

NORTH CAROLINA STATE UNIVERSITY  
Minutes of the Faculty Senate  
Executive Summary  
August 27, 2013

**1. Call to Order**

Chair Zonderman called the first meeting of the sixtieth session of the NC State Faculty Senate to order at 3 p.m.

**2. Introductory Remarks**

Chair Zonderman presented the immediate Past Chair of the Faculty, Hans Kellner, with an engraved gavel to express appreciation for his services to the faculty over the past two years.

Chair Zonderman remarked on the theme of the engaged faculty and the engaged Faculty Senate. He stated that the following three basic points will, hopefully, guide him and everyone on the Senate.

- The Faculty should be involved in all decisions that impact their work as researchers, scholars, and teachers, whether they are department, college, or university level,
- The faculty should engage in curriculum, academic programs, RPT policies and procedures and academic personnel issues, both in committees and as a Senate.
- The university has a conjunction of a Chancellor and Provost that are doing their best, despite the budget cuts, to really move this university forward.

**3. Approval of the Minutes, Meeting No. 14, April 16, 2013**

A motion passed to approve the minutes as presented.

**4. Remarks from Chancellor Woodson**

Chancellor Woodson remarked on the legislative outcomes and how to move forward in this environment.

Chancellor Woodson reported that the fiscal year ended with the most amazing fund raising year in the university's history. The university raised \$200 million this year, with the previous record being \$110 million. The Chancellor invited members of the faculty to attend a big announcement on September 27<sup>th</sup> that contributed to the \$200 million figure.

Chancellor Woodson announced that Neven Kessler, Vice Chancellor for Advancement, will be leaving the university to go to Rutgers, and that Kevin Howell will serve in the interim capacity. They have launched a search committee to replace Neven with Dr. Mike Mullen, Vice Chancellor for the Division of Academic and Student Affairs, chairing that committee.

Chancellor Woodson reported that the university came off of a very challenging year with the federal government in terms of research funding. We lost ground this year with our awards dropping about 10 percent over last year's previous record. The good news is that the government delayed funding a number of projects, so July and August have been record months in terms of federal grants coming into the university.

Chancellor Woodson stated that both he and Kevin Howell spent a lot of time on Jones Street with the Legislature this summer and part of the spring. When the Legislature finally settled on the State's budget, the university got excluded from a 12.3% tuition increase that a number of other institutions received, which was good in terms of their lobbying success.

Chancellor Woodson reported that the universities received about a \$90 million budget cut overall and \$21 million of that was assigned to NC State, which was actually the largest numerical cut largely because we have the largest budget. The university did receive some enrollment growth funding and it received

allocations in R&R funds that will help with some of the massive deferred maintenance, which is only a drop in the bucket compared to the three and four hundred million dollars that campuses experience now.

## **5. Remarks from the Provost**

Provost Arden reported that NC State's share of the budget cut is \$21 million, which amounts to about a 4.5 percent cut to the appropriated budget of the university. All units have been asked to plan for a 5 percent cut, which is \$23 million because there is another 1 to 1.5% budget cut coming in the second year of the biennium.

Provost Arden stated that at the recent University Council Retreat, he threw out the concept of going forward. The message that he was trying to send is if you look at the change in the funding environment of public higher education at the national level and if you look at specifically what is happening in North Carolina right now, that North Carolina is actually emerging from its budgetary difficulties with revenues being about 7 or 8 percent above projections this year.

Provost Arden reported that we have a strategic plan to continue to implement, and this is where he would like everyone to put their focus. He stated that we are now two years into what he believes is a very good strategic plan and we have together as a university achieved a lot in the last two years. There are some things that are going to change this university for a long time like the Faculty Excellence Hiring Program where last year we hired 24 outstanding interdisciplinary faculty into the university and most of them are on campus this fall.

Provost Arden stated that he would like to have the faculty's input as they formulate some ideas and present them to the Chancellor, because he feels this is the time to make great decisions here.

