

BOARD OF GOVERNORS MEETING

The University of North Carolina

October 11, 2002

The Board of Governors met in regular session on October 11, 2002, in the Board Room of the General Administration Building, Chapel Hill. Mr. Wilson, the chairman, called the meeting to order at 10:45 a.m.

INVOCATION

Dr. Brown gave the invocation:

Who has seen the wind, neither you nor I?
But when we see trees bending, then we know the wind is passing by.
Who has seen God, neither you nor I?
But when people gather and meet to enhance educational opportunities, we know the spirit of God is passing by.

Then thank you God for your presence in this room, for this meeting, at this hour. We acknowledge that it is only because of your mighty mercy, wonderful grace, and tender love that we are here. Please fine-tune our ability to deliberate on one accord where possible. When we differ, help us to differ intelligently. But most importantly, when we differ, give us the skill to reach an intelligent conclusion once we have disagreed.

When we will have left this room, dear God, may The University of North Carolina be a better place for administrators to lead, for service personnel to render service, for staff to support, for teachers to teach, and for students to learn. For this to be a reality then, dear God, during this meeting we ask you to assist us to practice the courage of David, the Wisdom of Solomon, the strength of Sampson, the patience of Job, and the love of Ruth.

We ask dear God that you will now help us to endeavor our responsibilities so that this world will be a better place because we have served. Amen.

ROLL CALL

Mr. Aldridge called the roll and the following members were present:

J. Bradley Wilson
Bradley T. Adcock
G. Irvin Aldridge
James G. Babb
J. Addison Bell
F. Edward Broadwell, Jr.

Willie J. Gilchrist
H. Frank Grainger
James E. Holshouser, Jr.
Peter Keber
Teena S. Little
Charles H. Mercer, Jr.

William T. Brown
 Angela R. Bryant
 William L. Burns, Jr.
 C. C. Cameron
 Anne W. Cates
 John F.A.V. Cecil
 Bert Collins
 Jonathan L. Ducoté
 Ray S. Farris
 Dudley E. Flood
 Hannah D. Gage

Barbara S. Perry
 Patsy B. Perry
 Jim W. Phillips, Jr.
 H. D. Reaves, Jr.
 Gladys Ashe Robinson
 Benjamin S. Ruffin
 J. Craig Souza
 Priscilla P. Taylor
 Robert F. Warwick
 Ruth Dial Woods

The following member was absent:

John W. Davis III

MINUTES

Mr. Grainger moved, seconded by Dr. Gilchrist, that the minutes of the meeting of September 13, 2002, be approved. The motion carried.

* * *

Chairman Wilson commented briefly on the activity surrounding the meeting of the Committee on Budget and Finance on the preceding day. He reported that in conversations with Chairman Bell, Chancellor Fox, and Mr. Gerry Hancock, it was decided the board would defer action and discussion on the North Carolina State University Centennial Conference Center project until the November meeting.

The chairman asked members, during the next month, to obtain as much information as possible concerning the details of the project. He urged any member wishing to have a copy of the consultant's report mailed to them to contact Vice President Davies following the meeting. Members were also encouraged and urged to develop questions during the next 30 days and contact either Chairman Bell, Vice President Davies, President Broad, or himself for help with answers to their questions and other issues regarding the project.

Chairman Wilson, in outlining the procedure for the November meeting, said the Committee on Budget and Finance would consider the matter and Chancellor Fox and her

colleagues from North Carolina State University, along with Gerry Hancock, would appear before the committee. Following their presentation, the Budget Committee will consider and vote on the matter and bring a recommendation to the full Board on Friday, November 8. The chairman noted that he had spoken with Chancellor Fox and Mr. Hancock and they are prepared to each make a 15-minute presentation prior to the board's consideration and action on the matter.

The chairman thanked the board in advance for the time and energy they will spend in the next 30 days familiarizing themselves with the various aspects of the North Carolina State University Centennial Conference Center project. He also thanked Chancellor Fox and her colleagues, and Mr. Hancock and his associates for the leadership everyone has offered on the subject.

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.

