

BOARD OF GOVERNORS MEETING

The University of North Carolina

March 6, 2002

The Board of Governors met in regular session on March 6, 2002, in the Board Room of the General Administration Building, Chapel Hill. Mr. Ruffin, the chairman, called the meeting to order at 1:15 p.m.

Chairman Ruffin acknowledged the many students present and said the board would consider the tuition matter as the first item on the agenda. On behalf of the Board of Governors, the chairman said the members of the board were proud of them as students and pleased that they had come to the Board of Governors meeting to express their concerns.

INVOCATION

Mrs. Gage gave the invocation.

ROLL CALL

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

Benjamin S. Ruffin
Bradley T. Adcock
G. Irvin Aldridge
James G. Babb
J. Addison Bell
F. Edward Broadwell, Jr.
William T. Brown
William L. Burns, Jr.
Anne W. Cates
C. C. Cameron
John F.A.V. Cecil
John W. Davis III
Ray S. Farris
Hannah D. Gage
Willie J. Gilchrist

H. Frank Grainger
James E. Holshouser, Jr.
Peter Keber
Teena S. Little
Charles H. Mercer, Jr.
R. Andrew Payne
Barbara S. Perry
Patsy B. Perry
Jim W. Phillips, Jr.
H. D. Reaves, Jr.
Gladys Ashe Robinson
J. Craig Souza
Priscilla P. Taylor
Robert F. Warwick
J. Bradley Wilson

The following members were absent:

Angela R. Bryant
Bert Collins

Dudley E. Flood
Ruth Dial Woods

The chair stated that Dr. Flood, who recently had surgery, was recuperating at home and had an excused absence under the provisions of the statute.

MINUTES

On motion of Mr. Adcock, seconded by Mr. Mercer, the minutes of the meeting of February 8, 2002, were approved. The motion carried.

REPORT OF COMMITTEE ON BUDGET AND FINANCE

Mr. Bell, chair of the Committee on Budget and Finance, introduced the members of the committee (Mrs. Robinson, Dr. Taylor, Gov. Holshouser, Mr. Warwick, and Mr. Phillips) and presented the committee's report.

Facilities and Administrative Receipts Report

Mr. Bell reported that legislation enacted by the 2001 General Assembly included a special provision directing the Board of Governors to report on the amount and uses of facilities and administrative receipts. On behalf of the Committee, Mr. Bell moved that the report prepared for the fiscal year ending June 30, 2001, be approved and transmitted to the Joint Legislative Education Oversight Committee. Dr. Taylor seconded the motion and it carried.
(Appendix A)

Disposition of Property by Lease – The University of North Carolina at Chapel Hill

Mr. Bell presented and moved approval of a request from the University of North Carolina at Chapel Hill to out-lease approximately six acres of land on Airport Road to the University of North Carolina Foundation, Inc. Under the terms of the lease, the Foundation would use the land to construct a new office building to consolidate several administrative offices, including Human Resources, Contracts and Grants, and Finance. The General Assembly authorized this project in 1999 at the request of the Board.

On behalf of the committee, Mr. Bell moved that the request of the Board of Trustees be approved and transmitted to the Council of State for final action. Dr. Taylor seconded the motion and it carried. (Appendix B)

Authorization of Fees for 2002-03

Mr. Bell reminded the members that the recommendations for student fees, prepared in accordance with the policies and procedures adopted by the Board in May 1993, were reviewed by the Board in the context of setting tuition. On behalf of the committee, he moved that the Board approve the fees for 2002-03 as stated in the RESOLUTION AUTHORIZING FEES. Mr. Warwick seconded the motion and it carried. (Appendix C)

Request from Association of Student Governments to Establish System-Wide Fee

Mr. Bell called attention to a request from the University of North Carolina Association of Student Governments to establish a system-wide fee to finance activities of the Association. He said the request calls for an annual fee at the rate of \$1 per FTE to generate approximately \$165,000. The Association, in consultation with the Vice President for Finance, has been asked to present a proposed budget and a plan for administrative operations for the Association at the May meeting of the Budget Committee. Mr. Bell noted that the committee asked that the Association's plan not provide for professional permanent employees, although the committee believes that permanent administrative assistance for the group would be permissible. In addition, the committee will require an annual audit of the organization.

On behalf of the committee, Mr. Bell moved that the \$1 system-wide fee be approved and that the Committee on Budget and Finance be authorized to review the organization's proposed budget and administrative operating plan at its May meeting. Mr. Payne and others seconded the motion and it carried.

Authorization Of Tuition Rates For 2002-03▪ Board-Initiated Tuition Increases

On behalf of the committee, Mr. Bell thanked the students who were in attendance at the meeting and those who had sent thoughtful, courteous, and humorous letters.

In his prefatory remarks, Mr. Bell said:

The Board of Governors has determined that providing access to The University of North Carolina is its highest priority. The Committee on Budget and Finance has determined that to assure that access to the University for 2002-03 will be available to the people of North Carolina without eroding the quality of programs, it is necessary to raise tuition to provide for a portion of the cost of enrollment increases and student financial aid.

It is recommended that the current tuition rates at the constituent institutions be increased by 8% for resident students and 12% for nonresident students. The tuition increases would generate tuition receipts totaling \$39,966,108. It is recommended that these funds be used as follows.

