

COMMITTEE ON BUDGET AND FINANCE

Draft Minutes: June 19, 2014 at 12:30 p.m.
Spangler Center, Board Room, Chapel Hill, North Carolina

OPEN SESSION

The following members were present: Chair W. Louis Bissette, Jr., Roger Aiken, Fred N. Eshelman, Hannah D. Gage, W. Marty Kotis III, Scott Lampe, Joan G. MacNeill, and Harry L. Smith, Jr. Other Board members in attendance were Chair Peter D. Hans, Ann B. Goodnight, Thomas J. Harrelson, Henry W. Hinton, Steven B. Long, Mary Ann Maxwell, W. Edwin McMahan, W.G. Champion Mitchell, Hari H. Nath, R. Doyle Parrish, David M. Powers, Robert S. Rippy, J. Craig Souza, Richard F. Taylor, Raiford Trask III, and Phillip D. Walker.

The following staff were present: Chief Operating Officer Charles E. Perusse, Vice Presidents Chris Brown, Tom Shanahan, Andrew Moretz, and Joni Worthington, Senior Associate Vice President Jonathan Pruitt, Assistant Vice Presidents Andrea Poole, Michael Vollmer, and Jonathan Womer, other General Administration staff, Chancellors and other faculty/staff from the universities, staff from the Office of State Budget and Management, and members of the press.

1. The Open Minutes of April 10, 2014 were properly approved, and seconded.
2. 2014-15 Budget Update - Mr. Perusse shared the latest news of the Governor's, House, and Senate 2014-15 Operating Budgets. Questions were answered.

In a separate conversation, Committee members asked for a folder to be created in Board Vantage to store previously approved items. This would be vetted with the Office of the Secretary.

- 3: Contingent Nonresident Undergraduate Tuition Rates for 2014-15: The 2013 General Assembly included nonresident undergraduate tuition increases in their original budget for 2014-15. At the same time, the General Assembly included an appropriation reduction of \$27.2 million, which was equal to the revenue estimated to be generated by the tuition increases. The Board approved alternative nonresident undergraduate rates for the campuses in February that would have replaced the General Assembly's rates if the original legislation was repealed during the 2014 legislative session.

In the event that the General Assembly maintained the cut of \$27.2 million and gave the University the flexibility to change the rates, contingent nonresident undergraduate tuition

rates for 2014-15 were recommended for approval. The University would be positioned to act immediately following adoption of the budget. The proposed contingent rate increases were 11.7% for four campuses [NCA&T, UNC-CH, UNCW, UNCSA], 6% for 10 campuses, and 4% for two campuses [NCSU, UNCC], and would generate \$27.2 million in tuition revenue. (Attachment)

A vote was taken by the committee on the motion, which did pass. [unanimous vote]

4. UNC Efficiency and Effectiveness Metrics: The Policy on Efficiency and Effectiveness 1300.6 was approved in April and was to be presented for final Board approval at this meeting. During discussion, further modifications were suggested and adopted by the Committee. (The red-lined version with Committee changes is attached to the Minutes.) The Policy will be presented for full Board approval at the August meeting.

A vote was taken by the committee on the modifications to the Policy, which did pass. [unanimous vote]

The Policy required the Board to adopt metrics to track operational performance. It was recommended to approve the 10 Efficiency and Effectiveness Operating Metrics. During discussion, it was also recommended to establish a Board workgroup to review the measures and suggest further changes, if necessary.

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote]

5. Declaration of Emergency Capital Improvements Project - ECSU: Recent tornados in northeastern North Carolina caused damage to several facilities on the campus of Elizabeth City State University. The Chancellor declared an emergency to take necessary actions to repair roofs, structures, and equipment, as well as remove fallen and damaged trees.

This item was for information only.

6. Authorization of New Capital Improvements Projects - ECU, NCSU, UNC-CH, UNCC, UNCG, and UNCGA: East Carolina University, North Carolina State University, the University of North Carolina at Chapel Hill, the University of North Carolina at Charlotte, the University of North Carolina at Greensboro, and UNC General Administration had requested authority to proceed with non-appropriated capital projects using available funds derived from receipts, student fees, foundation funds, trust funds, research facilities and administrative funds, and carry forward operating funds.

NCSU - Farmers Market Park and Ride Lot, \$998,359
UNC-CH - Kenan Laboratories Energy Conservation, \$1,000,000
UNC-CH - Craige Residence Hall Elevator Modernization, \$683,000
UNC-CH - Craige Residence Hall Roof Replacement, \$581,000
UNCG - Soccer Stadium and Field Repairs, \$1,910,000
UNCGA - Chiller Replacements, \$751,000

ECU - Advance Planning - Student Services Building, \$2,838,258
NCSU - Advance Planning - Greek Village Phase 2 Infrastructure, \$200,000
NCSU - Advance Planning - College of Veterinary Medicine Anatomy Lab Renovation, \$175,000
UNCC - Advance Planning - Hawthorn Hall Renovation, \$975,000
UNCC - Advance Planning - Moore Hall Renovation, \$2,068,755
UNCG - Advance Planning - Renovations to 1510 Walker Avenue, \$500,000

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote]

7. Disposition of Property by Exchange (Biomedical) - NCSU: The Board of Trustees of NCSU had requested the approval of the exchange of 2.64 acres between the State of North Carolina, on behalf of NCSU, and the Endowment Fund of NCSU. This would facilitate private development of the Centennial Campus consistent with the Master Plan.

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote of those in the room - Mr. Aiken was not in the room.]

8. Disposition of Property by Exchange (Textiles) - NCSU: The Board of Trustees of NCSU had requested the approval of the exchange of 4 acres between the State of North Carolina, on behalf of NCSU, and the Endowment Fund of NCSU. This would facilitate private development of the Centennial Campus consistent with the Master Plan.

