

**NC STATE UNIVERSITY**

# NC State Board of Trustees Meeting

April 22, 2022

Dorothy and Roy Park Alumni Center

Hood Board Room

Chair Stan Kelly

Members: Chip Andrews, Erik Dixon, Ann Goodnight, Jim Harrell, David Herring, Tim Humphrey, Ven Poole, Perry Safran, Ed Stack, Dewayne Washington, Ed Weisiger, McKenzy Heavlin

# NC STATE UNIVERSITY

April 22, 2022 NC State Board of Trustees Meeting

## Meeting Agenda

10:00am

1. Call to Order, Public Meeting Notice, and Reading of Ethics Statement  
Stan Kelly, Chair

A. Ethics Statement

2. Roll Call  
Paula Gentius, Assistant Secretary

3. Approval of Minutes  
Stan Kelly, Chair

A. Feb 2022 Full BOT Open Session Minutes

B. Feb 2022 Full Board Closed Session Minutes

C. March 2022 All-Funds Budget Workshop Minutes

4. Chair's Report  
Stan Kelly, Chair

A. Paul N Friga Biography

B. Trusteeship - Time for a Strategy Refresh for your University , Paul Friga

C. Endowment Fund Board of Trustees Recommendations

D. Ramsey Memo to Board of Trustees

5. Chancellor's Report  
Randy Woodson, Chancellor

6. Audit, Risk Management and Finance Committee  
Ed Weisiger, Jr., Chair

7. Buildings and Property Committee  
Ed Stack, Chair

8. University Affairs Committee  
Dewayne Washington, Chair

9. University Advancement and External Affairs

Committee  
Chip Andrews, Chair

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10. Board of Visitors Report  
Jim Hansen, Chair

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11. Student Government Report  
McKenzy Heavlin, Student Body President

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12. Closed Session  
Stan Kelly, Chair

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13. Adjourn  
Stan Kelly, Chair



## NORTH CAROLINA STATE ETHICS COMMISSION

### SAMPLE<sup>1</sup>

### **ETHICS AWARENESS & CONFLICT OF INTEREST REMINDER**

(to be read by the Chair or his or her designee at the beginning of each meeting)

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In accordance with the State Government Ethics Act, it is the duty of every [Board] member to avoid both conflicts of interest and appearances of conflict.

Does any [Board] member have any known conflict of interest or appearance of conflict with respect to any matters coming before the [Board] today?

If so, please identify the conflict or appearance of conflict and refrain from any undue participation<sup>2</sup> in the particular matter involved.

Rev. 1-16-07

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<sup>1</sup> N.C.G.S. §138A-15 (e): "At the beginning of any meeting of a board, the chair shall remind all members of their duty to avoid conflicts of interest and appearances of conflict under [Chapter 138A]." There is no set language required by the Act. Specific language can and should be tailored to fit the needs of each covered board as necessary.

<sup>2</sup> "A public servant shall take appropriate steps, under the particular circumstances and considering the type of proceeding involved, to remove himself or herself to the extent necessary, to protect the public interest and comply with this Chapter, from any proceeding in which the public servant's impartiality might reasonably be questioned due to the public servant's familial, personal, or financial relationship with a participant in the proceeding." See N.C.G.S. §138A-36 (c). If necessary, the Chairman or individual member involved should consult with his ethics liaison, legal counsel, or the State Ethics Commission to help determine the appropriate response in a given situation.

**OPEN SESSION MINUTES**  
**Board of Trustees**  
**North Carolina State University**  
**Raleigh, North Carolina**  
**February 18, 2022**

The North Carolina State University Board of Trustees met in regular session using a hybrid meeting format on Friday, February 18, 2022. Trustees attended in person in Winslow Hall.

Members present:

Stanhope A. Kelly, Chair  
Robert F. Andrews, III  
Erik L. Dixon  
Ann B. Goodnight  
James A. Harrell, III  
David Dee Herring  
Timothy L. Humphrey  
Ven Poole  
Perry Safran  
Edwin J. Stack, III  
Dewayne N. Washington  
Edward I. Weisiger, Jr.  
McKenzy Heavlin, *ex officio*

Chair Stan Kelly called the meeting to order at 10:08 a.m. and a quorum was present. Chair Kelly welcomed Erik Dixon, the newest member of the Board of Trustees.

Chair Kelly then recognized Terry Hutchens, NC State's Board of Governors Liaison. Governor Hutchens thanked Chair Kelly for the opportunity to attend and briefly discussed the Enrollment Funding model that is scheduled for a vote by the UNC Board of Governors in April. Governor Hutchens stated that extensive discussion is taking place regarding this model, and he will continue working closely with Chancellor Woodson.

Chair Kelly reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the board at this meeting. Chair Kelly reminded those in attendance that while the full Board meeting is a public meeting, it is not a meeting for public comment and only those on the agenda will be permitted to speak. He asked that all Trustees identify themselves before speaking.

**CEREMONIAL OATH OF OFFICE FOR NEW BOARD MEMBER – JUDGE PAUL RIDGEWAY**

Chair Kelly asked Trustee Dixon to stand for his Ceremonial Oath of Office. After the oath was administered, Chair Kelly thanked Judge Ridgeway for presiding.

**MINUTES**

Trustee Washington made the motion, seconded by Trustee Stack, to approve the open and closed session minutes of the November 12, 2021 meeting of the full Board. Chair Kelly called on the Assistant Secretary Paula Gentius to record the vote.

Andrews	AYE	Poole	AYE
Dixon	AYE	Safran	AYE
Goodnight	AYE	Stack	AYE
Heavlin	AYE	Washington	AYE
Harrell	AYE	Weisiger	AYE
Herring	AYE	Kelly	AYE
Humphrey	AYE		

The motion passed.

**CHAIR'S REPORT – CHAIR STAN KELLY**

Chair Kelly had several business items to bring before the full Board. He began by providing an update from the Executive Committee meeting on February 18, 2022, which included the Chancellor's 4-Year Comprehensive Review. Dr. Teresa Sullivan was selected as the external consultant for this process, and she has conducted the individual and group interviews. The next step in the process is to conduct a survey that would be issued on February 21, 2022 and completed by March 7, 2022. Once the survey results have been compiled, the office of Institutional Strategy and Analysis will prepare the analysis and provide a copy to Chair Kelly and Dr. Sullivan. Dr. Sullivan will prepare the final report and will present the report at the April Board Meeting and to the UNC System thereafter.

