

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

FINANCE COMMITTEE MEMBERS PRESENT:

Lynn Raye, Chair	Todd Johnson	Burr Sullivan
Lisa Estep	Jim Rose	

Members absent: Lt. Gov. Dan Forest, Treasurer Dale Folwell, and Frank Johnson

OTHERS IN ATTENDANCE:

Elizabeth Grovenstein	John Evans	Debra Smith
Daniel Alvarado	Dorrine Fokes	Robert Witchger
Brandy Andrews	Nancye Gaj	Chairman Scott Shook
Jessica Balazsi	Nate Humphrey	Bryan Conrad (OSBM)
Katie Buchanan	Cheryl Kaminski	Eric Naisbitt (NC Senate)
Tangi Crotts	Sondra Jarvis	
Todd Dunn	Gilda Rubio-Festa	

WELCOME AND ETHICS STATEMENT

Mr. Lynn Raye called the meeting to order at 1:34 p.m. in Conference Room 201A. Mr. Raye read the required ethics statement. There were no conflicts of interest.

ROLL CALL

Sondra Jarvis took the roll of the Finance Committee members.

APPROVAL OF THE AGENDA

Mr. Raye asked for a motion to approve the agenda of the August 17, 2017 meeting as presented. Mr. T. Johnson moved, seconded by Mr. Rose, and the Committee approved.

APPROVAL OF THE MINUTES

Mr. Raye asked for a motion to approve the minutes of the July 20, 2017 meeting as presented. Mr. Sullivan moved and Mr. Rose seconded the motion, and the Committee approved.

FOR INFORMATION

SBCC Code Report – August 2017 (Attachment FC 01)

Ms. Grovenstein reviewed the State Board Code Report.

State Board Reserve Year End Report (Attachment FC 02)

Ms. Grovenstein reviewed the State Board Reserve Year End Report.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

The Career and College Alignment Partnership has been approved for the money to be carried forward into FY 2017-18. Wake Technical Community College is the lead college on the project.

Much of the Implementation of Future of Nursing was paid for during a collaboration with UNC General Administration. The work that the funds were appropriated for has been completed. Members asked for an update on the project. Ms. Grovenstein said programs staff provided an update/report on accomplishments over the past year. Ms. Grovenstein will speak to Mr. Jenkins to see about providing the final information to the board and how to share the information.

The Committee discussed the fact that the Compliance Services Expertise project came in below projected budget. Ms. Grovenstein said she would follow up and let the Committee know why it was less.

2006 HUB Facilities and Equipment Grant as of July 1, 2016 to June 30, 2017 (Attachment FC 03)
2007 HUB Facilities and Equipment Grant as of July 1, 2016 to June 30, 2017 (Attachment FC 04)

Mr. Raye asked Ms. Grovenstein to review these reports together. The projects were set up by the General Assembly to award appropriations on competitive basis to colleges for facility and equipment needs. The maximum awarded was a million dollars per college. Most of the funds have been expended, but there is a small amount still outstanding. The System Office was asked to provide a report to State Construction Office about the HUB activity on these funds. Once funds are expended at the last three colleges the project will be closed out.

The goal for HUB participation is 10% and on average, the system exceeded the goal of 10%.

FOR FUTURE ACTION

Finance Committee Charter (Attachment FC 05)

Ms. Grovenstein explained each committee is reviewing and adopting a charter. The charters will be approved next month. The structure of the charter is consistent across the committees.

Ms. Grovenstein reviewed the sections of the charter and asked members to contact her with any recommended changes or additions. Mr. Raye encouraged members to review.

Initiation of the Rulemaking Process to Amend 1E SBCCC 800.2 – “General Provisions”
(Attachment FC 06)*

Ms. Grovenstein reviewed the change needed to conform with a new General Assembly requirement. The colleges are required to report annually to the System Office the amount and number of tuition and registration fees waived by the college on behalf of individuals who are

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

members of authorized groups or organizations. There are certain categories of student tuition and registration fees that can be waived. The new report will be due February 1, 2018. This language change complies with legislation.

