

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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SENATE BILL 420

Short Title: CC Bd. of Trustees/Governance.

(Public)

Sponsors: Senators Curtis and Barefoot (Primary Sponsors).

Referred to: Rules and Operations of the Senate

March 29, 2017

1 A BILL TO BE ENTITLED
2 AN ACT TO PROVIDE FOR CIRCUMSTANCES IN WHICH THE STATE BOARD OF
3 COMMUNITY COLLEGES MAY APPOINT AN INTERIM BOARD OF TRUSTEES TO
4 ASSUME THE POWERS AND DUTIES OF A BOARD OF TRUSTEES; TO REQUIRE
5 THAT A BOARD OF TRUSTEES MEET AT LEAST ONCE EVERY TWO MONTHS;
6 AND TO AUTHORIZE THE STATE BOARD OF COMMUNITY COLLEGES TO
7 REQUIRE FINANCIAL AUDITS IN CERTAIN CIRCUMSTANCES.

8 The General Assembly of North Carolina enacts:

9 SECTION 1. Article 1 of Chapter 115D of the General Statutes is amended by
10 adding a new section to read:

11 "**§ 115D-6.5. Notice of noncompliance; appointment of an interim board of trustees.**

12 (a) Notice. – The State Board of Community Colleges is responsible for assuring that
13 boards of trustees of the community colleges comply with applicable State laws, rules, and
14 sound fiscal and management practices. In addition to any actions taken by the State Board
15 under G.S. 115D-6(3), if the State Board finds that a board of trustees of a community college
16 has willfully, or as a result of gross negligence, failed to or refused to comply with applicable
17 State laws, rules, and sound fiscal and management practices, the State Board may issue a
18 written notice to the board of trustees of its findings and direct the board of trustees to take
19 remedial action immediately to address those findings upon receipt of the notice.

20 (b) Resolution. – If, after receipt of the notice issued under subsection (a) of this
21 section, a board of trustees willfully, or as a result of gross negligence, persists in refusing or
22 failing to comply with the State laws, rules, or sound fiscal and management practices
23 identified in the notice, the State Board of Community Colleges may adopt a resolution, upon
24 approval of at least two-thirds of the members of the State Board attending the meeting in
25 which the resolution is considered, to vacate the terms of the board of trustees and appoint an
26 interim board of trustees to assume the duties and responsibilities of that board of trustees. Prior
27 to adopting the resolution, the State Board shall consult with the appointing authorities of the
28 board of trustees and representatives of the North Carolina Association of Community College
29 Trustees and the North Carolina Association of Community College Presidents regarding the
30 proposed resolution. The State Board shall only exercise this authority as an extraordinary
31 remedy utilized in the most extreme circumstances.

32 (c) Interim Board Assumption of Powers and Duties. – The adoption of the resolution
33 under this section shall have the effect of vacating the terms of all of the members serving on
34 the board of trustees. Notwithstanding G.S. 115D-12, the State Board of Community Colleges
35 shall appoint an interim five-member board of trustees for a period not to exceed 12 months. To
36 preserve local autonomy, the appointing authorities of the local administrative area of the



1 community college under G.S. 115D-12 shall make recommendations to the State Board on the
2 appointment of the members to the interim board of trustees. At the end of the period of service
3 of the interim board of trustees, a board of trustees for the community college shall be
4 appointed in accordance with G.S. 115D-12. Initial terms of members of the new board of
5 trustees shall be staggered to align with the remainder of the vacated terms of the members of
6 the board of trustees.

7 (d) Notice to the General Assembly. – Within 60 days of the adoption of the resolution
8 under this section, the State Board shall report to the General Assembly in accordance with
9 G.S. 120-29.5 on the adoption of the resolution, the interim board of trustees appointed by the
10 State Board, and any legislative recommendations necessary in regard to the future governance
11 of the community college.

12 (e) State Board Policy. – The State Board of Community Colleges shall adopt any
13 policies necessary to implement the provisions of this section."

14 **SECTION 2.** G.S. 115D-18 reads as rewritten:

15 "**§ 115D-18. Organization of boards; meetings.**

16 At the first meeting after its selection, each board of trustees shall elect from its
17 membership a ~~chairman, chair~~, who shall preside at all board meetings, and a ~~vice-chairman,~~
18 ~~vice-chair~~, who shall preside in the absence of the ~~chairman, chair~~. The trustees shall also elect a
19 secretary, who may be a trustee, to keep the minutes of all board meetings. All three officers of
20 the board shall be elected for a period of one year but shall be eligible for reelection by the
21 board.

22 Each board of trustees shall meet as often as may be necessary for the conduct of the
23 business of the institution but shall meet at least once every ~~three~~ two months. Meetings may be
24 called by the ~~chairman, chair~~ of the board, a majority of the trustees, or the chief administrative
25 officer of the institution."

26 **SECTION 3.** G.S. 115D-58.16(a) reads as rewritten:

27 "(a) Each community college shall be subject to a financial audit a minimum of once
28 every two years. Community colleges may use State funds to contract with the State Auditor or
29 with a certified public accountant to perform the audits. The colleges shall submit the results of
30 the audits to the State Board of Community Colleges. The State Board of Community Colleges
31 may require a community college to be audited annually after the community college has two
32 consecutive financial audits with findings.

33 The State Board of Community Colleges shall ensure that all colleges are audited in
34 accordance with this section."

35 **SECTION 4.** This act is effective when it becomes law.