

General Faculty Meeting
Talley Student Center (Walnut Room)
3:00 p.m.

1. Call to Order

Chair Hans Kellner called the meeting to order at 3 p.m.

2. Remarks from the Chair

Chair Kellner commented on Faculty Governance for the 2012-13 year. He encouraged faculty to join the “coalition of the willing” and to serve on matters like the Faculty Senate, 604-607 Grievance Committee, 603 Hearing Committee, Council on Athletics, and all the many university committees and organizations.

Chair Kellner encouraged those who have not done so, to go online and vote.

Chair Kellner highlighted five areas that the Faculty Senate has addressed this year.

Campus Life – Chair Kellner credited the work of the Personnel Policy Committee for getting a resolution passed on an Ombud position at NC State.

Chair Kellner reported that Wayne Blair and Laurie Mesibov from Chapel Hill attended a meeting at the beginning of the Spring semester to talk about the history of the Ombuds Program at UNC Chapel Hill. The Provost has convened a committee to talk about the possibilities of implementing a position here.

The salary equity study is being discussed again. The committee has met several times working on metrics to define what they are going to study. The budgets will decide whether anything can be done.

A proposal has been made and the administration under Betsy Brown has started to work on a Non-tenure track Faculty Committee that will deal with issues of interest to that important part of our faculty.

Academics and Academic Advising – The Chairs of the Faculty from NC State and UNC Chapel Hill have met a number of times to discuss issues of mutual concern, in particular athletics. Chair Kellner noted that two faculty members were elected to the Council on Athletics in the Faculty Senate meeting last week. They were Karen Bullock, Social Work and Paul Williams, Accounting who was reelected.

Academic Ventures—Chair Kellner reported that the QEP for SACS, Quality Enhancement Program for the Reaffirmation from the Society Association of Colleges and Schools have chosen the topic “Critical and Creative Thinking” and they have tentatively named the program “I Think.” The committee’s task force and all of its subcommittees are working hard to plan a project that will focus on Freshmen. David Zonderman, Stephen Reynolds, and Chris Anson are a part of that important group.

Chair Keller stated that Distance Education is something that faculty can and will talk about endlessly, given the opportunity, but given the concerns from various strategic plans about the future of distance education, MOOCS and that sort of thing, we have had some discussion about that.

Tom Miller came last semester to discuss it and it will be discussed in two weeks at the final Faculty Senate meeting of the year.

Developmental Ventures—Chair Kellner reported that there is a brand refresh happening at NC State. Brad Bohlander, Associate Vice Chancellor for Communications has come to the Senate to talk about the “Brand Refresh”, how it’s done, why it’s done and what they are going to do. If things turn out as they have planned, we will have learned a lot about the public view of North Carolina State University in a way that is unbiased by all of our hopes and dreams.

The Campaign—Neven Kessler came to the Faculty Senate to discuss the campaign and how it will go to current expenses, endowments, facilities, etc. Other things related to the campaign are the campaign's priority venture headed by Mike Mullen, which comes under the category of looking for really big ideas. Mike wants to find university-wide big ideas that can potentially motivate a donor to say "that's an exciting thing for NC State, I'm interested in it and I'm going to think about that in a big way," and many groups on campus are thinking about these "Big Ideas" for the university. One of the groups that is also looking for big ideas is Centennial Campus.

Centennial Campus has what I remember it calling itself, the Centennial Vision 2034 and they are looking for big ideas about what Centennial Campus can become. Having attended one of these meetings I think it is one of the most interesting things NC State has going for it right now and I might add that the Faculty Senate for the second time in its history will meet in two weeks on Centennial Campus.

Chair Kellner stated that the need for a "one-campus" policy has come up in campaign priorities and in the Centennial Vision statement. The fear is that the growth of Centennial Campus and all the ambitions and big ideas they have may draw the two campuses apart and may reaffirm all the many different splits we have within the university and among the faculty. I think the first step that is needed is an attempt to physically join the campuses and then to make it work for the entire university.

3. Remarks from Chancellor Woodson

Chancellor Woodson discussed the current status of the budget.

Just to remind you, we are in a very different environment in the State of North Carolina. We have a new General Assembly where more than 65% of the members have been members for two years or less. We have for the first time in more than 130 years, a Republican Governor and a Republican Legislature, which is certainly bringing a lot of changes with it. At this time I will report on what we know about the governor's proposed budget. There is some good news and there is some bad.