Mr. T. Johnson made a motion to move Initiation of the Rulemaking Process to Amend 1E SBCCC 800.2 – “General Provisions” from Future Action to Action. Mr. Rose seconded the motion and the committee approved.

Mr. T. Johnson made a motion, and Mr. Rose seconded. The Committee approved Initiation of the Rulemaking Process to Amend 1E SBCCC 800.2 – “General Provisions” as presented.

FOR ACTION

Annual Report to the State Building Commission of Capital Projects (Attachment FC 07) [CA]
Ms. Grovenstein reviewed the Report from the State Board to the State Building commission. State law GS 115D-9 allows the State Board to delegate authority to colleges for design, destruction, repair and renovation of buildings that require expenditure of state funds of four million dollars or less. Colleges can apply to have this flexibility. The college has to document the ability to manage the authority. Currently three colleges have this authority; Central Piedmont Community College, Guilford Technical Community College, and Wake Technical Community College. The statute requires a report of the activity for the fiscal year.

Other colleges may apply and the law does not identify which colleges are approved. It is up to the State Board to approve the colleges. The projects that the colleges are managing are still approved and tracked through the System Office. But there isn’t oversight by State Construction.

Mr. Johnson asked in how people would qualify as disadvantaged socially or economically for the minority business category in the last column of the report. Ms. Andrews said that it is regional due to locations and availability of contractors.

Mr. T. Johnson moved, and Ms. Estep seconded. The Committee approved Annual Report to the State Building Commission of Capital Projects as presented.

Allocation for BioNetwork Host Colleges (Attachment FC 08) [CA]

Ms. Grovenstein reviewed the item. Most of the allocations are in the budget document, but this is one that is allocated separately based on industry needs. The Employees at the college help support the needs of the state. The program has been in place for quite a few years. Ms. Maureen Little was in the meeting to answer any questions.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

Discussed the areas and the amounts of allocation. Forsyth TCC will only continue for one more year and that program will become self-supporting after this year. Ms. Little said the FTCC program will be marketed nationwide to life science industries that would could use the analytical testing facility at a cost. The college hopes to be able to integrated with the existing bio-pharmaceutical programs.

Ms. Little gave examples of how the colleges engage with the high schools to encourage students interest, such as the Pitt Community College STEM program.

Mr. T. Johnson asked with Forsyth TCC if the funds are held locally. Ms. Little said that self-supporting funds are held locally. Mr. T. Johnson asked if any of the state dollars are used to maintain the equipment? Ms. Little said that for this year, the college received an allocation to transition to the self-supporting. If the college does not do well, and is not able to sustain as self-supporting, they won't be funded through BioNetwork, they would have to use other resources to maintain the equipment. No training was done for BioNetwork or customized training at that college this past year. The set up at the college was not conducive for training purposes, but more for testing purposes. The facility is set up to test finished product and raw materials. Ms. Estep asked if it was a diversion of pathways versus the original intent? Ms. Little said it was a diversion from the original intent, but President Green is fine with the way that things are moving.

Ms. Andrews said that in the standard self-supporting model, the funds are deposited in the institutional funds and will support moving forward. They are building those funds to support and the funds usually do not cross paths.

Mr. Sullivan moved, and Mr. T. Johnson seconded. The Committee approved the Allocation for BioNetwork Host Colleges as presented.

Allocation for Customized Training – Regional Trainers (Attachment FC 09) [CA]

Ms. Grovenstein shared that this is an annual allocation for seven regional trainers who serve industry statewide. These region trainers are located across the state. This is an example of how there are certain funds that cannot be used for management flexibility unless specific approval by Ms. Little and Ms. Grovenstein.

