

BUSINESS AFFAIRS SUB-COUNCIL

October 18, 2016

MINUTES

The meeting began at 9:00 a.m. in the TBR Board Room. Present were Ms. Deborah Becker (ETSU); Ms. Cynthia Brooks (TSU); Dr. David Collins (ETSU); Ms. Beth Cooksey (VSCC); Ms. Mary Cross (NaSCC); Ms. Elaine Curtis (CoSCC); Mr. Tim Dellinger (JSCC); Ms. Sherry Demaray (APSU); Ms. Alisha Fox (CISCC); Mr. Lowell Hoffman (DSCC); Mr. Mark Hurst (WSCC); Ms. Anita Lockridge (STCC); Ms. Marsha Matthews (RSCC); Ms. Renee Moore (PSCC); Ms. Jeannie Smith (UOM); Ms. Cynthia Stewart (TSU); Ms. Sonja Stewart (APSU); Dr. Claire Stinson (TTU); Ms. Tammy Swenson (ChSCC); Mr. Alan Thomas (MTSU); Ms. Kathy Thurman (MTSU); Ms. Hilda Tunstill (MSCC); Mr. Jeff Young (TTU); Mr. David Zettergren (UOM); Mr. Mike Batson, Ms. Tammy Birchett, Mr. Pat Couch, Ms. Angela Flynn, Ms. Alicia Gillespie, Ms. Deanna Hall, Ms. Lisa Hall, Ms. Pat Massey, Ms. April Preston, Mr. Wayne Pugh, Ms. Brooke Shelton, Mr. Dale Sims, Mr. Stephen Vieira and Mr. Bob Wallace (TBR).

1. Facilities Management Outsourcing

Mr. Zettergren updated the committee on the status of the facilities management outsourcing initiative. The RFP is expected to be released in December 2016, with the response period closing in February 2017 and final vendor selection and contract award estimated for mid-March 2017. The potential result is a statewide contract that any state-licensed agency or campus can use if they so choose, for three main service categories: 1) custodial, 2) grounds and 3) repair and maintenance. Contract participants will have the ability to select the services they need for their facilities as they see fit and manage the contracted services directly. The final decision whether to opt-in to the contract will reside with the individual campus.

Any potential contract with a professional service provider will require them to offer employment to all current facilities service employees who pass background checks, verify work authorization and drug testing. Employee compensation will not be less than a state employee's current salary and benefits. If an institution chooses to participate in a contract, continuous employment opportunities with comparable compensation and benefits will be offered to current facilities service employees, subject to satisfactory job performance. No current qualified and productive employee will lose their job because of a contract. The state has included strict language prohibiting a potential vendor from initiating any reduction in force at any time during the potential contract period, and required any vendor submitting a response to the state to sign a certification stating that they understand these terms in order to be considered in the evaluation process.

2. U.S. Bank Presentation

Ryan Calloway from U.S. Bank gave a brief presentation on the new procurement card options. He also discussed the availability of Payment Plus for accounts payable, which

can be integrated through Banner. The projected implementation time is 4-6 weeks for traditional card tasks and 6-12 weeks for Payment Plus implementation with A/P automation.

3. Chancellor's Remarks

The Chancellor updated the committee on the search for a new Chancellor. They are currently in the second phase of applicant review. A minimum of three finalists will be named for the next step, which is off-site interviews. The goal is to have a new Chancellor in place effective January 1, 2017. Therefore, a decision has been made to delay institutional briefings for all community colleges until Spring. TBR Senior Staff will meet with the university staff this Fall to discuss FOCUS transitions.

The Chancellor also discussed the FOCUS transition. The trustees for each board have been nominated, and the universities seem to be pleased with the nominees. The trustees are expected to be confirmed by the General Assembly in late January or early February. The universities are currently preparing to go before SACS in December to file a substantive change in government structure. Universities will also need to be sure to revise their pro-forma to include the new trustees. The Chancellor feels confident that as chargeback funds go back to universities, the State will backfill state appropriations so that everyone will be made whole. The Chancellor also advised the committee that they need to look outside of Title 49 for any other issues that may need to be addressed. If any are found, please notify Mary Moody.

The Chancellor also stated that he was trying to get a better understanding of enrollment trends. He was particularly interested in why first-time freshmen enrollment was not as robust this year. If any institutions have information that they would be willing to share, please pass this along to the Chancellor.

