

Board of Governors Meeting

June 20, 2014

Chapel Hill, North Carolina

The Board of Governors met in regular session on June 20, 2014, at the Spangler Center in Chapel Hill. Chairman Hans called the meeting to order at 9:00 a.m. He welcomed the guests.

INVOCATION

Chairman Hans called on Ms. MacNeill to give the invocation.

ADMINISTRATION OF THE OATH OF OFFICE

Mr. Alex Parker from North Carolina State University was recently elected to serve as President of the University of North Carolina Association of Student Governments (ASG). In this capacity, Mr. Parker would become an *ex officio* member of the Board of Governors. He is a former student body president at NC State University and a Caldwell Fellow. Chairman Hans called on the Honorable Judge Jack Cozort to administer the oath of office. Judge Cozort remarked that it was a privilege to be here. He recognized Mr. Parker's parents and sister who were also with us today.

ROLL CALL

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

Roger H. Aiken	W. Edwin McMahan
W. Louis Bissette, Jr.	W. G. Champion Mitchell
Fred Eshelman	Hari H. Nath
John C. Fennebresque	Alex J. Parker
Hannah D. Gage	R. Doyle Parrish
Ann B. Goodnight	Joan Templeton Perry
H. Frank Grainger	Therence O. Pickett
Peter D. Hans	David M. Powers
Thomas J. Harrelson	Robert S. Rippy
Henry W. Hinton	Harry Leo Smith, Jr.
James L. Holmes, Jr.	J. Craig Souza
Rodney E. Hood	G.A. Sywassink
William (Marty) Kotis III	Richard (Dick) Taylor
Scott K. Lampe	Raiford G. Trask III
Steven B. Long	Phillip D. Walker
Joan G. MacNeill	Laura I. Wiley
Mary Ann Maxwell	

The following member was absent:

G. Leroy Lail

STATE ETHICS ACT

Chairman Hans 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 Hans asked if any member had a conflict of interest or an interest that would give rise to the appearance of a conflict of interest. There were none.

MINUTES

Mr. Hood moved, seconded by Mr. Kotis, that the minutes of the April 11, 2014, meeting be approved. The motion carried.

REPORT OF THE SPECIAL COMMITTEE ON MILITARY AFFAIRS

Mr. Trask, Chair of the Special Committee on Military Affairs, reported the Committee discussed the status of its resolution regarding in-state tuition for military veterans which the General Assembly was considering in the short session. The Committee was hopeful the General Assembly would approve a version of the Yellow Ribbon Program.

Next, Mr. Trask recognized a very special guest – Sergeant Kyle Jerome White. He accepted an invitation to attend today's Board of Governors meeting. Sgt. White is a graduate of the University of North Carolina at Charlotte and Medal of Honor recipient. A video was presented that recounted Sgt. White's extraordinary act of heroism on the battlefield after his platoon was ambushed by Taliban forces in Afghanistan in November 2007. The video also highlighted Sgt. White receiving the Medal of Honor from President Obama at a White House ceremony last month. Mr. Trask called on Vice President Rhinehardt who introduced Sgt. White and read a resolution honoring him. The Board of Governors unanimously adopted the resolution. For a copy of the Resolution Honoring Sergeant Kyle Jerome White, please refer to Appendix A.

PRESIDENT ROSS' REPORT

President Ross noted that Sgt. White is an amazing person who has accomplished great things for our country and we are incredibly proud of him. Next, President Ross spoke about the previous day's policy discussion. He acknowledged Senior Director Henz for her outstanding work on the Reverse Transfer. He also acknowledged Vice President Brown, Vice President Boney, and Associate Vice President Thornton for their efforts in the creation, implementation and design of the REACH NC program. President Ross thanked Chairman Hans for the opportunity to have worked alongside him throughout his two-year term. He greatly appreciates Chairman Hans' support, sound advice, and friendship. He also thanked Vice Chairman Grainger and Secretary Goodnight – both for their outstanding service and support. For President Ross' complete report, please refer to Appendix B.

