



MEETING OF THE BOARD OF GOVERNORS
Committee on Public Affairs

February 20, 2020 at 1:00p.m.
University of North Carolina System Office
Center for School Leadership Development
Chapel Hill, North Carolina

AGENDA

- A-1. Approval of the Minutes of January 16, 2020 Chair Byers
- A-2. State Government Relations Update Drew Moretz
- A-3. Federal Affairs UpdateElizabeth Morra
- A-4. Adjourn

DRAFT MINUTES

January 16, 2020 at 2:00 p.m.
University of North Carolina System Office
Center for School Leadership Development, Board Room
Chapel Hill, North Carolina

This meeting of the Committee on Public Affairs was presided over by Chair C. Philip Byers. The following committee members, constituting a quorum, were also present: W. Marty Kotis, III, N. Leo Daughtry, and Steven B. Long.

Chancellors participating were Karrie Dixon, Robin Cummings, and Ron Mitchelson.

Staff members present included Drew Moretz, Elizabeth Morra, and others from the UNC System Office.

1. Call to Order and Approval of OPEN Session Minutes (Item A-1)

The chair called the meeting to order at 2:06 p.m. on Thursday, January 16, 2020, and called for a motion to approve the open session minutes of November 14, 2019.

MOTION: Resolved, that the Committee on Public Affairs approve the open session minutes of September 20, 2019, as distributed.

Motion: N. Leo Daughtry

Motion carried

1. State Government Relations Update (Item A-2)

Drew Moretz gave his presentation on the legislative session, and the current one day session that occurred. The newest passes legislation included S.560 and SJR. 703 and the failed motions that were passed during the session. Moretz mentioned that, due to the lack of passing of the new budget, the FY18-19 Budget is in effect, and there are complications with it being an election year. Moretz mentioned how the failure to pass the budget will affect several capital projects across the System. Proposed policies from the institutions and UNC System departments were also provided to the committee members to review.

W. Marty Kotis, III wanted to identify the importance of the budget and the veto override and request support from the people of the state to override the budget.

MOTION: To identify the importance of the budget and the veto override and request support from the people of the state to override the budget

Motion: W. Marty Kotis III

Motion carried

2. Federal Affairs Update (Item A-3)

Elizabeth Morra gave a presentation on federal updates. Two different versions of the higher education bill passed. Twelve annual spending bills were completed. Congress reauthorized the FUTURE act, and the simplification of the FAFSA form. She also discussed the completion of the annual Defense Authorization Bill. She also gave examples of the bills that were wrapped up in December.

Morra gave an update on the Federal Budget and upcoming dates relevant to the release of President Trump's budget. She also addressed the complications expected during the new fiscal year, including the impeachment process occurring in the Senate and the border wall funding occurring throughout the year.

This item is for information only.

3. Adjourn

There being no further business, the meeting adjourned at 2:54 p.m.

N. Leo Daughtry, Secretary

AGENDA ITEM

A-2. State Relations Update.....Drew Moretz

Situation: The committee will discuss the draft policy agenda as the University prepares for the upcoming April 28th legislative session

Background: On January 14th, the legislature adjourned the 2019 session without a budget resolution. The legislature returns on Tuesday, April 28th for the legislative “short session.”

In October, the UNC System External Affairs division sent a Request for Proposal to the institutions and other System divisions for policy items for the legislative short session. Last month, the Public Affairs Committee received a comprehensive list of proposals. The committee will discuss and consider a draft policy agenda. While there is great uncertainty surrounding the legislature’s ability to enact H. 966 and the pay raises included in S. 354, the University has new policy needs in the coming session.

Assessment: This briefing will focus on institutions’ and UNC System divisions’ proposed policy items for the legislative short session.

Action: This item requires a vote by the committee and a vote by the full Board of Governors.



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2020 LEGISLATIVE PROPOSALS

SUMMARY OF PRIORITY PROPOSALS

Operational Efficiencies

1. Consolidate and Simplify the UNC Need-based Grant, Education Lottery Scholarship, and Community College Grant into one North Carolina Scholarship

The existence of three separate programs, with three different eligibility criteria, makes state-based grant programs more complex to navigate and understand for students and families. Consolidating these three programs into a single North Carolina Scholarship would create a simpler, more user-friendly state aid system.

