

DRAFT MINUTES

September 12, 2024
Via Videoconference and PBS North Carolina Livestream
The UNC System Office
223 S. West Street, Board Room (17th Floor)
Raleigh, North Carolina

Call to Order

The University of North Carolina Board of Governors met on September 12, 2024, at the UNC System Office in Raleigh, North Carolina. Chair Wendy Murphy called the meeting to order at 10 a.m. She welcomed everyone to the meeting, noting the addition of Chancellor James A. Martin II of North Carolina Agricultural & Technical State University, as well as Chancellor Bonita Brown of Winston-Salem State University.

Invocation

Chair Murphy called on Mr. Clark to give the invocation.

Roll Call

Secretary Pearl Burris-Floyd called the roll. The following members were present:

Lee Barnes	Mark Holton
Kellie Hunt Blue	Terry Hutchens
Kirk Bradley	Alex Mitchell
Cameron Brown	Wendy Floyd Murphy
Harry Brown	Sonja Nichols
Pearl Burris-Floyd	Randy Ramsey
C. Philip Byers	Woody White
Swadesh Chatterjee	Michael Williford
Jimmy D. Clark	
Carolyn Coward	
Gene Davis	
Joel Ford	
John Fraley	
Kathryn Greeley	
Reginald Holley	

The following members were absent:

Art Pope
Temple Sloan

State Ethics Act

Chair Murphy stated that under the State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts and asked if anyone had a potential conflict. There were none.

Chair's Report

Chair Murphy spoke on the importance of reading, stating it is the foundation of every child's success. She said the UNC System has not moved quickly enough to prepare future teachers in the endeavor, and this must be rectified immediately. She said we have a Systemwide responsibility to address the root of the issue. She said the one correct way to teach children to read is called the Science of Reading; decades of research have proved this is the only method that works. In 2021, the legislature passed a law requiring the Science of Reading to be used in all teacher preparation programs for elementary and special education. In January 2023, the Board passed another resolution calling for our institutions to move the needle. The Board has now set a December 1, 2024, deadline for all remaining UNC System institutions to revise their literacy programs to include the Science of Reading. Literacy, Chair Murphy stated, is "ground zero for accessibility and student success," and that we must not let down future generations. She then called on President Peter Hans for his report.

President's Report

President Hans spoke about increased enrollment at our institutions, stating the UNC System currently enrolls almost a record 248,000 students across the state. He then went on to outline the eight tenets that have resulted in success. These include flat tuition, simplifying financial aid, Project Kitty Hawk, opening the door to more out-of-state students, making the transfer process easier and more appealing, pushing for more on-time graduation, demonstrating our programs deliver a valuable, clear financial payoff, and that our public institutions belong to all North Carolinians, not just an exclusive few. He also mentioned new ideas such as NC College Connect and the University of North Carolina at Chapel Hill's Choose NC Program. He concluded by stating we have kept our focus where it needs to be — "effectively serving the students and families of this state and strengthening our universities for the era ahead." (APPENDIX A). Chair Murphy said it was great to see enrollment up.

Consent Agenda Items

Chair Murphy referred to the consent agenda items listed as Item 5 on the day's agenda. Chair Murphy entertained a motion to approve the consent agenda items. The motion was properly seconded, and the motion passed.

Minutes

- a. Minutes (Open) of July 24, 2024
- b. Minutes (Open) of August 9, 2024

Committee on Budget and Finance

- c. Sale of Special Obligation Bonds – University of North Carolina at Greensboro APPENDIX B
- d. Capital Improvement Projects APPENDIX C
- e. Acquisitions of Property by Lease – NC State University APPENDIX D
- f. Disposition of Property by Lease – NC State University APPENDIX E
- g. 2024-25 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) APPENDIX F
Allocations

Committee on Educational Planning, Policies, and Programs

- h. Comprehensive Articulation Agreement Annual Report APPENDIX G
- i. UNC System Academic Degree Program Actions APPENDIX H
- j. Licensure Program Approvals APPENDIX I
- k. Section 400.3.6 of the UNC Policy Manual, *Policy on University Teaching Awards* (amend) (approved July 24, 2024) APPENDIX J
- l. Section 700.1.3 of the UNC Policy Manual, *Policy on Non-Resident Undergraduate Enrollment* (amend) (approved July 24, 2024) APPENDIX K

- m. Section 400.1.7 of the UNC Policy Manual, *Policy on Performance of Nursing Education and Preparation Programs* (supersede) (approved July 24, 2024) APPENDIX L

Committee on University Governance

- n. Resolution on Security Clearance Requirements APPENDIX M

Committee on Audit, Risk Management, and Compliance

- o. Committee on Audit, Risk Management, and Compliance Charter APPENDIX N
p. UNC System Office 2024-25 Internal Audit Plan APPENDIX O

