

Minutes of the February 9, 2012 Meeting  
of the Board of Governors' Committee on Budget and Finance

The Committee on Budget and Finance met in the Board Room of the Spangler Center in Chapel Hill, North Carolina on Thursday, February 9, 2012 at 11:00 a.m.

Committee members in attendance were Mr. Walter C. Davenport, Dr. Fred N. Eshelman, Mr. Paul Fulton, Mr. Fred G. Mills, Mr. J. Bradley Wilson, and Mr. David W. Young. Necessarily absent were Mr. W. Louis Bissette, Jr., Mr. John M. Blackburn, and Governor James E. Holshouser, Jr. Other Board members in attendance were Chair Hannah D. Gage, Brent D. Barringer, Atul Bhula, Peaches Gunter Blank, Bill Daughtridge, Jr., James M. Deal, Jr., Phillip R. Dixon, John C. Fennebresque, Ann B. Goodnight, H. Frank Grainger, Peter D. Hans, Thomas J. Harrelson, G. Leroy Lail, Mary Ann Maxwell, Franklin E. McCain, W. Edwin McMahan, Charles H. Mercer, Jr., Burley B. Mitchell, Jr., David M. Powers, Irvin A. Roseman, Richard F. Taylor, Raiford Trask, III, and Phillip D. Walker. Also in attendance were President Tom Ross, Chief of Staff Jeffrey R. Davies, Vice President for Finance Charles Perusse, Finance Division and other General Administration staff, Chancellors and Chief Finance Officers, students from the Association of Student Governments, staff from the Office of State Budget and Management, and members of the press.

Chair Young convened the meeting. The minutes of the meeting of January 12, 2012 were approved.

The Committee considered Items 1 and 2, the proposals for tuition and fees effective with the fall semester 2012. At the January workshop, the Board received an overview of the 2012-13 tuition and fees process and the requests for increases that had been submitted by the Chancellors. A notebook supporting the tuition and fees recommendations was provided to each member as they left the January meeting. President Ross presented remarks to the Committee and then Vice President Perusse discussed the items. Mr. Bhula brought remarks from the Association of Student Governments and the Committee heard from Mary Cooper (UNC-CH Student Body President) and T.K. Eaves (WCU Student Body President). After this, questions from the Board were answered.

1. The RESOLUTION for the 2012-13 and 2013-14 academic years reflected the tuition increases recommended by the President after his review of campus tuition proposals. The Chancellors and their Boards of Trustees requested tuition rate increases consistent with the tuition and fee guidelines (Second Four-Year Tuition Plan) established by the Board of Governors at its November 2010 meeting and with the tuition and fee instructions mailed to the Chancellors in October 2011. The recommendations were in keeping with the three broad parameters outlined by the President at the Board's January policy discussion: for in-state undergraduates, combined increases in tuition and required fees would be below 10% on every campus; the system-wide average increase in tuition and fees for 2012-13 would be less than the overall 9.3% increase approved last year; and the system-wide average increase in tuition and fees would be less than \$250/semester in 2012-13 and the tuition increases would average less than \$125/semester in 2013-14.

System-wide increases for fees for 2012-13 averaged \$112 annually or 5.8%.

Several campuses submitted tuition increase proposals for the next five years. Given the uncertainty in the economy and state resources and the continuing focus on achieving increased efficiencies and cost savings in all University operations, this proposal recommended increases in certain fees and all undergraduate, graduate, and professional tuition rates for resident and nonresident students for 2012-13, and increases in undergraduate resident tuition rates only for 2013-14. Any fee increases, along with any tuition increases for nonresident undergraduates and resident and nonresident students in graduate and professional programs, for 2013-14 would be set by the Board of Governors in February 2013. Campuses that demonstrated substantial need and a change in circumstances could also seek increases in resident tuition for 2013-14. Total increases in tuition and fees for 2013-14 would need to fully comply with the four-year tuition plan currently in effect.

On the motion of Dr. Eshelman, seconded by Mr. Davenport, the recommendation for tuition was approved. Mr. Mills voted no. (Attachment 1)

On the motion of Dr. Eshelman, seconded by Mr. Wilson, the recommendation for fees was approved. Mr. Mills voted no. (Attachment 2)

2. One of the responsibilities of the Board of Governors is to “develop, prepare, and present to the Governor and the General Assembly a single, unified recommended budget for all of public senior higher education (G.S. 116–11(9)a).”

Since the State of North Carolina uses a biennial budget process, the Board of Governors had an existing budget priority list before the Governor and General Assembly for 2011-13. As was customary, the President and Chancellors would revisit those items in preparation for the second year of the biennium. This item was typically presented to the Board for consideration at its meeting in March or April of each even-numbered year, in accordance with timelines requested by the Governor and General Assembly.

For the 2012 session, the Governor and General Assembly had requested state-wide budget information much earlier than usual. A draft version of the Board’s existing biennial budget document, with potential adjustments and refinements for the 2012 Short Session was presented to the Committee for review and discussion.