Just to remind you, the Governor's budget is not "the budget." In fact, the General Assembly regards the Governor's budget as dismissed out of hand, it's just something that is written down, so the General Assembly does what they want to do and when it's all done, hopefully it will be signed by the Governor.

The Governor's proposed budget would fully fund enrollment growth and that is about \$50M to the system. We are a big part of enrollment funding so that is a good thing. Also, the governor has proposed a budget that would fund some of the elements of General Administration or the Board of Governors strategic plan. The governor likes a number of the elements around research and economic development, while it is not a comprehensive agenda, it is an agenda that to a certain extent engages NC State since it includes areas like big data, advanced manufacturing, and Pharma Engineering, so there are some good things in there for NC State.

The bad news is that the Governor proposed about \$139 million in reductions to the management flexibility budget, which is the budget that all the UNC campuses use to operate the universities. To put it into context, the UNC System has a total budget of \$2.5 billion, so it is a significant cut and it is a cut at a time when we have gone through a period of three or four years of reduced budget, so it is a bit surprising particularly in light of the growing economy, but there are some strongly held views in the budget office of the governor's office and in other parts of state government that the university system has been treated exceptionally well for a long time and that has played out in this budget request. So, there is about \$139 million reduction recurring and there is also non-recurring cost to the universities assuming that at the end of this biennium or two year budget that things would

improve and we wouldn't have to take it as recurring, but over the course of the next two years, in addition to the \$139 million we would lose, we'd lose \$43 million in the first year and \$30.6 million in the second year on a non-recurring basis. That would be cash that we would have to give back. The biggest issue from my vantage point is the Governor has also proposed for the first time in anyone's memory an additional tuition increase above and beyond what the Board of Governors approved, specifically for out of state students, a 12.3 percent increase for six campuses: NC State, A&T, UNC Wilmington, UNC Chapel Hill, UNC Charlotte, and ECU. That is a serious hit for us because most of our out of state students are graduate students and most of those students are supported by the university on the Graduate Student Support Plan or on contracts and grants. So, at the end of the day that is a budget cut to NC State and a bigger budget cut to NC State and Carolina than any other university in the system because of our heavy reliance on graduate students and out of state graduate students. It is better than it could have been and the reason is just before the governor released his budget we heard that he was considering in addition to a tuition increase on out of state students, a surcharge specifically on international graduate students. We would be the first campus in America to specifically charge a student more in tuition from India as compared to Indiana. This was not good. This would have sent a very strong signal for the state of North Carolina that would not be complimentary of our universities. Frankly, it would have a huge impact on the industries in the Triangle that rely on a lot of talent that we produce. We have worked hard over the course of the final week to educate the Governor and his staff and he was very responsive and some of our friends in the private sector were very influential, companies like SAS, IBM, etc. That is good news that it did not occur but we are still very concerned about the increase in out-of-state tuition. Now, the good news is that we are very affordable, the out of state tuition is well below many of our peers, but the bad news is the approach we are taking is the revenue that would be generated would be revenue that we had to generate and we would not even keep it, so the idea is that we would raise tuition on out of state students and it would raise about \$50 million dollars, which would go back to the General Assembly. It's a challenge and I suspect tomorrow at the General Assembly we will spend a lot of time talking about it.

The other big challenge for us is the governor proposed \$300 million for R&R for state agencies, but only \$50 million of that would go to the universities. In the past we have always operated under a plan where 50% of any R&R funding would go to the university system and 50% would go to the state agencies. We have about 60% of the facility infrastructure of the state on university campuses, so we certainly should receive at least 50% of the funding, but the current plan would only fund \$50 million out of the \$300 million for university R&R and that is for the whole system. There is also a 1% salary adjustment included in the budget.

This is a challenging proposal out of the Governor's office and the first time in a number of years where we started with a Governor's budget that we are working hard to change in the General Assembly. Many who have watched this over the years know that usually it's our best starting point, so we have some heavy lifting to do and we are talking about three key areas.

There were a lot of things that were talked about that didn't show up in the budget, so let's give a cheer for that. For example, conversations were about taking all of the indirect cost the university charged on grants and sending it back to the state, which is about \$200 million system-wide and about \$40 million at NC State, so that is obviously a huge hit to NC State and Carolina and frankly the out of state tuition increase is a big hit to our two institutions, so the out of state tuition increase is a challenge for us on two levels. The first is the proposed budget would actually take that money from us regardless, so the money would be gone with the idea that we are going to make it back by

the tuition increase. The reality is we are probably not going to have the out of state enrollment at the undergraduate level that we would like to have at NC State if we don't remain competitive. We are still working to grow our out of state enrollment to get to that 18% cap, not because we get the money, but because it enhances the university's reputation, it brings talent to the state of North Carolina, and it's good for our students to be surrounded by and interact with students from all over the world. We hope that we can have influence over this in the General Assembly and we are going to work hard to do that.

