

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

Members Present:

Lynn Raye
Lisa Estep
Jim Rose

Janet Lowder
Lee Roberts

System Office Staff and Others:

Elizabeth Grovenstein, NCCCS
Brandy Andrews, NCCCS
Debbie Batten, NCCCS
Amy Cooke, NCCCS
Kathy Davis, NCCCS
Jennifer Haygood, NCCCS
Cheryl Kaminski, NCCCS

Joy Martin, NCCCS
Jim Parker, NCCCS
Maria Pharr, NCCCS
Sharon Rosado, NCCCS
Mary Shuping, NCCCS
Bryan Conrad, OSBM
Lisa Fox, NCGA

CALL TO ORDER

Mr. Lynn Raye called the meeting to order at 1:32 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. Ms. Estep moved, seconded by Ms. Lowder.

MINUTES

Mr. Raye asked for a motion to approve the minutes of the October 20, 2016, meeting as presented. Ms. Lowder moved and Mr. Rose seconded the motion.

FOR INFORMATION

Estimated Receipts (Attachment FC 1)

Ms. Grovenstein provided a brief overview of the October 2016 Estimated Receipts. Ms. Grovenstein stated that receipts through the end of October are approximately \$149 million, which is about 43.6% of budget. Ms. Grovenstein further stated that this is a positive trend as compared to last year's benchmark.

SBCC Code Report – November 2016 (Attachment FC 2)

Ms. Grovenstein presented the SBCC Code Report. Ms. Grovenstein stated the first item on the report, “Curriculum Tuition Refunds” would be discussed further under item FC7. The next item on the report, “Public Input”, is being discussed in Policy Committee. This rule provides for anyone who is interested in a rule change to receive notification. The following item, “General Provisions” will be presented as FC 6, and the final item on the report, “North Carolina Proprietary School Fee Schedule” is also being reviewed in the Policy Committee.

Connect NC Bond Status Report (Attachment FC 3)

Ms. Grovenstein presented the Connect NC Bond Status Report stating this is a new report to the Committee. The report details, by college, each project that has been approved using Connect NC Bond funds. Ms. Grovenstein stated the report details whether the project is new construction or R&R, and indicates if any additional funds have been authorized. Ms. Grovenstein indicated that 111 projects have been authorized to date, representing \$147 million of the total Connect NC Bond Funding.

For Future Action

Purchasing Delegation Request – Davidson County Community College (Attachment FC 4)

Purchasing Delegation Request – Fayetteville Technical Community College (Attachment FC 5)

Ms. Grovenstein presented the request for additional purchasing delegation from Davidson and Fayetteville Technical Community Colleges (FC 4 and FC 5) concurrently. Ms. Grovenstein stated both colleges currently have Tier 1 designation authority and are requesting approval for Tier 2 delegation authority of \$25,000. Ms. Grovenstein further stated that each college has completed the compliance review process and has met those requirements. These request further require the approval of the State Division of Purchase and Contract, which has been requested.

Initiation of the Rulemaking Process to Amend 1E SBCCC 800.2 - “General Provisions” (Attachment FC 6)*

Mr. Raye introduced the agenda item and noted the request to suspend the rules and move FC 6 “Initiation of the Rulemaking Process to Amend 1E SBCCC 800.2 - “General Provisions” to the For Action agenda.

Ms. Grovenstein proceeded to review the item stating this request to initiate rule making seeks to resolve an issue with waivers for curriculum and continuing education students. The rule would set the students eligibility for the waivers at the beginning of the term or course. If the students’ status changes during the term, the change would be effective with the next term or course.

Mr. Rose moved to suspend the rules and move the item to For Action. Ms. Estep seconded, and the motion was approved.

Ms. Estep moved for approval, seconded by Mr. Roberts, and the motion passed.

For Action

Amend 1E SBCCC 900.1 – “Curriculum Tuition Refunds” (Attachment FC 7)

Ms. Grovenstein reviewed the request to amend rule 1E SBCCC 900.1 – “Curriculum Tuition Refunds”. Ms. Grovenstein stated that this rule, which would be effective beginning February 2017, amends the policy related to tuition refunds for students who will have their residency determined by a new centralized state-wide residency determination system.

Ms. Rose motioned and was seconded by Ms. Estep, and the motion was approved.

2017 Budget Priorities (Attachment 8)

Mr. Raye introduced the item and asked Ms. Jennifer Haygood to review. Ms. Haygood began by stating that this item is substantially the same as the 2017 Budget Priorities discussed at the October 2016 meeting, however it is presented in a new format based on feedback from that discussion. Ms. Haygood called attention to the Technical Adjustments section which highlights the enrollment growth adjustment and the correction of the \$10 million salary loss error.