## **6. Discussion of Issues for 2013-2014 Faculty Senate**

Chair Zonderman compiled a list of issues and other items that have come before the Senate. He stated that while in discussion with the Executive Committee some additional items were added to the list. The Senators were asked to rank the issues 1-4 to help give the Senate some guidance on issues to address this academic year. The ranked list of issues will be presented and discussed at the next meeting.

## **7. Old/New Business**

*Revisions to the Faculty Senate Bylaws (Faculty Meetings)*

The Governance Committee proposed amendments to (Article I, Section 4; Article III) the Faculty Senate bylaws.

A motion passed with unanimous consent to accept the amendments to the bylaws.

## **8. Issues of Concern**

Senator Nfah-Abbenyi inquired about the Supreme Court "Fisher" decision.

## **9. Adjourn**

A motion passed to adjourn the meeting at 4:27 p.m.

NORTH CAROLINA STATE UNIVERSITY  
Minutes of the Faculty

**Regular Meeting No. 1 of the 60<sup>th</sup> Session: Faculty Senate Chamber August 27, 2013**

**Present:** Chair Zonderman, Immediate Past Chair Kellner, Secretary Daley, Provost Arden, Parliamentarian Weiner; Senators Aday, Aspnes, Bartlett, Bernhard, Bird, Borden, Bourham, Devetsikiotis, Edwards, Fleisher, Fuentes, Heitmann, Holden, Knopp, Knowles, Krause, Marks, J. Moore, M. Moore, Morgado, Nfah-Abbenyi, Penrose, Rucker, Sztajn, Williams

**Excused:** Ade, Bradley, Funkhouser, Lunardi, Spontak, Tyler

**Absent:** Senator Allaire, Laffitte, Lucia,

**Guests:** Chancellor Woodson; P.J. Teal, Chancellor's Office; Eileen Goldgeier, General Counsel; Grace Thomas, Chancellor's Office; Marcia Gumpertz, OIED; Ian Kendrick, University Police; Betsy Brown, Provost Office

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**2. Introductory Remarks**

Chair Zonderman presented the immediate Past Chair of the Faculty, Hans Kellner, with an engraved gavel to express appreciation of his service to the faculty over the past two years.

Chair Zonderman stated that he plans to keep remarks as brief as possible and to bring forth news that the Senate needs to know.

Chair Zonderman remarked on the theme of the engaged faculty and the engaged Faculty Senate. He believes that three basic points will hopefully guide him and everyone on the Senate.

- Chair Zonderman believes faculty should be involved in all decisions that impact their work as researchers, scholars, and teachers, whether they are department, college, or university level,
- The faculty should engage in curriculum, academic programs, RPT policies and procedures and academic personnel issues, both in committees and as a Senate.
- Chair Zonderman believes that the university has a conjunction of a Chancellor and Provost that are doing their best, despite the budget cuts to really move this university forward.

Chair Zonderman stated that among universities in the nation we are one of the few that is making this bold commitment to dramatically increase tenure line faculty hiring. This year he would like the Senators to encourage themselves and the administrative leadership to put substantive issues on the table. Also, to ask ourselves and our colleagues who are not on the Senate to come to the table when asked, in other words, to participate in those meetings that you don't want to but, where important decisions are made and to be ready to engage with those substantive issues.

Chair Zonderman stated that his hope is that as more faculty and administrators dig deeper into this kind of engagement two things will happen.

- 1) We all know that we have a very talented faculty around this university and we have thirty-five committed people in this room. We want to get the good ideas on the table to move us forward and the warnings that say don't do that, all of them I think should go on the table.
- 2) Also I believe that the more faculty that are engaged in these decision making processes that we have a better chance of making better decisions, but even when we have to make painful ones I think more of us will be able to accept those and go forward if we feel that we all had our voices heard rather than just being told, "here is the decision that has been made and we are telling you what we did whether you like it or not."

Chair Zonderman stated that his message to everyone in the room is to put it on the table, engage with it, bring your perspective, and let's share in what we hope will be good decisions, but let's also be courageous enough to take on the burden of making hard decisions together.

