

DRAFT OPEN SESSION MINUTES

December 15, 2017

University of North Carolina

Center for School Leadership Development, Board Room

Chapel Hill, North Carolina

Call to Order

The Board of Governors met in regular session on December 15, 2017, in the Board Room at the Center for School Leadership Development, Chapel Hill. Chairman Bissette called the meeting to order at 2:30 p.m. and welcomed the guests. He noted that three of our institutions were celebrating their fall commencement ceremonies today – East Carolina University, NC State University, and UNC Asheville.

Invocation

Chairman Bissette called on Mr. Daughtry, who gave the Invocation.

Roll Call

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

Darrell T. Allison	Steven B. Long
W. Louis Bissette, Jr.	Ann Maxwell
Kellie Hunt Blue	J. Alex Mitchell
Robert P. Bryan III	Wendy F. Murphy
Pearl Burris-Floyd	Anna S. Nelson
C. Philip Byers	R. Doyle Parrish
N. Leo Daughtry	David M. Powers
Thomas H. Fetzer	Robert A. Rucho
Thomas Goolsby	Randall C. Ramsey
H. Frank Grainger	O. Temple Sloan III
Tyler D. Hardin	Harry L. Smith, Jr.
James L. Holmes, Jr.	William A. Webb
Joe T. Knott	Michael L. Williford
W. Marty Kotis III	

The following members were absent:

Carolyn Lloyd Coward (*joined by phone*) Walter C. Davenport

State Ethics Act

Chairman Bissette stated that under the State Ethics Act, members have a duty to avoid conflicts of interest and appearances of conflicts. Looking at the agenda, he asked if anyone had a potential conflict. Mr. Powers indicated that he had a conflict with an item pertaining to the Committee on University Governance. The following members indicated that they had a conflict pertaining to Item #18 – *Report of the Special Committee to Review UNC Health Care/Carolinas Healthcare Systems Proposal* – Mr. Bryan, Ms. Burris-Floyd, Mr. Fetzer, Mr. Goolsby, Mrs. Nelson, Mr. Powers, and Mr. Webb.

Expectations of Conduct

Chairman Bissette reminded everyone of the Expectations of Conduct during meetings of the UNC Board of Governors as set forth by the Board at its meeting in March 2016.

Minutes

Chairman Bissette entertained a motion to approve the minutes from the open sessions of the Board of Governors meetings on November 3, 2017 and November 29, 2017. The motion was made by Mr. Webb and properly seconded. The motion carried.

President's Report

President Spellings provided an overview of the University's events from the past year and highlighted many of its achievements. She spoke about the visionary strategic plan entitled *Higher Expectations* that the Board approved in January and provided updates on priorities for the upcoming year. She recognized Senior Vice President Pruitt, Chancellor Mary Grant, and Chancellor David Belcher, who are stepping down this month. She thanked Dr. Rick Whitfield, serving as interim senior vice president at UNC-GA, Dr. Joseph Urgo, serving as interim chancellor at UNC Asheville, and Dr. Alison Morrison-Shetlar, serving as interim chancellor at Western Carolina University. For President Spellings' complete report, please see Appendix A.

Administrative Action Items

Chairman Bissette called attention to the Administrative Action Items listed as Item 6 on the consent agenda. He entertained a motion to approve the items by consent. Mr. Goolsby moved and the motion was properly seconded. The motion carried.

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|-----------|--|------------|
| a. (B&F) | Capital Improvement Project – ASU | Appendix B |
| b. (B&F) | Capital Improvements Projects – ASU, ECU, NCCU, NCSU, UNCA
UNC-CH, UNCG, and WSSU | Appendix C |
| c. (B&F) | Disposition of Property by Easement – NCSU | Appendix D |
| d. (B&F) | Disposition of Property by Lease – NCSU | Appendix E |
| e. (B&F) | Resolution on Buy North Carolina | Appendix F |
| f. (EPPP) | AHEC Annual Report on Primary Care Physicians in North Carolina | Appendix G |
| g. (B&F) | UNC Policy 800.3.1 – <i>Legislative College Opportunity Program</i>
(Repealed) | Appendix H |
| h. (GOV) | UNC Policy 200.1 – <i>Dual Memberships and Conflicts of Interest</i>
(Amended) | Appendix I |
| i. (GOV) | UNC Policy 200.5 – <i>Initiating and Settling Potential and Pending</i>
<i>Litigation</i> (Amended) | Appendix J |
| j. (GOV) | UNC Policy 1300.8 – <i>Free Speech and Free Expression Within the</i>
<i>University</i> (Adopted) | Appendix K |

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

Mr. Holmes, chair of the committee, reported that the committee met by teleconference on Tuesday, December 12, 2017. It considered a new policy related to information security procedures within the University. The new policy will be presented to the full Board at its meeting in January.

Report of the Committee on Budget and Finance

A joint meeting was held with the Committee on Public Affairs. Mr. Sloan, chair of the committee, reported that the committee approved a resolution entitled "Buy North Carolina" (see Appendix F). The committee voted to approve the resolution and placed it on the consent agenda.

Next, Vice President Knuffman presented the 2017-2018 Enrollment Funding Allocations (see Appendix L). The committee voted to approve the Enrollment Funding Allocations. On behalf of the committee, Mr. Sloan moved that the full Board approve this item. The motion carried.

Lastly, Mr. Sloan reported that the committee met via teleconference on Tuesday, December 12, 2017. It considered four routine administrative and transactional items, which were placed on the consent agenda.

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

Mrs. Nelson, chair of the committee, reported that a joint session with the Committee on Strategic Initiatives was held. The committees discussed a revision to the credit hour policy that would set the maximum number of credit hours of 120 for an undergraduate degree while allowing exceptions that would require approval by the institutional boards of trustees. The committee voted to recommend this item to the full Board at its next meeting in January.

Next, the committee heard a report by Dr. Warren Newton on AHEC Primary Care Physicians in North Carolina (see Appendix G). The item was placed on today's consent agenda.

Report of the Committee on University Governance

Mr. Long, chair of the committee, reported that the committee met earlier in the day and discussed several matters. Mr. Long commented on the Board of Governors officers' elections. It discussed the typical timeline for when officers' elections occur. The committee would discuss the matter in greater detail at its next meeting and will bring a proposed resolution establishing the process. Regarding the deregulation project, two reports remained – the standing committees' annual reports and the requirement of a self-evaluation by the boards of trustees every four years. The committee concluded that these reports had merit and provided valuable information. The committee voted to maintain these reports.

The committee considered UNC Policy 1300.8 – *Free Speech and Free Expression Within the University of North Carolina*. Mr. Long noted that the General Assembly passed legislation earlier in the year that required the Board of Governors to adopt a policy for the University. The committee voted to approve the policy and place it on the consent agenda (see Appendix K). Mr. Long thanked the members of the Faculty Assembly, Staff Assembly, the Association of Student Governments, the Board of Governors, and the chancellors for their input.

Mr. Long referred to the 2018 Spring Commencement Schedule. The committee would secure spring commencement participation early next year. UNC General Administration staff would follow up with members to represent campus spring commencements.

The committee considered vacancies on the UNC Center for Public Television (UNC-TV) Board of Trustees and the UNC Health Care System Board of Directors. On behalf of the committee, Mr. Long moved that the Board approve Ms. Teresa Artis Neal to serve on the UNC-TV Board of Trustees and the reappointment of Mr. Gregory J. Wessling to serve on the UNC Health Care System Board of Directors. The motion carried. Chairman Bissette asked that the minutes reflect that Mr. Powers and Mr. Webb abstained from the vote on the UNC Health Care System board vacancy.

Report of the Committee on Public Affairs

A joint meeting with the Committee on Budget and Finance was held. Mr. Daughtry, chair of the committee, stated that the committee heard reports on the 2017-2018 Enrollment Funding Allocations, tuition and fees, and debt consolidation. The committee received a legislative report for the 2017 Long Session and the extra (special) sessions. The report included all bills affecting the University and the bills

that are eligible for 2018. The committee would begin the process of reviewing legislative proposals, which include requests from the constituent institutions.

Report of the Committee on Strategic Initiatives

Mr. Mitchell, chair of the committee, reported that earlier in the day it held a productive joint meeting with the Committee on Educational Planning, Policies, and Programs. The committees continued discussion on credit hour requirements for four-year degrees across the UNC system.

UNC General Administration staff drafted a revision to its UNC Policy 400.1.5[R] – *Regulation Related to Fostering Undergraduate Student Success*. The policy requires UNC institutions to review their degree programs to bring them in alignment with 120 credit hour standard and petition their Boards of Trustees for exceptions to that standard. Any exceptions would be reported to the Board of Governors. The committee received letters supporting the amendment to the policy from the chancellors, the faculty and staff assemblies, and the Association of Student Governments. The committee will present the amended policy to the full Board for its consideration at the January meeting.

Chairman's Report

Chairman Bissette thanked Chancellor Grant and Chancellor Belcher for their outstanding leadership. He remarked that while their departures were for different reasons, it was difficult to let go of two remarkable and visionary leaders.

He commented on the national and state leaders who had presented to the Board this year. Earlier today, the Board hosted Professor Robert P. George of Princeton University. Chairman Bissette noted that opportunities to engage with professional and national leaders on many challenges and issues facing higher education were a great occasion to elevate the Board's conversations.

Referring to the campus visit tour schedule, the new Board members had visited ten UNC institutions this past fall. The remaining seven campus visits will resume in January. The new members will also visit UNC Health Care and UNC-TV. Chairman Bissette commented on the 2017 Fall Commencements and thanked the members who participated. He asked the members to consider participating in one or more of the spring commencements in May.

In other announcements, Chairman Bissette referred to the 2018-19 Board of Governors meeting schedule. He noted that the May 2018 and May 2019 meetings were moved earlier in the month so not to interfere with Memorial Day. The 2018 Oliver Max Gardner Award Committee was appointed. The committee will be chaired by Mr. Kotis and include Mrs. Blue, Mr. Grainger, and Mr. Powers. The electronic board portal will be updated in January. The members will receive specific instructions once the updates occur.

Finally, Chairman Bissette recognized Mr. Dick May from UNC-TV. Mr. May had recorded the Board of Governors meetings for the past 30 years. This marked Mr. May's last meeting in this role. Chairman Bissette took the opportunity to publically thank him for his excellent work and longtime service to the Board of Governors and to the State of North Carolina.

Secretary Burris-Floyd stated that the printed motion to go into closed session was in the Board members' folders. She moved that the Board go into closed session as described in the written motion, pursuant to Sections 143-318.11(a)(1), (a)(3), and (a)(6) of the North Carolina General Statutes. The motion was properly seconded and carried.

The Board went into closed session at 3:10 p.m. and returned to open session at 3:30 p.m.

Report of the Committee on Personnel and Tenure

Mr. Parrish, chair of the committee, reported that the committee met on Wednesday, December 13, 2017, to consider transactional items including the informational report on delegated personnel actions and the report on faculty recruitment and retention fund. The committee received the 2016-2017 Annual Report of the Committee on Personnel and Tenure (see Appendix M). The committee also received an update on the progress of the chancellors' searches at UNC Asheville and Western Carolina University.

Next, the committee heard a presentation by Conduent HR Consulting firm. They presented an executive summary on their study regarding diversity and inclusion staffing, policies, programs, and structure as required by the Appropriations Act of 2017. A final report will be submitted for consideration to the Board in January. The committee considered salary range revisions for the president, chancellors, and certain UNC system senior leadership positions. A 3.46% increase to the salary ranges was recommended. The committee voted to accept the consultant's recommended salary ranges.

On behalf of the committee, Mr. Parrish moved that the Board of Governors accept the consultant's recommendation to adjust the proposed salary ranges for the president and chancellors. The motion carried. Chairman Bissette asked that the minutes reflect that Mr. Goolsby, Mr. Fetzer, Mr. Kotis, and Dr. Rucho voted against the motion.

Next, Mr. Parrish reported that the committee discussed specific chancellor salary increases. The committee voted to recommend increases for the chancellors retroactive to July 1, 2017. The increases would not apply to chancellors hired on or after January 2016 or those who are leaving the system. The increases were designed to align performance and compensation.

On behalf of the committee, Mr. Parrish moved that the Board of Governors approve the proposed salary increases for the chancellors and authorize President Spellings to implement them. The motion carried.

In closing, Chairman Bissette stated that the next meeting of the Board of Governors was scheduled for January 26, 2018. There being no further business, Chairman Bissette requested a motion to adjourn. Mr. Byers moved and the motion was properly seconded. The meeting adjourned at 3:40 p.m.

Pearl Burris-Floyd, *Secretary*

APPENDICES

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

Appendix A	President Spellings' Report	Posted Online
Appendix B	Capital Improvement Project – ASU	Posted Online
Appendix C	Capital Improvements Projects – ASU, ECU, NCCU, NCSU, UNCA, UNC-CH, UNCG, and WSSU	Posted Online
Appendix D	Disposition of Property by Easement – NCSU	Posted Online
Appendix E	Disposition of Property by Lease – NCSU	Posted Online
Appendix F	Resolution on Buy North Carolina	Posted Online
Appendix G	AHEC Annual Report on Primary Care Physicians in North Carolina	Posted Online
Appendix H	UNC Policy 800.3.1 – <i>Legislative College Opportunity Program</i> (Repealed)	Posted Online
Appendix I	UNC Policy 200.1 – <i>Dual Memberships and Conflicts of Interest</i> (Amended)	Posted Online
Appendix J	UNC Policy 200.5 – <i>Initiating and Settling Potential and Pending Litigation</i> (Amended)	Posted Online
Appendix K	UNC Policy 1300.8 – <i>Free Speech and Free Expression Within the University</i> (Adopted)	Posted Online
Appendix L	2017-2018 Enrollment Funding Allocations	Posted Online
Appendix M	Committee on Personnel and Tenure Report July 1, 2016 – June 30, 2017	Posted Online



**President's Report, December UNC Board of Governors Meeting
December 15, 2017**

Good afternoon everyone.

It is winter commencement season, and it is holiday season. We have a lot to be thankful for.

As the year ends, I want to take a quick look back at 2017.

In January, the Board unanimously approved a visionary strategic plan entitled Higher Expectations. Its focus on accessibility, affordability, and success will remain our foundation as we work together over the next four years and beyond.

In April, we welcomed eight new Board Members, who have brought energy and intellect to an already strong Board.

This summer, leadership and advocacy from the Board and the System helped secure the strongest State budget for higher education in a decade.

We also received a strong vote of confidence for our research enterprise with an increase in funding from Congress for agencies like the National Institutes of Health. Collectively, our institutions bring in nearly one and a half billion dollars in federal research including a record \$1 billion at UNC-Chapel Hill, a transformative force for our state's economy.

In July, we installed Chancellor Akinleye at NC Central, after the loss of Chancellor Deb Saunders-White, and I'm grateful for his bold leadership before and since.

In August, we welcomed 233,000 students back to our institutions, and this past year we graduated nearly 54,000 students.

In September, we opened two Lab Schools and have seven more slated to open over the next two years.

In October, we launched the My Future NC Commission to align our state's education system from Pre-K to College Graduation and to set a robust statewide postsecondary educational attainment goal.

And that same month, we signed 16 strategic plan performance agreements, tailored to each institution, laying out measurable targets for increasing student access and success. These agreements will drive progress at our institutions in service of the System's Strategic Plan and our shared goals.

It has been quite a year and we should be proud of the progress we have made. But there's more to do and I want to give a few updates on what's ahead.

Financial Aid

I've been working with the Chancellors to follow up on November's Board discussion on financial aid and to compile ideas and options on how to streamline and improve our financial aid systems.

We must lead on this issue. Our strategic goals cannot be met without strategic use of financial aid.

This week, the U.S. House of Representatives held committee mark-up on their draft Higher Education Reauthorization bill that included some big changes, many of which are encouraging, to our national financial aid system. They included a move towards a "one grant, one loan" system.

Yesterday, I met with Secretary DeVos in Washington and discussed the need for smart reform of financial aid. Our work in North Carolina can and should inform what will be a lengthy and consequential national discussion on financial aid. This is a conversation we are ready for and welcome.

Funding Model

We've also continued to have productive conversations on an update to our funding model. I want to thank Scott Lampe for his continued leadership of that task force as well as Governors Smith, Rucho, Nelson, and Blue for their work and input on the task force. At our last meeting at NC A&T, the group heard from national experts on the experiences of other states with performance based funding.

We'll be putting pen to paper over the holidays and look forward to bringing the group's work to the full Board early next year. Ensuring our financial incentives align with our strategic goals-

or as I like to say putting our money where our mouths are- all while preventing unintended consequences is about as important a task as we have around here.