Chair Kelly then reviewed the possible topics for the upcoming Board of Trustees Retreat, which will be held on Thursday, June 9, 2022 at the College of Veterinary Medicine. Trustees will be kept abreast of the agenda for the retreat as the event draws closer.

The next item of business was an update on activities of the Endowment Fund Board, which met on February 16, 2022. Chair Kelly shared the various informational reports presented as well as the investment performance and endowment spending which included the growth of the total University endowment, a report on the Endowment Fund's investment performance, an update on the Investment Fund's asset allocation, the performance of various asset classes in the portfolio, and a report on endowment spending budgets for fiscal 2023.

Chair Kelly continued with a discussion regarding inclusion as one of the seven goals and core values of the University. Following a review of the Alma Mater by an executive task force constituted by the NC State Alumni Association Board of Directors and a suggestion from its executive committee, the Chancellor and Chair Kelly recommended removing the word "Dixie" from the Alma Mater and changing the first line of the song to be: "Where the Southern winds so softly blow..." The motion was made by Chair Kelly and seconded by Trustee Poole with all members of the Board in favor.

Andrews	AYE	Poole	AYE
Dixon	AYE	Safran	AYE
Goodnight	AYE	Stack	AYE
Heavlin	AYE	Washington	AYE
Harrell	AYE	Weisiger	AYE
Herring	AYE	Kelly	AYE
Humphrey	AYE		

The motion passed.

#### **CHANCELLOR'S REPORT – DR. RANDY WOODSON**

Chancellor Woodson thanked Dean Martin-Vega and his team from the College of Engineering for an excellent presentation.

Chancellor Woodson began his report with updates on leadership changes, which included an introduction of the new Associate Vice Chancellor - University Human Resources, Timothy Danielson. Chancellor Woodson also provided brief updates on the dean searches for the College of Veterinary Medicine, the College of Agriculture and Life Sciences, and the College of Education.

NC State University's Think and Do the Extraordinary campaign wrapped up in December, and the results surpassed expectations. Chancellor Woodson thanked the Trustees for all the ways in which the Trustees helped to make the Campaign successful.

Chancellor Woodson also commented on the recent U.S. News & World Report rankings, which placed 7 of NC State's online degree programs in the top 10 for their categories in the most recent rankings. The annual survey covers 1,600 online degree programs.

Chancellor Woodson recognized the success of members of our exceptional faculty. The American

Association for the Advancement of Science has elected 8 NC State faculty as fellows for the 2022 cohort, giving us the sixth highest number of AAAS fellows of any university this year. The faculty inducted come from the College of Agriculture and Life Sciences, the College of Engineering, the College of Natural Resources and the College of Sciences. Chancellor Woodson congratulated Hollylynn Lee, Distinguished Professor of Mathematics and Statistics Education, who was recently named the 2022 recipient of Baylor University's Robert Foster Cherry Award for Great Teaching. This award is presented to professors with exceptional teaching skills who have a record of having a positive, inspiring and long-lasting impact on students. The Cherry Award is one of the highest honors an education professor can receive.

Chancellor Woodson completed his report by discussing the UNC System's proposed changes to the enrollment funding model. He will continue working with Governor Hutchens and the UNC Board of Governors and System Office to provide feedback on the proposed changes.

### **COMMITTEE REPORTS**

#### **AUDIT, RISK MANAGEMENT AND FINANCE COMMITTEE – ACTING CHAIR PERRY SAFRAN**

The Audit, Risk Management and Finance Committee met on February 17, 2022 and a quorum was present. The Committee approved minutes from the November 11, 2021 meeting.

Internal Audit Director Cecile Hinson reviewed the status of audit engagements for fiscal 2022 and updated the Committee on activities since the last meeting including the final report for a completed audit.

Vice Chancellor Charles Maimone provided a summary of the FY23 All-Funds Budget requirements and explained the campus budget development process. He provided a draft of NC State's FY23 All-Funds Budget that will be presented for review and approval at April's BOT meeting. Vice Chancellor Maimone also gave an update on current fiscal year operations.

The committee also heard a brief report on interim financials for the current fiscal year from Associate Vice Chancellor Mary Peloquin-Dodd regarding the income statement performance for the first six months of FY 2022, compared with FY 2021 for the same timeframe. She presented a multi-year comparison and provided the required annual report on endowment and investments.

Athletics Director, Boo Corrigan, and Athletics Associate Director, Beverly Armwood, presented an extensive report on Athletics fiscal year budget for 2022. Discussion included revenue losses caused by COVID-19, as well as expense savings and revenue offsets.

Vice Chancellor Marc Hoit presented "IT Efforts Supporting Digital Transformation and Cyber Risk Management." He discussed IT initiatives to support the University Strategic Plan and gave an overview of IT risk management and its connection to enterprise risk.

#### **BUILDINGS AND PROPERTY COMMITTEE - CHAIR ED STACK**

The Buildings and Property Committee met on February 17, 2022 and a quorum was present. The Committee reviewed and approved the November 11, 2021 open meeting minutes.

The Committee also reviewed and approved two property matters for full board approval. The first item was Disposition by Lease. Amendment to Ground Lease with NC University Centennial Development, LLC to expand the Premises for the purposes of constructing a new short- course practice facility. Trustee Stack made the motion to approve, seconded by Trustee Herring with all members in favor.

Andrews	AYE
Dixon	AYE
Goodnight	AYE
Heavlin	AYE
Harrell	AYE

Herring	AYE
Humphrey	AYE
Poole	AYE
Safran	AYE
Stack	AYE

Washington AYE  
Weisiger AYE

Kelly AYE

The motion passed.

The second property matter brought before the Committee was an Acquisition by Lease. Acquisition of up to 9,400 square feet (rentable) of office space for the Office of Research and Innovation (ORI) in the Venture Complex on Centennial Campus. Trustee Stack made the motion to approve, seconded by Trustee Goodnight with all members in favor.

Andrews AYE  
Dixon AYE  
Goodnight AYE  
Heavlin AYE  
Harrell AYE  
Herring AYE  
Humphrey AYE

Poole AYE  
Safran AYE  
Stack AYE  
Washington AYE  
Weisiger AYE  
Kelly AYE

The motion passed.

The Buildings and Property Committee reviewed and approved the designer selections for the College of Veterinary Medicine Equine Hospital and the Translational Research Facility. They also reviewed and approved eight designer selections for projects costing \$1 million or less, and two plans and specifications of formal projects costing less than \$2 million.