The president commented on several matters, including a summation of the actions taken by the 2002 General Assembly, a report on bond sales and ratings, national awards aimed at closing the academic achievement gap, and the announcement of several federal grants to UNC. (For the President's complete report, see Appendix A.)

ADMINISTRATIVE ACTION ITEMS

Chairman Wilson called attention to the Administrative Action Items listed on the agenda and inquired if any member wished to have items removed for further discussion. Mr. Aldridge moved, seconded by Mr. Collins, that the following Administrative Action Items be approved by consent:

a. (B/F)	Authorization of the Sale of Revenue Bonds, System-Wide	Appendix B
b. (B/F)	Approval of the Allocation Recommendations for Academic Salary Increases – 2002-2003, NCSSM	Appendix C
c. (B/F)	Approval of the Allocation Recommendations for Current Operations – 2002-2003	Appendix D
d. (B/F)	Approval of the Allocation Recommendations for Capital Improvements – 2002-2003	Appendix E
e. (B/F)	Approval of the Disposition of Property, ECSU	Appendix F
f. (EPPP)	Authorization to Establish the Bachelor of Science in Birth Through Kindergarten Education, FSU	Appendix G
g. (EPPP)	Authorization to Establish the Bachelor of Science in Environmental Technology, NCSU	Appendix H
h. (EPPP)	Authorization to Establish the Bachelor of Science in Accounting and Information Systems, UNCG	Appendix I
i. (EPPP)	Authorization to Establish the Master of Science in Financial Mathematics, NCSU	Appendix J
j. (EPPP)	Authorization to Establish the Master of Education in College Student Personnel, WCU	Appendix K
k. (EPPP)	Approval of the Center for the Biology of Nematode Parasitism, NCSU	Appendix L
l. (EPPP)	Approval of the Center for Energy and Environmental Systems, UNCC	Appendix M

The motion carried.

REPORT OF COMMITTEE ON BUDGET AND FINANCE

Revision of Policy on the University of North Carolina Association of Student Governments

Mr. Bell, chair of the Committee on Budget and Finance, presented and moved approval of a revision to the Policy on the University of North Carolina Association of Student Governments. He noted that the proposed policy revision was provided to board members at the September meeting and also included in each member's meeting folder. The policy revision clarifies that any employee of the UNCASG should be clerical in nature and that the Association should not hire a professional director or administrator. The motion carried. (Appendix N)

REPORT OF COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS

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

Report to the General Assembly on Turf Grass Research

Mr. Keber reported the General Assembly awarded the Board of Governors \$600,000 in each of the years of the biennium for allocation to North Carolina State University for the use of the Center for Turf Grass Environmental Research and Education. The funds were to support research or educational proposals from North Carolina State University or North Carolina A & T State University in the areas of turf grass production and maintenance, the impact of turf grass fertilizer on the environment, and ways to reduce any adverse environmental impacts resulting from the use of turf grass fertilizer and to promote environmental benefits. Mr. Keber reported several awards have been made as described in the report. He noted it was too soon to report the results of the research and educational projects but future reports will address those matters.

On behalf of the committee, Mr. Keber moved that the board approve the Report on Turf Grass Environmental Research and Education and forward it to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division of the Legislative Services Office by the due date. The motion carried. (Appendix O)

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As a matter of information, Mr. Keber reported the General Assembly approved a pilot project for three focused growth institutions: Elizabeth City State University, UNC Pembroke, and Western Carolina University. The proposed policy would allow the selected campuses to use some of their focused growth funds to provide up to 20 out-of-state students with scholarships, equivalent to the difference between in-state and out-of-state tuition, in

exchange for teaching in a North Carolina public school or United States Government school for one year for each year they receive scholarship support. The pilot project is aimed at increasing the supply of public school teachers, and provides guidance for implementation of the program, including payback provisions for unfulfilled obligations. Mr. Keber said the draft policy, to be considered at the November meeting, was included in each member's folder.

REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE

Dr. Brown, chair of the Committee on University Governance, presented the committee's report.