Ms. Little gave an overview of how the regional trainers serve all 58 Community Colleges and the State of North Carolina. All of the trainers have certifications in a variety of areas. Ms. Haygood approves the projects as they are submitted by the colleges. This expenditure enables the System to save a substantial amount of money by having these trainers on staff.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

For example, at LabCorp, the trainer is delivering training for Lean Six Sigma Continuous Improvement. If we contracted that level of experience it would cost \$200-\$450 per hour. There are no registration fees for the company. This is part of the economic incentive for companies to come to the state. The training can be offered to either new or existing in the state. Mr. Rose moved, and Ms. Estep seconded. The Committee approved Allocation for Customized Training – Regional Trainers as presented.

Allocation for Advancing Postsecondary Apprenticeship (Attachment FC 10) [CA]

Ms. Grovenstein reviewed the Allocation for Advancing Postsecondary Apprenticeship and stated that Dr. Bob Witchger was in attendance for any questions.

Dr. Witchger said that Catawba Valley Community College has done a great job with developing apprenticeship programs in their area. Staff has been working with Catawba Valley CC to determine why the state is lagging on apprenticeships and developing a statewide model for growing additional programs. This allocation supports a second year of the project. Ms. Kimberly Propst works with college faculty and industry in the area.

Mr. Sullivan asked how the information is shared across all 58 colleges. Dr. Witchger said that Ms. Propst will present the information at conferences and two seminars. Ms. Propst can do one on one consultation for colleges as requested. Mr. Sullivan said that there is a huge need for apprenticeships in manufacturing industries. Mr. Sullivan said he would like to attend the regional meetings. Mr. Raye asked if there is money allocated from the state or just the federal funds. Ms. Grovenstein said currently there is no state funding for this program. There is a state Apprenticeship Program that is scheduled to be transferred under the NC Community College System and managed by Ms. Little. The training assures companies that workers are trained and perform their jobs safely.

Mr. Sullivan requested an issues lunch on the Apprenticeship program.

Mr. Sullivan moved, and Ms. Estep seconded. The Committee approved Allocation for Advancing Postsecondary Apprenticeship as presented.

Allocation for Title II Section 231 Basic Skills Funds to Community Colleges and Community-Based Organizations (Attachment FC 11)

Ms. Grovenstein stated that the Title II Section 231 Basic Skills Funds is a federal allocation that partners with state funds. This item represents the allocations to both the Community Colleges and the seventeen Community-Based Organizations. This fiscal year, the allocation is a continuation of funding, however next fiscal year the federal funds will be allocated via a competitive bid.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

One modification from last year, there is a new requirement to contribute to the cost of infrastructure of the state's one-stop centers and this infrastructure funding has been listed separately. All programs must contribute to the cost for infrastructure and those funds needed to be in place by January 1, 2018.

Ms. Gilda Rubio-Festa was in attendance to answer any questions. Ms. Rubio-Festa said that the community college providers had been in the budget package. We have to tease out the federal portion for transparency. There are no new providers and one Community Based Organization did drop out of the program.

Ms. Rubio-Festa reviewed the some of the requirements outlined in the Workforce Innovation and Opportunity Act (WIOA). These changes put Title II more in line with the work force development programs. Staff will be bringing back a proposed funding formula model to be used for the providers when competing for the funds. The competitive application will go out by January 2018. The application will be approved by the federal representative.

All of the Title II funds would have to go through this competitive process. Ms. Rubio-Festa said the providers must be able to show effectiveness to show a student progressed from one level to the next. Some programs are not meeting the target so if they can't demonstrate the ability, it will impact their points while the application is reviewed. It will supplement literacy dollars, but not supplant the state dollars. Another outside group could be awarded those dollars. Ms. Rubio-Festa said that every adult learner has/will have access in every county.

Mr. Rose moved, and Mr. Sullivan seconded. The Committee approved Allocation for Title II Section 231 Basic Skills Funds to Community Colleges and Community-Based Organizations as presented.

