

Board of Governors Meeting
February 10, 2012
Chapel Hill, North Carolina

The Board of Governors met in regular session on February 10, 2012, at the Spangler Center in Chapel Hill. A group of individuals opposed to tuition increases gathered in the lobby area and inside the Board Room. To accommodate the overflow crowd, television monitors were set up in the lobby area so all the visitors could view the meeting as it was in progress. Chairman Gage welcomed the guests.

INVOCATION

Chairman Gage called on Mr. McMahan to give the invocation.

ROLL CALL

Secretary Flood called the roll. The following members were present:

Brent D. Barringer	Thomas J. Harrelson
Atul C. Bhula	G. Leroy Lail
Peaches G. Blank	Mary Ann Maxwell
Bill Daughtridge, Jr.	Franklin D. McCain
Walter C. Davenport	W. Edwin McMahan
James M. Deal, Jr.	Charles H. Mercer, Jr.
Phillip R. Dixon	Fred G. Mills
Fred N. Eshelman	Burley B. Mitchell, Jr.
John C. Fennebresque	David M. Powers
Dudley E. Flood	Irvin (Al) Roseman
Paul Fulton	Richard 'Dick' Taylor
Hannah D. Gage	Raiford G. Trask III
Ann B. Goodnight	Phillip D. Walker
H. Frank Grainger	J. Bradley Wilson
Peter D. Hans	David W. Young

The following members were absent:

W. Louis Bissette, Jr.	James E. Holshouser, Jr. (excused)
John M. Blackburn	Hari H. Nath
Laura W. Buffaloe (excused)	

STATE ETHICS ACT

Chairman Gage 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 the meeting, Chairman Gage asked if any member had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. Mr. Powers recused himself from discussion related to the Improve Health Services item, which was a part of the University of North Carolina Proposed 2012-13 Legislative Policy Agenda (per Appendix I) as presented by the Committee on Public Affairs at its meeting on Thursday, February 9, 2012.

MINUTES

Mr. Grainger moved, seconded by Mr. Trask, that the minutes from the open session of the January 13, 2012, meeting be approved. The motion carried.

PRESIDENT'S REPORT

President Ross stated that this was a defining moment in the history of the University of North Carolina. He thanked the members of the Board for their commitment to the University. Their involvement and advice had been invaluable and as a result had produced a strong recommendation from him and the members of the Committee on Budget and Finance regarding the proposal to increase tuition and fees effective next semester. For President Ross' complete report, please see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Gage called attention to the Administrative Action Items listed on the agenda. Mr. Harrleson moved, seconded by Ms. Blank, that the Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Approval of the Educational Leadership Trips to Taiwan and China, March 11-25, 2012
- b. (EPPP) Approval of Licensure for the Daoist Traditions College of Chinese Medical Arts for a regular license to offer the following degree program at its campus in Asheville
 - Master of Acupuncture and Oriental Medicine

- c. (EPPP) Approval of Licensure for the Art Institute of Charlotte for a regular license to offer the following degree programs at its campus in Charlotte
- Bachelor of Fine Arts in Media Arts and Animation
 - Associate of Applied Science in Restaurant and Catering Management
 - Associate of Applied Science in Fashion Design

REPORT FROM THE PRESIDENT OF THE ASSOCIATION OF STUDENT GOVERNMENTS

Mr. Bhula, President of the UNC Association of Student Governments, recognized several of the student body presidents from the campuses. He thanked all the students for attending the meeting. Next, Mr. Bhula stressed the need for the University to keep higher education accessible, affordable, and to maintain a high-quality education. He thanked the Board members for their service and was confident that the University would continue to move in the right direction in seeking ways to provide access to a high quality, affordable education. Chairman Gage thanked Mr. Bhula and noted the great job he has done in his role.

REPORT OF THE AUDIT COMMITTEE

Mr. Davenport, Chair of the Audit Committee, reported on four items. First, the Committee reviewed a report on the UNC Finance Improvement and Transformation (UNC FIT) Project. The UNC FIT monitoring team would be conducting on-site visits to each campus during February and March to review compliance with the two new business standards and selected areas within the existing processes. Second, the Committee reviewed five external audit reports since its last meeting. Those reports were from Western Carolina University, Winston-Salem State University, North Carolina A&T State University, UNC Charlotte and UNC Pembroke. One audit finding was reported at UNC Pembroke. Corrective action had been taken. None of the other reports contained any audit findings. Third, the Committee reviewed a report from the internal auditor at UNC General Administration which included a summary of activities for the second quarter of FY 2011. Lastly, the Committee heard a report from the internal audit directors at East Carolina University, North Carolina State University and UNC-Chapel Hill.