Attachment FC 8
(Revised 11/16/2016)

NC COMMUNITY COLLEGES
CREATING SUCCESS

DRAFT 2017-19 BUDGET PRIORITIES

GOALS	LEGISLATIVE PRIORITY	FY 2017-18	FY 2018-19
TECHNICAL ADJUSTMENTS	Correct 2016 Salary Loss Error.	\$10,000,000 R	\$10,000,000 R
	Enrollment Growth Adjustment.	\$9,960,254 R	\$9,960,254 R
	Technical Adjustments Subtotal	\$19,960,254 R	\$19,960,254 R
ENSURE A HIGHLY SKILLED WORKFORCE PIPELINE Ensure business & industry has quick and easy access to a highly skilled, well-trained workforce and ensure students have an awareness of and access to quality, well-paying career opportunities.	Invest in Workforce Training*		
	• Increase Funding for Short-Term Workforce Training Programs Leading to Industry Credentials.	\$15,300,777 R	\$15,300,777 R
	• Fund Study of Workforce Training Costs.	\$98,500 NR	Based on study
	• Start-Up Fund for High-Cost Workforce Programs.	\$3,000,000 R	\$4,500,000 R
	• Fund Additional Career Coaches. Promote workforce training options for students by placing additional Career Coaches in high schools.	\$1,100,000 R	\$1,840,000 R
	• Increase Student Completion.** Improve student completion rates by investing in student support services at rate of \$20/student.	\$22,634,940 R	\$22,634,940 R
Strengthen Community Colleges			
• Reward Colleges for Outcomes.** Reward colleges for preparing students for better-paying jobs resulting in earnings gains.	\$3,000,000 R	\$3,000,000 R	
Ensure Highly Skilled Workforce Pipeline Subtotal		\$45,035,717 R	\$47,275,717 R
STRENGTHEN COMMUNITY COLLEGES To continue to provide business & industry with a highly-skilled workforce pipeline, community colleges must have a solid & stable foundation of operations.	Stabilize Budgets* . Lessen impacts of volatile enrollment changes by funding:		
	• Stop-Loss Provision for colleges experiencing significant enrollment declines.	\$4,420,876 R	\$4,420,876 R
	• Enrollment Growth Reserve for colleges experiencing significant enrollment increases.	\$5,000,000 R	\$5,000,000 R
Raise Faculty & Staff Salaries.		Provide sub/ salary increases in same amount as given to State employees.	
Strengthen Community Colleges Subtotal		\$9,420,876 R	\$9,420,876 R
TOTAL		\$74,416,847 R	\$78,656,847 R
		\$10,038,500 NR	

* Addresses issue identified in Program Evaluation Division's (PED) Report on Funding for NC's Community Colleges (October 2016).

ACCESSIBLE & AFFORDABLE EDUCATION: COMMUNITY COLLEGE TRANSFER INCENTIVE

SBCC
11/18/2016

Attachment FC 8
(Revised 11/16/2016)

NC COMMUNITY COLLEGES
CREATING SUCCESS

DRAFT 2017-19 BUDGET PRIORITIES

**MAKE COLLEGE ACCESSIBLE & AFFORDABLE FOR ALL STUDENTS:
NC Community College Transfer Incentive**

GOAL → Provide an affordable pathway for students to earn a baccalaureate degree that:

- ✓ Reduces education costs to the student and the State.
- ✓ Reduces student debt.
- ✓ Provides an interim degree to increase job opportunities.
- ✓ Reward students who complete a college transfer associate degree.

SOLUTION → Community College Transfer Incentive. Reward completion & incentivize students to choose a NC community college transfer program by providing a scholarship to students who complete an associate degree and then transfer to either a UNC institution or a private college or university in NC.

How It Works →

1. NC resident completes a college transfer associate degree at a NC community college.
2. Transfers to UNC institution or NC private college or university as a first-time bachelor's degree student.
3. Receives \$2,500/year for up to 2 academic years.
4. Must maintain satisfactory academic progress.

INITIAL COST →

- ✓ Approximately 2,600 students currently complete a college transfer associate degree and then transfer each year.
- ✓ Est. cost based on current # of students transferring with college transfer associate degree: \$13 million

LONG-TERM SAVINGS →

- ✓ Student savings: \$20,000+ (tuition, fees, housing costs)
- ✓ Each student incentivized to start at a community college, rather than UNC saves the State approximately \$8,000.

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After discussion, Mr. Raye requested a motion to approve. Mr. Rose moved, seconded by Ms. Lowder, and the Board approved the 2017-19 Budget Priorities.

