



North Carolina Community College System
Preparing North Carolina's World-Class Work Force

State Board of Community Colleges
Raleigh, North Carolina

December 11, 2003
9:30 a.m.

CALL TO ORDER

The called meeting of the State Board of Community Colleges was called to order. The following members were present in the Board Room or via teleconference:

SBCC Board Room

James J. Woody, Jr., Chair
James "Jim" Daniels
Stuart B. Fountain
John McLawhorn for
Treasurer Richard H. Moore
Donice Harbor for
Lt. Governor Beverly Perdue
Linwood Powell
B. Joanne Steiner
Ann T. Turlington
Herbert Watkins

Teleconference

Hilda Pinnix-Ragland, Vice-Chair
George Battle
Jeanette M. Council
Bob H. Greene
Gordon "Buddy" Greenwood
Sandra L. Hayes
Anne-Marie Knighton
Estell C. Lee
Chester P. Middlesworth
Thomas Norman
Norma Turnage

The following member was unable to attend: Carolyn M. Davis

APPROVAL OF MINUTES

On a motion by Mr. Middlesworth, seconded by Dr. Powell, the Board approved the minutes of the November 21, 2003 meeting.

APPROVAL OF AGENDA

On a motion by Dr. Fountain, seconded by Mrs. Steiner, the Board approved the Agenda.

APPROVAL OF THE CONSENT AGENDA

On a motion by Mrs. Knighton, seconded by Dr. Fountain, the Board approved the Consent Agenda that included the item that follows.

PROGRAM SERVICES COMMITTEE, Bob Greene, Chair

I. NCCCS Annual Curriculum Approval Report to the General Assembly

The Board approved the annual report of curriculum approvals and terminations generated by System Office staff and approved by SBCC at regular meetings during the period January-December 2003. The report is to be delivered to the General Assembly prior to the calendar year-end.

REGULAR AGENDA

FINANCE AND CAPITAL NEEDS COMMITTEE, Herbert L. Watkins, Chair

Committee Chairman Watkins welcomed members and guests, introducing our vendor partners in the College Information System (CIS) project including Affiliated Computer Services (ACS) Vice President of Business Development Betsy Justice, and Datatel staff including Steve Bayshore who is in Marketing and Sales and Bill Knight, the Director of Services. Ms. Justice then thanked the Board for giving ACS the opportunity to work with NCCCS on this project, and introduced other ACS project team members who were present at the meeting.

Mr. Watkins then welcomed Dr. Doug Eason, President of Mitchell CC, who served as Chair of the CIS Steering Committee, to provide the Board with the Steering Committee's assessment of the CIS project, and the status and positions taken by the presidents as well as the local colleges.

For Information:

The Board received the following for information and discussion.

I. College Information System Update

A. Review of the Agenda, Recent Events, and Meetings Surrounding the College Information Systems Project-Mr. Herbert L. Watkins

After a brief history of the project, Mr. Watkins stated that it is his belief that the project is on track, major problems have been solved, teams are working together, and stakeholders are actively participating and involved in the review processes and the specifics of the plan. The appropriate tensions, responsibilities, and tasks to be successful have been identified. Mr. Watkins advised that during this meeting the Board would be asked to act upon: 1) a **contract amendment** with ACS to complete the implementation under the **current contract**, and 2) the **concept and budget** of a three-year **contract extension** to deal with the knowledge transfers, training, and the conclusion of the implementation of the project to all 59 colleges by December 2007. If the contract extension is approved by the SBCC to go forward, it would then need

the approval of appropriate legal staff and the Division of Purchasing and Contracts. Their anticipated approval date would be during January 2004. Mr. Watkins then called on Dr. Sandra Williams and her staff to continue the presentation.

Dr. Williams briefed the Board on the project's mission statement, key milestones and dates in the history of the overall project from April 1997 to the present. Phase 1 colleges are fully implemented, Phase 2A should complete implementation by July 2005, Phase 2B by July 2006, and Phase 2C by July 2007. Problems with the AR/CR portion of the project have been resolved, and the AR/CR project should be finished by August 2004.

B. Current College Information System – Project Status Report

Dr. Sandra Williams, Kim VanMetre, and Joe Barefoot discussed the project status report which included information on the three modules: financial, human resources, and student services.