Free Speech

And while we continue to develop funding model policies, we're wrapping up work on the Board's free speech and free expression policy which is on the agenda today. I'm grateful for your hard work and for the input from across the system, including from the Faculty Assembly, the Staff Assembly, and the Association of Student Governments.

It's been an inclusive drafting process, and the final policy is better because of it.

Credit Hours

Today's meeting also saw progress on issues of student success. The joint Strategic Initiatives and Ed Planning meeting took a step towards addressing the confusing array of credit hour requirements at different programs.

To be sure, some programs require more than 120 hours to satisfy licensure or accreditation standards. But we have a crazy quilt of requirements across our institutions, and that variation is simply not well aligned with our shared goal of on-time graduation for our students.

I applaud the committees' efforts to set a common-sense policy that maintains sufficient flexibility for institutions, and I appreciate the leadership of Chairs Mitchell and Nelson in this effort. Our students deserve predictability in program requirements, and they deserve to graduate on-time when they take 15-hour semesters during their schooling.

Tax Reform and HEA

Nationally, all eyes are on Congress as it votes on historic tax reform next week. As I mentioned, I was in Washington yesterday meeting with Secretary DeVos as well as Senators Tillis and Burr. I am grateful to both Senators for their work ensuring tax reform advances our national interests, and I'm pleased that reports indicate the package agreed upon in conference committee does not include either the elimination of the graduate student tuition waiver or the elimination of the deduction for student loan interest which had both previously been in the House Bill.

And work is ongoing around the Higher Education Reauthorization Act. Reauthorization is overdue and much needed. We must prepare higher education to be more nimble and responsive, with a greater focus on results for students.

There is a growing concern, even discomfort with higher education across the nation. The polls tell us it's driven in part by ideology and partisanship. Our data tell us it's explained in part by

disparities in higher ed access and benefits. And what we know is we must build a system that works for every North Carolinian and every American.

A system that ensures economic mobility exists for every citizen and that the American Dream is not out of reach. The solutions must be devised and created locally and driven and scaled statewide and nationally. They must be based on data on what we know works.

We will continue to engage in the national discussion and offer our lessons and advice. North Carolina has a historic higher education system that is making big bets like NC Promise. We have a leadership role, and we must fulfill it.

Leadership

Doing so requires great leaders. I'm grateful for many things but perhaps most of all, I'm grateful to the many people across the System who embrace the leadership role that's demanded of them. We're losing three of those leaders this month: Senior Vice President Jonathan Pruitt and Chancellors Mary Grant and David Belcher.

All three leave big shoes to fill. I know I speak on behalf of the System when I say all three of them will be sorely missed. We are grateful for their years of hard work and leadership.

The success of this System depends on the quality of its leaders. Our talented faculty, staff, and students are empowered, and their potential unleashed by thoughtful and visionary leaders. Our leaders deserve our confidence, support and respect.

As we conduct searches for successors to these three extraordinary people, we will ask, can they empower those working under them to be better, to do more and to dream bigger? Our ability to attract and support our leaders will determine our future as an institution and as a state.

I appreciate the willingness of our three interim leaders to step in and maintain our progress. My thanks to Vice-Chancellor Rick Whitfield, formerly CFO at UNCW who is serving as interim CFO at GA, and Provosts Joe Urgo, and Alison Morrison-Shetlar for their work as interim Chancellors.

I want to end by giving my special thanks to Chancellor David Belcher who joins us from Western by video.

David, the thoughts and prayers of this Board and System, are with you and Susan. You are a fearless leader and one of this State's best.

Board liaison David Powers and I are looking forward to joining you tomorrow at WCU's commencement as we celebrate the graduation of so many Catamounts who look to you as a role model and example of how to live one's life.

Please join me in giving our profound thanks to David.

And with that Mr. Chairman, I conclude my report.

Capital Improvement Project – ASU

ISSUE OVERVIEW

UNC institutions are required to request authority from the Board of Governors to proceed with non-appropriated capital projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

Appalachian State University has requested advance planning authority for the following capital project:

I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
Appalachian State University					
1.	End Zone Facility (38,200,000)	\$2,558,174	\$0	\$2,558,174	Athletic Department Gifts
ASU Total		\$2,558,174	\$0	\$2,558,174	

RECOMMENDATION

It is recommended that this project be authorized and reported to the Office of State Budget and Management as non-appropriated project that does not require any additional debt or burden on state appropriations.

Capital Improvement Projects – ASU, ECU, NCCU, NCSU, UNCA, UNC-CH, UNCC and WSSU

ISSUE OVERVIEW

UNC institutions are required to request authority from the Board of Governors to proceed with non-appropriated capital projects using available funds (non-general funds). Non-appropriated capital projects are funded by the institution and include the construction, repair, or renovation of facilities such as residence halls, dining facilities, research buildings, athletic facilities, and student health buildings.

Eight UNC institutions have requested a total of twenty capital improvement projects: two projects for advance planning, seventeen new projects for authority, and one project for increased authorization.

I. ADVANCE PLANNING

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
North Carolina State University					
1.	Creamery Café and Education Center (\$1,200,000)	\$100,000	-	\$100,000	Gifts
<i>NCSU Subtotal</i>		<i>\$100,000</i>	<i>\$0</i>	<i>\$100,000</i>	
The University of North Carolina at Charlotte					
2.	Residence Hall Phase XVI (\$58,500,000)	\$5,850,000	-	\$5,850,000	Housing Receipts
<i>UNCC Subtotal</i>		<i>\$5,850,000</i>	<i>\$0</i>	<i>\$5,850,000</i>	

II. NEW PROJECTS

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
Appalachian State University					
3.	Appalachian Heights HVAC Upgrade	\$1,650,000	-	\$1,650,000	Housing Receipts
4.	Doughton Residence Hall Roof Replacement	\$350,000	-	\$350,000	Housing Receipts
5.	Plemmons Student union Roof Replacement	\$449,972	-	\$449,972	Trust Funds
<i>ASU Subtotal</i>		<i>\$2,449,972</i>	<i>\$0</i>	<i>\$2,449,972</i>	

APPENDIX C

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
East Carolina University					
6.	Main Campus-Replacement Condensate Line Between Manholes MH-2 and MH-8	\$1,450,000	-	\$1,450,000	Carry-forward
7.	Reline Storm Sewer – 5th Street to Greenmill Run	\$490,000	-	\$490,000	Carry-forward
8.	Warren Life Sciences Building – Section A Roof Replacement	\$425,000	-	\$425,000	Carry-forward
<i>ECU Subtotal</i>		<i>\$2,365,000</i>	<i>\$0</i>	<i>\$2,365,000</i>	
North Carolina Central University					
9.	University Master Plan	\$700,000	-	\$700,000	Trust Funds
<i>NCCU Subtotal</i>		<i>\$700,000</i>	<i>\$0</i>	<i>\$700,000</i>	
North Carolina State University					
10.	Network Lab Renovation & Expansion – Avent Ferry Technology Center	\$485,000	-	\$485,000	Trust Funds
<i>NCSU Subtotal</i>		<i>\$485,000</i>	<i>\$0</i>	<i>\$485,000</i>	
The University of North Carolina at Asheville					
11.	Reed Plaza Renovation	\$971,180	-	\$971,180	Housing Receipts
<i>UNCA Subtotal</i>		<i>\$971,180</i>	<i>\$0</i>	<i>\$971,180</i>	
The University of North Carolina at Chapel Hill					
12.	Carmichael Residence Hall Deck	\$849,660	-	\$849,660	Housing Receipts
13.	Institute of Marine Sciences Fisheries Research Lab & Maintenance Facility Lab Renovation	\$380,598	-	\$380,598	F&A
14.	Joyner Residence Hall HVAC Improvements and Window Replacements	\$6,616,825	-	\$6,616,825	Housing Receipts
15.	Kenan Stadium – Fire Alarm Upgrades	\$1,060,000	-	\$1,060,000	Athletic Receipts
<i>UNC-CH Subtotal</i>		<i>\$8,907,083</i>	<i>\$0</i>	<i>\$8,907,083</i>	
The University of North Carolina at Charlotte					
16.	Atkins Air Handler (AHU)	\$1,600,000	-	\$1,600,000	Carry-forward
17.	Craver Rd. Hot Water Supply /Return	\$400,000	-	\$400,000	Carry-forward
18.	Student Government Office Renovations	\$1,200,000	-	\$1,200,000	Student Union Fee Receipts
<i>UNCC Subtotal</i>		<i>\$3,200,000</i>	<i>\$0</i>	<i>\$3,200,000</i>	

APPENDIX C

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
Winston-Salem State University					
19.	Underground Chilled Water Loop Extension – Donald J. Reeves Student Activity Center to O’Kelly Library & Thompson Center	\$1,225,000	-	\$1,225,000	Carry-forward (71%) /R&R (29%)
<i>WSSU Subtotal</i>		<i>\$1,225,000</i>	<i>\$0</i>	<i>\$1,225,000</i>	

III. INCREASED AUTHORIZATION

Institution/Project Title		Total Project Cost (\$)	Previous Authorization (\$)	Requested Authorization (\$)	Funding Source
The University of North Carolina at Charlotte					
20.	Admission and Visitors Center	\$8,500,000	\$8,000,000	\$500,000	Infrastructure Development Fee
<i>UNCC Subtotal</i>		<i>\$8,500,000</i>	<i>\$8,000,000</i>	<i>\$500,000</i>	
Grand Total		\$34,753,235	\$8,000,000	\$26,753,235	

RECOMMENDATION

All projects and associated funding sources are in compliance with G.S. 143C-8-12 (State Budget Act).

It is recommended that these projects be authorized and reported to the Office of State Budget and Management as non-appropriated projects that do not require any additional debt or burden on state appropriations.

Disposition of Property by Easement – NCSU

ISSUE OVERVIEW

UNC institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property. In this case, the Board of Trustees for North Carolina State University (NCSU) requests Board of Governors approval for the sale of a permanent easement and a temporary construction easement to the City of Raleigh for total consideration of \$630,000.

The City of Raleigh has requested an easement across state-owned land that is allocated to NCSU along Dan Allen Drive to construct a new sanitary sewer line that will replace existing lines that traverse the University's main campus. Under the arrangement with the City of Raleigh, NCSU will sell to the City a \pm .61 acre permanent utility easement for \$630,000 and grant a \pm 1.68 acre temporary construction easement to allow construction of the utility lines on campus.

North Carolina State University Property Disposition – Easement

GRANTOR:	North Carolina State University
GRANTEE:	City of Raleigh
CONSIDERATION:	\$630,000
PROPERTY ADDRESS:	Dan Allen Drive, Raleigh, NC
DESCRIPTION:	\pm .61 acre permanent utility easement and \pm 1.68 acre temporary construction easement on NCSU Main Campus.

The disposition of this property was approved by the NCSU Board of Trustees at their meeting on September 22, 2017.

RECOMMENDATION

It is recommended that the request of the Board of Trustees of North Carolina State University be approved.

Disposition of Property by Lease – NCSU

ISSUE OVERVIEW

UNC institutions are required to request authority from the Board of Governors to proceed with certain acquisitions and dispositions of real property. In this case, NCSU has been delegated authority to approve and execute disposition leases that are no more than ten years in length and less than \$500,000 in annual rent. The ground lease proposed between NCSU and the Tammy Lynn Memorial Foundation is for 40 years and requires BOG review and approval.

The Board of Trustees of North Carolina State University has requested authorization to amend and extend the expiring ground lease with the Tammy Lynn Memorial Foundation. The current ground lease between the Tammy Lynn Memorial Foundation and NCSU expires December 31, 2017. The proposed ground lease is for approximately nine acres at 739 Chappell Drive, Raleigh, NC and will run for 40 years from January 1, 2018 to December 31, 2058. The proposed rate is \$10/year. The Tammy Lynn Memorial Foundation, founded in 1969, is a non-profit that provides services to disabled children and their families.

North Carolina State University Property Disposition – Ground Lease

LESSOR:	North Carolina State University
LESSEE:	Tammy Lynn Memorial Foundation
ANNUAL RENT:	\$10.00
PROPERTY ADDRESS:	739 Chappell Drive, Raleigh, NC
DESCRIPTION:	± 9 Acres adjacent to NCSU Centennial Campus
LEASE EXPIRATION:	December 31, 2017 (Current); December 31, 2058 (New)
NEW LEASE TERM:	40 years
LEASE TYPE:	Ground

The disposition of this property by ground lease was approved by the NCSU Board of Trustees at their meeting on April 21, 2017.

RECOMMENDATION

It is recommended that the request of the Board of Trustees of North Carolina State University be approved.



**RESOLUTION OF THE BOARD OF GOVERNORS OF
THE UNIVERSITY OF NORTH CAROLINA
BUY NORTH CAROLINA**

WHEREAS, the University of North Carolina expends resources on capital projects each year; and

WHEREAS, the State of North Carolina and its citizens benefit economically when capital projects employ North Carolina businesses, vendors, contractors, professional service providers, trade service providers, and suppliers of materials ("North Carolina Vendors"); and

WHEREAS, the State of North Carolina and its citizens benefit economically when capital projects use goods and materials fully or partially produced, manufactured, or assembled in North Carolina ("North Carolina Products"); and

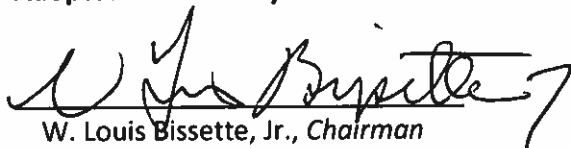
WHEREAS, the University of North Carolina strives to maximize its economic impact on the State of North Carolina and its citizens, while maintaining efficient business operations; and

WHEREAS, the State of North Carolina, in North Carolina General Statute 143-59, has declared a preference for the purchase of North Carolina products and services, provided that the same can be obtained without increased cost or decreased quality; and

WHEREAS, the Board of Governors finds that it is in the best interest of the University of North Carolina and the State of North Carolina and its citizens to use North Carolina Vendors and North Carolina Products in its capital projects, to the extent that doing so does not increase costs or diminish quality.

NOW, THEREFORE, BE IT RESOLVED by the Board of Governors of the University of North Carolina that the University of North Carolina, including its constituent institutions and affiliates, shall attempt to use North Carolina Vendors and North Carolina Products in its capital projects to the extent practical and only to the extent that the same does not increase costs, diminish quality, or result in delay.

Adopted this 15th day of December 2017


W. Louis Bissette, Jr., Chairman


Pearl Burris-Floyd, Secretary

Medical Students Entering Primary Care: The Importance of Keeping Medical Students in the State for Residency

December 15, 2017

**Warren Newton, MD MPH
Alan Brown, MSW
North Carolina AHEC**

**Julie Spero, MSPH
Cecil G. Sheps Center for Health Services Research
Program on Health Workforce Research and Policy**

Submitted by the University of
North Carolina Board Of Governors in response to General Statute 143-613 as
amended by Chapter 507 of the 1995 Session Laws (House Bill 230) of the
North Carolina General Assembly

Medical Students Entering Primary Care: The Importance of Keeping Medical Students in the State for Residency

EXECUTIVE SUMMARY

In 1993, the General Assembly mandated an annual report on the progress of medical school graduates going into primary care. North Carolina AHEC, working with the Sheps Center, produces this report using state licensure databases as well as national databases. Over the past six years, the data have demonstrated relative stability in the percent of graduates from NC schools of medicine who are in practice or training in primary care five years following graduation, with the overall percentage hovering between 29% and 34%.

Compared to the 2010 cohort, the 2011 data shows a slight decrease (1%) in state medical school graduates going into primary care. Of 434 graduates of the state medical schools matriculating in 2011, 33% (142) were in practice or training in primary care specialties five years after graduation (down from 34% for 2010 graduates, this is essentially unchanged from last year). Of the 2011 cohort, 135 or 31% were practicing in North Carolina, 60 or 14% were practicing in primary care in North Carolina, 14 (3%) were practicing in one of the 54 rural counties in the state,¹ and just 7 (2%) were practicing in primary care in a rural NC county. Overall, these numbers represent essentially no change in the numbers going into primary care, despite consensus about the importance of primary care and rural health care as health care changes.

This report also documents initial data about the differences across specialties in converting initial interest in a primary care specialty into primary care practice and practice in North Carolina. Graduates going into family medicine were more likely to go into practice in NC and in rural NC than were graduates going into internal medicine, with graduates choosing pediatrics falling in between. Recognizing the need for increased primary care and other needed specialties for the rural and underserved areas of the state, the North Carolina Department of Health and Human Services has recommended selective GME expansion to focus on primary care in rural areas. In addition, the development of a more robust primary care workforce is a key component of the state's proposed Medicaid reform.