Reappointments to UNC Health Care System Board of Directors

Dr. Brown reported the committee received two recommendations from President Broad for reappointments to the UNC Health Care System Board of Directors. On behalf of the committee, Dr. Brown moved that the board ratify the President's recommendations to reappoint Paul J. Rizzo of Chapel Hill and John S. Stevens of Asheville to the UNC Health Care System Board of Directors, each for a four-year term beginning November 1, 2002. The motion carried.

Election to Board of Trustees - North Carolina School of the Arts

On behalf of the committee, Dr. Brown moved that Tina McGuire of Asheville be elected to the Board of Trustees of the North Carolina School of the Arts, for a partial term ending June 30, 2005. The motion carried.

Appointment as Directors – Research Triangle Foundation

Dr. Brown moved that Jim W. Phillips, Jr., of Greensboro and Benjamin S. Ruffin of Winston-Salem, be elected to serve as directors of the Research Triangle Foundation, each for a one-year term ending October 31, 2003. The motion carried.

Reappointment as Members – Research Triangle Institute

Dr. Brown moved that Rev. C. R. Edwards of Knightdale and W. Travis Porter of Durham, be reappointed to serve as members of the Research Triangle Institute, each for a one-year term ending October 31, 2003. The motion carried.

Report of Student Discipline Task Force

At Dr. Brown's request, Mr. Farris, chair of the Student Discipline Task Force, presented the report. Mr. Farris said the Task Force was created at the request of the Governance Committee to review concerns regarding the student appeals process. He summarized the committee's report and recommendations and urged members to review the draft report prior to the November meeting.

* * *

As a matter of information, Dr. Brown reported that in preparation for the 2003 trustee selection process, the campus liaison assignments for 2002-2003 and the trustee selection process timeline (calendar of events) had been included in the members' folders. (See Appendix P) Members were urged to submit their nominations for trustees.

Dr. Brown also reported the campus winter commencements' schedule was also included in the folders and he asked members interested in representing the Board of Governors at these events to let Bart Corgnati or Frances Hope know.

Dr. Brown called attention to vacancies on the following Boards of Trustees:

- North Carolina Central University – One partial term ending June 30, 2003
- North Carolina School of the Arts – One partial term ending June 30, 2003

REPORT OF COMMITTEE ON BOARD EFFICIENCY

Mr. Aldridge, chair of the Committee on Board Efficiency, reported the committee was charged by Chairman Wilson in August 2002 to consider ways to improve the efficiency of the Board of Governors. The committee met twice and considered a number of

possible improvements and decided to refer two recommendations to the Committee on Code

Revision for their consideration:

- Authorizing the chairman of the Board of Governors to appoint the standing committees and their chairs
- Limiting the chairman of the Board of Governors to one two-year term if given authority to appoint and name the chairs of standing committees.

The committee recommended a number of changes for improved efficiency, including greater use of information technology in the way the board received its planning materials and provided a proposed timeline for implementing these recommendations. In addition, the committee recommended adhering to a more defined eight-month meeting schedule (including the scheduling of two of the eight meetings on campuses), establishing fixed meeting schedules for the four standing committees, scheduling of ad hoc committee meetings as needed, and combining the annual presentation of the Oliver Max Gardner Award and the Board of Governors Awards for Excellence in Teaching into one event.

On behalf of the committee, Mr. Aldridge moved that the committee's report be approved, effective January 2003. Several members commented on having just received the recommendations of the committee, the two items recommended to the Code Revision Committee, and questioned whether there would be a 30-day period to consider the recommendations before voting. Mr. Souza offered a substitute motion that (1) the board receive the report of the Committee on Code Revision and (2) that the chairs of both committees collaborate and present a joint report to the board to consider at the November meeting. Ms. Bryant seconded the motion. In clarifying the matter, Chairman Wilson asked Mr. Aldridge and Mr. Souza to withdraw their motions and ruled the recommendations of the Board Efficiency Committee would be distributed to each member so that they could be aligned with the recommendations expected later from the Code Revision Committee. Chairman Wilson said both reports would be considered for approval at the November meeting. Without objection, the board concurred.