It was recommended that the Committee on Budget and Finance be delegated the authority to approve adjustments to the University’s 2012-13 Budget Priorities document at a special meeting for this purpose; and the entire Board would be invited to participate, either in person or via telephone.

On the motion of Mr. Mills, seconded by Mr. Davenport, the recommendation was approved.

3. General Administration had planned two China educational missions, the first to Taiwan (Republic of China) and the second to mainland China (People's Republic of China), each described below.

Both trips involved university leaders and would be partially sponsored by governmental organizations. In order to comply with the State Ethics Act, the Board needed to approve the acceptance from the sponsors by the senior administrative officers and participating Board members of travel, lodging, food and other expenses permitted by the State Ethics Act, and otherwise consistent with applicable University policy and state law.

### **Taiwan**

Trip logistics: UNC President Tom Ross, Mrs. Ross, and UNC Vice President for International, Community and Economic Engagement Leslie Boney would be in Taiwan from March 13-17 to explore possible educational partnerships between UNC and Taiwanese universities.

The trip would involve two visits to governmental agencies (the Bureau of International Cultural and Educational Relations and the Ministry of Education) and visits to six university entities (the University System of Taiwan, National Taiwan University, Tamkang University, Yuan Ze University, Ching Yun University, and National Tsing Hua University), as well as a meeting with the head of the Foundation for International Cooperation in Higher Education in Taiwan.

Sponsor: The Taiwanese Higher Education Ministry was providing funding to support travel, accommodations and food for the travelers. Funding would not be accepted for activities beyond those items for which one was normally reimbursed.

Rationale: Establishing and strengthening relationships with universities in Taiwan enabled UNC to provide students and faculty with an alternative Chinese learning environment.

Expected outcomes: It was expected to develop a deeper understanding of the Taiwanese higher education landscape, to determine which universities had strengths and potential alignment with UNC campuses, and to sign a broad memorandum of understanding to develop future student and faculty exchange programs, explore joint research opportunities and consider future joint symposia or meetings. The memorandum of understanding would not obligate any resources of the University, but would simply agree to work together and attempt to develop new opportunities.

### **China**

Trip logistics: Eight Board of Governors members, President Ross, Vice President Boney, Mrs. Ross and Mrs. Lail would be in mainland China from March 17-25 to gain a better understanding of China's economic and educational assets and to consider how to operationalize the Board of Governors "global engagement" priority.

The trip would involve visits to one governmental agency (Hanban), to six Chinese university-related entities (Tongji University, Fudan University, Suzhou Higher Education Town, SKEMA (a France-based school with campuses at NCSU and in Suzhou), Nanjing Normal University, Tsinghua University and China Agricultural University), to two Chinese schools (XiCheng school district and Beijing Royal School) and to the Suzhou Industrial Park. Participants would meet with and have an opportunity to hear from UNC alumni living and working in China. A cultural day personally paid for by participants would include a trip to the Great Wall of China, Tiananmen Square, and the Forbidden Palace.

Sponsor: Board of Governors members would pay for international travel to and from China as well as cultural activities and some meals within China. Domestic travel and expenses for eight Board of Governors members, two UNC General Administration personnel, and two spouses would be provided by Hanban, a public agency affiliated with the Chinese Ministry of Education which provided grant funds to the Center for International Understanding (an agency of UNC General Administration) and to the Confucius Institute (through NC State University).

Rationale: China was the world's second-largest economy, North Carolina's second-largest trading partner, and the largest and fastest-growing source of international students in the UNC system. Any global engagement strategy that the system developed should involve activity in China, whether it be student and faculty exchanges, research partnerships or other symposia or awareness activities.

Expected outcomes: It was expected to develop a deeper appreciation of China, its economic importance and educational priorities; to encourage Board of Governors members thinking about how to reach the UNC Tomorrow Commission's goal to "promote increased partnerships between its own campuses and international universities and enhance the global awareness of its faculty and students;" to consider how to create a more effective UNC presence in China; and to determine how UNC might be more effective in international student recruitment.

It was recommended that the Committee on Budget and Finance approve the acceptance by the participating Board members and senior administrative officers of travel, lodging, food and other expenses, consistent with University policy and state law applicable to expense reimbursement.

On the motion of Dr. Eshelman, seconded by Mr. Davenport, the recommendation was approved.

After the agenda items, the Committee members heard the Report on the Cost of Textbooks. The Board completed two studies on the cost of textbooks and approved recommendations to help control textbook costs. Since 2007, each campus was required to submit information about textbooks along with their requests for tuition and fee increases. (Attachment 3)

There being no further business, the meeting was adjourned.

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

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Mr. Paul Fulton, Secretary  
Committee on Budget and Finance

Note: Due to bulk, the Attachments are omitted. They may be found on the Board of Governors' April Meeting website.