

STATE BOARD OF COMMUNITY COLLEGES
Finance Committee Agenda Items: A Review

The State Board of Community Colleges has a number of duties associated with fiscal matters. The following is a summary of those duties that are reviewed through the Finance Committee.

Budget Allocations: G.S. 115D-5 (a): “The State Board of Community Colleges may adopt and execute such policies, regulations and standards...to provide for the equitable distribution of State and federal funds to the several institutions.” Also, per G.S. 115D-31, the State Board of Community Colleges is responsible for providing funds to support current operating expenses for general administration, instructional services, and support services, as well as providing funds for equipment for administrative and instructional purposes and library books, to meet the financial needs of the community colleges.

- **Approve the System’s budget priorities and support** their adoption by the General Assembly.
- **Approve all budget allocations** to colleges. Most funds are allocated on a formula basis; however, some are allocated on a competitive RFP basis or other rationale. Our practice is to put on consent agenda those allocations that are significantly similar to those that have been discussed by the Committee during the prior year.
- **Approve any changes to budget allocation formulas.** Unless the General Assembly enacts legislation directing changes to a funding formula, the State Board determines allocation formulas. Changes to funding formulas are typically vetted through the NC Association of Community College Presidents (NCACCP) prior to being recommended to the State Board.

Typically the Finance Committee approves the colleges’ annual State budget allocations in July or August. Given the uncertainty of when the General Assembly will enact a final budget for FY 2015-16, these allocations have been delayed. We anticipate bringing budget allocations to the State Board in September, even if enactment of a State budget is not imminent. In addition to college budget allocations, we anticipate the State Board may need to revisit the Basic Skills Block Grant allocation formula in advance of FY 2016-17 to account for the proposed deletion of the Adult High School Equivalency attainment performance measure and changes in federal regulations.

Tuition and Fees: G.S. 115D-5(a): “The State Board shall have authority...to establish and regulate student tuition and fees within policies for tuition and fees established by the General Assembly....”

- **Establish curriculum tuition and continuing education registration fee rates.** Current tuition rate: \$72/credit hour (resident) and \$263/credit hour (non-resident) up to a maximum of 16 credit hours per semester.
- **Establish policies regarding optional student tuition and fees.** The State Board’s policies on student tuition and fees can be found in 1E of the State Board of Community Colleges Code (SBCCC). A complete recodification of this chapter was adopted in May 2014.

- **Monitor receipt collections.** The Committee monitors tuition and continuing education (con ed) registration fee receipt collections on a monthly basis.

In the upcoming year, the Finance Committee will likely be asked to revisit policies on student tuition. The NCACCP has established an ad hoc committee to look at current tuition policies.

Fiscal Policy and Management: G.S. 115D-5(a): “The State Board shall have authority...to establish and regulate financial accounting procedures.”

- **Adopt budget policies** consistent with legislation. The State Board’s policies on fiscal management can be found in 1H SBCCC.
- **Approve System Office contracts in excess of \$100,000.** The State Board has delegated to the System President the authority to sign and execute contracts equal to or less than \$100,000, without prior State Board approval.
- Per G.S. 115D-58.14, the State Board may **increase or decrease a college’s purchasing delegation**, in consultation with the Department of Administration. The maximum delegation amount is \$100,000. Our largest contracts are IT-related.

The Finance Committee will consider recodification of 1H SBCCC Fiscal Management chapter of the State Board Code. Many Code provisions are obsolete or need clarification.

Construction and Property: The State Board has a number of duties and responsibilities as it relates to capital improvement projects.

- **Approve sites and capital improvement projects** under G.S. 115D-5.
- **Approve the sale, exchange, or lease of property** under G.S. 115D-15.
- **Approve the acquisition of property** as provided by G.S. 115D-5 and G.S. 115D-20, including the acquisition of property by condemnation.
- **Approve special construction delegation to colleges** under G.S.115D-9. Colleges with full special construction delegation authority can manage - independent of the State Construction Office - projects that are all locally funded and projects that cost \$4 million or less that involve State funds.

In addition to routine requests, the Finance Committee should pay attention to proposed legislation for a State infrastructure bond. Governor McCrory recommended \$200 million in bond proceeds support community college capital improvement projects. We also anticipate that the Finance Committee will be asked to consider the establishment of two new Multi-Campus Centers.

Reports: In addition to the above, the Finance Committee also hears reports on a variety of topics, including various capital improvement-related projects, contracts executed under delegated authority (bi-annual), grants awarded (bi-annual), State Board Reserve obligations/expenditures (bi-annual), financial aid programs, and college local fees.