

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

FINANCE COMMITTEE MEMBERS PRESENT:

Mr. Lynn Raye, Chair	Mr. Frank Johnson	Mr. Scott Shook
Ms. Lisa Estep	Mr. Jim Rose	Mr. Burr Sullivan

Members absent: Lt. Gov. Dan Forest, Treasurer Dale Folwell, Mr. Todd Johnson

OTHERS IN ATTENDANCE:

Elizabeth Grovenstein	Dorrine Fokes	Brian Long
Brandy Andrews	Monty Hickman	Matt Meyer
Susan Barbitta	Laura Jordan	Debra Smith
Mark Cooney	James "JW" Kelley	Bryan Conrad (OSBM)

WELCOME

Mr. Lynn Raye called the meeting to order at 1:40 p.m. in the State Board Room.

ROLL CALL

Ms. Jordan took the roll of the Finance Committee members.

ETHICS STATEMENT

Mr. Raye read the required ethics statement. There were no conflicts of interest.

APPROVAL OF THE AGENDA

Mr. Raye asked for a motion to approve the agenda of the March 15, 2018 meeting as presented. Ms. Estep moved, seconded by Mr. Sullivan, and the Committee approved.

APPROVAL OF THE MINUTES

Mr. Raye asked for a motion to approve the minutes of the February 15, 2018 meeting. Ms. Estep moved, Mr. Sullivan seconded the motion, and the Committee approved.

FOR INFORMATION

Estimated Receipts through February 2018 (Attachment FC 01)

Ms. Grovenstein reviewed the estimated receipts collected through February 2018. She noted that receipts to date are below, and continue to be below, budgeted levels. She reminded the committee members that a budget callback was issued in January, and at the time an estimation of a 5.5% to 6% range below budget at year's end was predicted. She referenced the benchmark number from February of last year and noted the budget was down currently about 5.6% from that mark. She stated that at the end of the last fiscal year the budget was 2.4% short, and the prior year it was 3.6% short. She noted that the System Office has about \$77 million left to collect by year's end. Ms. Grovenstein did not anticipate the total amount would be collected. She stated that last year, a total of \$60 million was collected for the period

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

between March through June. She assured the committee that the System Office will continue to monitor receipts.

Ms. Grovenstein reminded the committee that they were presented with College by College information back in November and the members had requested that information be provided again in the spring to include enrollment data. She stated that the College by College report, including enrollment data, would be provided during the April committee meeting.

Ms. Estep asked if there was any information currently available regarding colleges with increased enrollment. Ms. Grovenstein provided some numbers including curriculum education (22 colleges increased enrollment/36 decreased enrollment), continuing education (30 colleges increased enrollment/28 decreased enrollment) and basic skills (four colleges increased enrollment/54 decreased enrollment).

Mr. Raye questioned the role that waivers played in the decline of the budget numbers. Ms. Grovenstein stated that waivers definitely play a big part in the downtrend of tuition collection rates. She noted that last year, \$44 million was spent for Career and College Promise tuition waivers. She stated that the prior year, the number was closer to the \$36 to \$39 million range. She mentioned that the waiver numbers are growing year over year and are a big driver of the receipt shortfall.

Mr. Raye requested information on the amount of revenue being recalled in the budget callback. Ms. Grovenstein stated that the amount was eight million dollars.

Mr. Sullivan wanted to know if the amount called back would still be considered adequate given the budget numbers just provided to the committee. Ms. Grovenstein noted that the estimation was made in January that receipts would be 5.5% to 6% below budget. She stated receipts are currently in that range and there was no need to adjust the call back at this time.

