

FINANCE COMMITTEE
August 18, 2016 - 1:30 p.m.

Members Present:

Lynn Raye
Todd Johnson

Janet Lowder
Jim Rose
Scott Shook

System Office Staff and Others:

Jennifer Haygood, NCCCS
Brandy Andrews, NCCCS
Jessica Balazsi, NCCCS
Susan Barbitta, NCCCS
Julie Batchelor, NCCCS
Debbie Batten, NCCCS
John Evans, NCCCS
Dorrine Fokes, NCCCS

James Williamson, NCCCS President
Arthur Hohnsbehn, NCCCS
Cheryl Kaminski, NCCCS
Sharon Rosado, NCCCS
Maria Pharr, NCCCS
Margaret Robertson, NCCCS
Dr. Dale McInnis, Richmond CC
Dr. Lawrence Rouse, James Sprunt CC

CALL TO ORDER

Mr. Lynn Raye called the meeting to order at 1:30 p.m.

ROLL CALL

Carmen Cargill took the roll of the Finance Committee members.

ETHICS AWARENESS AND CONFLICT OF INTEREST

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

AGENDA

Mr. Raye asked for a motion to approve the agenda for the meeting as presented. Mr. Rose moved, seconded by Mr. Todd Johnson.

MINUTES

Mr. Raye asked for a motion to approve the minutes of the July 14, 2016, meeting as presented. Mr. Johnson moved and Mr. Rose seconded the motion.

FOR INFORMATION

SBCC Code Report – August 2016 (Attachment FC 1)

Ms. Haygood reviewed the SBCC Code Report for August 2016. Ms. Haygood stated that the report provides the Board with a summary of where State Board Code items are in the process. She further stated that the item “AMEND Title 1, Chapter A – State Board Governance” which codifies college services areas, and was approved at the July 15, 2016, went into effect on August 1, 2016.

Also listed on the report is a new rule which is being presented to the Board today under For Future Action.

For Future Action

Initiation of the Rulemaking Process to Amend 1E SBCCC 900.1 – “Curriculum Tuition Refunds” (Attachment FC 2)

Ms. Haygood discussed the amendment of the 1E SBCCC 900.1 – “Curriculum Tuition Refunds” and provided the Committee with background information. Ms. Haygood noted that this rule is related to changes in the state residency system. Current students are grandfathered and would not be affected by the residency determination of the system.

After discussion, Mr. Rose motioned to suspend the rules and move the item to For Action. Ms. Lowder seconded the motion. Mr. Raye asked for a vote to approve the item For Action and the Committee approved the Initiation of the Rulemaking Process to Amend 1E SBCCC 900.1 – “Curriculum Tuition Refunds”.

For Action

Final Approval for Multi-Campus Center Designations: Asheville-Buncombe Technical, Durham Technical, and Mitchell Community Colleges (Attachment FC 3)

Ms. Haygood reviewed the request for final approval for multi-campus center designations for Asheville-Buncombe Technical, Durham Technical, and Mitchell Community Colleges. Ms. Haygood reviewed the approval process and stated that the State Board had previously granted preliminary approval to designate these campuses as MCC locations, contingent on the General Assembly appropriating additional funds. Funding in the amount of \$1,553,733 for these locations was approved and additional contingencies for Asheville-Buncombe Technical Community College have been satisfied.

Mr. Johnson motioned, seconded by Ms. Lowder. The Committee approved the multi-campus center designations for Asheville-Buncombe Technical Community College, Durham Technical Community College, and Mitchell Community College.

FY 2016-17 State Aid Allocations and Budget Policies (Attachment FC 4)

Ms. Lowder moved, Mr. Johnson seconded, and the Committee approved the FY 2016-17 State Aid Allocation and Budget Policies as presented.

Ms. Haygood presented the FY 2016-17 State Aid Allocations and Budget Policies and proceeded to review specific sections of the document. The following State Salary sections were discussed in detail explaining the difference between recurring and non-recurring funds.

II. Guidelines Related to State Salaries of Community College Employees

A. Salaries of Faculty, Professional Staff, and Other State-Supported Positions

- 1) Compensation Increase Reserve Funds (Recurring) appropriated to support recurring salary increases for community college employees have been incorporated into the colleges' formula and categorical allocations by increasing the base and FTE funding rates.
 - 2) Compensation Increase Reserve Funds (Non-Recurring) appropriated to support bonuses for community college employees provided colleges the flexibility to use these funds to provide bonuses through one or more method.
 - 3) Allowable Methods of Awarding Compensation Increase Reserve Funds - Colleges must award these funds through one or more of the following methods and must be consistent with local policies and/or board of trustee directives. In addition, colleges may increase base salaries for retention bonuses or market rate adjustments.
 - a) Merit-based adjustments,
 - b) Across-the-board adjustments,
 - c) Recruitment bonuses,
 - d) Retention/market rate adjustments, and
 - e) Other adjustments authorized by local policy (i.e. increases for educational attainment, experience, etc.)
 - 4) Reporting on the Use of Compensation Increase Reserve Funds - The State Board is required to report to the General Assembly on the use of the Compensation Increase Reserve funds by March 1, 2017. A reporting template will be provided to colleges by the System Office.
- B. Establishment of Minimum Salaries for Curriculum Faculty - the minimum salaries for full-time faculty were increased by 1.5% from FY 2015-16 levels. The minimum salaries for community college curriculum faculty shall be:

