costs

All operating costs which are charged to other units at the institution, such as telephone, postage and motor pool expenses, are to be allocated to athletics on the same basis that the operating costs are allocated to other units.

## 2. Equipment and Supplies

a. Equipment which is purchased for both athletics and physical education is to be prorated on a 50/50 percent basis. Equipment which is specifically purchased for athletics is to be charged 100 percent to that unit.

b. Expenses for items that are utilized for more than one fiscal year, such as uniforms, are to be charged to the fiscal year in which the items are encumbered.

~~D. A review of all athletic expenditures from student fee allocations will be made each year in order to ensure comparability of accounting and reporting of expenditures.~~

## III. Out-of-State Tuition Scholarships

**Out-of-state scholarships may be given for up to a maximum of twenty-five students at any given time. For example, if the institution awards fifteen scholarships in one academic year and all fifteen students return the next academic year, the institution is limited to only ten additional out-of-state tuition waivers.**

## HHIV. Sports Governance

The TBR community colleges shall operate within the limitations established by the NJCAA as referenced in the association's NJCAA Handbook and Casebook for recruiting, governance, scholarships, and all other aspects of the colleges athletic programs.

## IV. Housing

A TBR college cannot lease housing for student athletes.

## VI. Federal and State Regulations

Consistent with Board policy, each president is responsible for ensuring institutional compliance with all pertinent federal and state regulations relative to student participation in intercollegiate athletic programs.

## VII. Conference Membership

This guideline is based on the understanding that each TBR community college with athletic programs shall hold memberships in the TJCCAA conference and the NJCAA conference.