

## BUSINESS AFFAIRS SUB-COUNCIL

July 23, 2008

### MINUTES

The meeting began at 9:00 a.m. in the TBR conference room. Present were Ms. Debra Bauer (NSCC); Ms. Cynthia Brooks (TSU); Mr. Steve Campbell (NSTCC); Mr. Horace Chase (JSCC); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Mr. John Cothorn (MTSU); Mr. Mike Gower (MTSU); Mr. Ken Horner (COSCC); Dr. Charles Hurley (CLSCC); Mr. Tim Hurst (APSU); Dr. Rosemary Jackson (WSCC); Mr. Ron Kesterson (PSTCC); Mr. Charles Lee (UOM); Ms. Linda Maxwell (TTU); Mr. Ron Parr (SWCC); Mr. Mike Posey (MSCC); Mr. Mitch Robinson (APSU); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (DSCC); Mr. Jack Walker (RSCC); Mr. Greg Wilgocki (ETSU); Mr. David Zettergren (UOM); Dr. Bob Adams, Mr. Blayne Clements, Mr. Tom Danford, Ms. Alicia Gillespie, Ms. Angela Gregory, Ms. Lisa Hall, Ms. Debbie Johnson, Dr. Charles Manning, Ms. Chris Modisher, Mr. Ron Ostefeld, Ms. Brooke Shelton, Mr. Ron Simmons, and Ms. Renee Stewart (TBR).

Dr. Adams welcomed the Maxine Smith Fellows to the meeting. Those in attendance were Mr. David Davenport (APSU), Mr. J. Christopher Fleming (MTSU), Dr. Mani Hull (TSU), Ms. Felicia Lee (TTC at Memphis), Dr. Angela Radford Lewis (ETSU), Dr. Charles Menifield (UOM), Dr. Monique Robinson-Wright (VSCC), and Ms. Gayle Wood (PSTCC).

#### 1. Chancellor's Remarks

Dr. Manning spoke briefly about an initiative by the mayor of Knoxville to allow students to attend community college for free. The mayor is discussing his plan with the mayors of Nashville, Memphis, and Chattanooga. This initiative is still in the planning phase and the outcome is unclear.

Dr. Manning also stated that we need to be more productive in our approach to delivering education. Institutions may consider offering more online classes in order to deliver education more efficiently.

Dr. Adams reminded the committee that although we were spared from impoundments last year, we may not be spared this year if an impoundment becomes necessary. We will need to keep an eye on the sales tax collection reports that we receive.

Dr. Adams also reminded the committee that fall enrollment is crucial. There is a possibility that enrollment might be down, due in part to the rising prices of gas, groceries, etc.

A question was raised regarding how the lack of participation in the state buyout plan would affect impoundments. Dr. Adams stated that he did not believe the lack of participation would affect an impoundment, because Governor Bredesen has said that he would look at lay-offs if the voluntary buyout program did not work.

One institution stated that they had seen a significant increase in their bad debt expense. It is expected that this will become a common problem among all institutions due to the poor economy we are currently experiencing.

## 2. Report of the Committees

### A. Finance Committee

Dr. Collins highlighted the following issues from the July 9, 2008 Finance Committee meeting.

- Conflict of Interest Policy and Tennessee Ethics Commission Disclosures

Ms. Modisher discussed the revisions to the conflict of interest policy and the requirements of the Tennessee Ethics Commission Disclosures. Under state law, the Chancellor and Presidents are required to file the new form with the Ethics Commission. TBR policy also requires TTC directors, senior staff at campuses and the central office, and some athletic staff to file. The TBR will be using the new form as well; however, it will not be sent to the Ethics Commission. Campuses also require additional personnel to file a disclosure form if a conflict of interest is present. The campuses may use the Ethics Commission form, or they may use one that they have developed themselves. The committee was also reminded that each institution is required to have a review committee.

It was also noted that a correction needed to be made to the Finance Committee minutes. In the second paragraph under the Tennessee Ethics Commission Disclosures section, the second sentence was changed to read, "All employees who have a conflict are required to file a conflict of interest form on campus." (Attachment A)

- Administrative Closing Days

A question was raised regarding additional mandatory closing days at the campus level. Some committee members wanted to know if it was permissible to be closed to the public, but make accommodations for those employees who wished not to use annual leave for the additional closing day. This issue was of particular concern this year because January 2, 2009 is on a Friday. Some campuses would like to be closed to the public, but allow employees who did not want to use annual leave to come in and work. General Counsel will research this issue.