2. Exempt Commissioned Officers/Public Safety Positions from most of the NC HR Act

In an effort to increase our ability to retain our first responders, we seek legislative support for exempting our public safety personnel. Exempts commissioned officers and public safety positions from NC HR Act (EHRA non-faculty) to allow for better hiring and compensation practices. The impacted employees will retain coverage under Article 8 of NCGS 126, which provides disciplinary due process and grievance rights aligned with SHRA employees.

3. AHEC Primary Care Plan Report Elimination; Change Date for Primary Care Report and Sunset Legislative Reports

In 1995, the legislature required the BOG and UNC to report every other year on goals and plans for Primary Care programs in NC. AHEC has compiled these reports for all of the programs across the state and these reports are of limited value. We seek to eliminate the “Primary Care Plan” report.

The “Primary Care Report” though is a national model, but the national data necessary to complete the report comes out in October. We seek to change the next report due date to April 15, 2021.

More generally, many reports required by the legislature have a useful shelf life. As the legislature creates new reporting requirements, the legislature should consider including a sunset provision so new reports don’t continue to add up even when the issues at play have been resolved.

4. Allow UNC Board of Governors to retain outside counsel

Current statute requires that the Attorney General’s office represent the University in any litigation filed against it, unless the University obtains the approval of the Attorney General and the Governor to retain outside counsel. The University’s lack of control over its representation sometimes leads to operational challenges and disputes about litigation strategy, and often prevents the University from assembling the best team and resources for each litigation matter.



THE UNIVERSITY OF NORTH CAROLINA SYSTEM

2020 LEGISLATIVE PROPOSALS

Technical Corrections

1. Lab School Technical Corrections

- Exclude NCSSM, UNCSA, and Lab Schools from definition of “public school unit” in Chapter 115C, which calls for DPI oversight over financials
- Decrease number of Lab Schools to 6 (from 9) and/or allow Institutions to operate more than one Lab School
- Clarify *“a lab school shall not unlawfully discriminate when make admissions decisions.”*

Institution-specific

1. Remove Debt Service and Campus Security fee from statutory cap on fee increases

Smaller institutions within the UNC System are severely limited by the statutory restriction on the cap of student fee increases. For a small school like UNCA, a 3% increase in the debt service fee would not raise sufficient funds to finance a project more than \$600,000 with a 20-year amortization and only raise \$12/student. Due to the lack of economies of scale, this impacts the small schools the most and will limit their ability to serve their student populations should they need to expand areas such as dining halls, student life centers should they try to grow.

2. UNC-TV Millennial Campus Designation

Current law does not authorize the Board of Governors to designate system office affiliates as millennial campuses, unlike System campuses. Specifically, the region could benefit from UNC-TV having the flexibility afforded in millennial campus designation. Given its main campus location in the RTP, UNC-TV is uniquely positioned to become a hub for performing arts, technological, media and educational innovation, and associated economic development initiatives as the Park tries to redesign its future as a work/live/play destination. If authorized, the BOG would still need to approve the designation along with the land use plans.

3. Create special designed license plate for NC Arboretum

Currently, approximately 60 entities have legislative approval for a specialty-designed licensed plate, which serves to raise money for the entities with the plates. The NC Arboretum is seeking to be added to the list, which requires a change to GS 20-63.

Area:	Need-based aid
Topic:	Consolidate and simplify the UNC Need-based Grant, Education Lottery Scholarship, and Community College Grant into one North Carolina Scholarship
Governance:	G.S. 115D-40.1 Financial Assistance for Community College Students Article 35A of Chapter 115C of the General Statutes S.L 2000-67 Section 10.1 NEED TO ID LOTTERY SCHOLARSHIP PROVISION
Current Status:	There are currently three different need-based aid programs that serve public college and university students in North Carolina: the UNC Need-based Grant, Education Lottery Scholarship, and the Community College Grant. The NC Student Aid Study Group, a joint effort by the UNC and North Carolina Community College Systems, recommended that the state consider consolidating the three programs into one scholarship program.
Current Challenges:	The existence of three separate programs, with three different eligibility criteria, makes state-based grant programs more complex to navigate and understand for students and families. Consolidating these three programs into a single North Carolina Scholarship would create a simpler, more user-friendly state aid system.
Proposed Action:	See DRAFT language