Questions and Comments

Is there a projection on how much the university stands to lose with the out of state tuition increase?
System-wide it's \$50 million and NC State is 40 percent of that which is \$20 million.

What steps if any are occurring to give the university more budget flexibility in terms of carry overs of money from year to year?

We think we have a better chance at that in the General Assembly than we have had in a long time. We didn't know that we were going to have quite the battle monetarily to fight and so we are hoping to be fighting other battles like management flexibility and carrying forward money from year to year. I've spent a lot of time talking to Speaker Tillis and President ProTem Berger about management flexibility, incentivizing the university to save money so that we can actually use the money we save to benefit the university. I think there is a general sensitivity to that with this body, but we have got some pretty big fish to fry just to get ourselves back in line financially, so we are going to fight the battles over money as much as over flexibility, but we are seeking more authority over the way we manage our property system wide and we are seeking more authority over the way we use our resources in general.

4. Remarks from Provost Arden

Provost Arden gave a PowerPoint presentation on Strategic Resource Priorities.

Provost Arden stated that this is the first part of a presentation that he has given to University Council about a month ago and he is giving it to department heads and Vice Provosts, getting us to think a little bit about the key elements of our strategic plan. He stated that he thinks we have a really good strategic plan, but would like for everyone to be thinking critically about if we are going to achieve the core elements of the plan. What is that going to take and particularly what is it going to take in terms of financial planning and space planning and some of the actions that we are going to have to put into place over the next several years?

The strategic plan was released this month, two years ago and it has several major goals:

1. Enhance the success of our students through educational innovation.
2. Enhance scholarship and research by investing in faculty and infrastructure.
3. Enhance interdisciplinary scholarship to address the grand challenges of society.
4. Enhance organizational excellence by creating a culture of constant improvement.
5. Enhance local and global engagement through focused strategic partnerships.

When you look at the plan, it is written at a very high level so that it focuses our attention on the big picture of things that we need to do. We followed this up in 2011 with an action plan and the action plan is meant to be a living document. It is meant to be a document that we modify and that we update, but it said essentially, these are exactly the actions that we are going to take in coming years to implement the major objectives of this plan, so I'd like to pull out some of those high priority actions that were identified in Fall 2011.

- Growing faculty 350 T/TT
- Keeping and replacing faculty 50 per year

- Increasing graduate enrollment 1751
- Increasing postdocs 150
- Adding academic advisers 40
- New Living and Learning Villages 4

We said that we would grow our faculty by about 350 over the next seven years by 2020. We estimate that we are going to have to retain or replace faculty who leave or retire at a rate of about 50 per year. Traditionally we were doing about 25 retentions a year. In the last academic years that went up to over 60 retentions and this year it has come back down more toward the traditional level, but we estimate that we are going to have to replace about 25 faculty and retain another 25 faculty each year.

We are going to increase graduate enrollment if all goes according to plans by more than 1700, increase post doctoral scholars on campus by 150, add 40 academic advisers across campus over the next seven years and set up four new living and learning villages. We have already funded and we are in the process of establishing the first of those four this fall. This is not a comprehensive list of actions this is just picking out some of the key things and some of the more expensive things that we are going to be doing over the next seven years.

This year alone we have about 70 faculty searches in progress, about 40 through the Faculty Excellence Hiring Program and another 30 through disciplinary hires in the departments, so everyone is working hard at bringing new faculty onto campus.

Underlying Assumptions

Tenure/TT FACULTY	GRADUATE STUDENTS
Ave. Salary + Benefits \$150,000	80% of PhD students supported
Ave. Start-up \$275,000	25% of Master's students supported
Annual Turnover 50 positions	Ave. Stipend – All of supported \$18,000
Ave. Annual Retention \$2,200,000	GSSP ISTA (2013) – All of supported \$7,173
1 Tech : 2 Faculty, 1 Staff : 6 Faculty	GSSP TR (2013) – 75% of supported \$12,338
OFFICE & OFFICE SUPPORT* REQUIREMENTS	OTHER POSITION COSTS
Faculty 190 sf	Staff (\$45K+ benefits) \$58,500
Grad Students (supported) 60 sf	Research Tech (\$55K + benefits) \$71,500
Postdocs 190 sf	Postdoc (\$50K + benefits) \$65,000
Clerical/Professional Staff* 140 sf	Advisors (\$55K + benefits) \$71,500
Technical Staff 140 sf	

Research space: 150 sf per research unit

Learning & Living Village \$200,000 For annual operations and salaries

*Office and office support spaces include individual and shared workspaces as well as support rooms for conference, reception, etc.

