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

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**State Board of Community Colleges**  
**Raleigh, North Carolina**

**August 3, 2004**

**10:00 a.m.**

**Called Telephonic Meeting**

**CALL TO ORDER**

The called telephonic meeting of the State Board of Community Colleges was called to order. The following members were present:

James J. Woody, Jr., Chair  
James "Jim" Daniels  
Stuart B. Fountain  
Gordon "Buddy" Greenwood  
Sandra L. Hayes  
Anne-Marie Knighton  
Estell C. Lee  
Chester P. Middlesworth  
John McLawhorn representing  
Treasurer Richard H. Moore

Thomas Norman  
Tamara Jones representing  
Lt. Governor Beverly Perdue  
Hilda Pinnix-Ragland  
Linwood Powell  
B. Joanne Steiner  
Ann T. Turlington  
Norma Turnage  
Herbert Watkins

The following members were not able to attend: Jeannette M. Council, Bob H. Greene, and William N. "Billy" Acosta.

**APPROVAL OF AGENDA**

On a motion by Mr. Watkins, seconded by Vice Chair Pinnix-Ragland, the Board approved the Agenda.

**REGULAR AGENDA**

**FINANCE AND CAPITAL NEEDS COMMITTEE, Herbert L. Watkins, Chair  
For Action**

- 2004-2005 College Budget Guidelines and Allocations

At the request of Finance and Capital Needs Chair Watkins, Kennon Briggs, Vice President for Business and Finance along with the assistance of Larry Morgan,

Director of Budgeting and Accounting, reviewed in detail the proposed 2004-2005 College Budget Guidelines and Allocations.

**Attachment FC-1-1 Budget and Policy Issues Included in the 2004 Appropriations Act.**

**I. Salaries for Community College Faculty, Professional Staff and Other College Employees**

- (A) Salary Increases for Faculty and Professional Staff  
On a motion by Mr. Watkins, seconded by Ms. Pinnix-Ragland, the board approved a motion to carry out legislative intent (adopt rules to establish a community college faculty salary plan that provides accountability, maintains local flexibility, assures uniformity in minimum salary and moves faculty and professional staff salaries to the national average), govern college budget flexibility, and to restrict the use of salary increase funds. (See Attachment FC1-1-A)
- (B) Salary Increases for All Community College Employees Paid from State Funds  
On a motion by Mr. Watkins, seconded by Ms. Turnage, the Board approved salary increases for all community college employees paid from state funds using the rules for governing compensation increases as found in Attachment FC 1-1-B.

**II. Studies Required by the General Assembly**

- (A) Center for Applied Textile Technology  
The Board was provided information regarding Section 8.6A of Session Laws 2004-124 mandating that the State Board study the NC Center for Applied Textile Technology (CATT). An independent consultant has been solicited for this study, and a final report is due by October 30, 2004, with the results implemented by January 1, 2005.
- (B) Report on the Adequacy of Multi-Campus (MCC) and Off-Campus Center (OCC) Funds  
On a motion by Mr. Watkins, seconded by Ms. Steiner, the Board approved the collection of and reporting of data by the colleges on multi-campus and off-campus center funding as determined necessary by the General Assembly to determine the adequacy for funding. Colleges are required to report to the System Office by September 1, by fund source and by object of the expenditure, the funds appropriated for MCC's and OCC's. The System Office will report to the State Budget Office and Fiscal Research Division by October 1 of the same year. In the same motion, the board approved the allocation for 2004-2005, as found within the budget package in Attachment FC1-2-L, -M and -N.

(C) Study of FTE Funding Formula

The Board was provided information regarding a directive received from the General Assembly that the State Board consider modification to its funding formulas to ensure that colleges have sufficient funds to serve students when enrollment increases and for high-cost programs. The study shall include methods of accurately projecting enrollment for the upcoming academic year. An independent consultant is needed for this study and is being re-bid. The final study report is due by January 15, 2005 to the Chairs of the Education Oversight Committee and the Appropriations Committee.