- Reimbursement of CEU Fees for Conferences

The committee discussed the reimbursement of CEU fees for conferences. Some conferences have a fee for registration and an additional fee for CEU, while others have one fee that covers both. Several employees at the ETSU College of Medicine have registered for conferences in the past that have a separate fee for registration and CEU. ETSU has not been reimbursing the employee for the CEU portion. The committee felt that in the future if the job requires a certain license,

then the employer should pay for the CEU fee.

- Findings and Weaknesses

The committee was given all findings and weaknesses published since the last quarterly Finance Committee meeting. (Attachments B and C)

The committee was also informed that individual's names, instead of position titles, are now being included in the audit report.

- Debt Limitations

The committee discussed the recent amendment to TCA 49-9-108. TCA 49-9-108 states that an institution is authorized to issue diplomas, certificates of credit or grade reports only after the student involved has satisfied all debts or obligations owed. The amendment states that the institution cannot put a hold on these documents for accounts that are less than \$25 and 10 years old. (Attachments D and E)

- Hotel Occupancy Tax and Dormitories

TSU has recently received a letter from the Davidson County Clerk's Office to levy hotel occupancy taxes. TSU staff contacted the county government and determined that this would only apply to persons staying in TSU dorms that have a choice to stay at a hotel, such as parents during orientation. It does not apply to persons attending athletic camps, academic camps, etc.

The committee was made aware that their campus may be notified by their county office concerning hotel occupancy taxes. A question was raised in the Business Affairs meeting regarding the county's right to enforce this, since municipalities have no authority over the TBR. TSU's legal office is working on the matter.

- Taxi Fares/ Travel Policy

The committee discussed the travel policy regarding taxi fares. The travel policy allows reimbursement of reasonable taxi fares without a receipt. The committee discussed whether there should be a dollar amount in the policy to require a receipt. Several members said when they asked for a receipt from the taxi driver that a blank receipt is given and the employee fills it out.

The committee determined that the travel policy would remain the same but that institutions may want to monitor taxi fare reimbursements and develop more restricted policies on campus if a problem is suspected.

- Guideline B-010

The committee discussed the revisions to Guideline B-010 regarding TCRS retirement funds and debt repayment. The revision adds language that if a former employee is found to owe a debt to the state, retirement funds may be utilized to pay off the amount owed to the extent permitted by Tennessee law. (Attachment F)

- Other Items

The committee discussed whether salaries can be charged to agency funds. There appeared to be several methods for how this was being handled among the institutions, so a survey was conducted to determine what type of salaries are being paid from the agency funds. For example, one institution pays salaries for those holding sports camps through E&G funds. They then transfer the money from the agency account to cover E&G salaries. Another institution considers the camps to be totally separate from the university. They charge rental fees to the camp. The camp has its own separate checking account, etc. It was determined that campuses need to review these situations and determine if these are truly agency situations or if they need to be moved to restricted funds.

The committee discussed the financial statement guidelines regarding GASB 45. It was determined that a negative fund balance allocation will be reported similar to compensated absences. A question was raised regarding what to do if an institution needed to have more than 5% in their unallocated fund balance in order to have a zero ending fund balance. If an institution needs to go above 5% to avoid a negative overall fund balance, that is acceptable as long as they provide an explanation for the overage.

The committee was notified that effective July 1, 2008 the handicapped parking fine increased from \$150 to \$200. The committee discussed whether the guideline needed to be changed to this amount. General Counsel determined that institutions must begin charging \$200 since it is a state statute.

The Finance Committee minutes were approved.

## **B. Council of Buyers**

Ms. Gregory highlighted the following issues from the July 16, 2008 Council of Buyers meeting.

- Governor's Office of Diversity Business Enterprise

The state is currently conducting a disparity study, which is scheduled to be completed in 2009. Depending on the factual results of the study, the GODBE will speak to legislators regarding any set-aside amounts.

- Bid Bridge

House Bill 2182 allows for the use of reverse auctions. Bid Bridge is a real time, secure, web-based electronic bidding process for items and services over \$50,000. None of our institutions expressed any interest in the program.

- Purchasing and Contracts Webpage

Ms. Gregory informed the committee that the purchasing and contracts webpage is now available. She encouraged everyone to view the site and offer any suggestions that they may have regarding changes or additions that would be helpful to the institutions.