### **3. Approval of the Minutes, Meeting No. 14, April 16, 2013**

A motion passed to approve the minutes as presented.

### **4. Remarks from Chancellor Woodson**

Chancellor Woodson remarked on the legislative outcomes and how to move forward in this environment.

Chancellor Woodson reported that the fiscal year ended with the most amazing fund raising year we have ever had. This year we raised \$200 million while the previous record was \$110 million. People are really stepping up to help the university. He invited the faculty to attend a big announcement on September 27<sup>th</sup> that contributed to that \$200 million figure. It will be the largest gift ever given to the university and it will help give much needed momentum going into the campaign.

Chancellor Woodson stated that he received a list from the *Chronicle on Higher Education* based on last year's numbers where we raised \$110 million. The university has broken into the top twenty-five of all public institutions in private fundraising. Growing this endowment and growing the private resources for the university is what's critical to our long term sustainability in an environment where the state is increasingly reluctant to provide us with the resources that are needed.

Chancellor Woodson announced that Neven Kessler, Vice Chancellor for Advancement, is leaving the university to go to Rutgers. Neven has been an incredible leader for NC State and he has found a great opportunity to go to another great land grant university. We have launched a search to replace Neven, and Mike Mullen, Vice Chancellor for the Division of Academic and Student Affairs will chair that search. Kevin Howell will serve in the interim capacity. We have a great group of Executive Officers that will keep the Advancement team going. Kevin will do everything he can to keep them moving forward.

Chancellor Woodson reported that the university came off a very challenging year with the federal government in terms of research funding. We lost a bit of ground this year in terms of our federal research funding with our awards dropping about 10% over last year's previous record. The good news is the government delayed funding a number of projects, so July and August have been record months for us in terms of federal grants coming into the university. There was a delay in federal funding that shifted things that would have normally fallen in last fiscal year to the current fiscal year so we have a lot of strong success in federal funding, but it's not reflected in last year's sponsored research because of some nuances, according to reporting of our federal government. That is not to say it's going to be easy, because sequestration is affecting everything we do and it is definitely a competitive environment.

Chancellor Woodson stated that he and Kevin Howell have spent a lot of time on Jones Street with the Legislature all Summer and some of the Spring. The governor had proposed a two thousand dollar per year surcharge to all international graduate students. We spent a lot of time lobbying hard to get that out of the governor's budget because we would have been the first state in the nation to specifically charge a student from India more than one from Indiana and we explained to the Governor that this would actually cost the

university, because we pay most of these students and certainly would cost the faculty on their grants. We were successful in getting that out of the Governor's budget. The governor proposed an additional increase to out of state students' tuition of 12.3% in addition to what we approved last year. We again worked hard in the legislature to explain that this would be a problem for us, primarily because we are paying graduate students and such a dramatic increase would have a huge impact on the graduate student support plan and on our faculty's grants.

Chancellor Woodson reported that the interesting thing is when the Legislature finally settled the university actually got excluded from a 12.3% increase that Carolina and a number of other institutions received, which was good in terms of our lobbying success.

Chancellor Woodson stated that they also helped the university system with getting the increase off of graduate students, it was only charged to undergraduates. Again, it wasn't charged to NC State undergraduates, so unless the Board of Governors does something dramatic our students won't participate in that tuition increase to out of state students. He noted that this year's freshmen class was the largest out of state enrollment the university has had since the 18% cap was implemented.

Chancellor Woodson stated that they were successful in keeping the Governor and the Legislature from taking our facilities and administrative support. We negotiate every five years with the federal government an indirect cost rate on federal grants and it is negotiated based on the increase cost of doing research. Some people in the state believe that we are double dipping by collecting F&A, that the state has already provided that support. We have had to explain to them time and time again that it's actually the increased cost of doing research and not what the state has already provided us, but the increased cost of having \$400 million in research expenditures. So far we have been successful in fighting that battle, but it's one that occurs every year.