The Committee reviewed and approved the plans for Ricks Hall 2<sup>nd</sup> Floor Renovation and the plans for Page Hall Mechanical and Electrical upgrade. They reviewed and approved nine completed buildings and projects accepted at the combined value of \$107,757,394. They reviewed and approved nine non-appropriated capital improvement projects that are less than \$750,000. The Committee also received updates and informational reports for the Capital Projects, Status of Projects in Planning, Innovation District and Adverse Weather.

#### **UNIVERSITY ADVANCEMENT AND EXTERNAL AFFAIRS COMMITTEE – CHAIR CHIP ANDREWS**

The Advancement and External Affairs Committee met on February 17, 2022 with a quorum present. The Committee reviewed and approved the November 11, 2021 open meeting minutes.

Vice Chancellor Brian Sischo presented a University Advancement update, providing a high-level overview of the impact of the Think and Do the Extraordinary campaign, which resulted in more than \$2.1 billion raised for scholarships, faculty support, facilities and programs. He concluded by reviewing the strategic vision for the division following the conclusion of the campaign.

Vice Chancellor Kevin Howell and Assistant Vice Chancellor Julie Smith shared an External Affairs and Legislative update and discussed the legislative and congressional redistricting as well as the upcoming short session.

Associate Vice Chancellor Jim Broschart shared an overarching University Development update with the committee, where he highlighted their unit's plans to continue to lead, support and partner with colleges and units across campus following the conclusion of the campaign. He also reminded the committee of the upcoming Day of Giving scheduled for March 23.

Following the presentations, the Committee reviewed and approved three naming opportunity proposals for the College of Agriculture and Life Sciences, NC State Athletics and the Wolfpack Club.

#### **UNIVERSITY AFFAIRS COMMITTEE – CHAIR DEWAYNE WASHINGTON**

The University Affairs Committee met on February 17, 2022 with a quorum present.

Under the University Affairs Committee consent agenda, the committee approved the November 11, 2021

meeting minutes; two Center continuations; the option for two distinguished professorships to be awarded on a time-limited basis; and conferral of tenure to a new faculty member.

The committee recommended an action for full board approval. The College of Engineering is requesting to add one credit hour to the B.S. in Civil Engineering degree program changing the total credit hour level from 125 to 126 hours in order to meet the American Society of Civil Engineering program requirements. Trustee Washington made a motion for approval of the B.S. in Civil Engineering credit hour exception request and was seconded by Trustee Stack with all members in favor.

Andrews	AYE	Poole	AYE
Dixon	AYE	Safran	AYE
Goodnight	AYE	Stack	AYE
Heavlin	AYE	Washington	AYE
Harrell	AYE	Weisiger	AYE
Herring	AYE	Kelly	AYE
Humphrey	AYE		

The motion passed.

The committee received several updates and reports.

First, the graduation update showed that the university continues to increase graduation rates. Particularly notable was the improvement in the 4-year graduation rate for First-Year, Tier 1 + Tier 2, and Underrepresented Minorities and the increase in 4, 5 and 6-year graduation rates for Underrepresented Minorities over the past five years.

Associate Vice Chancellor for Research Dr. Jon Horowitz provided an overview of NC State's 31 Centers and 11 Institutes. These centers and institutes are affiliated with 846 faculty, 573 staff and partner with more than 240 member companies. Dr. Horowitz also shared the organizational chart for the centers and institutes.

The Committee received an update on Student Government activities from Student Body President McKenzie Heavlin. Student Government is celebrating 100 years of service and alumni and friends of Student Government are returning to campus this weekend, February 18-20, 2022, to reconnect and celebrate the many accomplishments of Student Government over the last 100 years.

Provost Arden provided the following information in his report to the Committee. The College of Engineering has proposed a Memorandum of Agreement for a Dual Degree in Master of Science in Chemical Engineering with the University of Bologna in Italy. The proposed start date is for the 2022/23 academic year. The Provost's Office has administrative searches underway for three Deans (the Colleges of Veterinary Medicine, Education, and Agriculture and Life Sciences) and two Senior Vice Provosts (Instructional Programs and Interdisciplinary Programs). An update on these searches was provided. Provost Arden also provided an update on the annual campus reappointment, promotion and tenure process. There are 160 faculty members participating in this year's process. Faculty will be notified about the outcome of the review at the end of April.

#### **FACULTY SENATE REPORT - RAJADE BERRY-JAMES, CHAIR**

Dr. Berry-James shared that the Faculty Senate is working on several items, which included important infrastructure investments and strategic initiatives within the institutions. She also discussed faculty's ongoing concerns including: COVID-19 protocols, testing, vaccines and campus safety; pay/compensation based on market, merit and equity; and transportation issues. Faculty Senate continues to focus on student success and changes to campus safety programs. Dr. Berry-James stated that there has been excellent discussion regarding interdisciplinary efforts.

#### **STAFF SENATE REPORT - HELEN DiPIETRO, CHAIR**

Chair DiPietro shared that staff is celebrating the raises and bonuses granted in the recently passed state budget. Staff Senate members are collaborating on how to promote retention, mental wellness and morale. The latest tally of staff on campus shows a reduction of 299 employees in the last year. Chair DiPietro shared the various staff development programs offered by Staff Senate and the effort to find a permanent office space for Staff Senate.

#### **CLOSED SESSION**

With no further business in open session, Assistant Secretary Gentius called for a motion, seconded by Trustee Harrell at 11:05 a.m. to go into closed session to: consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of employment of a public officer or employee; to consult with an attorney to preserve the attorney-client privilege; and to prevent the premature disclosure of an honorary degree, scholarship, prize or similar award. The motion passed.

#### **RECONVENE IN OPEN SESSION**

At 11:38 a.m. the Board came out of closed session.

Chair Kelly stated that there was one matter from Closed Session that required a vote in open session and turned over the proceedings to Trustee Washington.

Trustee Washington made the motion, seconded by Trustee Ven Poole, to approve the Petition Regarding Political Activity for the potential candidate for the Raleigh City Council as discussed in closed session with all members in favor.

Andrews	AYE
Dixon	AYE
Goodnight	AYE
Heavlin	AYE
Harrell	AYE
Herring	AYE
Humphrey	AYE

Poole	AYE
Safran	AYE
Stack	AYE
Washington	AYE
Weisiger	AYE
Kelly	AYE

The motion passed.

With no further business in open session, Chair Kelly adjourned the meeting at 11:40 a.m.