Professional staff space (190 sf) is underestimated in today's exercise.

All calculations are using 2013 dollars with no inflation adjustments

New FTEs Across Campus

Provost Arden reported that if we were free to implement the plan as it is, we would be adding something like 1700 bodies to campus over the next seven years. That is a number to keep in mind as we go forward.

Financial Resources Required

Provost Arden reported that the bottom line is that to fully implement the plan by 2019-20 you would have a cost of about \$114 million and the total one-time cost would be up over \$200 million.

Cumulative Space Requirements

The total space assignments:

The total cost is \$198 million. Provost Arden stated that we know that we are not going to build all new buildings so we have to have a discussion about what we could possibly think we would be able to attract as new total space, both office space and research space and what we are going to achieve by reassignment.

FY 2019-20 Summary

The continuing budget that we would have to add is \$114 million, the cumulative one time space costs is \$208 million and the cumulative space costs if you build all new space is \$198 million. The context is that these are big numbers, so the first thing I want you to realize is that if we were to fully implement everything that we would like to do in terms of our major initiatives, it is not cheap. The other thing is that you have to look at this in the context of our budget which is a \$1.3 billion budget in this year. It's a lot but it is achievable and the bottom line is we now have to transition into some assessment of how much is this going to be in view of our current budget to how much we think we will possibly be able to develop as new resources and how much will have to be reassigned from our current budget. So, that is about the first third of the presentation. The next two thirds talks about going through each of these different ways that new money comes to the university and talks about what we think of the options or opportunities for having new resources to come to the university in that way and which are ways that are going to be very limited. The main ways that new resources come into the university is either through campus initiated tuition increases, fees that come back to the university, increase appropriations, grant contract income, endowment and campaign, and sales and services. We need to as an institution, we need to be thinking very seriously about how we will reallocate the resources that we have if we are going to achieve these priorities.

We have been able to get off to a pretty good start over the last two years in terms of our strategic plan and we have been able to do that through a couple of mechanisms that I tried to be very transparent about. One is that during the tough budget years and we have had three very tough budget years, we were frequently cut a little more than we needed to so that we could centralize the assets and resources to use one of two ways, to buffer other cuts as they would occur down the line or to begin strategic initiatives. Secondly, for new resources that came to the university predominantly through enrollment growth and campus initiated tuition increases the vast majority of those were allocated on a one time basis rather than a recurring basis, so once again we would have the resources to either offset future cuts or to initiate new strategies. As we go into this new paradigm it's going to be stressful. We are not going to have the resources that we have had in the last year or two to both buffer those cuts and continue implementing the strategic initiative at the same pace that we have been doing, so we are going to have to make some difficult decisions and the decisions are going to be do we scale back on our objectives, do we not buffer those cuts if they come to us to the same extent that we have done, do we buffer those cuts and scale back on some of our strategic priorities. This is a discussion I hope to have with you on an ongoing basis over the coming year. This should be a group discussion because I think no one would argue with the fact that if we are going to move forward as an institution we cannot simply keep doing what we are doing and just take cuts across the board as often we have done in the past and as other institutions continue to do. We are going to have to find a way to reallocate some of the resources that we have even in the face of potential cuts to new strategic initiatives. That is the discussion I hope to open up with you. As we go through the fall and as we know better where our budget is as we go through the

summer and where we are in terms of our strategic resources, we will be able to have this in a more complete discussion.

Questions and Comments:

A considerable part of the budget claims salaries and other costs and in some colleges that is quite substantial, so how are we going to deal with that in your plans to move forward?

In the institution as a whole more than 60% of our total expenditures are on personnel. In some colleges those fixed costs are escalating very high, meaning that expendable budget and operating funds are at a minimum. We are going to have to focus on those units. We are going to have to look at the rates which, we can hire, the rate which we can allocate new resources. We are going to have to look at whether or not we can maintain the same rate of turnover as we have done in some of the other colleges and I have already begun the discussion with deans in some colleges about where their balance is going to be over the next couple of years in terms of allocating new resources and refilling positions right now versus a strategy of shoring up our base and returning a little bit of operating money to the budget and then accelerating back end loading to the strategic plan to the best of our ability.