FOR ACTION

Allocation for Construction Outreach and Pilot Summer Camps (Attachment FC 02)

Ms. Grovenstein started by reminding the committee that they had approved a contract last month entitled the Construction and Contractor Career Branding and Awareness Project. The General Assembly provided \$200,000 in funding for this program. The Carolinas Association of General Contractors was a driving force behind this undertaking. Dr. Lisa Chapman delivered a presentation to the General Assembly's Transportation Committee regarding issues surrounding construction related careers. Ms. Grovenstein noted that there is a high demand for construction industry jobs but not enough qualified applicants. This item is the final piece needed to bring the program to potential applicants. She stated the committee is asked to approve \$12,000 which would enable Durham Technical Community College to administer a

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

summer camp covering classes in different construction areas. She reiterated that this project was being conducted in collaboration with the Carolinas Association of General Contractors.

Mr. Rose wanted clarification on whether the money for the project was available.
Ms. Grovenstein confirmed that it was available.

Mr. Rose motioned for approval, Mr. F. Johnson seconded the motion. The Committee approved the Allocation for Construction Outreach and Pilot Summer Camps (Attachment FC 02) as presented.

Further discussion occurred referencing the item. Mr. Raye requested further details on the items being provided for students. Dr. Meyer elaborated on the goal of the class. He noted that the general idea of the class was to provide an overview of the construction industry, including the plumbing and carpentry trades, and to cover the commercial building and residential building aspects of the construction industry. He did confirm that personal protective wear would be provided to the students. He commended Durham Technical Community College for stepping up and providing the summer camp and all that was required for it. He noted that this pilot program would be shared with other colleges (there were only two other colleges with construction camps presently).

Mr. Raye questioned whether construction companies might assist with teaching and providing supplies. Dr. Meyer stated that the Durham Contractors Association would not only be providing a stipend to students but also contributing equipment and expertise. He noted that additionally, the C. T. Wilson construction firm would be allowing one of their employees to instruct.

Mr. F. Johnson noted that he faces the same issues with hiring and finding qualified applicants. He stated that his company provided courses modeled after the boy scout merit badges for electrical, mechanical, safety, and electronics. He noted that the material is much more detailed and geared towards adults but very well received.

State Board Reserve Funding for RISE Model and Pilot Development (Attachment FC 03)

Ms. Grovenstein reminded the board members that the General Assembly appropriates a recurring amount of money each year for the State Board. She expressed that at this time there was about \$31,000 remaining in the reserve and this item would use \$29,000. She noted this allocation would go to Wake Technical Community College (WTCC) to serve as lead institution on this pilot program. She mentioned that WTCC would establish the professional development program and deliver it to eight regions. She stated that the System Office is looking at the delivery of developmental education. She noted that the college presidents were invited to participate in the process and they have endorsed the idea of a co-requisite model for the instruction. Ms. Grovenstein explained that the pilot would be deployed in the

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

Spring of 2019. She told the board members that WTCC had already been serving as a lead college on the Career College Ready Graduate program, which also dealt with developmental education on the high school level, and the college would be a natural fit to lead the RISE professional development program. Ms. Grovenstein deferred to Ms. Susan Barbitta for any questions.

Mr. Sullivan motioned for approval, Mr. F. Johnson seconded the motion. The Committee approved the State Board Reserve Funding for RISE Model and Pilot Development (Attachment FC 03) as presented.

Ms. Estep questioned whether the pilot involved online modules or instruction. Ms. Barbitta stated that it was a combination of face to face instruction with online modules. She noted that there would be eight regional face to face sessions and then those classes would be incorporated into online courses.

Allocation for Sub-Orbital Student Competition Launch Day Activities (Attachment FC 04)

Ms. Grovenstein noted that Board has previously approved items of this nature submitted via the North Carolina Space Grant Program. She stated that this item was basically a clean-up item to cover funding for the actual Catawba Valley launch area.

Mr. F. Johnson motioned for approval, Mr. Rose seconded the motion. The Committee approved the Allocation for Sub-Orbital Student Competition Launch Day Activities (Attachment FC 04) as presented.

