

## **BOARD OF GOVERNORS MEETING**

The University of North Carolina

November 12, 2004

The Board of Governors met in regular session on November 12, 2004, in the Board Room of the General Administration Building, Chapel Hill. Mr. Wilson, the chairman, called the meeting to order at 10:30 a.m.

### **INVOCATION**

Mr. Aldridge gave the invocation:

Lord, we thank you for the freedoms we enjoy in this nation, which include among other freedoms, freedom of religion, speech, to assemble, and to vote in elections of local, state and national leaders. We ask that you grant to all elected officials in our state and nation the strength, wisdom, and courage to lead us and to vote their freedoms. We pray that as they lead in their elected positions, they will show compassion, understanding, and tolerance of each other, and be willing to hear and understand the views of others as they make decisions that will affect all of us. For our Governor, our General Assembly, and citizens of our state, we give thee thanks for their support of education and our state university system. Help us, as members of this board, to lead the university so that they will continue to support and be proud of our university. We ask your blessings for our board, our president, chancellors and all the leaders who serve this university on each of the 16 campuses, including our professors, teachers, doctors, researchers, and our staff, even those who are paid the lower salaries in our system. We know it takes all of us to continue the service and teaching that is required by our society. Keep us all aware that the goal of the university is to make our state, our nation, and the world a better place to live, work, and play. Lord, never let us forget that the students are our future and they must have the knowledge and the skills to move our state into the 21<sup>st</sup> century. Bless our students and help them to find their roles in society. Lord, grant this board and all who make up this great university system, the wisdom, courage, and strength to make this university the best it can be, and this state a leader in our nation's educational economic opportunity. In thy name we pray, Amen.

### **ROLL CALL**

Secretary Perry called the roll and the following members were present:

J. Bradley Wilson  
Bradley T. Adcock

H. Frank Grainger  
Peter D. Hans

G. Irvin Aldridge  
 James G. Babb  
 Brent D. Barringer  
 J. Addison Bell  
 R. Steve Bowden  
 F. Edward Broadwell, Jr.  
 William L. Burns, Jr.  
 C. C. Cameron  
 Bert Collins  
 John W. Davis III  
 Amanda M. Devore  
 Bert Collins  
 Dudley E. Flood  
 Hannah D. Gage  
 Willie J. Gilchrist

James E. Holshouser, Jr.  
 Peter Keber  
 Adelaide D. Key  
 G. Leroy Lail  
 Charles H. Mercer, Jr.  
 Charles S. Norwood  
 Cary C. Owen  
 Patsy B. Perry  
 Jim W. Phillips, Jr.  
 Gladys Ashe Robinson  
 Benjamin S. Ruffin  
 Estelle W. Sanders  
 J. Craig Souza  
 Priscilla P. Taylor  
 Robert F. Warwick

The following members were absent:

John F.A.V. Cecil

Ray S. Farris

Secretary Perry indicated that Mr. Farris had an excused absence under the provisions of the statute.

## **MINUTES**

Mr. Warwick moved, seconded by Mr. Aldridge, that the minutes of the meeting of October 8, 2004, be approved. The motion carried.

## **PRESIDENT'S REPORT**

President Broad introduced the chancellors and representatives of affiliated organizations in attendance at the meeting and gave the board an update of the good news and accolades afforded many of the campuses.

In her report, President Broad discussed the 2004 enrollment growth, the steps being taken by our campuses to boost teacher supply, the 2005-07 budget request, and the auditor's special review of the North Carolina School of the Arts. For the President's full report, see Appendix A.

## **ADMINISTRATIVE ACTION ITEMS**

Chairman Wilson called attention to the Administrative Action Items listed on the agenda. Dr. Gilchrist moved, seconded by Mr. Hans, that the following Administrative Action Items be approved by consent:

