To: Mr. Steve Long
        Chair, Governance Committee
        UNC Board of Governors

From: Mr. Kieran Shanahan
        Chair, ECU Board of Trustees

Date: May 7, 2018

RE: Response to request for information from the Board of Governors Governance Committee

Thank you for allowing us the opportunity to provide input on ways that certain authorities that are currently exercised by the Board of Governors would be more appropriately exercised by boards of trustees. One of the areas with significant opportunities for improvement is the ***approval process for capital improvement projects.*** Three specific recommendations are provided below:

1.   Single approval for self-liquidated projects
Current situation:
Currently, the Board of Governors separately approves the self-liquidating capital project, the debt issuance for the project, the fees for the construction of the project, the fees for the operation and maintenance associated with the project, and the fees for the program associated with the project. That is 4 sets of approvals that may span several years. An example of a typical approval process for a large self-liquidated capital improvement project:

- Submit information, request and receive approval from BOG to plan the project. This step allows universities to plan and design the project. Proposed fees to construct and operate, maintain and program the project are estimated and submitted.
- Submit information, request and receive approval from BOG for full capital project authority. This step allows the university to bid and construct the project. Proposed fees to construct and operate, maintain and program the project are estimated and submitted.
- Submit information, request approval and receive approval from BOG to issue debt for the project.
- Submit information, request approval and receive approval from BOG for fees associated with operations, maintenance and programming of project

Proposed efficiency:
Board of Governor approval for all aspects of the project in one action, with no further approvals required unless the totality of allof the aspects of the project exceed the original approval by 5%-10%. Reducing the number of submissions and approval will reduce project execution time, better planning of fees, and potentially better interest rates and lower project cost.

If item #3 below is rejected, include the following working to item #1 above. "*with no further approvals required unless the totality of all of the aspects of the project exceed the original approval by 10%*"

2. **Delegate to the Chancellors approval of capital improvement projects with scope of up to $2M**

   Current situation:
   The BOG authorizes capital improvement projects (projects with scope greater than $300,000) funded by non-general funds, and do not create any additional financial responsibilities to the general fund.

   Currently universities in the system have delegation from the System Office to manage capital improvement projects with scope up to $2M.

   The System Office has estimated that approximately 70% of projects seeking BOG authority are projects under $2MThese projects are primarily smaller repair and renovation or strategic renovations for faculty recruitment or workplace efficiencies.

   Proposed efficiency:
   Delegate authority to the Chancellors to authorize capital improvement projects with scope of up to $2M.

   Given current deferred maintenance of the campus and lack of consistent and predictable funding for repair and renovation, this authority would allow Chancellors to maintain real property of the State by leveraging all available resources. This is a great tool that allows Chancellors to use all available funds to complete repair and renovation projects and take care of the campus physical assets or implement strategic renovations.

   Delegating this authority to the Chancellors will expedite execution of these projects. This is particularly beneficial considering that most of these projects are typically constructed during the summer to minimize impact to the academic mission of the institution. This proposal could also reduce project cost in cases that securing approval for the project may delay construction for one entire year.

   The System Office already delegated to the campuses the management of capital improvement projects with scope up to $2M.

   Chancellors will be required to report to the System Office all project approved under this delegation at the next meeting of the BOG.

3. **Delegate to the System Office authority to increase capital project authority by 10% on any project provided that non-general fund funding funds the increase of authority and the increase does not impose any additional financial responsibilities to the state.**

   Current situation:

The BOG has authority to approve increases of capital projects funded by non-general fund funds and do not create additional financial responsibility to the general fund, provided that the funding source for the increase is cash on hand.

The time line for cuing an item for BOG approval is between thirty and sixty days.

Proposed efficiency:
Delegate to the System Office authority to increase capital project authority by 10% on any project provided that the increase of authority is funded by non-general fund, cash on hand, and the increase does not impose any additional financial responsibilities to the state. The System Office will report to the BOG all authority increases at the next meeting of the BOG.

In general, request for increases of up to 10% are associated with changes in the cost of the work, specifically resulting from fine-tuning of project budgets as the design is refined or to reflect actual bid costs. In construction projects, time is money. Delaying execution of a project by thirty to sixty days might indeed increase project cost.

Thank you for including the ECU Board of Trustees in this process. We appreciate being given the opportunity to provide feedback on ways to increase efficiency while protecting the process. Please let me know if we can assist further.

ECSU

ELIZABETH CITY STATE UNIVERSITY

FOUNDED 1891

Memorandum

To: Steven Long, Chairman of the UNC Board of Governors
Committee on University Governance

From: Dr. Kim Brown, Chairman of the ECSU Board of Trustees

Date: April 13, 2018

Governor Chairman Long,

This comes in response to your request for Boards of Trustees to provide input on certain authorities that are currently exercised by the Board of Governors that may be more appropriately exercised by boards of trustees. You also expressed a willingness to receive input on any other related governance and authority considerations. To that end, we are requesting the following considerations by the Board of Governors:

1. **"The BOG has provided that any constituent institution may set admissions requirements that exceed minimums established by the BOG upon the approval of the BOT."**

   We request that the board of trustees be granted the authorization to extend the MAR Pilot program to continue to study its outcomes on student success.

   The Minimum Admission Requirement Pilot program was implemented by the BOG to study the impact of the ACT/SAT and GPA on student success. This program relaxed the ACT/SAT admission requirements and placed greater emphasis on a student's GPA.

   The university has been closely monitoring the matriculation of these students by compiling each cohort's average GPA, earned credit hours, retention rate, and persistence rate. We have also captured the county Tier designation and low income data for each student. This data is compiled in the attached Addendum.

   The data in the Addendum shows that ECSU students admitted under the pilot program on average have about the same or higher GPA than students admitted under normal minimum admission requirements. They have also earned the same or more credit hours taking the same classes as regular admits. The data also shows that students accepted into the pilot program have a higher persistence and retention rate than regular admits. Lastly, at least 84% or more of the students in each cohort are from Tier 1 and Tier 2 counties, which represent some of the most rural and low income areas of our state. The data also

shows that a majority of MAR Pilot students come from low-income families. For example, 83% or more of the students in two out of three cohort classes are low income.

Considering all of this data, a continuation of the MAR Pilot program will allow the BOG to continue to study the impact of the pilot program on student success, rural and low income students, and, if the program is extended, graduation rates. A key goal of the UNC System's Strategic Plan is to increase enrollment of low-income families, rural counties, and others who are underserved for any reason. Through a performance agreement tied to the UNC System's Strategic Plan, ECSU agreed to enroll more low income and rural students by 2021. Continuing this pilot program will assist the UNC System and ECSU in understanding how to provide access to underserved students and their likelihood of success at a school in the UNC System.

2. **"The BOG has established that every four years the president and the BOT shall conduct a comprehensive review of the chancellor's performance that will include major campus constituencies such as faculty, students, and staff."**
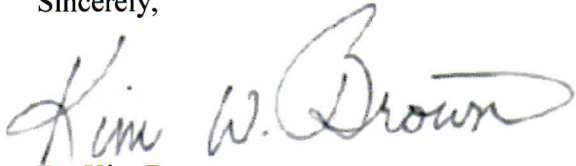
In addition to the four year comprehensive review of the chancellor's performance, we request a shorter non-comprehensive chancellor evaluation also be conducted annually by Boards of Trustees. Boards of Trustees work collaboratively with Chancellors to ensure the university's strategic plan is implemented and have direct knowledge of a chancellor's performance concerning the same. A shorter timeline to assess a chancellor's performance grants board members an opportunity to provide direct input on a chancellor's performance sooner and offers an opportunity for chancellors to make an adjustment if certain institutional goals are not achieved.

3. **"The chair of the BOT, in consultation with the president, shall establish a budget and identify staff for the committee. By statute, and as affirmed by the BOG, the BOT shall recommend an unranked slate of three names for consideration by the president in designating a nominee for the chancellorship for approval by the BOG, or return the slate to the search committee for further action."**

We request the chair of the Boards of Trustees, or his/her designee, serve as the chair of the chancellor search committee and that a slate of up to three candidate names be recommended by the Boards of Trustees to the President for consideration. If one of those names is not selected, we request the President return the slate back to the board of trustees with instructions for further action, as proscribed by the current policy. It is important the policy is clear that the chairman of the board spearheads chancellor searches as the chair of the search committee and that only up to three candidates be submitted by the BOT to the President. In our experience, the flexibility to submit only the top candidates is important for selecting a chancellor, and that slate, in some instances, may need to be less than three candidates. While recognizing this change in authority may require a legislative adjustment, we think this is critical for selecting the right leader using the experience of the BOT and their knowledge about the type of candidate the institution requires to be successful.