4. Report of the Committees

A. Finance Committee

Dr. Collins highlighted the following issues from the October 4, 2016 Finance Committee meeting:

- Study Abroad Procedures

The committee discussed revisions to the study abroad business guideline. Additional revisions were suggested by the committee to make the guideline consistent. A statement was added to clarify that the guideline is only applicable to institution based study abroad programs and not third party or TNCIS programs. (Attachment A)

- Guideline B-060 Fees, Charges, Refunds and Fee Adjustments

The committee discussed the proposed language to Guideline B-060 regarding the lease or purchase of instructional equipment by a student. A fee can be administered by the campus when the following two provisions are present: 1) the total student cost equals the lease/purchase cost to the institution without any administrative cost component added by the institution and 2) the student has the option to obtain the instructional equipment from other suppliers. The committee decided to add supplies to this provision also. (Attachment B)

- Guideline B-030 Assignment of Motor Vehicles Pursuant to the TBR Motor Vehicle Policy

The committee discussed the proposed language to Guideline B-030 regarding assignment of vehicles for executive positions. The committee discussed that some executives had originally made the election to have a vehicle and then at a later time changed to an allowance. Language has been added that allows the election to be made at the time of employment or when the vehicle replacement cycle occurs. However, once an executive decides to take the allowance, there is not an option to elect a vehicle. Language was added to clarify this. (Attachment C)

The Finance Committee minutes, with the guideline changes, were approved.

B. Council of Buyers

Ms. Flynn highlighted the following issues from the September 22, 2016 Council of Buyers meeting:

- U.S. Bank Card Agreement

TBR is collaborating with the State and UT on a contract with U.S. Bank for procurement card services. The effective date of the agreement will be November 1, 2016, and will be effective for seven years. CoSCC, DSCC, JSCC, RSCC and WSCC will be able to start the implementation process immediately. APSU, PSCC and TTU are already under contract with U.S. Bank. These institutions can be transitioned to the new agreement to take advantage of the better rates, however this must be completed by May 1, 2017 in order to not lose their current year rebate under the consortium agreement. This will also result in cards being reissued at these institutions.

Ms. Flynn asked that institutions confirm by November 2, 2016, whether or not they plan to transition to the new agreement. Once the System Office has a listing of all institutions, this list will be provided to U.S. Bank with a tentative timeline. U.S. Bank will contact each institution to schedule implementations.

- DocuSign

All contracts are now being routed, approved and signed through the DocuSign system. Each institution has been asked to provide its workflow for contracts to the System Office.

Order forms for Ellucian, TouchNet and PeopleAdmin are being added to the DocuSign workflow. DocuSign will send the completed order forms to the institution electronically. The institutions will review and approve the fillable form and then send it to TBR for final approval. This should improve the turnaround time for a product and/or service that needs to be pushed through in order to meet deadlines. Institutions were asked to provide their approval/signature workflow for Order Forms along with the contract information.

- Strategic Sourcing Initiative

The janitorial supplies contract is set to expire in 2017 and TBR is looking for committee members for the development of specifications and evaluations. Please contact Ms. Flynn if interested in serving on the committee. TBR plans on collaborating with UT and the State on this procurement. Universities need to send Ms. Flynn notification stating whether or not they wish to participate.

- UMB Travel Card

The system-wide agreement with UMB Bank for individual liability and business travel accounts is set to expire February 28, 2017. The new U.S. Bank agreement does have a travel account option, but not an individual liability card. Ms. Flynn asked that institutions contact her by October 26, 2016 if they see an issue with not offering an individual liability card. This determination needs to be made fairly soon in order to notify the affected employees that this card will no longer be available.

The Council of Buyers minutes were approved.

C. Human Resource Officers

Ms. Preston highlighted the following issue from the October 5, 2016 Human Resource Officers meeting:

- Everfi Training

The HR Officers group viewed a presentation for Everfi training, which would consist of optional supervisory training and not compliance training. Everfi offers training on data security, FERPA, Title VI, Title IX and the Clery Act, as well as twenty other training courses. They also offer primary prevention trainings such as HIPPA, accommodating students and workers with disabilities, bullying, diversity and drugs and alcohol at work. All of their trainings can be customized

to include custom images and campus policies. Their trainings offer videos, interactive scenarios, surveys, quizzes and case studies.