1. Financial Module: Full implementation is scheduled for July 2004. We are very close to optimal functionality of the financial module at this point, and have seen marked improvements through the various phases of implementation. Early in the project, information provided to the System Office for monthly reports that are often disseminated to other agencies (State Controller's Office, State Auditor's Office, etc.) created problems and missed deadlines. To alleviate the reporting problems, a standard was created and distributed to the colleges. Colleges now know what is needed, and reporting is going much smoother with deadlines being met. There are some issues outstanding, but they are for optimal operation and not required for basic functionality.
2. Human Resources Module: January 2005 is the date scheduled for full implementation. This data system is phenomenal and does require a bit of work to get up and running, but this has gone smoothly thus far. There are a few outstanding items; however, these are again for optimal functionality. One item is related to faculty contracts, and a team has been put in place to work on this.
3. Student Services Module: Implementation for 2A colleges was delayed, and full implementation is scheduled for July 2007.

C. A Discussion of Project Activities to be Completed Before the End of the Current Contract Period (June 30, 2004)

The discussion included activities related to accounts receivables/ cash receipting, college training, and E-procurement testing.

1. Accounts Receivable/Cash Receipting Activities: All critical issues were resolved by June, 2003. There are three remaining non-critical issues.

While several milestones remain (beta testing and data collection, UAT training and testing, and rollout and piloting at remaining Phase I colleges), the project pilot should be finished by August 2004. Development activities continue to be tracked and should be complete by December 2003. Design and development time line dates were met effectively. A taskforce (comprised of representatives for all critical stakeholders) was formed to help alleviate surprises at the end of testing, and they continue to meet often.

2. College Training Activities: Training activities continue with 3,672 total days of training remaining in the current contract to include the following: technical training 257 days, financial system 332 days, human resources system 246 days, and student system 2,837 days. We have two applications training centers that cover the finance and human resources training at Wayne CC and Central Piedmont CC, and our technical training center will be at Guilford Technical CC.
3. E-Procurement Testing: A beta test has been completed at Wayne CC, and is currently being implemented at Wake Technical CC. Implementation is scheduled for Guilford Technical CC and Fayetteville Technical CC in January 2004. Implementation at the remaining colleges should be completed by June 2004.

For Action

After having received the above update on the CIS project, the SBCC was asked to discuss and act on the contract amendment with ACS.

- I. Approval of a Contract Amendment with Affiliated Computer Services (ACS) Under the Current Contract

It was discussed that because of budget constraints and insufficient funding, NCCCS had not been able to provide staffing as outlined in the original contract for minor release support with the end result being the need for the contract amendment. Mr. Watkins added that based on information provided during a committee work session, this option appears to offer the least amount of risk for dealing with the lack of staff and to ensure the project continues to stay on schedule for Phase 2.

On a motion by Mr. Watkins, seconded by Dr. Powell, the Board approved a contract with ACS for \$1,337,100 for support for Phase 2 implementation by the scheduled date and for additional support to deal with minor releases in the software for the CIS project. This is for the period from November 2003 through June 2004. It was noted that actual payment would be made upon receipt of an invoice and verification of the receipt of deliverables by the System Office. Funding will be from the Management Information System (MIS) project appropriation.

For Information

After the action taken on the contract amendment, Dr. Williams and staff continued their update and discussion of the CIS project.

I. College Information System Update

D. Discussion of a three-year Contract Extension with Amendment with ACS

The primary objectives of the contract extension are 1) implementation, 2) training, 3) knowledge transfer, and 4) system support.

1. "Scope of Work" to be Accomplished: The scope of work to be accomplished includes: 1) implementation of the system at the remaining institutions, 2) training for the student, core, and some technical training for remaining institutions to include on-site and fly-in subject matter experts and support, 3) transitioning minor releases with NCCCS to assume management by January 2006, and knowledge transfer to allow that responsibility shifted to NCCCS by June 30, 2007, and 4) provide customer service center support transferring that support responsibility to NCCCS by July 1, 2004.