Education Level	Full-Time Faculty (9-month Contract)	Part-Time Faculty (Hourly Rate)
Vocational Diploma, Certificate or Less	\$35,844	\$26.42
Associates Degree or Equivalent	\$36,356	\$26.80
Bachelor's Degree	\$38,579	\$28.44
Master's Degree or Education Specialist	\$40,551	\$29.89
Doctoral Degree	\$43,394	\$31.99

- C. College Presidents' State Salaries - The salary for each grade has been increased by 1.5% above FY 2015-16 levels. State salaries for college Presidents is based on the size of the institution and not years of service. There were three colleges whose enrollment has declined and therefore, the salary grade has declined.

GRADE		
1	2	3

FTE RANGE		
0-2499	2500-6499	6500+

ANNUAL STATE SALARY		
\$138,254	\$147,659	\$157,718

- D. Employer Contribution Rates and Longevity - The FY 2016-17 budget includes a one-time cost-of-living supplement for retirees. The supplement and the associated increase in the retirement rates are non-recurring. The recurring funds needed to support the recurring increase in the retirement rates have been incorporated into the formula values. The additional funds needed to support the non-recurring increase in the retirement rates associated with the one-time supplement for retirees were allotted as a separate allocation.

Ms. Haygood proceeded to provide an in-depth review of Section III. – Budget Allocations. A lengthy discussion followed and allowed comments and questions for each allocation.

Local Government Finance Officer Training (Attachment FC 5)

Ms. Haygood reviewed the request to allocate \$25,000 for Local Government Finance Officer Training to Surry Community College Virtual Learning Center. The funding will provide resources and support to develop a continuing education course on Municipal Finance which will be offered in Fall 2016 at four pilot colleges (Beaufort CC, Johnston CC, Rowan-Cabarrus CC and Asheville-Buncombe Tech CC).

Ms. Lowder motioned, seconded by Mr. Johnson, and the Committee approved the allocation of up to \$25,000 to Surry Community College Virtual Learning Center for Local Government Finance Officer Training.

Allocation for Advancing Post-Secondary Apprenticeship Project (Attachment FC 6)

Ms. Haygood presented the request to approve \$36,903 in 2016-17 Perkins Career and Technical Education (CTE) Leadership Funds for *Advancing Postsecondary Apprenticeship* to Catawba Valley Community College (CVCC). Dr. Witchger provided a brief statement on the project which seeks to develop a statewide model for growing apprenticeships for postsecondary students.

Mr. Rose motioned for approval. Ms. Lowder seconded, and the Committee approved the allocation of \$36,903 to Catawba Valley Community College.

State Board Reserve Allocation for the Career-and-College-Ready Alignment Partnership Lead College (Attachment FC 7)

Ms. Haygood reviewed the request to approve an allocation of \$125,000 of State Board Reserve funds to Wake Technical Community College to serve as the Lead College for the Career-and-College-Ready Alignment Partnership for FY 2016-17 and FY 2017-18. Ms. Haygood introduced Ms. Susan Barbitta, who spoke briefly about the project, stating that six colleges had signed up for this pilot program. Ms. Haygood further stated that the funds would be expended over the next two years.

Mr. Rose motioned, seconded by Mr. Johnson. The Committee approved the allocation of \$125,000 of State Board Reserve funds to Wake Technical Community College. The college may not expend more than \$70,000 in FY 2016-17 without the approval of the System CFO.

Allocation for Bionetwork Host Colleges (Attachment FC 8)

Ms. Haygood introduced the request to allocate \$2,100,000 to the BioNetwork host colleges. Ms. Haygood stated that these allocations are intended to cover the costs for the first half of the fiscal year. Dr. Maria Pharr added that the NCCCS System Office continues to work with 3 of the 5 host colleges to complete signed MOUs. Dr. Pharr added that the System Offices intends to allocate additional funds to host colleges that meet the statewide needs for the remaining two quarters of FY 2016-17 in December.

Ms. Lowder moved, seconded by Mr. Johnson. The Committee approved the allocation of \$2,100,000 to the following BioNetwork host colleges.