Respectfully submitted,

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Assistant Secretary

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Secretary

Approved:

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Chair of the Board

**ALL-FUNDS BUDGET WORKSHOP MINUTES**  
**Board of Trustees**  
**North Carolina State University**  
**Raleigh, North Carolina**  
**March 16, 2022**

The North Carolina State University Board of Trustees met for an All-Funds Budget Workshop on Wednesday, March 16, 2022. Trustees attended via Zoom.

Members present: Stanhope A. Kelly, Chair  
Robert F. Andrews, III  
Erik L. Dixon  
Ann B. Goodnight  
David Dee Herring  
Timothy L. Humphrey  
Ven Poole  
Perry Safran  
Edwin J. Stack, III  
Edward I. Weisiger, Jr.  
McKenzy Heavlin, *ex officio*

Also in attendance: Chancellor Randy Woodson  
Adam Brueggerman  
Adrian Day  
Paula Gentius  
Charles Maimone  
Luke McHale  
Barbara Moses  
Allison Newhart  
Catherine Phillips  
Charisse Rogers  
Julie Smith  
Maggie Thompson  
Mladen Vouk

Chair Stan Kelly called the meeting to order at 2:00 p.m.

Chair Kelly reminded all members of their duty to avoid conflicts of interest and appearances of conflicts of interest under the State Government Ethics Act and inquired as to whether there were any known conflicts of interest or appearances of conflict with respect to any matters coming before the board at this meeting. Chair Kelly reminded those in attendance that while the full Board meeting is a public meeting, it is not a meeting for public comment and only those on the agenda will be permitted to speak. He asked that all Trustees identify themselves before speaking.

Chair Kelly asked Assistant Secretary Paula Gentius to call the roll for publication purposes.

Chair Kelly then turned the floor over to Chancellor Woodson and Vice Chancellor for Finance and Administration, Charles Maimone, for an overview of the All-Funds Budget Templates.

After further discussion, Chair Kelly thanked Vice Chancellor Maimone and his team for an excellent presentation and informative overview.

With no further business, Chair Kelly adjourned the meeting at 3:14 p.m.

Respectfully submitted,

\_\_\_\_\_  
Assistant Secretary

\_\_\_\_\_  
Secretary

Approved:

\_\_\_\_\_  
Chair of the Board

## **Paul N. Friga, PhD, Senior Consultant Practice Area Leader: Strategic Transformation of Public Higher Education**



**Paul N. Friga, PhD**

### **About**

Paul N. Friga, PhD, is one of the foremost higher education thought leaders and strategists. With 20 years of experience as a professor, researcher, and consultant at UNC Chapel Hill and Indiana University, Friga understands how public education really works and how it should change. His former experience as a consultant with PwC (earned CPA and CMA designations) and McKinsey (including projects in public higher education) round out additional relevant experience. He has also served as a trustee at Saint Francis University and the board chair at Saints Francis and Clare Church in Greenwood, Indiana, and is on the Executive Board of the Rams Club at UNC Chapel Hill. He has an MBA and PhD from UNC Chapel Hill.

### **Professional Credentials**

For the past six years, Friga has been researching best practices in strategic resource allocation in higher education, presenting at international conferences, and co-founded ABC Insights, a premier higher education benchmarking consortium designed to make universities more efficient and effective.

The firm was acquired last summer by HelioCampus. Over the past nine months, Friga has authored 16 articles in the *Chronicle of Higher Education*, *Inside Higher Ed* and other journals on strategies for change in higher education for surviving the COVID-19 crisis and positioning universities for the long term, as summarized [here](#). He has also conducted many strategic planning projects for universities, not-for-profit entities, and corporations. He has written two best-selling books on team problem-solving (*The McKinsey Mind* and *The McKinsey Engagement*) and is an award-winning teacher of strategy and consulting for undergrads, MBAs, and executives. In summary, he is passionate about helping higher education transform for greatness.



Dr. Paul N. Friga is a Clinical Associate Professor at the Kenan-Flagler School of Business at the University of North Carolina at Chapel Hill, where he teaches courses in management consulting and strategy. He leads numerous strategic planning initiatives on campus and has served as the Special Advisor to the Provost for Online Education. He served on the UNC Faculty Athletics Committee, UNC CIBER Operations Committee, Senior Advisor Committee of the Kenan Institute of Private Enterprise and was the Director of the STAR and STAR Global Programs – approximately 25 semester long consulting projects with MBAs and Undergraduates. He serves on the Executive Board of Directors for the Rams Club (UNC Athletics Educational Foundation). He was a faculty advisor in the UNC Global Immersion Electives Program with past visits to China, India and the United Arab Emirates. He researches strategic decision-making, knowledge transfer, intuition, management consulting processes, entrepreneurship and higher education and has presented at numerous conferences throughout the world. He is the

recipient of the UNC Chapman Family Undergraduate Teaching Award (2017), the IU Trustee Teaching Award (2008), IU Kelley School of Business Innovative Teaching Award (2006), and the UNC Kenan-Flagler Ph.D Teaching Award (2001). He co-founded and served as the first chair of the Strategic Management Society's Strategy Teaching Community. He offered an annual AACSB Seminar to faculty and administrators as part of the Curriculum Development for Experiential Learning Program – in the US and abroad. He has also served as a Trustee for Saint Francis University. He is the Co-Founder and Chief Strategy Officer of ABC Insights with a mission to improve the sustainability of higher education by making universities more efficient and effective.

Dr. Friga has focused his research on helping higher ed over the past 6 years and has authored over 13 articles (primarily in *The Chronicle of Higher Education*) and hosted 15 webinars on strategies for universities to handle the impact of COVID-19 during the spring and summer. His work has been published in *The Academy of Management Learning and Education*, *Research · Technology Management*, and two books by McGraw-Hill, **The McKinsey Mind** (2001) and **The McKinsey Engagement** (2008). He also authored two book chapters – one in *The Handbook of Strategy Process Research* and one in *Entrepreneurial Learning: Conceptual Frameworks and Applications*. He served as an editor on the Editorial Board of *The Academy of Management Learning and Education* and his work has been cited in the *Economist*, *CFO Magazine*, and other journals. He completed his Ph.D. and MBA at the University of North Carolina at Chapel Hill (Beta Gamma Sigma) and previously worked as a management consultant for PricewaterhouseCoopers and McKinsey & Co. Dr. Friga's undergraduate degree (Honors Program) is from Saint Francis University, where he graduated *Magna Cum Laude* with a double degree in Management and Accounting. He also earned CPA and CMA designations.