Introduction

This report presents trends of entry into primary care in North Carolina by graduates of the four schools of medicine in the state. In 1993, the North Carolina General Assembly expressed its interest in expanding the pool of generalist physicians for the state. In Senate Bill 27, as amended by House Bill 729, the General Assembly required that each of the state's four schools of medicine develop a plan with the goal for an expanded percentage of medical school graduates choosing residency positions in primary care. Primary care was defined as family practice, general internal medicine, general pediatric medicine, internal medicine-pediatrics and obstetrics-gynecology. It set the goal for the East Carolina University (ECU) and UNC Schools of Medicine at 60% of graduates entering primary care. For the Wake Forest University and Duke University Schools of

¹ "Rural" is based on 2015 Core-Based Statistical Area (CBSA) definitions, and includes counties that are "micropolitan" and "outside of CBSAs." Using this definition, NC has 54 rural counties.

Medicine, it set the goal at 50%. Campbell University School of Osteopathic Medicine graduated its first class in 2017 and is therefore not yet included in the majority of these analysis.

The Data

This report provides information from the Wake Forest University School of Medicine, the Brody School of Medicine at East Carolina University, Duke University School of Medicine and the University of North Carolina at Chapel Hill School of Medicine. Each of the four schools of medicine has committed to developing a common database to track medical students. At the request of the four schools, the AHEC Program assumed responsibility for developing and managing the common database in association with the Sheps Center for Health Services Research at UNC-CH. The development of a common database to track medical students has required a complex process of merging two national data sets, a state data set, and files in alumni and student affairs offices of the four medical schools. The national data sets include the graduate medical education tracking file of the Association of American Medical Colleges and the physician master file maintained by the American Medical Association. The state data set used is the North Carolina Medical Board's file for physicians licensed in North Carolina, as maintained by the NC Health Professions Data System. The format for the information on medical students is consistent with and comparable to the baseline information provided in the May 1994 report "Expanding the Pool of Generalist Physicians for North Carolina."

While the original mandate of this report was specific to the four NC medical schools, new programs will also be monitored. Campbell University School of Osteopathic Medicine reports having the highest percentage (21% or 31 graduates) of 2017 graduates match into family medicine residencies, though this number drops to 5% (7 graduates) who matched to family medicine in NC. Comparing to other NC medical schools, ECU had 12% (9 graduates), WFU at 7% (8 graduates), UNC-CH at 5% (8 graduates) and Duke at 1% (1 graduate) of graduates that matched to family medicine in NC. Previous reports have not emphasized initial residency choice, as physicians sometimes switch specialties during residency. Rather, outcomes are better measured after graduation from residency.

Given that residency placement is a major driver of ultimate practice placement, and that AHEC residencies preferentially keep graduates in state, we will also begin to track placement in residencies in North Carolina as a key outcome of North Carolina medical schools. In addition, AHEC and its partner hospitals have begun to measure the outcomes of residency programs supported by AHEC, with a view to adjusting residency stipends on the basis of outcomes. Finally, the 2017 state appropriations act mandated a study on NC medical school and graduate medical education (GME) outcomes, to be provided to the NC General Assembly on February 1, 2018. Subcommittees of the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Education Oversight Committee will use the results of the study to develop an evaluation protocol to be used by the State to determine which medical education programs and medical residency programs to support with State funds and the amount of State funds to allocate to these programs.

While we have historically examined NC medical school graduates at five years following graduation per legislative requirements, physicians in psychiatry, ob/gyn, surgery, medicine/pediatrics are just completing residency or fellowship/specialty training at this point in their career trajectory and may not have settled in a permanent practice location. This is the case for general surgeons, whose standard training period is 5 years, and for obstetricians/gynecologists, psychiatrists and medicine/pediatrics residents who often do a fellowship after a four year residency. We are exploring the optimal time intervals for future analyses. Another issue over the past decade has been the dramatic increase of physicians choosing full time hospitalist practice, which especially decreases the proportion of primary care physicians in primary care Internal Medicine and, increasingly, other specialties. Hospitalists are included in primary care counts in the findings presented in this report because we do not have a way to systematically identify them in the dataset; it is likely this is a substantial issue for internal medicine and increasingly pediatrics.

Retention of Graduates in Primary Care: Class of 2011

The most valuable measure of the choice of primary care careers is retention of graduates in clinical primary care after residency. Table 1 shows the graduates and the percentage that remained in primary care five years (in 2016) after graduation.

Out of the 434 medical school graduates in 2011, 431 are still in training or practice as of 2016. From this number, 142 (or 33%) remained in one of the five primary care specialties (per the 1993 legislation mandating this analysis, these specialties include family medicine, general internal medicine, general pediatrics, obstetrics & gynecology, and internal medicine-pediatrics).

Figure 1 shows the trend in the percentage of physicians who graduated from NC medical schools practicing in primary care five years after graduation from 1990 - 2011. This graph shows that graduates from each school tend to fall into a relatively stable range of percentages, with ECU tending to have the highest percentage of graduates practicing in primary care five years after graduation, followed by UNC, Wake Forest, and then Duke. Compared to the 2010 cohort, 3 medical schools showed a decrease in 2011 graduates practicing in primary care five years after graduation: ECU down from 53% to 46%, UNC from 38% to 36%, and Duke from 21 to 19%. Only WFU showed an increase in retention of graduates in primary care, from 30 to 32%. These are small changes and caution should be taken in interpreting modest year to year variation.

Retention of Graduates in North Carolina

Table 2 describes medical school graduates remaining in North Carolina. The number of 2011 graduates remaining in NC five years later is 135 (or 31%) (compared to 146 or 35% of 2010 graduates). The number of graduates in primary care training or practice in NC decreased as well from 67 (or 16%) of 2010 graduates to 60 (14%) of 2011 graduates. ECU's Brody School of Medicine graduates continue to show the highest rate of retention in North Carolina at 42%, and in primary care in the state (28%).

NC Medical Students – Retention in Rural Areas

Table 3 shows the retention of 2011 graduates in rural counties, primary care, and in/out of NC as of 2016. Out of 60 graduates practicing in primary care in NC in 2016, only 6 (1%) of these were in rural counties, (a decrease from 11 graduates or 3% in the 2010 cohort). NC has 54 rural (or non-metropolitan) counties based on the 2015 Office of Management and Budget Core Based Statistical Area definition.

Differences in Retention by Practice Specialty

Prior analyses have consolidated data by practice specialty into an overall analysis of primary care and rural rates of retention between primary care specialties. This report begins documentation of outcomes by initial specialty choice in Table 4. For the 2011 cohort, 52% (n=24) of physicians who initially matched to family medicine (n=46) remained in clinical family medicine in NC five years post-graduation, with 7% (n=3) practicing in rural NC. Comparatively, 5-year retention of general internal medicine physicians was lowest of all five primary care specialties, with just 9% (n=9) of 2011 NC med school grads who initially matched to categorical Internal Medicine programs (n=96) remaining in generalist practice in NC, and 1% (n=1) retained in rural counties. It is important to understand that initial internal medicine match numbers are imprecise, both inflated since they include physicians who do a preliminary year before moving on to a different residency specialty and deflated because they include a sizable percentage of hospitalists. Some graduates who completed an internal medicine residency and later specialized remained in NC but are not included in this count.

Community Psychiatry, General Surgery and General Obstetrics and Gynecology remain critical to the workforce necessary for rural and underserved communities and for Medicaid. Our data are limited by the use of a five-year time frame which does not adequately address individuals with ongoing fellowship training, but only 2% and 1% of North Carolina medical students are in training or practice in North Carolina in general surgery and psychiatry, respectively. We are conducting a full study of both sub specialization and the optimal times to capture medical student and residency outcomes.

Cross-Sectional Study

In addition to our annual cohort study, the Sheps Center completed some additional analysis on the 2016 NC physician workforce. The data show that NC's physician workforce is increasingly reliant on physicians trained outside the state. While the percentage of the workforce trained in other states has remained relatively stable over time at roughly 61% since 1990, the percentage trained at NC medical schools has declined from roughly a third (31.6%, n=3,360) to roughly a quarter (23.4%, n=5,592) of the NC workforce. Filling in the gaps are International Medical Graduates (IMGs), who complete medical school outside the US or Canada. IMGs were roughly 8% (n=840) of the workforce in 1990 and grew to 15% (n=3,689) of the workforce in 2016.

In 2016, physicians who graduated from a public medical school in NC between 1990-2015 were more likely to be in practice in NC than were physicians who graduated from a private NC medical school during that period. Close to half of ECU graduates (47.9%, n=875/1,825) and a third of UNC graduates (35.4%, n=1,423/ 4,019) were in practice in state, compared to 28.4% (n=790/2,781) of Wake Forest graduates and 15.7% (n=401/2,557) of Duke graduates.

Over the past 25 years, of those who completed medical school in-state, the percent of UNC-CH graduates has remained relatively stable at roughly 43%, and the percent of Wake Forest graduates has declined only slightly, from 28.3% in 1990 to 24.0% in 2016. However, the proportion trained at ECU has increased dramatically, from 4.4% in 1990 to 19.2% in 2016, while the proportion trained at Duke has declined from 23.6% to 14.2%.

Discussion

A key driver of retention of primary care physicians in North Carolina is the availability of community based primary care residencies in the state. Medical students must go through at least 3 years of training before being able to practice independently, and the large majority practice for the rest of their life close to their residencies.^{2,3,4} AHEC primary care residencies have a better track record of keeping physicians in the state. Data from the American Medical Association physician master file demonstrate that 50% of active physicians who completed an NC AHEC residency remained in practice in NC, compared to 38% who completed a non-AHEC residency.⁵ AHEC residencies, however, have grown only minimally over the last decade, and the large majority of new residency positions have been devoted to subspecialty physicians in large hospitals. In recent years, federal and philanthropic support has focused on building primary care capacity, with support for new residencies or expansions of residencies in community health center settings (Hendersonville, Greensboro, Prospect Hill and New Hanover) and the legislature has supported new residencies at MAHEC and Cape Fear and started planning for residencies in the east associated with Brody School of Medicine. The Department of Health and Human Services has developed a plan for a substantial expansion of rural residencies in needed specialties and included an emphasis on creating the workforce for Medicaid in the 1115 Medicaid reform waiver.

There is a national trend toward increased specialization that is also influencing the medical students in North Carolina. Despite the ACA and its support of primary care, the proportion of graduating US medical school students choosing family medicine has grown only modestly in recent years. Factors which deter choices of primary care careers include the high levels of debt

² Dorner FH, Burr RM, Tucker SL. The geographic relationships between physicians' residency sites and the locations of their first practices. *Acad Med.* 1991;66(9):540-4

³ Seifer SD, Vranizan K, Grumbach K. Graduate medical education and physician practice location. *JAMA.* 1995;274(9):685-91.

⁴ Fagan EB, et. al. Family medicine graduate proximity to their site of training: policy options for improving the distribution of primary care access. *Fam Med.* 2015;47(2):124-30.

⁵ Fraher EP, Spero JC. The State of the Physician Workforce in North Carolina: Overall Physician Supply Will Likely Be Sufficient but Is Maldistributed by Specialty and Geography. Program on Health Workforce Research and Policy, The Cecil G. Sheps Center for Health Services Research, The University of North Carolina at Chapel Hill. August 2015. Accessed 10/15/2015 at <http://www.shepscenter.unc.edu/wp-content/uploads/2015/08/MedicalEducationBrief-ShepsCenter-August20151.pdf>

being incurred by many students, particularly in private schools; the culture of academic centers which may make choice of primary care more difficult, lower salary levels associated with primary care careers; lifestyle choices being made by the current generation of medical students, and, increasingly, students' concerns about the support for primary care in North Carolina. Physicians are increasingly gravitating to specialties that are more lucrative and allow them to control their hours and have less call on nights and weekends.

An additional trend that further exacerbates the shortage of primary care physicians is the rapidly declining percentages of internists and pediatricians choosing primary care careers. Ten years ago over 50 % of residents choosing internal medicine and pediatrics practiced as generalists. Today many fewer play these roles. This trend further depletes the pool of generalist outpatient physicians needed to serve North Carolina's growing population; this is particularly acute for adults.

Several contextual issues in North Carolina are important to underscore. First, there has been rapid consolidation of hospitals and health care systems over the last several years. Most health care systems have not developed a robust workforce strategy for primary care and population health needs, both in general and in the rural areas they serve. Second, in terms of the pipeline of primary care providers, the Campbell School of Medicine and many new NP/DNP and PA programs have opened over the last decade. Many of these graduates are potentially available for primary care; we urge systematic tracking of these new providers. Third, the shortage of community preceptor sites for health care clinicians has become acute across North Carolina over the last years; these community sites play a key role in attracting medical students and other professionals into primary care. The UNC Board of Governors has established a task force to address this issue, which will report out in early 2018. Finally, there has been significant uncertainty about the future of primary care in the care of Medicaid patients. Medicaid reform and submitted 1115 waiver underscore the foundational role of primary care.

Conclusions

These data suggest stabilization of primary care practice and rural settings at a level that is much lower than the target set by the NC legislature. There are 14 counties in the state⁶ where the entire county is identified as persistent primary care health professional shortage areas, meaning they have met Federal criteria as a health professional shortage area in at least 6 of the last 7 designation periods. Furthermore, there are additional counties that meet these criteria but do not apply for the designation. Getting more primary care generalists for high need communities will require new strategies to care for these populations.

North Carolina's rural areas continue to have a higher supply of physicians than comparable rural areas elsewhere in the country, because of the work of the medical and other health science schools, the North Carolina AHEC Program, the State Office of Rural Health, and related programs. Given the burgeoning need for primary care and population health, however, there will be need for both increased supply and especially better distribution of primary care physicians to meet the goal of improving the health of North Carolinians.

⁶ Beaufort, Clay, Currituck, Dare, Gates, Graham, Hoke, Hyde, Montgomery, Northampton, Robeson, Stokes, Tyrrell, Washington.

APPENDIX G

TABLE 1

North Carolina Medical Students - Retention in Primary Care Five Years After Graduation
2011 Graduates

School <i>Primary Care*</i> <i>Residency Specialty</i>	Number of 2011 Graduates in Training or Practice as of 2016	Number of 2011 Graduates in Training or Practice with an Initial Residency Choice of Primary Care*	Percent of 2011 Graduates in Training or Practice with an Initial Residency Choice of Primary Care*	Number of 2011 Graduates in Training or Practice in Primary Care** as of 2016	Percent of 2011 Graduates in Training or Practice in Primary Care** as of 2016
Duke	95	47	49%	18	19%
<i>Family Medicine</i>		4	4%	4	4%
<i>Internal Medicine</i>		28	29%	8	8%
<i>Pediatrics</i>		11	12%	2	2%
<i>IM/ Peds</i>		2	2%	2	2%
<i>OBGYN</i>		2	2%	2	2%
ECU	69	43	62%	32	46%
<i>Family Medicine</i>		14	20%	14	20%
<i>Internal Medicine</i>		8	12%	2	3%
<i>Pediatrics</i>		13	19%	8	12%
<i>IM/ Peds</i>		5	7%	5	7%
<i>OBGYN</i>		3	4%	3	4%
UNC-CH	150	88	59%	54	36%
<i>Family Medicine</i>		15	10%	15	10%
<i>Internal Medicine</i>		36	24%	10	7%
<i>Pediatrics</i>		17	11%	11	7%
<i>IM/ Peds</i>		6	4%	6	4%
<i>OBGYN</i>		14	9%	12	8%
Wake Forest	117	74	63%	38	32%
<i>Family Medicine</i>		13	11%	12	10%
<i>Internal Medicine</i>		29	25%	5	4%
<i>Pediatrics</i>		25	21%	15	13%
<i>IM/ Peds</i>		1	1%	1	1%
<i>OBGYN</i>		6	5%	5	4%
Total	431	252	58%	142	33%
<i>Family Medicine</i>		46	11%	47	11%
<i>Internal Medicine</i>		101	23%	25	6%
<i>Pediatrics</i>		66	15%	36	8%
<i>IM/ Peds</i>		14	3%	14	3%
<i>OBGYN</i>		25	6%	22	5%

*2011 Primary Care Residency Specialty includes Family Medicine, General Pediatric Medicine, General Internal Medicine, Internal Medicine/Pediatrics, and Obstetrics/Gynecology. Source: Association of American Medical Colleges (AAMC). Internal medicine in this case also includes "medicine - preliminary," which likely overestimates the initial primary care figures.

** As of 2017, primary care definitions are based on NC Medical Board licensure data (for NC physicians) and AAMC data (for non-NC physicians) and include Family Medicine (Family Medicine, Family Medicine-Adolescent Medicine, Family Medicine-Geriatric, Family Medicine-Sports Medicine, General Practice; Internal Medicine (Internal Medicine, Internal Medicine-Geriatric); Pediatrics (Pediatrics, Pediatrics-Adolescent, Pediatric-Sports Medicine); Internal Medicine-Pediatrics (Internal Medicine-Pediatrics, Internal Medicine-Adolescent Medicine); OBGYN (Obstetrics & Gynecology, Obstetrics, Gynecology).