First, the receipts would be used to provide for one-half of the enrollment increase funding to be requested from the General Assembly. The request for enrollment increases is shown on the attached spreadsheet and totals \$66,803,142. One-half of this request, \$33,401,571, would be financed from the increased tuition receipts. It is recommended that the General Assembly provide the remaining \$33,401,571 that is needed to fund the request for enrollment increases.

The remaining receipts, \$6,564,537, would be used to provide additional funding for the Board's need-based financial aid program. It is recommended that the General Assembly match these funds to provide a total of \$13,129,074 available in additional need-based financial aid. This would ensure full funding for the need-based financial aid program for all undergraduate resident students.

If the General Assembly is able to fund enrollment increases and student financial aid at a level higher than requested, the additional funding would result in proportionately reduced tuition rates at all of the campuses.

On behalf of the committee, Mr. Bell moved that the committee's recommendations, as listed below, be approved:

- 8% tuition increase for resident students
- 12% tuition increase for nonresident students
- Approve an enrollment request for \$66,803,142 and a student financial aid request for \$13,129,074, no more than half to be provided from tuition receipts and the remainder to be requested from the General Assembly
- If the General Assembly is able to fund enrollment and financial aid with less tuition receipts, the tuition rates would be reduced proportionately at each campus

Dr. Taylor seconded the motion. Mr. Bell reported there were seven motions incorporated in the committee's recommendations.

In the discussion that followed, Mr. Souza expressed concern that the committee's recommendation contained seven separate motions and could be voted on individually or all at one time, and he, therefore, moved that all seven motions be considered at the same time. Mr. Farris called for a division of the motion. Following a parliamentary procedure ruling from Vice President Winner, Mr. Souza withdrew his motion and requested that Mr. Bell consider each motion separately. Mr. Farris concurred. At Mr. Adcock's request for a roll call vote on each of the main motions, the chair ruled, without objection, that the request would be granted. With the board's concurrence, the procedural process was established and Mr. Bell read each of the separate motions to be considered. He called attention to several spreadsheets and summarized the additional tuition that would be generated by the increases and the amount of financial aid that would be met through the increases. (For the complete report on Board-Initiated Tuition Increases, see Appendix D.)

At Dr. Brown's request, and with the consensus of the board, the chair ruled that Motion #2 would be voted on first and all other motions would be considered in the order listed.

On behalf of the committee, Mr. Bell moved that the board approve Motion #2.

MOTION #2

- Approve the campus-initiated tuition requests for the five campuses that have not previously had increases.

Elizabeth City State University	\$150
Fayetteville State University	\$100
North Carolina School of the Arts	\$400
Western Carolina University	\$200
Winston-Salem State University	\$200

Dr. Brown seconded the motion. Mr. Adcock withdrew his request for a roll call vote on Motion #2 and, following discussion, the motion carried.

Mr. Bell presented and moved approval of Motion #1.

MOTION #1

- 8% tuition increase for resident students
- 12% tuition increase for nonresident students
- Approve an enrollment request for \$66,803,142 and a student financial aid request for \$13,129,074, no more than half to be provided from tuition receipts and the remainder to be requested from the General Assembly
- If the General Assembly is able to fund enrollment and financial aid with less tuition receipts, the tuition rates would be reduced proportionately at each campus.

Dr. Taylor seconded the motion. In the discussion that followed, a number of members spoke for and against the motion. Mr. Farris spoke against the motion and asked that a letter he addressed to Mr. Bell be included as a part of the record. (Appendix E) Mr. Souza offered a friendly amendment to the main motion “that the across-the-board tuition increases be limited to one year.” Mr. Aldridge seconded the motion. Several members spoke in favor of Mr. Souza’s amendment and made suggestions for improvement. The question was called on Mr. Souza’s amendment. At the request of Chairman Ruffin, Mr. Souza restated his friendly amendment as changed: “That the across-the-board increases in Motion #1 would be in effect until such time as the legislature fully funds higher education enrollment in the continuation budget.” Mr. Bell, with the concurrence of the members of the Committee on Budget and Finance, accepted Mr. Souza’s friendly amendment. Mr. Bell then restated the main motion as amended. Mr. Aldridge called the roll for a voice vote and Motion #1 passed 21-5.

(See page 10.)

On behalf of the committee, Mr. Bell then moved approval of Motion #3.

MOTION #3

- Approve the campus-initiated tuition increase for North Carolina State University and the University of North Carolina at Chapel Hill in the amount of \$300.

Mr. Warwick seconded the motion. Mr. Souza said it appeared that motions 3, 4, and 5 were related and he moved that the motions be consolidated and voted on at one time. Mr. Farris

asked for a division of the motions. Mr. Souza withdrew his motion. In speaking to the main motion, Mr. Babb expressed the opinion that the campus-based tuition increases for the designated institutions should not be restricted and that the original requests for the campuses named in the motion be granted and he offered a substitute motion that the amount be approved at \$400. Mrs. Cates seconded the motion. Mr. Payne urged the board to vote against the campus-based tuition increase. Mr. Aldridge called the roll for a voice vote and Mr. Babb's substitute motion failed 13-13. The original motion was put and, by roll call vote, passed 22-4. (See page 10.)

Mr. Bell then presented and moved approval of Motion #4.

MOTION #4

- Approve the campus-initiated tuition increases for East Carolina University, the University of North Carolina at Charlotte and the University of North Carolina at Greensboro in the amount of \$250, including the amount previously approved.