- |           |  |            |
|-----------|--|------------|
| a. (B&F)  | Approval of the UNC Management Flexibility Legislation, Summary of Institutional Annual Reports, 2003-04 | Appendix B |
| b. (B&F)  | Authorization of Capital Improvements Project, NCSU  | Appendix C |
| c. (B&F)  | Approval of Disposition of Property, UNCCH   | Appendix D |
| d. (EPPP) | Authorization to Plan the Doctor of Philosophy in Organizational Science, UNCC                           | Appendix E |
| e. (EPPP) | Authorization to Establish the Doctor of Philosophy in Energy and Environmental Studies, NCA&T           | Appendix F |
| f. (EPPP) | Authorization to Establish the Doctor of Philosophy in Leadership Studies, NCA&T                         | Appendix G |
| g. (EPPP) | Authorization to Establish the Doctor of Philosophy in Communication, Rhetoric, and Digital Media, NCSU  | Appendix H |
| h. (EPPP) | Authorization to Establish the Doctor of Philosophy in Occupational Science, UNCCH                       | Appendix I |
| i. (EPPP) | Authorization to Establish the Doctor of Philosophy in Nursing, UNCG                                     | Appendix J |
| j. (EPPP) | Authorization to Establish the Doctor of Physical Therapy, ECU   | Appendix K |
| k. (EPPP) | Approval of Licensure for DeVry to offer the following programs in Charlotte, North Carolina:            |            |
|           | • Bachelor of Science in Computer Information  |            |

	Systems degree	
	• Add concentrations in Health Services Management and Sales Marketing to the licensed Bachelor of Science in Business Administration degree	Appendix L
l. (EPPP)	Approval of the Report on Primary Care Physicians and Providers	Appendix M
m.(P&T)	Approval of the Amendment to Policy 300.1.1, <i>Senior Academic and Administrative Officers</i>	Appendix N
n. (IT)	Approval of the Policy 1400.1, <i>The UNC Board of Governors Policy on the Use of Information Technology</i>	Appendix O

The motion carried.

### **REPORT OF COMMITTEE ON BUDGET AND FINANCE**

Mr. Phillips, chair of the Committee on Budget and Finance, presented the committee's report. He stated that the committee approved its annual report, and it is included in the board notebooks.

Mr. Phillips summarized the Recommendations of the Special Committee Reviewing the Funding Model for Enrollment Growth. The committee recommends that the *Delaware Cost Study* continue to be the source of national cost data used to review and validate the cost categories in the model, that three of the undergraduate cost factors be changed to reflect more relevant ways to determine which schools qualify for the factors, and that the calculation at the end of the model that provides financial aid for our institutions be deleted since the board's need-based financial aid program has received such enormous support by the General Assembly. On behalf of the committee, Mr. Phillips moved approval of the Recommendations of the Special Committee Reviewing the Funding Model for Enrollment Growth. The motion carried.

(Appendix P)

Mr. Phillips stated that the recommended 2005-07 Budget Request of the Board of Governors has been under development since the board approved the long-range plan in

January. The request identifies the programs and activities needed to carry out the strategic directions of the Board of Governors. These requests for expansions and improvements total \$316 million for 2005-06 and an additional \$94.6 million for 2006-07. In addition, funds are requested for salary increases at a rate of 7.5% each year, and as required by statute, the request outlines the six-year plan for capital improvements. On behalf of the committee, Mr. Phillips moved that the 2005-07 Budget Request of the Board of Governors be approved and transmitted to the Governor and the General Assembly. The motion passed. A summary of the budget request can be found at Appendix Q.

Mr. Phillips reported that the committee voted to approve a clarifying change to Policy 600.3.1, *Selection Criteria and Operating Instructions for Special Responsibility Constituent Institutions*. This change is necessary to accommodate improvements in purchasing practices authorized by the General Assembly. The change is in Section D of the policy and is intended to clarify that campus boards of trustees have the authority to procure equipment through a lease without the approval of the Board of Governors. Additionally, because this is a policy change that requires presentation to the board at one meeting and action at a subsequent meeting, the committee voted to ask the board to suspend the rules to consider this change. With the potential for interest rates to increase between today and the board's January meeting, the committee thought it was important for campuses considering the procurement of leased equipment to be able to take advantage of the favorable interest rates now available. On behalf of the committee, Mr. Phillips moved that the board suspend the rules to consider a policy amendment. The motion carried.