ADMINISTRATIVE ACTION ITEMS

Chairman Hans called attention to the Administrative Action Items listed as Item #7 on today's agenda. Mr. Long requested that Administrative Action Item 7k – *Post Tenure Review Policy (400.3.1)* – be removed. Item #7k would be removed from the consent agenda and was moved to the Report of the Committee on Personnel and Tenure.

Mr. Grainger moved, seconded by Mr. Parrish, that the Administrative Action Items be approved by consent. The motion carried.

- a. (B&F) Authorization of New Capital Improvements Projects, ECU, NCSU, UNC-CH, UNCC, UNCG, UNCP and UNCGA
- b. (B&F) Disposition of Property by Exchange (Biomedical), NCSU
- c. (B&F) Disposition of Property by Exchange (Textiles), NCSU
- d. (B&F) Disposition of Property by Lease, NCSU
- e. (B&F) Acquisition of Property, UNCA
- f. (B&F) Acquisition of Property, UNCC
- g. (EPPP) Request for approval of licensure for the following degree programs:
 Frontier Nursing University has applied for a regular license to offer the following online degree program in North Carolina:
 - Doctor of Nursing Practice
 Georgetown University has applied for a regular license to offer the following online degree program in North Carolina:
 - Master of Science in Nursing with five tracks
 South College-Asheville has applied for a regular license to offer the following degree program in North Carolina:
 - Bachelor of Science in Nursing

- h. (GOV) Chancellor Selection, Section 500.B.1 of *The Code* and Appendix I, subpart I.D.
- i. (GOV) Recognition of Student Organizations (700.9.1)
- j. (P&T) Senior Academic and Administrative Officers Policy
- k. (P&T) Post-Tenure Review Policy (400.3.1) [*Removed*]
- l. (SCMA) Resolution Honoring U.S. Army Sergeant White

REPORT OF THE AUDIT COMMITTEE

Dr. Eshelman, Chair of the Audit Committee, reported North Carolina State Auditor Beth Wood had met with the Committee earlier this morning. She provided an annual presentation on the status of audits released for the UNC campuses for the fiscal year 2012-13. Ms. Wood would address the Board at the conclusion of Dr. Eshelman's report.

The Committee discussed the recent release of three campus audit reports issued by the Office of the State Auditor. One financial statement audit and two investigative audits were discussed. Each report had findings. Responses from the campuses and remediation plans were discussed. Corrective actions were in progress or had been taken. UNC General Administration staff would continue working with the campus chief audit officers over the next several months to ensure satisfactory progress was being made towards remediation of the issues.

The Committee discussed the recent release of three internal audit reports – one pertained to the UNC Center for Public Television (UNC-TV) and two pertained to UNC General Administration. One report noted deficiencies at UNC-TV, which were immediately addressed by management, and the other two reports noted no items of concern. An update on long distance telephone services used by our campuses was provided.

Next, Dr. Eshelman recognized State Auditor Beth Wood. He noted that Auditor Wood was serving a second term as state auditor for North Carolina. Dr. Eshelman called on her for some brief remarks.

State Auditor Wood remarked it was a pleasure to address the Board of Governors and remarked how proud she is to be a product of a University system that honors our military in particular, Sgt. Kyle White, not only for his service, but for providing him a mechanism to come home and be a part of our community and society. Next, Ms. Wood stated that one campus had audit findings on the financial statement audit and five campuses had audit findings in the compliance of federal grants. Ms. Wood stated she was confident that the Audit Committee and staff would take immediate action and the problems would be handled promptly.

REPORT OF THE BUDGET AND FINANCE COMMITTEE

Mr. Bisette, Chair of the Budget and Finance Committee, reported the General Assembly had included non-resident undergraduate tuition increases in their original budget for 2014-15 as well as an appropriation reduction of \$27.2 million, which was equal to the revenue estimated to be generated by the tuition increases. If the General Assembly maintains the reduction and gave the University the flexibility to change the rates, the University would need to act immediately following adoption of the budget.

On behalf of the Committee, Mr. Bisette moved the approval of the Recommended Contingent Nonresident Undergraduate Tuition Rates for 2014-15 (see Appendix K). The motion carried.