Dr. Friga consults for many large (Fortune 100), mid-size and entrepreneurial companies as well as universities and not-for-profit organizations. He is also a faculty member in the Institute for Management Studies through which he offers strategy seminars to executives in the U.S. and Europe. He resides in Chapel Hill, North Carolina with his wife, Meredith, and son, Nicholas.

<i>For Profit Clients</i>	<i>Not-for-Profit Clients</i>
AGB Consulting	Bloomington Economic Development Corp.
Biltmore Estate	George Washington University
Boeing	Greater Indianapolis Hospitality & Lodging
Boston Scientific	NC Railroad Corporation
GDF Suez	University of Wisconsin – Madison
Glen Raven	UNC College of Arts & Science
J.D. Power & Associates	UNC Athletics Department
Kaiser Permanente	UNC Biomedical Engineering Department
Kimball Office Furniture	UNC Applied Physical Sciences Department
Microsoft	UNC Carolina Performing Arts
Nielsen	UNC Kenan Institute of Private Enterprise
PWC	UNC Schools: Dentistry, Nursing & Pharmacy
QHR Consulting	UNC Institute for Defense & Business
Scientific Atlanta (now part of Cisco)	UNC Ackland Art Museum
Technomic Consulting	US Air Force, Army, Marines and Navy
Walker Information	US Department of Defense/DISA

# Time for a “Strategy Refresh” for Your University

*A Blueprint for Post-Pandemic Priorities*

BY PAUL N. FRIGA

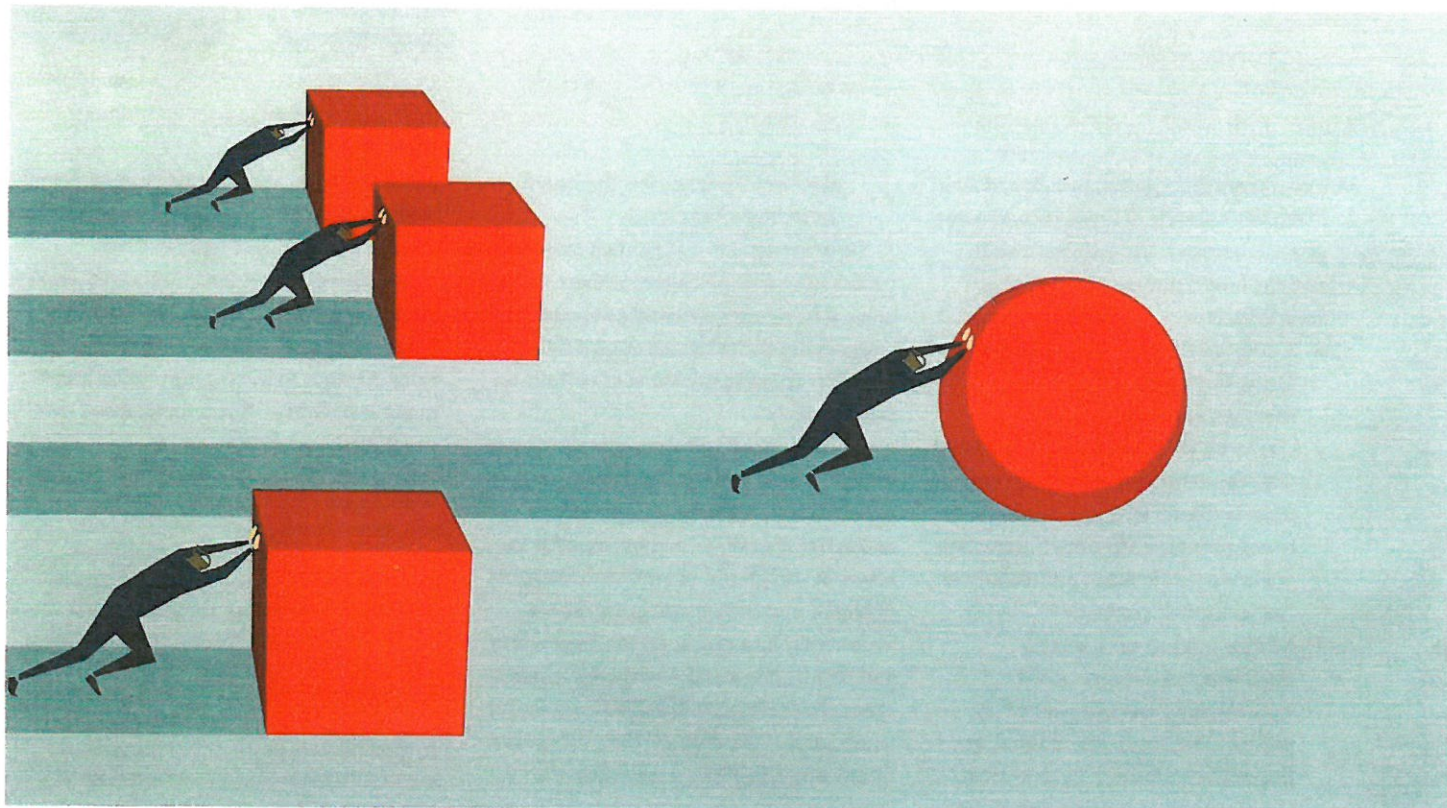
**W**HILE COVID-19 is still affecting our college campuses, the situation seems much better than last year at this time. While we are not completely out of the woods, vaccines are being widely distributed and campuses across the country have returned to in-person learning. It is time for board members and presidents to begin to look toward the future with lessons learned from the pandemic experience and the new world order in mind.

What are the key takeaways from one of the most disruptive years in higher education? From a negative perspective, there is substantial financial wreckage from COVID-19. According to my research, the average hit to revenues was approximately 14 percent and the overall potential damage to higher education as a whole, including additional COVID-19 related expenses and decrease of state and local support, could eventually reach \$183 billion.<sup>1</sup>

In addition to the financial losses, the

social and emotional toll on faculty, staff, and students has been immeasurable. Beyond the obvious health concerns of COVID-19, mental health concerns are at the top of presidents’ concerns according to recent surveys.<sup>2</sup> The challenges to operate in a safe manner especially with the dramatic increase in virtual learning have had significant negative consequences.