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote of those in the room – Mr. Aiken and Mr. Lampe were not in the room.]

9. Disposition of Property by Lease – NCSU: The Board of Trustees of NCSU had requested the approval of a disposition lease between NCSU and ABB, Inc., a current tenant partner on Centennial Campus. The disposition would continue the partnership and renew their current lease.

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote of those in the room - Mr. Aiken and Mr. Lampe were not in the room.]

10. Acquisition of Property - UNCA: The Board of Trustees of The University of North Carolina at Asheville had requested approval to acquire by deed property that would accommodate campus expansion per the Master Plan. There were two properties totaling seven acres to be purchased from the UNCA Foundation adjacent to other Foundation property and across the street from the main campus.

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote]

11. Acquisition of Property - UNCC: The Board of Trustees of The University of North Carolina at Charlotte had requested approval to purchase three properties from the UNCC Foundation. This provided an opportunity for UNCC to accommodate rapid growth. It also secured vacant land for future development next to the current University Advancement Division building.

A vote was taken by the committee on the recommendation, which did pass. [unanimous vote]

12. Property Actions Approved Under Delegated Authority:

- NCA&TSU - acquisition of real property by deed for seven residential properties around campus identified in the Master Plan
- NCSU - land exchange of real property by deed for NC State Mountain Horticultural Crops Research and Extension Center
- NCSU - disposition of real property by easement for installation of an underground gas line that would support the adjacent subdivision northwest of the Thistledown Drive and Trailwood Drive intersection and future campus development
- UNCSCA - acquisition of real property by deed for property contiguous to campus and needed for expansion in accordance with the Master Plan
- WCU - acquisition of real property by deed for expansion space for residential living facilities or additional parking facilities for students
- UNCGA - acquisition of real property by lease on behalf of the NC Center for International Understanding (NCCIU) and Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP)

This item was for information only.

13. Discussion - Tuition Bill Statement: The Committee received a copy of the final Tuition Bill Statements that would accompany the tuition bills for Fall Semester 2014. Potential refinements were suggested that would be considered for inclusion in the next billing cycle.

At the end of the meeting, it was again suggested to have a folder created in Board Vantage to store previously approved items.

Harry Leo Smith, Jr., Chair
Committee on Budget and Finance

Roger Aiken, Secretary
Committee on Budget and Finance

Recommended Contingent Nonresident Undergraduate Tuition Rates for 2014-15

	2013-14 Nonresident Undergraduate Tuition Rate	2014-15 General Assembly/BOG Authorized Increases	Percent Increase	Contingent Tuition Increases	Percent Increase	Contingent 2014-15 Tuition Rate
ASU	\$15,980.00	\$ 959.00	6.0%	\$ 959.00	6.0%	\$16,939.00
ECU	18,072.00	1,084.00	6.0%	1,084.00	6.0%	19,156.00
ECSU	13,632.91	818.00	6.0%	818.00	6.0%	14,450.91
FSU	13,539.00	812.00	6.0%	812.00	6.0%	14,351.00
NCA&T	14,351.00	1,765.00	12.3%	1,679.00	11.7%	16,030.00
NCCU	14,028.00	842.00	6.0%	842.00	6.0%	14,870.00
NCSU	19,493.00	1,800.00	9.2%	*	*	21,293.00
UNCA	17,488.00	1,049.00	6.0%	1,049.00	6.0%	18,537.00
UNC-CH	28,205.00	3,469.00	12.3%	3,300.00	11.7%	31,505.00
UNCC	16,051.00	0.00	0.0%	642.00	4.0%	16,693.00
UNCG	17,730.00	1,064.00	6.0%	1,064.00	6.0%	18,794.00
UNCP	12,418.00	745.00	6.0%	745.00	6.0%	13,163.00
UNCW	16,162.71	1,988.00	12.3%	1,891.00	11.7%	18,053.71
UNCSA	19,015.00	2,339.00	12.3%	2,225.00	11.7%	21,240.00
WCU	13,266.00	796.00	6.0%	796.00	6.0%	14,062.00
WSSU	11,957.00	717.00	6.0%	717.00	6.0%	12,674.00

** If approved, NCSU's previously approved increase of \$1,800 would continue. Of that increase, \$780 (equivalent to 4%) would be used to meet this reduction and \$1,020 would be used as previously authorized.*

Policy on Efficiency and Effectiveness

The Board of Governors, consistent with its responsibility for the general direction and control of the University of North Carolina, is committed to ensuring continuous improvement in the consistency, efficiency and effectiveness of the operations of the University of North Carolina system, including the constituent institutions. It shall be the policy of the Board of Governors, the University's General Administration and the constituent institutions to identify and implement efficiencies that strengthen processes and productivity, that compete favorably with our peers and that generate cost or resource savings that may be reinvested to support key initiatives, approved by the Board of Governors, within the University's core mission of teaching, research, and public service.

The Board of Governors delegates to the president authority and responsibility to lead the University in the identification, implementation, and realization of academic and non-academic efficiencies in any area including, but not limited to, expanded shared services, strategic sourcing, non-instructional or instructional positioning, credit hour production, information technology infrastructure, utilization of facilities, ~~and~~ energy consumption and such other areas as recommended by the Board of Governors. The Board of Governors shall, on recommendation of the president or on its own initiative, adopt metrics to track operational performance and shall use its best efforts to ensure that the University has the resources and expertise necessary to identify and implement efficiencies. The president shall report to the Board of Governors at least annually starting with calendar year 2014 on the progress of these initiatives and identified metrics. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president consistent with this policy.