

## **BOARD OF GOVERNORS MEETING**

The University of North Carolina

March 16, 2007

The Board of Governors met in regular session on March 16, 2007, in Room 1120 of the Health Sciences Building, on the campus of East Carolina University. Mr. Phillips, the chairman, called the meeting to order at 9:30 a.m.

Chairman Phillips stated that the University and state have suffered a great loss in the passing of Senator Jeanne H. Lucas. He stated that Senator Lucas was “a friend to this University, a friend to education, a wonderfully fun and energetic woman, and a great North Carolinian.”

### **INVOCATION**

Mr. Dixon gave the invocation:

Dear Heavenly Father,

In spite of the rain, we give thanks for yet another glorious day. A day under a sky that today is not Carolina blue, but fittingly rather a light shade of purple. On this, the hundredth anniversary of East Carolina University, we also give thanks for this wonderful campus and the impact of this great University upon the lives of so many of our citizens. Please help us to continue our focus upon service and in seeking aggressively to address the most critical needs of our state. Grant us wisdom as we make strategic decisions for the future. We give special thanks to the leadership you have already provided to us through our chancellors and our president, Erskine Bowles, and their very talented administrative teams. Motivate and inspire us everyday to best use our individual and collective talents and energies to better the lives of all the people of North Carolina. We ask your divine guidance this and every day, in your name we pray. Amen.

**ROLL CALL**

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

|                          |                        |
|--------------------------|------------------------|
| Bradley T. Adcock        | G. Leroy Lail          |
| Brent D. Barringer       | Charles H. Mercer, Jr. |
| Peaches Gunter Blank     | Fred G. Mills          |
| R. Steve Bowden          | Charles S. Norwood     |
| F. Edward Broadwell, Jr. | Cary C. Owen           |
| Laura W. Buffaloe        | Derek T. Pantiel       |
| William L. Burns, Jr.    | Patsy B. Perry         |
| John W. Davis III        | Jim W. Phillips, Jr.   |
| Phillip R. Dixon         | Gladys Ashe Robinson   |
| Ray S. Farris            | Irvin A. Roseman       |
| Dudley E. Flood          | Estelle W. Sanders     |
| Hannah D. Gage           | William G. Smith       |
| Peter D. Hans            | J. Craig Souza         |
| Charles A. Hayes         | Priscilla P. Taylor    |
| Peter Keber              | J. Bradley Wilson      |
| Adelaide D. Key          | David W. Young         |

The following members were absent:

|                   |                          |
|-------------------|--------------------------|
| H. Frank Grainger | James E. Holshouser, Jr. |
|-------------------|--------------------------|

**STATE ETHICS ACT**

Chairman Phillips stated that under the State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda for today's meeting, Chairman Phillips asked if any members knew they had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. No members responded.

**MINUTES**

Dr. Roseman moved, seconded by Dr. Taylor, that the minutes of the meeting of February 9, 2007, be approved. The motion carried.

### **ADMINISTRATIVE ACTION ITEMS**

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

- a. (B&F) Authorization to Sell Special Obligation Bonds, UNCC
- b. (B&F) Authorization to Transfer an Investment Account, UNC-TV
- c. (B&F) Approval of a Declaration of an Emergency Capital Improvements Project, NCCU
- d. (B&F) Authorization of New Capital Improvements Project, UNCP
- e. (B&F) Approval of a Disposition of Property by Lease, NCSU
- f. (EPPP) Authorization to Discontinue the Bachelor of Science in Dance Education, UNCG
- g. (EPPP) Authorization to Establish the Bachelor of Arts in Design Studies, NCSU
- h. (EPPP) Authorization to Establish the Bachelor of Science in Public Health, UNCC
- i. (EPPP) Authorization to Establish the Bachelor of Science in Information Technology, UNCP
- j. (EPPP) Authorization to Establish the Master of Science in Disaster Management, UNCCH
- k. (EPPP) Authorization to Establish the Master of Arts in Criminology and Public Sociology, UNCW

The motion carried. Mr. Barringer abstained from the vote to avoid the appearance of a conflict of interest concerning item e. above arising from his professional representation of the contractor/construction manager who has been and may continue to be involved with this project.

### **PRESIDENT'S REPORT**

President Bowles introduced several of the chancellors and representatives of affiliated organizations in attendance at the meeting. For President Bowles' transcribed remarks see Appendix L.

## **REPORT OF THE AUDIT COMMITTEE**

Mr. Smith, chair of the Audit Committee, presented the committee's report. He stated that the committee received a brief update regarding the University's internal auditors collaborating to implement a peer review process. This collaboration is in its initial planning stages and will require additional training by the auditors selected to be on the peer review teams. The committee will continue to report on this important process as it develops.