We thank you for the opportunity to provide input on the authorities and governance structure of the UNC System. We hope to continue this dialogue with you as we look for ways to continue to improve one of North Carolina's most important assets for educating of all its citizens.
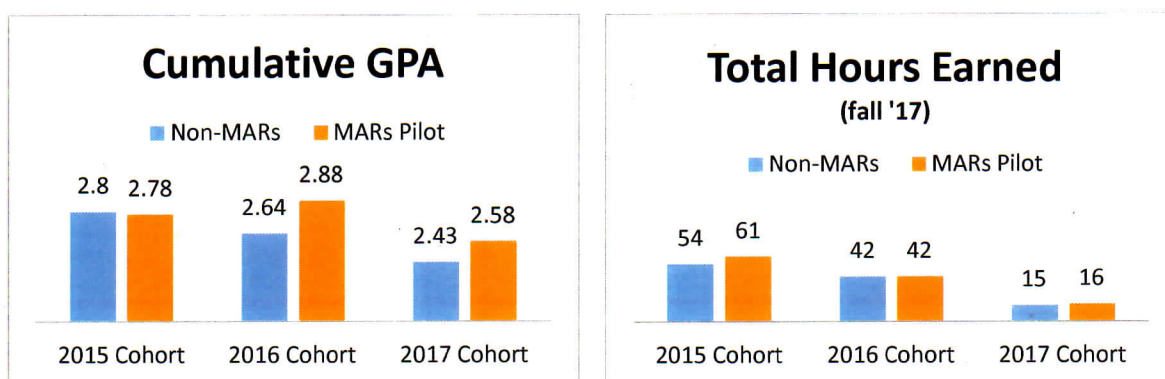
Sincerely,

Dr. Kim Brown
Chairman of the ECSU Board of Trustees

ADDENDUM

This addendum is intended to provide data about the performance of students enrolled in the Minimum Admissions Requirements Pilot program ("MARs Pilot") in comparison to students admitted under the current minimum admission requirements ("Non-MARs" or "regular admits"). The information contain herein provides data on the academic progress of students participating in the pilot program.

GPA & Earned Credit Hours

On average, ECSU students admitted under MARs Pilot have about the same or better GPAs than regular admits. They have also earned the same or more credit hours taking the same classes as regular admits. The data noted in the charts below provide a side-by-side comparison of the average GPA and credit hours earned, as of Spring 2018, between regular admits and MARs Pilot students.

Cumulative GPA

Non-MARs | MARs Pilot

Cohort	Non-MARs	MARs Pilot
2015 Cohort	2.8	2.78
2016 Cohort	2.64	2.88
2017 Cohort	2.43	2.58

Total Hours Earned
(fall '17)

Non-MARs | MARs Pilot

| Cohort	Non-MARs	MARs Pilot
2015 Cohort	54	61
2016 Cohort	42	42
2017 Cohort	15	16

Retention Rates

Retention rates measure the retention of students from their freshman to their sophomore year. In both the 2015 and 2016 cohort, the retention rates of MARs Pilot students is higher than regular admits. At the present time, 2017 cohort data is unavailable since students have not yet completed their freshman year. The chart below illustrates the comparison of the freshman to sophomore retention rates between regular admit students and MARs students.

Freshman to Sophomore Retention

2015 Cohort | 2016 Cohort

|	2015 Cohort	2016 Cohort
Cohort Total	67	73
MARs Pilot	68	75
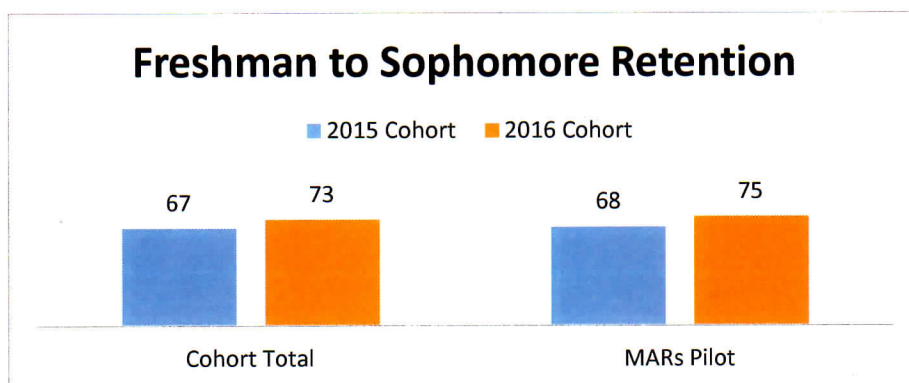
Persistence Rate

Persistence rates are another retention evaluation tool designed to track beyond the freshman to sophomore time period illustrated in the above section. As of Spring 2018, the 2015 cohort has been enrolled for 2 ½ years and the 2016 cohort has been enrolled for 1 ½ years. For both the 2015 and 2016 cohorts, the persistence rates of MARs Pilot students are higher than regular admits. The 2016 cohort has not been enrolled for more than a year. The chart below gives comparison data for MARs Pilot students and regular admits for the 2015 and 2016 cohorts.
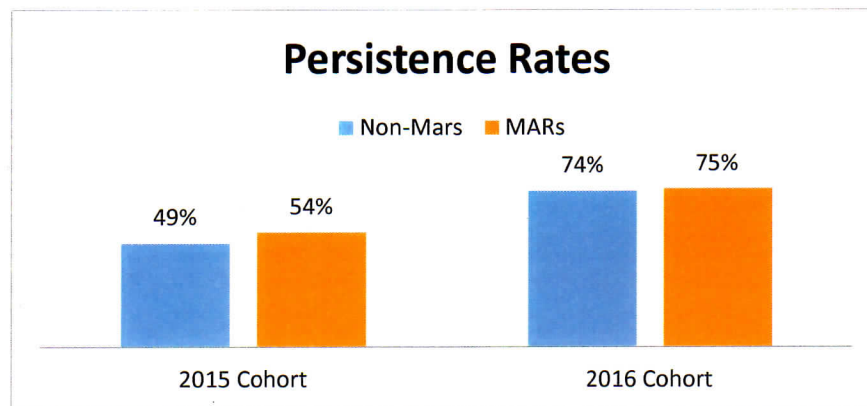
UNC System Strategic Plan & ECSU Performance Agreement
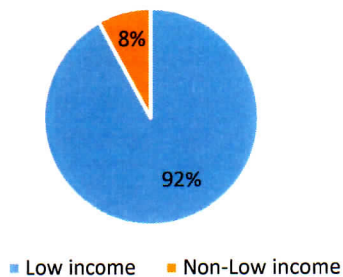
A. Access to rural students

A key goal of the UNC System's Strategic Plan is to increase enrollment of low-income families, rural counties, and others who are underserved for any reason. Through a performance agreement, ECSU has agreed that it will enroll 1,508 rural graduates, a 63.2% increase over 2016 levels (584 additional rural students over a base of 924) by Fall 2021. The data shows that the 84% or more of MARs Pilot students for every cohort are from Tier 1 and Tier 2 counties, which represent some of the most rural areas of our state.
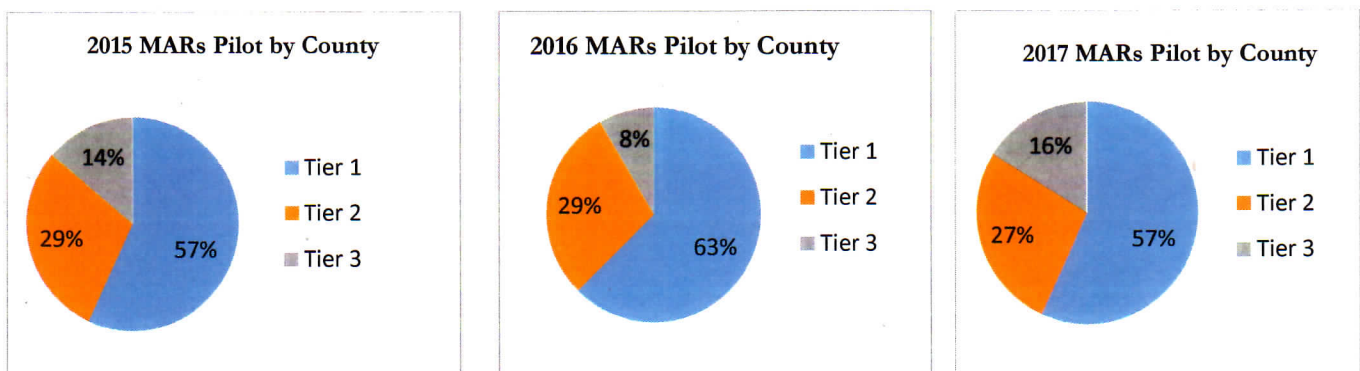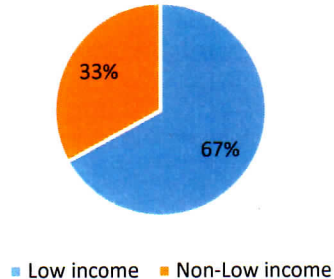
B. Access to low-income students

Another goal in the UNC System's Strategic Plan is to "increase enrollment of low-income students by 13% over fall 2015 levels (an average of 2% per year) to reduce the existing participation gap by at least half" by 2021. Through a performance agreement, ECSU agreed to "produce 399 low-income graduates, an increase of 67.6% (161 additional low-income completions over a base of 238)" by 2021-22. The data shows that 92% of the 2015 cohort and 83% of the 2017 cohort were from low income families. The 2016 cohort had 67% of its students from low income families.