Area:	University Human Resources Policy
Topic:	Exempt University Police/Public Safety Staff from Most Provisions of the NC Human Resources Act
Governance:	North Carolina General Statutes - Chapter 126 - Article 1 (§ 126-5)
Current Status:	<ul style="list-style-type: none"> University sworn officers and telecommunicators are subject to the NC Human Resources Act (SHRA), which defines classification, compensation, selection/promotion processes, etc. aligned with other SHRA employees subject to the Act. Law enforcement officers are automatically enrolled in the state 401(k) supplemental retirement program with a 5% employer contribution. EHRA non-faculty employees are exempt from all but Articles 6 and 7 of Chapter 126; see 126-5(c1)(8).
Current Challenges:	<ul style="list-style-type: none"> The University competes with counties and municipalities for police, telecommunications, and public safety officers. Some modifications to pay ranges (such as metropolitan rates for certain areas of the state) have been taken within the SHRA compensation program but are insufficient in comparison to the competition from many county and municipal entities. Changes to existing SHRA pay ranges require coordination and approvals from the Office of State Human Resources rather than being managed directly by the UNC System Office for EHRA non-faculty employees. The University would need to retain comparable due process protections to other SHRA employees to attract and retain police and public safety officers.
Proposed Action:	<p>Add an exemption to NCGS 126-5 to provide EHRA non-faculty status for employees in police and telecommunicator positions.</p> <ul style="list-style-type: none"> Amend § 126-5 to add: (c14) Except as to the provisions of Articles 6, 7, and 8 of this Chapter, the provisions of this Chapter shall not apply to commissioned police officer and police telecommunicator positions of the University of North Carolina. Employees in positions covered by this exception shall be eligible for all employment and retirement benefits provided to state law enforcement officers subject to this Chapter. <p>Enroll University law enforcement officers in the University's 403(b) supplemental retirement program with a 5% employer contribution.</p> <ul style="list-style-type: none"> Amend § 143-166.30(d) to add: (d) Supplemental Retirement Income Plan for State Law-Enforcement Officers. - As of January 1, 1985, there shall be created a Supplemental Retirement Income Plan, hereinafter called the "Plan," established for the benefit of all law-enforcement officers employed by the State, who shall be participants. The Board of Trustees of the State Retirement System shall administer the Plan and shall, under the terms and conditions otherwise appearing herein, provide Plan benefits either (i) by establishing a separate trust fund in conformance with Section 401(a), Section 401(k) or other sections of the Internal Revenue Code of 1954 as amended or, (ii) by causing the Plan to affiliate with some master trust fund providing the same benefits for participants. Law-enforcement officers employed by the University of North Carolina shall have the option to participate in a Plan administered by the University. The Plan shall be separate and apart from any retirement systems. Amend § 135-5.1(b) to add: (6) Eligible Law-Enforcement Officers enrolled in the Optional Retirement Program shall participate in the University of North Carolina 403(b) Plan under same terms and conditions pursuant to G.S. 143-166.30(d).
Legacy Exceptions:	<ul style="list-style-type: none"> This change retains the grievance and disciplinary protections under Article 8 of the Chapter.

Area:	System office and AHEC Request – Efficiency
Topic:	Remove requirement for redundant report and changing date of remaining report
Governance:	SL 1995-507, sec 23A.5(a), (b), and (b1), § 143-613 and S.L. 2012-142, sec. 9.5, S.L. 1995-507, sec. 23A.5(d), § 143-613
Current Status:	<ul style="list-style-type: none"> The 1995 legislation, hereafter referred to as “Primary Care Plans,” required the Board of Governors and the University of North Carolina to set goals and create plans to encourage NC residents to enter the primary care disciplines of general internal medicine and family medicine. The statute required a report every two years, starting on May 16, 1996. The Allied Health Education Centers (AHEC) has compiled these reports and plans for the University and, after presentation and approval of the Board of Governors, the University has submitted these updates each biennium. The 2012 legislation, hereafter referred to as the “Primary Care Report,” required the University and the Board of Governors to update the legislature on “the progress of private and State-operated medical schools and State-operated health professional schools towards increasing the number and proportion of graduates entering primary care” every year. The report, due November 15 each year, has been completed by AHEC and, after presentation and approval by the Board of Governors, the University has submitted it to the legislature.
Current Challenges:	<ul style="list-style-type: none"> The value of the biennial Primary Care Plans has diminished over the last 20 years, and AHEC and the Sheps Center for Health Services Research believes it no longer produces valuable information needed to address remaining underlying issues. While most plans are substantive (though some only a few sentences), many schools have acknowledged that plans rarely change so they often just make minor edits (dates, faculty updates, etc.) and resubmit. There are no state/national databases used for this, but rather self-reporting by NC’s 5 medical schools, 9 nurse practitioner schools, and 11 physician assistant schools —and then compilation and editing by AHEC. Though the Primary Care report is every two years, collecting and compiling the report is resource intensive (i.e., personnel FTE effort), requiring persistent follow-up with schools from January to April for them to comply and submit their plans. We request eliminating requirement for continued reporting. On the other hand, the annual Primary Care Report has become a national model. AHEC, with the assistance of the Sheps Center, produces this report using the state licensure database and related national data. However, the national data has continued to lag and is now often not available until sometime in October. The delayed data the past few years has made it difficult to obtain the data, create the report, submit it to the System Office, have it seen and approved by the Board of Governors, and then reported to the legislature by November 15 each year. We request changing the date for this annual report to April 15, beginning in 2021 (a report was submitted in November 2019).
Proposed Action:	<p>Amend § 143-613</p> <p>(a) In recognition of North Carolina's need for primary care physicians, Bowman Gray School of Medicine and Duke University School of Medicine shall each prepare a plan with the goal of encouraging North Carolina residents to enter the primary care disciplines of general internal medicine, general pediatrics, family medicine, obstetrics/gynecology, and combined medicine/pediatrics and to strive to have at least fifty percent (50%) of North Carolina residents graduating from each school entering these disciplines. These schools of medicine shall present their plans to the Board of Governors of The University of North Carolina by April 15, 1996, and shall update and present their plans every two years thereafter. The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.</p>

