

BUSINESS AFFAIRS SUB-COUNCIL

October 23, 1997

MINUTES

The meeting began at 8:30 a.m. and was held by telephone conference. Present were Mr. Jack Liner, Chairman (CISCC); Mr. Bob Adams (MTSU); Ms. Debra Bauer (NSTI); Mr. James Bowman (ETSU); Dr. David Collins (ETSU); Mr. Bill Fuqua (RSCC); Mr. Clay Harkleroad, Jr. (TSU); Mr. James Hodges (VSCC); Mr. Ken Horner (CoSCC); Mr. Charles Hurley (NSTCC); Mr. Dwight Johnson (SSCC); Mr. Julian Jordan (WSCC); Mr. Ron Kesterson (PSTCC); Mr. John Kirk (STIM); Mr. Raymond Pipkin (UOM); Mr. Mike Posey (MSCC); Mr. Terry Rector (TTU); Mr. Mitch Robinson (DSCC); Dr. Duane Stucky (MTSU); Ms. Tammy Swenson (CSTCC); Ms. Velma Travis (JSCC); Mr. John Rudley, Mr. Michael Gower, Ms. Kathy Crisp, Ms. Deanna Hall, Ms. Lisa Hall, and Ms. Renee Stewart (TBR).

Mr. Liner called the meeting to order.

BUSINESS

1. Report of the Finance Committee

Mr. Pipkin highlighted the following issues from the Finance Committee minutes of October 2, 1997.

A. Policy and Guideline Revisions Recommended by the G-030 Revision Committee

The Finance Committee recommended the revisions to policies and guidelines proposed by the G-030 Revision Committee. Revisions were proposed for the following policies/guidelines: (1) Policy 1:03:02:10 Policy on Approval of Agreements, (2) Policy 4:02:10:00 Purchasing Policy and Procedures, (3) Guideline B-026 Lease Procedures and Guidelines, (4) Guideline B-030 Procedures for Acquiring Data Processing Equipment/Software/Services, and (5) Guideline G-030 General Instructions on Form and Execution of Contracts. Mr. Pipkin noted that the proposed revisions were largely editorial in nature. See Attachment A of the October 2, 1997 Finance Committee minutes for proposed policy/guideline revisions.

B. Fund Balances

The committee discussed the need to maintain a 2% reserve in unrestricted funds. Each institution should analyze fund balances during the last quarter of the fiscal year and make any necessary reallocations.

C. Registration for PC 191 Students

The Finance Committee recommended allowing both PC 191 students and state employees using the fee waiver available under PC 1047 to register no earlier

than four weeks prior to the first day of classes.

D. GASB 31

Mr. Pipkin noted that the Finance Committee hopes to conclude its recommendations on GASB 31 implementation at the next committee meeting. The committee has tentatively recommended (1) accounting for money market investments held for one year or less at fair value rather than amortized cost and (2) adjusting the beginning fund balance and including an explanatory note disclosure rather than restating prior year amounts. The committee's recommendations are contingent upon any decisions made by the State in establishing policies for implementation of GASB 31.

E. Hope Scholarship Tax Reporting Requirements

Mr. Pipkin briefly summarized the results of the October 21, 1997, meeting between members of the higher education community and representatives of the Department of Treasury. Summary notes from this meeting are exhibited as Attachment A. Additional summary information can be found on the NACUBO website. Mr. Pipkin noted that SCT officials are also following any developments to ensure necessary programming changes are made.

Mr. Harkleroad inquired how institutions planned to handle the December purge this year. It is expected that many students will delay payment for the Spring 1998 semester until January 1998 in order to qualify for the Hope tax credit. Mr. Gower stated that the Fee-Related Issues subcommittee meeting immediately after the sub-council would address this situation.

F. ID Card Replacement

The committee recommended reclassifying the ID Card Replacement Fee under Guideline B-060. This fee is currently classified under Section B - Other Fees and Charges Subject to Board Approval. The committee recommended the reclassification of the ID Card Replacement Fee to Section C - Fees and Charges to be Established and Administered by the Institution or Technology Center. See Attachment B for the proposed revision to Guideline B-060.

G. Salary Object Codes

The committee recommended classifying personnel positions based on expenditure function as defined by NACUBO. This classification method will include the following categories and object codes:

1100	Administrative
1200	Faculty/Academic
1300	Maintenance/Technical/Support
1400	Student Workers
1500	Medical Residents (ETSU)

Mr. Rector stated that Dr. Volpe had expressed concerns about the classification of academic deans and directors as Faculty/Academic under the functional method. Under the current method, these positions are considered administrative.

The sub-council debated the functional method, raising such questions as why EEOC categories were not used, how other states classify personnel positions, and where UT stands on this issue. It appears that there is no consistency among other states in reporting personnel positions. UT is using the same reporting method we currently use, but is evaluating the functional method as an alternative.

The effective date of the new classification is July 1, 1998.

The minutes of the Finance Committee were approved as presented.

2. Report of the Human Resource Officers Committee

Ms. Stewart highlighted the following issue from the October 1, 1997, meeting of the Human Resource Officers.

A. Policy 5:01:01:05 Civil Leave

The Human Resource Officers recommended revising this policy to allow employees to retain jury duty pay for both county and federal courts, as well as receive their regular pay. This change would be prospective only. See Attachment C for proposed revision.

The minutes were approved and the policy revision will be forwarded to the Presidents Sub-Council.

3. Status Report from the Committee on Consistency in Expenditure Reporting

Mr. Jordan updated the sub-council on the subcommittee's progress. The subcommittee met October 2, 1997. Institutions were assigned to subcommittee members for review and the list of issues identified for examination was expanded to twenty-eight issues. The next meeting is scheduled for November 11, 1997, at which time the results of the institution reviews will be discussed. An invitation to attend was extended to all sub-council members. Mr. Jordan requested that any additional issues that sub-council members have identified for examination be forwarded to him.

4. Commercial Paper Program

Mr. Adams discussed the commercial paper program TSSBA will begin using in November. This program replaces the existing Bonds Anticipation Notes (BAN) program. J.P. Morgan was selected as the commercial paper vendor. The commercial paper program will involve changes in the timing of invoice payments and funds availability and will include a new interest rate reserve fund. This reserve fund will be

included on the balance sheet as Funds on Deposit with TSSBA. It should be noted that outstanding notes payable will be rolled into the commercial paper program. This ensures that notes payable reported as long-term payables at June 30, 1997, were reported correctly. Those institutions that have notes currently outstanding will need to contribute their portion of the interest reserve rate for those notes by November 17, 1997.

5. **Other**

A. **Expression of Appreciation**

Mr. Rudley thanked the members of the Committee on Consistency in Expenditure Reporting and the Salary Object Code Committee for all their hard work.

B. **\$7.5 Million Higher Education Appropriation**

Mr. Gower stated that the actuarial report on the state's retirement system is estimated to be completed in early November and the State will soon thereafter make a decision on contingent appropriations and salary increases. This decision is expected sometime in late November or early December and will be communicated to campuses upon receipt.

There being no further business, the telephone conference was concluded at approximately 9:30 a.m.