Mr. Cecil seconded the motion. In the discussion that followed, a number of members spoke for and against the motion. Mr. Burns said he favored setting the total increase at \$400 for the institutions named in the motion. Mr. Souza offered a substitute motion to table motion #4. Mr. Keber seconded the motion. After more discussion, Mr. Souza withdrew his motion. Chairman Ruffin put the question and Mr. Aldridge called the roll for a voice vote. The motion passed 22-4. (See page 10.)

On behalf of the committee, Mr. Bell moved approval of Motion #5.

MOTION #5

- Approve the campus-initiated tuition increases for the remaining baccalaureate and comprehensive institutions at an amount not to exceed \$200, with increases over the previously requested amount to be approved by the President.

Mr. Bell pointed out that the \$300 campus-initiated tuition increase for the University of North Carolina at Asheville previously approved by the Board, effective for the 2002-03 year, would

remain in effect. In addition, he said any revenue resulting from a campus-initiated tuition increase must be used only for instructional or academic purposes or student financial aid. Mr. Bell noted that in the event a campus has an impermissible purpose in its proposal, the campus Board of Trustees must submit to the President a request to reallocate the funds based on a determination that the reallocated amount is necessary to improve or maintain the quality of academic programs or to provide access. Mr. Burns seconded the motion. Mr. Grainger offered a substitute motion that Appalachian State University's original request be granted to address the economic conditions in that area of the state. Mr. Babb seconded the motion. Mr. Wilson questioned the amount to be generated for SPA salaries at Appalachian State University and whether this provision would continue into perpetuity if the request were to pass. In the discussion that followed, Mr. Bell pointed out the Budget and Finance Committee had already removed the request to supplement SPA salaries and said the increase should be used for instructional purposes only.

The chair put the substitute motion and Mr. Aldridge called the roll for a voice vote. The substitute motion failed 9-17. The original motion was put and, by roll call vote, carried 23-3. (See page 10.)

On behalf of the committee, Mr. Bell presented and moved approval of Motion #6.

MOTION #6

- Require that any revenue resulting from a campus-initiated tuition increase be used only for instructional or academic purposes or student financial aid. Reallocations of requested funds are to be approved by the President.

Mr. Warwick seconded the motion. Mr. Babb expressed the opinion that some campus requests were cut while others were granted additional increases. In the interest of being consistent, he offered a substitute motion that all institutions should be granted their original request.

Mr. Grainger said he was in agreement and seconded the motion. Several members said they could not support the substitute motion. Chairman Ruffin put the substitute motion and Mr. Aldridge called the roll for a voice vote. The substitute motion failed by a roll call vote of 12-12. Chairman Ruffin then put the original motion and it carried by a roll call vote of 17-7. (See page 10.)

On behalf of the committee, Mr. Bell presented and moved approval of Motion #7.

MOTION #7

- Authorize the Vice President for Finance to make needed adjustments to reflect the decisions regarding tuition increases and to prepare a supplemental budget request consistent with the actions of the Board of Governors.
- Request that the General Assembly make the needed statutory changes to require the Governor to provide for enrollment growth funding in future years as a part of the State's continuation budget.

Mr. Warwick seconded the motion and it carried.

* * *

(See Table 1 for the Regular Tuition Rates for 2002-03; see Table 2 for the Special Tuition Rates for Nonresident Students for 2002-03.)

The individual roll call votes were as follows:

Board Member	Orig	Sub	Orig	Orig	Sub	Orig	Sub	Orig	Orig
	#1	#3	#3	#4	#5	#5	#6	#6	#7
Adcock, Bradley T.	N	N	N	N	N	N	Left early		
Aldridge, G. Irvin	Y	N	N	N	N	N	Y	Y	
Babb, James G.	Y	Y	Y	Y	Y	Y	Y	N	
Bell, J. Addison	Y	Y	Y	Y	Y	Y	Y	N	
Broadwell, Jr., F. Edward	Y	Y	Y	Y	Y	Y	Y	N	
Brown, William T.	Y	N	N	Y	Y	Y	Y	Y	
Bryant, Angela R.	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	
Burns, Jr., William L.	N	Y	Y	Y	N	Y	Y	Y	
Cameron, C. Clifford	Y	Y	Y	Y	Y	Y	Y	Y	
Cates, Anne W.	N	Y	Y	N	N	Y	Y	N	
Cecil, John F.A.V.	Y	N	Y	Y	N	Y	N	Y	
Collins, Bert	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	
Davis III, John W.	Left early								
Farris, Ray S.	N	Y	Y	Y	N	Y	N	Y	
Flood, Dudley E.	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	
Gage, Hannah D.	Y	Y	Y	Y	N	Y	N	Y	
Gilchrist, Willie J.	Y	N	Y	Y	N	Y	Y	N	
Grainger, H. Frank	Y	Y	Y	Y	Y	Y	Y	Y	
Holshouser, Jr., James E.	N/A	--	--	--	--	--	--	--	
Keber, Peter	Y	N	Y	Y	Y	Y	Y	N	
Little, Teena S.	Y	N	Y	Y	Y	Y	N	Y	
Mercer, Jr., Charles H.	Y	Y	Y	Y	N	Y	N	Y	
Payne, Andrew R.	N/A	--	--	--	--	--	--	--	
Perry, Barbara S.	N	Y	Y	Y	Y	Y	Y	N	
Perry, Patsy B.	Y	N	Y	Y	N	Y	Left early		
Phillips, Jr., Jim W.	Y	Y	Y	Y	N	Y	N	Y	
Reaves, Jr., H. D.	Y	N	Y	Y	N	Y	N	Y	
Robinson, Gladys Ashe	Y	Left early							
Ruffin, Benjamin S.		N	Y	Y	N	Y	N	Y	
Souza, J. Craig	Y	N	N	N	N	N	N	Y	
Taylor, Priscilla P.	Y	N	Y	Y	N	Y	N	Y	
Warwick, Robert F.	Y	Y	Y	Y	N	Y	N	Y	
Wilson, J. Bradley	Y	N	Y	Y	N	Y	N	Y	
Woods, Ruth Dial	Absent	Absent	Absent	Absent	Absent	Absent	Absent	Absent	--
TOTAL	21-5	13-13	22-4	22-4	9-17	23-3	12-12	17-7	

