

## **BOARD OF GOVERNORS MEETING**

The University of North Carolina

February 11, 2005

The Board of Governors met in regular session on February 11, 2005, in the Warwick Center at the University of North Carolina at Wilmington. Mr. Wilson, the chairman, called the meeting to order at 11:15 a.m.

### **INVOCATION**

Mr. Phillips gave the invocation:

Dear Lord, we thank you for this day and for the people who are gathered around this table. Please give us wisdom, insight, and strength to make decisions, to treat each other respectfully, and to do what is in the best interest of this University and the people of North Carolina. Please be with those who lead our campuses, as well as those who attend our campuses. Give them insight, strength and wisdom. Be with us as we go back to our families and lead us through this world doing the things that you would have us do. Amen.

### **ROLL CALL**

Secretary Perry called the roll and the following members were present:

J. Bradley Wilson  
Bradley T. Adcock  
G. Irvin Aldridge  
Brent D. Barringer  
J. Addison Bell  
R. Steve Bowden  
F. Edward Broadwell, Jr.  
William L. Burns, Jr.  
Anne W. Cates  
John F.A.V. Cecil  
Bert Collins  
John W. Davis III  
Amanda M. Devore  
Ray S. Farris  
Dudley E. Flood  
Hannah D. Gage  
Willie J. Gilchrist

H. Frank Grainger  
Peter D. Hans  
Peter Keber  
Adelaide D. Key  
G. Leroy Lail  
Charles H. Mercer, Jr.  
Charles S. Norwood  
Cary C. Owen  
Patsy B. Perry  
Jim W. Phillips, Jr.  
Gladys Ashe Robinson  
Benjamin S. Ruffin  
Estelle W. Sanders  
J. Craig Souza  
Priscilla P. Taylor  
Robert F. Warwick

The following members were absent:

James G. Babb

James E. Holshouser, Jr.

## **MINUTES**

Dr. Gilchrist moved, seconded by Mr. Cecil, that the minutes of the meeting of January 14, 2005, be approved. The motion carried.

## **PRESIDENT'S REPORT**

President Broad introduced the chancellors and representatives of affiliated organizations in attendance at the meeting and gave the board an update of the good news and accolades afforded many of the campuses.

President Broad also reported on college access and affordability, and the impact of federal budget proposals. For the President's full report, see Appendix A.

## **ADMINISTRATIVE ACTION ITEMS**

Chairman Wilson called attention to the Administrative Action Items listed on the agenda. Mr. Adcock moved, seconded by Dr. Gilchrist, that the following Administrative Actions Items be approved by consent:

- |           |  |            |
|-----------|--|------------|
| a. (B&F)  | Approval of the Amendment to the 2005-07 Budget Request  | Appendix B |
| b. (B&F)  | Authorization of Capital Improvement Funding Allocation for the North Carolina Center for Health and Aging | Appendix C |
| c. (B&F)  | Approval of Disposition of Property and Lease of Housing Space, UNCG                                       | Appendix D |
| d. (B&F)  | Approval of Disposition of Property and Lease of Housing Space, UNCW                                       | Appendix E |
| e. (B&F)  | Approval of the Report on Overhead Receipts [Facilities and Administrative (F&A) Receipts]                 | Appendix F |
| f. (EPPP) | Authorization to Discontinue the Master of Arts in Sports Management, ASU                                  | Appendix G |
| g. (EPPP) | Authorization to Discontinue the Master of Science in  |            |

	Occupational Education, NCSU	Appendix H
h. (EPPP)	Authorization to Discontinue the Master of Education in Occupational Education, NCSU	Appendix H
i. (EPPP)	Authorization to Establish the Bachelor of Arts in Justice Studies, WSSU	Appendix I
j. (EPPP)	Authorization to Establish the Master of Music Therapy, ASU	Appendix J
k. (EPPP)	Authorization to Establish the Master of Science in Computer Science and Information Systems, UNCW	Appendix K
l. (EPPP)	Approval of the Report on Academic Common Market Pilot Program	Appendix L
m. (EPPP)	Report on Teaching Assistant Scholarship Fund	Appendix M
n. (P&T)	Approval of the Repeal of Policy 300.7.3, <i>Implementation of Phased Retirement Program</i>	Appendix N
o. (P&T)	Approval of the Amendment to Policy 600.3.4, <i>Granting of Management Flexibility to Appoint and Fix Compensation</i>	Appendix O
p. (PA)	Approval of the 2005 Federal Agenda	Appendix P

The motion carried.