Report of the Committee on Budget and Finance

Mr. Bradley, chair of the committee, stated the committee approved its Annual Report summarizing the actions of the committee from July 1, 2023, through June 30, 2024. The committee also considered transactional items that were approved by the full Board through the consent agenda. They included:

- Authorization to issue special obligation bonds in a principal amount not to exceed \$15.5 million for the purpose of refunding UNC Greensboro's general revenue bonds, Series 2014, and the associated cost of issuance;
- Authorization of three new capital projects at two institutions and five increased authorizations at four institutions;
- Authorization for NC State University to acquire property by lease of approximately 28,000 square feet in the Keystone Science Center, on the Centennial Campus; and
- Authorization for NC State University to dispose of property by lease for a vendor-provided distributed antenna system at Carter-Finley Stadium.

During their meeting on September 11, 2024, the committee discussed the 2025-26 Tuition and Fees Instructions that will be sent to institutions after the Board meeting. While undergraduate resident tuition will continue to remain flat for 2025-26, the committee discussed allowing institutions that demonstrate significant efforts to strategically realign or reduce resources to propose increases in 2026-27. The committee also discussed the Performance Funding Model. Given that the General Assembly is unlikely to fully fund performance funding at requested level, the Board of Governors should consider (1) how any FY25 performance funds should be allocated, if appropriated, and (2) how the model should be revised for the UNC System's Long Session budget request.

Finally, the committee considered and approved the allocation of the \$67.23 million of FY 2024-25 State Capital and Infrastructure Fund (SCIF) Repairs and Renovations (R&R) funds and increased capital authorization for specific major R&R projects as detailed in the materials available on BoardEffect. The recommended allocation was included and approved by the full Board in the consent agenda as well.

Chair Murphy then called on Mr. Hutchens for the report of the Committee on Educational Planning, Policies, and Programs.

Report of the Committee on Educational Planning, Policies, and Programs

Mr. Hutchens, chair of the committee, reported that the committee approved the 2023-24 Annual Report, the Comprehensive Articulation Agreement Annual Report, one new academic degree, five academic degree discontinuations, and one institution's request for licensure, all of which were submitted to the Board through the consent agenda. The committee also reviewed educator preparation efforts and the related annual report from the UNC System Office.

During the committee meeting, they discussed the Early College High School Graduates Report. This program allows students in grades nine-12 to earn both a high school diploma and either a two-year degree or

transferable credits within four to five years, tuition-free. These innovative high schools expand students' opportunities for educational success and provide streamlined pathways into the UNC System.

The committee also reviewed the new Choose NC: Application Redirect Pilot, launched by UNC-Chapel Hill in partnership with five other UNC institutions. This program gives highly qualified applicants, who may not be admitted to UNC-Chapel Hill, the option to redirect their application to other participating institutions. This collaborative effort will reduce barriers, increase access, and help keep talented students in North Carolina.

Finally, the committee addressed Systemwide teacher preparation in early literacy. A recent review found that while progress is being made, seven programs still need improvement. These institutions will receive support and be monitored over the next 90 days, with full compliance accomplished by December 1, 2024. Chair Hutchens thanked President Hans, Chair Murphy, and former Chair Ramsey for their leadership on this issue.

Chair Murphy called on Mrs. Coward for the report from the Committee on University Personnel.

Report of the UNC Staff Assembly

Mrs. Coward introduced Ms. Shayna Hill for her report on the UNC Staff Assembly. Ms. Hill gave a brief history of the Staff Assembly charter, as well as the staff service award and staff scholarship fund. She noted the fund is only \$30,000 shy of the \$250,000 goal. She concluded her remarks by reminding the Board of the upcoming Janet B. Royster Memorial Staff Scholarship. Chair Murphy thanked her for her work, encouraging the Board to have 100 percent participation in the upcoming event and fundraising drive. Mr. Bradley echoed Chair Murphy's thanks, urging the Board to support and make a contribution to the fund.

Chair Murphy then called on Mr. Mitchell for the report from the Committee on University Governance.

Report of the Committee on University Governance

Mr. Mitchell reported the committee on University Governance held a virtual meeting on September 5, 2024, and an in-person meeting on September 11, 2024. At the virtual meeting, the committee approved for submission to the full Board the committee's Annual Report that highlights the work the committee undertook during 2023-24. The committee approved the annual resolution on security clearance requirements, which was approved by the full Board on the consent agenda. This resolution is required by the Department of Defense, so the UNC System maintains a facility security clearance in the performance of classified documents. In connection with this facility clearance, certain senior management officials must obtain individual security clearance. This resolution is required to exempt members of the Board of Governors and senior officers of the UNC System from the requirement to obtain individual security clearances.