2015 MARs Pilot Low Income	2016 MARs Pilot Low Income	2017 MARs Pilot Low Income

2015 MARs Pilot Low Income — 8% Non-Low income, 92% Low income
2016 MARs Pilot Low Income — 33% Non-Low income, 67% Low income
2017 MARs Pilot Low Income — 17% Non-Low income, 83% Low income

Legend: ■ Low income ■ Non-Low income
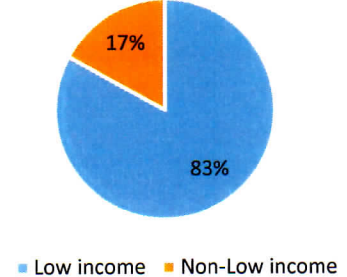
A continuation of the MAR Pilot program will help the system continue to analyze how we can best reach rural and low-income students to meet the goals set by the Board of Governors and as agreed to by ECSU.

FAYETTEVILLE STATE UNIVERSITY

Duties and Authorities of the Board of Trustees

On May 29, 2018, during its quarterly meeting of the Board of Trustees, the Fayetteville State University Board of Trustees held a conversation regarding the duties and authorities of the board of trustees, in response to the request from Mr. Steven Long, Chairman of the UNC Board of Governors' Committee on University Governance. Mr. Jodie Ervin, Chairman of the Board, conducted the discussion.

Out of this dialogue, the Board named two items they considered essential governance practicalities that would embolden their duty as a trustee. They are as follows:

- In the selection of a new Chancellor, the Board would like to have the authority to **rank** the slate of names that are sent forward for consideration by the President, with final approval by the Board of Governors.

- The Board of Trustees would request the opportunity to provide a liaison to the two new specific committees of the Board of Governors that serve the welfare of Historically Black Colleges and Universities (HBCUs). Those two committees are the Committee on HBCU's and the Committee on the Military/Veterans.

MEMORANDUM

To: Steven Long, Chairman of the UNC Board of Governors' Committee on University Governance

From: Timothy King, Chairman of the N.C. A&T Board of Trustees

Date: April 16, 2018

Re: **Memo on Duties and Authorities of Boards of Trustees**

As requested by your memo of February 8, 2018, members of the Board of Trustees at North Carolina Agricultural and Technical State University have evaluated the duties and authorities of the boards of trustees per the UNC System Code.

Regarding educational planning, policies, and programs, we recommend that the Board of Trustees have the authority to review and approve undergraduate and master's programs per UNC Policy Manual 400.1.1[R], Communication and Forms.

Regarding personnel and tenure, we recommend that the Board of Trustees have the final authority with regards to faculty discharge decisions per UNC Code 603, Hearings for Discharges and Serious Sanctions. We also recommend that the Board of Trustees have the final authority with regards to tenure denials per UNC Code 604 D. Review of Nonreappointment Decisions [tenure denials].

Regarding appointments to the Board of Trustees, we recommend that under Code 301 E the University Governance Committee give significant consideration to recommendations made by a campus Board of Trustees for new members to be appointed to it by the BOG.

Furthermore, we recommend that the Board of Governors seek to change legislation that requires salary increases above 5% or above $100,000 to be approved by the BOG per the amendment to Article 1 of Chapter 116 of the General Statutes.

Thank you for the opportunity to review and provide feedback.

Office of the Chancellor   Dowdy Administration Building   1601 East Market Street   Phone 336-334-7940
                                                                    Greensboro, NC 27411   Fax   336-334-7082
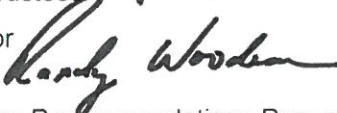
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Discover what's Central to you.

1) Personnel and Human Resources (Appendix 1(I)(A)(2)(b); Regulation300.2.4[R]): the BOT should be delegated the authority to   approve chancellors appointment, promotion and compensation recommendations for tenured faculty and senior administrative positions within BOG guidelines.

2) Capital [Appendix 1 (VI)]: the BOT authority should be increased from $50,000 to $100,000.

Board of Trustees

MEMORANDUM

TO: Steven Long, Chairman of the UNC Board of Governors' Committee on University Governance

FROM: Jimmy D. Clark, Chair, Board of Trustees

W. Randolph Woodson, Chancellor

SUBJECT: Response to University Governance Recommendations Request

DATE: March 27, 2018

In response to your memorandum dated February 8, 2018, the North Carolina State University Board of Trustees reviewed the authorities and responsibilities delegated to us at our February 16, 2018 and March 21, 2018 meetings. We appreciate the opportunity to provide the following recommendations. Ultimately, we believe that the UNC Board of Governors should be focused on increasing operational flexibility in order for Chancellors and Boards of Trustees to advance the attainment of strategic objectives as necessary and appropriate for each particular institution.

Personnel and Tenure

Personnel is one of the most fundamental components of any employer. Yet, even with management flexibility, and despite the Chancellors' and Boards of Trustees' fiduciary duty to act prudently in their recruitment and retention of personnel, Chancellors lack significant authority to manage their workforce. The bureaucratic overlays are redundant, unnecessary and inefficient without much added value. The impact is quite constraining and time-consuming to the Chancellor's ability to recruit, hire and retain EHRA professionals and faculty. In light of the current, highly competitive environment, and in order to recruit and retain a talented and diverse workforce for NC State and the state of North Carolina, we recommend the following:

- The Board of Governors should eliminate their approval authority completely so as to reduce the regulatory burden. This includes removing Board of Governors reporting and consultation requirements for all cumulative salary adjustments fiscal year-to-date of 5% or greater for salaries that are $100,000 or greater (or would become $100,000 or greater with the salary action), including permanent and temporary actions on permanent and temporary positions, and for new positions (permanent and temporary) with annual salaries of $70,000 or greater.
- Allow Chancellors to act as executives and approve new EHRA positions, salaries, raises, and other HR-related salary actions. The Board of Trustees should have oversight as fiduciaries.

Budget and Finance

Reducing budgetary restrictions will allow Chancellors to exercise their executive function and Boards of Trustees to exercise their fiduciary responsibilities for the benefit of the specific institution. The Board of Governors should set a clear fiscal policy and delegate authority to Boards of Trustees, recognizing that Boards and Chancellors know where funds could best be allocated during challenging financial times. This would provide flexibility for Boards and Chancellors to react to changed conditions or unexpected circumstances, promote efficiency, and ensure the highest and best use of funds. Specifically, we recommend the following actions:

- After providing overarching guidance, delegate annual approval of tuition and fees to the Board of Trustees.
- Increase permissible carry forward of funds to a minimum of 5%.
- Increase Board of Trustees' delegated authority to approve capital improvement projects.

Chancellor Selection

Each Board of Trustees remains uniquely situated to understand the needs and objectives of its institution and the leadership necessary to achieve its mission. As currently devised, the Board of Trustees recommends an unranked slate of 3 candidates for consideration by the President in designating a nominee for the chancellorship. Typically, following completion of the search committee's extensive interview process, the Board of Trustees has a single preferred chancellor candidate. Rather than forward an unranked slate of 3 candidates to the President, the Board of Governors should allow the Board of Trustees to nominate its preferred candidate to the President for consideration. The President and the Board of Governors would retain the authority to return the nominee to the Board of Trustees with instructions for further action.

Waiver Provision

In recognition that each of the UNC System's constituent institutions has different needs, the Board of Governors should allow the Boards of Trustees to request waivers from specific policies, regulations, and guidelines established by the Board of Governors and/or President. If the application of any of the requirements of the policies, regulations, or guidelines to a particular constituent institution in specific circumstances is of limited benefit or is unduly burdensome or another compelling justification, the President should be permitted to waive that requirement as to that specific constituent institution under circumstances that are set out in writing.

Thank you for the opportunity to review the current delegated authorities and responsibilities and provide recommendations.

cc: W. Louis Bissette, Jr., Chairman, UNC Board of Governors
        Margaret Spellings, President, University of North Carolina System
        Andrea Poole, Secretary of the University, University of North Carolina System

March 19, 2018

Steven Long, Chair
UNC Board of Governors' Committee on University Governance

Re: Request for Information by UNC Board of Governors' Committee on University Governance

Dear Mr. Long,

Regarding your memo of February 8, 2018 to UNC System Boards of Trustees' Chairs and Chancellors, we appreciate the opportunity to respond to your request for feedback regarding the duties and authorities of the NCSSM Board of Trustees.

In response to your request, the NCSSM Board of Trustees Executive Committee held two special called meetings on February 14, 2018 and February 28, 2018 respectively. During these meetings, the Executive Committee identified areas to which we would like to respond. Additionally, the full Board of Trustees and NCSSM administrative team were invited to offer feedback during these meetings and via email.

During the March 16, 2018 NCSSM Board of Trustees meeting, the full board approved our response, which identifies two areas for which we recommend that the Board of Trustees be given greater authority:

1. Ability to approve salary increases of 5% or more for employees making more than $100,000.

2. Greater authority for approving capital and repair and renovation projects.

Again, thank you for the opportunity to share our feedback and recommendations with you and with the full Committee on University Governance. We look forward to your response and to providing more information if needed.

