

BOARD OF GOVERNORS MEETING

The University of North Carolina

February 8, 2008

The Board of Governors met in regular session on February 8, 2008, in the Board Room of the General Administration Building in Chapel Hill. Chairman Phillips, called the meeting to order at 9:30 a.m. He called on Mr. Davis to give the invocation.

INVOCATION

Dear Lord, we thank you for those in attendance today who are interested in education and the University of North Carolina. We thank you for the leaders of the individual institutions and their faculty and staff. We ask that you guide them to success in their efforts and help us remember that our purpose is to educate young people to make them better citizens and future leaders.

In this new year in the United States, help us to remember those here and in other parts of the world who are not as fortunate as ourselves. Today, in 2008, at the beginning of the year, we pause for a moment to let it not become “old hat.” Not to become complacent about it for we have so much to be grateful for: family, friends, and those around us in this room. Regardless of what we have, we know that it is our relationship with others that really counts and we also know that there are uncounted others in the world, in this country, in North Carolina, and in the Triangle, who don’t have either the possessions or the relationships that we enjoy. May we remember these others and pledge to do whatever we are able to do to help them achieve the simple dignity which all human beings deserve. In the words of Leo Rostau: “I cannot believe that the purpose of life is merely to be happy. I think the purpose of life is to be useful, to be responsible, to be honorable, to be compassionate. It is above all to matter, to count, to stand for something, to have it make some difference that you lived at all. Amen.

ROLL CALL

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

Bradley T. Adcock	Adelaide Daniels Key
Brent D. Barringer	G. LeRoy Lail
Peaches Gunter Blank	Ronald C. Leatherwood
R. Steve Bowden	Cheryl Ransom Locklear
Laura W. Buffaloe	Charles H. Mercer, Jr.
Frank Daniels, Jr.	Fred G. Mills
John W. Davis III	Jim W. Phillips, Jr.
Phillip R. Dixon	Gladys Ashe Robinson
Ray S. Farris	Irvin A. Roseman
Hannah D. Gage	Estelle W. Sanders
Ann B. Goodnight	William G. Smith
Clarice Cato Goodyear	J. Craig Souza
H. Frank Grainger	Priscilla P. Taylor
Peter D. Hans	J. Bradley Wilson
Charles A. Hayes	David W. Young

The following members were absent:

Dudley E. Flood	Cody W. Grasty
James E. Holshouser, Jr.	Marshall B. Pitts, Jr.

STATE ETHICS ACT

Chairman Phillips stated that under the State Ethics Act, members have a duty to avoid conflicts of interest and appearance of conflicts. Looking at the agenda for today's meeting, Chairman Phillips asked if any members were aware of any conflict of interest or an interest that would give rise to the appearance of a conflict of interest. Mr. Phillips noted that Mr. Barringer reported that he has the appearance of a conflict related to the tuition increase requested by the Kenan Flagler Business School. This information is on record in the minutes from the February 7, 2008, meeting of the Committee on Budget and Finance and is hereby noted.

MINUTES

The open session minutes of the meeting on January 11, 2008, were approved.

PRESIDENT'S REPORT

President Bowles commended Secretary Corgnati on his continuous good work with the Board of Governors meetings and activities. He acknowledged that this was a full week of meetings beginning with the North Carolina Joint Education Governing Boards meeting of February 6, 2008. He thanked the board members for making sacrifices to attend the meetings. For President Bowles' transcribed remarks, see Appendix A.

ADMINISTRATIVE ACTION ITEMS

Chairman Phillips called attention to the Administrative Action Items listed on today's agenda. There were no items removed from the agenda for discussion by the board members. The following Administrative Action Items were approved by consent:

- a. (B&F) Authorization of New Capital Improvements Project, NCCU
- b. (B&F) Approval of the Development/Leasing Authority at Centennial Campus, NCSU
- c. (B&F) Authorization of Disposition of Property and lease of Housing Space, WCU
- d. (EPPP) Approval of the NCCCS and UNC Joint Report on the UNC-NCCCS 2+2 E-Learning Initiative
- e. (EPPP) Approval of the Academic Common Market Report
- f. (P&T) Approval of Amendments to Policy 101.3.1, *Review of Nonreappointment Decisions Under Section 604 of The Code and Administrative Officers*
- g. (P&T) Approval of Amendments to Policy 300.1.1, *Senior Academic and Administrative Officers*
- h. (P&T) Approval of Amendments to Policy 300.2.1, *Employees Exempt from the State Personnel Act*
- i. (GOV) Approval of Amendments to Sections 103, 301, 602, 604, 605, 606, 607, 609, 610, and 611 of *The Code*.