Note: One Duke grad initially matched to general surgery but practiced in OBGYN in 2016. One ECU grad initially matched to IM-Psychiatry but practiced in internal medicine in 2016. Two UNC grads initially matched to pathology but one practiced in family medicine and the other in pediatrics in 2016. In all cases, 2016 counts include physicians who branched in from other specialties, even though those physicians are not included in counts of initial residency matches.

Sources:

Association of American Medical Colleges

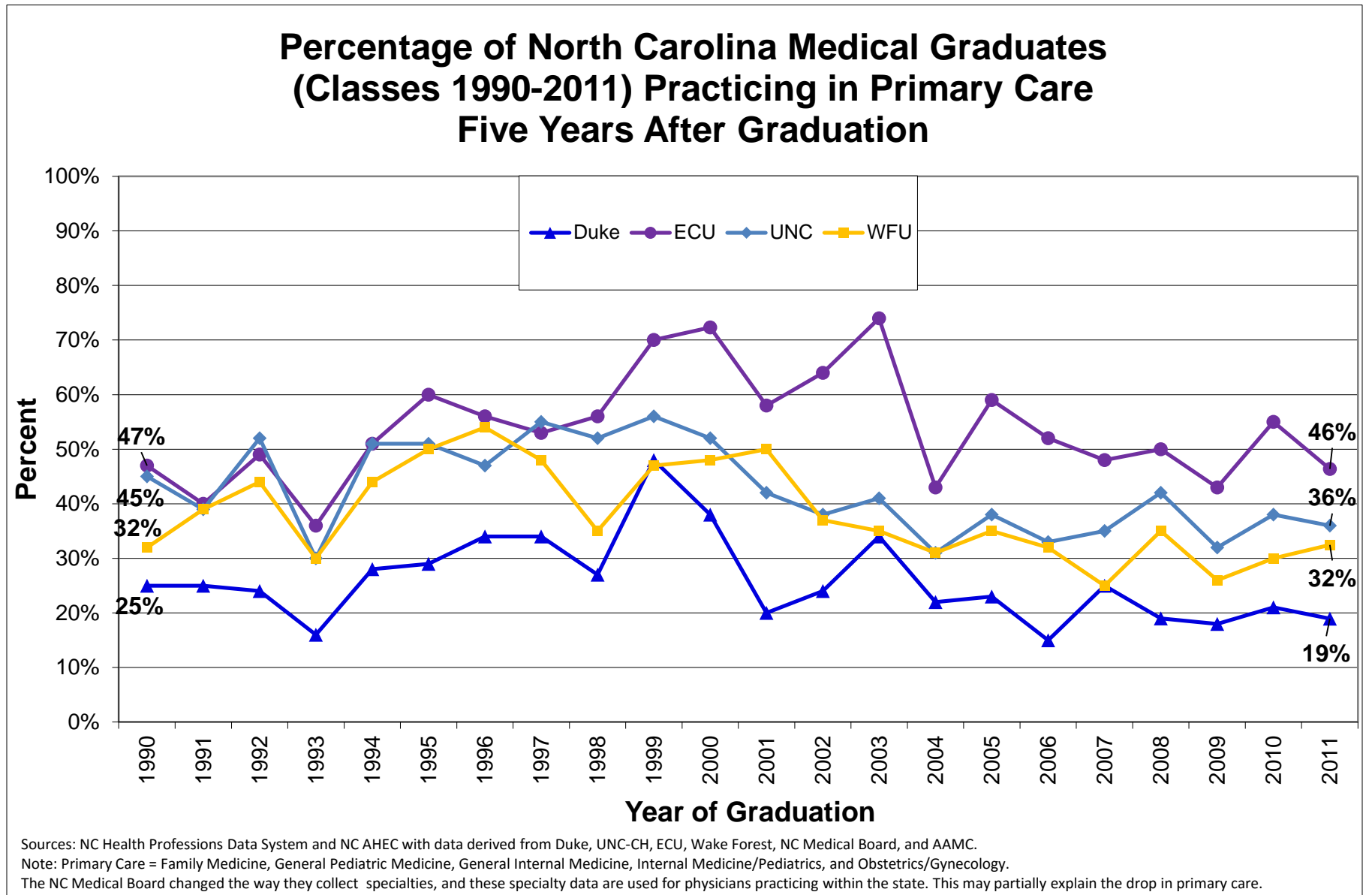
NC Medical Board

Compiled by:

NC AHEC Program

Cecil G. Sheps Center for Health Services Research

FIGURE 1: Percentage of North Carolina Medical Graduates (Classes 1990-2011) Practicing in Primary Care Five Years After Graduation



APPENDIX G

TABLE 2:

North Carolina Medical Students-Primary Care Retention in NC
2011 Graduates

School <i>Primary Care*</i> <i>Residency Specialty</i>	Number of 2011 Graduates in Training or Practice as of 2016	Number of 2011 Graduates in Training or Practice in North Carolina as of 2016	Percent of 2011 Graduates in Training or Practice in North Carolina as of 2016	Number of 2011 Graduates in Training or Practice in Primary Care** in North Carolina as of 2016	Percent of 2011 Graduates in Training or Practice in Primary Care** in North Carolina as of 2016	Number of 2011 Graduates in Training or Practice in Primary Care** in Rural*** Counties in North Carolina as of 2016	Percent of 2011 Graduates in Training or Practice in Primary Care** in Rural*** Counties North Carolina as of 2016
Duke	95	10	11%	2	2%	0	0%
<i>Family Medicine</i>				0	0%	0	0%
<i>Internal Medicine</i>				1	1%	0	0%
<i>Pediatrics</i>				1	1%	0	0%
<i>IM/ Peds</i>				0	0%	0	0%
<i>OBGYN</i>				0	0%	0	0%
ECU	69	29	42%	19	28%	3	4%
<i>Family Medicine</i>				9	13%	2	3%
<i>Internal Medicine</i>				2	3%	0	0%
<i>Pediatrics</i>				4	6%	0	0%
<i>IM/ Peds</i>				1	1%	0	0%
<i>OBGYN</i>				3	4%	1	1%
UNC-CH	150	56	37%	24	16%	2	1%
<i>Family Medicine</i>				6	4%	1	1%
<i>Internal Medicine</i>				5	3%	1	1%
<i>Pediatrics</i>				7	5%	0	0%
<i>IM/ Peds</i>				3	2%	0	0%
<i>OBGYN</i>				3	2%	0	0%
Wake Forest	117	40	34%	15	13%	1	1%
<i>Family Medicine</i>				9	8%	0	0%
<i>Internal Medicine</i>				1	1%	0	0%
<i>Pediatrics</i>				4	3%	1	1%
<i>IM/ Peds</i>				0	0%	0	0%
<i>OBGYN</i>				1	1%	0	0%
Total	431	135	31%	60	14%	6	1%
<i>Family Medicine</i>				24	6%	3	1%
<i>Internal Medicine</i>				9	2%	1	0%
<i>Pediatrics</i>				16	4%	1	0%
<i>IM/ Peds</i>				4	1%	0	0%
<i>OBGYN</i>				7	2%	1	0%

*2011 Primary Care Residency Specialty includes Family Medicine, General Pediatric Medicine, General Internal Medicine, Internal Medicine/Pediatrics, and Obstetrics/Gynecology. Source: Association of American Medical Colleges (AAMC). Internal medicine in this case also includes "medicine - preliminary," which likely overestimates the initial primary care figures.

** As of 2017, primary care definitions are based on NC Medical Board licensure data (for NC physicians) and AAMC data (for non-NC physicians) and include Family Medicine (Family Medicine, Family Medicine-Adolescent Medicine, Family Medicine-Geriatric, Family Medicine-Sports Medicine, General Practice; Internal Medicine (Internal Medicine, Internal Medicine-Geriatric); Pediatrics (Pediatrics, Pediatrics-Adolescent, Pediatric-Sports Medicine); Internal Medicine-Pediatrics (Internal Medicine-Pediatrics, Internal Medicine-Adolescent Medicine); OBGYN (Obstetrics & Gynecology, Obstetrics, Gynecology).

***"Rural" is based on 2015 Core-Based Statistical Area (CBSA) definitions, and includes counties that are "micropolitan" and "outside of CBSAs." Using this definition, NC has 54 rural counties.

Note: One ECU grad initially matched to IM-Psychiatry but practiced in internal medicine in NC in 2016. In all cases, 2016 counts include physicians who branched in from other specialties, even though those physicians are not included in counts of initial residency matches.

Sources:

Association of American Medical Colleges

NC Medical Board

Compiled by:

NC AHEC Program

Cecil G. Sheps Center for Health Services Research

TABLE 3
North Carolina Medical Students-Retention in Rural Practice
2011 Graduates

School <i>Primary Care*</i> <i>Residency Specialty</i>	Number of 2011 Graduates in Training or Practice as of 2016	Number of 2011 Graduates in Training or Practice in North Carolina as of 2016	Percent of 2011 Graduates in Training or Practice in North Carolina as of 2016	Number of 2011 Graduates in Training or Practice in Rural*** Counties as of 2016	Percent of 2011 Graduates in Training or Practice in Rural*** Counties as of 2016	Number of 2011 Graduates in Training or Practice in Rural*** Counties in North Carolina as of 2016	Percent of 2011 Graduates in Training or Practice in Rural*** Counties in North Carolina as of 2016	Number of 2011 Graduates in Training or Practice in Primary Care** in Rural*** Counties in North Carolina as of 2016	Percent of 2011 Graduates in Training or Practice in Primary Care** in Rural*** Counties North Carolina as of 2016
Duke	95	10	11%	1	1%	0	0%	0	0%
<i>Family Medicine</i>								0	0%
<i>Internal Medicine</i>								0	0%
<i>Pediatrics</i>								0	0%
<i>IM/ Peds</i>								0	0%
<i>OBGYN</i>								0	0%
ECU	69	29	42%	6	9%	6	9%	4	6%
<i>Family Medicine</i>								3	4%
<i>Internal Medicine</i>								0	0%
<i>Pediatrics</i>								0	0%
<i>IM/ Peds</i>								0	0%
<i>OBGYN</i>								1	1%
UNC-CH	150	56	37%	6	4%	6	4%	2	1%
<i>Family Medicine</i>								1	1%
<i>Internal Medicine</i>								1	1%
<i>Pediatrics</i>								0	0%
<i>IM/ Peds</i>								0	0%
<i>OBGYN</i>								0	0%

APPENDIX G

Wake Forest	117	40	34%	2	2%	2	2%	1	1%
Family Medicine								0	0%
Internal Medicine								0	0%
Pediatrics								1	1%
IM/ Peds								0	0%
OBGYN								0	0%
Total	431	135	31%	15	3%	14	3%	7	2%
Family Medicine								4	1%
Internal Medicine								1	0%
Pediatrics								1	0%
IM/ Peds								0	0%
OBGYN								1	0%

*2011 Primary Care Residency Specialty includes Family Medicine, General Pediatric Medicine, General Internal Medicine, Internal Medicine/Pediatrics, and Obstetrics/Gynecology. Source: Association of American Medical Colleges (AAMC). Internal medicine in this case also includes "medicine - preliminary," which likely overestimates the initial primary care figures.

** As of 2017, primary care definitions are based on NC Medical Board licensure data (for NC physicians) and AAMC data (for non-NC physicians) and include Family Medicine (Family Medicine, Family Medicine-Adolescent Medicine, Family Medicine-Geriatric, Family Medicine-Sports Medicine, General Practice; Internal Medicine (Internal Medicine, Internal Medicine-Geriatric); Pediatrics (Pediatrics, Pediatrics-Adolescent, Pediatric-Sports Medicine); Internal Medicine-Pediatrics (Internal Medicine-Pediatrics, Internal Medicine-Adolescent Medicine); OBGYN (Obstetrics & Gynecology, Obstetrics, Gynecology).

***"Rural" is based on 2015 Core-Based Statistical Area (CBSA) definitions, and includes counties that are "micropolitan" and "outside of CBSAs." Using this definition, NC has 54 rural counties.

Sources:

Association of American Medical Colleges

NC Medical Board

Compiled by:

NC AHEC Program

Cecil G. Sheps Center for Health Services Research

TABLE 4: North Carolina Medical Students - Retention by Specialty in NC (2011 Graduates)

	Physician Specialty				
	Family Medicine	Internal Medicine	Pediatrics	IM/ Peds	OBGYN
Number of 2011 Graduates in Training or Practice in 2016 that Initially Matched to Specialty*	46	101	66	14	25
Number of 2011 Graduates in Training or Practice in 2016 that Initially Matched to Specialty* in North Carolina	21 (46%)	22 (22%)	20 (30%)	3 (21%)	5 (20%)
Number (Percent) of 2011 Graduates in Training or Practice as Generalist** in Specialty as of 2016	43 (105%)	28 (29%)	37 (66%)	8 (89%)	26 (96%)
Number (Percent) of 2011 Graduates in Training or Practice as Generalist** in Specialty in North Carolina as of 2016	27 (66%)	9 (9%)	20 (36%)	3 (33%)	8 (30%)
Number (Percent) of 2011 Graduates in Training or Practice As Generalist** in Specialty in Rural*** Counties in North Carolina as of 2016	6 (15%)	0 (0%)	3 (5%)	0 (0%)	2 (7%)

Notes: Note: One Duke grad initially matched to general surgery but practiced in OBGYN in 2016. One ECU grad initially matched to IM-Psychiatry but practiced in internal medicine in 2016. Two UNC grads initially matched to pathology but one practiced in family medicine and the other in pediatrics in 2016. In all cases, 2016 counts include physicians who branched in from other specialties, even though those physicians are not included in counts of initial residency matches.

*2011 Data Source: Association of American Medical Colleges (AAMC). Internal medicine in this case also includes "medicine - preliminary," which likely overestimates the initial match to Internal Medicine.

**Physicians who branch from primary care or general surgery specialties into subspecialty fields are not included in these counts, even if they remain in practice in NC.

Practice specialty definitions are based on NC Medical Board licensure data (for NC physicians) and AAMC data (for non-NC physicians) and include Family Medicine (Family Medicine, Family Medicine-Adolescent Medicine, Family Medicine-Geriatric, Family Medicine-Sports Medicine, General Practice; Internal Medicine (Internal Medicine, Internal Medicine-Geriatric); Pediatrics (Pediatrics, Pediatrics-Adolescent, Pediatric-Sports Medicine); Internal Medicine-Pediatrics (Internal Medicine-Pediatrics, Internal Medicine-Adolescent Medicine); OBGYN (Obstetrics & Gynecology, Obstetrics, Gynecology); General Surgery (General Surgery, Abdominal Surgery, Colon & Rectal Surgery, Critical Care Surgery, Head and Neck Surgery, Oncology Surgery, Pediatric Surgery, Transplant Surgery, Trauma Surgery, and Vascular Surgery); and Psychiatry (Psychiatry, Child and Adolescent Psychiatry, Psychoanalysis, Forensic Psychiatry, Psychosomatic Medicine, Psychiatry/Geriatric, Family Medicine-Psychiatry, Internal Medicine-Psychiatry, and Pediatrics-Psychiatry.)"

***"Rural" is based on 2015 Core-Based Statistical Area (CBSA) definitions, and includes counties that are "micropolitan" and "outside of CBSAs." Using this definition, NC has 54 rural counties.

Notes

Limitations: The information used in this analysis to determine a medical graduate's initial specialty choice for residency and to determine retention in primary care comes from different sources. When calculating retention in primary care five years after graduation, data from the AAMC are used to determine initial choice of residency. AAMC does not differentiate between internal medicine and medicine-preliminary, so the data may appear to be inflated for initial residency choice of primary care. Two data sources are used to determine current practice or training area. For physicians practicing in North Carolina, NC Medical Board (NCMB) data are used to determine the physician's current self-reported primary area of practice. For physicians practicing outside of North Carolina, AAMC data are used to determine current practice or training area. AAMC data are based on the AMA Physician Masterfile.

Beginning with the class of 2006 all MDs graduating in a year, regardless of month, is counted with that year's graduates.

Primary Care Tables: Primary care coding was revised in 2014 to reflect more accurate aggregation of AMA minor codes to AMA major codes. Primary care residency specialties are defined by legislation passed by the NC General Assembly in 1993 (Senate Bill 27/ House Bill 729) and include family medicine, general internal medicine, general pediatric medicine, internal medicine-pediatrics, and obstetrics and gynecology. Specialties included under the definitions of current practice specialties for primary care, psychiatry, and general surgery were revised in 2014 and reviewed by practicing clinicians for accuracy.