North Carolina Community College Grant Program Payment Schedule (Attachment FC 05)

Ms. Grovenstein pointed out to the committee that this item was scheduled for the 2018-19 fiscal year due to financial aid offices needing to have information up front to make decisions. She explained that the money came from the Escheat fund. This fund was comprised of earnings and returns netted from invested unclaimed property and assets and by law was designated for needy financial aid. The North Carolina Community College Grant schedule was built to compliment and supplement the Pell and Lottery scholarship funds.

Mr. Rose noticed while looking at the schedule that the Estimated Family Contribution (EFC) stopped at \$8,500. He questioned whether there were any levels above that where students receive nothing. Ms. Grovenstein stated that \$8,500 would be where applicants cap out. Mr. F. Johnson further explained that if a family's income allowed a contribution of \$8,501, the student received \$0 in scholarship funds. Mr. Rose understood.

Ms. Grovenstein pointed out that a change was made in the program that she thought was exciting. In 2014 the General Assembly required that incentives be offered for students taking 15 semester hours of courses because these students would have much more likelihood of

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

graduating. Ms. Grovenstein showed the committee members on the table where the additional incentive was for students taking 15 credit hours of courses. For the 2018-19 grant schedule the incentive was doubled to a maximum of \$800.

Mr. Raye asked if any of the funds had to be repaid. Ms. Grovenstein stated that the funds did not have to be repaid as these funds were like a grant or scholarship.

Mr. F. Johnson made the observation that a person working part-time and taking 12 credit hours worth of courses might be able to cease working and go to school full time if he/she qualified for this grant. Ms. Grovenstein said that potentially this was the case. She explained that the grant could offset the cost of textbooks and other costs.

For informational purposes, Ms. Grovenstein offered data showing that 26,000 students were assisted with this grant last year. She stated that out of these students about half were half-time students and half were full-time students.

Mr. Sullivan requested information on the source of the funding for this grant. Ms. Grovenstein pointed him to the Escheat fund mentioned earlier. He then asked if the funding was stable enough to continually support this grant. He was concerned about the Lottery funding that was used in conjunction with the Community College funding. Ms. Grovenstein assured him that the Lottery scholarship funds have been stable.

Mr. Raye requested a monetary figure on the amount that community college students received from the lottery fund last year. Ms. Grovenstein provided him with the total of \$13.1 million dollars that was allocated to the scholarship fund last year.

Mr. Sullivan motioned for approval, Ms. Estep seconded. The Committee approved the North Carolina Community College Grant Program Payment Schedule (Attachment FC 05) as presented.

State Financial Aid Allocation for the Targeted Assistance Student Program (Attachment FC 06)

Ms. Grovenstein noted that this item came up for approval before the committee each year. She brought the committee's attention to the reference in General Statute 115D which allows the State Board to allocate up to 10% for financial assistance to specific students (targeted assistance). She noted these students enroll in low enrollment programs and/or in high demand occupations. She stated that these students may have disabilities and that they may attend less-than-half time. She pointed out that other financial aid programs may not accommodate these students because they attend school less than half time. She stated that \$550,000 total is being requested for the program.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

Mr. Rose requested an example of a low-enrollment program. Ms. Grovenstein noted that it would be determined locally and would vary from college to college but gave the example of a heavy equipment operator. Mr. F. Johnson offered the example of a welder as a low-enrollment program. Ms. Grovenstein also noted the construction trades discussed earlier would be examples of low-enrollment programs. Mr. Rose indicated he understood.

Mr. Rose motioned for approval, Mr. F. Johnson seconded the motion. The Committee approved the State Financial Aid Allocation for the Targeted Assistance Student Program (Attachment FC 06) as presented.

Service Agreement for System-Wide Diagnostic Assessment System (Attachment FC 07)

Ms. Grovenstein stated that this item was last approved in May 2016. She noted that the contract was initiated by the System Office but used by the colleges. She stated that the service was for diagnostic assessment of students. She explained that certain students enrolled in college but did not meet certain levels of GPA or SAT scores and may need to take developmental courses. She stated that in order to determine the appropriate course level for these students they were required to take the diagnostic assessment. She noted that the colleges paid the cost directly but that the System Office developed the contract.