In summary, the contract extension proposal includes:

- CIS fully implemented by June 2007.
 - Local colleges, System Office, and Colleague Training Centers trained by September 2007.
 - Knowledge transfer is to be completed by June 2007.
2. Budget and Cost Estimates: Dr. Williams asked Mr. Kennon Briggs to discuss the revised budget and cost estimates. Mr. Briggs provided members with a report on expenditures thus far to be \$50,253,268.37. This total includes \$4,110,037.18 spent on the Data Warehouse. The project began in 1999 with an \$8 million appropriation for the first year and \$15 million for every year thereafter. Mr. Briggs advised members that the contract extension request to be presented later today for action is for an amount not to exceed \$30.4 million, less the \$3.9 million previously approved for the AR/CR resolution, for a net total of \$26.5 million for the period July 1, 2004 through June 30, 2007. Mr. Briggs then reviewed the CIS budget going forward noting that for 2004-05, 2005-06, and 2006-07 the budget is in line with the appropriation in that each year the total annual cost budgeted is within the \$15 million per year appropriation.
 3. Risk Management Process and Structure: Mr. Watkins advised the Board that this will be the first time during this project that from a budget point of view we will not have funds available to fix problems that arise; therefore, it is very important that we foresee problems in advance and

manage the risks involved, as there will not be funds to do that later. Given this assessment of the risk, Mrs. Turnage asked Mr. Watkins if he was comfortable with the responsibility as a Board Member, and that we are not placing the Board in a vulnerable position, and that the taxpayers will believe that we are doing the right and responsible thing. Mr. Watkins advised that this is the critical issue and was discussed at length during work sessions, and in his opinion the plan that is being presented can be done with 75 to 80 percent certainty, and would highly recommend it if all the variables were known. Mr. Watkins added that he does not believe that it is the staff's responsibility to make a risk decision. He believes this is an executive decision, and the decision should be that of the Board based upon the information that has been received, the confidence in the staff, and the facts before the Board.

Mrs. Turnage then asked about possible alternatives. Per Mr. Watkins, the alternative is more money, and the judgement had been made that it would be unwise to go forward to the Legislature in this environment to ask for more money. The other alternative that was discussed was to extend the implementation. It was felt this would cause a loss of momentum, undue stress on the colleges because of the limited resources they have, and that because of the operations of a college, every time you move you must in essence move a year. This would require out-of-pocket to the vendors because their support activities would have to move a year with the project. An exercise was completed taking these issues into consideration, and as a result, we felt that this was unaffordable. We felt that we had exercised all of the options that we could, and came up with the current recommendation. At this point, it was decided that this option was not ideal; but that it was the best we have to offer, and should be brought to the Board for their decision.

Mrs. Turnage stated that she is concerned with the fact that we need more money to go forward, and yet we are too far into a project to go back, but wonders if the individual institutions will be able to support what will be put on them. Mr. Watkins stated that was a concern of the committee also, and for that reason, Dr. Eason was asked to get an assessment from the staff of the colleges and from the presidents. He then added that we will have a couple of months to digest the risk associated with the extension; however, he would add that "Not to do it is not an option. How we do it, as we become more enlightened, we may find a different way of doing it and hence would minimize the risk associated with it, but not to do it is not an option."

Mr. Norman asked Mr. Watkins what he felt would be the worse case scenario. Mr. Watkins stated that "We will miss a schedule, we will not have the resources and/or the knowledge that will cause us to delay and we will have to find the money to pay for it... At that time, I would come to you and say here is what happened, here is what it will take to fix it, it is going to cost us X-amount of dollars and I don't have it, and we had

better go figure out where we go find it...This plan will clearly get us there, my concern is that it may not get us there within the budget that we have allocated.”

Mr. Greenwood asked, “Where do we stand with the Legislature on this now? Are they knowledgeable as to what is going on with this contract and...where we are stuck?” Mr. Watkins deferred this question to Mr. Briggs who stated that “they (the legislative staff assigned to us) have attended the work sessions that we have had, and while we have not had that dialogue directly with the appropriations chairs, we have...with the legislative staff ...and if it is elevated to a conversation needed with the Appropriations Committee or Education Oversight, that is what we will do...thus far we have worked with legislative staff...and I feel we have their support.”

Vice-Chair Pinnix-Ragland stated that a lot of improvements have been made in respect to the financial and operations processes and should be reiterated. Mr. Watkins agreed, and stated that “all of the stakeholders have now been included in the work sessions. Specific responsibilities, expectations, and the content deliverables are much more detailed allowing for a much better and improved fundamental understanding of the task at hand by all of the stakeholders; however this is a very complex project and things will happen.”

Mrs. Steiner asked if the committee felt that going forward with the risk management plan suggested would allow the Board to know of problems early on. Mr. Watkins stated that the components of the risks are now better understood, and he is confident in the risk management plan in place.