"Primary Care" is defined for both initial specialty of residency training (identified using AAMC data and denoted by the use of one asterisk) and for current practice or training area (identified using either NCMB data for physicians in NC and AAMC data for physicians practicing out of state and denoted by the use of two asterisks). More specialties are included under the definition of "primary care" for current practice or training area than for specialty of residency training because physicians may specialize within their primary care area of practice following training. For example, a physician who entered residency training in "pediatrics," and following completion of training reported a current practice area of "adolescent medicine" would be counted as a primary care physician.

General Surgery Tables: For tables calculating retention in general surgery five years after graduation, it is important to note that surgical residencies are currently a minimum of five years, and students who select an initial specialty of general surgery often transition to more specialized surgical training.

State-Supported Students at Duke and Wake Forest Medical Schools: Prior analysis tracked outcomes just for the subgroup of students that received the state IMEO funds (roughly 35% of the Wake Forest Students and 20% of the Duke students). Students were identified using data from NCSEAA. The IMEO grant program was repealed in 2009 legislation (see Senate Bill 202) and tracking for those students is no longer a component of this analysis.

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Primary Care Outcomes of North Carolina's Medical Schools: The Importance of Keeping Students in State for Residency

December 15, 2017

Warren P. Newton, MD, MPH, NC AHEC Program

Alan Brown, MSW, NC AHEC Program

Julie Spero, MSPH, Sheps Center for Health Services Research



Why are primary care physicians important?

- North Carolina ranks in bottom third of all states in almost all health outcomes
- Robust primary care is foundational for cost effectiveness, quality and patient experience
- 1993 Legislation required UNC and ECU to produce 60% primary care, Duke and Wake Forest 50% primary care
- AHEC/Sheps measures 5 year outcomes

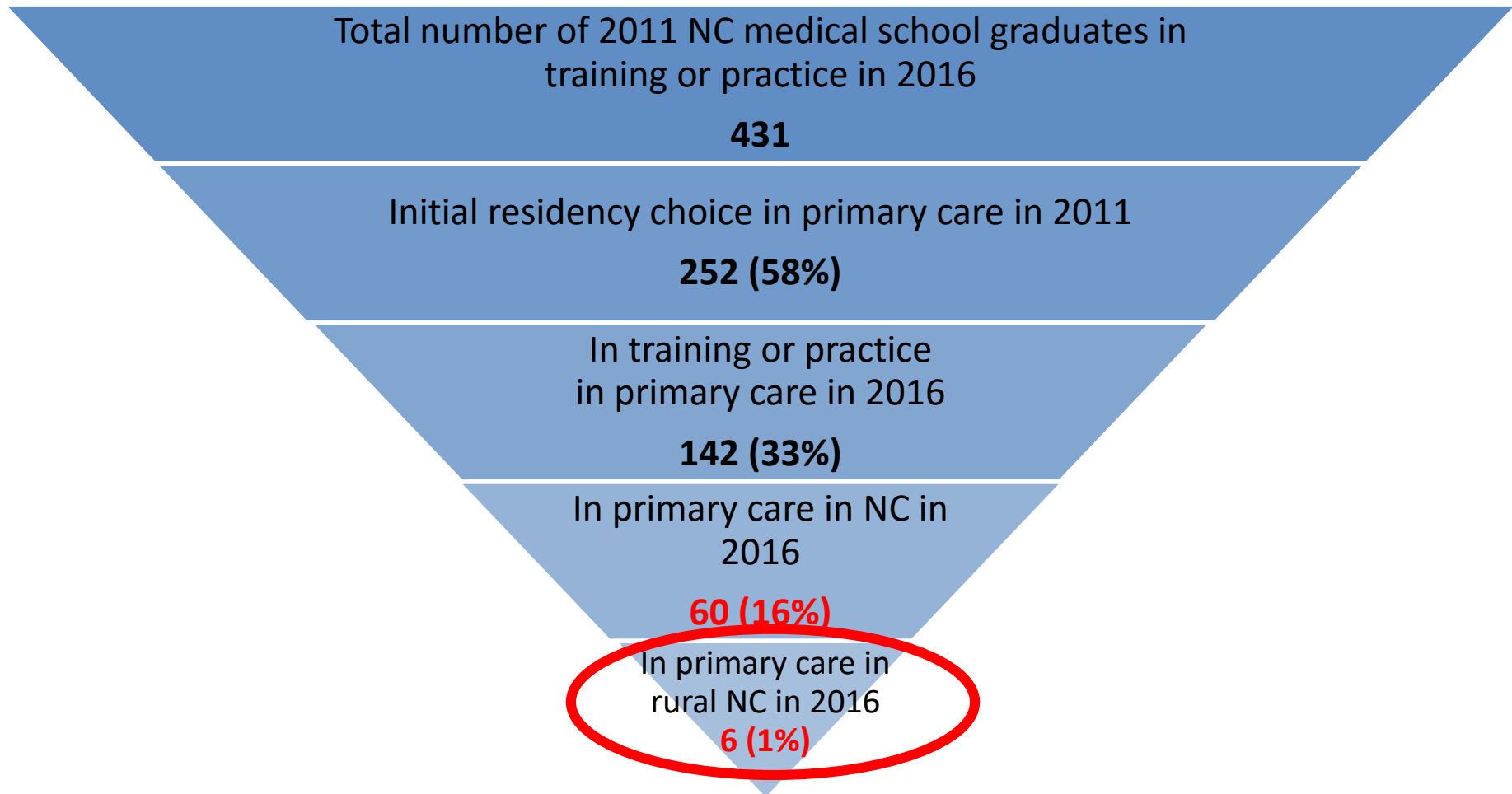


Ongoing Dramatic Changes in Healthcare Environment

- Hospital consolidation has continued
- Cost of care has accelerated again; insurance market changing dramatically; Medicaid Reform
- Huge growth in NP/DNP, PA programs, but <1/2 going into primary care
- Campbell's 160+ DOs initial graduation 2017
- Modest expansion GME (Cape Fear, Carolinas, Cone, ECU, New Hanover, MAHEC/Mission, UNC)
- AHEC developing GME pay for performance



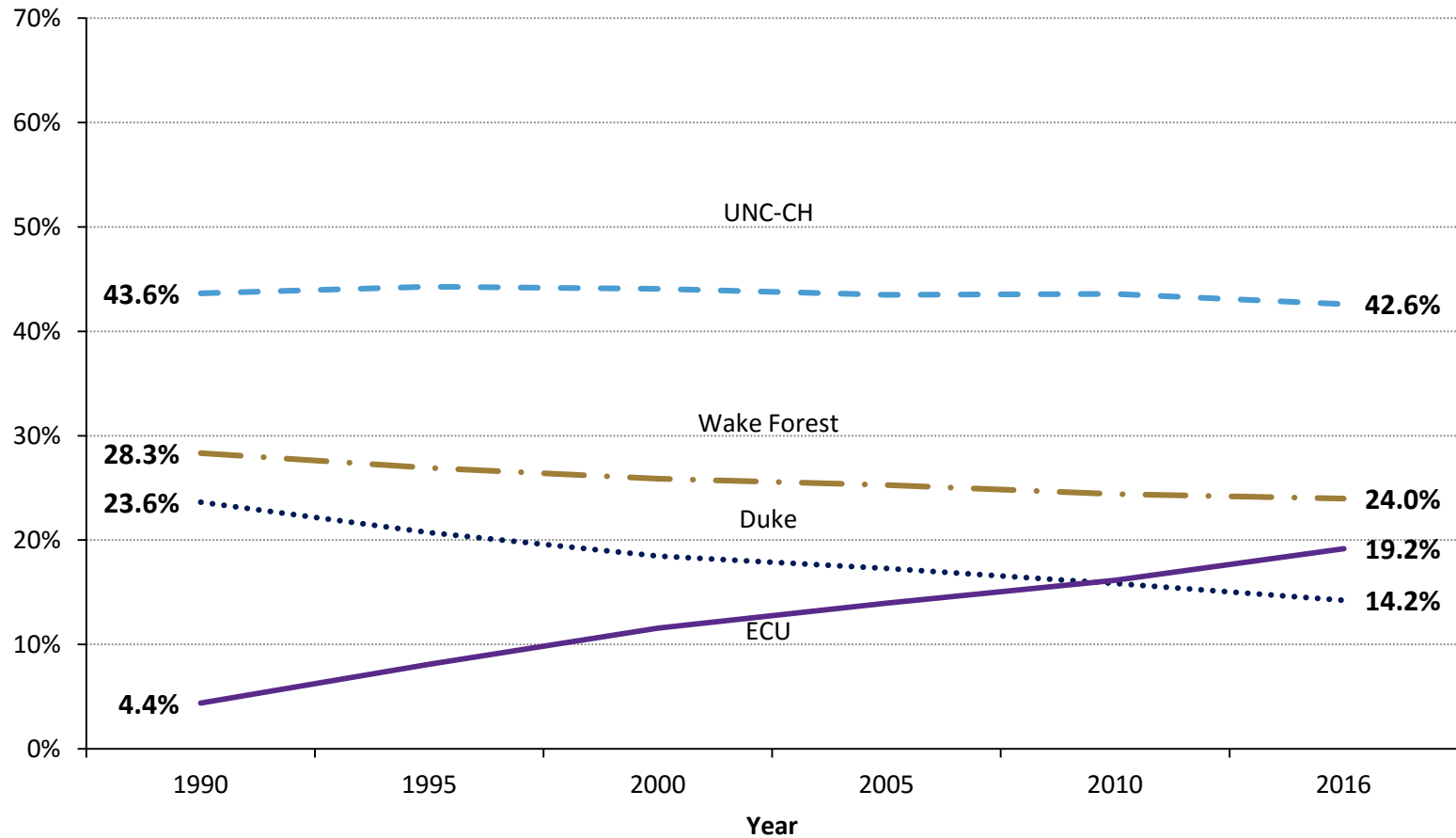
2011 NC Medical School Graduates: Retention in Primary Care in NC's Rural Areas 5 years later



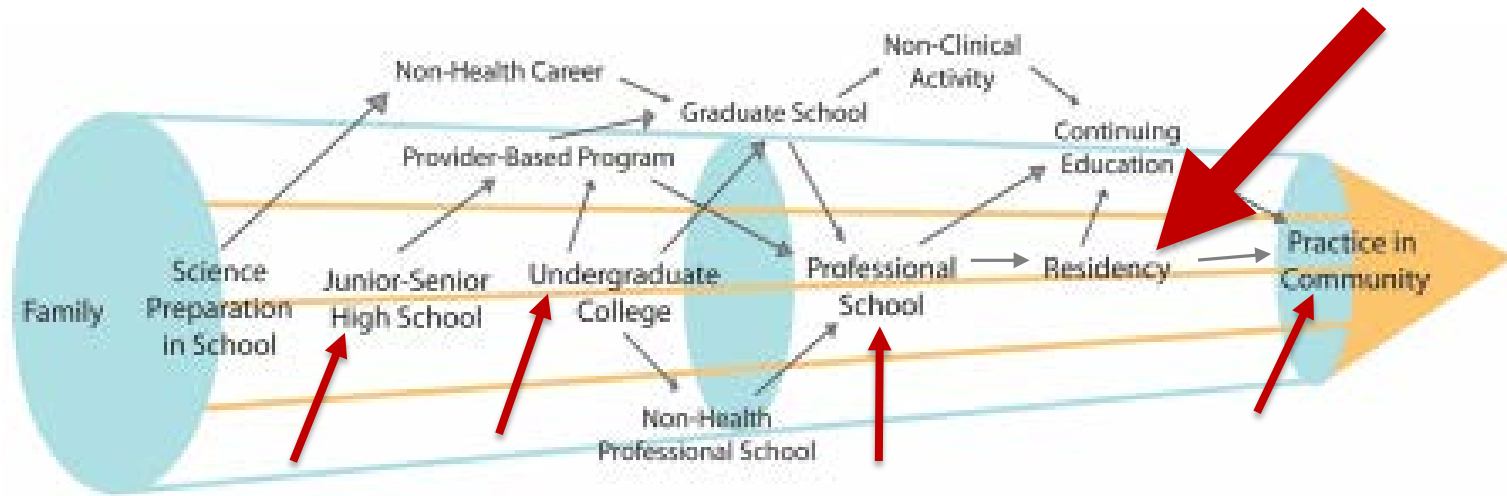
Produced by the Program on Health Workforce Research and Policy, Sheps Center for Health Services Research, University of North Carolina at Chapel Hill.
 Source: North Carolina Health Professions Data System with data derived from the Association of American Medical Colleges, and the NC Medical Board, 2016.

Rural source: US Census Bureau and Office of Management and Budget, July 2015. "Core Based Statistical Area" (CBSA) is the OMB's collective term for Metropolitan and Micropolitan Statistical areas. Here, nonmetropolitan counties include micropolitan and counties outside of CBSAs.

Active Licensed North Carolina Educated Physicians by North Carolina Medical School Location, 2016



Changing Educational Outcomes: Intervening Across the Pipeline



Next Steps

- Admission of Students More Likely to Go Into Rural Primary Care
- Curricula on Rural Health and Communities
- Rural Community Precepting Support
- Rural Residency Expansion in Primary Care and Related Disciplines
- Loan Repayment and Practice Support for Rural Practices



Class of 2017 – Initial Matches to Primary Care in NC

Medical School	Total Graduates	Number Matched to a Primary Care Residency in NC	Percent Matched to a Primary Care Residency in NC
Campbell	147	15	10%
Duke	108	8	8%
ECU	74	19	26%
UNC-CH	171	30	18%
Wake Forest	115	18	16%

Questions?



800.3.1

Adopted 11/11/94

Repealed 12/15/17

Legislative College Opportunity Program

The 1994 General Assembly appropriated to the Board of Governors of the University of North Carolina eight hundred thousand dollars (\$800,000) to be allocated equally among the 16 constituent institutions for the purpose of establishing a pilot program to recruit new students to enroll in college in future years who might not be able to attend college without incentives. The fund shall not revert and shall be placed in trust fund accounts, with the investment earnings to be used for the program as well.

College Opportunity Program Mission

The College Opportunity Program will recruit future students who might not otherwise finish high school or continue on to college. The program will provide financial and academic incentives that will encourage socially and economically disadvantaged students to do well in middle grades and high school and enroll in college following graduation. Improvement in academic performance, high school graduation rates, college going rates, and college graduation rates of under-performing students will be principal goals of the program.

Roles and Responsibilities

Board of Governors:

The Board of Governors shall monitor the success of the program in attracting students who otherwise might not have enrolled in a higher education institution and shall monitor the progress of these students with annual reports to the Joint Legislative Education Oversight Committee beginning May 15, 1996, and each succeeding year through 2001.

Constituent Institutions:

Each constituent institution shall recruit students in middle grades who meet the eligibility guidelines of the program. The institutions should concentrate their recruitment in the regions designated by counties, but they are not necessarily limited to that region. They will provide enrichment activities that will assist the participants to perform well in high school, to graduate and to enroll in the institution. These activities should include the monitoring of the student's academic progress both in public school and college; mentoring relationships; assistance in goal setting and career planning; academic tutoring; and opportunities for social and leadership development through interaction with parents, public school personnel, University personnel, and community leaders.

Parents or Guardians:

The program requires the involvement of parents or guardians to help create a supportive environment for the student. The program will work with the parents or guardians in helping the student gain the educational preparation necessary to perform well in college. The parents or guardians are required to monitor the academic progress of the student, to meet with program officials at least three times each year, to ensure that the student meets all eligibility requirements in order to remain in the program and graduate, to assist the student in completing all application forms for federal financial assistance during the student's senior year in high school, and to ensure the student meets school attendance requirements of the program.

College Opportunity Program Eligibility Requirements

Students considered for selection to the program must complete an application and meet the following requirements:

1. Be a North Carolina resident;
2. Be a middle grade student;

3. Have parental/guardian consent to participate in the program;
4. Be a first-generation college student and/or come from a family with an annual income that qualifies the family as disadvantaged based on federal guidelines;
5. Agree to enroll in high school courses that meet the minimum admission requirements of the Board of Governors of the University of North Carolina;
6. Commit to the guidelines and activities of the program by signing an agreement to do the following:
 - a. Maintain a "B" or better cumulative average in all schoolwork through high school graduation;
 - b. Maintain a public school attendance rate of 95% or better;
 - c. Take the Preliminary Scholastic Assessment Test (PSAT) in the 10th grade;
 - d. Take the Scholastic Assessment Test (SAT) or the ACT assessment test in the 11th and 12th grades;
 - e. Participate actively in school co-curricular activities;
 - f. Demonstrate high personal and scholastic standards;
 - g. Participate in activities that assist in achieving high academic and leadership standards;
 - h. Give at least 15 hours of approved community service during each year of program participation;
 - i. Remain drug free and alcohol free and obey the laws and regulations of the State of North Carolina;
 - j. Apply for eligible financial assistance no later than the last term of the high school senior year.