Where do you see over the next six months or year the particular venues to these conversations?

We have multiple venues. I think the Faculty Senate is an important venue for this discussion. I think that some of the other meetings that we have on a regular basis are going to be important, but I'm also happy to come and talk to the individual colleges along side the deans in each of the colleges so that this is truly an open discussion.

Would you say a few words about the College of Sciences, Agriculture and Life Sciences and the new departments?

This is going to be done in one year and I think this is the right way to do it, it has been an inclusive process and there have been difficult decisions to make, but I think we have made good decisions. I want to give a tremendous amount of kudos to Rich Linton, Dean of the College of Agriculture and Life Sciences and Dan Solomon, Dean of PAMS who will become the inaugural Dean of the College of Sciences because they have both led really thorough inclusive strategic planning processes within those colleges. Recently the faculty and deans have come forward with structures that are going to be taken to the Board of Trustees for notification purposes and essentially those faculty who are going to be moving into the College of Sciences would go into one large department of Biological Sciences and in the College of Agriculture and Life Sciences there are going to be a couple of changes. The department of Plant Biology will become the Department of Plant and Microbial Biology and many of the other faculty will go into a new department, the Department of Applied Ecology, so I think that these are really good structures. There are still details to work out but the majority of those details have already been worked out. We are very excited about this and I think that we will have on track the ability to have two exceptional colleges.

5. Approval of the Minutes, David Zonderman, Chair Elect of the NCSU Faculty

The minutes of the October 16, 2012 General Faculty meeting were approved as submitted.

6. Remarks from Tom Ross, President of the UNC System

I wanted to come not to just talk about strategic planning, but to have an opportunity to talk with you about what's on your mind or any issues concerning you. I want to tell you that I deeply appreciate what you do and I really mean it. When I first came into higher education I told a story about a faculty member who changed my life because when I went to college I wasn't all that interested in being there. My first year's transcript actually reflects my desire not to be there but then my sophomore year I went on a new program abroad travelling with six other students and one faculty

member and it transformed my view of learning and my view of the importance of education. He remains my closest thing to a father today. You do that every day. You might not always know it and somebody may not tell you, but I promise you, you do it.

We are very fortunate to have Randy Woodson. He is a star, not just in our system, but nationally and we are very fortunate to have him at NC State so thanks Chancellor for what you do and thank you Warwick for what you do. You guys are a terrific team.

I want to address a few things about the strategic plan and then I'm happy to address questions about anything that's on your mind.

We have received some nice comments and some criticism about the strategic plan. One of the criticisms that we received was about the process, the timing, whether or not people had an opportunity to be involved as much as they would like to have been. I'm the first to say it wasn't the timing I would have chosen. It wasn't a perfect process. I think it was a good process but not a perfect process, but I want to explain a little bit about why we did it in the time frame we did and what we tried to accomplish.

The code requires that we produce a five-year plan for our Board, it specifically talks about the General Administration producing a five-year plan for the Board of Governors. Before UNC Tomorrow it was pretty much GA staff preparing and giving it to the Board of Governors and then when Erskine Bowles was President he decided to do a broader look at the university, it was an independent plan to just look at the future of the university. I was fortunate when I was in my job at Davidson to serve on that Commission as the private college representative and so the Commission went around the state and met with lots of people and had a lot of faculty and community involvement and I think produced a very valuable document. We started with that. We did not throw that aside, although some on our Board probably would have, but I think we tried to say to them, look, this has got a lot of good stuff in it, most of which hasn't changed in terms of the desire of people of North Carolina and how they want to engage with their university. What has changed is that it was adopted in early 2007 and you might remember that there has been some economic difficulty since then and the world is a completely different place. What we felt was important was we would take what we learned from UNC Tomorrow and try to absorb that information but also recognize the different times that we are living in, the circumstances that the university has been through and then figure out where we are going to go from here.