The University of North Carolina
Regular Tuition Rates
2002-03

Institution		North Carolina Residents		Nonresidents	
		From	To	From	To
North Carolina State University	<i>Undergraduate</i>	\$2,328	\$2,814	\$12,320	\$14,098
	<i>Graduate</i>	2,511	3,012	12,822	14,661
School of Veterinary Medicine					
D.V.M. Candidate	<i>Graduate</i>	5,516	7,007	25,464	29,570
Veterinary Graduate	<i>Graduate</i>	2,511	3,012	12,822	14,661
School of Business					
Masters of Accounting	<i>Graduate</i>	2,511	4,262	12,822	15,911
Masters of Science in Mgmt.	<i>Graduate</i>	2,511	5,512	12,822	17,161
UNC-Chapel Hill					
Academic Affairs	<i>Undergraduate</i>	2,328	2,814	12,320	14,098
	<i>Graduate</i>	2,511	3,012	12,822	14,661
School of Journalism	<i>Graduate</i>	5,054	5,758	15,299	17,435
School of Law	<i>Graduate</i>	5,337	7,764	17,250	19,620
School of Business					
M.B.A. Candidate	<i>Graduate</i>	9,994	12,794	23,437	28,249
Masters of Accounting	<i>Graduate</i>	6,982	8,841	17,291	20,666
Health Affairs					
School of Pharmacy	<i>Graduate</i>	2,511	3,012	12,822	14,661
Pharm D Candidate		4,457	5,648	19,031	21,815
School of Nursing	<i>Undergraduate</i>	2,328	2,814	12,320	14,098
	<i>Graduate</i>	2,511	3,012	12,822	14,661
School of Public Health	<i>Undergraduate</i>	2,328	2,814	12,320	14,098
	<i>Graduate</i>	3,275	3,837	12,920	14,770
School of Dentistry					
D.D.S. Candidate	<i>Graduate</i>	5,123	7,033 ¹	24,390	27,617
Dental Hygiene	<i>Undergraduate</i>	2,328	2,814	12,320	14,098
Dental Auxiliary	<i>Undergraduate</i>	2,328	2,814	12,320	14,098
Dental Graduate	<i>Graduate</i>	3,923	4,537	15,699	17,883
School of Medicine					
M.D. Candidate	<i>Graduate</i>	5,123	7,033 ¹	28,126	32,501 ²
Medical Technology	<i>Undergraduate</i>	2,328	2,814	12,320	14,098
Physical Therapy	<i>Graduate</i>	2,511	3,012	12,822	14,661
Medicine Graduate	<i>Graduate</i>	2,511	3,012	12,822	14,661

¹ The rate for DDS & MD resident students enrolled prior to Fall 2001 is \$4,537.

² The rate for MD nonresident students enrolled prior to Fall 2001 is \$31,017.

Institution		North Carolina Residents		Nonresidents	
		From	To	From	To
East Carolina University	<i>Undergraduate</i>	\$1,453	\$1,819	\$10,022	\$11,475
	<i>Graduate</i>	1,524	1,896	10,252	11,732
School of Medicine	<i>Graduate</i>	2,951	3,437	24,798	28,024
UNC-Charlotte	<i>Undergraduate</i>	1,417	1,780	9,637	11,043
	<i>Graduate</i>	1,483	1,852	9,850	11,282
UNC-Greensboro	<i>Undergraduate</i>	1,358	1,717	10,572	12,091
	<i>Graduate</i>	1,432	1,797	10,814	12,362
Appalachian State University	<i>Undergraduate</i>	1,222	1,520	9,144	10,441
	<i>Graduate</i>	1,286	1,589	9,354	10,676
Fayetteville State University	<i>Undergraduate</i>	1,072	1,258	8,994	10,173
	<i>Graduate</i>	1,136	1,327	9,204	10,408
N.C. A & T State University	<i>Undergraduate</i>	1,222	1,470	9,144	10,391
	<i>Graduate</i>	1,286	1,539	9,354	10,626
North Carolina Central University	<i>Undergraduate</i>	1,272	1,574	9,194	10,497
	<i>Graduate</i>	1,424	1,738	9,492	10,831
School of Law	<i>Graduate</i>	1,530	1,852	11,634	13,230
UNC Pembroke	<i>Undergraduate</i>	1,152	1,394	9,074	10,313
	<i>Graduate</i>	1,216	1,463	9,284	10,548
UNC Wilmington	<i>Undergraduate</i>	1,317	1,622	9,412	10,741
	<i>Graduate</i>	1,383	1,694	9,626	10,981
	<i>MBA</i>	1,827	2,173	10,071	11,480
Western Carolina University	<i>Undergraduate</i>	1,072	1,358	8,994	10,273
	<i>Graduate</i>	1,136	1,427	9,204	10,508
UNC Asheville	<i>Undergraduate</i>	1,196	1,592	8,658	9,997
	<i>Graduate</i>	1,248	1,648	8,812	10,169
Elizabeth City State University	<i>Undergraduate</i>	896	1,118	7,892	8,989
	<i>Graduate</i>	948	1,174	8,072	9,191
Winston-Salem State University	<i>Undergraduate</i>	896	1,168	7,892	9,039
	<i>Graduate</i>	948	1,224	8,072	9,241
N. C. School of the Arts					
College	<i>Undergraduate</i>	1,662	2,195	11,067	12,795
	<i>Graduate</i>	1,761	2,302	11,340	13,101
High School		62*	62*	5,298	5,698