On behalf of the committee, Mr. Phillips moved that the board amend Policy 600.3.1, *Selection Criteria and Operating Instructions for Special Responsibility Constituent*

*Institutions*, to clarify that campus Boards of Trustees have the authority to procure goods or services without the approval of the Board of Governors. The motion carried. (Appendix R)

Mr. Phillips stated that the committee added an item to its agenda that the board had not previously reviewed. In House Bill 1264, the General Assembly provided \$28 million for the construction of a stand-alone facility and interim facilities for use by the Joint Pharmacy Program at Elizabeth City State University. The board has previously approved the establishment of a Joint Pharmacy Program between Elizabeth City State University and UNC Chapel Hill, but the staff is not recommending the authorization of the expenditure of all \$28 million until a Memorandum of Understanding is developed and signed between these institutions. However, Chancellor Burnim has requested that \$2.5 million of the funds be made available to provide the required temporary facilities for the Joint Program, consistent with the legislation. On behalf of the committee, Mr. Phillips moved that the Board of Governors authorize the chancellor of Elizabeth City State University to expend up to \$2.5 million of the funds provided in House Bill 1264 for temporary facilities to be used for the Joint Pharmacy Program. The motion carried. (Appendix S)

Mr. Phillips stated that the committee would begin considering tuition increases at its January meeting. He added that the committee would notify the board if there were a need for special meetings prior to that time. Mr. Phillips also urged the board members to talk to the legislative leaders and ask them to include enrollment growth in the continuation budget this year.

## **REPORT OF COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS**

Dr. Gilchrist, chair of the Committee on Educational Planning, Policies, and Programs, presented the committee's report.

Dr. Gilchrist reported that in October the committee approved revisions in the Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina and provided notice to members that the recommended revisions would be presented for board consideration today. He stated that this is the first revision to the rules and standards since 1998 and that the material is in the board notebooks. This revision is based on experience with implementing the rules and standards and on consultation with a wide range of individuals including faculty who have served on review teams.

On behalf of the committee, Dr. Gilchrist moved approval of the Revised Rules and Standards for Licensing Nonpublic Institutions to Conduct Post-Secondary Degree Activity in North Carolina. The motion carried. (Appendix T)

Dr. Gilchrist reported that the committee approved the timetable for the Rules and Standards and a new fee schedule to go into effect. For new degree requests, the revised Rules and Standards will be effective upon board approval. For previously approved degrees, institutions must be in compliance within two years of board approval. The new fee schedule, which reflects the administrative cost of this program, will be applicable upon approval by the board for new degree programs, and will be fully applicable July 1, 2005.

On behalf of the committee, Dr. Gilchrist moved approval of the Motions Regarding the Implementation of the Revised Rules and Standards for Licensure and for the Implementation of the Revised Fee Schedule. The motion carried. (Appendix T)

### Academic Common Market

Dr. Gilchrist reported that the University participates in the Academic Common Market at the graduate level. This is a cooperative program among the member states of the Southern Regional Educational Board that allows students in North Carolina to attend graduate programs in the other states at the appropriate in-state tuition rate and students from other participating states to attend UNC graduate programs at in-state rates. This is a pilot program that sunsets June 30, 2005. For the four years of the program, 55 North Carolina residents have attended programs in other states, and 44 out-of-state students have attended UNC programs.

On behalf of the committee, Dr. Gilchrist moved that the board seek legislative approval for the continued participation of the University of North Carolina in the Academic Common Market at the graduate level. (Appendix U)

## **REPORT OF THE TASK FORCE ON THE UNC – COMMUNITY COLLEGE SYSTEM PARTNERSHIPS**

Mr. Hans, chair of the Task Force on the UNC – Community College System Partnerships, presented the committee's report. Mr. Hans stated that the task force has finished its work. He thanked Chairman Wilson for his vision in creating the task force. He also thanked Mrs. Gage, Mr. Mercer, Mrs. Sanders, Dr. Bataille and her staff, and Chancellor Woodward for their time and numerous contributions to the task force.

He stated that the report of the Task Force on the UNC – Community College System Partnerships is in the board notebooks. After summarizing the report, Mr. Hans moved approval on behalf of the committee of the final report of the Task Force on the UNC – Community College System Partnerships. The motion carried. (Appendix V)



**REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE**

Mr. Adcock, chair of the Committee on University Governance, presented the committee's report.

**Petition to Serve in Public Office - Dr. Paul Luebke**

On behalf of the committee, Mr. Adcock presented and moved approval of a petition from Dr. Paul Luebke, a faculty member of the University of North Carolina at Greensboro, to continue his service as a member of the General Assembly during the Spring Semester 2005 and to be granted a full leave of absence, without pay, during this period. The motion carried. Mr. Phillips, Mr. Souza, and Chairman Wilson abstained from the vote.

Mr. Adcock reported that the committee considered and approved its Annual Report and that a copy of the report is in the board notebooks.