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

Mr. Deal, Chair of the Committee on Educational Planning, Policies, and Programs, reported that the Committee reviewed four requests for authorization to establish the following bachelor's degree programs – Bachelor of Science in Engineering at Western Carolina University (see Appendix E); Bachelor of Science in Professional Studies at Fayetteville State University (see Appendix F); Bachelor of Science in Sport Management at Elizabeth City State University (see Appendix G); and Bachelor of Science in Information Technology at UNC Wilmington (see Appendix H). Associate Vice President Prochaska had asked the representatives from the institutions to summarize their proposals. It was determined that none of the degree programs would require additional funding or the programs would be able to reallocate existing resources if enrollment growth funding had become unavailable.

On behalf of the Committee, Mr. Deal moved the approval of the requests for authorization to establish a Bachelor of Science in Engineering at Western Carolina University, a Bachelor of Science in Professional Studies at Fayetteville State University, a Bachelor of Science in Sport Management at Elizabeth City State University, and a Bachelor of Science in Information Technology at UNC Wilmington, be approved. The motion carried.

Next, Mr. Deal provided an update on the work of the Academic Program Review Advisory Group, chaired by Ms. Blank. The purpose of the advisory group was to review the program approval process and to develop procedures that would establish a better process. Mr. Deal commended Ms. Blank on the work that she and the advisory group had accomplished. The advisory group sought input from each campus regarding proposed amendments to Policy Guidelines 400.1.1.3[G] *Appendix A: Notification of an Intent to Plan and New Baccalaureate or Master's Program* and Policy Guidelines 400.1.1.5[G], *Appendix C: Request for Authorization to Establish a New Degree Program*. Mr. Deal asked the members to review the proposed amendments to these guidelines and to direct any questions or concerns to Senior Vice President Ortega. These guidelines would be presented to the full Board at its next meeting in April and forwarded to the President for final approval. Lastly, Mr. Deal thanked the members of the advisory group and Senior Vice President Ortega and her staff for all they had done to assist the advisory group which enabled them to complete their work in an efficient, thorough and timely manner.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Dr. Roseman, Chair of the Committee on Public Affairs, thanked Senior Advisor Gray, Vice President Watkins, Vice President Rhinehardt, and Ms. Cates for all their work in developing and accessing valuable sources of information. Next, the Committee had discussed and approved the University of North Carolina Proposed 2012-13 Legislative Policy Agenda (see Appendix I). The policy agenda was based on the efficiencies and proposals approved by the General Assembly last year.

On behalf of the Committee, Dr. Roseman moved the approval of the University of North Carolina Proposed 2012-13 Legislative Policy Agenda. The motion passed.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Daughtridge, Chair of the Committee on University Governance reported on two action items and multiple items for information. There were three terms ending February 28, 2017, on the Pitt County Memorial Hospital Board of Trustees. In addition, there was one partial term ending February 29, 2016. On behalf of the Committee, Mr. Daughtridge moved the reappointments of Ms. Thomasine Kennedy of Chinquapin and Mr. Ray Rogers of Greenville and the appointment of Dr. Mary Raab of Greenville to serve in the terms ending February 28, 2017. He also moved the appointment of Mr. Robert Greczyn of Cary to serve the partial term ending February 29, 2016. The motions carried. There was a vacancy on the Liability Insurance Trust Fund Council of the University of North Carolina Hospitals and Physicians & Associates. On behalf of the Committee, Mr. Daughtridge moved the recommendation of Ms. B. Glenn George to serve. The motion carried.

Next, Mr. Daughtridge reported that there was a partial term ending June 30, 2013, on the University of North Carolina at Pembroke Board of Trustees. There was a partial term ending June 30, 2015, on the University of North Carolina School of the Arts Board of Trustees. There were two partial terms ending June 30, 2013, on the North Carolina School of Science and Mathematics Board of Trustees, representing Congressional Districts 3 and 11. There was a partial term ending June 30, 2012, on the State Advisory Council on Indian Education. There were three terms ending June 30, 2017, on the University of North Carolina Press Board of

Governors. Mr. Daughtridge stated that the Committee sought recommendations from members of the Board to fill these vacancies.

Next, the Committee heard a presentation from Vice President and General Counsel Fjeld on the proposed amendments to Policy 1300.1, *Illegal Drugs* (see Appendix J).

Recommendations on the proposed amendments to this policy would be brought to the full Board at a future meeting.

Lastly, Mr. Daughtridge referred to the Spring Commencement matrix and asked the members of the Board to consider attending the spring commencement(s) to bring greetings on behalf of the Board and to present the Award for Excellence in Teaching to this year's recipients.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Young, Chair of the Committee on Budget and Finance, thanked the members of the Board, President Ross, and Vice President Perusse and his staff for the efforts they put forth preparing materials and documents for the tuition and fees discussion. Mr. Young stated that President Ross had recognized the need to identify additional operational and academic efficiencies, to make better use of technology and online resources, and to thoroughly discuss need-based financial aid – all to ensure that the State's investment in the University was maximized. At its meeting yesterday, the Committee voted in support of the President's tuition and fees recommendations per the Authorization of Tuition for 2012-13 (see Appendix K) and the Authorization of Fees for 2012-13 (see Appendix L). Mr. Grainger put forth an amendment to cap the need-based financial aid requirement mandated by the General Assembly. The amendment did not pass.