The timing was short intentionally, because we knew as we started this process last summer that there was going to be a new governor and we also thought that there was going to be a large number of new legislators and we were right about that. We are now somewhere around 170 members who have served one term or less, so there is a great deal of newness at the General Assembly. There is newness in the Governor's Office and come July 1 there will be considerable newness on the Board of Governors. I was elected President a little over two years ago and on July 1 there will be 29 of the 30 members that would have come on since I did, so there will be a good deal of inexperience there as well. So I thought and the Board agreed that we should come up with a plan that would articulate to the Legislature why the university was worth its consideration and why it was valuable to continue to invest in the university. Again, I think there are parts of the plan people agree with and parts that they don't agree with and I'm happy to talk about those, but I think the fact that we have a plan has been helpful. I don't know if you will see that by looking at the Governor's budget, but in the discussions that we are having with the General Assembly and others we are in a better position because we have a plan than if we didn't have one.

One of the keys for me was to work with our Board and try to get buy-in from policy makers in the business community and others for an educational attainment goal for North Carolina. Why do I think that's important? First of all I think if one is worried about the future of the economy of North Carolina then you have to worry about whether we are going to have sufficient talent to meet the demands of tomorrow's work force. Most of the projections we see would argue for more rather than fewer educated individuals, more people with a college degree or a masters or doctorate than fewer. There are some members who would argue for fewer. I think there is an explanation why they come out the way they do and I don't think it's very good direction for us, so if you believe that the jobs of tomorrow are going to require more education, then we have a lot of work to do in North Carolina because we are a state that is in the middle of the pack, we have about 26% of our adult residents who have a bachelor degree or higher. There are a number of states that are way ahead of us, though it was pointed out by one our board members, there is not causation, but there is a lot of correlation between higher education and lots of other factors that are beneficial to society, so there will be less incarceration in your state if you have a higher educated population. There will be fewer people taking advantage of public benefits of one kind or another if you have a higher educated population. There will be more people engaged civically, either volunteering in their community or in other ways. There will be school children that are more college ready in a higher educated state, so there are a lot of benefits to having an educated population beyond the work force and we have articulated that in the plan.

We set a goal of 32% which we believe can be accomplished, although it will be hard in the next five years and if we stay on that trajectory we will be a top educated state by 2025. I hope that is a goal that people will buy into. My theory was that once you had that goal you had to figure out how to get there, so we've tried to map back from that 32% and look at what we would have to do as a state, not just as the university, but what we would have to have in terms of in-migration, what we would have to have in terms of degree productions by the privates and what would we need to do as a university and we have figured some places where we think we can make a difference by paying more attention to retention and graduation, because that's the group we already have and it's the least expensive, fastest way to improve the number of degrees that we already have, but we also know that won't be enough. There are 1.5 million North Carolinians who have some credit but don't have a degree. We want to target that group. We have the second largest number of active military based in North Carolina than any state in the country. Many of them will be separating as a result of reductions in the military budget and hopefully a few awards, so they are going to be coming out with benefits looking for educational opportunities and we want to be able to serve them. We can do a better job with transfers. We can have a better and clearer articulation agreement with Community Colleges, so there are a lot of things that we can do. We can put some numbers around what they will cost us and by having a goal that hopefully people have bought into, so if we are going to meet the goal we have to have resources so we are able to articulate why they need to invest.

We also recognize that investing in more degrees wasn't worth the investment unless they are quality degrees and so we have taken some steps to try to enhance academic quality. We are moving in some areas that I think are new that are creating some concern. I'm not sure that they should but they are and one is around general education. There are people who think you need a prescribed list of courses you have to take for your general education. What we are looking at is trying to come together as a university around a set of competencies that we think our students should have when they graduate and then leave it to the faculty to figure out how to design the courses that will produce those results. Frankly, there are some of these areas where if we don't

take the lead we might end up with a list of courses that we are going to have to teach and part of this process for me was to get through a strategic plan that left the university in a place to implement the plan and be in control of it as opposed to have our future controlled for us.

We have looked at some particular opportunities for ways we think we can continue to serve North Carolina and that we actually worked with one of our business schools to produce a return on investment model where we can show the legislature that if you invest this amount in research that it produces this outcome in terms of return on investment. All that is based on historical data where the state has made investments or the Federal Government has made investments previously in research and we know it produces a real return on investment and we want to be able to demonstrate that to a legislature, some of who believe research is not necessary and not appropriate for universities to engage in, so we have big gaps on what's important and what isn't in the legislature. You know I think that we have positioned ourselves to do some good things for the university. It's not a perfect plan, for sure. It is one that has been criticized and I'm sure will continue to be. We have also identified some areas where we could be more efficient and one of those for example, requires on average 120 hours for our students to graduate, on average our students take 140 hours. If we could cut that back to 134, which still gives them some flexibility to take a few extra courses or maybe change their major once as opposed to six or seven times. If we can get that down to 134 hours we are going to save millions of dollars for the parents and students in tuition. We are also going to avoid substantial cost and additional enrollment dollars. We will create more capacity for us to educate more students or we will lower cost, because we won't be teaching as many credit hours per student.