(b) The Board of Governors of The University of North Carolina shall set goals for the Schools of Medicine at the University of North Carolina at Chapel Hill and the School of Medicine at East Carolina University for increasing the percentage of graduates who enter residencies and careers in primary care. A minimum goal should be at least sixty percent (60%) of graduates entering primary care disciplines. Each school shall submit a plan with strategies to reach these goals of increasing the number of graduates entering primary care disciplines to the Board by April 15, 1996, and shall update and present the plans every two years thereafter. ~~The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

Primary care shall include the disciplines of family medicine, general pediatric medicine, general internal medicine, internal medicine/pediatrics, and obstetrics/gynecology.

(b1) The Board of Governors of The University of North Carolina shall set goals for State-operated health professional schools that offer training programs for licensure or certification of physician assistants, nurse practitioners, and nurse midwives for increasing the percentage of the graduates of those programs who enter clinical programs and careers in primary care. Each State-operated health professional school shall submit a plan with strategies for increasing the percentage to the Board by April 15, 1996, and shall update and present the plan every two years thereafter. ~~The Board of Governors shall report to the Joint Legislative Education Oversight Committee by May 15, 1996, and every two years thereafter on the status of these efforts to strengthen primary health care in North Carolina.~~

(c) The Board of Governors of The University of North Carolina shall further initiate whatever changes are necessary on admissions, advising, curriculum, and other policies for State-operated medical schools and State-operated health professional schools to ensure that larger proportions of students seek residencies and clinical training in primary care disciplines. The Board shall work with the Area Health Education Centers and other entities, adopting whatever policies it considers necessary to ensure that residency and clinical training programs have sufficient residency and clinical positions for graduates in these primary care specialties. As used in this subsection, health professional schools are those schools or institutions that offer training for licensure or certification of physician assistants, nurse practitioners, and nurse midwives.

(d) The progress of the private and State-operated medical schools and State-operated health professional schools towards increasing the number and proportion of graduates entering primary care shall be monitored annually by the Board of Governors of The University of North Carolina. Monitoring data shall include (i) the entry of State-supported graduates into primary care residencies and clinical training programs, and (ii) the specialty practices by a physician and each midlevel provider who were State-supported graduates as of a date five years after graduation. The Board of Governors shall certify data on graduates, their residencies and clinical training programs, and subsequent careers ~~by November 15 of each calendar year,~~ beginning in November of 2012 and each year thereafter on April 15, to the Fiscal Research Division of the Legislative Services Office and to the Joint Legislative Education Oversight Committee.

(e) The information provided in subsection (d) of this section shall be made available to the Appropriations Committees of the General Assembly for their use in future funding decisions on medical and health professional education.