Best regards,

Thomas J. Williams, Ed.D
Chair, NCSSM Board of Trustees

J. Todd Roberts, Ed.D
Chancellor, NCSSM

MEMORANDUM

To: Steven Long, Chairman of the UNC Board of Governors' Committee on
           University Governance

From: Julia Grumbles, Board of Trustees
           Richard Stevens, Board of Trustees
           Carol Folt, Chancellor

Subject: UNC-Chapel Hill's Response to Delegation of Authority Survey

Date: April 20, 2018

Thank you for the opportunity to respond to your memorandum dated February 8, 2018, in which you asked our Board of Trustees and Chancellor to respond to questions regarding university governance and to provide feedback to your committee. We appreciate your and the Board of Governors' interest in seeking this feedback and looking for ways to work better together for the benefit of the University of North Carolina System and its constituent institutions. We have identified issues in the following two topical areas: (1) Personnel and Tenure and (2) Budget and Finance.

Personnel and Tenure

When enacting the 2017-19 state budget (SB 257), the General Assembly included a provision that requires the Board of Governors (the "Board") to monitor nonlegislative annual employee salary increases in the amount of five percent (5%) or more granted at constituent institutions (i) to employees having annual salaries of $100,000 or greater or (ii) that would result in an annual employee salary of $100,000 or greater. The provision further provides that such increases not become effective unless or until it is reported to the Board by a consultation that includes the justification for the increase or otherwise complies with consultation requirements adopted by the Board (see Sec. 35.24, SB 257). We acknowledge that under current law the Board could not delegate this monitoring requirement to the Board of Trustees; however, the process of consultation and approval is creating certain hardships regarding retention efforts due to these new requirements. We wanted to raise this issue for your awareness and would appreciate the opportunity to discuss how we can both work within the confines of this legislative directive to minimize inefficiencies and potential risk to faculty and staff retention efforts.

<u>Budget and Finance</u>

We have identified the following issues for your consideration within the areas of Budget and Finance:

1.   Approval Process for Capital Improvement Projects

       a. Single approval by Board of Governors for self-liquidating projects.

          <u>Current Policy</u>: Chapter 600.1.1 of the UNC Policy Manual provides that the Board of Governors separately approves the self-liquidating capital project, the debt issuance for the project, the fees for the construction of the project, the fees for the operation and maintenance associated with the project, and the fees for the program associated with the project. That is 4 sets of approvals that may span several years. Here is an example of the current typical approval process for a large self-liquidating capital improvement project:

- Submit information, request and receive approval from the Board of Governors to plan the project. This step allows universities to plan and design the project. Proposed fees to construct and operate, maintain and program the project are estimated and submitted. <u>See</u> N.C. Gen. Stat. § 143C-8-12.
- Submit information, request and receive approval from the Board of Governors for full capital project authority. This step allows the university to bid and construct the project. Proposed fees to construct and operate, maintain and program the project are estimated and submitted. <u>See</u> N.C. Gen. Stat. § 143C-8-12.
- Submit information, request approval and receive approval from the Board of Governors to issue debt for the project. <u>See</u> UNC Policy Manual, Chapter 706.
- Submit information, request approval and receive approval from the Board of Governors for fees associated with operations, maintenance and programming of project. <u>See</u> UNC Policy Manual, Chapter 706.

          <u>Recommended Policy Change</u>: Option I: Board of Governors approves all aspects of the project in one action, with no further approvals required; OR Option II: After the approval of the Board of Governors to plan, delegate the remainder of the approval process to the Board of Trustees unless the totality of the project exceeds the original approval by 5% or 10% (an increase above this amount would need to go back to the Board of Governors for approval).

          Reducing the number of submissions and approval requests will reduce project execution time, allow for better planning of fees, and potentially secure better interest rates and lower project costs.

b. Increase delegation of approval authority to the Board of Trustees for capital improvement projects from $300,000 to $2 million.

Current Policy: Section 600.1.1(B) of the UNC Policy Manual provides that projects below $300,000 may be approved at the campus level, projects between $300,000 and $500,000 may be approved by the President, and projects above $500,000 must be approved by the Board of Governors. Current practice is that the Board of Governors approves all projects above $300,000 (although campuses do have delegated authority to manage capital improvement projects up to $2 million).

The System Office has estimated that a large percentage of projects seeking Board of Governors approval are projects under $2 million. These projects are primarily smaller repair and renovation or strategic renovations for faculty recruitment or workplace efficiencies.

Recommended Policy Change: Delegate authority to the Board of Trustees to authorize capital improvement projects with scope of up to $2 million, with the Board of Trustees reporting to the System Office all projects approved under this delegation of authority. Given current deferred maintenance of the campuses and lack of consistent and predictable funding for repair and renovation projects, this authority would allow campuses to maintain real property of the State by leveraging all available resources. This is a great tool that allows campuses to use all available funds to complete repair and renovation projects and take care of the campus physical assets or implement strategic renovations.

Delegating this authority to the Board of Trustees will expedite execution of these projects. This is particularly beneficial considering that most of these projects are typically constructed during the summer to minimize impact to the academic mission of the institution. This proposal could also reduce project cost in cases that securing approval for the project may delay construction for one entire year.

c. Delegation of approval authority to the Board of Trustees or to the System Office to increase capital project authority by up to 10% on any non-general fund project that does not impose any additional financial responsibilities on the state.

Current Policy: The Board of Governors has authority to approve increases of capital projects funded by non-general fund funds that do not create additional financial responsibility to the general fund, provided that the funding source for the increase is cash on hand. The time line for cuing an item for Board approval is typically between thirty and sixty days.

Recommended Policy Change: Delegate to the System Office or to the Board of Trustees authority to increase capital project authority by 10% on any project provided that the increase of authority is funded by non-general fund funds, cash on hand, and the increase does not impose any additional financial responsibilities to the state. The System Office or Board of Trustees would report to the Board of Governors all authority increases prior to the next regularly scheduled meeting of the Board of Governors.

In general, request for increases of up to 10% are associated with changes in the cost of the work, specifically resulting from fine-tuning of project budgets as the design is refined or to reflect actual bid costs. Because time is money with construction projects, delaying execution of a project by thirty to sixty days can lead to increased project costs.

2.   Delegation of Approval Authority to the Board of Trustees for Acquisition or Disposition of Real Property at Certain Thresholds.

Current Policy: Chapter 100.1, Appendix 1 Section VI(a) to the UNC Policy Manual delegates approval authority to the Board of Trustees to directly obtain necessary state approvals without first obtaining Board approval for interests in real property valued at less than $50,000.

Recommended Policy Change: Increase the delegated authority from $50,000 to $500,000 to directly obtain necessary state approvals. The strategic decision to acquire or dispose of an interest in real property is most governed by the university's physical master plan. Master planning is a delegated responsibility to the Board of Trustees. Increasing the valuation amount will allow for more efficient and strategic decision making while still requiring all the necessary approval from appropriate state officials and agencies.

3.   Delegation of Authority to the Board of Trustees Regarding Advertising Requirements for Leases.

Current Policy: Chapter 600.1.3.1[R], Section IV(A)(2) of the UNC Policy Manual provides "For leases that have an annual cost of more than $50,000 per year, formal, advertised, written proposals shall be obtained…The campus property office shall place a public advertisement in the legal notice section of a newspaper of general circulation in the county where the lease shall be located and in other public electronic media available to the campus or UNC General Administration."

Recommended Policy Change: Revise threshold for advertising to $100,000. The commercial real estate market does not typically pay attention to advertising

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in a newspaper. The regulations should steer the process to use typical market mechanisms to control costs, such as circulating RFPs to landlords who have appropriate space that meets the needs of a given client after a market survey has been completed. Additionally limit publication to electronic media available to the campus or the UNC System Office. Each advertisement costs approximately $400 and we do not receive responses as a result of the advertisement.

4.   Delegation of Authority to the Board of Trustees Regarding Acquisition or Disposition of Real Property by Lease Transactions.

Current Policy: Chapter 600.1.3.1[R], Section I(D) provides the following delegated authority and approval limits:

Required Clearances for the Acquisition and Disposition of Real Property by Lease Transaction Using Delegated Authority									
Lease Annual Value	Initial Term	Campus Property Review Committee	VC Business Affairs	Chancellor or Designee	BOT	President or Designee	BOG	Dept. of Admin.	Council of State
<=$150,000 (1)	<= 10 years	x	x	x					
150,001 to 350,000 (2)	<= 10 years	x	x	x	x				
350,001 to 500,000 (3)	<= 10 years	x	x	x	x	x			
>$500,000 (4)	<= 10 years	x	x	x	x	x	x		
Any Amount	> 10 years				x		x	x	x

Recommended Policy Change: Increasing annual lease values as follows (see number in chart above):

(1) From $150,000 TO $200,000
(2) From $150,000 to $350,000 TO $250,001 to $500,000
(3) From $350,001 to $500,000 TO $500,001 to $750,000
(4) From $500,000 TO $750,000

UNC-Chapel Hill currently has eight leases in its portfolio where the current annual rent is over $500,000. Three of these are over $1,000,000. The increased thresholds proposed here would give flexibility to the campus as it negotiates larger leases. The leases would still be reported to the Board of Governors and to the Department of Administration.

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5. Clarify UNC System Policies Governing Real Estate Management.