The Committee discussed the new *Policy on Efficiency and Effectiveness* and further modifications were suggested (see Appendix L). The policy would be presented to the full board at the August meeting. The new policy required the Board to adopt metrics to track academic and operational performance. The Board approved the 10 Efficiency and Effectiveness Metrics (see Appendix M). During discussion, it was also recommended that the Committee establish a Board workgroup to review the measures and suggest further changes, if necessary.

On behalf of the Committee, Mr. Bisette moved the approval of the UNC Efficiency and Effectiveness Metrics and the establishment of a workgroup. The motion carried.

Finally, the Committee received a copy of the final Tuition Bill Statements (see Appendix N) that would accompany the tuition bills for the fall semester 2014. Additional refinements to the statements would be considered for inclusion in the next billing cycle.

REPORT OF THE COMMITTEE ON EDUCATIONAL PLANNING, POLICIES AND PROGRAMS

Mr. Souza, Chair of the Committee on Educational Planning, Policies and Programs, reported on several items. The Committee considered North Carolina A&T State University's (NCA&TSU) request for authorization to establish a Bachelor of Science in Information Technology (see Appendix O).

On behalf of the Committee, Mr. Souza moved the approval the new degree program at NCA&TSU. The motion carried.

Next, Appalachian State University (ASU) requested authorization to discontinue eight degree programs and UNC Pembroke (UNCP) requested authorization to discontinue one degree program (see Appendix P).

On behalf of the Committee, Mr. Souza moved the approval of authorization for discontinuation of the nine programs as outlined per Appendix P. The motion carried.

A workgroup, comprised of representatives from the University, the NC Community College System, and the Department of Public Instruction, had reviewed the State Board of Education's policy on calculating the weighted GPA and class rank on high school transcripts, especially the proper weights for courses taken through community colleges, independent colleges and universities (see Appendix Q). The Committee recommended the following grade scale: AP, IB and other college courses, including dual enrollment and NC Community College transfer courses – 5 points; Honors courses – 4.5 points; and Standard courses – 4.0 points.

On behalf of the Committee, Mr. Souza moved the approval of the above recommended grade scale for courses described above. The motion carried.

Next, the Committee heard a report from Senior Director Henz on the 2013 University of North Carolina Faculty Teaching Workload (see Appendix R). The University is required by policy to report faculty teaching workloads by number of sections taught per instructional faculty full-time equivalent. All UNC campuses were above the UNC Board of Governors minimum teaching loads for fall 2013. By using the methodology prescribed by the Delaware National Study of Costs & Productivity, UNC campuses were able to benchmark performance in relation to other campuses within their Carnegie classification.

The Committee heard a presentation by Vice President Brown on the FY13 President's Report on Research and Sponsored Programs (see Appendix S). UNC institutions reported over \$1.2 billion in new awards for research and sponsored programs in FY13. The Committee heard an update on the Teacher Quality Focus Group. The Teacher Quality Focus Group is chaired by Secretary Goodnight and the others members consist of Mrs. Gage, Mr. Long and Mrs. Wiley. The group is examining teacher quality issues that impact North Carolina's public schools and how the University can be more responsive to these important issues.

Finally, Mr. Souza reported the Committee heard an update from Senior Director Henz and Director Blackwell on the Reverse Transfer Program (see Appendix T). The program has many benefits including the increase of degree completers in North Carolina, improving the

overall baccalaureate degree completion rate, and enabling students to receive credentials that he/she would not otherwise have obtained. North Carolina is on target to meet the goal of awarding more than 2,000 associate degrees through the Reverse Transfer Program by the end of 2014.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. McMahan, Chair of the Committee on Public Affairs, thanked the members who participated in University Day at the General Assembly earlier this month. Vice President Moretz provided an update on the House and Senate budget proposals. The Committee discussed key budget priorities for the UNC system. The Committee would continue working with the members of the legislature as they begin deliberations on a final budget.