The committee also received an update on the North Carolina A&T State University reviews that were requested by Chancellor Hackley. The NCA&T internal auditors and the auditing consultants are beginning to finalize their reviews. He added that the committee will continue to keep members updated as this process moves toward completion.

Mr. Smith reported that the committee discussed and unanimously endorsed the following recommendation. On behalf of the Audit Committee, he moved that General Administration implement a *Financial Review Process* of any university campus or affiliate when there is a change in leadership of the chancellor or other senior administrative officer(s) with financial decision-making responsibility that impacts the operation of the campus or affiliate. The motion carried.

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

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

### **Authorization of Non-Appropriated Capital Improvements Projects**

Mr. Bowden stated that the University is now ready to proceed with its 2007 plan for projects to be funded from non-General Fund resources. Each project in this year's package

was evaluated and reviewed on the basis of its need, its benefit to the University, its impact on students, and the ability of the campus to pay for the project.

On behalf of the committee, Mr. Bowden moved the approval of the Authorization of Non-Appropriated Capital Improvements Projects which included twenty-two new or supplemental capital improvements projects at six institutions totaling \$273,681,000. He further moved that the Vice President for Finance be authorized to make refinements to the request in the interest of accuracy and completeness. The motion carried. (Appendix M)

Amendment to the 2007-09 Budget Priorities for Capital Improvements

Mr. Bowden stated that the board approved its *2007-09 Budget Priorities* for capital improvements at the November 2006 meeting. It is now recommended that the priorities be amended to include a request for an appropriation from the General Fund to provide fire protection sprinklers to residence halls of the University.

On behalf of the committee, Mr. Bowden moved that the *2007-09 Budget Priorities* for capital improvements be amended to include a request of \$48,261,807 as an appropriation from the General Fund to complete the installation of fire sprinklers in residence halls of the University. The motion carried. (Appendix N)

Report on Expenditure of Lapsed Salaries and Institutional Plans for Funds Carried Forward

Mr. Bowden stated that the final report of the President's Advisory Council on Efficiency and Effectiveness (PACE) contained a number of recommendations calling for the elimination of reports judged to be unnecessary or duplicative. As a result, the elimination of a report determined to no longer be necessary is presented for board consideration. At the August 2000 meeting of the Board of Governors, the board established a process calling for the

constituent institutions to prepare plans for expending funds carried forward under budget flexibility and plans for expending estimated lapsed salary funds. At that time, this report was viewed as necessary to ensure institutional accountability. Over the ensuing years, the chancellors have consistently demonstrated a high level of accountability by developing meaningful plans for the use of lapsed salaries and funds carried forward. President Bowles has concluded that the quality of campus-based managerial decision-making and the culture of accountability are sufficiently institutionalized that this report should be eliminated. Mr. Bowden stated that copies of the required changes to Policy 600.3.1, *Selection Criteria and Operating Instructions for Special Responsibility Constituent Institutions* are in the board folders. These policy changes were approved by the committee on March 15, 2007. The motion to eliminate this report and to approve the proposed policy changes will be presented to the board at the May meeting.

Report on the Implementation of Recommendations from the Subcommittee Studying the Costs of Textbooks

Mr. Bowden stated that in March 2005, Mr. Phillips, then chair of the Committee on Budget and Finance, appointed a subcommittee and charged them with making recommendations to address student concerns over the rising costs of textbooks. Mr. Hans was appointed chair of the subcommittee and members were Mr. Farris and Mr. Ruffin. Mr. Hans subsequently welcomed Dr. Killingsworth, Chair of the Faculty Assembly, and Mr. Wynne, then President of the Association of Student Governments, as members of the subcommittee. Mr. Bowden stated that a Report on the Implementation of Recommendations from the Subcommittee Studying the Costs of Textbooks is included in the board notebook materials. The committee heard a report that can best be summarized by saying campuses have worked

diligently in the last year to engage in a variety of efforts to reduce students' textbook expenses.