Allocation for Sub-Orbital Student Competition (Attachment FC 9) [CA]

Ms. Grovenstein reviewed the request for the Board to approve \$35,000 to be allocated to six NC Community Colleges from the Sub-orbital student competition sub-grant. Ms. Grovenstein stated the six community colleges will be allocated \$5,833 each and these funds will cover the

cost of supplies and small parts for the payload, helium for prototype tests, and travel for retrieval of the payload post-launch.

After discussion, Ms. Lowder moved, seconded by Ms. Estep, and the Board approved allocation of \$5,833 to Catawba Valley Community College, Durham Technical Community College, Edgecombe Community College, Pitt Community College, Rowan-Cabarrus Community College, and Southwestern Community College.

Service Agreement with Gartner, Inc. (Attachment FC 10)

Mr. Raye introduced the item and asked Jim Parker, Sr. Vice President and CIO to speak. Mr. Parker stated that Gartner is a leading IT research and advisory company that provides the largest base of IT research analysts and consultants. He further stated that the State Chief Information Officer established a Master Client Agreement with Gartner to provide state entities with easy access to Gartner research, analytical services and technical advice, and eliminated the need to compete the contract. Mr. Parker continued to discuss the request to approve a multi-year contract with Gartner, Inc. for an amount not to exceed \$359,258. He stated the contract would provide key services in the areas of:

- Vendor neutral technical expertise and assistance to enable the crafting of a vendor neutral ERP RFP
- Strategic-level leadership expertise in the stand-up and continuing operations of an ERP PMO
- On-demand access to executive and technical leaders experienced in the design, migration and implementation of cloud based infrastructure and platform services
- On-demand access to research and analytical services with domain knowledge across the spectrum of technologies employed by the system office and the 58 colleges.

After further discussion, Mr. Raye requested a motion to approve. Ms. Lowder moved, seconded by Ms. Estep and the request was approved.

Allocation for Integrated English Literacy and Civics Education Planning Grants (Attachment FC 11) [CA]

Ms. Grovenstein reviewed the request to allocate \$180,000 for eighteen (18) Integrated English Literacy and Civics Education (IELCE) Planning Grants. Ms. Grovenstein stated that these funds would provide those providers who had unsuccessfully applied for an IELCE implementation grant with \$10,000 for planning and development of IELCE program models that are in compliance with IELCE funding requirements and can be expanded or replicated by NC providers.

Ms. Estep motioned and was seconded by Mr. Roberts. The motion passed.

Service Agreement for Adult Basic Skills Professional Development (Attachment FC 12) [CA]

Ms. Grovenstein reviewed the request to allocate \$200,600 for a service agreement with Appalachian State University for to improve the professional development of Basic Skills trainers, administrators, instructors, and volunteers.

Mr. Rose motioned, seconded by Ms. Lowder, and the Committee approved the allocation.

Service Agreement for the Virtual Computing Environment (Attachment FC 13) [CA]

Ms. Grovenstein presented the request to approve \$100,325 for a Service Agreement with North Carolina State University for participation in the Virtual Computing Environment (VCE). Ms. Grovenstein stated this agreement allows individual community colleges to provide computer lab services through cloud computing and to achieve cost efficiencies for software and hardware. Ms. Grovenstein further stated that this year's contract provides a cost savings of approximately \$30,000 over the previous year.

Ms. Estep motioned for the approval, seconded by Mr. Roberts. The motion passed.

Contract Amendment for Broadband Connectivity (Attachment FC 14)

Ms. Grovenstein presented the request to approve an amendment to the Broadband Connectivity contract with MCNC to extend the contract for 4 years for an amount not to exceed \$15,000,000. Ms. Grovenstein noted that this contract amendment provides an annual savings of \$169,415 over the current fiscal year cost or a total savings of \$677,600 over the life of the contract.

Mr. Rose motioned for approval, seconded by Ms. Estep. The motion passed.

Construction and Property (Attachment FC 15) [CA]

Ms. Grovenstein introduced Ms. Rosado who reviewed the agenda items in detail.

After discussion of project details, Mr. Rose moved, Ms. Estep seconded, and the Committee approved the following new projects.

1. Project Approval – New

- A. Durham Technical Community College – Project No. 2247 – Summit Building Renovation – Main Campus – Estimated cost is \$1,400,000 composed of all local funds.

2. Project Approval – New – Connect NC Bonds (Additional detail found on Attachment A).

- A. Caldwell Community College and Technical Institute – Project No. 2236 – Student Services Center – Watauga Campus – Estimated cost is \$4,685,600, composed of all state funds **(Connect NC Bonds – 46620/New Construction)**.

