



NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Dr. William S. Carver, II
Interim President

NUMBERED MEMO CC23-008

TO: Members of the State Board of Community Colleges, Chairs of the Community College Boards of Trustees, Community College Presidents, Chief Academic Officers, Chief Admissions Officers, Basic Skills Directors, Business Officers, Continuing Education Officers, Customized Training Directors, Chief Financial Officers, Financial Aid Officers, Personnel Directors, Student Development Administrators, Public Information Officers, Registrars, & Other Interested Parties

FROM: Tawanda Foster Artis
NCCCS General Counsel

SUBJECT: Proposed Amendment of 1H SBCCC 200.1 – Allocation of Funds

DATE: March 21, 2023

The State Board of Community Colleges has initiated the rulemaking process to amend **1H SBCCC 200.1 – Allocation of Funds**. The proposed amendment would add a new subsection (c2) directing receipt and the use of categorical funds to be reported annually to the North Carolina Community College System in accordance with the System’s Annual Reporting Plan. The proposed amendment is published on the NC Community College System's website, www.nccommunitycolleges.edu/sbcccode. For your convenience, a copy of the proposed rule, with the changes indicated, are attached to this memorandum. Strikethroughs indicate deletions of existing language and underlines indicate additions of language.

Any member of the public has the right to submit written comments on the proposed rule. Please note that any person who submits public comments on

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behalf of their community college should comply with their college's local process for submitting comments on a proposed rule. Written comments on the rule must be received by no later than 5:00 p.m. on April 20, 2023. Any member of the public has the right to request a hearing on the proposed rule. Requests for a hearing must be received by no later than 5:00 p.m. on April 5, 2023. Written comments and requests for hearing shall be directed to the following address: Tawanda Foster Artis, 5001 Mail Service Center, Raleigh, NC 27699-5001 or by email to **publiccomments@nccommunitycolleges.edu**. Thank you for your attention to this matter.

CC23-008

E-mail Copy
Attachments



State Board of Community Colleges Code

Petition for Rulemaking Form

Date: March 21, 2023

Title, Chapter, Subchapter, and Rule Number of Rule Proposed to be Adopted, Amended, or Repealed	Amend 1H SBCCC 200.1 – Allocation of Funds
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Specify whether the SBCC proposes to amend, adopt, or repeal a rule:

Adopt (new rule)	Amend (change existing rule)	Repeal (delete entire rule)
	X	

Rationale for proposed adoption, amendment, or repeal:	The proposed amendment would add a new subsection (c2) directing receipt and the use of categorical funds to be reported annually to the North Carolina Community College System in accordance with the System's Annual Reporting Plan.
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Proposed Effective Date of Rule	June 1, 2023
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1H SBCCC 200.1 is proposed for amendment as follows:



1 **State Board Community Colleges Code**

2 **TITLE 1 – COMMUNITY COLLEGES**

3 **CHAPTER H. FISCAL MANAGEMENT**

4 **SUBCHAPTER 200. STATE FUNDS**

5 **1H SBCCC 200.1 Allocation of Funds**

6 (a) The State Board shall allocate State funds to colleges using one or more of the
7 following methods:

8 (1) Formula allocation: Allocations calculated using a formula of objective,
9 verifiable factors.

10 (2) Competitive allocation: Allocations determined through a competitive process
11 through which colleges apply for funds and the colleges' requests are evaluated
12 and ranked based on identified criteria.

13 (3) Direct allocation: Funds allocated directly to a specific college when one of
14 the following conditions apply:

15 (A) The General Assembly directs that funds shall be allocated to a specific
16 ~~college; college.~~

17 (B) The terms of a grant award require that grant funds be allocated to a
18 specific ~~college; or college.~~

19 (C) A college has programmatic ability unique among colleges and the desire
20 to fulfill the objectives for which the funds ~~allocated~~ are allocated.

21 (b) Notwithstanding subsection (a) of this rule, the State Board delegates to the
22 President of the North Carolina Community College System the authority to approve
23 allocations made pursuant to any of the following:

24 (1) 1H SBCCC 200.1(a)(2) if the total amount of funds allocated under the
25 competitive process does not exceed ~~\$250,000;~~ \$250,000.

26 (2) 1H SBCCC 200.1(a)(3)(A) and ~~(B); or (B).~~

27 (3) 1H SBCCC 200.1(a)(3)(C) if the total amount of funds allocated to the
28 college does not exceed \$250,000.

- 1 The System Office shall provide at least biannually a report to the State Board
2 listing any allocations approved by the President pursuant to this delegated
3 authority.
- 4 (c1) At the time of allocation, the System Office shall notify colleges of the allocation
5 period, which is the time period during which the college is authorized to expend the
6 allocation. The System Office shall extend the allocation period if additional time is
7 needed for the college to complete the objectives for which the funds were
8 allocated, funds remain available, and the extension of the allocation period is in the
9 best interest of the NC Community College System as determined by the System
10 President.
- 11 (c2) Colleges receiving categorical funds from any state government source must report
12 the receipt and use of such funds annually to the North Carolina Community College
13 System in accordance with the System's Annual Reporting Plan.
- 14 (d) The System Office may reduce a college's allocation under the following
15 circumstances:
- 16 (1) At the System Office's request, a college voluntarily forgoes an amount of its
17 approved allocation because it is not able to fully expend the funds and other
18 colleges have a need for those funds; or
- 19 (2) A college fails to meet pre-determined programmatic or expenditure
20 benchmarks that were communicated to the college when the State Board
21 initially allocated funds and other colleges have a need for those funds; or
- 22 (3) Revenue collections are not meeting budget projections and there is a
23 projected cash shortfall of greater magnitude than one that can be covered
24 through projected unexpended allocations.
- 25 (e) If a college's allocation is reduced as provided in subsection (d), the System Office
26 shall reallocate those funds to other colleges that demonstrate need and an ability
27 to utilize the funds if there is no projected cash shortfall.

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1 *History Note: Authority G.S. 115D-5;*
2 *Eff. [November 1, 2015](#).*
3 *Amended Eff. _____; [September 1, 2019](#).*

DRAFT