The constituent institutions may designate additional eligibility requirements in order to comply with existing regulations.

Program Awards

Each student selected to participate in the College Opportunity Program will be provided first year scholarship assistance that will cover the cost of tuition, fees, and books.

**The University of North Carolina
College Opportunity Program
Basic Recruitment Regions**

<u>INSTITUTION</u>	<u>COUNTIES IN THE REGION</u>
Appalachian State University	Alexander, Alleghany, Ashe, Avery, Caldwell, Catawba, Mitchell, Watauga, Wilkes (9)
East Carolina University	Beaufort, Craven, Dare, Edgecombe, Greene, Hyde, Lenior, Martin, Pitt, Washington, Wilson, Pamlico (12)
Elizabeth City State University	Camden, Bertie, Chowan, Currituck, Gates, Hertford, Northampton, Pasquotank, Perquimans, Tyrrell, Washington (11)
Fayetteville State University	Cumberland, Harnett, Hoke, Moore, Sampson (5)
North Carolina A&T State University	Alamance, Montgomery, Caswell, Guilford, Randolph, Rockingham (6)
North Carolina Central University	Durham, Granville, Vance, Warren (4)
North Carolina School of the Arts	All Counties (100)
North Carolina State University	Franklin, Halifax, Johnston, Nash, Wake, Wayne (6)
UNC Asheville	Buncombe, Burke, Rutherford, Henderson, McDowell, Madison, Polk, Yancey (8)
UNC Chapel Hill	Chatham, Orange, Person, Lee (4)
UNC Charlotte	Anson, Cabarrus, Cleveland, Gaston, Iredell, Lincoln, Mecklenburg, Rowan, Stanly, Union (10)
UNC Greensboro	Randolph, Rockingham, Guilford, Alamance, Caswell, Montgomery (6)
UNC Pembroke	Bladen, Columbus, Richmond, Robeson, Scotland (5)
UNC Wilmington	Brunswick, Carteret, Duplin, Jones, New Hanover, Onslow, Pender (7)
Western Carolina University	Clay, Cherokee, Graham, Jackson, Macon, Swain, Transylvania, Haywood (8)
Winston-Salem State University	Davidson, Davie, Stokes, Yadkin, Forsyth, Surry (6)

200.1

Adopted 05/11/84

Amended 06/09/89

Amended 09/08/89

Amended 05/11/91

Amended 06/08/01

Amended 11/09/07

Amended 09/18/09

Amended 12/15/17

Dual Memberships and Conflicts of Interest

The Board of Governors seeks at all times to be fair and impartial in carrying out its responsibilities and tries to avoid even the appearance of partiality or undue influence. To promote this objective the following guidelines are adopted as board policy and recommended to the members for their guidance:

1. Service on Foundation Boards or Boards of Visitors of Constituent Institutions

Members of the Board of Governors may, from time to time, be asked to serve simultaneously on a foundation board or a board of visitors or some similar board for one of the sixteen constituent institutions. No matter how conscientious or successful a member may be in maintaining impartiality among constituent institutions, service on such a board will undoubtedly be construed by some as showing favoritism. It is also felt that some institutions will feel pressure to name members of the Board of Governors to such boards if service on them becomes commonplace. For these reasons members of the Board of Governors are encouraged to decline any such service.

2. Service on Boards of Private Colleges and Universities

Members of the Board of Governors may be asked to serve simultaneously on the board of a private college or university in North Carolina. While such an invitation is always an honor, there are potential areas of conflict in such dual memberships. A member should satisfy himself or herself that dual service will not interfere with his or her obligations either to the University of North Carolina or to the private institution.

3. Inquiries Concerning Admissions and Job Openings

From time to time a member of the Board of Governors may wish to inquire, either directly or through an officer of the University, about a job opening in the University or about the admission of an individual to an institution or to a program. Sometimes a board member is asked to write a letter of recommendation on behalf of a candidate for a job or for admission. It is highly inappropriate to use one's position on the Board of Governors in an attempt to influence employment or admissions. It is not inappropriate, however, for a member to make inquiries or to write letters of recommendation on the member's personal or business stationery. It should always be clear that the board member is not seeking a favor and understands that the decision in all cases will be made strictly on the merits.

4. Appointments by the Board of Governors

In order to avoid any appearance of undue influence, the Board of Governors will not consider for membership on any board to which it makes appointments any person who is a spouse of a Board of Governors member, a brother or a sister or a lineal ancestor or descendant of a member, or the spouse of any such person. This policy shall not apply, however, to any person who may have been elected or appointed to any such board prior to the time the related person became a member of the Board of Governors. Nor shall the policy apply to any person who may already be serving on any such board at the time of the adoption of the policy. The Board of Governors will not consider for membership on any board to which it makes appointments any person who was a member of the Board of Governors at any time during the two-year period immediately preceding the effective date of the appointment. The boards to which this policy shall apply include the Boards of Trustees of the constituent institutions and all boards to which the Board of Governors make appointments.

5. Inappropriate Advantage Derived from Board Membership

- a. **Purpose:** It is of critical importance that decisions made on behalf of the University by its governors, trustees, chief executive officers, and chief finance officers be in the best interest of the University and not be influenced by any potential financial gain to the decision-makers. Furthermore, to assure public confidence in the integrity of the University, it is important that the

University not appear to be influenced by the personal financial interests of those in decision-making positions. The purpose of this policy is assure public confidence in the integrity of the University by preventing members of the governing boards and chief executive and finance officers of the University from using their positions, or appearing to use their positions, to influence the decisions of the University for their personal financial gain while at the same time allowing the University to take advantage of contracts that are advantageous to the citizens of North Carolina and to the University and also avoiding having service to the University be so restrictive that persons with substantial financial interests will be reluctant to serve.

b. Definitions

As used in this policy, the following terms have the following meanings:

- i. "Business entity" means a "business" as defined in GS §128A-3(2)¹ or a not for profit corporation.
- ii. "Person" means a member of the Board of Governors or of a Board of Trustees of a Constituent Institution, the President, the Vice President for Finance, a chancellor, or the chief finance officer of a constituent institution.
- iii. "Substantial interest" means any of the following:
 1. A "business with which associated" as that term is defined in GS § 138A-3(3)², except that ownership of more than \$10,000 in a publicly traded corporation by itself is not a substantial interest; or
 2. A "nonprofit corporation or organization with which associated" as that term is defined in G.S 138A-3(24)³, except that uncompensated service as a

¹G.S. 138A-3(2) defines a "business" as, "Any of the following organized for profit:

- a. Association.
- b. Business trust.
- c. Corporation.
- d. Enterprise.
- e. Joint venture.
- f. Organization.
- g. Partnership.
- h. Proprietorship.
- i. Vested trust.
- j. Every other business interest, including ownership or use of land for income.

²G.S. §138A-3(3) Business with which associated. – A business in which the covered person or filing person or any member of that covered person's or filing person's immediate family does any of the following:

- a. Is an employee.
- b. Holds a position as a director, officer, partner, proprietor, or member or manager of a limited liability company, irrespective of the amount of compensation received or the amount of the interest owned.
- c. Owns a legal, equitable, or beneficial interest of ten thousand dollars (\$10,000) or more in the business or five percent (5%) of the business, whichever is less, other than as a trustee on a deed of trust.
- d. Is a lobbyist registered under Chapter 120C of the General Statutes.

For purposes of this subdivision, the term 'business' shall not include a widely held investment fund, including a mutual fund, regulated investment company, or pension or deferred compensation plan, if all of the following apply:

1. The covered person, filing person, or a member of the covered person's or filing person's immediate family neither exercises nor has the ability to exercise control over the financial interests held by the fund.
2. The fund is publicly traded, or the fund's assets are widely diversified.

³ G.S. §138A-3(24) Nonprofit corporation or organization with which associated. – Any not for profit corporation, organization, or association, incorporated or otherwise, that is organized or operating in the State primarily for religious, charitable, scientific, literary, public health and safety, or educational purposes and of which the covered person, filing person, or any member of the covered person's or filing person's immediate family is a director, officer, governing board member, employee, lobbyist registered under Chapter 120C of the General Statutes or independent contractor. Nonprofit corporation or organization with which associated shall not include any board, entity, or other organization created by this State or by any political subdivision of this State.

director, officer, or trustee of a not for profit corporation is not a substantial interest.

iv. "The University" as applied to members of the Board of Governors, the President, and the Vice President for Finance means the General Administration or any of the constituent institutions. "The University" as applied to members of the Boards of Trustees, a chancellor, or a chief finance officer of a constituent institution means the constituent institution on whose Board of Trustees the member serves or at which the chancellor or chief finance officer is employed.

c. Requirements

i. Each person must contemporaneously submit to the Vice President of Finance, each Statement of Economic Interests that the person files with the State Ethics Commission pursuant to G.S. S 138A-22. These disclosure statements are public records.

ii. Whenever a person has actual knowledge that a business entity in which the person has a substantial interest is attempting or planning to enter, is entering, or has entered into a contract with the University, the person must report the nature of the person's substantial interest and the nature of the contract to the chief finance officer of the institution that is or would be a party to the contract. If the person is a chief finance officer, then the chief finance officer must make this report to the chancellor or to the President of the institution that is or would be a party to the contract. Reports required by this paragraph shall be in writing and will be public records retained by the respective chief finance officers.

iii. The University will not enter into a contract with a value of \$10,000 or more, or with expected payments of \$10,000 or more per year, with a business entity in which a person has a substantial interest, unless one of the exceptions in paragraph C (iv) applies. A person will not in any way

1. Participate in making a contract;
2. Attempt to cause or influence the University to make a contract, or
3. Attempt to influence the contract specifications or contracting process concerning a contract between a business entity in which the person has a substantial interest and the University.

The Vice President for Finance and the respective chief finance officers of the constituent institutions are responsible for determining whether the University is entering into a contract with a value of \$10,000 or more with a business entity in which a person has a substantial interest.

iv. The restrictions on entering into a contract in paragraph c(iii) do not apply if the person with the substantial interest does not participate in making or administering the contract and:

1. The contract results from a competitive sealed bid or a competitive request for proposals with specifications and criteria;
2. The contract is for goods or services sold or provided to the general public at a uniform price or is for goods on state contract sold to state agencies at a uniform price, unless the contract is prohibited by state law;
3. The contract is an employment contract with the dependent child or spouse of the President, the Vice President for Finance, a chancellor or chief finance officer or the dependent child of a member of the Board of Governors or a Board of Trustees and the employment is allowed under Section 300.4.2 of these policies;
4. The contract is with a bank or a public utility; or
5. The committee of the Board of Governors or of the relevant Board of Trustees designated pursuant to paragraph d(i) below finds that the contract is in the best interest of the University. Examples of when a contract might be in the best interest of the University include, but are not limited to, when it has financially advantageous terms, when the goods or services to be provided are

demonstrated to be unique, or when the contract is a continuation of a contract that was in effect before the person with the substantial interest became affiliated with the University.

v. If a person is an employee or agent of a business entity, the person shall not attempt to influence the University to enter into a contract with the business entity that employs or retains the person.

vi. A person shall not attempt to influence the administration of or payments under a contract between the University and a business entity in which the person has a substantial interest or between the University and the person's employer.

vii. No person shall disclose or use confidential information or information concerning economic development or technology research or development which the person received in his capacity as a board member or employee of the University for the person's financial gain.

viii. No person shall accept a gift or favor from a business entity, or the principal in a business entity, which has entered into a contract with the University within the past year, who currently has a contract with the University, or who intends to attempt to enter into a contract with the University if the person:

1. has or will prepare plans, specifications, criteria or estimates for the contract;
2. awards, approves, negotiates, or administers the contract; or
3. inspects or supervises the contract.

This paragraph does not prohibit the receipt of advertising items of nominal value, awards such as plaques or trophies, food served at professional meetings or banquets, or gifts from family members or personal friends when it is clear that the friendship extends beyond the business relationship.

ix. A person shall not represent, as attorney, agent, or trustee, a third party who has an adverse relationship with the University. A person shall attempt to dissuade a firm or business entity in which the person has a substantial interest from engaging in representation adverse to the University.

d. Procedures

i. The Chairman of the Board of Governors and each Chairman of a Board of Trustees shall designate a standing committee to determine whether a potential conflict is a permissible or impermissible activity and to make recommended findings as to whether this policy has been violated.

ii. Potential conflicts:

1. Any person who receives a report of a potential conflict shall forward that report to the chief finance officer of the institution that is or would be a party to the contract.

2. If the person with the substantial interest claims or the chief finance officer believes that the contract is permissible pursuant to paragraph c(iv)(1), (2), (3), or (4) above, the determination of whether the contract is permissible or impermissible may be made by the respective President or chancellor, or the President or chancellor may request that the designated committee make the determination. Any determination by the President or a chancellor shall be in writing and shall be a public record.

3. If the person claims that the contract is permissible pursuant to paragraph c(iv)(5) above, because the contract is in the best interest of the University, or if a chancellor or the President refers a conflict question to the committee, then the designated committee shall determine whether the proposed contract is a permissible or impermissible activity under this policy and shall enter its determination in the minutes of its proceedings.

4. If the person who has the potential conflict is a member of the designated committee, the person shall not participate in the deliberations of the committee,

other than to present the relevant facts to the committee, and shall abstain from voting.

iii. Allegations of conflict

1. If any person or any Senior Academic or Administrative Officer becomes aware or alleges that a person covered by this policy has violated this policy, the person shall report the alleged violation to the chancellor or President of the institution that is or would be a party to the contract.

2. The person who receives the allegation shall forward the allegation:

a. to the designated committee of the Board of Trustees or of the Board of Governors if the person alleged to have violated this policy is a member of that Board;

b. to the designated committee of the Board of Governors if the President is alleged to have violated this policy;

c. to the President if the person alleged to have violated this policy is a chancellor or the Vice President for Finance; or

d. to the respective chancellor if the person is a chief finance officer of that constituent institution.

3. If the person alleged to have violated the policy is the President or a member of a Board of Governors or of the Board of Trustees, then the designated committee will determine whether or not the policy has been violated. The chairperson of the designated committee will designate an individual to investigate the allegations and to make a report to the committee. After considering the report of the investigation and any response by the person alleged to have violated the policy, the committee shall make a determination as to whether the policy has been violated and, if so, a recommendation as to the appropriate sanction to the respective Board of Trustees or Board of Governors. The Board of Trustees or Board of Governors shall vote to affirm, reject, or modify the recommendation.

4. If the person who has the potential conflict is a member of the designated committee, the person shall not participate in the deliberations of the committee, other than to present the relevant facts and arguments to the committee on his own behalf, and shall abstain from voting.

5. A Board of Governors member, Board of Trustees member, or President who is alleged to have violated this policy is entitled to receive notice of the allegation, to be present to hear the report presented to the designated committee, and to inform the committee of any facts or arguments that demonstrate that he or she did not violate the policy.

6. If the Vice President for Finance, a chief finance officer or a chancellor is alleged to have violated this policy, that allegation will be investigated and acted upon in accordance with the procedures for disciplining, demoting, dismissing, or terminating the contract of employees of that position.

iv. The President will present this policy annually to the Board of Governors and will present it to new members at the beginning of their service. The chancellors will present this policy annually to their respective Boards of Trustees and will present it to new members at the beginning of their service.

e. Sanctions

i. If the Board of Governors or a Board of Trustees finds that one of its members has violated this policy, the Board may take one or more of the following actions:

1. Reprimand or censure the member;

2. Remove the person from any Board office the person holds or from any committee chairmanship or assignment; and

3. Report the violation to the entity that appointed the member.

- ii. If the Board of Governors finds that the President has violated this policy, the Board of Governors may discipline, demote or dismiss the President, as it deems appropriate.
- iii. If the President finds that the Vice President for Finance has violated this policy, the President may discipline, demote, or dismiss the Vice President, and shall report the violation and the action taken by the President to the Board of Governors.
- iv. If the President finds that a chancellor has violated this policy, the President may discipline the chancellor and report the action taken to the Board of Governors and the relevant Board of Trustees, or the President may recommend to the Board of Governors that the employment of the chancellor be terminated and that the chancellor be demoted or dismissed.
- v. If a chancellor finds that a chief finance officer has violated this policy, the chancellor may discipline, demote or dismiss the chief finance officer and shall report the violation and the action taken to the President and the Board of Trustees.
- vi. Pursuant to North Carolina law, any contract between the University and an entity in which a person has a substantial interest which was entered into in violation of state laws governing conflicts of interest is void.

