

Board of Trustees
North Carolina State University

September 17 and 18, 2003
Retreat

September 17, 2003

The North Carolina State University Board of Trustees met for the First Session of its annual retreat in the Alumni Conference Room, Alumni Memorial Building, North Carolina State University, at 4:00 p.m., Wednesday, September 17, 2003. Chair Peaches Gunter Blank presided.

MEMBERS PRESENT:

Peaches G. Blank
D. McQueen Campbell, III
Derick S. Close
Ann B. Goodnight
Suzanne Gordon
Robert B. Jordan, III
Wendell H. Murphy
Richard G. Robb
Steve F. Warren
Tony Caravano, ex officio

Chair Blank called the meeting to order at 4:11 p.m. and welcomed Trustees, Executive Officers and Deans. She reviewed the agenda before asking Chancellor Fox to discuss Higher Education in North Carolina.

HIGHER EDUCATION IN NORTH CAROLINA

Chancellor Fox discussed University of North Carolina Board of Governors Chair Brad Wilson's message to the Board at its September meeting. In his remarks, Chair Wilson discussed his agenda for the Board in the coming year, including the University system's ongoing efforts to respond to the state's budget crisis. Permanent and one-time budget reductions have forced UNC universities to eliminate much-needed faculty and staff positions, to increase class sizes, and to reduce course offerings. However, Chair Wilson said the UNC institutions will remain focused on providing access to system universities as enrollments increase; enhancing educational programs; and continuing the growth and development of the campuses through Higher Education Bond construction.

The ongoing budgetary priorities for the University system must include adequate funding for enrollment growth and appropriate salary increases, Chair Wilson said. In the last three years, University employees have received one permanent salary increase of

\$625 and a one-time bonus of \$550. This is an average of \$1.07 per day over three years. As a result, UNC universities cannot recruit or retain experienced employees, and campus morale is negatively affected.

In his remarks, Chair Wilson discussed the issue of raising the 18% cap on out-of-state enrollment, employment contracts for the President and chancellors, and how to prepare North Carolina for the "new economy."

Following the review of Chair Wilson's remarks, Chancellor Fox discussed the issues of particular relevance to NC State. She reviewed a presentation, *The Funding Model for Enrollment Changes*, presented to the Board of Governors in September 2003 that details how enrollment increase funds are distributed by the UNC Office of the President to the 16 campuses. The complex funding formula, initiated in 1998-1999, takes into account the cost of teaching specialized curricula such as engineering and science courses. In response to complaints that the funding formula does not adequately fund five campuses (Appalachian State, East Carolina, UNC-Charlotte, UNC-Greensboro and UNC-Wilmington), Chair Wilson has established a group to study the formula. The BoG Budget and Finance Committee, with the addition of select members of the Board, serves as a special committee to examine the issue and craft recommendations to address it. Mr. Jim Phillips serves as Chair of the Budget and Finance Committee.

Chancellor Fox reviewed the funding formula as it applied most recently to NC State. She encouraged the Trustees to support continued recognition that the faculty and infrastructure for courses at Research I universities are more costly to provide. NC State is primarily a science and technology-driven institution with lab intensive courses such as microbiology and chemical engineering. The faculty, equipment, and specialized staff support require a greater level of funding. The Chancellor suggested that one change that would be beneficial for a number of the UNC institutions is to change the funding formula to take into account the expense of teaching life sciences courses, which are not adequately funded under the current formula.

Chancellor Fox presented the Annual Report from The Lombardi Program on Measuring University Performance. The Center determines *The Top American Research Universities* by their rank on nine different measures: Total Research, Federal Research, Endowment Assets, Annual Giving, National Academy Members, Faculty Appointees, and Median SAT Scores. Chancellor Fox reviewed NC State's rankings in each of the nine categories and discussed options to improve rankings. The Chancellor also discussed NC State's rankings in the *U.S. News & World Report*. She stated that the Lombardi report is more objective and accurate than the *U.S. News & World Report* rankings.

With no further business, Chair Blank recessed the first session of the Retreat, saying that she would convene the second session on Thursday, September 18, 2003 in room 2309 of the College of Textiles at 9:30 a.m.

September 18, 2003

Chair Blank reconvened the Board of Trustees' Retreat for a second session in room 2309 of the College of Textiles at 9:32 a.m. on Thursday, September 18, 2003.

MEMBERS PRESENT:

Peaches G. Blank
D. McQueen Campbell, III
Derick S. Close
Suzanne Gordon
Robert B. Jordan, III
Richard G. Robb
C. Richard Vaughn
Steve F. Warren
Cassius S. Williams
Tony Caravano, ex officio

Chancellor Fox introduced the Deans in attendance and introduced Matt Peterson as Director of Federal Research Affairs. Mr. Peterson began his appointment in June 2003.

BUILDING FOR THE FUTURE

Charlie Leffler, Assistant Vice Chancellor for Facilities, provided a summary of construction progress to date for campus construction, including Higher Education Bond projects and projects funded through private giving. Completed projects include: Ruby McSwain Education Center at the JC Raulston Arboretum, Replacement Research Greenhouses, Clark Hall-Upper Floors, Sullivan Operations Center, Research Flex Building, Lake Wheeler Field Labs Complex, and the Wendell H. Murphy Football Center. Projects to be completed by Fall 2003 include: Coliseum Deck Expansion, Doak Baseball Field, Centennial Campus Perimeter Parking, and the Varsity Tennis Courts. Mr. Leffler also discussed projects in the planning and design phases.