Host College	Allocation	Time Frame
A-B Tech CC	\$394,457	July 1, 2016 – December 31, 2016
Forsyth Technical CC	\$236,349	July 1, 2016 – December 31, 2016
Gaston College	\$412,093	July 1, 2016 – December 31, 2016
Pitt CC	\$470,282	July 1, 2016 – December 31, 2016
Wake Tech CC	\$586,819	July 1, 2016 – December 31, 2016

Allocation for Minority Male Success Initiative Grants (Attachment FC 9)

Ms. Haygood reviewed the request to allocate \$809,998 to 47 community colleges for the Minority Male Success Initiative (formerly known as the Minority Male Mentoring Program (3MP)) for the 2016-17 academic year. Ms. Haygood introduced Mr. John Evans, who provided additional background on the program. Mr. Evans stated that request for proposals were sent to all 58 community colleges and 47 responses were received and are recommended for approval.

After a brief discussion, Mr. Rose motioned and Ms. Lowder seconded. The request to allocate \$809,998 to 47 community colleges for the Minority Male Success Initiative was approved.

Allocation for NCWorks Customized Training - Regional Trainers (Attachment FC 10)

Ms. Haygood detailed the request to approve the allocation of \$834,583 to seven community colleges. These community colleges will serve as hosts for seven Customized Training regional trainers who deliver training services to business and industry statewide. Ms. Haygood called on Maureen Little who further stated that the seven trainers spent more than 6,000 hours in front of company projects last year.

Mr. Rose motioned, seconded by Mr. Johnson, and the Committee approved the allocation of \$834,583 as follows:

College	Instructional Area	Allocation Amount
Beaufort County CC	Safety/Continuous Improvement, East	\$132,663
Blue Ridge CC	Safety, West	\$100,773
Central Piedmont CC	Leadership, Central	\$113,123
Durham Tech CC	Leadership and Interpersonal Skills, East	\$114,722
Rowan-Cabarrus CC	Continuous Improvement, Central	\$139,860
South Piedmont CC	Leadership and Interpersonal Skills, West	\$111,215
Western Piedmont CC	Safety, Central	\$122,227
Total		\$834,583

Construction and Property (Attachment FC 11)

Ms. Sharon Rosado reviewed the agenda items in detail.

Mr. Todd Johnson moved, Ms. Lowder seconded, and the Committee approved the following new projects.

1. Project Approval – New

- A. Beaufort County Community College – Project No. 2079 – Emergency Services Training Complex – Main Campus – Estimated cost is \$5,798,650, composed of \$30,420 state equipment funds, \$105,000 advanced planning funds (40720) which are available for planning. **Note: President Ralls, under the authority granted to him by the State Board, approved this project on May 8, 2015.**
- B. Southwestern Community College – Project No. 2203 – Summit Building Renovation – Main Campus – Estimated cost is \$482,000, composed of all local funds.

- C. Southwestern Community College – Project No. 2204 – Maintenance Building – Main Campus – Estimated cost is \$700,000, composed of all local funds.

Ms. Rosado reviewed the New – Connect NC Bond projects listed for approval. She stated there were 22 projects of which 18 are Repairs and Renovation projects.

After Ms. Rosado completed her review, Ms. Lowder moved, seconded by Mr. Johnson and the following projects were approved.

2. Project Approval – New – Connect NC Bonds

- A. Beaufort County Community College – Project No. 2191 – ADA Upgrades – Main Campus – Estimated cost is \$658,800, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- B. Blue Ridge Community College – Project No. 2106 – Arts and Science Building (Science Lab) Renovation – Main Campus – Estimated cost is \$300,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- C. Blue Ridge Community College – Project No. 2107 – Spearman Building (Customized Training) Addition – Main Campus – Estimated cost is \$1,645,750, composed of all state funds **(Connect NC Bonds – 46620/New Construction)**.
- D. Blue Ridge Community College – Project No. 2108 – Sink Building (One Stop Center) Renovation Phase 1 – Main Campus – Estimated cost is \$701,532, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- E. Blue Ridge Community College – Project No. 2117 – Straus Building (Instructional Classrooms) Renovations – Transylvania Campus – Estimated cost is \$74,300, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- F. Cape Fear Community College – Project No. 2197 – Building K (Auto Body Technology Facility) Renovation – Main Campus – Estimated cost is \$718,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**. Contingent upon Board of Trustees approval which is expected on August 12, 2016.
- G. Cape Fear Community College – Project No. 2198 – Building F (Automotive Technology Facility) Renovation – Main Campus – Estimated cost is \$200,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**. Contingent upon Board of Trustees approval which is expected on August 12, 2016.
- H. Cape Fear Community College – Project No. 2199 – Building W (Marine Technology and Hospitality) Renovation – Main Campus – Estimated cost is \$2,000,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**. Contingent upon Board of Trustees approval which is expected on August 12, 2016.