The webinar participants will now be provided with a course demo. The System Office HR Department will gather feedback and then reconvene in approximately ten days, at which time Everfi will provide a proposal. If awarded, the process includes an onboarding plan, training plan, and finally going live. The process usually takes two to four weeks, however for an entire system, it will take four weeks or possibly longer. Pricing is broken down by usage. For individual campuses, there is a flat fee and there is a discount for collective institutions, based on size.

The Human Resource Officers minutes were approved.

D. Internal Audit

Ms. Birchett highlighted the following issue from the September 20, 2016 Internal Audit meeting:

- Risk Assessment Process

Campuses have recently completed a three-year cycle of the risk assessment process and it is time to consider whether any changes in the process or tool are needed. There have been some complaints over the years with the current tool, but few suggestions. Several members of the group commented on the tool and the use of macros which staff may sometimes override and then prevents the macros from working. Ms. Birchett also noted that the State Department of Finance and Administration is reviewing and updating their risk assessment manual to incorporate the 2013 COSO guidance and this will be reviewed when completed. Ms. Birchett asked the group to send any recommendation for improvements in the process to her.

The Internal Audit Directors minutes were approved.

E. IT Sub-Council

Mr. Vieira highlighted the following issues from the October 11, 2016 IT Sub-Council meeting:

- A cyber incident response plan has been developed internally here at TBR, with some assistance from PSCC and DSCC. It has now been issued back to the campuses for response and feedback.
- The interview process for the Director of Client Services is about to begin.
- IT is reviewing all Banner Mods and trying to get back to baseline for implementation.

- The requirements document on the central data repository was just received. They are now collecting data from one university and two community colleges to give the developer something to go by.
- Six weeks ago a request was sent out to the institutions to provide information on any software that they are using that interacts with Banner. There are about 22 applications being used by 50% or more of the community colleges. The next step is to determine what benefit the application provides to determine whether to continue its use.
- The Banner XE release has been delayed due to quality assurance concerns. TBR IT is now planning to have this out by early December.
- The global software spreadsheet server, which is used for spreadsheet budgeting in finance, is being implemented on seven campuses, two of which are currently in progress. There will be a training session for this on October 31, 2016.
- Mr. Vieira has implemented an Action Line Connection in response to problems with action line cases not receiving a response for several days. He now receives a report of all action line cases every Monday. He then follows up with the institution to make sure that they are getting what they need from Ellucian. They are now able to close 90-95% of these cases on a weekly basis.
- Compass testing is going out of business in December. Campuses have the administrative ability to download the compass data for their institution. We are currently working on a contract with Accuplacer, which will be the new provider.
- We are currently in contract negotiations with Adobe. There is a price increase as expected. The contract also expires on November 1st, which is in the middle of the semester. We are trying to negotiate a December 31st contract end date to alleviate the mid-semester issue.

5. **FOCUS**

As part of FOCUS, THEC will begin convening various groups from both the TBR and UT systems. The first convening is on November 17, 2016 from 10:00-12:00 and will include all finance officers from both systems. The goal is to have the agenda be driven by the institutions in terms of issues of common interest among all institutions. The plan is to have these convenings twice a year.

Mr. Sims also distributed a letter from F&A that discusses financial statement reporting after the FOCUS Act becomes effective. Universities will still be considered part of the TBR component unit of the State. For that reason, university financial statements will still be required to flow through the TBR System Office and be incorporated into the TBR statements. This means that there will need to be some degree of uniformity in accounting practice among the universities and TBR.

6. **Touchnet**

TBR has recently negotiated a five-year extension of the Touchnet contract. The existing agreement contained a 4% escalator and that was negotiated down to 3% for the next five-year term, which was a savings of approximately \$300,000.

7. **Ellucian**

The current contract is set to expire in December 2017. An initial meeting was held in March with Ellucian and CIOs to discuss a five-year extension of the current agreement. TBR feels that we are not ready to move to a new ERP system at this time, but would like for this system to work better for us. As part of the negotiations, they have doubled our number of subscriptions to Ellucian Live to 32. They are also enhancing their commitment to funding Summit and the Fall Creek Falls meeting. Ellucian has also agreed to staff four more technical employees (two on-site and two-off site), so that they may have more of a proactive instead of reactive approach to issues. The contract also has an option for variable pricing on hourly rates, depending on the type of service received. TBR has also negotiated a single project pricing where if the spend is \$1.5 million or more annually, we will receive a special large project rate. Overall the cost for the contract extension is approximately \$100,000. However, with the reduced hourly rates, large project savings rate, and four new staff, this appears to be a reasonable increase.