On the positive side, university leaders have shown an unprecedented level of agility in instruction (online), finances



(controlled), and collaboration (high). We have discovered that we can actually deliver administrative services such as IT, mental health counseling, and advising remotely—perhaps even more efficiently and effectively than before. Faculty who never imagined teaching a class remotely are increasingly supportive of the movement toward online education. And the level of collaboration between boards and cabinets and faculty and staff have risen to new levels, out of necessity, if nothing else.

Board members and presidents with whom I have spoken recently, while exhausted, are finally ready to look forward. With board meetings, retreats, and strategy reviews on the docket, I felt that it would be helpful to offer specific guidance on the key strategic topics for universities as they look toward the future. As a strategy professor and management consultant, I will of course offer a few frameworks and tools to support that process. In particular, since most institutions have completed some sort of strategic planning over the past few years, I suggest a “strategy refresh” during which you examine your existing strategy statements and priorities while the lessons learned from COVID-19 are still fresh and the openness toward bold collaborative actions may be high. In other words, leverage your past strategic planning but tighten it up with strategy slogans and revised priorities to motivate your university for a bright future.

## The Macro Trends

The starting point for a strategy refresh is to look outside the institution. Macro (external) forces are those beyond our control but should be considered in strategy as they provide opportunities for growth and change as well as threats that could thwart the best-designed plans.

It is clear that the pandemic has not only shifted some of the macro trends but also accelerated the impact of the macro trends by years or even decades. Below is a

## The Possible Transformation of Higher Education

Dimension	Current	Future
<b>Tuition</b>	Medium-High	Free-Low
<b>Differentiation of Providers</b>	Low	High
<b>Accessibility</b>	Low	High
<b>Online Education</b>	Low	High
<b>Partnerships with Employers</b>	Medium	High
<b>Virtual Campus Services</b>	Low	High
<b>Inter-University Collaboration</b>	Low	Medium
<b>Relevance</b>	Low	High
<b>Faculty</b>	Single-University	Multi-University/Free Agent
<b>Students</b>	18–24-Year-Old	18–80-Year-Old
<b>National Universities</b>	Few	Many
<b>Credentials</b>	2 and 4-Year Degrees	Degrees + Badges + Certificates

Source: Paul N. Friga, Ph.D.

summary of some of the key macro trends as well as my prediction as to how they will continue to change over the next decade. These are critical topics for board and cabinet conversations as they examine their mission, values, vision, and priorities with this new world order in mind.

Let’s start with tuition, the largest source of revenue on most universities and colleges. For decades, the norm has been to raise tuitions between 3–5 percent every year and even more at private institutions. The bottom line is that tuition rates have reached levels that make higher education out of reach for many prospective students, particularly those from lower-income families. The \$1.7 trillion in student debt is a significant burden in our society.

Given declining enrollment trends of traditional-age college students, universities have adopted aggressive discounting strategies, resulting in actual net tuition revenues between 40–60 percent of published rates. In fact, the most recent discount rate report shows an average discount of 52 percent for private universities—a new record—and

trends for the past decade have shown steady and significant growth on discounts. Public universities, such as UNC-Chapel Hill, have worked to maintain low tuitions over time and beef up scholarship programs such as the Carolina Covenant that provides full tuition for any accepted students without the means to cover the cost. Other universities, including Purdue University and Arizona State University, have taken leadership positions over the past five years and frozen tuitions and made up for the lost incremental revenues with careful cost containment efforts.

The pandemic may have accelerated the trend of a movement toward lower overall and net tuition, and more than half of the universities in a recent research study I conducted actually decreased or froze tuition over the past fiscal year. The new administration under President Joe Biden is floating proposals for free community college and college debt forgiveness, which should be monitored closely. The three national stimulus programs have also provided significant funding to students during the

COVID-19 crisis (essentially half of the total \$77 billion provided to higher education).

A key tenet of strategies for organizations is to see differentiation in the eyes of consumers. The goal is to set your institution apart from others in terms of dimensions that are important to customers (such as students, parents, and employers). Unfortunately, higher education suffers from widespread isomorphism, as so many universities try to resemble each other rather than differentiating. Much of this is driven by the ranking systems, such as that published by *U.S. News & World Report*, which compare all universities by the same metrics—whether or not they are related to a unique mission.

In the future, universities will need to specialize and differentiate what they offer the market, given decreasing student enrollments and the resulting increased competition. Separating from the status quo will require courageous leadership, as exemplified by Michael Crow at Arizona State University (ASU). A minor tweak to their mission statement, to be evaluated by whom they “include” vs. whom they “exclude,” has had significant impact on operating strategies as well. As they moved away from the mind-set of a lower acceptance rate was the goal, they adjusted their offerings accordingly, in particular by providing more online education to a different type of student and evaluated their success by the positive student outcomes.

Accessibility and online education are both destined for growth if we are truly committed to democratizing higher education and thinking of it more as a “right” than a “privilege.” Again, ASU, as well as Southern New Hampshire University, were leading in this space through lower tuition strategies and significant investment in online education capabilities well before the pandemic moved so many students into the virtual world. The outcomes? The number of students at ASU is approximately 140,000 with a goal of 300,000 over the next three years, including major partnerships with corporations such as Starbucks, who

offer a free college degree to employees through online program offerings.

Two more macro trend dimensions have accelerated during COVID-19 times—virtual campus services and intercompany partnerships. The leading virtual campus services benefiting from a “forced experiment” as employees were working from home, include IT support, mental health counseling, class advising, and financial aid transactions. Intercompany partnerships will continue to expand—both interuniversity and between universities and private companies. There is a national trend afoot whereby universities are “affiliating” for joint degree programs as well as shared administrative services. Private-public partnerships are also on the rise, in areas such as utilities, parking, and other auxiliary services that can be better managed by a professional service provider, with cash going to the university up front in exchange for long-term predictable contracts. There is also a need for universities to be more relevant to industry partners—both in terms of majors as well as research.

The changes described above may even shift the organizational structure of universities, with increased consolidation and the emergence of large national (even international) universities that scale their unique competitive assets (such as online education) in partnership with or market-share capture from other universities. In other words, we may finally see a more competitive market structure in higher education, resembling most other industries including health care. Faculty, which traditionally align almost exclusively with one university at a time, will become more “free agents” and move fluidly between multiple universities for teaching and research opportunities.

Finally, as described above, online education will grow—both for hybrid residential programs as well as fully virtual. The target audience for these programs will be nontraditional-age students, essentially developing around a lifelong education strategy. The programs offered will also shift from tradi-

tional degrees to more certificates as badges along the way that are much more customized and tailored to employer demands for skills and knowledge.