Mrs. Turnage asked whether we were in the project as the result of a legislative mandate or because the system itself felt this was the proper and judicious way to go? Mr. Watkins stated that there was a legislative mandate that we needed to put into place a common and consistent management system across the colleges for efficiency of operations and cost-savings. They legislated and then appropriated \$15 million non-reverting funds. While we are grateful for the \$15 million, Mr. Watkins believes that this project is underfunded. He added that if one compares what we are doing to others (University System, Department of Public Instruction, and Transportation) given the same charge, we are doing a much better project within the dollars.

Dr. Greene stated that he has a real concern that in 2006-2007 we may not be able to have produced for all 58 institutions, and asked if that should occur, where will this put those institutions, and secondly, will they have the funds in their budgets to keep their present computers up to date to meet reporting requirements until 2007? Mr. Briggs stated that while this will be taxing on human and fiscal resources of the

colleges, it is the staff's desire that as we reach the end of this contract implementation period, we return some dollars back to the colleges in acknowledgement of the additional costs they have incurred. In regards to the fiscal cost issue, this Board currently has before the General Assembly a \$223 million equipment needs issue at present, and 50 percent of that cost is for instructors in computer technology and has to be dealt with immediately. Fiscal cost related to hardware is a critical issue regardless of CIS. The human capital piece is something we can only deal with at the end of the project period, and we have resources freed up from the \$15 million to share back with the colleges. As to whether this meant all of the colleges were taking a big risk, Mr. Briggs acknowledged that all colleges would have a significant investment. Dr. Greene noted that he felt we needed to be careful in what we commit ourselves to because of the current equipment allocations. He also wanted to know if all colleges had been contacted and not only those meeting certain criteria. To that Chairman Woody asked Dr. Eason to respond.

4. "College Buy-In" and Report from the Steering Committee, Dr. Doug Eason, Chair: Dr. Eason stated that many of the concerns voiced in this meeting had been shared by the Steering Committee. Dr. Williams and Dr. Eason met with all of the presidents at the association meeting in October 2003, where they walked through the plan for success, discussed the contract, additional responsibilities, costs, and certainly tried to bring forward any risks that they could. They included a question and answer session to try to make all presidents aware of the risks associated. In addition, the Executive Committee of the President's Association met in November, and Dr. Eason and Dr. Williams again reviewed all of the elements to ensure their understanding.

At the meeting of the Executive Committee of the President's Association a motion was made that they go on record approving moving forward with the contract extension and formal action was taken to approve the motion.

The Steering Committee role has been to try to understand the relationship between implementing this enormous project and technology and the challenges that can be expected at the local institutions. Dr. Eason stated that he believes the biggest concern is the same as came out in this meeting – "we are doing a huge project on a very limited budget. We understand that and I think that most of the colleges, at least the ones that I have made aware of it and talked to individually, know that we are at a point where going back is not an option, and going forward is our best option." There are colleges that are concerned about the general budget status, and realize that it will not be an easy task for our colleges, but it is felt that the colleges are ready to move forward with this project.

Mrs. Turnage then asked whether it was time to contact the “big bankers” and maybe meet with the Chairman of the Appropriations Committee to make sure that they are fully aware of the situation. Chairman Woody referred this question to President Martin Lancaster. President Lancaster stated that he felt our better course would be to go forward within the dollars available taking the risks that have been assessed with staff knowing that problems could arise, and then be prepared to go ask for money when and if the need arises. He did not think it necessary at this time since there is not an actual need for money currently, and we would only be asking for a cushion. Chairman Woody stated that he felt that the Appropriations Committee was already aware of our concerns. Mrs. Turnage stated that her concern was that they not be blind-sided to our needs. President Lancaster said that he would discuss this with legislative staff to explore their feelings, and would advise the Board if further action was felt necessary. Mr. Watkins added that he would like to proceed with the risk assessment, after which he would strongly encourage the Board to approve in concept this extension. He stated that before the actual signing of this contract extension, it might be wise to ensure awareness by the Appropriations Committee to show them our track record, that there are risks involved, and that we may have to ask for more monies, but recommended this be done just before we sign the contract.

Dr. Williams continued with the review of the CIS risk management plan. The plan will make sure that we define the project risks, and¹³ have been identified. Our goal is to avoid the risks all together; however in the event it becomes necessary, a risk mitigation strategy has been put in place.