Mr. Adcock announced that there will be a term ending June 30, 2007, on the University of North Carolina at Greensboro Board of Trustees. This vacancy results from the resignation of JoAnne Smart Drane of Raleigh, effective December 1, 2004.

**REPORT OF COMMITTEE ON THE FUTURE OF NURSING**

Mr. Sousa, chair of the Committee on the Future of Nursing, presented the committee's report. He stated that the final report of the committee is in the board folders. Mr. Souza summarized the report by stating that the university system and the community colleges must graduate more nurses, create more diversity by graduating more males and minorities, and ask the General Assembly to move the North Carolina Center for Nursing under the jurisdiction of the Area Health Education Center (AHEC).

On behalf of the committee, Mr. Sousa moved approval of the committee's recommendations. The motion carried. (Appendix W)

**REPORT OF COMMITTEE ON PUBLIC AFFAIRS**

Mr. Babb, chair of the Committee on Public Affairs, presented the committee's report.

He stated that the committee met twice over the past two days. He began by thanking the members of the board for their attendance at the first meeting when the Honorable Richard T. Morgan, Republican Speaker of the House, was the guest speaker.

During the second meeting, the committee reviewed and approved the 2005 Non-Budget Legislative Initiatives. The committee unanimously approved 32 items that will be brought to the board for approval before being recommended to the North Carolina General Assembly next year. Ms. Devore asked that the committee consider two additional proposals from UNC Association of Student Governments. There was much discussion and the committee did not recommend approval.

Mr. Babb reported that the committee also heard a very interesting presentation from Mr. Ferrel Guillory, Director of the Program on Southern Politics, Media, and Public Life at UNC Chapel Hill. Mr. Guillory discussed the latest election and voting trends for North Carolina. Mr. Babb added that there are 33 new members of the North Carolina General Assembly and that it is very important that all chancellors and board members meet these new members and have them visit our campuses as soon as possible.

In closing, Mr. Babb announced that the Committee on Public Affairs' annual trip to Washington, D.C. to meet with members of the North Carolina Congressional Delegation is scheduled for March 9, 2005.

**REPORT OF COMMITTEE ON ECONOMIC DEVELOPMENT AND THE  
UNIVERSITY**

Mr. Lail, vice chair of the Committee on Economic Development and the University, presented the committee's report. Mr. Lail reported that at the committee's meeting on October 13, six presenters with significant experience in economic development provided invaluable insight with respect to the current and future role of the university and economic development. He stated that five presenters with significant experience within the academic community and economic development would participate in the committee's next meeting, which will be held in Chapel Hill on Wednesday, November 17, 2004.

Mr. Lail reported that the Office of the President has filled the Director of Economic Development Research, Policy, and Planning position. Ms. Kelly Huffstetler will assume the responsibilities for this position on November 15. She will work closely with Mr. Scott Daugherty to support the work of the committee and the economic development initiatives of the Office of the President.

In closing, Mr. Lail stated that the Office of the President would host the third annual Economic Development Leadership Forum here in the General Administration Building on December 8 and 9, 2004. He stated that members of the board are welcome and urged to attend.

**CHAIRMAN'S REMARKS**

- Chairman Wilson thanked the Office of the Secretary for their hard work and the success of the 2004 University Award Dinner.

- The Chairman announced the creation of the Task Force on Best Financial Practices to be chaired by Mr. Warwick. He asked Mr. Bowden, Mr. Broadwell, Mr. Lail, Mrs. Owen, Mr. Phillips, and Chancellor Peacock to serve on the task force.
- Chairman Wilson appointed Ms. Peaches Gunter Blank to serve on the Higher Education Bond Oversight Committee in light of the resignation of Mr. Marshall Bass.
- Chairman Wilson urged members to attend the meeting of the Committee on Economic Development and the University in Chapel Hill on Wednesday, November 17, 2004.
- Chairman Wilson asked that members hold the dates of April 21-22, 2005 for a potential board meeting/retreat in Boone.
- The Chairman urged board members to go on the website of Mr. Ferrel Guillory, [www.southnow.org](http://www.southnow.org), to look at the schedule of upcoming programs that will be occurring at UNC Chapel Hill. These programs will be related to political and economic development issues.
- Next board meeting will be January 14, 2005.

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On motion of Dr. Perry, seconded by Mr. Davis, the board voted to convene in closed session pursuant to North Carolina General Statutes 143-318.11(a)(5), and 143-318.11(a)(6). The motion carried.

