



System Office Reorganization

A Report to the:

Joint Legislative Education Oversight Committee

House Appropriations Committee on Education

Senate Appropriations Committee on Education/Higher Education,

Fiscal Research Division.

Submitted by President Peter Hans

S.L. 2018-5, Sec. 9.1

April 1, 2019

BACKGROUND

S.L. 2018-5, Sec. 9.1, authorizes the President of the North Carolina Community College System to reorganize the System Office in accordance with recommendations and plans submitted to and approved by the State Board of Community Colleges. Further, the provision requires the System President to report by April 1, 2019, of any reorganization, including any movement of positions and funds between fund codes on a recurring basis.

REORGANIZATION ACTIONS

On November 16, 2019, the State Board approved a plan to reorganize the NCCCS budget to better reflect the recurring expenditures of the System and to rationalize the presentation of these expenditures (see Attachment A). For example, IT contracts supporting college IT infrastructure have been budgeted historically in various fund codes. This budget reorganization ensures that all funds supporting college IT contracts are budgeted in one fund code, increasing transparency necessary for better management of our IT contracts. The approved reorganization did not include any movement of positions between fund codes.

LEGISLATIVE REQUEST

The General Assembly is requested to codify the System President's authority to reorganize the System Office in statute, ensuring the ability to continuously utilize System Office positions and funds in the most prudent manner. The System Office has a practice of reviewing all vacancies to determine whether the position should continue to be used in its current manner or repurposed to better meet the agency's strategic goals. Such repurposing may require reorganization of positions and funds between fund codes. We recommend including the following provision language in the budget:

SECTION XX.X(a). Section 9.1 of S.L. 2017-57 as amended by Section 9.1 of S.L. 2018-5 is repealed.

SECTION XX.X(b). G.S. 115D-3 is amended by adding a new subsection to read:

“(d) Notwithstanding any other provision of law, the President may reorganize the System Office in accordance with recommendations and plans submitted to and approved by the State Board of Community Colleges. The President shall report annually, not later than March 1st, on any reorganization, including any movement of positions and funds on a recurring basis, to the Joint Legislative Education Oversight Committee.”

STATE BOARD OF COMMUNITY COLLEGES
Reorganization of NCCCS Budget
FY 2018-19

Request: The State Board of Community Colleges is asked to approve the reorganization of the NCCCS budget.

Background: Funding for each System Office division is budgeted in a separate fund code. In addition, budgets that support college expenditures are budgeted separately from the fund codes for the System Office division. The fund codes that support college expenditures each begin with 16XX. The State Budget Act prohibits State agencies from transferring funds on a recurring basis between fund codes. Therefore, the System Office cannot transfer funds from one division to another on a permanent basis. As the State Board requested, Section 9.1 of Session Law 2018-5 allows the System President to reorganize subject to the State Board's approval.

Rationale: The NCCCS budget contains funds for information technology (IT) contracts that support the needs of colleges. As IT contracts have been established in the NCCCS budget over time, some IT contracts have been budgeted in the Technology Division or the Economic Development Division and other IT contracts have been budgeted in Institutional and Academic Support Fund 1625. In order to better oversee and manage these IT contracts for colleges, it is recommended that budgets for these college IT contracts be transferred into Institutional and Academic Support Fund 1625. In addition to these IT contracts, there are other systemwide college needs that have historically been supported by budget in Curriculum Instruction Fund 1620. These funds have been transferred annually to support these systemwide expenditures in Fund 1625. It is recommended that this transfer be made a recurring part of the budget. Finally, it is recommended that funds be transferred to support ongoing operational needs of the Executive Division. The table below summarizes the recommended reorganization.

	Fund	Budget Change
Executive Division	1100	\$ 99,000
Technology Division	1200	(4,951,836)
Economic Development Division	1500	(92,941)
Curriculum Instruction	1620	(1,500,000)
Institutional and Academic Support	1625	6,445,777
Net Change		\$ 0