REPORT OF COMMITTEE ON CODE REVISION

Mrs. Little, chair of the Committee on Code Revision, presented the committee's report for information. She noted the report had been included in each member's folder and said the sheet identified each proposed change to The Code and the accompanying Code contained underlined text for the items listed on the sheet. Mrs. Little reviewed a number of the proposed changes and said they were before the board for consideration at the November meeting, at which time the report could be voted on as a whole or in part.

Chairman Wilson, noting the importance of this matter, said that at the November meeting, the motion would be to accept the report as a whole, then he would inquire as to whether any portion(s) should be removed for separate action, and those items could be voted on separately. He also noted that in cases where two recommendations may be related and must be symmetrical in order for The Code to work, every effort would be made to call attention to those occurrences. In reference to the recommendations of the Code Revision Committee and the Board Efficiency Committee, Chairman Wilson urged the members to direct any questions, comments, or concerns to Mrs. Little and Mr. Aldridge, or himself, so that the board would be ready to act at the November meeting.

At the chair's request, Mr. Keber pointed out that at the meeting of the Planning Committee on the preceding day, the committee discussed the name change proposed for the committee (from Educational Planning, Policies, and Programs, to include student affairs), and the committee reached a consensus that a change did not seem to be needed because the current name more clearly reflects the work of the committee.

With the concurrence of Vice President Winner, Mrs. Little commented that substantive changes voted up or down on the proposed Code Revisions at the November meeting would need to be considered at the next regular meeting.

REPORT OF COMMITTEE ON THE FUTURE OF INFORMATION TECHNOLOGY

Mr. Cecil, chair of the Committee on the Future of Information Technology, reported at the last meeting the committee visited Microelectronics Center of North Carolina (MCNC) in the Research Triangle Park. He presented additional information about that organization and their budget, reported that MCNC had been split into two organizations: one dealing with research and development and the other, the high performance computing and communications division (HPCC). The HPCC division directly affects the University because of its North Carolina Super Computing Center, the North Carolina Research and Education Network (NCREN), and the North Carolina Bioinformatics Grid.

Mr. Cecil said the long-term strategy and goals for the HPCC include building and operating the finest biogrid system in the United States, becoming a leader in providing grid technology and services throughout the state and country, becoming a high-quality, cost effective unit in delivering supercomputing services, and becoming financially self-supporting. He said the HPCC also wants to build, maintain, and operate NCREN and the North Carolina Biogrid. Under the guidance of Dave Rizzo and Charlie Kniefel, MCNC is in the process of redeveloping its budget and has come up with a program wherein the University will allocate the costs across the system and to other campuses outside the UNC System who will participate and utilize the supercomputers in the NCREN videoconferencing support system. MCNC is committed to spend their endowment over the next two years of approximately \$2.5 million to bring the budget back to a breakeven situation. They have committed to spend \$12 million of their endowment to build out all three phases of the NCREN, and committed approximately \$3 million to pay off the lease payment of their largest computer, and this should leave them a net endowment to carry forward in the future.

The committee hopes to include a more detailed discussion of the budget at its next meeting (possibly by teleconference) and at a future date have a videoconference with user

demonstrations. Committee members will participate at campus videoconference sites around the state in order to see firsthand how the multicampus videoconferencing capability works.

REPORT OF COMMITTEE ON TUITION AND FEES POLICIES

Mr. Cecil, chair of the Committee on Tuition and Fees Policies, reported the committee met earlier in the day and were briefed on the history of the enrollment growth policy dating back to 1995 when the General Assembly asked the Board of Governors to review (1) funding equity across all campuses, (2) alternative approaches for funding enrollment, and the review of off-campus programs as well as summer school.

Mr. Cecil described in some detail the spreadsheet cell matrix, which looked at the funding model based on the student credit hour. He reported that at the next meeting the committee would hear a presentation from Vice President Bataille and the Planning Committee on the relationship between the Carnegie Classification and the University's mission statement. Mr. Cecil added the committee hopes to develop and submit to board members a draft policy on fees and a draft policy on tuition prior to the next meeting.