Chancellor Woodson reported that other items that they were successful at included getting the legislative authority to enter into long term leases for property both owned by the state and owned by the foundation. This is critical for us to continue to develop Centennial Campus, to enter into public private partnerships and to buildings that continues to move our economy forward.

### *Salary*

Chancellor Woodson stated that early in the Legislative process the language that came out of the legislative body would have prohibited us from doing anything in salary including promotional increments for faculty in promoted from Assistant to Associate Professor and Associate to full Professor. We fought hard to get flexibility even if they weren't going to fund raises and we did ultimately get flexibility. The flexibility received is that we have no salary money for increases, but we still have the legislative authority when appropriate, because of retention, recruitment, and change in job or promotion as in the case of the faculty. We will be able to use our own resources and not any legislative funded resources to increase salaries, which is going to be critical.

Chancellor Woodson said one of things he is most worried about is the perception around the country that this state and this university is not moving forward, and that perception could lead others around the country to come calling and try to raid us, steal our faculty, etc., and if we lost the flexibility to be responsive to that we could set back NC State for a long time. I'm concerned about where we are in terms of the compensation of our faculty and staff. He noted that we are losing a lot of key staff, particularly the Information Technology staff because the economy is improving. I am pushing the Board of Governors to be more thoughtful about salaries and to go ahead and get back to the position that we were in when Erskine Bowles was here of arguing that we need to get universities competitive with our peers. In the four years that I've been here I have never seen a salary survey of us relative to our peers and if we have lost ground, so I have been talking to the Provost and Barbara Carroll about really pushing the Board of Governors to be more aggressive with the General Assembly in getting the flexibility the university needs over our compensation. I

remind the Board of Governors every chance I get that they were elected by the General Assembly and they need to be entrusted with responsibility of running the university from the General Assembly.

Chancellor Woodson stated that the universities received about a \$90 million budget cut overall and \$21 million of that was assigned to NC State. It was actually the largest numerical cut, largely because we have the largest budget. We got a larger percentage cut than I had hoped for, because the Board of Governors are now using the productivity measures in allocating funding and this is one of the reasons why graduation rate matters. We lost money because of our graduation rate relative to our peers and our slightly underachieving retention rate. We lost \$1.4 million because of a 90 percent retention rate compared with our peers 91 percent. The good news is this fall it is 92 percent, which puts us ahead of our peers now and we are making a lot of progress largely because of the amazing students that are coming to NC State.

Chancellor Woodson reported that the university did receive some enrollment growth funding. We also received allocations in R&R funds that we have received for the last three years and that will help us with some of the massive deferred maintenance, but it is only a drop in the bucket compared to the three or four hundred million dollars that campuses experience needing now. So we have some challenges, but it could have been a lot worse.

### *Questions and Answers*

*Where will the money come from to use for retention?*

Chancellor Woodson stated that it's not going to come from the state in new funds. The old rules prevented us from using any state money at all for salary adjustment and we got rid of that so it doesn't matter what the source of money is, but we have to have the money to do it. Now the Provost and I got some gift funding that we've established through the Kenan Charitable Trust and through a private anonymous donor we have established a fund in the Provost office that can help colleges with these kinds of issues.

*Did we still get a 6.3% in out of state tuition increase?*

Chancellor Woodson responded that we got zero. The logic was which of the campuses have a long history of having a lot of out of state students. We would have been in that list, but Kevin Howell and I fought so hard for it that in the final hours they kept us out of it completely.

The President has announced to the Board of Governors that he would prefer not to increase tuition on in state students (undergraduates), this year at all. I have mixed feelings about that, I think we need to work hard to remain assessable and affordable.

*Will we reach the point where we have to start making this hurt?*

Chancellor Woodson stated that one of the most dramatic things that we have done in response to the budget environment, which we have done for a number of reasons, but largely because we can't protect quality with the finances that we have, is that we have stopped growing this university.