On behalf of the Committee, Mr. Young moved that the President's recommendations on the Authorization of Tuition for 2012-13 and the Authorization of Fees for 2012-13 be approved. The motion carried.

CHAIRMAN'S REPORT

Chairman Gage noted that the decision-making process with regards to tuition was not easy or popular but the Board had done its work in making a decision. She thanked Mr. Grainger, Mr. Mitchell and others for addressing how the Board deals with need-based

financial aid issues. Chairman Gage noted that the tuition increase passed today would not fill the budget shortfall, but that the Board must continue to focus on areas within its control such as the past strategy to cap tuition, to develop a sustainable funding model that would make tuition rates more predictable for students, and to intensify focus on efficiencies; otherwise, the price of a UNC education would outstrip North Carolinians ability to afford a high-quality education. It was critical that the University continue to demonstrate to the legislature its wise use of taxpayer dollars.

Dr. Roseman introduced a motion requesting the Board of Governors and the General Administration to explore how we could allow a tax deduction for that portion of tuition and fees as provided for need-based students on both the federal and state levels (see Appendix M). Mr. Taylor seconded the motion. The motion carried.

On motion by Secretary Flood and duly seconded, the Board voted to convene in closed session to prevent the premature disclosure of an honorary award or scholarship, to consult with its attorney to protect the attorney-client privilege; to consider and give instructions concerning the judicial actions involving North Carolina A&T State University and Western Carolina University; to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee; and to establish or instruct the staff or agent concerning the negotiations of the amount of compensation or other terms of an employment contract, pursuant to North Carolina G.S. Sections 143-318.11(a)(2), (a)(3), (a)(5), and (a)(6). The motion carried.

The Board went into closed session at 10:05 a.m. and returned to open session at 10:25 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Dixon, Chair of the Committee on Personnel and Tenure, reported that the Committee received information from the UNC School of the Arts on a proposal to establish a faculty ranking system similar to that used at other constituent institutions. The proposal received positive responses from its faculty and would be presented to the UNC School of the Arts Board of Trustees at its next meeting later this month. If approved, the proposal would be brought to the full Board at its June meeting.

Next, the Committee discussed revisions to the Financial Conflict of Interest policy. The U.S. Department of Public Health Services issued an updated Final Rule on the Financial Conflict of Interest policy that changed the requirements for the disclosure and reporting of financial interests of faculty researchers in institutions that apply for or receive funding from the National Institutes of Health (NIH). General Administration would be working closely with the campuses to ensure that they were in compliance with the new rules.

Next, the Committee heard an update from Vice President Fleming regarding the University's current personnel organizational structure. The Committee discussed the principles that would guide the development of a unified personnel system if legislation was adopted by the General Assembly.

Lastly, the Committee received a report on personnel actions delegated to the President as an informational item.

The meeting adjourned abruptly as a group of individuals overcrowded the meeting room shouting objections to the tuition vote. The next meeting was scheduled for April 13, 2012, at the Spangler Center.

Appendix A	President Ross' Report	Posted Online
Appendix B	Approval of the Educational Leadership Trips to Taiwan and China, March 2012	Posted Online
Appendix C	Approval of Licensure for the Daoist Traditions College of Chinese Medical Arts for a regular license to offer the follow degree program at its campus in Asheville <ul style="list-style-type: none">• Master of Acupuncture and Oriental Medicine	Posted Online
Appendix D	Approval of Licensure for the Art Institute of Charlotte for a regular license to offer the follow degree programs at its campus in Charlotte <ul style="list-style-type: none">• Bachelor of Fine Arts in Media Arts and Animation• Associate of Applied Science in Restaurant and Catering Management• Associate of Applied Science in Fashion Design	Posted Online
Appendix E	Authorization to Establish a Bachelor of Science in Engineering, WCU	Posted Online
Appendix F	Authorization to Establish a Bachelor of Science in Professional Studies, FSU	Posted Online
Appendix G	Authorization to Establish a Bachelor of Science in Sport Management, ECSU	Posted Online
Appendix H	Authorization to Establish a Bachelor of Science in Information Technology, UNCW	Posted Online
Appendix I	University of North Carolina Proposed 2012-13 Legislative Policy Agenda	Posted Online
Appendix J	Policy 1300.1, <i>Illegal Drugs</i>	Posted Online
Appendix K	Authorization of Tuition for 2012-13	Posted Online
Appendix L	Authorization of Fees for 2012-13	Posted Online
Appendix M	Resolution to Explore Tax Deductions for Student Tuition and Fees	Posted Online