- Interpreter Services RFP

The RFP for the TBR systemwide interpreter services contract was issued and only one proposer responded, Deaf Connect. The proposer is only willing to provide service to the Memphis area. Ms. Gregory indicated that she was aware that many schools utilized local individuals for interpreting services and they would need to continue to do so since no proposers indicated interest for servicing the entire state.

- Flexible Benefits RFP

There were three proposers for the flexible benefits RFP. The committee is currently reviewing the proposals. The current contract expires on December 31, 2008. The successful proposer will be selected and ready for the open enrollment period in the fall.

- Student Liability Insurance RFP

The student liability insurance RFP only had one proposer respond. The proposer limited their response to liability insurance for the allied health curriculum, which most of the listed programs fall under. The committee is still reviewing the proposal.

- Intellectcard

Due to the new Title IV requirements that went into effect this summer, Educard, Intellectcard's third party provider, will not be in compliance. Intellectcard has now partnered with HigherOne to provide the same service. However, TBR is still working on the amendment with HigherOne because they are attempting to expand the scope of the services beyond what the current contract allows. At this time, STCC is the only institution utilizing this student refund service, and Intellectcard has assured TBR that they have a solution for STCC to continue as is during the upcoming fall semester.

- TTC Equipment Bids

The Central Office is continuing to issue bids for the technology centers in regards to the equipment money that they have received. It is anticipated that all bids will be issued by the end of August.

- RFP's for ETSU President and Chancellor Search

The RFP for the services of a search firm has been issued for a new President for ETSU. The RFP for the services of a search firm for the Chancellor position will be issued by the end of July.

- First Tennessee Banking Contract

First Tennessee has sent out new ACH agreements. Ms. Gregory instructed everyone not to sign them because she is still working on the terms of the agreement with them. Any new banking agreements must be sent to the TBR Purchasing and Contracts office for approval because these types of contracts have a lot of legal language and general counsel needs to review them.

- RFP Terms/Contract Terms

Dr. Adams reminded everyone to use the standard RFP format and contract language. If the current format is not used, it will be sent back to the institution for correction.

The Council of Buyers minutes were approved.

### **C. Human Resources**

Ms. Johnson highlighted the following issues from the July 11, 2008 Human Resource Officers Committee meeting.

- Proposed Policy 5:01:01:20 Telecommuting

The proposed new policy on telecommuting was presented. Discussion was held regarding the use of personal computer equipment and the security of that equipment. Safeguarding procedures are being developed. The data will remain on a secure server and online training on PII security is being developed by TBR IT.

A question was raised regarding whether the employer was responsible for providing reimbursement for internet services paid for by employees who are telecommuting. It was decided that the employer will not be responsible for reimbursement, because telecommuting is a benefit to the employee.

- Guideline P-010 – Personnel Transactions

A note stating that there was no termination provision in TBR Form F-7 will be removed as there is a termination provision in the form. The contract form will not change.

- Policy 5:01:00:00 – General Personnel

An inquiry was received from APSU about the direct deposit portion of this policy regarding federal work study students. APSU's Office of Financial Aid provided information from the Federal Work Study guidelines that implies that an institution cannot require federal work study students to participate in direct deposit. Additional language was added to page three of the policy.

- Policy 5:01:00:10 – Personnel Records

Revisions were made to this policy by the Office of General Counsel based on the statutory changes contained in Public Chapter 853 regarding what information is considered confidential.

- Policy 5:03:01:03 – Leave of Absence

Revisions were made based on the statutory changes contained in Public Chapter 992 regarding employees who are members of the United States Air Force Auxiliary Civil Air Patrol. The Benefits Committee recommended approval of these changes.

- Proposed Policy 5:01:01:19 – Volunteer Firefighter Service

The proposed new policy is in response to the statutory changes contained in Public Chapter 791. The Benefits Committee recommended moving forward with these changes. An officer asked if we should require volunteer firefighters to register with the Office of Human Resources. Since this provision was recently removed from the Disaster Relief Policy, it was not included in order to maintain consistency between the two policies.

- Dental Pre-Tax Deduction Default

The committee discussed switching the default on payroll deductions for dental insurance premiums to pre-tax and allowing employees to elect post-tax deductions. This is in line with the changes made by the State of Tennessee and would simplify administration and communication. There were no objections to the change. It was decided that there would be a major communication effort during this year's annual transfer period.