REPORT OF THE AUDIT COMMITTEE

Mr. Smith, chairman of the Audit Committee, presented the committee's report. The Committee reviewed a Summary Report on Associated Entities. There are over 100 Associated Entities that are required to have an annual independent audit from a CPA firm in accordance with University Policy. The University of North Carolina General Administration reminded the governing boards and university administrators of their independent requirement to ensure the timely completion of the annual University Financial Statement Audit. There were four component unit audits as follows: Elizabeth City State University Foundation, Inc; Fayetteville State University Foundation; North Carolina Central University Foundation; and North Carolina Central University Real Estate Foundation. General Administration staff has also performed a follow up to ensure the satisfactory resolution from prior year audit findings.

The Council of Internal Auditing received staff support from the Office of State Budget and Management. The Council proposed a number of amendments to the Internal Audit Act to include representation on the Council from the University of North Carolina. All meeting minutes and initiatives are retained at the Office of State Budget and Management web site.

The Committee received an update on an ongoing University of North Carolina Assessment which is an in-depth review of the financial operations of the University. Ernest & Young is reviewing the financial operation. The firm will provide a comprehensive report this spring.

REPORT OF THE COMMITTEE ON BUDGET AND FINANCE

Mr. Adcock, chairman of the Committee on Budget and Finance presented the committee's report. The Committee held a policy discussion on Tuition and Fees proposals. The Chancellors submitted their requests for tuition and fee increases consistent with the Four-Year Plan for Tuition and Fees approved by the Board of Governors at its October 2006 meeting at which campuses were asked to limit the rate of annual increases. Campuses are

required to set aside at least 25% of new tuition revenues for need based financial aid and at least 25% of tuition revenues to support faculty salaries.

The General Administration staff found that the campus proposals met the Board of Governors directives and that the revenues of these increases were in the best interest of the University. Action was taken by the Committee to approve the proposed tuition and fees as presented at the policy discussion session.

On behalf of the Committee, Mr. Adcock moved approval of the Tuition and Fees Proposals. The motion carried. See Appendix K and Appendix L.

The Committee discussed a request by the Board of Trustees at Appalachian State University to approve the Ground Lease and Capital Project plan for improvements at Kidd Brewer Stadium. The project will expand the current seating capacity, increase restroom facilities, and add a concession area. In 2007, ticket sales totaled 74,649 and ticket sales revenue has increased by 160% since 2004. The project will be repaid by athletic receipts, ticket revenues, and donor gifts. The impact on students is \$18.00 per year. The Board of Trustees and the Foundation at Appalachian State University have approved this project and the method of financing. The North Carolina Department of Insurance and the North Carolina Department of Administration will review the project.

On behalf of the Committee, Mr. Adcock moved that the Ground Lease and Capital Project be approved and transmitted to the Council of State for its consideration and the request for long-term indebtedness be approved and included in the University's 2008 budget submission to the General Assembly. The motion carried.

Finally, the Committee recommended that each constituent institution properly inform students about the predictability of tuition and fees. Current legislation requires that tuition payments and other required fees be a part of the total cost of education. The Committee proposed the following language be added to the Tuition Bill Statement : "The University of North Carolina Board of Governors adopted a plan to make tuition and fee rates for undergraduate North Carolinians predictable and affordable. Pursuant to the plan, the maximum rate of annual increase for campus-initiated tuition and fees (athletics, health

services, student activities, and educational and technology fees) for undergraduate resident students is 6.5%. Specific information, including maximum allowable increases in tuition and fees per academic year by UNC campuses is available at www.northcarolina.edu. Students and parents can also find detailed information concerning the total cost of college at www.cfnc.org.”

On behalf of the Committee, Mr. Adcock moved to approve the specific language to be included on the Tuition Bill Statements. The motion carried.

REPORT OF THE COMMITTEE ON EDUCATIONAL PLANNING, POLICIES, AND PROGRAMS

Mr. Farris, chairman of the Committee on Educational Planning, Policies, and Programs presented the committee’s report. There were no action items other than those on the consent agenda. To address the concern of the drop out problems in North Carolina, a representative from the Department of Public Instruction gave a presentation to the Committee on the causes and the steps taken to reduce the number of high school student drop outs. For the four-year period of 2003-2007, graduation rates were 69.6%. A school year drop out event in 2006-07 was 5.24% which represents the percentage of high school students who dropped out in one year. The presentation reviewed the range of things that the Department of Public Instruction is doing to address the problem ranging from Pre-K programs to high school reform to drop out prevention grants funded by the General Assembly. Engagement is key and research is focusing on this element.