*Academic fee only

Special Rates for Nonresident Students

Institution	Group 1 – Undergraduate		Group 2 – Graduate	
	From	To	From	To
North Carolina State University	\$11,370	\$13,148	\$2,511	\$3,012
School of Veterinary Medicine				
D.V.M. Candidate	–	–	5,516	7,007
Veterinary Graduate	–	–	2,511	3,012
School of Business				
Masters of Accounting	–	–	2,511	3,012
Masters of Science in Mgmt.	–	–	2,511	3,012
UNC-Chapel Hill				
Academic Affairs	11,370	13,148	2,511	3,012
School of Law	–	–	5,337	7,764
School of Business				
M.B.A. Candidate	–	–	9,994	12,794
Masters of Accounting	–	–	6,982	8,841
Health Affairs				
School of Pharmacy				
Graduate	–	–	2,511	3,012
Pharm D Candidate	–	–	4,457	5,648
School of Nursing	11,370	13,148	2,511	3,012
School of Public Health				
Undergraduate	11,370	13,148	–	–
Graduate	–	–	3,275	3,837
School of Dentistry				
D.D.S. Candidate	–	–	5,123	7,033
Dental Hygiene	11,370	13,148	–	–
Dental Auxiliary	11,370	13,148	–	–
Dental Graduate	–	–	3,923	4,537
School of Medicine				
M.D. Candidate	–	–	5,123	7,033
Medical Technology	11,370	13,148	–	–
Physical Therapy	–	–	2,511	3,012
Medicine Graduate	–	–	2,511	3,012
East Carolina University	9,072	10,525	1,524	1,896
School of Medicine	–	–	2,951	3,437
UNC-Charlotte	8,687	10,093	1,483	1,852
UNC-Greensboro	9,622	11,141	1,432	1,797

Institution	Group 1 – Undergraduate			Group 2 – Graduate	
	From	To		From	To
Appalachian State University	8,194	9,491		1,286	1,589
Fayetteville State University	8,044	9,223		1,136	1,327
N.C. A & T State University	8,194	9,441		1,286	1,539
North Carolina Central University	8,244	9,547		1,424	1,738
School of Law	–	–		1,530	1,852
UNC Pembroke	8,124	9,363		1,216	1,463
UNC Wilmington	8,462	9,791		1,383	1,694
MBA Candidate	–	–		1,827	2,173
Western Carolina University	8,044	9,323		1,136	1,427
UNC Asheville	7,824	9,163		1,248	1,648
Elizabeth City State University	7,058	8,155		948	1,174
Winston-Salem State University	7,058	8,205		948	1,224
N. C. School of the Arts					
Category A	10,167	11,079		–	–
Category B	10,467	11,379		–	–
Category C	10,717	11,629		–	–
Graduate	–	–		1,761	2,302

Chairman Ruffin explained that the board's lengthy discussion on the tuition issues had delayed the presentation of the Oliver Max Gardner Award and, to prevent further delay for the guests, asked that the board consider the award presentation next on the agenda.

PRESENTATION OF THE 2002 OLIVER MAX GARDNER AWARD

Chairman Ruffin noted this was the 54th year in the history of the Oliver Max Gardner Award, an award established by the will of the late Governor Gardner. He said the award recognizes "that member of the faculty of the Consolidated University of North Carolina, who, during the current scholastic year, has made the greatest contribution to the welfare of the human race."

Mr. Mercer, chair of the 2002 O. Max Gardner Award Committee, thanked the other members of the committee, Ms. Bryant, Mr. Cecil, Mr. Davis, and Mr. Wilson, for their hard work and diligence in choosing the recipients for the 2002 O. Max Gardner Award. He said the committee was pleased to honor two recipients this year: Melissa Hayden, a former New York City Ballet performer and master teacher at the North Carolina School of the Arts; and Dr. Oliver Smithies, Excellence Professor of Pathology And Laboratory Medicine at the University of North Carolina at Chapel Hill, as recipients of the 2002 O. Max Gardner Award. Mr. Mercer introduced the family members and friends of the recipients who had come to share in the occasion.

Following a short introductory video highlighting the contributions of Ms. Hayden, Mr. Mercer asked Ms. Hayden to join him at the podium. Mr. Mercer read the citation honoring Ms. Hayden, President Broad presented her with a check in the amount of \$10,000, and Chairman Ruffin presented her with a framed copy of the citation. Ms. Hayden responded. (For Ms. Hayden's citation and response, see Appendix F.)