8. **Shared Services**

The TCATs are currently being serviced through a homegrown student information system, which is not very robust. Several years ago, TBR tried to find a provider for a student information system for them, however due to the TCATs clock-hour system, there is currently no provider available to accommodate them with an off-the-shelf product. Therefore, TBR engaged in business process modeling with Ellucian in late 2014 on the TCAT student and financial aid systems, and have spent 2015-2016 working on this. As they got into this, they had to decide if the TCAT MEP environment was going to connect to thirteen different community college environments or one.

This question, paired with the information received from the COHRE report a few years ago which revealed that TCATs and community colleges were generally not happy with their relationships with each other, resulted in TBR deciding to move in the direction of a shared services environment. After much discussion, it was determined that this needed to be moved out of the TCAT area and into the Business area, where most of the activity will occur.

An ad has been issued for the Associate Vice Chancellor of Shared Services position. We have also asked Huron, Strata and Ellucian to work together on this project. Huron would initiate the project and take on the role of project management and monitoring. Strata would work on the facilitation of the business process modeling as well as the development of the organizational structure. Ellucian would be the technical implementer and work on the configuration of the system. The current estimated time frame for the TCAT and System Office go-live date is July 2018. The community college go-live date is to be determined, with a target date no later than 2020. The project is being substantially funded with a non-recurring appropriation from the State. We are required to begin repayment two years after operations begin and the State's expectation is that repayment begin in 2022. Therefore, we need to get the environment up and stabilized so that we can use some of the savings at campus levels to fund the repayment.

TBR is working on a MOU with F&A, and that will be shared once completed.

There being no further business, the meeting was adjourned at 11:10 a.m.

Proposed Language for Study Abroad ~~Business-Financial~~ Procedures

This guideline is only applicable to institution based study abroad programs. It is not applicable to third party programs or TNCIS.

Budgeting

Each study abroad program is expected to be financially self-sustaining over time, and be accountable for good financial management practices. A projected budget must be completed by the Study Abroad Program Director and submitted to the sponsoring institution's Chief Business Officer or his/her designee.

The budgeting process for study abroad programs should be based on a reasonable projection of operating costs in the host country, including consideration of projected currency exchange rates. The budget should also clearly identify which expenses are to be paid from tuition and mandatory course fees and which expenses are to be paid from the student-specific program fee revenue. The budget should also specify if the expense is for the employee or students. Program fee revenue should only be used for student expenses.

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Budgeting for instructional costs paid from the general fund may consider both tuition revenues and state appropriations generated by student enrollments in study abroad programs, consistent with budgeting for other academic programs.

In addition, the budgeting process should include the establishment of a ~~reserve~~ contingency fund, appropriate to the size and scale of the institution's programs, to ensure that the institution can meet reasonable contingencies that may arise during the operation of the program. It is recommended that an amount not less than 5% or more than 20% of the annual program fees be budgeted for this reserve.

Registration and Fee Payment

Students who participate in approved study abroad programs should normally be assessed tuition and program fees by their home institution (or the sponsoring institution) Business Office. Study Abroad Offices and program directors should avoid the direct receipt of payments from students, whenever possible. Study Abroad Offices and program directors should provide the Business Office necessary information about each student and his/her appropriate program charges no later than three weeks prior to travel, so that these can be entered into the institution's student information system.

Study abroad fees generally consist of two components:

1. **Tuition and mandatory student fees related to the actual registration for classes.** All study abroad students pay a minimum of tuition and applicable mandatory fees. **Whenever possible, tuition-Tuition** should be assessed by the regular student information system when registration occurs. **Payment due dates and refund dates should be the same as those for students taking campus-based courses.**
2. **Program specific fees (for travel, lodging, meals, exchange rate variance, etc.)** These program fees should be assessed in the student information system whenever possible. The payment deadlines and refund schedules for these fees will vary from program to program. **Payment due dates and refund dates can be earlier, but should not be later, than the due dates and refund dates for students taking campus-based courses.**

Accounting

Financial activity attributable to study abroad programs ~~is~~ recorded in **restricted E&G funds, two funds: General funds (Unrestricted E&G) and Agency funds.**

1. Student tuition and applicable mandatory fee revenue is assessed and recorded in General funds (E&G) as tuition revenue. Salaries and benefits of program faculty and staff should be paid from applicable departmental E&G funds.