To continue the board's efforts to reduce the cost of textbooks, the following additional recommendations are presented for consideration by the Board of Governors:

1. Each campus must continue its collaborative committee consisting of bookstore staff, faculty, and students to examine campus policies, create strategies for sharing of information related to textbook costs, and promote best practices regarding textbook adoptions, orders, purchases, and rentals.
2. Bookstore managers should meet at least quarterly to discuss the UNC buyback consortium, other best practices, and opportunities for improvements.
3. The President's Advisory Council on Efficiency and Effectiveness implementation effort should continue to consider the various options for possible exemptions or changes to the sales taxes currently charged for textbooks.
4. All chancellors should support existing efforts and do what is necessary to ensure 100% on-time adoptions of textbooks.
5. Likewise, campus requests for increases in tuition or fees must be accompanied by a calculation of average textbook costs for undergraduates on their campus. General Administration will define a standard methodology for this calculation.
6. By January 2008, all campuses must have a guaranteed buyback or rental of the required textbooks for introductory courses.

On behalf of the committee, Mr. Bowden moved approval of the Report on the Implementation of Recommendations from the Subcommittee Studying the Costs of Textbooks to include the additional recommendations as stated. After discussion, the motion carried.

(Appendix O)

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

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

### **Report on the UNC Nursing Exam Results for 2006 and Nursing Enrollment and Degrees**

#### **Conferred**

Dr. Taylor reported that the committee reviewed the annual UNC Nursing Exam Results and Nursing Enrollment and Degrees Conferred Report. Overall the NCLEX-RN pass rate for UNC campuses combined increased from 87% in 2005 to 92% for 2006. Nursing baccalaureate production increased from 1,105 graduates in 2004-05 to 1,269 in 2005-06. She added that the committee has been following the progress of three campuses based on last year's performance. These campuses were reviewed by outside teams and the following was concluded:

1. UNC Charlotte significantly improved their pass rate from 77% to 97%.
2. North Carolina Central University (NCCU) improved from 65% to 82%, a marked improvement but still below 85%. The review team reported that NCCU had put many improvements in place and that they needed to continue to implement and systematize these improvements. Last year, the committee approved a requirement that the NCCU program reduce its student size by 15% each year that its pass rate on the NCLEX was below 85%. The committee discussed this and agreed that it should be implemented this year, since NCCU did not meet the expected level.
3. North Carolina A&T State University (NCA&T) did not improve; in fact its pass rate has been 69% each of the past two years which is below both the BOG and NC Board of Nursing requirements. The review team, which called attention to some positive aspects of the program, did not think the program had an appropriate plan in place that would likely lead to improvements. The review team recommended that the program at NCA&T be reduced by 15% each year they fall below the 85% pass rate. The committee accepted that recommendation.

On behalf of the committee, Dr. Taylor moved approval of the Report on the UNC Nursing Exam Results for 2006 and Nursing Enrollment and Degrees Conferred to include the reductions described above. The motion carried. (Appendix P)

Dr. Taylor reported that the committee had a special report from Dr. William L. Roper of the UNC Chapel Hill Medical School regarding ongoing discussions the school is having with the Carolinas Medical Center in Charlotte to expand the size of the medical school class at UNC Chapel Hill and locate those students in Charlotte for their third and fourth years of medical school. Dean Roper indicated that he has involved President Bowles and others at General Administration in the ongoing discussion and that he will return to the committee when the feasibility study is complete.

Dr. Taylor stated that the committee continued its discussion of the Accountability Plan and Performance Measures, reviewing the sections on economic and community development impact; adequacy, utilization, and safety of facilities; effectiveness and efficiency of enabling services for the academic mission; and private fundraising.

Dr. Taylor reported that Dr. Covington of the College of Education at East Carolina University (ECU) and two students in teacher education spoke to the committee concerning the University of North Carolina Online initiative. Both students were pursuing teacher education degrees online, and each made the point that they could not have achieved a college degree had they not had access to online courses at ECU.

In closing, Dr. Taylor called attention to the North Carolina in the World Preservice Teacher Education Task Force report that was included in the board folders. This report is the result of an eighteen month exploratory study on strengthening the international components of teacher education. The study group was coordinated by the Center for

International Understanding and charged with formulating strategies for strengthening preservice teacher knowledge about the world.

### **REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS**

Mr. Lail, chair of the Committee on Public Affairs, presented the committee's report. He stated that the committee heard state and federal legislative updates. He added that the committee had a very successful trip to Washington, D.C. at the end of February and the University has received excellent feedback from the Congressional delegation and staff.

Mr. Lail made the following announcements:

- The General Assembly has just begun its budget process. The joint appropriations subcommittee is meeting the entire month of March. The University will be the main topic of the subcommittee at the end of the month. The House will begin putting together its budget proposal first and the committee expects that process to pick up starting in April.
- Please hold the date of May 9, 2007, for the annual University Day at the legislature. Details will be coming on those events in the next few weeks.
- Several students spoke to the committee concerning Political Action Committee activity in the University. Mr. Lail thanked them for expressing their views to the committee.

**REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE**

Mr. Davis, chair of the Committee on University Governance, presented the committee's report. He stated there is a partial term ending June 30, 2007, and a partial term ending June 30, 2009, on the University of North Carolina at Charlotte Board of Trustees.

**Appointments and Reappointments to the Board of Trustees – The North Carolina School of Science and Mathematics**

Mr. Davis reported that there are nine terms ending June 30, 2011, on the North Carolina School of Science and Mathematics Board of Trustees representing two non-residency appointments and Congressional Districts 2, 4, 8, 9, 10, 12, and 13. On behalf of the committee, he moved the appointment or reappointment of Henry D. Kuo of Cary, D. Carr Thompson of Durham, Kay Morgan of Durham, Lavonia I. Allison of Durham, Sophia Gatewood Crawford of Rockingham, Brian Bailey of Charlotte, Sallie D. Johnson of Hickory, Shirley Frye of Greensboro, and Alan Scott Hicks of Roxboro to serve in those positions, sequentially. The motion carried.

**Appointments to the Board of Directors – The North Carolina Arboretum**

Mr. Davis reported that there are three terms ending June 30, 2011, on the North Carolina Arboretum Board of Directors. On behalf of the committee, he moved the appointment John F.A.V. Cecil of Asheville, Jonathan Glover of Asheville, and James J. Morris, Jr. of Durham to serve in these positions. The motion carried.

**Reappointments to the University of North Carolina Press Board of Governors**

Mr. Davis reported that there are three terms ending June 30, 2012, on the University of North Carolina Press Board of Governors. The incumbents are Arlene Clift-

Pellow, William Leuchtenburg, and Barbara B. Moran. All are eligible for reappointment and the committee will consider these reappointments at its May meeting.

#### 2007 Trustee Selection Process

Mr. Davis reported the committee completed its review of nominations for the reelection and provisional election of trustees for terms beginning July 1, 2007, and concluding June 30, 2011. He thanked the members of the committee for their diligent work in the selection process. In accordance with the board's policy, newly elected members are provisionally elected and must attend a mandatory orientation and successfully submit the statement of economic interest to complete their election.

On behalf of the committee, Mr. Davis moved the election of those trustees nominated for reelection and the provisional election of those who will serve an initial term on a board of trustees pending completion of required trustee orientation and statement of economic interest. Mr. Davis added that the committee expects to return to the board at the May meeting to confirm this slate. The motion carried.

Mr. Davis reported that the committee considered policy changes for the North Carolina School of Science and Mathematics to become a full constituent institution of the University. These changes were included in the board notebooks and will be brought to the board for approval at the May meeting.

In conclusion, Mr. Davis stated that there is a matrix in the board folders that lists the times and dates of upcoming spring commencements. He asked members of the board to contact Secretary Corgnati if they are interested in participating in one of these important events in the lives of our universities.

**STUDENTS' PERSPECTIVE**

Mr. Pantiel, student member of the board, presented the students' perspective. He stated that the UNC Association of Student Governments participated in the United States Student Association Summit that was held March 3-6, 2007.

He stated that *Service North Carolina* will take place March 24-31, 2007. This is an event in which students participate in public service activities in their local schools, boys and girls clubs, Habitat for Humanity, etc.

Mr. Pantiel reported that on April 13, 2007, the association will host the Fourth Annual John L. Sanders Student Advocacy Awards Dinner at Exploris in Raleigh. This award is given annually to a student advocate who works hard on behalf of the students. This year the lifetime achievement award will be presented posthumously to Benjamin S. Ruffin and the 2007 John L. Sanders Student Advocacy Awards honoree will be former Chairman J. Bradley Wilson.

Mr. Pantiel stated the next meeting of the UNC ASG will take place March 30-31 at Appalachian State University. He added that the ASG will continue its efforts in support of the University's budget and in making sure that the faculty is able to receive the proper salary increases.

**CHAIRMAN'S REPORT**

Chairman Phillips thanked Chancellor Ballard and his staff for their assistance and hospitality during the Board of Governors meetings and invited the chancellor to the podium for remarks.

Chancellor Ballard thanked everyone for coming to East Carolina University and stated that it has been their pleasure to host the Board of Governors and hopes that the *Pirate*

*spirit* is felt by everyone. He stated that the spirit and dedication to service of the members of the ECU family is what makes his campus so special and he appreciates having the board visit to help celebrate the university's centennial.

Chairman Phillips congratulated Chancellor Ballard and the ECU family on their centennial and impressive legacy.