## The Strategy Refresh

Now that we have reviewed the key dimensions of what may happen in higher education over the next decade, we must now integrate those insights into the strategic plan for your institution. There are four key priority areas that require significant conversation for your board meetings and retreats: purpose, products, partnerships, and profitability.

### Purpose

Does your university have a unique value proposition that speaks to external and internal constituents in a clear concise way? My research suggests that there is a great amount of isomorphism in higher education. For example, I am working with a university that set a vision to become a top 100 university in 10 years. As part of our analysis, we created a database of the top 100 universities and looked at all of their key operating metrics and strategy statements. We found that there appeared to be very strong similarities in the words used in their mission statements such as “academic,” “commitment,” “impact,” “serve,” “students,” and “society.”

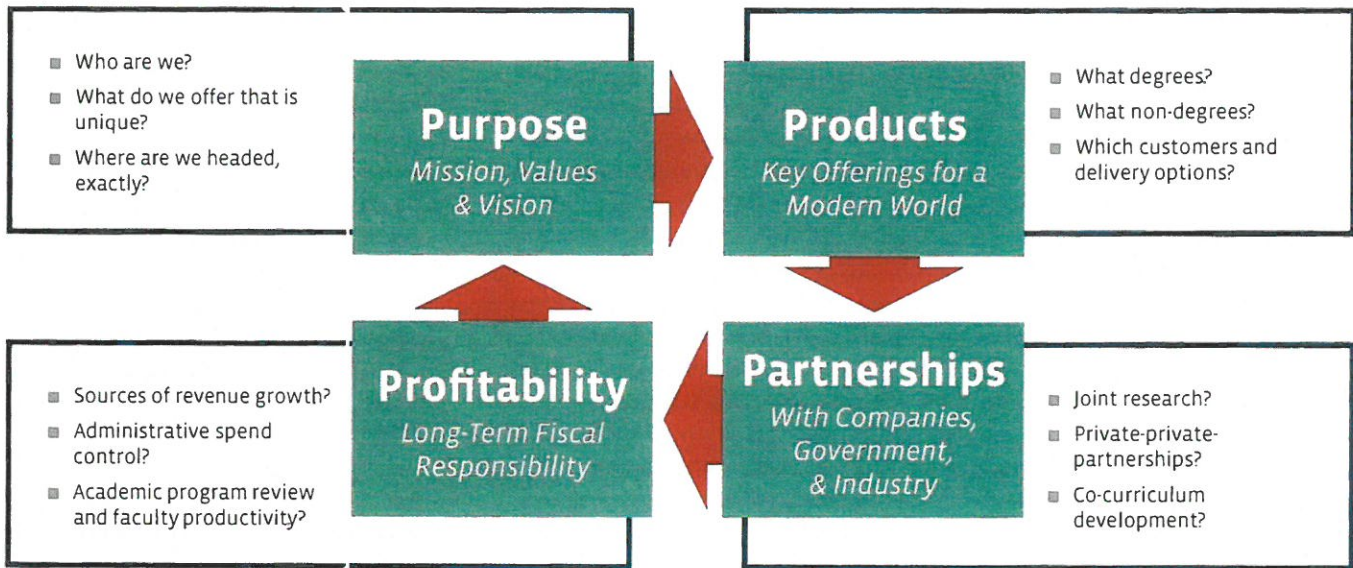
Of course, we would expect similarity in the mission of higher education institutions, but I recommend that universities strive to find some unique aspect of their identity for what I call mission, values, and visions slogans. For example, the new slogans were created as part of a recent strategy refresh project from this summer, not to replace past strategic planning and “full” strategy statements but to compliment the ideas and make them easier to remember.

**Mission:** Creating leaders to impact society

**Values:** Respect for one another in all that we do

**Vision:** Become the most modern global university

## Strategic Priorities for Universities for the Next Decade



While the words do sound familiar, the university leaders, faculty, and staff found more uniqueness in the definitions of each of the words above that specifically identified the priority areas of focus, context, goals and supporting initiatives for differentiation. We call these detailed supporting statements “drill downs” and help the university align people and resources to prioritized focus areas.

Another great example of a mission slogan that has led to differentiation and great success comes from Arizona State University. President Michael Crow dares to disrupt the traditional educational model by clearly articulating its mission for all to see, which helps guide decision-making within the university:

*ASU is a comprehensive public research university, measured not by whom it excludes, but by whom it includes and how they succeed; advancing research and discovery of public value; and assuming fundamental responsibility for the economic, social, cultural, and overall health of the communities it serves.*

What is your university's core differentiation? Perhaps social mobility, access, col-

laboration, specific programs of distinction, application of research, new models of private-public partnerships, etc.? My advice for a mission is that it makes employees proud, so find the unique value-add of your campus and create and promote a succinct mission slogan for both internal and external purposes.

### Products

I believe that we are on the precipice of some of the biggest changes to academic “products” to be offered by universities. Of course, the primary and distinct offering is the degree. And the traditional approach to academic programs is to offer what others do and then incrementally add around the edges.

For your strategy “refresh,” it is time to require full “academic program portfolio review.” The approach would be to take a full inventory of the programs offered at your institution and collect data on enrollments, net tuition, direct expenses, and indirect expenses and essentially do a profit and loss analysis of each program. It is quite common that some programs require subsidization. The goal is to map results against mission of the university and anticipated needs in the market moving forward. Health universities

trim program and add new programs every year. Some of the most popular degrees moving forward are in health sciences, computer sciences (especially AI), business, and interdisciplinary programs.

The most interesting “product” planning is related to nondegree offerings. Due to the need in lifelong learning, universities will significantly increase their part-time and modular curricular options. For example, executive education will grow in many fields beyond just business and certificates, badges, and other microcredentials may comprise more than 25 percent of universities’ offerings within 10 years. Many of these will be developed with external organizations and corporations as described in the next section. Finally, online education is here to stay—in terms of new degree offerings, nondegree options as well as complementary pedagogies for traditional residential students.

### Partnerships

With the magnitude of changes facing leaders in higher education, they should be comforted in the fact that they do not need to go at this alone.

As far as interuniversity partnerships are concerned, we are seeing more and more joint research arrangements, joint degree programs, and even an increase in full mergers. There are revenue and expenses, synergies driving this activity. For example, a group of private Catholic universities could offer new online programs in different areas and geographies under one joint advertising campaign that leverages unique strengths and unified branding. Public system universities can work together to centralize administrative functions such as IT and HR and decrease decentralized redundant expenses on local campuses.

