

APPENDIX FF

**PRESIDENT BOWLES' REPORT
BOARD OF GOVERNORS MEETING
MAY 12, 2006**

After introducing several of the chancellors and representatives of affiliated organizations in attendance at the meeting, President Bowles remarked as follows:

Let me first talk to you about the 2006 short session which has recently gotten underway. It is moving very quickly, we expect the Senate to come forward with their budget shortly. I have met with the Joint Appropriations Subcommittee chairs during the last two weeks. I also had a chance to spend a couple of hours with the committee co-chairs and I think we are making great progress. I can not overstate how important it has been for us to advance the agenda of the University, that we are one University, that we have been working together, that the budget we have presented is not my budget, but is our budget, the budget of all 16 chancellors. It has been well received. Additionally, the fact that we are working jointly with the Community Colleges and the Department of Public Instruction has made a big difference in how this budget has been received.

There are five or six principle areas which we are focusing on, which you all are aware. One is making sure that we have funding for our enrollment growth. We expect about 7500 new students to join us next year. Second, to make sure we expand financial aid for the neediest North Carolinians. We now take care of about 30,000 students with this program. And also to make sure that we increase faculty salaries, we asked for an increase of about 5% and I think we will do that or better. We focused on three critical needs in North Carolina: more teachers, more nurses, and the creation of jobs.

The Governor came forward with his proposed budget recently. He provided full funding for our enrollment growth and financial aid as well as significant new funding for our initiatives

in K-12 and health care and he also included a 4% salary increase for University employees. As I said, we expect that we are going to be able to do at least that, and we certainly are going to be working to do that or better.

I also would like to introduce to those of you who do not know him, Mr. Robert O. Nelson. Rob is our new Vice President for Finance. Please give him a round of applause. Rob clearly has the management skills, the financial skills, and most importantly the people skills to do that job and do it well. I have had a chance to work with him over the last four months and that guy really has earned the respect of everyone involved in state government. I am delighted that he has accepted this new responsibility.

This week I had a chance to visit Fort Bragg. I consider the military market to be an extraordinary market for us, a real opportunity to reach out and not only educate more of our students, but also generate more revenues for the University. We now have 13 undergraduate programs and 7 graduate programs at Fort Bragg being offered by Fayetteville State University and the University of North Carolina at Pembroke. East Carolina currently offers 40 online programs there. I think we have great opportunity to expand our programs there, particularly as it relates to opportunities for NC State and Western Carolina University. And we are hard at work to make sure that happens.

I would also like to take a second and speak to you about our work in distance learning. As you remember when I talked about the prism through which I am going to look at all the opportunities that we face, that I think that we have enormous opportunity in distance learning. As Dr. Taylor said, we have made great advances there, but we have a long, long way to go. The great news is we have a tremendous opportunity. I was astounded to learn that we currently in the University system offer more online degrees than the University of Phoenix does in its

system. Now think about the opportunity that is presented to us to reach out to the world to offer a degree from our University. Not just to North Carolina, not just to the United States, but to the entire world. We are hard at work on this effort, we believe this can be a real revenue-generating opportunity for the University. Not for General Administration, but for our campuses. And we think it can also be a way we can find new opportunities to reward our professors, without investing in bricks and mortar. That way we can not only attract, but we retain the best professors in the country. It is something we are very excited about. Next month East Carolina University and the University of North Carolina at Greensboro will make a presentation to each of you. We will have a workshop and talk about how we are going to grow this program. And I hope, grow it rather rapidly.

Finally, let me remind you that at our luncheon today we will honor 16 of the University's best and brightest professors. As you have heard me say many times, they are our University. Without them, everything else we do would go for naught. This is an important celebration in the life of the University and an opportunity for us to express our thanks to these people who do so very much for us.

Mr. Chairman that concludes my remarks.