Current Policy: There are a number of instances in the existing Policy Manual that are not clear as to what is expected during the course of managing real estate transactions and whether approval lies with the Board of Governors or with the Council of State. Providing clarity, rather than express delegation, would be helpful.

a. Chapter 100.1, Appendix 1 Section VI of to the UNC Policy Manual contains provisions that appear to be in conflict with threshold approvals contained in Chapter 200.6 I(D)

   i. Chapter 100.1.VI

Paragraph	Threshold	Approver	Real Estate Interest
a	<$50,000	BOT	Does not specify type of interest
b	$50,001 - $150,000	President may approve	Only leases
b	$50,001 - $250,000	President may approve	"acquire real property"

   ii. Chapter 200.6 (D) – Delegation of Authority to President

Paragraph	Threshold	Length	Real Estate Interest	Subject to:
D.1.	$50,000 - $350,000 annual rental	Up to 5 years	Lease	DOA and COS
D.2.	No mention	Up to 10 years	Disposition or Acquisition Lease	Without approval of DOA and COS
D.3	$50,001 to $499,999	No mention	Interest in real property	No mention of DOA or COS

Recommended Policy Change: Review the provisions for potential conflicts and provide more clarity regarding the lines of authority and approval between the Council of State and the Board of Governors (or their designees) as well as the threshold approval levels. This clarification, if warranted, would assist the campus in seeking appropriate approvals for real estate management issues.

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March 27, 2018

Dear Governor Long,

Thank you for giving the UNC Asheville Board of Trustees the opportunity to provide feedback on current governing authorities. During our most recent board meeting on February 23, our trustees engaged in thoughtful conversation surrounding the questions posed in your memo. This letter serves as a collection of their thoughts and suggestions.

On the subject of authorities and responsibilities that could be delegated from the Board of Governors to boards of trustees, leasing and acquisition of real property was mentioned several times. Your memo indicates that certain campuses have greater authority regarding transactions to acquire or dispose of real property by lease if the lease term is less than 10 years. It would seem that an equal authority could be granted across all system campuses. Additionally, the Board of Governors could delegate a portion of that leasing authority under specific circumstances (e.g. smaller dollar amounts and shorter terms) without the need to elevate a lease issue to the System Office or Council of State. Increasing the threshold to acquire or dispose of real property from $50,000 to $100,000 would give campuses more flexibility and efficiency.

Additional suggestions include allowing individual campuses the right to grant in-state residency status for athletes, allowing that all student conduct appellate rights end at the campus level, and providing instruction on tuition and fees earlier in the year to allow enough time for our campus level process.

Finally, our trustees suggest that the Board of Governors fully disclose the authorities and responsibilities of our board of trustees while talking with prospective trustee candidates. Because each university is not its own entity, but rather part of an encompassing system, the board of trustees serves in a largely advisory role. Prospective board members should know that they will not establish budgets, spending targets, or select new leadership – as this is ultimately under the Board of Governors' purview. The inability for trustees to serve in this governing capacity may make a difference in a prospective candidate's desire to serve.

Thank you again for providing the framework for this important discussion, and for collecting these suggestions from the various institutions. I am happy to discuss any of these points for further clarification, and look forward to our continued work together.

Sincerely,

Kennon Briggs
UNC Asheville Board Chair

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Office of the Chancellor

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April 19, 2018

Mr. Steven B. Long
Chair, UNC Board of Governors' Committee on University Governance
910 Raleigh Road
P.O. Box 2688
Chapel Hill, NC 27514

Dear Mr. Long:

The UNC Charlotte Board of Trustees discussed University governing authorities at its regular meeting on April 18, 2018. Per your directive, our review of the governing authorities was focused on: Board of Governors (BOG) authorities that are more appropriate for Boards of Trustees (BOT) to exercise; BOT authorities that are more appropriate to be exercised elsewhere; and, other recommendations related to the goverance structure of the University. Please accept this letter as UNC Charlotte's collective written response relative to BOG authorities that are more appropriate for BOTs to exercise and other recommendations related to the governance structure of the University. Please note that we do not have any recommendations relative to current BOT authorities at this time.

BOG authorities that are more appropriate for BOTs to exercise

1. **Capital improvement projects funded from non-appropriated funds**
   Recommendations: Although our recommended actions would require approval by the General Assembly, we hope that the BOG would seek approval to: (1) Delegate authority to the BOTs or Chancellors to approve capital improvement projects funded from all sources for amounts up to $1 million (up from current authority of $300,000); and (2) Allow general funds for capital improvement projects to carry over from one fiscal year to the next if the funds are obligated by an executed construction contract.

   Rationale: A large percentage of projects seeking Board of Governors' approval are smaller repair and renovation projects or strategic renovations for faculty recruitment or workplace efficiencies, and are for amounts under $1 million. Given the deferred maintenance of the campuses' physical plants and the lack of consistent and predictable funding for repair and renovation, delegating authority to the campuses would allow the campuses to maintain real property of the State by strategically leveraging all available resources.

The ability to carry over funds to the next fiscal year allows for more efficient use of funds. This is particularly beneficial considering that most of these projects are typically constructed during the summer to minimize impact to the academic mission of the campus. This proposal could also reduce the likelihood of construction projects being delayed while attempting to secure project approvals. To ensure accountability, campuses could be required to report to the System Office or BOG all projects approved under this delegation of authority.

2. **Authority to approve increases of capital projects**
Recommendation: Delegate authority to the BOTs to increase capital project authority by 10 percent on any project, provided that the campus has identified the necessary funding.

Rationale: These requests are typically associated with changes resulting from fine-tuning project budgets due to design refinement and actual bid costs differing from proposed costs. The current timeframe for submitting an item and securing the Board of Governor's approval is between 30 and 60 days; delaying a construction project by 30 to 60 days may result in increased project costs.

3. **Academic program establishment**
Recommendation: Delegate authority to the BOTs to approve the planning of academic programs, with notification given to the System Office.

Rationale: The BOG has not denied a request for the planning of an academic program submitted by the campuses in recent history. Decisions to approve the planning of academic programs should continue to be made in accordance with the planning parameters set forth by UNC Policy 400.1.1[G] and the Southern Association of Colleges and Schools Commission on Colleges. Approval by the BOTs, with notification to the System Office, will still ensure that the campuses have exercised due diligence in their decision-making processes and are aligned with the System's overall strategic direction, while streamlining the process. The BOG would retain authority to approve or reject proposals for the establishment of a new academic program.

4. **Academic program discontinuation**
Recommendation: Delegate authority to the BOTs to approve the discontinuation of academic programs, with notification given to the System Office.

Rationale: The BOG has not denied a request to discontinue an academic program in recent history. Decisions to discontinue academic programs should continue to be made in accordance with the planning parameters set forth by UNC Policy 400.1.1[G] and the Southern Association of Colleges and Schools Commission on Colleges. Approval by the BOTs, with notification to the System Office, will still ensure that the campuses have exercised due diligence in their decision-making processes and are aligned with the System's overall strategic direction, while streamlining the process.

5. **Institutional mission statement revisions**
Recommendation: Delegate authority to the BOTs to approve the revision of mission statement revisions, with notification to the President.

Rationale: The BOTs have the authority to approve campus strategic plans, which incorporate the mission of the campuses. As such, the BOTs are more actively involved in and informed about the strategic direction and therefore the appropriateness of changes to the mission statement. To ensure

alignment with the System's strategic direction, the campuses should notify the President, with he or she able to seek the advice of the BOG or to reject the proposed changes.

6. **Appellate review of certain actions and decisions involving faculty**
Recommendation: Delegate authority to the BOTs to conduct final appellate review of faculty disciplinary and non-reappointment actions.

Rationale: The BOTs have final appellate review authority for faculty tenure and promotion actions, while the BOG has the final appellate review authority for faculty disciplinary actions. The BOG appellate reviews of disciplinary actions are on the same grounds as the BOT appellate reviews, resulting in a duplicative due process step, which often adds additional months before final resolution. Appeals for non-reappointment actions bypass the BOTs, flowing from the Chancellors to the BOG. However, the timeline for appeals to be heard by the BOG again adds months to the process, when the BOTs are well prepared to hear these appeals, as they have final appellate authority for other actions.

7. **Appellate review of certain actions and decisions involving students**
Recommendation: Delegate authority to the BOTs to conduct appellate review of student expulsions.

Rationale: The BOTs have final appellate authority for student suspensions while the BOG has final appellate authority for expulsions. The BOG appellate reviews of disciplinary actions are on the same grounds as the BOT appellate reviews, resulting in a duplicative due process, which often results in additional months before final resolution. The BOTs are well prepared to hear these appeals, and we support the draft policy making this change to Section 502(D) of *The Code*.

Other recommendations related to the governance structure of the University

1. **Acquire or dispose of real estate at certain thresholds**
Recommendation: Increase the BOTs' authority to approve a proposal to acquire or dispose of an interest in real estate up to $500,000 (from $50,000).

Rationale: The BOTs currently have the delegated authority to acquire or dispose of an interest in real property up to $50,000 and then proceed to obtain the necessary approvals from appropriate state officials and agencies, without first obtaining the approval from the BOG. The BOTs have delegated authority for master planning, and strategic decisions to acquire or dispose of an interest in real property are typically aligned with the University's physical master plan. Increasing the BOTs' authority will allow for efficient and strategic decision-making with all the necessary approvals from appropriate state officials and agencies.

2. **Approval structure for self-liquidating projects**
Recommendation: Combine multiple approvals for self-liquidating projects into a single approval.