### **REPORT OF COMMITTEE ON BUDGET AND FINANCE**

Mr. Phillips, chair of the Committee on Budget and Finance, presented the committee's report. He reported that during its meeting, the committee heard from Mr. Steve Brooks of the State Education Assistance Authority on the effectiveness of the need-based financial aid program. In addition, the committee reviewed the cost of education at our institutions as calculated under the NACUBO (National Association of College and University Business Officers) model, and spent a significant period of time hearing from the chancellors on the uses of the revenues that would be generated from the proposed campus initiated tuition increases. Mr. Phillips stated that it is clear that the chancellors make compelling cases for the additional funds and the committee is deeply appreciative of both their needs and their time. As is always the case when debating tuition, the committee weighed the needs of our institutions against the additional charges to our students. At the end of the meeting, the committee postponed action on graduate and professional tuition increases, nonresident tuition increases,

and fees until the March meeting. He stated that the committee did take action to recommend to the board that tuition rates for resident undergraduate students remain at the current year's rates for 2005-06.

On behalf of the committee, Mr. Phillips moved that the tuition rates for 2005-06 for resident undergraduate students remain at the 2004-05 level. The motion carried.

### **REPORT OF COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS**

Dr. Gilchrist, chair of the Committee on Educational Planning, Policies, and Programs, presented the committee's report.

#### **Report on the Tuition Grant Program for Graduates of the North Carolina School of Science and Mathematics**

Dr. Gilchrist reported that in 2003 the General Assembly created and funded a scholarship program to retain graduates of the North Carolina School of Science and Mathematics in North Carolina. As a result, 81.2% of the graduates in 2004 enrolled in a UNC institution. This is an increase of 59.2 percent from the previous year. Of the 190 students enrolled in the University from the class of 2004, 121 received funding from this grant program. Students who receive funding from other financial aid sources that exceed the cost of tuition are not eligible for the grant. The report recommends that the standard be changed to make a student ineligible for the funds only when the student receives funds from other financial aid sources that exceed the total cost of attendance at a UNC institution. The committee agrees with this report and feels it will better serve low-income students.

Dr. Gilchrist, on behalf of the committee, moved approval of the Report on the Tuition Grant Program for Graduates of the North Carolina School of Science and Mathematics. The motion carried. (Appendix Q)

Report on the Prospective Teacher Scholars Focus Growth Pilot Program

Reflecting on the Report on the Prospective Teacher Scholars Focus Growth Pilot Program, Dr. Gilchrist stated that based on legislative authorization, the board established pilot projects at three campuses, Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University to recruit out-of-state students for teacher education. Funding for scholarships is provided to these students subject to their becoming teachers in North Carolina. After two years of operation there are 27 students enrolled in this program on the three campuses at a total tuition waiver cost of \$362,404 for the two years.

On behalf of the committee, Dr. Gilchrist moved approval of the Report on the Prospective Teacher Scholars Focus Growth Pilot Program. The motion carried. (Appendix R)

**REPORT OF THE COMMITTEE ON ECONOMIC DEVELOPMENT AND THE UNIVERSITY**

Mr. Cecil, chair of the Committee on Economic Development and the University, presented the committee's report.

Mr. Cecil stated that the committee met on the evening of January 31, 2005, and the morning of February 1, 2005. During these meetings, the committee heard presentations from Dr. Mary Walshok, Vice Chancellor for Public Programs at the University of California at San Diego, and Ms. Erica Kauten, of the Small Business Development Center at the University of Wisconsin.

Mr. Cecil reported that the committee had a joint meeting with the Committee on Educational Planning, Policies, and Programs on February 10, 2005. During this meeting, Dr. Steve Portch of the Pappas Consulting Group spoke to the continuous changing and increasing demands in higher education. Mr. Scott Daughtry updated the members of the Planning committee on the meetings and the themes of the Committee on Economic Development and the University. Mr. Cecil added that the two committees are working well together and he anticipates that the members of the board will come together at the Board Retreat in April and have further discussions on how House Bill 1264 and economic development and the University work together.

### **REPORT OF COMMITTEE ON UNIVERSITY GOVERNANCE**

Mr. Adcock, chair of the Committee on University Governance, presented the committee's report.

#### **Appointment to Board of Trustees – UNC Center for Public Television**

On behalf of the committee, Mr. Adcock moved that Carl Venters of Wilmington be appointed to the Board of Trustees of the UNC Center for Public Television, for a partial term ending June 30, 2008. The motion carried.

Mr. Adcock reported that the committee continued its discussion on the 2005 selection process for each of the 16 institutional Boards of Trustees. The committee intends to bring a provisional slate to the board at the March meeting. The trustee orientation required by the Board of Governors will be scheduled in April and the committee will bring back the campus trustee recommendations for the board's approval in May following completion of this orientation.