Note: **Costs of instruction and other instructionally related costs such as employee travel, lodging, meals, as well as other instructional expenses such as tutors, lecturers, room rental, etc., may be paid from restricted E&G funds.**

2. Program Fee revenue and related expenses are recorded in **a restricted E&G Agency Fund** account specific to the responsible program or office. Student-specific expenses must be paid from the **Agency E&G** account. Typical student-specific costs include travel, lodging, tours, meals, event fees, and student supplies.

- 2-3. Students are also assessed an additional **program administrative** fee to cover such things as the cost of travel and non-instructional costs of conducting the program. The **Program Director/institution** may also elect to charge a per-person amount for **emergency-contingency** funds.

Note: If an **agency** account has been inactive for eighteen months, with no deposits or expenditures, any excess funds remaining in the account must be transferred to another study abroad program fund or to the **general-contingency** fund.

~~Both~~ The activity's **self-supporting and agency** funds should be monitored and regularly reconciled by the **institution's Business Office or** Study Abroad Office. It should also be verified that only activity-related expenses are charged to self-supporting funds. The institution may choose to refund residual

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balances in the self-supporting fund among activity participants, within 60 days of completion of the trip, or use this money to establish and maintain a contingency account. The use of contingency funds must have the prior approval of the Study Abroad Office and the Business Office.~~However, any unused personal funds remaining in the related agency fund at the end of the program must be refunded to the participants who submitted the funds.~~

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Acquiring Goods and Services Abroad

To the maximum extent possible, arrangements for goods and services needed while abroad should be paid directly to the vendor from the General fund ~~account account and/or Agency account established for the study abroad program.~~ However, there are situations where payment for goods and services abroad must be rendered at the time they are acquired. In these situations, institutions may utilize several methods to make payments while abroad.

Any of the following can be used for purchases and expenses associated with a study abroad program:

- Procurement card
- ~~Bank account in foreign country~~
- Check request
- Stored value/pre-paid card
- Traveler's check
- Cash Advance/petty cash advance to an authorized institutional representative
- Direct payment by an authorized institutional representative from personal funds, with a reimbursement request to follow

Study abroad programs should comply with all applicable TBR and institution policies regarding procurement and use of these payment methods.

Petty Cash - Each institution will have the authority to determine the best way to handle payment of purchases and expenses for its study abroad programs. A petty cash fund may be established to pay for goods/services while in a foreign country. However, due to the risks and responsibilities associated with petty cash, its use should be limited to those situations where other payment alternatives are not an option.

Institutions using petty cash should have the following in place:

- Petty cash application and approval process
- Procedures for opening a petty cash bank account
- Reconciliation guidelines
- Closeout guidelines
- Management, record-keeping, and reimbursement procedure

Travel Advance - Institutions may also allow for travel advances to pay for large expenses abroad. All travel advances should follow current institution policies. The employee must include the estimated foreign expenses that will be required to be paid in cash, along with an explanation of why they cannot be paid for with a credit card or direct billing arrangement. The employee must provide information to clearly show the business purpose of the expenses and documentation to support the expenses claimed.

~~Upon~~ Within 30 days of return, the employee must complete a travel expense voucher and submit itemized receipts for all expenses paid from the advance. If the expenses were less than the amount of advance received, all remaining funds must be returned to the institution. If costs were more than what was provided in the travel advance for expenses that are approved or integrally related to the educational aspects of the program, the employee may receive reimbursement for these expenses.

Reimbursement

Employees are responsible for keeping copies of original receipts to verify that expenses were valid and related to the program. If it isn't possible to obtain original receipts for program-related expenses, the employee must keep a log listing all expenses and ask the person providing the service to sign and document what was provided. The institution will hold the employee financially responsible for all charges for which there are no receipts or log entries. The employee will also be responsible for all expenses that are not approved according to TBR or institution regulations, as well as those not integrally related to the educational aspects of the program.

Whether the employee owes money back to the institution or is eligible for reimbursement, he/she is responsible for completing the Travel Expense Report and submitting it with all appropriate receipts within 30 days following their return to the United States. Reimbursements that are not submitted within a reasonable amount of time are considered taxable by the IRS and must be processed through the payroll system.