The provisions of Section 5 are effective July 1, 2001. Initial disclosure forms will be filed on or before October 1, 2001. The provisions of paragraph c(iii) will apply to all contracts entered into after January 1, 2002. The Statement of Economic Interest replaces all disclosure forms due to be filed on or after July 1, 2007; the initial Statement of Economic Interest for people employed or in office on January 1, 2008, must be submitted to the Vice President for Finance by April 15, 2008.

200.5

Adopted 08/14/98

Replaced 05/14/04

Amended 09/08/05

Amended 09/09/16

Amended 12/15/17

Initiating and Settling Potential and Pending Litigation

By virtue of N.C.G.S. § 116-3, the capacity and authority to initiate litigation, as well as to settle potential and pending litigation, in the name of the University of North Carolina, and on behalf of the constituent institutions, lies exclusively with the Board of Governors. A constituent institution has no independent capacity or authority to initiate litigation or to settle potential or pending litigation in its own name or in the name of the University of North Carolina.

Potential or pending litigation may involve issues and claims that do not require the attention of the Board of Governors to approve their initiation or settlement. The Board of Governors therefore delegates the authority to initiate and settle potential and pending litigation only in the circumstances below:

I. A constituent institution may initiate litigation in the name of the University of North Carolina or the constituent institution if the amount in controversy is less than the jurisdictional amount for civil actions in superior court as set out in N.C.G.S. § 7A-243 upon the approval of the chancellor. The University of North Carolina may initiate litigation concerning issues that do not arise at a constituent institution, or that arise at more than one constituent institution, if the amount in controversy is less than the jurisdictional amount for civil actions in superior court as set out in N.C.G.S. § 7A-243 upon the approval of the president.

II. The Committee on University Governance may authorize the initiation of litigation in the name of the University of North Carolina if the amount in controversy is greater than the jurisdictional amount for civil actions in superior court, or if injunctive relief is sought.¹ A request to initiate litigation shall be made by the chancellor of a constituent institution, or by the request of the president for issues that do not arise at a constituent institution or that arise at more than one constituent institution. In an emergency, if a constituent institution or the University needs to seek an order from a court sooner than it is practical to call a meeting of the Governance Committee, the constituent institution or the University may initiate litigation on the authorization of the president or the senior vice president and general counsel of the University. The president or general counsel shall consult with the chair of the Governance Committee before authorizing the litigation if it is practical to do so. If emergency litigation is initiated without the authorization of the Governance Committee, the president, or the president's designee, shall inform the Governance Committee about the litigation at the Committee's next regular or special meeting.

III. If a settlement of potential or pending litigation involving a constituent institution or the University of North Carolina:

A. Is solely for monetary relief, and if the amount that the University of North Carolina is to pay pursuant to an agreement to settle the potential or pending litigation is less than \$75,000, or if the University is to receive a payment, and the amount claimed was less than \$75,000, then the chancellor of a constituent institution is authorized to approve the settlement. If a matter did not arise at a constituent institution or involves more than one constituent institution, the president is authorized to approve the settlement.

¹Pursuant to N.C.G.S. § 116-11(13), and notwithstanding *The Code* or any other Board of Governors policy, the Board of Governors has delegated certain authorities to the president of the University. See UNC Policy 200.6, *Delegation Authority to the President of the University*, adopted 11/13/06.

B. Is solely for monetary relief, and if the amount that the University of North Carolina is to pay is \$75,000 or greater, or if the University will receive a payment, and the amount claimed was \$75,000 or greater, then the Committee on University Governance is authorized to approve the settlement.²

C. Includes an agreement by the University, or one or more constituent institutions, to take, or refrain from taking, a specific action, and the agreement affects only the named parties in the litigation or parties reasonably anticipated to be named in potential litigation, such as actions that affect only named employees or students, then the president or the chancellor of the constituent institution may authorize the settlement agreement.

D. Includes an agreement by the University, or one or more constituent institutions, to take or refrain from taking a specific action which affects a group or class of people or which results in changing a University or constituent institution policy, procedure or regulation, then the Committee on University Governance is authorized to approve the settlement.

IV. The Committee on University Governance may refer a request to initiate or settle potential or pending litigation to the Board of Governors, in the committee's discretion. The president may refer a request to settle potential or pending litigation to the Committee on University Governance in the president's discretion. If the president makes such a referral, the Committee on University Governance is authorized to decide the matter, or it may make a recommendation to the Board of Governors.

V. Any settlement approved pursuant to Section III.B., or III.D., of this policy shall be reported to the Committee on University Governance and to the Board of Governors either in writing before the next regular meeting of the Board of Governors or at the next regular meeting of the Board of Governors after the settlement is finalized.³

VI. The University of North Carolina may appear as *amicus curiae* in a lawsuit or judicial proceeding only after receiving the approval of the Committee on University Governance. The Committee, in its discretion, may refer the question to the Board of Governors.

VII. A constituent institution, or a school or college of a constituent institution, may appear as *amicus curiae* in a lawsuit or judicial proceeding only after receiving the approval of the chancellor of the institution and after providing advance written notice to the president. Nothing in this section is intended to limit the ability of an individual University employee or group of employees to appear as *amicus curiae* in the individual's or employee group's name.

This policy applies to the University of North Carolina Health Care System, to the UNC Physicians and Associates, and to the ECU Medical Faculty Practice plan except as otherwise provided in Policy §§ 1200.4 and 1200.5 and except as otherwise provided by State law, including G.S. § 116-219 *et seq.*

The requirements of this policy shall be effective on the date of adoption by the Board of Governors. The foregoing policy is meant to supplement, and does not supplant or modify, those statutory enactments which may govern the initiation and resolution of legal claims. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

²See Footnote 1.

³See Footnote 1.

Free Speech and Free Expression Within the University of North Carolina

I. Purpose

Consistent with Article 36 of Chapter 116 of the North Carolina General Statutes, the Board of Governors adopts this policy to support and assist the constituent institutions of the University of North Carolina¹ in their continuing efforts to embrace the free speech and free expression rights of the members of their campus communities, and balance those rights with protections against unlawful activity. This policy supplements other University policies, regulations, and guidelines related to free speech and free expression.²

II. Statement of Commitment

As the nation's first public university, the University of North Carolina affirms its long-standing commitment to free speech and free expression for its students, faculty members, staff employees, and visitors under the First Amendment of the U.S. Constitution and Article 1, Section 14 of the North Carolina Constitution. The University and its constituent institutions protect and promote these freedoms, consistent with First Amendment jurisprudence.

The University's mission includes the transmission and advancement of knowledge and understanding, the pursuit of which is dependent upon the ability of our faculty and students to remain free to inquire, to study and to evaluate, to gain new maturity and understanding.³ The University supports and encourages freedom of inquiry for faculty members and students, to the end that they may responsibly pursue these goals through teaching, learning, research, discussion, and publication, free from internal or external restraints that would unreasonably restrict their academic endeavors.⁴ The University has explicitly stated that faculty and students of the University share the responsibility for maintaining an environment in which academic freedom flourishes and in which the rights of each member of the academic community are respected.⁵ Academic freedom has indeed been acknowledged by the Supreme Court as "of transcendent value to all of us" and "a special concern of the First Amendment, which does not tolerate laws that cast a pall of orthodoxy over the classroom."⁶ Through its policies, the University has expressly established that no employment decision or academic decision shall be based on the exercise of these constitutional rights.⁷

The General Assembly has recognized the University's commitment to upholding free speech and free expression, and has reinforced the importance of these rights as well.⁸ Through N.C.G.S. § 116-300, the General Assembly has affirmed that the primary function of the University of North Carolina and each of its constituent institutions is the discovery, improvement, transmission, and dissemination of knowledge by means of research, teaching, discussion, and debate. To fulfill this function, each constituent institution must strive to ensure the fullest degree of intellectual freedom and free expression. It is not the proper role of any constituent institution to shield individuals from speech protected by the First Amendment, including, without limitation, ideas and opinions they find unwelcome, disagreeable, or even deeply offensive.

¹ Because of the additional protections afforded to K-12 institutions under the First Amendment, the policy does not apply to the North Carolina School for Science and Math or to the University of North Carolina School of the Arts for its high school students or to any lab schools operated by a constituent institution. Even so, these institutions are expected to comply with Article 36 of Chapter 116 to the extent there is not a conflict with relevant First Amendment jurisprudence applicable to K-12 institutions.

² See, e.g., Sections 101.3.1, 300.1.1, 300.2.1, 700.4.2 of the UNC Policy Manual. See also Sections 601, 604, and 608 of *The Code*.

³ See *Sweezy v. New Hampshire*, 354 U.S. 234, 250 (1957).

⁴ Section 600(1) of *The Code*. See also Section 700.4.2 of the UNC Policy Manual.

⁵ Section 600(3) of *The Code*. See also Section 700.4.2 of the UNC Policy Manual.

⁶ *Keyishian v. Board of Regents, State Univ. of N.Y.*, 385 U.S. 589, 603 (1967).

⁷ See Sections 101.3.1, 300.1.1, 300.2.1, 700.4.2 of the UNC Policy Manual. See also Sections 601, 604, and 608 of *The Code*.

⁸ Article 36 of Chapter 116 of the North Carolina General Statutes.

III. University's Role in Public Policy Controversies

The University's role in supporting and encouraging freedom of inquiry requires assuring opportunities for the expression of differing views regarding many issues in multiple areas of study, research, and debate, including current political and social issues. The constituent institutions serve an essential role in encouraging and broadly protecting freedom of thought and expression. In support of the essential role universities hold, the constituent institutions may not take action, as an institution, on the public policy controversies of the day in such a way as to require students, faculty, or administrators to publicly express a given view of social policy.

IV. Free Expression at UNC Constituent Institutions, Including Access to Campus

Students, staff, and faculty have the freedom to discuss any problem that presents itself, as the First Amendment permits and within the limits of viewpoint- and content-neutral restrictions on time, place, and manner of expression that are necessary to achieve a significant institutional interest. The constituent institutions must assure that any such restrictions are clear, published, and provide ample alternative means of expression.

Students, staff, and faculty shall be permitted to assemble and engage in spontaneous expressive activity as long as such activity is lawful and does not materially and substantially disrupt the functioning of the constituent institution, subject to the requirements of this policy. A "material and substantial disruption" includes, but is not limited to, any or all of the following:

- A. Any action that qualifies as disorderly conduct under N.C.G.S. § 14-288.4;
- B. Any action that qualifies as a disruption under N.C.G.S. § 143-318.17;
- C. Any action in violation of a chancellor's designation of a curfew period pursuant to N.C.G.S. § 116-212;
- D. Any action that results in the individual receiving a trespass notice from law enforcement.

Access to campus for purposes of free speech and expression shall be consistent with First Amendment jurisprudence regarding traditional public forums, designated public forums, and nonpublic forums. Consistent with First Amendment jurisprudence, including any reasonable time, place, and manner restrictions adopted by a constituent institution, campuses of the constituent institutions are open to any speaker whom students, student groups, or members of the faculty have invited.

Even so, all real property on the campus of any constituent institution or UNC General Administration, including without limitation all campus grounds, buildings, facilities, stadiums, or other improvements, that is owned, leased, used, or otherwise controlled by the University or one of its constituent institutions ("University Property"), is dedicated for the specific purpose of furthering the educational, research, and/or service missions of the institution. Consistent with the First Amendment, many areas of University Property are not open for general public use. University Property is routinely utilized for institutional activities and events which can present safety and security issues for the institution. Therefore, all persons on University Property must abide by all applicable laws and regulations as well as policies of the constituent institution and the Board in order to further the missions of the institution and for the protection of the students, faculty members, staff employees and guests of the institution. Thus, a constituent institution may deny or condition entrance onto or into University Property or remove from the same, any person whose presence substantially interferes with or materially and substantially disrupts the institution's missions, including interfering with or disrupting the classroom environment, laboratory or research environments, or patient care environments, or any person who violates or refuses to comply with any Board or institutional policy or applicable law or regulation. Under no circumstances shall University Property be utilized to carry out unlawful activity.

V. Speech and Expression Not Protected by Policy

Except as further limited by this policy, constituent institutions shall be allowed to restrict speech and expression for activity not protected by the First Amendment under State or federal law, including but not limited to, all of the following:

- A. Expression that a court has deemed unprotected defamation.

- B. Unlawful harassment.
- C. True threats, which are defined as statements meant by the speaker to communicate a serious expression of intent to commit an act of unlawful violence to a particular individual or group of individuals.
- D. An unjustifiable invasion of privacy or confidentiality not involving a matter of public concern.
- E. An action that materially and substantially disrupts the functioning of UNC General Administration, a constituent institution, or any other unit or entity of the University, or that substantially interferes with the protected free expression rights of others.
- F. Reasonable time, place, and manner restrictions on expressive activities, consistent with N.C.G.S. § 116-300(4).
- G. Speech that interferes with the treatment of patients.

VI. Dissemination of Information About Institutional Policies

A. Information for Students. All constituent institutions of the University of North Carolina shall include in any new student orientation programs a section describing their institutional policies regarding free speech and free expression consistent with this policy and with Article 36 of Chapter 116 of the North Carolina General Statutes. Any information provided also should include the name and contact information of the institutional officer, office, or department with responsibility for ensuring compliance with this policy and for answering any related questions or concerns.⁹

The constituent institutions are required to periodically provide this same information to all students, including returning undergraduate students, transfer students, and graduate and professional students.

B. Information for Faculty and Staff. All constituent institutions of the University of North Carolina are required to periodically provide to faculty and staff information describing their institutional policies regarding free speech and free expression consistent with this policy and with Article 36 of Chapter 116 of the North Carolina General Statutes. Any information provided should also include the name and contact information of the institutional officer, office or department with responsibility for ensuring compliance with this policy and for answering any related questions or concerns.

C. Information for Outside Parties. All constituent institutions of the University of North Carolina are encouraged to make available to outside parties information describing their institutional policies regarding free speech and free expression consistent with this policy and with Article 36 of Chapter 116 of the North Carolina General Statutes. Any information provided should also include the name and contact information of the institutional officer, office, or department with responsibility for ensuring compliance with this policy and for answering any related questions or concerns.

VII. Consequences for Violation of Policy

The right to dissent is the complement of the right to participate in expressive activity, but these rights need not occupy the same forum at the same time. The constituent institutions are encouraged to work with students, faculty members, and staff employees to develop alternative approaches so as to minimize the possibility of disruptions and support the right to dissent.

A. Disciplinary Sanctions. UNC General Administration and each constituent institution shall implement and enforce a range of disciplinary sanctions, up to and including dismissal or expulsion, for anyone under the jurisdiction of UNC General Administration or the constituent institution who materially and substantially disrupts the functioning of UNC General

⁹ The additional duties of the identified responsible officer, office, or department are set forth in section VIII of this policy.

Administration, a constituent institution, or any other entity or unit of the University, or substantially interferes with the protected free expression rights of others.¹⁰

A “material and substantial disruption” or “substantial interference” is any action that qualifies under section IV of this policy. Such actions include protests and demonstrations that materially infringe upon the rights of others to engage in and listen to expressive activity when the expressive activity (1) has been scheduled pursuant to this policy or other relevant institutional policy, and (2) is located in a nonpublic forum. In determining whether an action is a “material and substantial disruption” or “substantial interference,” UNC General Administration or the constituent institution should consider the degree to which the disruptive activity impedes access to or from any scheduled institution events or the degree to which the activity impedes an audience’s ability to see and hear the expressive activity.

For example, when an expressive activity event is closed to the public, dissent by non-attendees should be limited to activity outside the event that does not impede access or departure from the meeting or substantially interfere with communication inside. When the event is open to the public, whether the dissenters’ actions constitute a substantial disruption or interference will depend upon whether the dissenter is inside or outside the event, and on whether the dissenter is acting before or after the event or during the event. However, it is a substantial disruption or interference for such dissent to interfere substantially with the free flow of traffic into or out of the event or to interfere substantially with the expressive activity.

Anyone who substantially interferes with acceptable forms of dissent is also considered in violation of this policy in the same way as a dissenter who violates the rights of the speaker or the audience.