So, we are about the business of implementing. This is the key time, this is the time we need your involvement. We will be sending out letters this week to members of the faculty at every campus inviting them to participate in the first three task forces that we are creating to work on some of these issues. I can assure you faculty will be heavily involved every step of the way. We are working closely with the Faculty Assembly to make those appointments so that we get people who are both interested and have the time and bring the expertise to help us to implement the plan in the right way.

Questions and Comments:

Can you talk a little bit about the McKinsey Report?

The report is valuable but it's not perfect and certainly not something that we are going to be driven by.

How would you characterize the role of distance education in the strategic plan and do you think it's wise and do you think it's possible?

I think we are entering a time in which we are going to have more distance education, so I think it's wise. I think what distance education looks like, we don't know for sure yet. As public universities we have to be careful not to try to make decisions when we don't know what the outcome is likely to be, because we are not like some private institutions that can afford to invest in a new idea that may or may not work. Whether it's going to work, I don't know. Some of them aren't even sure what their goal is, so we are not going to rush down that road until we have a better understanding of what it looks like. Will we try to make it possible like on this campus last year, for a student who is registered at NC State to take an online course at NC State without paying extra tuition, sure. We are going to try to do that on all of our campuses, it's not a good policy I think, because it discourages online courses and I don't know that we want to do that, but I'm not someone who believes in shutting down campuses because everyone is going to be doing their work online.

Human beings learn from each other and in the ideal world I think they learn best from each other and sometimes that is best using technology but not always, so I think where we will end up is using technology to improve pedagogy in the class rooms. We will use technology to create flipped classrooms and hybrid courses. We will have distance education courses where it's all on line. We will have courses offered that won't be a full semester long, so I think we are going to have a lot of different delivery methods that are going to come out, but they are going to rely on faculty because that's who teaches and that is who we have to have teach. I think there is a lot we can do to help faculty understand technology and to find faculty members that are really good at it and using it already, so there is a lot I think we can do in a positive direction without shooting before we aim. *You said there were members in the Legislature who didn't see the value of faculty research in the universities. How deep does that sentiment run and what kind of measures are people like you taking?*

We have lots of ways we are trying to do it already. The ones that help them the most to overcome this are obviously examples of research that has led to some product, technology, or discovery that they can get their hands around. Where they don't see the value sometimes is what they would characterize as just a bunch of research that gets put in a paper or book and put on the shelf and nobody reads it and that is kind of their mentality about research. What I think they miss is that faculty that are at the top of their game or at the edge of their profession are the best teachers and are the most engaged scholars. If you want them to be stale and uninteresting and boring and lose students, then tell them not to do research. Then there is the whole value beyond what it does for the faculty member, so students actually are engaged with faculty and research. That is part of teaching today. If we are not involving students in research they are not getting the quality of education they need, because they can't think across disciplines and they can't think with depth if they don't understand the importance of research. The legislation needs to understand that it's all integrated, you can't break it apart. We have got to get the message out and it's hard because you are dealing with people who some have never done research and they don't understand it's value. *Do you see a conflict in the UNC System's goal for the 32% education in North Carolina and NC State reducing undergraduate enrollment.*

No, I don't see a conflict. I think what we have to do to meet this goal are several things. One is we have to do a better job with the students that we have. We have some institutions where we could do better and there are some steps that we have already taken to increase admission standards that I think are helping, things that we can do that will help retention and help graduation and help student success. That is going to be part of what we have to do and then these other populations which we used to call alternative students, which are increasingly main stream students are the populations that we need to target and we are going to do that. We also have campuses that have capacity to absorb them, so I don't see it as a conflict. We still have a long way to go to figure out exactly whether we can do this or not, but our best numbers right now are we think we can by using all these strategies in the plan.

Speaking of UNC Tomorrow, their third goal is serving the people of North Carolina and that is what Erskine Bowles was trying to emphasize. I wonder if you could speak about the third goal.