- I. College of the Albemarle – Project No. 2140 – Performing Arts Center Renovation – Main Campus – Estimated cost is \$517,672, composed of \$150,521 local funds and \$367,151 state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- J. Mayland Community College – Project No. 2174 – Pinebridge Coliseum (Instructional Classrooms) Renovations – Main Campus – Estimated cost is \$2,330,375, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- K. Pamlico Community College – Project No. 2201 – Johnson Building (Instructional Classrooms) Renovations – Main Campus – Estimated cost is \$4,793,233, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- L. Piedmont Community College – Project No. 2122 – Building E (Student Center) Renovations – Main Campus – Estimated cost is \$638,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- M. Piedmont Community College – Project No. 2123 – Building D (Auditorium) Renovations – Main Campus – Estimated cost is \$675,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- N. Piedmont Community College – Project No. 2125 – Mechanical Room Boiler Replacement – Main Campus – Estimated cost is \$172,000, composed of \$72,000 local funds and \$100,000 state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- O. Randolph Community College – Project No. 2168 – Allied Health Center – Main Campus – Estimated cost is \$14,450,000, composed of \$9,363,158 local funds and \$5,086,842 state funds **(Connect NC Bonds – 46620/New Construction)**.
- P. Rockingham Community College – Project No. 2190 – James Library Renovation – Main Campus – Estimated cost is \$300,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- Q. Rowan-Cabarrus Community College – Project No. 2151 – Fire and Emergency Services Training Facility Phase II – Main Campus – Estimated cost is \$1,050,000, composed of all state funds **(Connect NC Bonds – 46620/New Construction)**.
- R. Southwestern Community College – Project No. 2205 – Health Science Building – Main Campus – Estimated cost is \$16,975,000, composed of \$11,529,403 local funds and \$5,445,597 state funds **(Connect NC Bonds – 46620/New Construction)**.
- S. Surry Community College – Project No. 2207 – Building C (Instructional Classrooms) Roof Replacement – Main Campus – Estimated cost is \$263,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.

- T. Surry Community College – Project No. 2208 – Building I (Industrial Training Center) Addition – Main Campus – Estimated cost is \$31,500, composed of all state funds **(Connect NC Bonds – 46620/New Construction)**.
- U. Surry Community College – Project No. 2209 – Building K (Engineering Technology) Electrical Upgrades – Main Campus – Estimated cost is \$16,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- V. Surry Community College – Project No. 2210 – Building R (Instructional Classrooms) Roof Replacement – Main Campus – Estimated cost is \$191,500, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- W. Wayne Community College – Project No. 2196 – Boiler Replacement – Main Campus – Estimated cost is \$347,000, composed of \$192,000 local funds and \$155,000 state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.

Mr. Johnson motioned, seconded by Ms. Lowder, and the Committee approved the following amended projects.

3. Project Approval – Amended – Connect NC Bonds

- A. Rockingham Community College – Project No. 2162 – Advanced Technologies Building Renovation – Main Campus – Estimated cost is \$478,888, composed of \$78,888 federal funds and \$400,000 state funds (46620). Project is being amended to add \$78,888 federal funds and \$100,000 state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.

Mr. Rose motioned, seconded by Ms. Johnson. The Committee approved the following Acquisition and Disposal projects.

4. Acquisition and Disposal of Real Property

- A. Catawba Valley Community College – The Board of Trustees of Catawba Valley Community College requests permission as per G.S. 115D-15 to transfer approximately 8.961 acres of property located on the main campus to Catawba County. This conveyance will allow the County to use the property as security in a loan transaction that will provide the County funds to construct the Workforce Solutions Complex, Project No. 1718. Upon fulfilling the financing obligation, the County will convey the title to the property along with any improvements back to the Board of Trustees of Catawba Valley Community College.
- B. Rowan-Cabarrus Community College – The Board of Trustees of Rowan-Cabarrus Community College - Cabarrus County, requests permission as per G.S. 115D-20 to acquire by donation, approximately 2 acres of property, located adjacent to the College's North Carolina Research Campus (Parcel I.D. #56145128290000).

- C. Rowan-Cabarrus Community College – The Board of Trustees of Rowan-Cabarrus Community College - Cabarrus County, requests permission as per G.S. 115D-20 to acquire by donation, approximately 10.89 acres of property, with a building approximately 43,593 square feet, located at 660 Concord Parkway North, Concord, North Carolina (Parcel I.D. #56119185030000).

Adjournment

Mr. Rose motioned, seconded by Ms. Lowder and the meeting was adjourned at 3:03 p.m.

DRAFT