Mr. Adcock stated that the committee received a request from the Committee on Personnel and Tenure to consider and approve an amendment to Appendix 1 of *The Code*. This amendment to *The Code* is based on changes to Policy 600.3.4, *Granting of Management Flexibility to Appoint and Fix Compensation* that were approved today by consent. The committee will place the proposed *Code* amendment on the board's March agenda.

### **REPORT OF THE TASK FORCE ON BEST FINANCIAL PRACTICES**

Mr. Warwick, chair of the Task Force on Best Financial Practices, presented the committee's report. He stated that the task force received a presentation from Mr. Jay Morley, President and Chief Executive Officer of the National Association of College and University Business Officers, on the subject of the implications of the Sarbanes-Oxley Act in a nonprofit environment. Mr. Morley offered recommendations for higher education in the areas of ethics and conflicts of interest. Mr. Warwick stated that at future meetings, the task force would look at the internal audit function within the University. This will include presentations from some of the internal auditors from the campuses and the state auditor's office.

### **REPORT OF COMMITTEE ON PUBLIC AFFAIRS**

Dr. Flood, a member of the Committee on Public Affairs, presented the committee's report. He stated that the committee approved five amendments to the Non-Budget Legislative Agenda, including bond modifications for two campuses, and a legislative proposal to increase the maximum level of contribution for distinguished professorships.

Dr. Flood reported that the committee heard from Vice President Winner regarding the work of the task force studying health care benefits for university employees. The

committee added the task force's recommendations to the 2005 Board of Governors Non-Budget Legislative Initiatives.

. On behalf of the committee, Dr. Flood moved approval of the 2005 Board of Governors Non-Budget Legislative Initiatives. The motion carried. (Appendix S)

Dr. Flood reported that the committee also heard from Mr. Jim Johnson, the Director of Fiscal Research for the North Carolina General Assembly. Mr. Johnson spoke to the committee about the revenue outlook for the state and the upcoming budget for the 2005-2006 fiscal year. Dr. Flood stated that the legislature began the budget process with a joint meeting of all House and Senate legislators during which they were given a budget update from the fiscal research staff. He added that Governor Easley will give his *State of the State* address on February 21, 2005, to a joint session of the General Assembly, and that the Governor's budget will be released that week.

Dr. Flood reported that information on the annual Committee on Public Affairs meeting with the North Carolina Congressional Delegation in Washington, D.C. on March 9 & 10, 2005, had been distributed. He asked that the board members notify Secretary Corgnati if they plan to attend the Washington meeting.

### **CHAIRMAN'S REMARKS**

- Chairman Wilson reiterated Dr. Flood's request for any member who would like to go to Washington, D.C. to contact Secretary Corgnati no later than February 18, 2005.
- The Chairman thanked Chancellor DePaolo and the entire UNC Wilmington *Seahawk* family for their wonderful hospitality over the last few days. He stated that the board appreciated being able to see all of the great things that are going on at UNCW. He



especially thanked Ms. Ann Freeman, Mr. Mark Lanier, and their staff for their hard work.

- Chairman Wilson asked members to make a note of February 16, 2005. This is the date of the 17<sup>th</sup> Annual Meeting of the North Carolina Education Governing Boards to be held at the Wendell Murphy Football Center at North Carolina State University. He urged members to attend if possible.
- Chairman Wilson named the following members to the 2005 University Award Committee: Mrs. Cates will serve as chair, along with Mr. Bowden, Mr. Farris, Mr. Keber and Dr. Key.
- Chairman Wilson assigned Mr. Lail to the Committee on Public Affairs and reassigned Mr. Souza to the Committee on Budget and Finance.
- He asked that the Committee on University Governance work with Vice President Winner to draft an amendment to *The Code* that will make the Committee on Public Affairs a standing committee.
- Chairman Wilson reminded the members that following the lunch, there will be a walking tour designed to give them an opportunity to look at some of the other building projects that are underway or have been completed on the UNCW campus.
- Chairman Wilson asked that Secretary Corgnati make note of the following dates and send an email reminder to all board members:

February 16 – 17<sup>th</sup> Annual Meeting of the North Carolina Education Governing Boards

March 9 & 10 – Annual Congressional Delegation Trip to Washington, D.C.

March 17 & 18 – Board of Governors meetings in Chapel Hill

March 31 – East Carolina University Chancellor's Installation

April 20 – North Carolina State University Chancellor's Installation

April 21 – Board Retreat, Appalachian State University

April 22 – Appalachian State University Chancellor’s Installation

May 12 & 13 – Board of Governors meetings in Chapel Hill

May 13 – Luncheon honoring the recipients of the 2005 Board of Governors Awards for Excellence in Teaching

August 11 & 12 – Board of Governors meetings in Chapel Hill

On motion of Dr. Perry, seconded by Mr. Davis, the board voted to convene in closed session pursuant to North Carolina General Statutes 143-318.11(a)(5) and 143-318.11(a)(6). The motion carried.