REPORT OF COMMITTEE ON PUBLIC AFFAIRS

Mr. Babb, chair of the Committee on Public Affairs, reported the committee met earlier in the day and received a final report concerning the University's budget and legislative activities during the 2002 session of the General Assembly. A comprehensive written report will be provided to the members before the next meeting.

In other business the committee reviewed the process and schedule for the board's state legislative priorities and the federal agenda. Mr. Babb reported that the state legislative priorities will come to the board in January and that the federal agenda will come to the board in February. Mr. Babb said the committee also reviewed the advocacy notebook and will provide each member with an updated copy as soon as possible following the elections. The committee

will enlist the support of all members in getting to know the new legislators and working with them on University issues.

CHAIRMAN'S REPORT

Chairman Wilson thanked Mr. Grainger and Mr. Collins for their service on the Research Triangle Foundation Board of Directors for the past four years. He congratulated former Chairman Ruffin on receiving the Frederick Douglas Award from the North Carolina Association of County Commissioners. The chairman also noted that Appalachian State University's football coach, Jerry Moore, is the winningest coach in Southern Conference history as of the preceding weekend. Mr. Grainger noted that Coach Kay Yow of North Carolina State University was recently inducted into the National Basketball Hall of Fame.

The chairman thanked Chancellor Moeser and his staff for the opportunity to visit the UNC Chapel Hill campus. He said he was overwhelmed and impressed with all that is taking place on that campus, especially his meetings with the student leaders, the faculty representatives, and representatives from the staff. In view of the many contributions made by the staff at the constituent institutions, Chairman Wilson said he asked Bart Corgnati to invite the campus staff leaders from the constituent institutions to come and join board members at a future board meeting to recognize their contributions to the University.

Chairman Wilson reminded the members that a parliamentary procedures training session with Mr. Jim Slaughter would be held on Thursday, November 7, at 12:30 p.m. All members are invited to attend but he particularly asked all members in leadership positions, i.e. committee chairs, to be in attendance.

The chairman announced that on the evening of November 7, a dinner would be held in honor of the 2002 University Award recipients and urged all members to attend.

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On motion of Mr. Aldridge seconded by Mr. Bell, the board voted to convene in closed session pursuant to North Carolina General Statutes Sections 143-318.11(a)(1), 143-318.11(a)(5) and 143-318.11(a)(6). The motion carried.

CLOSED SESSION

APPROVAL OF MINUTES OF CLOSED SESSION

In accordance with procedures established to comply with the Open Meetings Law, Mr. Collins moved, seconded by Mr. Farris, that the closed session minutes for September 13, 2002, be approved. The motion carried.

REPORT OF COMMITTEE ON BUDGET AND FINANCE

Mr. Bell, chair of the Committee on Budget and Finance, presented the committee's report.

Acquisition of Property - East Carolina University

Mr. Bell presented a request from East Carolina University to acquire five acres of property in Greenville located near the Health Sciences Center. Mr. Bell moved that the request be approved and transmitted to the Council of State for final action. The motion carried.

Acquisition of Properties – North Carolina State University

Mr. Bell presented a request from North Carolina State University to acquire two properties located in Raleigh near the campus, a component of an exchange to the west of the campus along Interstate 40, as previously approved by the board. Mr. Bell moved that the requests be approved and transmitted to the Council of State for final action. The motion carried.

Acquisition of Property by Condemnation- North Carolina A&T State University

Mr. Bell presented a request from North Carolina A&T State University to acquire, by condemnation, two parcels of property located adjacent to the campus. Mr. Bell

moved that the request be approved and transmitted to the Council of State for final action. The motion carried.

REPORT OF COMMITTEE ON PERSONNEL AND TENURE

Mr. Souza, chair of the Committee on Personnel and Tenure, presented the committee's report, subject to approval in open session.

Summary Personnel Report

Mr. Souza said the committee's recommendations included in the Summary Personnel Report were all made within the directives issued by the Budget Office regarding hiring and salary increases. He said the report included one campus administrative appointment and recommendations for faculty appointments, promotions, conferrals of tenure, and appointments to distinguished professorships at North Carolina State University, UNC Chapel Hill, and Western Carolina University (including a distinguished professorship).

