

Minutes of the October 6, 2011 Meeting
of the Board of Governors' Committee on Budget and Finance

The Committee on Budget and Finance met at The University of North Carolina at Greensboro in Cone Ballroom B, Elliott University Center, on Thursday, October 6, 2011, at 2:30 p.m.

Committee members in attendance were Mr. W. Louis Bissette, Jr., Mr. John M. Blackburn, Mr. Walter C. Davenport, Dr. Fred N. Eshelman, Mr. J. Bradley Wilson, and Mr. David W. Young. Necessarily absent were Mr. Paul Fulton, Governor James E. Holshouser, Jr., and Mr. Fred G. Mills. Board members Atul Bhula, Peaches Gunter Blank, Bill Daughtridge, Jr., Peter D. Hans, Thomas J. Harrelson, Franklin E. McCain, W. Edwin McMahan, Hari H. Nath, David M. Powers, Raiford Trask III, and Phillip D. Walker were also in attendance. Senior Advisor to the President Lyons Gray; Vice President Charles Perusse; Associate Vice Presidents Ginger Burks and Jonathan Pruitt; and Associate Vice President for Finance and University Property Officer Terrance Feravich were in attendance. Chancellor Kenneth E. Peacock (ASU), Chancellor Steven C. Ballard (ECU), Chancellor W. Randolph Woodson (NCSU), Chancellor Anne Ponder (UNCA), Chancellor Philip L. Dubois (UNCC), Chancellor Linda P. Brady (UNCG), Chancellor Kyle R. Carter (UNCP), Chancellor Gary L. Miller (UNCW), Chancellor John Mauceri (UNCSA), Chancellor David O. Belcher (WCU), Chancellor Donald J. Reaves (WSSU), Chancellor J. Todd Roberts (NCSSM); Chief Finance Officer Rick Niswander (ECU), Chief Finance Officer Reade Taylor (UNCG), and Chief Operating Officer George Burnette (UNCSA) were in attendance as well as members of the press.

Chair Young convened the meeting. The minutes of the meeting of September 8, 2011 were approved.

1. On August 29, 2011, the Chancellor of East Carolina University informed the President of the need to invoke emergency procedures as allowed by G.S. 143-129 to expedite repairs to address matters of health and safety resulting from Hurricane Irene.

Hurricane Irene struck on August 27, 2011 and the damage to the ECU campus was significant. The continuous wind and rain caused water infiltration in most buildings on campus with severe damage at the Spilman Building, Greene Residence Hall, Brody Medical Sciences, and Minges Coliseum. Immediate repairs were needed to restore the campus to safe and effective conditions including repairs to roofs, equipment damaged by wind or flooding, and tree removal. Work would include water extraction, asbestos abatement, ceiling and lighting replacement, floor replacement, wall replacement, electrical repair, insulation replacement, and painting.

Restoration was “estimated” around \$1,500,000 and would be initially funded by sources available to the campus (housing and dining receipts, nonrecurring funds, building and operating reserves, and repair and renovation funds, if needed). The campus was pursuing applicable insurance and FEMA assistance to the extent available.

In accordance with emergency procedures, the State Building Commission had been notified.

At this point, the Committee discussed items that would be considered over the fall, winter, and early spring. The Committee was encouraged to call either Chair Young or Vice President Perusse if there were questions or ideas to improve the process.

- Tuition and Fees –

- Goal was to approve 2012-13 rates at the February BOG meeting
 - Timeline was set so as to facilitate timely notification of rates and financial aid packages to incoming freshmen and returning students and their families.
 - Campuses were also required to submit information on the average cost of textbooks so that the Board had that data to consider as part of the overall cost of college.
 - New campus peers that were under consideration by the Board on this month's agenda would be used to assess where the campuses' rates stood relative to their peers.
 - Campuses were already working to put together their requests/proposals and would include participation from students, faculty, staff, and their Boards of Trustees. The Board of Governors considered the tuition and fee recommendations of individual Boards of Trustees.
 - GA would receive campus packages in December and provide information to the Board in advance of the January meeting. Usually GA provided a general overview at the January Board meeting and mailed additional information between the January and February meetings for action in February.

- Priorities for the Legislative Session –

- Goal was to approve 2012-13 supplemental budget priorities at the April Board of Governors meeting
 - The Budget Request was the mechanism for securing state appropriations to support continuing operations, EPA (including faculty) salary increases, new programs, and other expansions and improvements. The Budget Request also presented University needs for capital projects. A Supplemental Budget Priorities document was prepared by the Board in the even-numbered years.
 - The Board had an existing budget request for the biennium (2011-13) currently before the General Assembly. In most of the short session years, this existing document was updated with input from the Chancellors. For example, if priorities shifted but the overall items remained the same, if a campus decided to remove one of its requests and replace with a higher priority item, etc. Occasionally the Board, the President, and campuses decided that more substantial change rather than updating was needed.
 - GA and the President were evaluating how to approach the budget request for short session. GA would be looking at the state's revenue trends to help make those decisions. GA was also working to understand the timelines that the Governor and General Assembly would be working towards for the budget so that GA could stay in step with the required submissions of information.
 - The budget request usually included large system-wide items such as salary increases, enrollment change funding request, financial aid funding requested

from state, etc. as well as campus specific items such as ECU's Dental School and the Nanosciences funding at NCA&T/UNCG.

- GA would also be looking to provide information in March (even though the BOG did not have a scheduled meeting) to facilitate the discussion in April.
- Also in late winter/early spring, the recommended list of non-appropriated capital projects would be forwarded. (Likely for approval at the February or April meeting)
 - Each biennium, the Board of Governors adopted a six-year plan for capital improvements. This multi-year plan was already in place for the 2011-13 biennium. In general, the legislature provided funds to construct projects that directly related to the University's core instructional activities and some research activities, while campus-based sources of funding were used to provide for facilities such as residence and dining halls, parking decks and other self-funded activities. On an annual basis, the Board considered campus proposals for non-appropriated projects that required the issuance of long-term debt and, if approved by the Board, the projects were forwarded to the General Assembly for authorization.
- Further consideration, along with campuses and legislative affairs staff, of policy/efficiency changes that might help streamline business practices with the state (usually becomes a part of the policy agenda in the Public Affairs Committee)

There being no further business, the meeting was adjourned.

Mr. David W. Young, Chair
Committee on Budget and Finance

Mr. Paul Fulton, Secretary
Committee on Budget and Finance