Chairman Phillips stated that he was very pleased with the interaction and wealth of information shared at Thursday's policy discussions. He especially thanked Vice President Mabe for a great job focusing the members on core issues that are fundamental to the University's mission and future.

The Chair noted that he was very excited about the trustees that were provisionally elected. He thanked Mr. Davis and the members of the Committee on University Governance for their very hard work and added that he believes that the men and women provisionally elected today are prepared to be leaders and effective trustees.

Chairman Phillips commended the board, President Bowles and his staff, and particularly Mr. Pantiel for their hard work and commitment which led to the textbook policy. He added that textbook prices are a critical component of the cost of higher education and the board's actions today have the potential to reduce those costs in very meaningful ways.

Mr. Phillips thanked Norma Mills for her excellent report during Thursday's policy discussions on the University of North Carolina Tomorrow and announced the makeup of the University of North Carolina Tomorrow Commission.

Chairman Phillips stated that the feedback he has received from trustees on the 2007 Conference on Trusteeship that was held in February has been very positive and he thanked everyone for their participation.

The Chair reiterated President Bowles' comments on the budget and the legislature. He asked board members to take the initiative to contact members of the legislature to discuss the budget, particularly the faculty salary increases.

The board will not meet in April, but will meet on June 8, 2007, and Chancellor Mauceri will be installed April 3, 2007, at the North Carolina School of the Arts.

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On motion of Dr. Perry, and seconded by Mrs. Gage, 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 10:55 a.m. and returned to open session at 11:10 a.m.

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

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

#### **Request to Create a New Senior Academic and Administrative Officer Position**

Mr. Mercer reported that the committee reviewed a request from UNC Wilmington to create a new senior academic and administrative officer position for a *Vice Provost for Academic Programs and Administrative Support*. Copies of the materials for this request were included in the board notebook materials.

On behalf of the committee, Mr. Mercer moved approval of this request to create a new senior academic and administrative officer position. (Appendix Q)

Mr. Mercer stated that the committee also discussed possible amendments to Policy 100.1, The *Code*, Chapter V, Section 500B, and Chapter VI, Section 602; and possible amendments to Polices 300.1.1., 300.2.11, 300.4.1, and 600.3.4, which relate to the North Carolina School of Science and Mathematics becoming a full constituent institution of the University. Specifically, these policies relate to matters overseen by the Committee on Personnel and Tenure.

Mr. Mercer reported that the committee received a copy of the *Report on Personnel Actions Delegated to the President Pursuant to Policy 200.6*, which lists all personnel actions approved by President Bowles from February 9, 2007 – March 15, 2007, copies of which were sent with the board notebook materials.

There being no further business, the meeting adjourned at 11:20 a.m.

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Secretary

## APPENDICES

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

|            |  |               |
|------------|--|---------------|
| Appendix A | Authorization to Sell Special Obligation Bonds, UNCC   | Posted Online |
| Appendix B | Authorization to Transfer an Investment Account, UNC-TV  | Posted Online |
| Appendix C | Approval of a Declaration of an Emergency Capital Improvements Project, NCCU                         | Posted Online |
| Appendix D | Authorization of New Capital Improvements Project, UNCP  | Posted Online |
| Appendix E | Approval of a Disposition of Property by Lease, NCSU   | Posted Online |
| Appendix F | Authorization to Discontinue the Bachelor of Science in Dance Education, UNCG                        | Posted Online |
| Appendix G | Authorization to Establish the Bachelor of Arts in Design Studies, NCSU                              | Posted Online |
| Appendix H | Authorization to Establish the Bachelor of Science in Public Health, UNCC                            | Posted Online |
| Appendix I | Authorization to Establish the Bachelor of Science in Information Technology, UNCP                   | Posted Online |
| Appendix J | Authorization to Establish the Master of Science in Disaster Management, UNCCH                       | Posted Online |
| Appendix K | Authorization to Establish the Master of Arts in Criminology and Public Sociology, UNCW              | Posted Online |
| Appendix L | President's Report   | Posted Online |
| Appendix M | Authorization of Non-Appropriated Capital Improvements Projects                                      | Posted Online |
| Appendix N | Amendment to the 2007-09 Budget Priorities for Capital Improvements                                  | Posted Online |
| Appendix O | Report on the Implementation of Recommendations from the Subcommittee Studying the Cost of Textbooks | Posted Online |
| Appendix P | Report on the UNC Nursing Exam Results for 2006 and Nursing Enrollment and Degrees Conferred         | Posted Online |
| Appendix Q | Request to Create a New Senior Academic and Administrative Officer Position                          | Posted Online |