The Committee discussed early college high schools and how effective some have been in reducing the drop out rate. A more extensive report will be provided by the Department of Public Instruction to the Committee later this year.

The annual report on the University’s Nursing Programs was reviewed. In 2007, the overall pass rate on the licensure exam was 92%. Some programs fell below the Board of Governors and the Board of Nursing’s acceptable passing rates. The Board of Nursing’s new standard for the nursing program passing rate is 95% of the national average passing rate on a 3-year rolling average. At Fayetteville State University, the rate was 64%; at the University of North Carolina at Pembroke, the rate was 68%; at North Carolina A&T State University; the

rate was 76%; and at Western Carolina University, the rate was 83%, all falling below the average. The Committee agreed with General Administration to have each of the Chancellors of these campuses review the required report to the Board of Nursing and make its own assessment of what steps need to be taken and what resources need to be provided. They were also asked to review the relationship of the nursing program to determine if there should be temporary reporting to a higher level within the administration of the institution.

Overall, the productivity in nursing is growing. Enrollment and degrees are up for new nurses, and enrollment and degrees produced are growing for nursing faculty, which is crucial for expanding our nursing programs across the state especially in the community colleges.

The committee reviewed the report on the Fayetteville State University nursing program provided by a team of nursing deans. It was reported that the Chancellor is in full agreement with the recommendations in the report and he was implementing the recommendations. This agreement expressed by the Chancellor is necessary for the success of the review.

An update on the summer BRIDGE program was reported. Two campuses, Fayetteville State University and North Carolina Central University, have agreed to have an intensive summer program for a group of students who will be conditionally admitted based on their meeting performance levels established by the campus programs. A pilot program will be conducted to see if the program is effective to help students who are not ready for college to become ready. This program is intended to assist students who are capable of graduation. Tuition is excused for these students. The program will be carefully monitored.

There are 55 billboards that will begin appearing across the state advertising the University of North Carolina Online Program and the need for teachers.

REPORT OF THE COMMITTEE ON PUBLIC AFFAIRS

Mr. Barringer, chairman of the Committee on Public Affairs, reported that they received an update from Vice President Rhinehardt on a very important milestone that was accomplished on Capital Hill. The House of Representatives voted to re-authorize the Federal Higher Education Act and they supported two initiatives that the University of North Carolina

submitted. The first was to develop a pilot program for data systems and the other to simplify the federal financial aid forms. Both amendments were successful. Thanks to Congressman Shuler and Congressman Hayes who were very instrumental on the passage of these amendments.

Those attending the Washington, D.C. trip later this month will receive a full schedule and briefing materials one week prior to the visit.

On the state level, Vice President Willis reported on the upcoming schedule for approval of our legislative policy agenda and our budget priorities. The Committee will address this issue at next month's meeting. Many will be asked to participate in visits with legislators from outlying areas. There will be a series of small group meetings.

On behalf of the Centennial Authority of the RBC Center, you are invited to join them at the arena for a Carolina Hurricane hockey game. Mr. Corgnati will send details about the event.

REPORT OF THE COMMITTEE ON UNIVERSITY GOVERNANCE

Mr. Davis, chairman of the Committee on University Governance, reported that in January the Committee received proposed amendments to eleven sections of *The Code*. The basis was an extensive review of policies and procedures for faculty grievances. The changes were reviewed in January 2008 by the Committee on Personnel and Tenure, and recommended for approval with the exception of Section 603. The Governance Committee agreed and the Board of Governors approved the amendments in today's consent agenda.

The Committee approved a second version of the amendments to Section 603 that was recommended by the Committee on Personnel and Tenure. The Committee will bring these changes to the Board for consideration in March.

Last month, the Committee considered a request by the University of North Carolina at Chapel Hill to settle a law suit titled "Jennings, *et. al* vs. UNC-Chapel Hill, *et al*. Per Policy 200.5, *Initiating and Settling Law Suits*, the Committee approved the request and discussed its decision in Closed Session. The settlement has since been concluded as presented. The

executed settlement is available per Appendix A to the Closed Session minutes of the January 10, 2008, committee meeting.