Rationale: The BOG currently approves self-liquidating capital projects in four separate approvals: advanced project planning; capital project authority; debt issuance; and, approval of fees associated with operations, maintenance, and programming. The required submissions for the four sets of approvals are as follows:

- Submit information, request and receive approval from the BOG to plan the project. This step allows universities to plan and design the project. Proposed fees to construct and operate, maintain and program the project are estimated and submitted.
- Submit information, request and receive approval from the BOG for full capital project authority. This step allows the campus to bid and construct the project. Proposed fees to construct and operate, maintain and program the project are estimated and submitted.
- Submit information, request approval and receive approval from the BOG to issue debt for the project.
- Submit information, request approval and receive approval from BOG for fees associated with operations, maintenance and programming of project

The submissions for approval typically span several years; combining the number of submissions will result in project efficiencies by reducing project execution time, allowing for better planning for fees, and potentially more favorable interest rates.

3. **Consultation with the BOG to create any new position where the associated budgeted salary is $70,000 or greater.**
Recommendation: Although our recommended action would require approval by the General Assembly, we hope that the BOG would seek approval to eliminate the requirement that campuses must consult with the BOG to create any new position where the associated budgeted salary is $70,000 or greater.

Rationale: This recent requirement has resulted in increased administrative burden and has lengthened the hiring timeline. To date, UNC Charlotte has submitted 21 requests for new positions with salaries in excess of $70,000. The additional time that this approval process has added to the hiring process has spanned from one week to three months, with most cases averaging two to three weeks. Additional time to the hiring process may cause the University to potentially lose top candidates in a competitive market. Likewise, grant funding may be negatively impacted if associated positions are not filled in a timely basis. Respectfully, the BOG does not possess the necessary information or contextual perspective to know whether a new position is required or not. Recognizing the intent of this requirement, we believe that existing reporting structures ensure accountability, including the quarterly salary increase report (this contains increases for all employees, faculty and staff) and, as part of the management flexibility report, a listing of all newly created EHRA IRPS positions. Additionally, all salary data are loaded in HR Datamart, which is updated monthly thus allowing the System Office access to this data between reporting periods.

4. **Consultation with the BOG for all cumulative salary adjustments fiscal year-to-date of 5 percent or greater for proposed salaries that are $100,000 or greater.**
Recommendation: Although our recommended action would require approval by the General Assembly, we hope that the BOG would seek approval to eliminate the requirement that campuses consult with the BOG for all cumulative salary adjustments fiscal year-to-date of 5% or greater for proposed salaries that are $100,000 or greater.

Rationale: This recent requirement has resulted in reduced administrative efficiencies by lengthening the approval process and duplicating the salary adjustment review processes that occurs on campuses and the System Office, and has the potential of negatively impacting the campuses' ability to retain existing highly qualified staff, particularly those whose salaries are

below market or those who are being promoted through competitive externally posted searches. Of particular concern is the potentially disparate treatment of existing employees currently earning $100,000 or more whose new adjusted salaries represent a five percent or more increase over their current salary. This has negatively impacted employee morale when these and other employees perceive this as unfair treatment of high quality, loyal employees who are trying to progress through the system.

The Chancellors have the authority to approve salary adjustments up to 20% and $15,000 for any salary adjustment, including promotion, retention, reclassification, salary equity, labor market, or permanent additional duties. In exercising that authority, UNC Charlotte implements a thorough process to assess the appropriateness of these salary increases. Further, any salary adjustment above those limits are subject to the review of the President, who is authorized to approve salary adjustments of any amount resulting from promotions on competitive externally posted searches and changes in faculty rank, and salary adjustments up to 25 percent and $25,000 for increases due to promotions on internally posted searches and waivers of recruitment, retention, reclassification equity, labor market, and permanent additional duties.
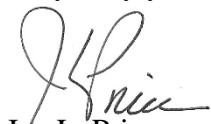
5. **Approval of changes in plans for Endowed Chairs for Selected Distinguished Professors**
   Recommendation: Delegate authority to the Chancellors to approve amendments in plans to Distinguished Professorship plans.

   Rationale: University Policy 600.2.3 requires that when vacancies in endowed chairs occur, the chancellors must consult with the BOTs and then recommend to the President any admendments to the approved plan. This process creates an administrative burden on staff, as well as lengthens the timeline to approve the amendments and fill the position. We propose that chancellors be delegated the authority to approve the amendments, contingent on the approval of the donor(s) who made private contributions to establish the endowment fund.

We thank you for your ongoing support of UNC Charlotte and the opportunity to participate in this process. Please do not hesitate to reach out should you have any questions regarding our recommendations.

Very truly yours,

Joe L. Price
Chair

UNCG
CELEBRATING 125 YEARS OF
OPPORTUNITY & EXCELLENCE

Chancellor's Office

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DATE: April 16, 2018

TO: Steven Long
        Chairman, Committee on University Governance
        University of North Carolina Board of Governors

FROM: Brad Hayes, Chair, UNCG Board of Trustees

CC: Franklin D. Gilliam, Jr., Chancellor
        Andrea Poole, Secretary of the University, University of North Carolina System

RE: Request for Input from Memo on delegated authority dated February 8, 2018

We appreciate the opportunity to share with the Committee on University Governance our thoughts and suggestions regarding current duties and authorities of the University's boards of trustees. After much thought and consideration of UNCG's existing delegated management flexibility status, the Board of Trustees of The University of North Carolina at Greensboro respectfully submits the following.

Capital, Finance & Budget

One of the areas with significant opportunities for improvement is the approval process for capital improvement projects. Three recommendations are provided below:

1. Single approval for self-liquidated projects

Currently, the Board of Governors separately approves self-liquidated capital projects, and then the debt issuance for the approved project, the fees for the construction of the project, the fees for the operation and maintenance associated with the project, and the fees for the program associated with the project. As such, four sets of approvals are required and can span several years. An example of a typical approval process for a large self-liquidated capital improvement project follows:

- UNCG submits proposed, estimated fees to construct, operate, maintain, and program the project and requests approval of the same from the BOG. If approved, this step allows universities to plan and design the project.
- UNCG again submits proposed, estimated fees to construct, operate, maintain, and program the project and requests full capital project authority from the BOG. If approved, this step allows the university to bid and construct the project.

- UNCG submits information, requests approval, and receives approval from the BOG to issue debt for the project.
- UNCG submits information, requests approval, and receives approval from the BOG for fees associated with operations, maintenance, and programming of project.

Proposed efficiency: Reducing the number of required submissions for staggered approval will reduce project execution time, allow for better planning of fees, and potentially lead to better interest rates and lower project costs. Two options for doing so:

Option I: Streamline the process to provide for BOG approval for all aspects of the project in one action, with no further approvals required.

Option II: After initial approval by the BOG allowing the university to plan the project, to then delegate the remainder of the approval process to the BOT, unless the totality of all of the aspects of the project exceed the original approval by 5%-10%.

2. Delegate to the Board of Trustees or to the Chancellors approval of capital improvement projects with a scope of up to $2M

The BOG currently authorizes capital improvement projects (those with a scope greater than $300,000) if they are funded by non-general funds and do not create any additional financial responsibilities to the general fund. However, system institutions currently have delegated authority to manage capital improvement projects with a scope up to $2M. The System Office has estimated that a large percentage of projects seeking BOG authority are projects under $2M. These projects are primarily smaller repair and renovation or strategic renovations for faculty recruitment or workplace efficiencies.

Proposed efficiency: Delegate authority to the Chancellors to authorize capital improvement projects with scope of up to $2M.

Given current deferred campus maintenance and lack of consistent and predictable funding for repair and renovation, this authority would allow Chancellors to take full advantage of the delegated <$2M capital improvement project management authority and to maintain state-owned real property by leveraging all available resources to complete repair and renovation projects, take care of campus physical assets, and/or implement strategic renovations.

In addition, delegating this authority to the Chancellors will expedite execution of these projects. This is particularly beneficial considering that most of these projects are typically constructed during the summer to minimize impact to the academic mission of the institution. This proposal could also reduce project costs in cases where securing approval for the project may delay construction for one full year.

As part of this delegation, individual institution boards or Chancellors would be required to report to the System Office all projects approved under this delegation at each successive BOG meeting.

3. Delegate to the System Office or Board of Trustees conditional authority to increase capital project authority by 10% on any project

The BOG currently has authority to approve increases of capital projects that are funded by non-general fund monies and that do not create additional financial responsibility to the general fund, provided that the funding source for the increase is cash on hand. The time-line for queing an item for BOG approval is between thirty and sixty days.

In general, requests for increases of up to 10% are associated with changes in the cost of the work, specifically resulting from fine-tuning of project budgets as the design is refined or to reflect actual bid costs. In construction projects, time is money. Delaying execution of a project by thirty to sixty days might indeed increase project cost.

Proposed efficiency: Delegate to the System Office or to the Board of Trustees authority to increase capital project authority by 10% on any project, subject to the same provisions currently applicable to the BOG's authority. The System Office or BOT will report to the BOG all authority increases at the next meeting of the BOG.

4. Acquire or dispose of real property at certain thresholds

The BOG has delegated to the BOT authority to authorize a proposal to acquire or dispose of an interest in real property that is valued at less than $50,000, and to proceed to obtain the necessary approvals from appropriate state officials and agencies, without first obtaining the approval of the BOG.