A short introductory video highlighting the contributions of Dr. Smithies was also presented and Mr. Mercer asked Dr. Smithies to join him at the podium. Mr. Mercer read the citation honoring Dr. Smithies, President Broad presented him with a check in the amount of \$10,000, and Chairman Ruffin presented him with a framed copy of the citation. Dr. Smithies responded. (For Dr. Smithies' citation and response, see Appendix G.)

* * *

On motion of Mr. Aldridge, seconded by Mr. Souza, the board voted to convene in closed session pursuant to North Carolina G.S. Sections 143-318.11(a)(2), 143-318.11(a)(3), 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, the closed session minutes for February 8, 2002, were presented for review and approval. On motion of Mr. Aldridge, seconded by Mr. Souza, the minutes were approved as distributed.

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 report included two administrative appointments in the UNC Office of the President.

In addition, the report included recommendations for appointments and promotions with conferral of tenure, and conferral of tenure at North Carolina Central University, North Carolina State University (including a distinguished professorship), and UNC Chapel Hill.

REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE

Appeal of Student – North Carolina State University

Dr. Brown, chair of the Committee on University Governance, called on Mr. Aldridge to present the committee's report.

Mr. Aldridge, chair of the subcommittee that considered the appeal of a student at North Carolina State University presented the committee's report and moved its approval.

Mr. Grainger seconded the motion and it 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 the Board of Trustees of East Carolina University for the acquisition of an office building located in Greenville. The building, to be purchased with funds from the 2000 Higher Education Bonds, would be used to relocate administrative functions to the periphery of campus. On behalf of the committee, Mr. Bell moved that the request be approved and transmitted to the Council of State for final action. Mr. Grainger seconded the motion and it carried.

Acquisitions of Property – East Carolina University

Mr. Bell presented a request from East Carolina University to acquire 40 parcels of property located near the Health Sciences Center. Mr. Bell moved that the request be approved and transmitted to the Council of State for final action. Mr. Grainger seconded the motion and it carried.

Acquisitions of Property – North Carolina Central University

On behalf of the committee, Mr. Bell, presented a request from North Carolina Central University to acquire 34 parcels surrounding the campus for future expansion. Mr. Bell moved that the request be approved and transmitted to the Council of State for final action. Mr. Phillips seconded the motion and it carried.

Acquisition of Property – North Carolina State University

Mr. Bell also presented a request from North Carolina State University to approve the acquisition of property located at the entrance to the Centennial Campus. On behalf of the committee, Mr. Bell moved that the request be approved and transmitted to the Council of State for final action. Mr. Grainger seconded the motion and it carried.

REPORT OF COMMITTEE ON BOARD OF GOVERNORS AWARDS FOR EXCELLENCE IN TEACHING

In the absence of Dr. Ruth Dial Woods, chair of the 2002 Committee on the Board of Governors Awards for Excellence in Teaching, Mr. Warwick presented and moved approval of the committee's report. Dr. Gilchrist seconded the motion and it carried. Mr. Warwick said the nominees selected for the award would be honored at a luncheon following the May meeting of the board.

* * *

On motion of Mr. Cecil, seconded by Mr. Babb, the board voted to reconvene in open session.

RESUMPTION OF OPEN SESSION

ADMINISTRATIVE ACTION ITEMS

Chairman Ruffin called attention to the Administrative Action Items listed on the agenda and inquired if any member wished to have items removed for further discussion. There

being none, Mr. Aldridge moved, seconded by Mr. Grainger, that the following Administrative Action Items be approved by consent:

- | | | |
|-----------|---|------------|
| a. (B/F) | Authorization of the Sale of Revenue Refunding Bonds, ASU | Appendix H |
| b. (B/F) | Authorization to Refinance Bonds, NCSU | Appendix I |
| c. (EPPP) | Authorization to Establish the B.S. in Aviation Science, ECSU | Appendix J |
| d. (EPPP) | Authorization to Establish the B.A. in Communication Studies, ECSU | Appendix K |
| e. (EPPP) | Authorization to Establish the B.S. in Professional Golf Management, NCSU | Appendix L |
| f. (EPPP) | Authorization to Establish the B.S. in Construction Management, WCU | Appendix M |
| g. (EPPP) | Authorization to Establish the M.B.A., WSSU | Appendix N |
| h. (EPPP) | Authorization of Licensure of Strayer University of Washington, DC to Offer Degree Programs at Charlotte and Raleigh-Durham, NC | Appendix O |
| i. (P/T) | Authorization to Implement the Recommendations of the Non-Tenure Track Faculty Report | Appendix P |

The motion carried.

REPORT OF COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS

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

Policy on University Research Facilities and Administrative Receipts

In accordance with a mandate from the General Assembly for an annual report, Mr. Reaves called attention to the proposed new policy for the universities to follow in reporting the expenditure of University Research Facilities and Administrative Receipts, a copy of which was included in each member's folder. On behalf of the committee, Mr. Reaves moved that the proposed policy on reporting University Research Facilities and Administrative Receipts be approved. Mr. Cecil seconded the motion and it carried. (Appendix Q)

Report and Recommendations on School of Pharmacy – Elizabeth City State University

Mr. Reaves reported that, in accordance with a request from the General Assembly, the committee was required to submit a feasibility report on placing a pharmacy school at Elizabeth City State University. The study and report, conducted by three deans of pharmacy schools, provided three options, ranging from a stand-alone program at ECSU to a cooperative program with either ECU or UNC Chapel Hill, with the cost varying from the stand-alone option being the most expensive to the cooperative program between ECSU and UNC Chapel Hill being the least expensive. The request was the result of a general report on pharmacy by the SHEPS center, commissioned by the BOG and AHEC in February a year ago, documenting shortages in pharmacy in the state.