Mr. Raye noted that it was most likely less expensive to procure the product in this manner rather than all the colleges having to purchase the product on their own.

Mr. F. Johnson motioned for approval, Mr. Rose seconded the motion. The Committee approved the Service Agreement for System-Wide Diagnostic Assessment System (Attachment FC 07) as presented.

Construction and Property (Attachment FC 08)[CA]

Ms. Grovenstein reviewed the following items:

Category A: New (Non-State and Other State funds):

Ms. Grovenstein noted that there were no new items under this category.

Category B: Amended (Non-State and Other State Funds):

Ms. Grovenstein noted that there were no new items under this category.

Category C: New (Connect NC Bond Funds):

Ms. Grovenstein stated that there were a number of projects under this category. Alamance Community College had a project for their Culinary program. Catawba Community College had multiple chiller and cooler replacements. Nash Community College was replacing a number of roofs.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

Southwestern Community College was building a Fire and Rescue Training Center.

Mr. Rose noted that while he always voted for these items, he did comment a bit, specifically referencing items like Nash Community College, because he believed the county should be keeping up with building maintenance for the colleges and that bond money should not be paying for these items.

Mr. F. Johnson questioned whether or not there was a standard that had to be met before the funding could be disbursed to the colleges. Ms. Grovenstein noted that the bonds could be used for renovation or repair and that the items fell within the guidelines for the funding. She stated that the requests were screened before the funds were allocated. She noted that forms were submitted which the System Office staff reviewed prior to funds being disbursed to assure that requirements were being met. She mentioned that after meeting with the Legislative Capital Oversight Committee, the members were very supportive of the fact that colleges were using the funds for repair and renovation and that the members saw these items as a need.

Mr. Rose mentioned that there should be a distinction between repair and renovation. He believed any work performed at the school should be used towards supporting students.

Mr. Raye was bothered by the fact that bond money has replaced money that the counties were spending on college maintenance. He speculated that the counties would be in a bind if they didn't have the bond money to conduct repairs on the colleges.

Category D: Amended (Connect NC Bonds Funds):
Ms. Grovenstein noted that the Asheville-Buncombe Technical Community College item was a correction to a previous error. Wake Technical Community College had money in one project and moved it from that project to another.

Category E: Project Approval – Final – Close Out (Connect NC Bond Funds):
Ms. Grovenstein reported that there were several projects that had closed out.

Category F: Acquisition and Disposal of Real Property:
Ms. Grovenstein stated that there were three items – two in Brunswick and one in Lenoir requesting to dispose of property.

MINUTES
State Board of Community Colleges
FINANCE COMMITTEE
Thursday, March 15, 2018 - 1:30 p.m.

Mr. Rose motioned for approval, Mr. Sullivan seconded the motion. The Committee approved Construction and Property (FC 08) as presented.

NEW BUSINESS

New Director of College Capital Finance and Planning Mark Cooney

Ms. Grovenstein introduced Mark Cooney, the new Director of College Capital Finance and Planning. She noted that he had over 20 years experience as an Engineer.

Mr. Raye invited Mr. Cooney to speak. Mr. Cooney gave a brief description of his background, including where he was from, his educational background, Naval service, and his career with the State of North Carolina which included time with the Department of Transportation, Wildlife Resources, and ten years with Cultural and Natural Resources. His stated that his reason for wanting to being at the System Office had to do with his daughter. He noted that she was preparing to graduate from Cape Fear Community College and he wanted to be a part of the system responsible for her education.

ADJOURNMENT

Mr. Rose motioned, seconded by Ms. Estep and the meeting was adjourned at 2:30 p.m.

Respectfully Submitted,
Laura Jordan
Recording Secretary