Area:	Economic Impact, Excellent and Diverse Institutions and Student Success
Topic:	Remove Debt Service Fee from the statutorily mandated 3% cap on fees
Governance:	§ 116-143.10. Cap on student fees.
Current Status:	The Code currently stipulates that, “ Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina and the Board of Trustees at each constituent institution may increase the cumulative total of all undergraduate student fees approved by either the Board of Governors or the Board of Trustees by no more than three percent (3%) per academic year. (2016-94, s. 11.4(b).)”
Current Challenges:	With the legislatively mandated 3 percent cap on student fees, a 3% increase in the debt service fee would generate less than \$12 per student in debt service fees for UNC Asheville. That would generate less than \$40K and would not allow us to do a project more than \$.6M with a 20 year amortization. As a comparison, our recent Highsmith Student Union project was an \$11.6M project. This cap is particularly burdensome on the smaller schools in the System that do not have the scale to generate the revenue needed to fund debt service projects. If we want to grow headcount and continue to attract and retain students, we need the flexibility to build and renovate buildings supported by the debt service fee such as our, dining halls, student life centers, and other auxiliary buildings. Having well-maintained and modern facilities helps us attract top talent and it will foster student success because students congregate and learn in these spaces as well.
Proposed Action:	Amend 116-143.10 to say “ ...cumulative total of all undergraduate student fees, <i>except the debt service fee</i> , approved by the Board of Governors...

Area:	
Topic:	Authorize BOG to Designate Affiliates as Millennial Campus (UNC-TV)
Governance:	NCGS § 116-198 (Article 21B)
Current Status:	<p>Board of Governors may act on recommendation made by the President of The University of North Carolina after consultation by the President with the Chancellor and the Board of Trustees of a constituent institution, to designate real property held by, or to be acquired by, a constituent institution as a Millennial Campus of the institution.</p> <p>Millennial campus designation gives universities regulatory flexibility to (i) finance projects & (ii) collaborate w/industry & private sector on innovative ventures.</p> <ul style="list-style-type: none"> • Exempt from provisions of Umstead Act • Broader authority on revenue & debt to allow quicker development & foster public-private partnerships <p>To qualify for millennial campus designation a constituent institution must demonstrate:</p> <ul style="list-style-type: none"> • Enhance an institution's research, teaching & service missions • Drive economic development in the area • Have administrative & fiscal capability to maintain such a campus
Current Challenges:	<p>Current law does not authorize the Board of Governors to designate system office affiliates as millennial campuses. UNC-TV, the North Carolina Arboretum and the UNC Press could all potentially benefit from the flexibility afforded millennial campuses. UNC-TV, in particular given its main campus location in the RTP, proximity to an international airport and existing relationship world class public and private universities; its statewide broadcast reach; regional and national content creation reputation and brand identity brand identity; and its multiplatform technological infrastructure, is uniquely positioned to become a hub for performing arts, technological, media and educational innovation and a laboratory for public safety, content distribution and associated economic development experimentation.</p>
Proposed Action:	<p>Amend NCGS § 116-198.33 (4b)</p> <p>The term "Millennial Campus" means all real property and appurtenant facilities designated by the Board of Governors as part of a Millennial Campus of a constituent institution <u>or affiliate</u> of The University of North Carolina other than North Carolina State University or the University of North Carolina at Chapel Hill. The properties designated by the Board of Governors do not have to be contiguous with the constituent institution <u>or affiliate</u> to be designated as part of the institution's Millennial Campus.</p> <p>Amend NCGS § 116-198.34(8b)</p> <p>Acting on recommendation made by the President of The University of North Carolina after consultation by the President with the Chancellor and the Board of Trustees of a constituent institution, <u>or by the President with Chief Executive Officer of a system office affiliate,</u> to designate real property held by, or to be acquired by, a constituent institution <u>or affiliate</u> as a "Millennial Campus" of the institution <u>or the system office</u>. That designation shall be based on an express finding by the Board of Governors that the institution <u>or affiliate</u> desiring to create a "Millennial Campus" has the administrative and fiscal capability to create and maintain such a campus and provided further, that the Board of Governors has found that the creation of the constituent institution's <u>or affiliate's</u> "Millennial Campus" will enhance the institution's or affiliate's research, teaching, and service missions as well as enhance the economic development of the region served by the institution <u>or affiliate</u>. Upon formal request by the constituent</p>

institutions or affiliates, the Board of Governors may authorize two or more constituent institutions or affiliates which meet the requirements of this section to create a joint Millennial Campus.

AGENDA ITEM

A-3. Federal Affairs Update Elizabeth Morra

Situation: Elizabeth Morra will give an update on President Trump's FY 2021 Budget Request.**Background:** Ms. Morra will provide an update on funding highlights from President Trump's FY 2021 Budget Request with a focus on accounts impacting our universities, such as research, education, and minority-serving institutions (MSIs).**Assessment:** This briefing will summarize the highlights from President Trump's FY 2021 Budget Request.**Action:** This item is for information only.