Mr. Souza reported that over the past few months the committee postponed approval of salary increases in accordance with a resolution adopted in May that restricted what the campuses would be able to do because of the budget shortfall. Now that the state budget has been approved, Mr. Souza said retroactive salary increases have been granted in compliance with the salary resolution for 2002-2003 that allows salary increases to be paid from campus-initiated tuition funds and other non-state funds based on market and equity and does not allow salary increases based on merit.

Appeal of Faculty Member – North Carolina A & T State University

At the request of Mr. Souza, Mrs. Cates presented the committee's report in the appeal of a faculty member at North Carolina A & T State University. Mr. Souza moved that the report be approved. Mr. Grainger seconded the motion and it carried.

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On motion of Mr. Farris, seconded by Mrs. Perry, the board voted to reconvene in open session.

RESUMPTION OF OPEN SESSION

REPORT OF COMMITTEE ON PERSONNEL AND TENURE

Summary Personnel Report

Mr. Souza, chair of the Committee on Personnel and Tenure, reminded the public that the recommendations included in the Summary Personnel Report were all made within the directives issued by the Budget Office regarding hiring and salary increases. He said the report included one campus administrative appointment:

- Jack A Richman, Dean of the School of Social Work – UNC Chapel Hill

The report also included recommendations for faculty appointments, promotions, and conferrals of tenure, and appointments to distinguished professorships at North Carolina State University, UNC Chapel Hill, and Western Carolina University (including a distinguished professorship).

On behalf of the committee, Mr. Souza moved that the committee's report be approved. The motion carried. (Appendix Q)

Approval of Resolution on Salary Increases – 2002-2003

On behalf of the committee, Mr. Souza moved that the Resolution on Salary Increases – 2002-2003, previously mailed to the members, be approved. He reminded the board this resolution rescinds the policy adopted by the board in May. The motion carried.

Proposed Revisions to Policy #300.1.1 – “Senior Academic and Administrative Officers”

Mr. Souza reminded the members that over the past year, the committee had been working with President Broad to create and establish employment agreements with the chancellors of the constituent institutions. He gave notice of revisions to Policy #300.1.1, “Senior Academic and Administrative Officers,” which would permit such employment contracts. The board will be asked to consider the matter at the November meeting.

Proposed Revisions to Policy #300.1.4 – “Campus State Relations Officers”

Mr. Souza also reminded the members that revisions had been made to Policy #300.1.4, “Campus State Relations Officers,” designating a staff member to serve on the University-wide State Relations Council to assist with state governmental affairs. He said this activity comprises approximately 25% of the designee’s duties and is designed to assist the chancellors and keep them fully informed about legislative developments.

* * *

Mr. Souza listed a number of reports the committee received at its meeting on the preceding day:

- Annual Report on Committee Activities
- Overview of Responsibilities and Plans for 2002-2003
- Report on Summer Leadership Institutes
- Annual Report on Distinguished Professors (to be revised)
- Regulations on Interpreting the Modifications to the 2001 Appropriations Act, Part XXVIII, Salaries and Employee Benefits, Section 28.3A, Special Annual Leave Bonus

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There being no other business, the meeting adjourned at 12:45 p.m.

Secretary

APPENDICES

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

Appendix A	President's Report	Attached
Appendix B	Authorization of the Sale of Revenue Bonds, System-Wide	Attached
Appendix C	Approval of the Allocation Recommendations for Academic Salary Increases – 2002-2003, NCSSM	Attached
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Appendix L	Approval of the Center for the Biology of Nematode Parasitism, NCSU	Attached
Appendix M	Approval of the Center for Energy and Environmental Systems, UNCC	Attached
Appendix N	Revision of Policy on the University of North Carolina Association of Student Governments	Attached
Appendix O	Report to the General Assembly on Turf Grass Research	Attached
Appendix P	Campus Liaison Assignments and Trustee Selection Calendar of Events – 2002-2003	Attached
Appendix Q	Summary Personnel Report	Attached
Appendix R	Resolution on Salary Increases – 2002-2003	Attached