- B. Central Carolina Community College – Project No. 2230 – West Harnett Center (Auto Restoration) Renovation – Estimated cost is \$1,000,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- C. Martin Community College – Project No. 2252 – Campus Wide Door Replacements (Instructional and Administrative) – Estimated cost is \$395,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**. **Note: Contingent upon Board of Trustees approval, which is expected on November 15, 2016.**
- D. McDowell Technical Community College – Project No. 2244 – Building 14 (Health Sciences Lab) Renovation – Main Campus – Estimated cost is \$240,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- E. Mitchell Community College – Project No. 2254 – Wallace House (Student Activity – Multipurpose) – Renovation – Main Campus – Estimated cost is \$350,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- F. Montgomery Community College – Project No. 2242 – Building 200 (Instructional Classrooms) HVAC Replacement – Main Campus – Estimated cost is \$1,000,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- G. Montgomery Community College – Project No. 2243 – Center for Workplace Development Renovation – Main Campus – Estimated cost is \$200,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- H. Surry Community College – Project No. 2239 – Building C (Instructional Classrooms) Renovations – Main Campus – Estimated cost is \$280,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.

After discussion of project details by Ms. Rosado, Mr. Rose moved, Ms. Estep seconded, and the Committee approved the following new projects.

- I. Surry Community College – Project No. 2240 – Building P (Student Activity – Multipurpose) Renovations – Main Campus – Estimated cost is \$470,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- J. Surry Community College – Project No. 2241 – Building S (Welding and Metal Working Instruction) Renovations – Main Campus – Estimated cost is \$85,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.
- K. Tri-County Community College – Project No. 2255 – Student Services Reception Area - (Student Services) Renovations – Main Campus – Estimated cost is \$28,000, composed of all state funds **(Connect NC Bonds – 46620/Repairs and Renovations)**.

After review of project details by Ms. Rosado, Mr. Rose moved, Ms. Estep seconded, and the Committee approved the following Amended – Connect NC Bond projects and the Acquisition and Disposal of Real Property.

3. Project Approval – Amended – Connect NC Bonds

- A. Central Piedmont Community College – Project No. 2114 – Property Purchase – Main Campus – Estimated cost is \$1,585,480, composed of all state funds (46620). Project is being amended to add \$518,800 state funds (**Connect NC Bonds – 46620/New Construction**).
- B. Craven Community College – Project No. 2184 – Barker Hall First Stop Renovation (Student Services) – Main Campus – Estimated cost is \$1,200,000, composed of \$264,575 local funds and \$935,425 state funds (46620). Project is amended to add \$264,575 local funds and increase \$440,425 state funds (**Connect NC Bonds – 46620/Repairs and Renovations**).
- C. Isothermal Community College – Project No. 2088 – Comprehensive Applied Sciences and Workforce Development Center – Main Campus – Estimated cost is \$8,717,501, composed of \$4,700,000 local funds, \$2,017,501 federal funds, and \$2,000,000 state funds (46620). Project is amended to add \$2,000,000 state funds (**Connect NC Bonds – 46620/New Construction**).
- D. Nash Community College – Project No. 2133 – Building A and B – Roof Replacement - Main Campus – Estimated cost is \$260,150, composed of all state funds (46620). Project is amended to add \$29,000 state funds (**Connect NC Bonds – 46620/Repairs and Renovations**).
- E. Rockingham Community College – Project No. 2095 – Whitcomb Student Center Renovation - Main Campus – Estimated cost is \$1,200,000, composed of \$750,000 local funds and \$450,000 (46620). Project is amended to add \$450,000 state funds (**Connect NC Bonds – 46620/Repairs and Renovations**).

4. Acquisition and Disposal of Real Property

- A. Central Carolina Community College – The Board of Trustees of Central Carolina Community College request permission as per G.S. 115D-20 to acquire by donation, approximately 3.11 acres of property with a building approximately 8,650 square feet located at 220 Olive Farm Road, Sanford, North Carolina from Harnett County.
- B. Piedmont Community College – The Board of Trustees of Piedmont Community College request permission as per G.S. 115D-15 to dispose of by sell, the old Post Office building located at 208 South Main Street, Roxboro, North Carolina. **Note: President Williamson,**

under the authority granted to him by the State Board, approved this project on October 21, 2016.

- C. Sandhills Community College – The Board of Trustees of Sandhills Community College request permission as per G.S. 115D-20 to acquire by donation, approximately 1.5 acres of property located at 110 East Central Avenue, Raeford, North Carolina.
- D. Wake Technical Community College – The Board of Trustees of Wake Technical Community College request permission as per G.S. 115D-20 to acquire by purchase, approximately 2.05 acres of property located on Daffodil Drive, Raleigh, North Carolina adjacent to the main campus.

Adjournment

Mr. Rose motioned, seconded by Ms. Estep and the meeting was adjourned at 3:15 p.m.

DRAFT