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The Board of Governors went into closed session at 12:00 p.m. and returned to open session at 12:10 p.m.

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## **REPORT OF COMMITTEE ON PERSONNEL AND TENURE**

Mr. Davis, chair of the Committee on Personnel and Tenure, presented the committee's report.

### **Summary Personnel Report**

On behalf of the committee, Mr. Davis moved approval of the committee's summary personnel report as presented in closed session. The motion carried. (Appendix X)

Mr. Davis stated that the committee has discussed the issue of the need for Board of Governors' approval for salary increases of 15 percent or more for campuses with management flexibility to appoint and fix compensation. The committee's review of the past year's requests found that at least one third of such increases reflected a relatively low dollar amount. Over the past few months, the committee discussed using a different methodology for such salary increases and has determined that a formula of *ten thousand dollars and fifteen percent or more* would be more appropriate. Mr. Davis asked members to review a revised copy of Policy 600.3.4, *Management Flexibility to Appoint and Fix Compensation*, which provides new language to reflect this change, and stated that the committee will ask for the board's approval of the proposed amendments to this policy at the January 2005 board meeting.

Mr. Davis stated that in keeping with the directives of the General Assembly of the State of North Carolina, Policy 600.3.4 of the University of North Carolina Board of Governors, and pursuant to the authority granted by this board, the committee approved the request for the *Granting of Management Flexibility To Appoint and Fix Compensation* to Appalachian State University, making it the tenth campus being granted such approval.

Mr. Davis stated that the committee received the Report on the Phased Retirement Program, the Report on Post-Tenure Review, and reviewed the process for next year's Board of Governors Awards for Excellence in Teaching. Mr. Davis noted that the Report on the Phased

Retirement Program shows that 93 percent of the faculty who participate indicated a high degree of satisfaction with the program.

Mr. Davis introduced and welcomed Ms. Ann Lemmon, the newly hired Associate Vice President for Human Resources.

Ms. Devore announced that the UNC Association of Student Governments is hosting a freshman retreat for over 100 students from the university system at Winston-Salem State University on November 13, 2004.

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There being no further business, the meeting adjourned at 12:30 p.m.

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Secretary

## APPENDICES

(All appendices are a part of the official record of the meeting.)

Appendix A	President's Report	Attached
Appendix B	Approval of the UNC Management Flexibility Legislation, Summary of Institutional Annual Reports, 2003-04	Attached
Appendix C	Authorization of Capital Improvements Project, NCSU	Attached
Appendix D	Approval of Disposition of Property, UNCCH	Attached
Appendix E	Authorization to Plan the Doctor of Philosophy in Organizational Science, UNCC	Attached
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Appendix K	Authorization to Establish the Doctor of Physical Therapy, ECU	Attached
Appendix L	Approval of Licensure for DeVry to offer the following programs in Charlotte, North Carolina: <ul style="list-style-type: none"> <li>• Bachelor of Science in Computer Information Systems degree</li> <li>• Add concentrations in Health Services Management and Sales Marketing to the licensed Bachelor of Science in Business Administration degree</li> </ul>	Attached
Appendix M	Approval of the Report on Primary Care Physicians and Providers	Attached
Appendix N	Approval of the Amendment to Policy 300.1.1, <i>Senior Academic and Administrative Officers</i>	Attached
Appendix O	Approval of the Policy 1400.1, <i>The UNC Board of Governors Policy on the Use of Information Technology</i>	Attached
Appendix P	Recommendations of the Special Committee Reviewing the Funding Model for Enrollment Growth	Attached
Appendix Q	2005-07 Budget Request Summary	Attached
Appendix R	Policy 600.3.1, <i>Selection Criteria and Operating Instructions for Special Responsibility Constituent Institutions</i>	Attached
Appendix S	Capital Improvements Project in House Bill 1264 – Elizabeth City State University	Attached
Appendix T	Motions Regarding the Implementation of the Revised Rules and Standards for Licensure and for the Implementation of the Revised Fee Schedule	Attached
Appendix U	UNC Academic Common Market Pilot Program: 2001-2005	Attached
Appendix V	Final Report of the Task Force on the UNC – Community College System Partnerships	Attached
Appendix W	Final Report of the Committee on the Future of Nursing	Attached
Appendix X	Summary Personnel Report	Attached