CHAIRMAN'S REPORT

Chairman Phillips thanked the board members for taking the time to be available for most of the week beginning with the Joint Education Governing Boards meeting on Wednesday, February 6 and remarked that important conversation had begun with the partners in education in North Carolina and it was meaningful and lasting. Governor Easley's opening remarks at this meeting set the tone for the conversation so that the joint boards can begin to focus on the same things and begin to understand what each other do. The response from the other education sectors is very positive. This is a very good start on improving the way we work together and it is a continuum where we each play a role but do it as a whole in the education of North Carolinians. We need to continue to be committed and to make progress together.

The discussion related to UNC Tomorrow was a timeline and specific items to address were established. We concluded that we need to refine our priorities and we will talk about that next month. We are making progress and the goals can be realities.

Mr. Phillips commended Chairman Adcock, the Budget and Finance Committee, and Vice President Nelson and his staff for the outstanding job they did presenting the Tuition and Fees proposals. The proposals were very clear and coherent and the data was well presented. Regarding the substance on the decision of tuition and fees, please thank the members of the General Assembly and take the time to write to them.

Also the Committee discussed textbook prices. We have not made enough progress in cutting the costs of books for students. Chairman Phillips asked the Chancellors and the Chair of the Faculty Assembly, Dr. Brenda Killingsworth, to focus the faculty on this issue.

The Committee that will select the second Public Service Award recipient from the faculty will be chaired by Mrs. Gladys Robinson. Others will include Mr. Dixon, Mr. Pitts, Dr. Key, and Mr. Young.

Chancellor Nelms will be installed on February 22, 2008. The Board members should have received an invitation and there are several days of activities leading up to the event. Please attend the installation.

The Board of Governors March committee meetings will be held March 6, 2008, at the North Carolina School of Science and Mathematics hosted by Chancellor Boarman. The full Board meeting will be held on Friday, March 7, 2008, at the General Administration Building.

Mrs. Robinson reminded the Board to read the article from the *Greensboro News and Record* "Why We Need Black Colleges and Universities" and that the University of North Carolina still receives and educates a large majority of minority students. The need for excellent faculty and additional resources remains a priority.

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

The Board of Governors went into closed session at 10:30 a.m. and returned to open session at 10:40 a.m.

REPORT OF THE COMMITTEE ON PERSONNEL AND TENURE

Mrs. Gage, chair of the Personnel and Tenure Committee, reported that the Committee received a list of nominations for the Board of Governors Awards for Excellence in Teaching. The nominations will be presented to the Board in March 2008 for approval. In addition, the Committee received the final report of the Human Resource Task Force. A copy was included in the Board notebooks. Interim Vice President McCollum discussed the recommendations in the report and stated that at the present time only the recommendation for Substantially Equivalent Authority within the area of Human Resources will be presented to the General

Assembly for consideration. This authority allows the University of North Carolina to be more competitive in recruiting, retaining, and compensating employees.

On behalf of the Committee, Mrs. Gage moved to approve the report. The motion carried.

Finally, the Committee received a *Report on Personnel Actions delegated to the President Pursuant to Policy 200.6*, listing all personnel actions approved by the President.

There being no further business, the meeting adjourned at 10:45 a.m.

Secretary_____

APPENDICES

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

Appendix A	President's Remarks	Posted Online
Appendix B	Authorization of New Capital Improvements Project, NCCU	Posted Online
Appendix C	Approval of the Development/Leasing Authority at Centennial Campus, NCSU	Posted Online
Appendix D	Authorization of Disposition of Property and Lease of Housing Space, WCU	Posted Online
Appendix E	Approval of the NCCCS and UNC Joint Report on the UNC-NCCCS 2+2 E-Learning Initiative	Posted Online
Appendix F	Approval of the Academic Common Market Report	Posted Online
Appendix G	Approval of Amendments to Policy 101.3.1, <i>Review of Nonre-Appointment Decisions Under Section 604 of The Code</i>	Posted Online
Appendix H	Approval of Amendments to Policy 300.1.1, <i>Senior Academic and Administrative Officers</i>	Posted Online
Appendix I	Approval of Amendments to Policy 300.2.1, <i>Employees Exempt from the State Personnel Act</i>	Posted Online
Appendix J	Approval of Amendments to Sections 103, 301, 602, 604, 605 606, 607, 609, 610, and 611 of <i>The Code</i>	Posted Online
Appendix K	Authorization of Tuition for 2008-09	Posted Online
Appendix L	Authorization of Fees for 2008-09	Posted Online