FY 2017-18 State Aid Allocations and Budget Policies (Attachment FC 12)

Ms. Groenstein mentioned that this item was the Issues Lunch topic. Pages 13-14 have the summary of the allocations. If there are questions about the tier programs that a curriculum courses are in, it is outlined on page 117.

The Committee discussed population growth versus the growth of the colleges. The population has doubled since we have been at 58 colleges.

Mr. Rose asked if only state funds are accounted for in the State Aid Allocations and Budget Policies book. Ms. Groenstein stated that the only federal funds represented are in the Career and Technical Education allotment (under Categorical Allocations on page 13).

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

Mr. Sullivan asked about management flexibility reduction referenced on page 63. Why does the General Assembly not remove the amount from the budget? Ms. Grovenstein said that the \$53 million dates back multiple years ago. When the General Assembly makes an appropriation it is typically recurring (permanent) or non-recurring (normally one or two years). When there are downturns in the economy, the General Assembly historically balances the budget using the flex cuts which can impact the recurring items. At times the cuts become permanent. The flex cut gives the college flexibility as to where the cut can occur. President McInnis said that this came about during the Governor Perdue administration and recession. As economy improved, it was forgotten as a "cut". If a college grows, they pay more of the management flex. There is no memory of this cut within the current General Assembly because many of them were not in place when the original cut occurred. Ms. Grovenstein said the management flex cut will be in the System budget until the General Assembly takes action. Mr. T. Johnson asked if the flexibility is good to have or would the college prefer to not have the cut. President McInnis said the cut was supposed to be temporary, but if it has to be there, it is better to be flexible. The concern is that the General Assembly would dictate what needs to be cut.

Ms. Estep moved, and Mr. Rose seconded. The Committee approved FY 2017-18 State Aid Allocations and Budget Policies as presented.

Prison Education Funds Allocation: Pamlico Community College Recidivism Pilot Project
(Attachment FC 13)

Ms. Grovenstein reviewed the allocation. Mr. Humphries stated that goal of joint pilot project between Pamlico Community College and Pamlico Correctional Institution is to reduce recidivism among offenders. Funding will cover the full cost of the pilot program including tuition, textbooks, instructor salaries and benefits, equipment, instructional supplies, classroom modifications, and a director level position to serve as a Business Community Employment Liaison.

Mr. Sullivan moved, and Mr. T. Johnson seconded. The Committee approved Prison Education Funds Allocation: Pamlico Community College Recidivism Pilot Project as presented.

Construction and Property (Attachment FC 14) [CA]

Ms. Grovenstein introduced the agenda item and proceeded to review the items in order.

Project details of Category A: New (Non-State and Other State funds) were discussed with no issues.

Project details of Category B: Amended (Non-State and Other State Funds) were discussed with no issues.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, August 17, 2017 - 1:30 p.m.

Project details of Category C: New (Connect NC Bond Funds) were discussed with no issues.

Project details of Category D: Amended (Connect NC Bonds Funds) were discussed. Ms. Fokes stated that item 2 for Mitchell Community College (project number 2154) needs to be removed from the agenda because the college's local board of trustees has not met to approve the project. Once approved it will come back to the State Board for approval.

Category E: Project Approval – Final – Close Out (Connect NC Bond Funds) were discussed. Ms. Fokes noted that the amount of \$5290 in Item 2 for Tri-County (project number 2228) should be under the New Construction heading.

Project details of Category F: Acquisition and Disposal of Real Property were discussed with no issues.

Mr. T. Johnson moved to approve the Construction and Property projects with the removal of Amended (Connect NC Bond Funds) – Mitchell Community College (project number 2154) and moving the dollar amount in Final-Closeout (Connect NC Bonds Funds) – Tri-County (project number 2228), Mr. Sullivan seconded and the requests were approved.

Adjournment

Mr. Rose motioned, seconded by Mr. T. Johnson and the meeting was adjourned at 3:00 p.m.

Respectfully Submitted,
Sondra Jarvis