- 403(b) Update

Discussion was held regarding the TBR 403(b) Retirement Plan proposal. Having only three companies will probably create the most problems on campus. Employees who are now contributing to a vendor who is not one of the selected three will have their contributions with their current vendor stopped on December 31, 2008. Employees have the option of leaving their money with their current company; however, the institution is no longer responsible for any administration of the plan. If employees wish to transfer their money to one of the new companies, they may do so without any penalties.

The new program will not allow loans from 403(b). Existing 403(b) loans will continue under the old contract until the loan is paid in full.

- Legislation Updates

Legislation passed in 2008 affecting the TBR and its member institutions was reviewed. Public Chapter 922 requires criminal background checks and drug testing on workers and subcontractors of child care agencies. This law does not go into effect until July 1, 2009. Public Chapter 1068, which refers to drug testing for child care agency employees, was also mentioned. The Department of Human Services has notified campuses with centers that the testing is limited to cases of “reasonable suspicion”.

Public Chapter 1141, which refers to death threats against school employees, was also discussed. The TBR Workplace Violence Policy 6.7 covers “engaging in violence or threat of violence”.

- State Salary Information

Equity and merit increases will not be considered for approval this fall. Campuses may follow the 2008 compensation review schedule to award reclassifications and degree changes. A one-time bonus payment has been approved for all regular TBR employees with three years of creditable service and who are actively employed as of October 1, 2008. The one-time bonus will be \$400 and paid on the October payroll.

- 2009-2010 Holiday Schedule

The proposed holiday schedules were presented. It was recommended that we remove Good Friday from the holiday policy and add an administrative closing day, bringing the number of administrative closing days to six instead of five. It was also proposed to add text to the holiday policy clarifying what to do when New Year’s Day falls on a Saturday, causing the TBR to observe it on the previous Friday, which is still in the previous calendar year.

- Edison Update



Edison is currently scheduled to go live October 1, 2008. TBR IT is working on finalizing the testing. The committee was reminded that on August 30<sup>th</sup> TIS will go to inquiry only and that we will need to either fax, e-mail by secure server, or mail items to the State's Benefits Administration. The training is ongoing and one person from each institution will be trained and then return to train others at the institution.

The HR Officers minutes with the policy revisions were approved.

**3. Frozen Positions in the Budget**

The committee discussed how to handle frozen positions in the budget. If you want to keep the position in the budget, fully fund it at the expected salary amount and then include a negative amount to offset. You can budget a negative amount in Banner Finance, but not in Banner HR.

**4. Banner/SunGard Issues**

A question was raised regarding whether or not the institutions should expect any new Banner related expenses this year, because they do not have any extra funding due to the budget cuts. Mr. Danford stated that IT departments are constantly asking for upgrades, and that the business officers might want to remind them of the current budget situation.

The current SunGard contract expires in December 2009. Mr. Danford stated that they hope to begin negotiating with SunGard as early as this fall.

**5. Protecting Chemicals From Terrorist Attacks**

An article from the Chronicle of Higher Education on protecting chemicals from terrorist attacks was distributed for informational purposes. There may have been more progress in this area if the initiative for the EPA program had been approved, but there was no support for a new fee. There may be increased interest in this in the future.

**6. AERC Recycling Solutions**

A vendor from AERC Recycling Solutions has contacted the TBR to see if there was any interest in their services. They recycle used computers and other electronic devices. After much discussion, it was determined that there was no interest in this program because most campuses have solutions for their obsolete equipment, whether it is through govdeals.com or having the items picked up at their campuses.

**7. Election of IT Sub-council Representative**

The committee elected Dr. Charles Hurley as the IT Sub-Council representative for the upcoming year.

**8. New State Laws**

The committee was made aware of two new state laws that will affect the TBR and its institutions. One law requires that public records now be made available within seven days.

There is also a new law regarding credit card solicitations. Institutions are now required to indicate in their student directories those students who do not want to receive credit card solicitations in the mail.

**9. UOM Buyout Plan**

Mr. Lee informed the committee about UOM's proposed employee buyout program. The plan is similar to the state's buyout plan. They would like for 50 to 75 people to enroll in the plan. There will be limits placed on the number of faculty and executive positions that are eligible. The plan will be offered on a first come first served basis. They intend to present this plan at the September Board Meeting.

There being no further business, the meeting was adjourned.