*Will we have an opportunity to talk about other legislation that will impact education?*

Chancellor stated that there is no doubt that Colleges of Education across the state of North Carolina are going to be dramatically impacted by this Legislature. The predominant thing that this Legislature did is to pass a law that prohibits school systems from giving raises to teachers that receive a Masters degree.

*What is the long range academic future for Centennial Campus?*

Chancellor Woodson stated that he wasn't here when it started but the way he interprets everything that he has heard and read is that Centennial was never a vision of a purely academic campus. It was always a vision of a campus that nurtures public and private partnerships that he thinks in the most creative way that any public university has ever done. There are a lot of public universities that have research parks, but there are very few, if any that have research parks that actually are the home of academic buildings. I don't view Centennial campus as being a pure academic place or a pure research place, it's a place where the university can embody and demonstrate what public/private partnerships can do for the economy. So, I think what you will see, is we will finish engineering. Getting there is going to be painful and it's going to be longer than Dean Martin Vega would like, but we will do it. We won't move the reactor, but we will finish that project. Centennial is not going to become all of the academic programs at NC State. It is becoming a place where the concept of life, work, study, play, and increasingly we hope people will shop there when we finish the Town Center and they will play golf there. My view is that Centennial Campus is becoming what the university envisioned it to become twenty-seven years ago.

## **5. Remarks from the Provost**

Provost Arden reported that our share of the budget cut is \$21 million and we are working through that process now. That amounts to about a 4.5 percent cut to the appropriated budget of the university. We have asked all of the units on campus to plan for a 5 percent cut so we decided to go ahead and enact a 5 percent cut across campus which is \$23 million and the reason for that is because we know that there is another 1 to 1.5% coming in the second year of the biennium. We did go a step further in executing this cut for the current year. As always we try to protect the academic side of the house, so we asked for the nonacademic side of the house to share a slightly heavier load. We split it by giving those units about one half of a percent more and the academic units about a half percent less.

We have not sent out the line by line directions to each of the units yet because we don't have them from General Administration, but the moment they come out they will be sent. These will essentially be the directions for rules that we have to follow in submitting our budget cut. For example, the \$21 million is made up of four different components; a management flexibility cut, academic efficiency cuts that came out of the strategic plan, some operational efficiency cuts, and there are some other strategic plan implementation funds.

We had originally asked Deans and unit Directors to turn this back in to the university by September 6<sup>th</sup>, but since we still don't have our directions from General Administration, we can extend that by at least one week, which would make the deadline be somewhere in late October. These numbers, positions, savings and cuts need to be documented and bundled by General Administration and sent to the Legislature, so we will be working hard on that over the next few weeks.

Provost Arden remarked on where the university is going forward.

Provost Arden stated that we like many universities tend to think about our budgets from year to year and we also tend to think on a unit by unit basis, which department heads, deans and Vice Chancellors are also asked to do. The mentality is what I have to do to hold my unit together as I keep moving it forward to get through to next year. What we really need to do when we stop and look ahead is ask the question, what do we need to be doing as a university to structure our resources so that we are putting the most important things at the top of the list, and how can we begin to think about this in at least a 3-year, if not a 5-year, budget cycle. We have an obligation to the students to deliver the very best program that we can, so we have to begin thinking on a multi-year period and we have to begin thinking above and beyond the unit level.

Provost Arden stated that at the recent University Council Retreat, he threw out the concept of going forward; maybe we need to be thinking about a recurring centralization of resources of about 3 percent a year for five years. The message that I was trying to send is if you look at the change in the funding environment of public higher education at the national level and if you look at specifically what is happening in North Carolina right now, North Carolina is actually emerging from its budgetary difficulties. Revenues were

about 7 or 8 percent projections this year. What is happening to it financially is somewhat of an ideological change which is moving us toward the nationally norm, so we need to take that into account. We also need to take into account what we expect will be coming our way as part of our enrollment plan. At the moment we have been successful in limiting our new enrollment for there will not be a lot of new money coming in the door for enrollment growth. It also means that there is probably not a lot of new money coming in through tuition increases.

