APPENDIX I

CHAIRMAN PHILLIPS' REPORT
BOARD OF GOVERNORS MEETING
SEPTEMBER 8, 2006

It was our intent yesterday to revisit the study of where this University needs to be in the next 15 years and what we need to do. It was our hope that Eva Klein would come back before yesterday's meeting with her report, but that did not happen. It is our anticipation that she will come back next month with an outline and a proposal of how we should go forward with that study, and that will be on our Thursday agenda in October.

Since you elected me chairman of this board, you have heard me say repeatedly that one of my goals is to focus this board's time, energy, and smarts on the policy issues and decisions that confront our University. That is what we are charged to do by the statutes establishing this board, and it is what the University and the citizens of North Carolina need us to do. I think we have seen in the last two months that if we do that, it is going to take a lot of time. Concerning these assessments, as Erskine said to us and to the chancellors, the next steps are for him and his staff to work with issues that were discussed at the *policy discussions* yesterday. I would presume that, even outside of our meetings, you would think about these issues and call Erskine, Harold, Jeff, or Alan as appropriate. Then they are going to come back with a final work product from their prospective, and I think that will go to the committees. For instance, discussion on tuition and accessibility will go to the Committee on Budget and Finance, discussion on how to retain our best faculty will go to the Committee on Personnel and Tenure, and a significant portion of it will go to the Committee on Educational Planning, Policies, and Programs. That is the way I envision this board will operate. So again, I don't want to leave us thinking, *"Well, we had this talk and we said these things, but what is the end result?"* We are going to have a chance on Thursday to say our peace. Many times early in the development of policy we will

give guidance and direction to the staff, the people who help us and run this University on a day-to-day basis, and then let them finish their work and come back to us in the committee setting for further discussion, debate, and approval.

As we turn our time and attention to these kinds of issues, it seems logical and appropriate that we delegate to the President certain tasks that are best defined, in my opinion, as operational issues, day-to-day issues within the University, or things that we have historically acted on within our committee meetings. In fact, during this past session of the General Assembly, this board was specifically authorized to delegate such things, as we deemed appropriate. Consistent with this notion, yesterday I asked the Committee on University Governance to consider whether there are certain duties that fall into those operational aspects that we should delegate to the President. Over the next 30 days they will consider that question and come back with a recommendation, if appropriate, at the October meeting. According to our rules, that type of change in policy will then sit on the table for 30 days before we vote on it. Therefore, the plan is for them to look at it and come back with a recommendation in October and we will vote on it in November.

To begin this exercise, I provided the committee with a list of items that I believe appropriate for delegation. That list is included in your packet this morning as a memo from Leslie Winner to the board. Again, those are my thoughts. Therefore, I ask you to look at this, think about it and share your thoughts with John Davis, his committee, and me.

Earlier in his remarks, Erskine noted that a number of our campuses have recently been recognized nationally for exceptional quality *and* exceptional value. Yet earlier this week, the National Center for Public Policy and Higher Education released *Measuring Up 2006*, a "report card" that grades each state's performance in several key areas, including affordability. North

Carolina—along with 42 other states—received an *F* for affordability. The top score in the nation was a *C*-. Ironically, we tied for 10th nationally on the scoring for affordability, but still received an *F*. I just do not understand that math. It certainly is not consistent with the real facts monitored and analyzed by the NC State Education Assistance Authority, or with other national comparisons. I am not going to belabor this point, but let me offer just a few facts for context.

- In-state tuition rates for *every one* of our 16 campuses are in the bottom quartile of their peers. By any measure, our tuition rates are among the lowest in the nation.
- The pool of financial aid made available through the UNC Need-Based Grant Program has grown from $1.2 million in 1999 to over $80 million this year. These funds are supplemented by federal and private aid, as well as a portion of campus-initiated tuition revenues. Financial aid directors tell us that this growing pool of financial aid has made a *huge* difference in their ability to meet student need.
- The debt load accumulated by the average UNC student is significantly below the national average, and increases have been well below the Consumer Price Index.

Moreover, as we discussed at length yesterday morning, Erskine and the chancellors are working hard to reduce their administrative costs and reallocate those resources to instruction. While that will not do away with the need to raise tuition in the future, we expect to consider next month a four-year tuition plan that *will ensure affordability, flexibility, and predictability in tuition-setting, as a part of the larger resource base for the University*. That was the charge given to Tuition Policy Task Force. You will find more information about measures of UNC affordability in your packets. There should be no doubt this University and this board is absolutely committed to keeping our campuses affordable to North Carolinians *and* to

maintaining our reputation as one of the very finest public universities in America. That is our duty and our moral responsibility.

Other announcements:

- We are so proud of our own Dr. Patsy Perry. Patsy will be honored by the Durham Alumnae Chapter of Bennett College for Women as they present to her the Women of Vision Award of Excellence in the Educational Leadership category next Saturday, September 16, 2006, an honor richly deserved.
- I have asked Mr. Broadwell to serve as chair of the 2007 O. Max Gardner Award Committee. The committee will include Mrs. Blank, Dr. Buffaloe, Mr. Hans, and Mr. Hayes.
- Please remember the installation of UNC Asheville Chancellor Anne Ponder scheduled to begin Friday, September 15 at 4:00 p.m. You may check the UNCA home page for a complete list of installation events.
- Cary Owen was unable to join us today as she was advised by her doctors that she should not travel far from home. I am certain she would welcome hearing from you.