Mr. Reaves reported that the committee discussed the three options in detail and decided to support the third option because it was the least expensive, that of providing a joint pharmacy program between ECSU and UNC Chapel Hill. On behalf of the committee, Mr. Reaves moved approval of the feasibility study and the recommendation that the board support option 3, a joint pharmacy program between ECSU and UNC Chapel Hill, and that the feasibility study and the recommendation be sent to the Joint Legislative Education Oversight Committee by the required date. Mr. Cecil seconded the motion. In the discussion that followed, Dr. Gilchrist reported that the President Pro Tempore, Senator Marc Basnight, asked for an opportunity to review the recommendation prior to its submission to the Joint Legislative Education Oversight Committee. After more discussion, it was agreed that Dr. Gilchrist would communicate with Sen. Basnight the board's sentiment in complying with the directive from the General Assembly. The motion carried. (Appendix R)

Report on Health Care Personnel Education

Mr. Reaves reported that another request from the General Assembly asked that the Board of Governors, the State Board of Community Colleges, and the Department of Public

Instruction submit a joint report to the Joint Legislative Education Oversight Committee outlining the process for addressing the shortage of health care personnel education. On behalf of the committee, Mr. Reaves moved that the Board of Governors produce a joint report with the State Board of Community Colleges and the Department of Public Instruction. Mr. Aldridge seconded the motion and it carried.

School Administrators Supply/Demand Report

Mr. Reaves reminded the members that the School Administrators Supply/Demand Report, prepared by the Department of Public Instruction, had been received and its principal findings reviewed and approved by the committee. On behalf of the committee, he moved that the Board of Governors approve the School Administrators Supply/Demand Report and that it be transmitted to the Joint Legislative Education Oversight Committee. Mr. Payne seconded the motion and it carried. (Appendix S)

* * *

Mr. Reaves noted that another item considered by the committee was the minimum course requirements approved previously by the Board. He said it was now apparent the current policy needed to be repealed and he gave notice that at the May meeting, the board would be asked to consider that matter. A copy of the policy to be repealed was included in each member's folder.

As a matter of information, Mr. Reaves gave a brief report on the meeting of the North Carolina Joint Governing Boards Liaison Committee. He said the topic for the four-hour meeting was "Higher Education Response to Closing the Achievement Gap." Dr. Charles Coble made presentations on the role of Colleges of Education, Anthony Locklear on GEAR-UP, and Dr. Bobby Kanoy on CFNC. Dr. Delores Parker and Dr. Donny Hunter of the North Carolina Community College System discussed the role of community colleges in responding to the

principles of “First in America,” and Tim McDowell summarized activities at the 36 independent colleges. Mr. Dwight Pearson of DPI provided information on the “Nurturing Child” project.

Mr. Reaves reported the North Carolina Community College System will be responsible for the next meeting of the Liaison Committee, and the members of the Board of Governors expressed a desire to continue the discussion and to begin to address specific actions that the boards can take collectively.

REPORT OF COMMITTEE ON PERSONNEL AND TENURE

Summary Personnel Report

Mr. Souza, chair of the Committee on Personnel and Tenure, said the committee’s report included two administrative appointments in the UNC Office of the President as follows.

- Robert Mark Fleming, Associate Vice President for State Governmental Affairs, Public Affairs and University Advancement
- Ginger B. Jones, Assistant Vice President, Finance

In addition, the report included recommendations for appointments and promotions with conferral of tenure, and conferral of tenure at North Carolina Central University, North Carolina State University (including a distinguished professorship), and UNC Chapel Hill.

On behalf of the committee, Mr. Souza moved, seconded by Mr. Payne, that the committee’s summary personnel report be approved. The motion carried. (Appendix T)

Report from the Non-Tenure Track Faculty Committee

Mr. Souza reminded the members that the committee’s report from the Non-Tenure Track Faculty Committee was approved under the consent agenda items and said a summary was included in each member’s folder. On behalf of the committee, Mr. Souza moved that the board charge the staff of the Office of the President to implement the report’s recommendations. Mr. Aldridge seconded the motion and it carried.

With the chair's permission, Vice President Milliken and Vice President Davies introduced the newest members of their staff, Robert Mark Fleming and Ginger Jones, respectively.

REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE

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

Amendment to *The Code*

Dr. Brown reminded the members that the 2001 Session of the General Assembly amended the statute regarding the qualifications for membership on the Board of Governors. To ensure that *The Code* complies with this legislative action, Dr. Brown, on behalf of the committee, moved that Section 200 B of *The Code* be amended. Mr. Aldridge seconded the motion and it carried. (Appendix U)

Petitions to Serve in Public Office – Senator Stephen Metcalf

Dr. Brown presented and moved approval of two political activity petitions from North Carolina State Senator Stephen Metcalf, a new member of the staff at Western Carolina University. The first petition requested approval to maintain full-time University employment while serving as a member of the North Carolina General Assembly and while campaigning for reelection for the Spring Semester 2002. The second petition requested approval to take a partial leave of absence, with a corresponding reduction in pay, while serving as a member of the North Carolina General Assembly and while campaigning for reelection, for the period May - August 2002.