Proposed efficiency: Increase the threshold in this authority range from less than $ 50,000 to less than $ 500,000.

The strategic decision to acquire or dispose of an interest in real property is mostly governed by the university's physical master plan, and master planning is the delegated responsibility of the BOT. Increasing the amount will allow for efficient and strategic decision making while still requiring all the necessary approvals from appropriate state officials and agencies.

Educational Planning, Policies, and Programs

1. Academic program discontinuation

Currently, constituent institutions may recommend discontinuation of an academic degree program, but authority to discontinue lies solely with the Board of Governors (BOG) based on a biennial review process. Because the approval cycle requires at least one meeting, ample time is needed for completion of this process.

Proposed efficiency: Given that an individual institution has the information necessary to determine when demand is no longer sufficient to run an academic program, delegation of the authority to make these determinations to the Boards of Trustees will streamline the process, thereby improving each institution's ability to assist currently-enrolled students with completing their academic requirements and/or provide an alternative way for these students to complete their program of study.

3. Institutional mission statement revisions

Proposed efficiency: Instead of delegating this authority on an institution-specific basis, make this delegation to Boards of Trustees system-wide.

Personnel and Tenure

1. *Coach or Athletic Director contracts that contain non-standard elements*

Proposed efficiency: Instead of delegating this authority on an institution-specific basis, make this delegation to Boards of Trustees system-wide.

2. *Salary ranges set by the President for SAAO-I and SAAO-II, and EHRA Professional positions*

Proposed efficiency: Instead of delegating this authority on an institution-specific basis, make this delegation to Boards of Trustees system-wide.

3. *Salary Actions*

Per recent policy, all cumulative salary adjustments fiscal year-to-date of 5% or greater for proposed total salaries that are $100,000 or greater, whether for EHRA or SHRA employees, must be submitted for consultation by the BOG, including permanent and temporary salary actions as well as those resulting from competitive events. The creation of any new position with a budgeted salary of $ 70,000 or greater must likewise be submitted for consultation with the BOG.

In today's competitive labor market, public universities must compete to retain talent with out-of-state or private institutions with greater flexibility and/or resources. The ability to move quickly with autonomy is essential, and this salary action policy hinders that ability.

Proposed efficiency: Recommend to the Legislature that Chancellors and Boards of Trustees be granted greater discretion by increasing these parameters. This will enable system institutions to make timely, competitive offers to attract and retain the talented faculty and staff critical to preserving and strengthening the excellence and diversity that are hallmarks of the UNC System.

4. Appellate review of certain campus actions and decisions involving faculty

Currently, The Code Section 603 DUE PROCESS BEFORE DISCHARGE OR THE IMPOSITION OF SERIOUS SANCTIONS, specifically under subpart (10), states that when a tenured faculty member appeals a decision of his/her Chancellor to the Board of Governors (*i.e.* outside of the constituent institution), "the Suspension shall be exceptional and shall be with full pay." Thus, the institution is forced to continue paying a suspended faculty member even after the faculty member has received due process in the form of institution-level appeals to both the Faculty Due Process Committee and the Chancellor. This payment is also mandated to continue even though the timeline for review by the Board of Governors is out of the institutions' control, and may vary greatly depending on the scheduled meetings of the BOG and the complexity of the matter.

Proposed efficiency: Eliminate the mandate in Section 603 (10) that the suspension be "at full pay" once the faculty member's appeal has gone outside of an institution following the final decision of the Chancellor. If the faculty member is ultimately successful in his/her appeal to the BOG, then back pay may be in order, but this would remove the incentive that currently exists for faculty members to continue appealing matters to the BOG in all cases.

University Governance

1. Initiation and settlement of litigation and pending litigation in circumstances where that authority has not otherwise been delegated

Proposed efficiency: Instead of delegating this authority on an institution- or circumstance-specific basis, make this delegation to Boards of Trustees system-wide in all matters under a threshold to be determined.

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Pembroke, NC 28372

UNIVERSITY *of* NORTH CAROLINA
PEMBROKE

Board of Trustees
Office: 910.775.4593
Fax: 910.775.4069

April 20, 2018

Mr. Steven Long, UNC Board of Governors'
    Committee on University Governance, chair
910 Raleigh Road
P.O. Box 2688
Chapel Hill, NC 27514

Dear Governor Long,

Thank you for the opportunity to participate in the discussion of university governance and delegation of authority. As per your memo dated February 8, 2018, the UNC Pembroke Board of Trustees reviewed the list of governing authorities currently exercised by the Board of Governors. During our meeting on February 16, the full Board discussed this memo and what action would be taken. Upon consensus, the Board agreed that the Chancellor's Cabinet should review the list of current duties and authorities that accompanied your memo and provide their feedback. Thereafter, the Board received feedback from various campus constituents.

On April 13, the Board considered the final draft of the recommendations, attached hereto as "Attachment A," to be submitted for consideration by the Board of Governors' Committee on University Governance. Following some discussion, the Board reached a consensus regarding its response to your request.

Therefore, on behalf of the UNC Pembroke Board of Trustees, and upon its approval, I submit to you our recommendations for delegation of governing authorities to boards of trustees and/or chancellors.

Sincerely,

Dr. James Jones
Chairman, Board of Trustees

Cc: Dr. Robin Gary Cummings, Chancellor
       Mr. Joshua D. Malcolm, General Counsel and Asst. Secretary to the Board of Trustees

UNCP Response to BOG Steve Long Memo

Duty / Authority	Description	Original Authority
GS 143-64.34. and Policy manual 600.1.1	Approval for projects less than $500,000 be delegated to the campus, either to BoT or the Chancellor. Currently, we fully administer projects less than $300,000 on campus. Projects over $300K up to $500K must have approval by the system President. In practice, the requests go to BoG. A similar argument could be made for projects under $2M to go to the President (but I don't think BoG will turn loose of the control of projects of this magnitude.)	The UNC Policy Manual 600.1.1
Remove the special legislative provision for BOG salary monitoring. Section 35.24 of the Current Operations Appropriations Act	Remove the special legislative provision for BOG salary monitoring and assign to BOT or Chancellor approval only, specifically all cumulative salary adjustments fiscal year-to-date of 5% or greater for salaries that are $100k or greater (or would become $100k or greater with salary action) (which currently must have advance reporting and consultation of the BOG, includes permanent & temporary actions on permanent & temporary positions)	G.S. 116 - 17.3
Remove the special legislative provision for BOG position monitoring. Section 35.24 of the Current Operations Appropriations Act	Remove the special legislative provision for BOG monitoring and assign for Chancellor approval only (specifically advance reporting and consultation with BOG required for establishing new positions (temporary or permanent) budgeted at $70k or more)	G.S. 116 - 17.3

UNIVERSITY OF NORTH CAROLINA

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Michael D. Tiemann, Chair
Board of Trustees

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April 20, 2018

Mr. Steven Long, Esq.
Chairman: Committee on University Governance
UNC Board of Governors
910 Raleigh Road
Chapel Hill, NC 27517

Dear Governor Long,

On behalf of the Board of Trustees ("BOT") of the University of North Carolina School of the Arts ("UNCSA"), we thank you for your Memorandum of February 8, 2018, and appreciate the invitation to: a) respond to your committee's inquiries regarding Board authorities and responsibilities with our considered suggestions and accompanying rationale; and b) participate meaningfully in the deliberative process through further discussion with the Board of Governors ("BOG") on Wednesday, May 23, 2018.

In summary, our suggestions at this time concern the determination of tuition and fees; appellate review of student expulsions; and decision-making authority over salary increases exceeding the 9.9% threshold, as more fully set out below.

As part of our study of whether or how changes in authorities could serve the University of North Carolina System's ("UNC System") strategic priorities, we:

- Examined our recommendations from the perspectives of the Strategic Plans of the BOG and UNCSA respectively;
- Reflected on how to enhance efficiencies and reduce redundancies in better achieving our combined objectives measured within the rubric of consistency (facilitating recognition of the fundamental value of the UNC System's brand), efficiency (maximizing that value), and enterprise risk management (sustaining that value against internal and external threats);
- Maintain an abiding belief that the system of checks and balances is a robust mechanism for finding and maintaining strong common ground among multiple governing agencies;
- Reviewed the schedules and agendas of meetings providing UNCSA with opportunities to responsibly engage with the BOG and how the allocation of time and executive resources advances, or does not advance, the progress of these committees, their priorities, and the overall attainment of the System's strategic initiatives.

Additionally we reviewed the draft report from the Boston Consulting Group, which proposed the creation of five Strategic Priority Committees, aligned with the System's Strategic Objectives.

We are deeply mindful of the fact that the size and structure of the BOG mandates that fewer Governors handle higher workloads, and we balance that reality against the imperative for efficient and effective alignment between the work that the BOG must do, and the work that each of the Boards of Trustees, system-wide, can do. Accordingly, our suggestions arise from combined objectives, practicalities, and deep experience. They have been tested in the crucible of day-to-day immersive management by executive staff and engagement of the BOT.

Recommendation: We believe the BOG should provide to the BOT ranges within which to work when determining tuition and fees for subsequent academic years and the authority to set tuition and fees within the ranges.