I think it is important to point out that these are strategies for new things. This doesn't mean that we are going to stop doing everything else. One of the most important possibilities, I believe for our abilities to serve is "Reach and See" which is the new web portal that allows anyone to connect to our faculty, see what research they are doing, see how it might help them in their business and their daily life. Those are some ongoing areas where we think there is real potential. We identified some

key areas where we believed North Carolina is well positioned to make a difference to the state in terms of the economic future to the state, advanced manufacturing where this institution would play a huge role, green energy and clean technology around energy, again this institution but others and part of what we want to do is bring the strengths of our various institutions together more and take advantage of those. Another one that I think we can do is strengthen teacher quality. We do a lot of work with teachers already. We need to think through how we might re-envision teacher preparation and what we need to do about new teacher support. Those are areas we know work and we have to figure out ways to invest more in them.

In-state undergraduate tuition rates have increased by a large margin over the last few years. How much can that rate be expected to increase in the strategic plan?

The strategic plan doesn't set a number. What it says is we are going to develop a new four year plan after this one. The last one had a 6.5% cap on it and we allowed the campuses after the \$400 million cut to propose higher increases and that was a two year plan and this year the second year of those went into effect with a few modifications. I think we should be very proud that North Carolina still has for every one of our institutions, tuition that is either at the very bottom of their peer group or second to the bottom of their peer group, but that doesn't mean that it's affordable. Part of what has happened to us is that we have sustained substantial cuts in financial aid, so that's a real struggle for students. We also should be proud that our debt for the average graduate is much lower than the national average, but it's still debt. I deeply believe in keeping tuition low, I deeply believe in the quality of institutions. We have got to make our case to the Legislature that we depend on them and that the people of North Carolina need them to step up if we are going to keep tuition low. Tuition is an issue and what we want to do is try to keep it as low as we can.

Will you comment on how human science and technology will fit into the strategic plan?

The strategic plan is around some specific new things. I'm a graduate of a Liberal Arts college and I don't think you will find anyone who believes more deeply in the liberal arts than I do. When I talked about being able to think across disciplines and breadth, you only get that from a strong liberal arts background. The depth part of it, the internships, those kind of depth experiences are also critical to creating what everybody has called a "T" shaped person and I think that is what we need to be producing and we can't do it without liberal arts. The liberal arts are what separated the United States system of higher education from the rest of the world. While we are better than the rest of the world, we are losing ground fast, why would we want to change what's at the very core of who we are. I can't see us doing that.

You talked about keeping tuition low. Have there been any thoughts given to a graduated scale on tuition.

I don't think we've given thought to whether we will charge you more if you want to be an engineer. I think what we have thought about is differential tuition based on the cost of the program. We've ventured a little bit down that road to see how people like it and it may be that we will look at that more closely as time goes along because there are programs that are very expensive to operate, but are very important and so we may have to have differential tuition there. The problem I have with saying we are going to charge you more based upon what you think you might end up doing is I don't think our job is preparing people for their first job. I think our job is preparing people for their last job because they are going to have lots of jobs in between and we need to create them in a world where they can move and be flexible and go from one job to another. I do think differential based on cost may be something that we might have to look at over time and frankly we are doing that in some graduate programs already.

Will the strategic plan be fully funded?

The governor said no, he funded part of it which is a good thing. He funded \$19M in the first year out of about \$45M. I'll be surprised if all of it is funded this year and obviously if it's not then it creates an environment which we are going to have to set some priorities and we are going to have to do some of what we have been asked to do in the plan, but we can't do everything. There are some things that don't require resources. We will continue to work on those. There are some things that we may get some funding for, which means we might be able to do some work but maybe not to the extent we would like. We will have to try to figure out how to reprioritize some money if we need to, to tackle some of what is in the plan. If we see another \$140 million of cuts it is going to be very hard to keep doing what we are doing well.

Has there been any thought given to articulating different roles for different campuses within the system with respect to undergraduate emphasis, masters, doctorates.

We sent a memo last week asking campuses to begin the process of missions review so that they can go back and revisit their missions. The missions already are distinctive among some of the campuses. Obviously NC State and Chapel Hill's missions are pretty much we do it all. Some of our campuses on the other hand that are regional masters campuses that think they want to offer doctorates are going to have to justify that. There is this whole mindset about duplications and whether we have them or not and we do. The question is whether we have unnecessary duplications and we don't have much of that and so we have tried to show our board that, but we do need missions differentiation. One of the few down sides of UNC Tomorrow in my opinion, is that it sort of threw the door open and said you can go and do it all and in those days we had enough money where maybe they could have, but that is not true anymore and we are going to go through that process this next year.

7. Adjournment

A motion passed to adjourn the meeting at 4:49 p.m.