From a global perspective, international universities are looking to partner with other universities, particularly U.S. institutions, in many ways, including research collaborations, study/teaching abroad, and increasingly, joint program offerings. Look for a future full of mega-universities (like Arizona State University) and collaborations that extend throughout the globe.

### Profitability

As mentioned earlier, COVID-19 delivered a dramatic blow to most institutions' financial situations. Universities had to make hard choices about expenses: academic and in some cases, academic. According to my research, 92 percent of university leaders made "significant" or "some" cuts, although many of them were temporary in nature.

It is time for universities to continue to keep a close eye on expenses. For too many years, many institutions incrementally increased budgets every year, subsidizing it with tuition increases, endowment returns, and in some cases, enrollment increases. Those days are over. The debt to students is unsustainable and state governments continue to keep their support at below levels prior to the Great Recession.

### Conclusion

In summary, this is truly a special time for higher education. We are weathering a tremendous storm but can learn from it.

To do so, we need to step back from the day-to-day operations of our universities and apply a strategy refresh given the post-pandemic environment in which we find ourselves. Additionally, we should use a long-term lens to identify where we want our institutions to go and tighten up our guidance and investment to enable campus leaders to make that happen. The future of our institutions depends on it. ■



**Paul N. Friga, PhD**, is a clinical associate professor of strategy and entrepreneurship at the Kenan-Flagler School of Business at the University of North Carolina and a senior consultant and practice area leader for AGB's Strategic Transformation of Public Higher Education Practice. Email: Paul\_Friga@kenan-flagler.unc.edu.

### Endnotes

- 1 [https://www.chronicle.com/article/how-to-fight-covids-financial-crush?cid2=gen\\_login\\_refresh&cid=gen\\_sign\\_in](https://www.chronicle.com/article/how-to-fight-covids-financial-crush?cid2=gen_login_refresh&cid=gen_sign_in)
- 2 <https://www.acenet.edu/News-Room/Pages/New-Pulse-Point-Survey-of-College-Presidents-Shows-Increase-in-Mental-Health-Concerns-Ongoing-Impact-of-COVID-19.aspx>

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# NC STATE UNIVERSITY

## Endowment Fund Board of Trustees Recommendations

### Bio for Susan Ward

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Susan is the former president of the NC State College of Veterinary Medicine Foundation Board. She has served as Vice President of ARTS NC State and Chair of the Development Committee for NCSU Friends of the Gallery. Susan developed a number of scholarships across disciplines at NC State. She is the recipient of the Watauga Medal, Menscer Cup, the Dean's Award from the College of Veterinary Medicine, the Bowers Medal of Arts and the Wings on Wings Award from the College of Design. She has a Bachelor of Fine Arts degree from Western Carolina University. She is also a former member of the NC State Board of Trustees.

### Bio for H.B. "Hans" Warren, Jr.

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Hans Warren received his B.A. in Civil Engineering Construction from NC State in 1984. He is the president of Warco Construction, Inc., a Charlotte, NC-based construction company specializing in sprayed fireproofing and commercial interior construction. Warren currently serves as a member of the Civil, Construction, and Environmental Engineering Industry Advisory Board, having formerly served as a member of its Development Committee. He is also a member of the W.H. Page Society, a lifetime member of the NC State Alumni Association, a charter member of the Lonnie Poole Golf Course and a Wolfpack Club supporter.



# THE UNIVERSITY OF NORTH CAROLINA SYSTEM

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## BOARD OF GOVERNORS

Randall C. Ramsey, Chair  
UNC SYSTEM OFFICE  
140 Friday Center Drive  
Chapel Hill, NC 27517

**Date:** March 31, 2022

**From:** Randall C. Ramsey, Chair

**To:** Board of Trustees: Chairs, Secretaries

**Re:** Board of Trustees Expectations and Best Practices

Dear Board Chairs and Secretaries of the Boards:

This letter is a reminder of the attendance and participation expectations for boards of trustees. It also makes a request of each of you.

Regular attendance at board meetings is required. Under Section [200.7](#) of the UNC Policy Manual, if a member of a board of trustees of a constituent institution is, for any reason other than ill health or service in the interest of the state or nation, absent for three successive regular meetings of the board, he or she is deemed to vacate his or her board seat automatically.

In-person attendance for board meetings is essential for effective governance. There is no substitute for face-to-face discussion in providing the meaningful oversight the law requires and expects of us. As we emerge from the COVID-19 pandemic, and return to normalcy, it is time to refocus our efforts on excellence in service. Under [Chapter II of The Code](#) of the University of North Carolina, the Board of Governors presides in-person over university business in *full* Board meetings. Under *The Code*, our rules of procedure allow for virtual meetings only in certain circumstances. Committees may meet virtually. For full Board meetings, though, we maintain an in-person standard unless the Board is holding a special or emergency meeting.

Please act decisively to encourage more in-person deliberation by your board members. Under [Chapter IV of The Code](#), the Board of Governors delegates authority to the boards of trustees to establish their respective rules of procedure. Specifically, I request that boards of trustees use that delegated authority to adopt *at least* the standard followed by the Board of Governors. This standard would stipulate that board of trustees members attend in-person regular, full-board meetings. Many of your boards already adhere to this standard—indeed, some of your boards limit virtual attendance to only special or emergency meetings and do not allow virtual attendance at regular committee meetings.

Board of Trustees: Chairs, Secretaries  
March 31, 2022  
Page 2 of 2

Boards of trustees lead their respective universities by example. As you are aware, the UNC System relayed to institutions the expectation of a return to in-person, normal campus operations. Your board plays a critical role in shepherding this expectation to your campuses, and fulfilling our primary mission of student success. My request is that you mirror the meaningful and active in-person presence already asked of your campus leadership and broader campus community.

After considering my request here, please notify the UNC System Office of your board's current practices and intentions for future meeting procedures. I have asked Assistant General Counsel Mary Griffin Inscoe to collate and summarize responses. Ms. Inscoe's email is [mginscoe@northcarolina.edu](mailto:mginscoe@northcarolina.edu).

Thank you for your continued commitment to the active governance of our System. Your continued leadership from the front makes our System second to none.

Sincerely,

A handwritten signature in black ink, appearing to read "Ramsey", with a stylized flourish extending from the end.

Randall C. Ramsey, Chair