The following items must be completed and submitted to the ~~Study Abroad Office~~Business Office no later than ~~40-30~~ 30 days after the conclusion of the study abroad trip:

- ~~1. List of program participants with student ID numbers and amount of program fees paid by each participant.~~
- ~~2. List of faculty, including course names and numbers, section numbers, credit hours for classes taught, and names of students in each class.~~
- ~~3.1~~ All bank statements, if applicable to the program.
- ~~4.2~~ Documentation of foreign exchange rates used. This will only apply if funds were exchanged during the program. (www.oanda.com is a good resource for currency conversion.) If currency is bought in advance, please provide documentation of the rate at which the currency was originally purchased.
- ~~5.3~~ Required documentation of expenses – including receipts for goods and services purchased, and signature sheets for cash allowances distributed during the program.
- ~~6.4~~ Do not include disallowed expenses on the Travel Expense Summary and Travel Expense Report. Examples of disallowed expenses include personal items, alcohol, etc.

~~7.5.~~ The Travel Expense Summary and a summary of travel advances should be submitted with the Travel Expense Report.

~~8.6.~~ The Travel Expense Report must be filled out in U.S. dollars and signed by the Study Abroad Program Director or his/her designee as well as the department chair before being submitted to the Business Office.

~~9.7.~~ Upon return from the trip, remaining institution funds must be deposited in the Business Office, with a deposit receipt form. A copy of the deposit receipt form must be submitted to the Study Abroad Office if funds were deposited.

~~10.8.~~ If foreign currency was distributed to the program director in advance of the trip, documentation must be submitted with the Travel Expense Report. This also applies if foreign currency was returned to the Study Abroad/Business Office.

Fees and Charges to be Established and Administered by the Institution.

- a. The following fees and charges may be established and administered by each institution. No specific approval or notification to the Tennessee Board of Regents will be required unless subject to other Board or State requirements. The institution will establish appropriate refund policies. College of Applied Technology fees and charges in this category must be approved by the Vice Chancellor for Colleges of Applied Technology.
 1. Sales of goods and services of a commercial nature, including bookstores, food services, vending, laundry and similar activities.
 2. Rental of non-student housing and facilities.
 3. Admissions fees to athletic and other events open to the public, including special events sponsored by campus organizations and activities.
 4. Sales and services of educational activities such as clinical services, publications, etc.
 5. Registration for conferences, institutes, and non-credit activities (see XIII.A.4.).
 6. Fees for use of campus facilities for recreational purposes.
 7. Parking permits and parking meters for use by guests and visitors.
 8. Colleges of Applied Technology may assess a fee for specific school instructional projects to defray incidental costs incurred by the college of applied technology in performing the project.
 9. Nonrefundable library fines, which will apply to students, faculty, staff, and other library users.
 10. Thesis and dissertation fee - nonrefundable. The fee will be determined based upon cost to the institution.
 11. Child Care Fees - Kindergarten, Preschool, Early Childhood, Day Care, or similarly defined activities. The refund policy will be established by the institution.

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12. Special Exam Fee - nonrefundable. The fee will be determined based upon cost to the institution.
13. Standardized Test Fees - nonrefundable. The fee will be determined based upon the cost for administering the tests.
14. Identification Card Replacement - nonrefundable. There will be no charge for the original identification card. A fee may be set by each institution to offset the cost of replacing the card. This fee applies only to student ID cards and not to faculty and staff ID's.
15. Change of Course or Section Fee - nonrefundable. If the change is caused by the institution, there will be no charge for the change. If two or more forms are used at one time, they will be treated as one change/form. Institutions may waive the fee for schedule changes.
16. Lease or purchase by a student, on optional basis, of instructional equipment (including laptops and tablets) and/or supplies when: (a) the total student cost payments equals the lease/purchase cost to the institution without any administrative cost component added by the institution; and (b) the student has the option to obtain the instructional equipment or supplies from other suppliers. Lease or purchase of instructional equipment or supplies † from the institution by students requires Board approval if the student is required to lease or purchase the instructional equipment from the institution. Student has option to lease/purchase from institution or obtain instructional equipment by other means.