The committee voted to approve the nomination of Mr. Sean Suggs to the North Carolina A&T State University Board of Trustees. The appointment is for Mr. Suggs to fill a partial term ending June 30, 2025. Biographical information is in BoardEffect. (APPENDIX P)

Motion: Resolved, that on behalf of the Committee on University Governance, I move that the Board of Governors approves the nomination of Mr. Sean Suggs to the North Carolina A&T Board of Trustees to fill a partial term that ends on June 30, 2025.

Motion: Mr. Mitchell

Motion carried

The committee voted to approve the nomination of Ms. Susan Strum to the Western Carolina University Board of Trustees to fill a partial term ending June 30, 2025. Biographical information is in BoardEffect. (APPENDIX Q)

Motion: Resolved, that on behalf of the Committee on University Governance, I move that the Board of Governors approves the nomination of Ms. Susan Strum to the Western Carolina Board of Trustees to fill a partial term ending June 30, 2025.

Motion: Mr. Mitchell

Motion carried

Finally, the committee voted to approve the nomination of Dr. William “Billy” Pizer to the North Carolina School of Science and Mathematics Board of Trustees to fill a partial term ending on June 30, 2025. Biographical information is in BoardEffect. (APPENDIX R)

Motion: Resolved, that on behalf of the Committee on University Governance, I move that the Board of Governors approves the nomination of Dr. William “Billy” Pizer to the North Carolina School of Science and Mathematics Board of Trustees to fill a partial term vacancy ending on June 30, 2025.

Motion: Mr. Mitchell

Motion carried

Mr. Mitchell concluded his report by stating the committee heard from senior vice president and general counsel, Mr. Andrew Tripp, on the annual report on free speech and free expression within the University of North Carolina, as well as the implementation of Section 300.8.5 of the UNC Policy Manual, *Equality Within the University of North Carolina*. Leadership from each campus has certified their institution’s compliance with Section 300.8.5 of the UNC Policy Manual, specifically reporting applicable position eliminations, position realignments, and programmatic changes, as well as cost savings and reallocations of funds to foster institutional neutrality and support overall student success. These written certifications are available on the UNC System webpage.

Chair Murphy thanked Mr. Mitchell for the report then called on Mr. Holton for the report from the Committee on Audit, Risk Management, and Compliance.

Report of the Committee on Audit, Risk Management, and Compliance

Chair Holton stated the committee reviewed and approved a series of annual reports and received informational updates on ongoing audit, risk management, and compliance activities. In addition, two new members joined the UNC System Office, Ms. Jennifer Myers, the new UNC System Office chief audit officer, and Mr. Andy Stephenson, the new public safety director at Samarcand Training Facility. Mr. Fred Sellers, vice president of Safety & Enterprise Risk Management, presented the Annual CARMC Report for Academic Year 2023-24 and this report was approved by the committee. Mr. Sellers and Ms. Carol Harris, chief audit officer of the North Carolina School of Science and Math, also briefed the committee on updates to the CARMC Charter, which includes the Internal Audit Charter. Ms. Myers presented the FY25 Annual Internal Audit Plan for the System Office. The results of the risk-based plan are as required by the Internal Audit Charter and the Institute of Internal Auditors (IIA) Standards. The committee voted to approve the FY25 Annual Internal Audit Plan. Ms. Harris presented the FY24 Annual Year-End Report from Internal Audit. This past year, the System Office underwent its Quality Assurance Review. Conducted every five years by external independent assessors, this rigorous review examines the agency’s degree of compliance with internal audit standards. The System Office received the highest rating possible on its first pass, a rare feat. Mr. Bryan Heckle, director of Enterprise Risk Management, presented the Enterprise Risk Management Annual Report. The committee received an update on the top enterprise risks identified by the UNC System Office and the constituent institutions. The UNC System and its constituent institutions have demonstrated growth and development in their enterprise risk management (ERM) programs. Each university now has dedicated staffing with ERM responsibilities, reflecting a robust commitment to managing risk effectively. Additionally, the System Office has appointed a full-time

employee to focus exclusively on ERM, further strengthening oversight and strategic risk management across the System.

Dr. Maurice Ferrell, vice president of IT and chief information officer, briefed on the implementation of the key legislative initiatives funded by the General Assembly. An event and log management solution will be implemented in all schools by December 2024, and a vendor risk management platform has been established that allows all schools to provide input and quickly view vendors that have met the System security standards. As a System, we are beginning to see the benefits of these enhancements, specifically, many of our smaller institutions, are now better positioned to protect themselves from cybersecurity threats.

Chair Murphy thanked the committee for their information then called on Mr. Ford for the Report of the Committee on Strategic Initiatives.

Report of the Committee on Strategic Initiatives

Mr. Ford stated the Committee on Strategic Initiatives met to discuss enrollment trends and their implications for policy, practice, and institutional finances. The committee discussed the structural forces shaping enrollment, including the looming demographic cliff stemming from lower U.S. fertility rates and the improved labor market for young workers. They also discussed how the state and the United States is facing a decline in immediate college-going rates as questions about value of a degree and college affordability continue to shape behavior.