The Committee heard an update on other key non-budget related pieces of legislation moving through the legislative session. Senior Director Henz shared with the Committee recent data and analysis on faculty retention and turnover data from across the system. Faculty recruitment and retention are key components of several policy and budget priorities.

Lastly, Mr. McMahan introduced a special guest, Senator David Curtis. He thanked Senator Curtis for taking the time to attend today's meeting.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Powers, Chair of the Committee on University Governance, reported the Committee discussed the stages of the appointment process for UNC Press. The Committee decided to retain the process that is currently in place. The Committee reviewed UNC Policy 200.2 – *Election Procedures* –in advance of today's election of officers. The candidates' statements were provided for review. Next, the Committee received a report on the resolution of the legal claim by East Carolina University.

Regarding discussion of vacancies on Councils and Boards of Trustees, Mr. Powers reported there were six open vacancies on UNC-TV Board of Trustees for the 2014-18 term. The UNC-TV Board of Trustees serves in a direct advisory capacity assuring that public involvement and perspectives have further influence on UNC-TV operations. There are nominations for four of the six vacancies – three members have expressed their desire to be reappointed. On behalf of the Committee, Mr. Powers moved the reappointments of Ms. Sabrina

DeFonce Bengel of New Bern, Ms. Laura C. Bingham of Raleigh, and Mr. Eric M. Teal be reaffirmed. In addition, Mr. Powers recommended the appointment of Ms. Caroline Foy Welch to serve. She is a new candidate for appointment. The motion carried. Two positions remained unfilled and one is eligible for reappointment. The Committee sought recommendations for the remaining vacancy.

CHAIRMAN'S REPORT

Chairman Hans expressed his thanks to the members for hosting the reception the previous evening honoring his service. Next, Chairman Hans provided a brief overview of his experiences as chairman and thoughts for the future of the University. For the complete text of Chairman Hans' remarks, please refer to Appendix U.

On motion by Secretary Goodnight and duly seconded, the Board voted to convene in closed session.

The Board went into closed session at 10:45 a.m. and returned to open session at 11:15 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mr. Fennebresque, Chair of the Committee on Personnel and Tenure, reported the Committee heard an update on the Affordable Care Act. The University was investigating possible health care plans for temporary employees who will now be eligible for health insurance. Further information would be provided as decision points arise.

The Committee reviewed and recommended approval of a resolution on Recommendation for Implementation of July 1, 2014 Compensation Adjustments for EPA Employees Pursuant to the Appropriations Act (see Appendix V). The resolution provides a one-time delegation authorizing the President, in consultation with the chair of the Committee on Personnel and Tenure, to issue salary guidelines that campuses will utilize to implement EPA Salary Administration if the University receives legislation approval for salary increases before the next Board meeting. The motion carried. The Committee reviewed and approved the salary

ranges for UNC chancellors and Administrative Salary Ranges for UNC General Administration employees. Additionally, the Committee received and approved Medical Faculty Salary Ceilings for both the UNC Chapel Hill Schools of Medicine, Dentistry, and School of Public Health and the East Carolina University Brody School of Medicine.

The Committee heard a presentation from Senior Vice President Ortega on a proposal for the Academic Affairs Reorganization (see Appendix W). The purposes of the reorganization include – to clarify and make more accessible to internal and external stakeholders the functional areas and key contacts within Academic Affairs at UNC General Administration; recognizing increases in the scope of work particularly affected by the Strategic Directions initiative; the reorganization brings titles more in alignment with the scope of the work and the comparable positions across the organization while reducing the number of direct reports to the Senior Vice President for Academic Affairs; and these titles appropriately reflect the scope of work of some of the most productive individuals at UNC General Administration.

On behalf of the Committee, Mr. Fennebresque moved approval of the Academic Affairs Reorganization proposal. The motion carried.

Mr. Fennebresque noted the Committee received two informational reports – the President’s Summary Personnel Report and the Management Flexibility Report.

Finally, Mr. Fennebresque reported on UNC Policy 400.3.3 – *Post-Tenure Review Policy* (see Appendix X). A working group was appointed to study the issue. Mr. Sywassink headed a working group who thoroughly reviewed the details of the policy and made amendments that strengthened the policy.