On behalf of the committee, Dr. Brown moved approval of both petitions, as presented. Mr. Payne seconded the motion and it carried. (Appendix V) Mr. Phillips asked that the record show that he did not participate in the discussion or vote on the motion.

As a matter of information, Dr. Brown reported that the committee received the report of a political activity petition from Dr. Lon Pierce, a visiting assistant professor at ECU.

Election to Board of Trustees – North Carolina School of Science and Mathematics

On behalf of the committee, Dr. Brown moved that Dr. Fernando Rodriguez of Durham be appointed to serve on the North Carolina School of Science and Mathematics Board of Trustees, representing the 2nd Congressional District. The partial term ends June 30, 2003.

Mr. Phillips seconded the motion and it carried.

Appointment to State Advisory Council on Indian Education

Dr. Brown moved that James Daniel Bell, Jr., of Chapel Hill be appointed to serve on the State Advisory Council on Indian Education for a four-year term beginning July 1, 2002.

Mr. Payne seconded the motion and it carried.

Appointments to the James B. Hunt, Jr. Institute for Educational Leadership and Policy Board of Directors

Dr. Brown called attention to the information provided in the folders for the five appointments that President Broad named to the James B. Hunt, Jr., Institute for Educational Leadership and Policy Board of Directors. The president appointed the following persons:

Kati Haycock – Director of The Education Trust, Washington, D.C.
 Dianne Ravitch – Research Professor of Education, New York University
 Edward B. Rust, Jr. – Chairman and CEO of State Farm Mutual Automobile Insurance Company, Bloomington, Illinois
 Ted Sanders – President of the Education Commission of the States
 Bob Wehling – Retired from Proctor and Gamble, currently serving as advisor to the Hunt Institute

On behalf of the committee, Dr. Brown moved that the Board ratify President Broad's appointments to the James B. Hunt, Jr., Institute for Educational Leadership and Policy Board of Directors. Mr. Payne seconded the motion and it carried.

Vacancies on Boards

Dr. Brown gave notice of the following vacancies on boards:

- North Carolina Central University Board of Trustees
 (One partial term ending June 30, 2005)

- UNC Press Board of Governors
(Three five-year terms beginning July 1, 2002)
(One partial term ending June 30, 2005)

PRESIDENT'S REPORT

President Broad introduced the chancellors and other representatives of affiliated organizations in attendance at the meeting. Noting the length of the meeting, President Broad said a copy of her report would be mailed to the members of the board. Among the items mentioned at the meeting, President Broad called attention to the board's thorough discussion on tuition, the reaffirmation of North Carolina's AAA bond rating, and the annual report on Contracts and Grants from the Federal Government. (For the President's full report, see Appendix W.)

CHAIRMAN'S REPORT

Chairman Ruffin acknowledged the time and effort spent in deliberating the tuition issue and thanked the members for their dedication and concern.

The chairman reminded the members that the installation of Dr. William V. Muse as Chancellor of East Carolina University would occur on Friday, March 8, in Greenville. He also noted the next regularly schedule meeting of the board would occur on Friday, May 10, 2002.

Appointment of 2002 Committee on the University Award

Without objection, Chairman Ruffin appointed the following members to serve on the 2002 Committee on the University Award:

Dr. William T. Brown, Chair
Bradley T. Adcock
James G. Babb
Gladys Ashe Robinson
Dr. Priscilla P. Taylor

On behalf of the members of the board, Mrs. Little commented on the numerous requests made over recent weeks of the staff in the Office of the President in preparation for the board's discussions on tuition. She particularly thanked Vice President Davies and the members of his staff for their assistance.

* * *

There being no other business the meeting was adjourned at 5:55 p.m..

Secretary

APPENDICES

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

Appendix A	Facilities and Administrative Receipts Report	Attached
Appendix B	Disposition of Property by Lease – UNC Chapel Hill	Attached
Appendix C	Authorization of Fees for 2002-03	Attached
Appendix D	Board-Initiated Tuition Increases Spreadsheets	Attached
Appendix E	Ray Farris' Letter Regarding Tuition Increases	Attached
Appendix F	Citation and Response Honoring Ms. Melissa Hayden	Attached
Appendix G	Citation and Response Honoring Dr. Oliver Smithies	Attached
Appendix H	Authorization of the Sale of Revenue Refunding Bonds, ASU	Attached
Appendix I	Authorization to Refinance Bonds, NCSU	Attached
Appendix J	Authorization to Establish the B.S. in Aviation Science, ECSU	Attached
Appendix K	Authorization to Establish the B.A. in Communication Studies, ECSU	Attached
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Appendix Q	Policy on University Research Facilities and Administrative Receipts	Attached
Appendix R	Report and Recommendations on School of Pharmacy ECSU	Attached
Appendix S	School Administrators Supply/Demand Report	Attached
Appendix T	Summary Personnel Report	Attached
Appendix U	Amendment to Section 202 B of <i>The Code</i>	Attached
Appendix V	Petitions to Serve in Public Office – Senator Stephen Metcalf	Attached
Appendix W	President's Report	Attached