There are some victories to be celebrated here in North Carolina. First, the UNC System enrollment growth rate has outpaced the growth rate of U.S. public universities. Additionally, although college-going rates are declining in North Carolina, a larger share of students who do go to college are choosing to go to a UNC System institution. Mr. Ford said he appreciated the active engagement by the committee members and chancellors. Over the coming months, the committee will drill down further on enrollment trends among community college transfer students, the gender gap in enrollment and student success, and the unique needs of adult learners to highlight key policy issues that the Board should consider.

Chair Murphy thanked Mr. Ford for the report and called on Mr. Holley to deliver the report from the Committee on Historically Minority-Serving Institutions.

Report of the Committee on Historically Minority-Serving Institutions

Chair Holley thanked Dr. Ivy Taylor and the committee for their exceptional work, supporting the needs of students and serving all people of North Carolina. He stated the Committee on Historically Minority-Serving Institutions discussed the tailored approaches taken by each of our HMSIs to strengthen endowments and raise funds to support student success. To ensure the success of the next generation of talent, our HMSIs are doing “noble and creative” work to advance funding for the type of support initiatives that break down the barriers our students face in completing their education. By generating flexible dollars and increasing endowments, our campuses can champion and support student achievement in perpetuity. Dr. Harry Williams, president and CEO of the Thurgood Marshall College Fund, joined the committee during their meeting and gave a positive outlook of the philanthropic landscape concerning minority-serving institutions. Corporate partners are enthusiastic in their desire to support the talent coming out of these institutions and are keenly interested in workforce development programs and creating not just jobs, but career paths for talented students. The committee roundtable comprising HMSI campus representatives participated in a discussion of specific strategies in fundraising and endowments, such as:

- Cultivating donors based on their unique interests and regional ties;
- Identifying ways to address gap funding through creative partnerships;
- Addressing emergency needs of students that happen outside the classroom, but affect persistence;
- Creating specific funding opportunities for adult learners and students from rural areas; and

- Contemplating sustainability options for summer bridge and pipeline programs to support retention.

Chair Holley concluded his remarks by acknowledging the exceptional work done by our HMSI chancellors and their campus leadership teams, and he looks forward to continuing the committee's work.

Mr. Hutchens spoke of the positive enrollment trends, commending the Board and the legislature for making our educational experiences affordable. Mr. Brown reminded the Board of the importance of remembering the events and people of September 11, 2001. Chair Murphy thanked Mr. Brown for his important reminder.

Chair Murphy called on Secretary Burris-Floyd for a motion to go into closed session.

Secretary Burris-Floyd offered the following motion:

Motion: Resolved, that the Board go into closed session pursuant to N.C. General Statutes Chapter 143 for the purposes stated in the written motion that was included in the meeting materials, which have been publicly noticed. The motion was properly seconded. (APPENDIX S)

Motion: Dr. Burris-Floyd

Motion carried

The Board went into closed session at 10:55 a.m. and returned to open session at 11:53 a.m.

Chair Murphy called on Mrs. Coward to deliver the report on behalf of the Committee on University Personnel.

Report of the Committee on University Personnel

Mrs. Coward stated the committee received a presentation on recent employee turnover trends, which demonstrated that after the rise in turnover during what was called "The Great Resignation" back in 2022-23, and the subsequent implementation of sign-on and retention bonus programs, voluntary turnover rates have largely returned to pre-COVID levels over the past 12 to 18 months. We are now seeing rates of 3.5 percent for faculty and nine percent for staff. Retirement rates have not fluctuated significantly over the past five years. Overall, the university's voluntary turnover rates are trending better than benchmark data from the national College and University Professional Association for Human Resources.

The committee also voted to accept the 2023-24 Committee on University Personnel Annual Report for submission to the full board. The report is available in BoardEffect.

Chair Murphy asked if there were any additional items.

There being no further business and without objection, the meeting was adjourned at 11:55 a.m. The next scheduled meeting of the Board of Governors will be a one-day meeting scheduled for Thursday, October 17, 2024, and is denoted as a special meeting of the Board of Governors. A special meeting of the Board of Governors allows members to join virtually or in-person at the University of North Carolina System Office in Raleigh, North Carolina.

Pearl Burris-Floyd, *Secretary*

APPENDICES

The Appendices are part of the official record of the meeting and are posted on the UNC System website at:

<http://www.northcarolina.edu/apps/bog/index.php>

Appendix A	President Hans' Report
Appendix B	Sale of Special Obligation Bonds-UNC Greensboro
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Appendix P	NC A&T Board of Trustees Appointment
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Appendix S	Closed Motion Full Board