A system office staff member has been assigned as risk manager to manage the risk process as we move through the contract extension going forward. A process is already in place to manage any risk issues, software items, etc. Risks are being tracked on a daily basis and reported at leadership meetings on a weekly basis, and will be reported to the Board on a monthly basis. This plan will allow us to stay on top of these risks. We want to be able to document them, and put in place our avoidance strategy rather than letting them go into mitigation strategy. Project managers at the colleges along with System Office staff and all stakeholders will have input into the risk avoidance plan.

5. System Office Staffing Plan: The CIS staffing plan was included in the presentation indicating the staffing needs for implementation, help desk, minor releases, and the overall project indicating a total of 47 staff persons for 2003-04, 48 for 2004-05, 47 for 2005-06, and 46 for 2006-07.
6. Stakeholders Input: Mr. Briggs was asked to give a schedule of events assuming that the Board approved the concept of this contract. He advised that one week from today, all of the stakeholders (State

Controller's office, ETS staff, State Budget, legal team, Division of Purchase and Contract, State Auditors Office, and Legislative Analyst) will meet to look at the contract documents to make sure everyone is reasonably comfortable with the document going forward. A significant amount of time will be spent with Purchase and Contract to ensure the contract contains the items they have indicated they want included. The entire document has already been provided to the key stakeholders who were asked to provide to NCCCS their feedback by the 18th. That feedback will be on the risk assessment plan as well as the level of risk. The level of risk has already been given us by the IRMC along with their approval of the contract, and the TAPCC approved us to move forward in terms of certification for the project. Information provided by the key stakeholders will be brought back to the Board by the next scheduled meeting.

Mr. Watkins requested that Dr. Williams and staff be ready to relay to the Board at that time what staff thinks of the level of risks that we are taking; noting that what is being asked of the Board today is to approve the concept to allow that work to proceed. Mr. Briggs added that what he felt the Board would be approving today would be the scope of work, staffing in the System Office, and the budget itself being within availability.

For Action

Upon the completion of the CIS update, the SBCC was asked to act upon the following.

II. Approval of Concept of a Contract Extension with Amendment with Affiliated Computer Services (ACS) for the CIS Project – Contract Extension

On a motion by Mr. Watkins, seconded by Mrs. Pinnix-Ragland, the Board approved the concept of a contract extension with amendment to the contract with ACS for additional support for the CIS project during the period from July 1, 2004 through June 30, 2007, and is subject to the approval of Purchase and Contract. The contract extension with amendment is not to exceed \$30.4 million, less the \$3.9 million previously approved for the AR/CR resolution for a net total of \$26.5 million. The detailed contract, including performance-based payment schedules, is scheduled to be submitted to the SBCC in January 2004. Funding will be from the MIS project appropriation. It was noted that approval of the concept did include approval of the funding required by the budget.

III. Construction/Property/Bond Authorization Report

On a motion by Mr. Watkins, seconded by Mrs. Steiner, the Board approved the Construction/Property/Bond Authorization Report. Projects were approved for Cape Fear CC (2), Isothermal CC (2), and Martin CC (3). The Board approved the Bond Authorization Report as of December 11, 2003 indicating 66% of all 2000 bond funds committed.

CHAIR'S REMARKS, James J. Woody, Jr.

- Commended the System Office staff, especially the staffs of Mr. Briggs and Dr. Williams, Mr. Watkins, Mrs. Pinnix-Ragland and other board members on the sub-committee, Dr. Eason and others on the Steering Committee, and vendors ACS and Datatel for the hard work and cooperation of all of those involved in the CIS project.
- Commended members on their attendance at the meeting, noting that 100% of voting members were present, in person or by telephone, even though this meeting was called during a very busy time of year.
- Thanked the SBCC members and NCCCS staff for their kind expressions of sympathy during the loss of his mother.

DATES OF NEXT MEETING

The next meeting of the SBCC will be held in Raleigh. Committees will meet on Thursday, January 15 and the SBCC meeting will follow on Friday, January 16, 2004.

ADJOURNMENT

By acclamation, the Board adjourned at 11:50 a.m.

RESPECTFULLY SUBMITTED BY:
Secretary

APPROVED BY:

H. Martin Lancaster, System President

James J. Woody, Jr., *Chair*

Agenda attachments referenced in this document were previously mailed and therefore are not attached to these minutes. If copies are needed, please contact the Office of State Board Affairs, North Carolina Community College System, 200 West Jones Street, Raleigh, NC 27603-1379, (919) 733-7051.