

APPENDIX B

PRESIDENT BOWLES' REPORT BOARD OF GOVERNORS MEETING APRIL 11, 2006

After introducing several of the chancellors and representatives of affiliated organizations in attendance at the meeting, President Bowles remarked as follows:

Let me make a few observations about the budget. I know we discussed it at length, but there are a couple of things that I would like to say that I think are important. Mr. Ruffin pointed out earlier today that this budget really does target the most pressing needs we have in North Carolina today. I think it is one that we can all really be proud of. It is the result of the hard work of these chancellors. These chancellors came together, took a risk, worked together as a team and this is their budget. It was developed from the bottom up. That is not to say that it has everything in there that each one of them wanted, because it doesn't. But I think it does represent the best of what we have and what we can do when we work on something together. I think it will mean we will be far more effective when we go to the legislature to fight for this budget.

As a team we concluded that we wanted to do a number of things. First, we wanted to exponentially increase our effort to turn out more teachers, better teachers, and more math and science teachers. We want to do something about mentoring teachers and we want to increase the pipeline of students going into the teaching profession. We also want to train our principals better. This budget does that. The one thing I ask you to do as you review the education part of this budget is to remember we are not going to fund any program on any campus until that campus proves to us that they are already making the best use of the funds they have today. That's the agreement we've reached and that's what we are going to do.

Second, we are asking for additional funds to meet another growing need in North Carolina, the need for nurses and health care providers.

Third, sustaining access and affordability is something we stress in this budget. It is a very high priority for the University. It shone forth in our projected enrollment increase that we have asked for, as well as our need based financial aid program. They are critical for the future economic well-being of our state.

Fourth, you will see that we are looking to make sure that we stress the seamless relationship that we have with our community colleges. President Lancaster and I have been working truly on a collaborative basis. We are meeting regularly. We have put together a joint program and we have come forward with a recommendation that targets teachers, nursing, and expands the 2 + 2 distance education offerings, as well as the Hickory higher education program.

Also, we have had a clear focus on research, economic development, and job creation, things that are absolutely critical if we are going to be competitive in this new world of work. And as I have said before, nothing matters if we don't have great faculty. So, you will see that we have called for a 5% increase in faculty salary, something that I believe is absolutely critical if we are going to go forward as a great University.

There are two other items that I should mention. We are calling for, in this budget as well as from an overall viewpoint, a recommendation that the North Carolina School of Science and Mathematics transition from its current affiliated status to become a constituent high school of the University with all the benefits and accountability attached to that. It was my opinion that for too long we have been held accountable for the school, but had virtually no statutory oversight. I think this recommendation will be good for the school, good for the University, and great for the state. The most important thing is we can now work together in a more

collaborative manner; we can take advantage of the enormous asset the school is and spread it throughout the University and throughout the public school system. I am very excited about what we are going to be able to do together.

Lastly, in reference to tuition policy, we are not there yet. We are making progress. I had a good meeting with Mrs. Gage and Mr. Mercer last week. I think we are getting close. We are trying to make sure that what we bring to you provides some consistency in tuition policy, does the right thing regarding predictability, and also interrelates to tuition, fees, and per capita appropriations, so that we can keep tuition as low as practical. I think we will get there by May or June, but we are making great progress in that regard.

Mr. Chairman, that concludes my remarks. I look forward to seeing all of you tonight.