\* \* \*

The Board of Governors went into closed session at 12:00 p.m. and returned to open session at 12:15 p.m.

\* \* \*

## **REPORT OF COMMITTEE ON PERSONNEL AND TENURE**

Mr. Davis, chair of the Committee on Personnel and Tenure, presented the committee’s report.

### **Summary Personnel Report**

On behalf of the committee, Mr. Davis moved approval of the committee’s summary personnel report as presented in closed session. The motion carried. (Appendix T)

### **2005 Board of Governors Awards for Excellence in Teaching**

Mr. Davis reported that in the board folders there was a list of recommendations from the 16 constituent institutions to be recipients of the 2005 Board of Governors Awards for Excellence in Teaching.

On behalf of the committee, Mr. Davis moved that these individuals be approved as recipients of the 2005 Board of Governors Awards for Excellence in Teaching and that each receive a stipend of \$7,500 and an engraved medallion at the awards luncheon to be held on Friday, May 13, 2005. The motion carried. (Appendix U)

Mr. Davis noted that the board notebook materials included a copy of the proposed Policy 300.2.13, *Supplemental Pay Policy for Employees Exempt from the State Personnel Act*, which addresses the issue of the need for campuses to establish policies on supplemental payments to faculty and non-faculty EPA employees in connection with temporary increases in responsibility and the performance of extra duties. He added that the committee would ask for the board's approval of this policy at the March 2005 meeting.

He stated that the board also received a request to repeal Policy 300.7.3, *Implementation of Phased Retirement Program*. This policy was replaced by subsequent policies and guidelines; therefore, it was placed on today's consent agenda to be repealed.

Mr. Davis reported that the committee reviewed the *Unified Leave Report* received from the Office of State Personnel that provides a review of the feasibility and practicality of changing the state's current leave structure. He stated that since the review committee has, in effect, determined that changing the state's current leave structure would not be feasible nor cost-effective at this time, the committee has asked that the recommendation of the review committee be revised to state: "...*The Committee does not recommend the implementation of a Unified Leave Program at this time...*" prior to submitting the report to the Legislature.

In closing, Mr. Davis stated that the committee discussed the *UNC Health Plan Design Project* which seeks to find options to improve the quality of the state's health care plan for university employees, and that the committee endorses this project.

\* \* \*

There being no further business, the meeting adjourned at 12:30 p.m.

---

Secretary

## APPENDICES

(All appendices are a part of the official record of the meeting.)

Appendix A	President's Report	Attached
Appendix B	Approval of the Amendment to the 2005-07 Budget Request	Attached
Appendix C	Authorization of Capital Improvement Funding Allocation for the North Carolina Center for Health and Aging	Attached
Appendix D	Approval of Disposition of Property and Lease of Housing Space, UNCG	Attached
Appendix E	Approval of Disposition of Property and Lease of Housing Space, UNCW	Attached
Appendix F	Approval of the Report on Overhead Receipts [Facilities and Administrative (F&A) Receipts]	Attached
Appendix G	Authorization to Discontinue the Master of Arts in Sports Management, ASU	Attached
Appendix H	Authorization to Discontinue the Master of Science and Master of Education Degrees in Occupational Education, NCSU	Attached
Appendix I	Authorization to Establish the Bachelor of Arts in Justice Studies, WSSU	Attached
Appendix J	Authorization to Establish the Master of Music Therapy, ASU	Attached
Appendix K	Authorization to Establish the Master of Science in Computer Science and Information Systems, UNCW	Attached
Appendix L	Approval of the Report on Academic Common Market Pilot Program	Attached
Appendix M	Report on Teaching Assistant Scholarship Fund	Attached
Appendix N	Approval of the Repeal of Policy 300.7.3, <i>Implementation of Phased Retirement Program</i>	Attached
Appendix O	Approval of the Amendment to Policy 600.3.4, <i>Granting of Management Flexibility to Appoint and Fix Compensation</i>	Attached
Appendix P	Approval of the 2005 Federal Agenda	Attached
Appendix Q	Report on the Tuition Grant Program for Graduates of the North Carolina School of Science and Mathematics	Attached
Appendix R	Report on the Prospective Teacher Scholars Focus Growth Pilot Program	Attached
Appendix S	2005 Board of Governors Non-Budget Legislative Initiatives	Attached
Appendix T	Summary Personnel Report	Attached
Appendix U	2005 Board of Governors Awards for Excellence in Teaching	Attached