> Rationale: Our BOT remains highly engaged with our students, and is well attuned to how specific services and fees enable, or frustrate, the goals we have set forth in our strategic plan. Having the authority to make specific decisions for our unique cases will free up time and resources to better focus on larger issues relevant to the BOG's strategic priorities.

Recommendation: We believe that it would be in the best interest of the BOG to finalize appellate review of student expulsions after review and final decision by the BOT, rather than by the BOG.

> Rationale: All student appeals, except for expulsions, are final at the BOT level. While the sanction of expulsion is the most serious of all, the BOG establishes the standards for procedural and substantive due process for all campuses in UNC Code 502D and BOG Policy 700.4.1, and campus general counsel are available to advise campus administrators and the BOT at every stage of the process. Moreover, BOG Regulation 700.4.1[R] provides a student with the absolute right to an attorney or non-attorney advocate to represent them in all disciplinary or conduct hearings and appeals, except for allegations of academic dishonesty. These safeguards for due process and consistent application of uniform standards, ensure the integrity of the process without the need for BOG review.

Recommendation: Within the realm of Human Resources and the approval of EHRA salaries (excepting SAAO Tier 1 employees), Chancellors at the individual institutions should be empowered to make the final call on salary increases that are warranted over the 9.9% threshold if funds are available for the increase.

> Rationale: This will give the Chancellors the true authority to act as CEOs of their institutions, thereby lightening the load of a smaller BOG and enabling it to dedicate time and energy to system-wide goals, objectives and policy.

We commend Chairman Bissette and President Spellings for beginning the discussion at the dinner they hosted last October and for encouraging further discussion during the ensuing Board of Trustees' Workshop in November. Thank you and your Committee on University Governance for your study of this matter and for requesting our input on this important subject. We believe delegating specific additional authorities to the BOT will result in greater consistency, greater efficiency, and better risk management for our own institution, as well as for the UNC System as a whole. We respectfully submit the foregoing for your consideration, stand by to assist in any way that we can be of service, and look forward to further discussion at the May 23rd meeting, as well as at any time before or after that date.

On behalf of the UNCSA BOT, I am

Sincerely yours,

Michael Tiemann

Michael Tiemann
Chair, UNCSA Board of Trustees

Cc: Mr. Lindsay Bierman, Chancellor
     Dr. David English, Executive Vice Chancellor and Provost
     Mr. Jim DeCristo, Vice Chancellor for Economic Development and Chief of Staff

Mr. Charlie Leffler, Vice Chancellor for Finance and Administration
Mr. David Harrison, General Counsel
Ms. Erna Womble, Secretary of the Board of Trustees
Ms. Amanda Balwah, Secretary of the University

In response to the memorandum from Mr. Steven Long, Chairman of the Committee on University Governance of the UNC Board of Governors, the UNCW Board of Trustees is appreciative of the opportunity to suggest the following considerations regarding delegations and distribution of authority, recognizing that legislative action may be required in some instances:

1. Reinstate delegation of authority to the Chancellor to undertake repair and renovation projects under $1,000,000, with funds available to the university, which do not revert at the end of the fiscal year.

2. Delegate authority to the Board of Trustees for the acquisition or disposition of real property by lease, up to $150,000, with authority delegated to the Chancellor, up to $50,000.

3. Restore the previously existing delegation of authority to the Board of Trustees and from the Board of Trustees to the Chancellor for salary increases of less than $15,000 or less than 20%, including employees whose resulting salaries would exceed $100,000; restore the Chancellor's authority to create positions with salaries that exceed $70,000.

4. Authorize the boards of trustees and chancellors of the constituent institutions to carryforward operating funds, up to 10% of their total general funds.

5. Provide authority for the boards of trustees, either as a whole or for those constituent institutions that apply for such authority, regarding the setting of tuition and fees, within guidelines and parameters established by the General Assembly and the Board of Governors.

6. Authorize the Board of Trustees, through the Chancellor, to submit requests for approval by the Board of Governors to exceed the 18% cap on non-resident students in the freshman class, in advance of the recruitment and enrollment of that class.

MEMORANDUM

To: Mr. Steve Long
        Chairman of the UNC Board of Governors' Committee on University Governance

From: Ms. Pat Kaemmerling
        Chairperson of the Western Carolina University Board of Trustees

Re: Request for Campus Trustee Feedback on Delegated Authorities/Responsibilities

Date: April 16, 2018

This memorandum is the Western Carolina University Board of Trustees' response to questions presented in the February 8, 2018 memorandum from Steve Long, Chairman of the UNC Board of Governors' Committee on University Governance (*Long Memo*).

1. **What specific authorities or responsibilities does your board of trustees feel would be more appropriate for the board of trustees to exercise instead of the Board of Governors and why?**

   A. Academic Program Discontinuation: Decisions regarding program discontinuation are best made on the campus of the constituent institution by the local Board of Trustees (*BOT*) rather than with the University of North Carolina Board of Governors (*BOG*). The constituent institution's BOT in consultation with campus academic leadership are in the best position to judge local and regional demand and the long-term viability of a program, which also places them in the best position with regard to discontinuation of a program.

   B. Naming of School within an Institution: Naming of a school within an institution can and/or should be based on a variety of factors, all of which are best determined at the campus level and would be best served if approval was by the campus BOT. Naming opportunities are invariably based on a campus-level relationship, whether it is a donor relationship or some other special affiliation. While naming should be a responsibility of the BOT of the constituent institution, it may be appropriate and helpful for the BOG to formulate a broad policy or general practices governing the process that could ensure consistency across campuses and provide a final level of mediation in the event of disputes or complaints.

C. <u>Approval of compensation increases for all EHRA (excluding chancellor) and SHRA positions that exceed campus-based authority under existing BOG policy</u>. Western Carolina University, in order to stay competitive with regard to salary and benefits in our region, must, at times, make compensation offers that exceed campus-based salary approval authority as it is currently defined by BOG policy. Any delay and/or denial of a competitive salary offer can result in the loss of a qualified applicant for employment. Campus BOT have a better campus level perspective on organizational structure, job scope, and competitive demands. Increased flexibility will allow us to compete better regionally in the recruitment and retention of top talent.

D. <u>Institutional Mission Statement Revisions</u>: Each constituent institution's BOT should have the authority to undertake routine revisions of its mission statement without the approval of the BOG. For example, campus mission statements currently include the specific number of doctoral programs and references to specific off-campus instructional locations, all of which are subject to change. A revision to update these types of references do not result in a substantive change to the institution's fundamental mission and off campus approval by the BOG is an unnecessary bureaucratic hurdle. Routine changes such as a simple word change or edit should be able to occur at the campus level with BOT approval. That said, any substantive or directional change that may result from a change in an institutional mission statement revision should gain the approval of the BOG.

2. **Are there any authorities or responsibilities exercised or decisions made by your board of trustees that you feel would be more appropriately exercised elsewhere (with the chancellor, president, or Board of Governors)?**

The WCU-BOT believes that powers and oversight related to political activities, such Policy 300.5.1 – Adopt Political Activities Policy; 300.5.2 – Approve Certain Petitions for Candidacy and Office Holding; and 200.1 – Avoid and Adjudicate Dual Memberships and Conflicts of Interest, should be returned to the BOG. It would be helpful for the constituent institution's BOT to have limited or no power/authority to advise an employee (or other covered individual) who may be known to them personally and wishes to run for or be appointed to elected office.

3. **Is there anything else related to the governance structure of the University that your board would like to share with us?**

The WCU-BOT respects the need for BOG oversight of capital and operating funds; capital improvement projects from non-appropriated funds; property transactions in excess of a certain monetary amount; lease transactions in excess of a certain monetary amount; real estate transactions (acquisition and disposition) as well as litigation settlements in excess of a certain monetary amount. However, it would benefit Western Carolina University if the monetary amounts associated with each were significantly increased to allow flexibility in acquiring property through purchase or lease, capital improvements, and in the settlement of litigation.

An approach to this might include the retention of authority by the Chancellor to approve certain items up to the established cap, but the expansion of the cap in the following areas that would require BOT approval. The BOG could and should retain authority to approve transactional items at a higher level. Below are examples of such a scheme:

Approval by Chancellor:
Capital projects at $500,000 or less.
Lease transactions at $250,000 or less and a maximum lease term of three (3) years.
Litigation settlements at $150,000 or less.
Property transactions at $250,000 or less.

Approval by Campus BOT:
Capital projects between $500,000 and $2,000,000
Lease transactions at $250,000 and a maximum lease term of ten (10) years.
Litigation settlements between $150,000 and $500,000.
Property transactions between $250,000 and $1,000,000.

Thank you for your consideration. On behalf of the Western Carolina University Board of Trustees, we appreciate the opportunity to provide feedback.

On behalf of the WSSU Board of Trustees, I am submitting the following items that our members think the BOG should consider allowing more authority to the Boards of Trustees:

1. Authority to approve all cumulative salary adjustments fiscal year-to-date of 5% or greater for salaries that are $100,000 or greater (or would become $100,00 or greater with the salary action)
2. Authority to approve SHRA salary actions that exceed 20%, which currently require President's approval.
3. Authority to elect individuals to the Board of Trustees
4. Increased authority for allocation of certain capital and repair and renovation projects