**III. Reserves that Require Board Policy/Rules Development**

(A) Contingency Reserve for Increased Enrollment and High Unemployment Areas

The Board was provided information regarding Section 8.14 of Session Laws 2004-124 in which the General Assembly directed the establishment of a contingency reserve fund for enrollment and appropriated \$3.0 million for this purpose. The funds are to be used to increase the formula allocation for the 2004-2005 spring semester for colleges who experienced fall semester enrollment growth of over 10%, and to provide one-time grants to colleges in areas of high unemployment due to manufacturing job losses. On a motion by Mr. Watkins, seconded by Mr. Daniels, the Board approved \$1.1 million be held in reserve for colleges that meet the guidelines for the increased formula allocation and that the fall census date be established as the determination point for the allocation of these funds. In the same motion, the Board approved \$1.9 million be held in reserve for providing one-time grants to the colleges serving areas of high unemployment due to manufacturing job losses, and authorized President Lancaster and the Division of Economic and Workforce Development to develop policy for eligibility for the State Board's consideration and adoption.

**IV. Specific Budget Allocations**

(A) State Board Reserve for Maintenance of Plant

(B) College Specific Allocations

(C) Abolishing Human Resource Development (HRD) Program and Matching Funds

The Board was provided information regarding specific member-sponsored budget allocations as listed above. On a motion by Mr. Watkins, seconded by Ms. Pinnix-Ragland, the Board approved (as included in the budget allocations) \$100,000 from State Board Reserve Funds directed to Roanoke-Chowan CC (the legislative intent) to assist small rural low-wealth community colleges with operation and maintenance of plant cost if needed to assist new and expanding industry. In the same motion, the Board approved the following college specific allocations: Catawba Valley \$474,520 R (Hickory Metro Higher Ed Center); Catawba Valley \$225,000 N/R

(Hosiery Technology Center); Cleveland \$400,000 N/R (allied health programs); Craven \$500,000 N/R (Bosch training center); Craven, Gaston and Isothermal \$199,000 R (public radio); Davidson \$200,000 N/R (Davie Campus for programs); Gaston \$125,000 R (public radio); Isothermal \$100,000 R and \$150,000 N/R (composites testing program); and, Fayetteville \$2,000,000 N/R (military business center). Thirdly in this motion, the Board approved that community colleges be instructed to maintain HRD program services at the same level as when they received the HRD Block Grant using FTE earnings generated from occupation continuing education instruction as required by the General Assembly in Section 8.14 of Session Laws 204-124.

(D) Other Policy and Financial Issues

The Board received information as outlined in Attachment FC1-1 on:

1. **Military Tuition for Active Duty Military Personnel**

In-State tuition and applicable mandatory fees for enrollments shall be charged to active duty military personnel and qualified dependents abiding in this State, and if the military member is reassigned, both member and dependents will continue to qualify for in-State tuition and fees for as long as they are continuously enrolled in the degree or other program in which they were enrolled at the time of reassignment.

2. **Joint Legislative Study (Section 6.1 of HB 1264) of NCCCS and UNC System**

The General Assembly mandated a comprehensive study of the mission and education programs needs for the University System and the Community College System to ensure that the State's citizens are academically prepared and equipped for current job opportunities and jobs of the future in North Carolina's growing knowledge economy. Specifics of the study are outlined in Attachment FC-1-1 Other Policy and Financial Issues.

3. **Beverage Contracts**

Legislation requires that contracts for the sale of juice and bottled water be bid separately from each other and separately from any other contract.

**Attachment FC-1-2 Budget and Policy Issues Included in the 2004 Appropriations Act.**

After a thorough review and discussion of the budget including items specific to action taken by the General Assembly during the 2004 Short Session and budget allocations made based on current policies of the State Board of Community Colleges, the Board approved \$891,033,002 in budget allocations for 2004-2005 as outlined in Attachment FC-1-2 and supporting documentation in Attachments A-Y. The motion to approve was made by Mr. Watkins, seconded by Mr. Middlesworth, and the Board approved unanimously.

## **REMARKS**

Mr. Briggs thanked his staff for their dedication and hard work in assisting in the development of the budget. Chairman Woody and President Lancaster added their thanks, along with those of Finance and Capital Needs Chair Watkins and the SBCC, for a well prepared and presented budget. Chairman Woody and President Lancaster again thanked all of those who had helped in generating support in the General Assembly for the best budget ever received by the NCCCS.

## **DATES OF NEXT MEETING**

- August 19-20, 2004, Caswell Building, Raleigh, NC.

## **ADJOURNMENT**

- By acclamation, the Board adjourned at 11:10 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.