Assignment of Motor Vehicles Pursuant to the TBR Motor Vehicle Policy : B-030

Guideline Area

Business and Finance Guidelines

Applicable Divisions

TCATs, Community Colleges, Universities, System Office

Purpose

Section II of TBR Policy 4:03:02:00 provides for the assignment of an institutional motor vehicle to certain persons for their official use. Positions included within this policy are the Presidents of institutions, TCAT Directors, the Chancellor, Vice Chancellors, and Legal Counsel. The purpose of this guideline is to provide structure to the assignment of vehicles under this policy.

Guideline

I. General

A. An Eligible Executive includes positions cited in the TBR Motor Vehicle Policy (4:03 :02:00), Section II . At the time of employment, an Eligible Executive may elect to receive:

1. Assignment of an institutional motor vehicle for t heir use; or
2. A motor vehicle allowance.

~~B. Absent extraordinary circumstances as approved by the Chancellor, this is a one-time election made at the time of employment. This election should be made at either 1) the time of employment or 2) as assigned motor vehicles are replaced. This replacement should occur as needed based on the useful life of the vehicle and accumulated mileage. In no circumstances should the~~

replacement cycle be less than three years. Once an employee elects to take the motor vehicle allowance, the employee can not change to an assigned vehicle.

II. Assignment of an Institutional Motor Vehicle

- A. Eligible Executives selecting this option shall be provided an appropriate motor vehicle by the institution. For purposes of this plan, an appropriate motor vehicle is defined as a late model (no more than five years old) four-door passenger sedan of the same general class, type, and cost as the motor vehicle assigned to the Chancellor. The Chancellor shall approve the selection of assigned vehicles for eligible executives. Operating and maintenance cost of the assigned motor vehicle shall be the responsibility of the institution. In recognition that use of the assigned motor vehicle may include non-business use Eligible Executives are required to maintain appropriate types and amounts of insurance to cover any non-business use of the motor vehicle.
- B. To the degree that the motor vehicle assigned is used for non-business purposes, it is the responsibility of the institution to report on the employee's Form W-2 the value of such personal use in the employee's income as compensation subject to withholding for federal income taxes and applicable FICA taxes. Additionally, these amounts shall be considered as compensation for employee benefit purposes.

III. Motor Vehicle Allowance

- A. Eligible Executives selecting this option shall receive a monthly cash allowance from the institution. In recognition of this payment, the Eligible Executive shall be responsible for all expenses attendant to the:
 - 1. Purchase or lease (and replacement as needed) of a motor vehicle appropriately suited for the conduct of institutional business. For purposes of this plan, an appropriate motor vehicle is defined as a late model (no more than five years old) four-door passenger vehicle of at least the

- same general class, type, and cost as the motor vehicle assigned to the Chancellor; and
2. Operation, insurance, maintenance, and repair cost of said motor vehicle.
- B. The monthly automobile allowance amount shall be set in the Eligible Employee's employment agreement.
1. The allowance consist of two components:
 - a. A capital component based on the estimated monthly lease value of the motor vehicle assigned to the Chancellor; and
 - b. An operating component that applies a mileage rate that considers only the marginal operational cost of a vehicle and assumes 12,000 business miles are driven annually.
 2. It is the responsibility of the business and finance area of the System Office to initially calculate and periodically update the monthly automobile allowance amount.
 3. The monthly automobile allowance will be reviewed and adjusted periodically in conjunction with future compensation studies for presidents and other system executives.
- C. The monthly automobile allowance, under Internal Revenue Service (IRS) Regulations, must be included in compensation on the employee's Form W-2 and is subject to federal withholding and applicable FICA taxes. Additionally, automobile allowance payments are considered compensation for employee benefit purposes.
- D. Eligible Executives whose business related travel exceeds 12,000 miles annually are eligible to be reimbursed for business related mileage. If requesting such reimbursement, the Eligible Executive must provide the institution with a log that documents that the motor vehicle for which the allowance is paid has been used for 12,000 business related miles. The log submitted should comply with IRS guidance for documentation of business usage of a motor vehicle. Once

this annual 12,000 mile threshold is achieved, the Eligible Executive may submit mileage reimbursement requests for any business related miles that exceed 12,000 miles. The reimbursement rate shall equal the Board's then current approved mileage rate, less the then current IRS standard mileage rate attributed to depreciation. Mileage reimbursement paid under this item are not considered compensation for income tax purposes and are not subject to federal withholding and applicable FICA taxes.

IV. Funding

- A. Each institution is responsible for funding the provisions of this plan.

Sources

NEW Guideline approved at President's Meeting, May 19, 2015.