On behalf of the Committee, Mr. Fennebreque recommended approval of the amended UNC Policy 400.3.3 – *Performance Review of Tenured Faculty* be approved. The motion carried.

ELECTION OF OFFICERS

Chairman Hans explained that there was one candidate for each of the Board offices – Mr. John Fennebresque for the office of chair; Mr. Lou Bissette for the office of vice chair, and Dr. Joan Perry for secretary. The positions were uncontested.

Chairman Hans entertained a motion to accept the slate of candidates as nominees, suspend the requirements of the election procedures, and elect Mr. Fennebresque as chair;

Mr. Bissette as vice chair; and Dr. Perry as secretary. Mr. Mitchell moved, seconded by Mr. Nath, the slate of candidates be approved. The motion carried.

Secretary Goodnight presented an item for the board's consideration. She read a resolution honoring Chairman Peter D. Hans for his exceptional and distinguished leadership as chairman of the Board of Governors of the University of North Carolina. For a copy of the resolution, please refer to Appendix Y.

Secretary Gage moved that the board adopt the Resolution Honoring Chairman Peter D. Hans, Chairman, The Board of Governors of The University of North Carolina. The resolution was unanimously adopted.

The next meeting of the Board of Governors was scheduled for Friday, August 1, 2014, at the Spangler Center. There being no further business, the meeting adjourned at 11:30 a.m.

Secretary

Appendix A	Resolution Honoring Sergeant Kyle Jerome White	Posted Online
Appendix B	President Ross' Report	Posted Online
Appendix C	Authorization of New Capital Improvements Projects, ECU, NCSU, UNC-CH, UNCC, UNCG, UNCP and UNCGA	Posted Online
Appendix D	Disposition of Property by Exchange (Biomedical), NCSU	Posted Online
Appendix E	Disposition of Property by Exchange (Textiles), NCSU	Posted Online
Appendix F	Disposition of Property by Lease, NCSU	Posted Online
Appendix G	Acquisition of Property, UNCA	Posted Online
Appendix H	Acquisition of Property, UNCC	Posted Online
Appendix I	Request for approval of licensure for degree programs: Frontier Nursing University has applied for a regular license to offer a Doctor of Nursing Practice in North Carolina Georgetown University has applied for a regular license to offer a Master of Science in Nursing with five tracks in NC South College-Asheville has applied for a regular license to a Bachelor of Science in Nursing in North Carolina	Posted Online
Appendix J	Chancellor Selection, Section 500.B.1 of <i>The Code</i> and Appendix 1, subpart I.D.	Posted Online
Appendix K	Recommended Contingent Nonresident Undergraduate Tuition Rates for 2014-15	Posted Online
Appendix L	UNC Policy 1300.6 – Policy on Efficiency and Effectiveness	Posted Online
Appendix M	Efficiency and Effectiveness Operating Metrics	Posted Online
Appendix N	Final Tuition Bill Statement	Posted Online
Appendix O	Request for authorization to establish a Bachelor of Science in Information Technology, NCA&TSU	Posted Online
Appendix P	Request for authorization to discontinue eight degree programs, ASU, and one degree program, UNCP	Posted Online
Appendix Q	Weighted High School GPA Calculation	Posted Online
Appendix R	UNC Faculty Teaching Workload Report 2013	Posted Online
Appendix S	UNC FY13 President's Report on Research and Sponsored Programs	Posted Online
Appendix T	Presentation on Reverse Transfer Program	Posted Online
Appendix U	Chairman Hans' Report of the Chair	Posted Online
Appendix V	Recommendation for Implementation of July 1, 2014 Compensation Adjustments for EPA Employees Pursuant to the Appropriations Act	Posted Online
Appendix W	Proposal for the Academic Affairs Reorganization	Posted Online
Appendix X	UNC Policy 400.3.3 – Performance Review of Tenured Faculty	Posted Online
Appendix Y	Resolution Honoring Chairman Peter D. Hans	Posted Online