Mr. Leffler briefly discussed the Swing Space Plan which will cause 280,000 sf. of space to be temporarily vacated. This will cause leasing of useable space and a temporary compression of research space. He also discussed the Comprehensive Parking Plan which includes 2,500 new spaces and 980 relocated spaces.

NC State has developed HUB Outreach to historically underutilized businesses which holds contractor and designer meetings, construction managers receptions, an advisory committee, provides training and helps strengthen communication.

Training for HUB contractors has also been provided by NC State. Six short seminars have been held with 167 participants in attendance. The seminars teach the participants about the prequalification process, estimating and bid preparation, bonding and insurance, effective business planning, certification, licensing and financing, and safety

programs and implementation. One 2-day seminar had 94 participants, educating them on estimating instruction and computer training.

The Facilities Department has also developed a bond project website which updates the campus community to current and upcoming construction projects that may affect day-to-day business. This includes road closings, parking restrictions and potential power outages. This has been an informative tool that has been well received by the campus community.

Mr. Leffler and Provost and Executive Vice Chancellor for Academic Affairs James Oblinger discussed the new Biomanufacturing Training and Education Center (BTEC) and the positive impact it will have on North Carolina. BTEC will be a training and research center for biomanufacturing, bioprocessing and biotechnology, spanning 87,000 sf. and will cost \$36M to build. The Golden Leaf Foundation (GLF) is the primary investor in BTEC with a three-part investment. The first part will provide support by means of classroom and small-scale laboratory education and training in biomanufacturing in the North Carolina Community College System. The second part will create biotechnology-direct research and teaching activities at North Carolina Central University. Finally, GLF will financially support the building of the industrial-scale BTEC on NC State's Centennial Campus.

BTEC will function differently from any existing program or facility in the state and will focus on biomanufacturing operations. BTEC will provide a hands-on learning opportunity for post-secondary, community college, BS, MS and PhD level students. Training and education will emphasize industrial-level safety, GMP manufacturing, aseptic procedures, and quality control protocols. Graduates will be prepared to enter directly into the industrial biomanufacturing workforce.

Collectively, the anticipated outcomes for BTEC include: improved ability for North Carolina to attract and retain new biomanufacturing operations and expansion of existing operations; training of employees and prospective employees for the biomanufacturing industry in North Carolina; and reduction in the current "brain drain" of technically trained North Carolina graduates.

ACADEMIC AFFAIRS: CHALLENGES AND OPPORTUNITIES

Provost James Oblinger describes the NC State experience as a high quality education that supports innovation and creative thinking. An education that is relevant and responsive to a fast-paced world reliant on the science and technology gifted to our students. NC State is publicly held accountable for the academic and professional development of our students. This accountability is held by our students, their families, business and industry, research investors and government.

After four months in his new appointment, Provost Oblinger has identified areas of tremendous growth and opportunity for the University and other areas that need strengthening and support. His goals for the University complement Chancellor Fox's

vision. His said that his enthusiasm to work with her is contagious and marks the start of a new era for NC State.

The Chancellor's vision for the University includes building a strong campus community, facilitating partnerships, and developing an efficient and effective business model.

Provost

Oblinger has used these objectives to identify goals within Academic Affairs. These objectives are to:

1. establish academic priorities
2. recruit/retain/reward high quality faculty
3. execute an academic agenda/enhance momentum
4. build the quality of the student experience
5. improve retention and graduation rates
6. facilitate uniqueness of our 21st century land grant research extensive institution

Under his leadership Academic Affairs is already focusing its energy towards faculty recognition and awards, development of new degree programs, leadership development for Department Heads/Chairs, budget development/management/allocation, and management of faculty spousal hiring and faculty counter-offers.

Provost Oblinger discussed the fall 2002 statistics which include enrollment, degrees awarded, admissions rates, student profiles, and scholarships and financial aid.

He discussed Equal Opportunity and Equity (EOE) and the goals for diversifying the faculty. He announced the appointment of Dr. Jose Picart who will assume the responsibility of Vice Provost for Diversity and African American Affairs. Dr. Picart will provide direction for the African American Cultural Center and will assume leadership for diversity surveys of students and faculty.

Provost Oblinger reviewed NC State's International Programs citing that over 2,000 international students from 100 countries are currently enrolled. This is from a selection of more than 8,000 applicants. More than 500 undergraduates from NC State participate in the study abroad program annually with 11.4% participating by graduation. This is higher than the U.S. average of 9.3%, but lower than the 12.8% rate in research institutes.

Provost Oblinger reiterated the outstanding achievement made by NCSU Libraries' improving their ranking with the Association of Research Libraries to 32nd among 114 research libraries in North America. This leap is from 100th to 32nd in just 10 years. NCSU Libraries is in the top 1% of 3,500 colleges and universities in North America.

NC State's Distance Education has an inventory of 250+ courses with 4,000+ students enrolled each year. There are 7,000+ course enrollments per year with an additional 2,900 resident students taking on-line courses. Enrollment growth has an average increase of 15% to 20% annually with 85% qualifying as North Carolina residents.

The prioritized challenges and opportunities include:

1. Faculty: Recruitment/Retention/Rewarding
2. Budget: Development/Management/Allocation
3. Access: Enrollment Planning and Management
4. Enhancing Diversity: Students/Faculty/Staff
5. Space: Quality/Quantity
6. Program Planning and Implementation
7. Assessment
8. Capital Campaign

Chair Blank thanked Provost Oblinger for identifying the primary emphases of his office. With no further business, Chair Blank adjourned the meeting at 11:58 a.m.