Lastly we have a strategic plan to continue to implement, and this is where I want everyone to be really thinking. We are now two years into what I believe is a very good strategic plan and we have together as a university achieved a lot in the last two years, but we have done that because we made some tough budget decisions two or three years ago and we decided where we would be putting our resources and where we wouldn't and it's now time to do that again. What this simply means is that as we look at our resource portfolio over the coming years, we have to be extremely diligent about looking at new opportunities for resources and we have to be willing to face some of the hard decisions as a campus not as just an individual unit about the things that we are going to prioritize and the things that we are going to stop doing. During tough times when you are trying to move a strategy forward, you can't be all things to all people. I don't want to sit in my office and think about what we should or shouldn't stop doing, I want you to help me and the Chancellor think through that process. How do we prioritize? If you look at some of the things that were done in the last two or three years, I think you all should be very proud. There are some things that are going to change this university for a long time like the Faculty Excellence Hiring Program. Last year we hired 24 outstanding interdisciplinary faculty into the university and most of them are on campus this fall, so there are some great things that are happening. So this is the beginning of the conversation. I am going to be talking a lot over the fall as we begin thinking about this. I want your input as we formulate some ideas and present them to the Chancellor, so please be thinking about these things, this is really the time to make great decisions here.

### *Questions and Answers*

*We are in a situation where we are such a small department that one faculty member represents 10% of our faculty. We are struggling with how it is set up and I appreciate the fact that we need to review our priorities, but we are cutting bone right now, there is no more meat left and I'm struggling to see how we can survive something like this.*

Provost Arden responded that part of what I'm saying is that within any one unit it may be very difficult to think of how we can cut another 2, 3, or 4 percent per year, and that is why we need to be thinking at the university level. Unit by unit thinking through multiple years of budget reductions have the long term effect of weakening the institution as a whole and I think we are at the point where we are simply going to have to make some very tough decisions and sometimes perhaps some big decisions about all the things that we have quit doing. We have also gotten ourselves in a situation like a lot of universities, that because we had the fortune to be so well funded by the state of North Carolina for so long, if you will look at how our resources are expended a very significant proportion of many academic units' budget is indeed state and 95% of that is people, so when we look at the university as a whole there may be resources in areas that we can redirect. If you look at any one unit you will find that most budgets and certainly most academic budgets are largely tied up in people and that's what we have to think about a little differently.

### *Where do we stand with business operations?*

Business Operation Centers have been a journey. Vice Chancellor Leffler has been rethinking business operations centers and rethinking what shared services really mean to the institution. We are still looking at moving forward with a Travel Authorization Center. How far we go with the original plan in terms of the centers that were originally planned, I think he is rethinking at this point and time and really asking the question, are there alternative options that perhaps we didn't consider right off the bat for implementing a shared services model across the university. I think there is very little doubt that the concept of shared



services is an effective way of improving performance and decreasing the overhead cost. The concern is what are the cost and difficulties of implementing it during difficult budget times.

*Last year we talked quite a bit about an ombud and voted in favor of it and we were told that it was going to move forward. Has that moved forward at all?*

Provost Arden stated that he thinks with the legal Counsel and Vice Provost Brown working through various models the question is what is the best model for us at this point and time. Hopefully we can move that discussion forward this academic year, pending the appropriate funding.

Chair Zonderman added that there was a draft circulated this summer and it is going to be discussed at the Executive Committee meeting on Thursday. It will go back to the Personnel Policy committee for them to review and to get their specific suggested revisions.

Provost Arden added that we are going to have to be very realistic about the things that we can do and if they are our highest priority.

#### **6. Discussion of Issues for 2013-2014 Faculty Senate**

Chair Zonderman compiled a list of issues and other items that have come before the Senate. In discussion with the Executive Committee some additional items were added to the list.

The Senators were asked to rank the issues 1-4 to help give the Senate some guidance on issues to address this academic year. The ranked list will be presented at the next meeting.

#### **7. Old/New Business**

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#### **9. Adjourn**

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