

September 9, 1998

MEMORANDUM

TO: Presidents
Business Officers

FROM: Kennon D. Briggs
Vice President for Business
and Finance

SUBJECT: Recently Enacted Legislation

Throughout the fall of 1997 and the spring of 1998, President Lancaster and the Business and Finance staff have worked with the Legislative Research Commission (LRC) on Community Colleges and the Education Appropriations Subcommittees of both the House and Senate to document the need for additional purchasing flexibility (HB 1368), and to give community colleges the authority to enter into lease/purchase and installment purchase contracts (HB1369). The LRC was co-chaired by Senator Aaron Plyler and Representative John Rayfield, who sponsored this legislation. We are pleased to report that with the passage of Session Laws 1998-68 and -69 (attached), these legislative initiatives have been completed effective upon ratification.

An additional issue which came up during the 1998 Session was the use of the proceeds from the sale or lease of donated property. Several colleges had received gifts of real or personal property which carried with them donor restrictions on the use of the proceeds if the property was sold or leased. Under the previous General Statute (GS 115D-15) "the proceeds of any such sale or lease shall be used for capital outlay purposes." The statute has now been amended (HB 1541) by Session Law 1998-72 (attached) which permits the local board of trustees to use the proceeds from the sale or lease of property "according to the terms of donation,"... "if the property is donated to a community college to support a specific educational purpose." This language enables trustees to fully utilize donated gifts of real and personal property for educational purposes.

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In all three pieces of legislation, you will note that there is language which requires the State Board to adopt either rules, policies, or procedures to either approve, administer, or monitor these legislative changes. Therefore, in spite of these three pieces of legislation becoming effective upon ratification, they cannot be implemented, by law, until the State Board has approved rules, policies and procedures. The state staff is working diligently to present to the State Board for approval, at its October meeting, the necessary guidelines to ensure legislative intent. I would advise you, therefore, to abstain from operating under the new laws until the State Board can act. We will seek emergency rule making authority to allow you to begin operating under the new legislation as soon as the Board has acted.

We hope this information helps to clarify the new enabling legislation for community colleges, and the process whereby the system can begin to utilize it effectively. If you have any questions about the new laws or the implementation thereof, please feel free to contact Phil Albano, Clay Hines, or me.

/kdb

Attachments

pc: President H. Martin Lancaster
Dr. Barry Russell
Ms. Helen Dowdy
Ms. Clay Hines
Mr. Phil Albano