1. Any University student, faculty member, or staff employee who is found to have materially and substantially disrupted the functioning of UNC General Administration, a constituent institution, or any other unit or entity of the University, or substantially interfered with the protected free expression rights of others shall be subject to a full range of disciplinary sanctions according to the appropriate disciplinary procedures for misconduct, including suspension, or, as appropriate, expulsion or dismissal. Any second finding of a material and substantial disruption or substantial interference shall presumptively result in at least a suspension as provided by the appropriate disciplinary procedures; however, the institution may impose a different sanction if warranted. Any third finding of a material and substantial disruption or substantial interference shall presumptively result in an expulsion of the student or dismissal from employment of the faculty member or staff employee; however, the institution may impose a different sanction if warranted.
2. Any guest or other individual on the campus who is alleged to have substantially disrupted the functioning of UNC General Administration or the constituent institution or substantially interfered with the protected free expression rights of others may be temporarily or permanently barred from all or part of the campus along with facing any other criminal charges, as determined by appropriate law enforcement authorities.
3. Any individual who disrupts a meeting of a public body, including University boards, may be temporarily or permanently barred from all or part of the campus or from future meetings of that public body, and/or may face criminal charges. If such individual is a student or faculty member or staff employee of the University, he or she shall also be subject to discipline according to the appropriate disciplinary procedures for misconduct by his or her constituent institution even if the disruption occurs at a meeting of a public

¹⁰ Any complaint about an outside disruption or interference should be communicated to the relevant UNC General Administration or campus administrator or disciplinary panel for review by the chair of the Board of Governors, the chair of the board of trustees, or the presiding or sponsoring officer of the meeting or event, as appropriate. This expectation does not limit or supersede UNC General Administration’s or the constituent institution’s ability to independently initiate any disciplinary review for a person under their jurisdiction.

body of a constituent institutions other than the institution which the individual is affiliated.¹¹

B. Procedural Safeguards for Students Involved in Expressive Speech or Conduct Disciplinary Cases.¹² In all student disciplinary cases where disciplinary action is proposed for materially and substantially disrupting the functioning of UNC General Administration, a constituent institution, or any other entity or unit of the University, or substantially interfering with the protected free expression rights of others, students are entitled to a disciplinary hearing under published procedures and UNC Policy Manual, Section 700.4.1, including, at a minimum:

1. The right to receive advance written notice of the charges;
2. The right to review the evidence in support of the charges;
3. The right to confront witnesses against them;
4. The right to present a defense;
5. The right to call witnesses;
6. A decision by an impartial arbiter or panel;
7. The right of appeal; and
8. The right to active assistance of counsel, consistent with N.C. G.S. § 116-40.11.

C. Procedural Safeguards for Faculty Members Involved in Expressive Speech or Conduct Disciplinary Cases. In all faculty disciplinary cases where a demotion, suspension, or dismissal is proposed for materially and substantially disrupting the functioning of UNC General Administration, a constituent institution, or any other entity or unit of the University, or substantially interfering with the protected free expression rights of others, faculty members are entitled to the procedural protections provided by Sections 603, 604, and 609 of *The Code*.

D. Procedural Safeguards for EHRA Non-Faculty Employees Involved in Expressive Speech or Conduct Disciplinary Cases.¹³ In all EHRA non-faculty disciplinary cases where a demotion, suspension, or dismissal is proposed for disrupting the functioning of UNC General Administration, a constituent institution, or any other entity or unit of the University, or substantially interfering with the protected free expression rights of others, EHRA non-faculty employees are entitled to the procedural protections provided by Sections 300.1.1, 300.2.1 of the UNC Policy Manual and any additional protections established by UNC General Administration or the constituent institution's relevant disciplinary and grievance policies.

E. Procedural Safeguards for SHRA Employees Involved in Expressive Speech or Conduct Disciplinary Cases. In all SHRA employee disciplinary cases where a demotion, suspension or dismissal is proposed for materially and substantially disrupting the functioning of UNC General Administration, a constituent institution, or any other entity or unit of the University, or substantially interfering with the protected free expression rights of others, SHRA employees are entitled to the procedural protections provided by the University SHRA Employee Grievance Policy and any State or institutional disciplinary policies.

VIII. Designation and Duties of Responsible Officer and/or Office or Department

A. Designation. Each constituent institution must identify the officer(s), office, or department with responsibilities for ensuring compliance with this policy and Article 36 of Chapter 116 of the North Carolina General Statutes ("Responsible Officer" or "Responsible

¹¹ Any complaint about an outside disruption or interference should be communicated to the relevant UNC General Administration or campus administrator or disciplinary panel for review by the chair of the Board of Governors, the chair of the board of trustees, or the presiding officer of the meeting, as appropriate. This expectation does not limit or supersede UNC General Administration's or the constituent institution's ability to independently initiate any disciplinary review.

¹² See also Sections 700.4.1 and 700.4.1.1[R] of the UNC Policy Manual.

¹³ Discontinuation of an at-will position is not considered disciplinary action under this policy, but may separately be covered by a constituent institution's grievance policy.

Officers”), and for answering any related questions or concerns from students, faculty members, staff employees, or others. The president or a chancellor of a constituent institution may choose to designate more than one Responsible Officer or to designate a Responsible Officer with Deputy Responsible Officers in other offices or departments as may best assist the constituent institution.

B. Training. Any officer(s) with these responsibilities will receive training on ensuring compliance. Such training will be developed and provided by the UNC School of Government.

C. Duties. Any officer(s) with these responsibilities shall be the primary point of contact for any student, faculty member, staff employee, or other individual’s questions or concerns about compliance with the law or policy or to assist with interpretation of the law or policy. The Responsible Officer(s) shall also coordinate any additional campus-based training or educational opportunities for students, faculty members, staff employees, or others on issues related to free speech and free expression.

In addition, the Responsible Officer(s) and/or appropriate office or department also may be designated by the chancellor to be the primary point of contact for any institutional information requested by the UNC Board of Governors Committee on Free Expression to meet its annual reporting requirements, including information related to:

1. Any barriers to or disruptions of free expression within the constituent institution;
2. The administrative handling and discipline relating to these disruptions or barriers, consistent with the federal and state confidentiality protections for personnel information and student education records¹⁴;
3. Any substantial difficulties, controversies, or successes in meeting the requirements of this policy, as described in section III, above; and
4. Any assessments, criticisms, commendations, or recommendations the committee sees fit to include.

Each chancellor or chancellor’s designee shall notify the senior vice president and general counsel of the Responsible Officer(s) and/or appropriate office or department and provide prompt notification of any changes in this designation.

IX. Other Matters

A. Effective Date. The requirements of this policy shall be effective on the date of adoption by the Board of Governors.

B. Relation to State Laws. The foregoing policies as adopted by the Board of Governors are meant to supplement, and do not purport to supplant or modify, those statutory enactments which may govern the activities of public officials.

C. Regulations and Guidelines. These policies shall be implemented and applied in accordance with such regulations and guidelines as may be adopted from time to time by the president.

¹⁴ See 20 U.S.C. § 1232g, 34 C.F.R. pt. 99, and Article 7 of Chapter 126 of the North Carolina General Statutes.

APPENDIX L

Institution	FY 2017-18 Base Budget	Projected Appropriation		Actual Appropriation		*Revised* Allocation Recommendation		Difference Between Original & Revised Recommendation
		(\$)	(% of Base)	(\$)	(% of Base)	(\$)	(% of Base)	
ASU	\$134,672,993	\$2,304,810	1.7%	\$870,758	0.6%	\$783,682	0.6%	(\$12,065)
ECU	\$284,809,750	\$3,995,826	1.4%	\$8,486,634	3.0%	\$7,637,971	2.7%	(\$117,585)
ECSU	\$29,154,712	(\$259,309)	-0.9%	\$148,478	0.5%	\$148,479	0.5%	\$12,790
FSU	\$52,116,162	\$1,466,474	2.8%	(\$1,650,432)	-3.2%	(\$1,366,698)	-2.6%	\$283,734
NCA&T	\$90,203,482	\$2,825,142	3.1%	(\$4,626,784)	-5.1%	(\$4,510,174)	-5.0%	\$0
NCCU	\$83,243,559	(\$1,049,215)	-1.3%	(\$2,052,901)	-2.5%	(\$1,699,976)	-2.0%	\$352,924
NCSU	\$407,648,050	(\$6,661,600)	-1.6%	(\$4,689,331)	-1.2%	(\$4,689,331)	-1.2%	\$0
UNCA	\$38,750,625	(\$207,225)	-0.5%	(\$742,138)	-1.9%	(\$614,553)	-1.6%	\$127,585
UNC-CH	\$438,974,151	\$5,379,096	1.2%	\$8,113,602	1.8%	\$7,302,242	1.7%	(\$112,417)
UNCC	\$226,376,692	\$15,251,241	6.7%	\$18,463,942	8.2%	\$16,617,548	7.3%	(\$255,824)
UNCG	\$150,156,774	\$10,543,014	7.0%	\$15,696,106	10.5%	\$14,126,496	9.4%	(\$217,475)
UNCP	\$53,715,428	(\$1,245,172)	-2.3%	(\$721,831)	-1.3%	(\$597,738)	-1.1%	\$124,094
UNCW	\$120,327,946	\$8,257,066	6.9%	\$12,208,074	10.1%	\$10,987,266	9.1%	(\$169,147)
UNCSA	\$30,424,499	\$697,947	2.3%	\$463,915	1.5%	\$463,915	1.5%	\$39,964
WCU	\$89,730,641	\$4,066,385	4.5%	\$5,537,736	6.2%	\$4,983,962	5.6%	(\$76,727)
WSSU	\$64,717,512	\$1,029,896	1.6%	(\$10,366,621)	-16.0%	(\$3,235,876)	-5.0%	\$0
NCSSM	\$20,959,212	\$176,736	0.8%	\$233,897	1.1%	\$233,897	1.1%	\$20,149
Total	\$2,315,982,188	\$46,571,112	2.0%	\$45,373,104	2.0%	\$46,571,112	2.0%	\$0



ANNUAL REPORT TO THE BOARD OF GOVERNORS
Committee on Personnel and Tenure
July 1, 2016 through June 30, 2017

DUTIES AND MEMBERSHIP

The major responsibilities of the Committee on Personnel and Tenure are: (1) to make recommendations to the Board on all personnel actions under the jurisdiction of the Board; (2) to review *The Code of the University of North Carolina*; (3) to review appeals from faculty members that involve tenure denial, non-reappointment, or a serious sanction (suspension, demotion, or discharge); (4) to act on compensation matters that exceed prescribed thresholds; (5) to act on compensation matters for the President's direct reports, including Chancellors and the CEO of UNC Health Care System; (6) to act on new or modified policy considerations regarding HR-related matters under the UNC Policy Manual; and (7) approving certain awards, such as the annual Excellence in Teaching Awards.

Board members who served on the committee during the fiscal year July 1, 2016, through June 30, 2017 were: Mr. R. Doyle Parrish, Mr. Walter Davenport, Mr. Steve Long, Mrs. Joan MacNeill, Mr. Temple Sloan, Mr. Craig Souza, Mr. G.A. Sywassink (through May 2017), and Mr. Darrell Allison (starting in May 2017). The committee officers were Mr. Parrish as Chair, Mr. Long as Vice Chair, and Mr. Sloan as Secretary. The Chancellors were James Anderson (FSU), Mary Grant (UNCA), Johnson Akinleye (Interim Chancellor, NCCU, starting in December 2016), and the late Chancellor Debra Saunders-White (NCCU, through November 2016).

ACTIONS

The committee met in thirteen (13) regular or special meetings between July 1, 2016 and June 30, 2017. The major actions of the committee and matters presented to the committee are summarized below.

HUMAN RESOURCES MATTERS

Salary Pre-Authorizations: In July 2016, acting on the committee's recommendation, the Board voted to amend Section 200.6 of the UNC Policy Manual to increase the president's authority to pre-approve salary increases at twenty-five percent (25%) and twenty-five thousand dollars (\$25,000). Increases exceeding those limits must continue to be pre-authorized by the committee. Following this policy change, the committee reviewed and pre-authorized a total of 7 EHRA Faculty and 10 EHRA Non-Faculty salary requests for the Fiscal Year.

Delegated Salary Actions: The committee also received reports on 36 EHRA Faculty and 23 EHRA Non-Faculty salary requests pre-authorized by UNC General Administration Human Resources pursuant to delegated authority under Section 200.6 of the UNC Policy Manual.

SAAO-Tier I Classification Requests: The committee approved a request to create or modify one (1) Senior Academic and Administrative Officer (Tier I) positions across the UNC system. Such requests will not be sent to the committee in the future; the ability to review and approve SAAO designations now

resides with the president. The president will consult with and report to the committee as needed or required.

Strategic Planning: Over the course of several meetings early in the fiscal year, the committee focused on its strategic goal: Excellent and Diverse Institutions (“EDI”). After the overall goal was defined and brainstormed, practical strategies were shared with our stakeholder groups. In October 2016, the committee crystallized their brainstorming on EDI into three concrete goals, and established the metrics it would use to measure them. This work was included in the final University Strategic Plan that was adopted by the Board. In May 2017, the committee received a follow-up report on the progress toward our goals from Mr. Matthew Brody, Vice President for Human Resources.

Annual Raise Process: In July 2016, acting on the committee’s recommendation, the Board delegated to the president the necessary authority to implement both the legislative salary adjustments and any one-time payments provided for in the Appropriations Act. The president then developed guidelines for an annual raise process for EHRA employees, in consultation with the committee.

Legislative Increase: In July 2016, the committee reviewed the requirements for a state-mandated across-the-board Legislative Increase for both SHRA and EHRA employees, as well as a state-mandated across-the-board one-time bonus, and the dissemination of merit-based bonuses from an aggregate 1% salary pool.

Chancellor Salary Actions: In July 2016, the committee approved salary increases for chancellors, as recommended by the president.

ORP Changes: In September 2016, acting on the committee’s recommendation, the Board voted to amend the Optional Retirement Plan (“ORP”) to allocate some excess plan revenue to ORP participants, as well as to continue to use a portion for reasonable and necessary plan expenditures. In November 2016, acting on the committee’s recommendation, the Board voted to increase the president’s delegation for the evaluation, selection, and removal of investment funds for the ORP.

FLSA Changes: From July through November 2016, the committee was updated on the proposed changes to the overtime rule of the Fair Labor Standards Act (FLSA), which was to be effective by December 1, 2016, and was to affect approximately 2,400 employees across the UNC system. The rule was ultimately delayed during the White House transition to a new President. No further actions related to the proposed changes occurred during this fiscal year.

Erskine B. Bowles Award: In January 2017, the committee awarded the annual Erskine B. Bowles Staff Service Award to Mr. Joe Rick, the Assistant Dean of Student Affairs and Director of Residential Life Programs and Housing at UNC School of the Arts.

Chancellor Contracts: The committee continued discussion from the previous fiscal year on the potential utilization of chancellor contracts. Both the committee and Board examined key concerns at the October and November 2016 meetings. As part of the discussion, the committee invited Buck Consultants (now known as Conduent HR) to provide an executive summary of the national landscape on this issue. The

committee also reviewed potential short- and long-term incentive compensation plans for chancellors, based on research done by Buck Consultants. Ultimately, the committee took no further action on chancellor contracts or other incentive compensation plans during this fiscal year.

Executive Performance Compensation Plan for the President: In March 2017, the committee approved an executive performance compensation plan for the president, which was required as a term and condition of her contract.

North Carolina Central University (NCCU) Chancellor Search and Appointment: Following the death of Chancellor Debra Saunders-White in November 2016, the committee received periodic updates on the national search for NCCU's next Chancellor. At a special meeting in June 2017, with the committee's vote, the Board of Governors elected Dr. Johnson Akinleye, NCCU's Interim Chancellor, as Chancellor Saunders-White's successor.

ACADEMIC MATTERS

Excellence in Teaching Awards: The committee is responsible for annually coordinating the Board of Governors' Excellence in Teaching Awards program. Each institution nominated candidates, who were approved by the committee in March 2017. Each Teaching Award recipient then was recognized with an engraved medallion and stipend check during their institution's spring commencement by the Board of Governors member in attendance.

Faculty Recruitment and Retention Fund: This fund was established by the General Assembly in 2006 to be used to recruit and retain key tenured and tenure-track faculty. At committee meetings throughout the year, Dr. Junius Gonzales, Senior Vice President of Academic Affairs, apprised committee members on the state of the fund. The annual Use of Funds Report was also presented to the committee in January 2017. Due to the decline in funding available, the use of the funds has been restricted to retention efforts only. Replenishing the Faculty Recruitment and Retention Fund remains a key priority of the Board.

Faculty Salary Study: In November 2016, the committee reviewed parameters for a planned faculty salary study to effectively analyze faculty salary competitiveness. Dr. Gonzales and Mr. Brody led a working group comprised of General Administration staff from HR, Finance, and Institutional Research. Periodic updates were scheduled throughout the fiscal year.

Faculty Appeals: During the course of fiscal year, subcommittees were convened to receive, review, and make recommendations on two (2) faculty appeals from constituent institutions for the committee's consideration and recommendation to the full Board.

Performance Review of Tenured Faculty: In May 2017, the committee received an annual update on the performance review of tenured faculty (also known as the post-tenure review). A total of 772 faculty were covered in the report, along with 10-year trends and other relevant data.