



SENATE BILL 420: CC Bd. of Trustees/Governance.

2017-2018 General Assembly

Committee:	Senate Education/Higher Education.	If Date:	April 24, 2017
	favorable, re-refer to Rules and Operations of the Senate		
Introduced by:	Sens. Curtis, Barefoot	Prepared by:	Drupti Chauhan
Analysis of:	First Edition		Committee Counsel

OVERVIEW: Senate Bill 420 would (i) allow the State Board of Community Colleges (SBCC) appoint an interim board of trustees to assume the powers and duties of a board of trustees of a local community college in certain instances; (ii) require that the boards of trustees of local community colleges meet at least once every 2 months; and (iii) authorize the SBCC to require financial audits in certain cases.

SECTION 1

CURRENT LAW: G.S. 115D-12 establishes the local boards of trustees for community colleges. There are thirteen members on each board, including the president of the student body as an ex officio member. Of the remaining twelve members, they are appointed in groups of four respectively by the following entities: (i) the board(s) of education of the local school administrative unit(s) located in the administrative area of the institution; (ii) the board(s) of commissioners of the county or counties in the administrative area of the institution; and (iii) the Governor. Under G.S. 115D-6, the SBCC can withdraw or withhold State financial and administrative support of a local community colleges if any of the following occur:

- The required local financial support of an institution is not provided.
- Sufficient State funds are not available.
- The officials of an institution refuse or are unable to maintain prescribed standards of administration or instruction.
- Local educational needs for such an institution cease to exist.

BILL ANALYSIS: The bill would establish a procedure by which the SBCC can provide a notice of noncompliance to a local board of trustees and appoint an interim board of trustees when the SBCC finds that a local board of trustees has willfully or as a result of gross negligence failed to or refused to comply with applicable State laws and rules and sound fiscal and management practices.

Notice – If the SBCC finds that a local board of trustees has willfully or as result of gross negligence failed to or refused to comply with applicable State laws and rules and sound fiscal and management practices, the SBCC may issue a written notice to the board of trustees of these findings and direct the local board to take immediate remedial action to address the issues.

Resolution – If, after receipt of this notice, a board of trustees continues to willfully or as a result of gross negligence fail to or refuse to comply with applicable State laws and rules and sound fiscal and management practices identified in the notice, the SBCC may adopt a resolution by two thirds of the

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SBCC board members in attendance to vacate the terms of the local board of trustees and appoint an interim local board to assume the duties and responsibilities of that board of trustees.

Before adopting the resolution, the SBCC must consult with the appointing authorities of the board of trustees and representatives of the North Carolina Association of Community Colleges Trustees and the North Carolina Association of Community College Presidents regarding the proposed resolution. The SBCC may use this authority as a extraordinary remedy in the most extreme circumstances.

Interim Board and Permanent Replacements – The adoption of the resolution would have the effect of vacating the terms of all of the members serving on that board of trustees. The SBCC would then have to appoint an interim 5 member board of trustees for a period of no longer than 12 months. The appointing authorities of the local administrative area of the community college must make recommendations to the SBCC on the appointment of the interim board members. At the of the service of the interim board of trustees, a new board of trustees for that community college must be appointed in accordance with G.S. 115D-12 which is described above and the initial terms of the new members of the board of trustees staggered to align with the remainder of the vacated terms of the former members of the board.

Notice to the General Assembly – Within 60 days of the adoption of the resolution to remove the members of a board of trustees, the SBCC must report to the General Assembly on the adoption of the resolution and any necessary legislative recommendations addressing the future governance of that community college.

SECTION 2

CURRENT LAW: Each local board of trustees must meet as often as necessary for the conduct of the business of the community college but must meet at least once every 3 months.

BILL ANALYSIS: The bill would require that local boards of trustees meet at least once every 2 months.

SECTION 3

CURRENT LAW: Each community college is subject to a financial audit at a minimum of once every 2 years and must submit the results of the audits to the SBCC.

BILL ANALYSIS: The bill would allow the SBCC to require a community college to be audited annually after the community college has 2 consecutive audits with findings.

EFFECTIVE DATE: The bill would become effective when it becomes law.