

NORTH CAROLINA STATE UNIVERSITY
Minutes of the Faculty Senate
Executive Summary
August 26, 2014

1. Call to Order

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

2. Remarks and Announcements

Chair Zonderman welcomed and thanked everyone for attending today's meeting and urged the senators to make an effort to regularly attend the Faculty Senate and committee meetings.

Chair Zonderman challenged the faculty to participate in the ice bucket challenge.

Chair Zonderman updated the Senate on the resolutions passed during the 2013-2014 academic year.

Remarks

Chair Zonderman informed the Senate that his theme for this year is "Renewing Shared Governance, Building on our Strengths and Strengthening our Weaknesses."

Chair Zonderman stated that there is good news and some weaknesses that the faculty should be addressing. He said the strengths they can build on are the structures of strong faculty governance at this university starting with the Faculty Senate Standing Committees and a number of University Standing committees. The faculty can also build on the overall pro-faculty leadership among NCSU administrators.

Chair Zonderman stated that he believes in strong governance. There has been a lot of tough decisions made at this university in the past few years and he thinks the more faculty are brought into the tough decision making earlier on, the more understanding they will be of why a tough decision was made.

3. Approval of the Minutes, Meetings No. 14, April 15, 2014

A motion passed to approve the minutes as submitted.

4. Remarks from Chancellor Woodson

Chancellor Woodson stated that the students are back, and everyone is off to a great start. The freshmen class is larger than was targeted. NC State was shooting for about 4200 freshmen and received 20,000 plus applications. In spite of the freshmen class being 250 or so over target it is still the most qualified freshmen class in NC State's history.

Chancellor Woodson reported that the news around the state has not been good for the College of Education. Enrollment in the colleges of education is down. For the first time since anyone has been keeping record, NC State has had a majority of recent graduates from the College of Education leaving the state.

Chancellor Woodson reported that NC State ended the year with more than \$300 million in research funding for the first time in its history.

Budget

Chancellor Woodson reported that the Legislature recognized the hard work of SPA employees. The state provided a \$1000 across the board pay raise to all SPA employees, not inclusive of benefits, so almost \$1000 to the paycheck. He commended the IT and HR departments for working tirelessly to get the raise entered into the system so that the employees would realize it in their first fiscal year paycheck.

Chancellor Woodson stated that the bad news is the General Assembly chose not to do the same for EPA and faculty. The good news is that they gave complete flexibility by removing all restrictions on using state appropriations or tuition receipts toward faculty or EPA salary.

Chancellor Woodson stated that they are going to do everything possible to give raises to EPA non-faculty and faculty this year. They are planning to give the \$1000 across the board for all EPA employees and in addition to that they are going to provide department heads and deans additional flexibility in the neighborhood of 2% to address the growing market, equity, and merit issues that five out of the last six years of no raises have created.

Chancellor Woodson stated that when the budget passed they essentially rolled over the management flexibility cut from last year and added about \$2.5 million to it, which at NC State it is about \$10 million budget cut. He stated that NC State has a budget cut this year regardless of the raises, so they are working hard on how to manage that.

Chancellor Woodson reported that the Legislature also provided 5 days of bankable special bonus leave. They also provided some one time funding for game changing research and some funding to provide in-state tuition vouchers for returning military veterans that have been deployed from and returning to and discharged from the state of North Carolina but not holding citizenship in this state.

The Legislature provided \$30 million for building, repairs, and renovations for all of state government.

The state came through with the matching commitment for the next generation power electronic grant from the Department of Energy, so there will be \$2 million coming as matching funds for that grant over the next five years.

Chancellor Woodson stated that they approved the project to renovate Reynolds Coliseum, which is all privately funded.

Chancellor Woodson reported that the TSERS vesting requirements have been dropped back to 5 years and has been retroactive to all hires after August 1, 2011.

5. Discussion of Issues for 2014-2015 Faculty Senate

Chair Zonderman stated that a ballot was formed by the Executive Committee; they looked at a number of items that were either held over from last year or arose over the summer. The list was narrowed down to nine issues. 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.

6. Adjourn

A motion passed to adjourn the meeting at 4:21 p.m.

NORTH CAROLINA STATE UNIVERSITY
Minutes of the Faculty Senate
August 26, 2014

Regular Meeting No. 1 of the 61stth Session: Faculty Senate Chambers **August 26, 2014**

Present: Chair Zonderman, Secretary Daley, Chair- Elect Moore, Parliamentarian Fath; Senators Aday, Allaire, Ash, Auerbach, Banks, Barlett, Baumer, Bernhard, Bird, Borden, Brady, Bullock, Byrnes, Cabbage, Davidian, Devetsikiotis, Edwards, Fleisher, Fuentes, Gunter, Heitmann, Holden, Krause, Levy, Lunardi, Moore, Nfah-Abbenyi, Orcutt, Scarce, Smith, Sotillo, Spontak, Steer, Williams

Excused: Provost Arden,

Absent: Senator Laffitte

Guests: Chancellor Woodson, P.J. Teal, Chancellor's Office; Kevin Howell, Chancellor's Office; Sarah Stone, Chancellor's Office; Duane Larick, Provost Office; Brian Sischo, Vice Chancellor, Advancement; Marcia Gumpertz, OIED; David H., Communication; Eileen Goldgeier, General Counsel; Betsy Brown, Vice Provost for Faculty Affairs

1. Call to Order

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

Chair Zonderman welcomed and thanked everyone for coming and urged the senators to make an effort to attend the Faculty Senate and committee meetings.

Chair Zonderman challenged the faculty to participate in the ice bucket challenge. He reminded everyone of the Chancellor's picnic at 5:30 p.m. today.

Chair Zonderman updated the Senate on the resolutions passed during the 2013-2014 academic year. He reported that five resolutions were passed and three did not require actions. The two others that required action were:

- 1) Resolution on Transfer of Tuition Waivers for Dependents of Faculty and staff, which will have to go through the General Administration.
- 2) Resolution on the Requirement for Proper Notifications for Falsified Results. Vice Chancellor Lomax reported that the entire policy is going to go through a full review through the University Research Committee this year and the Faculty Senate will be included on that revision.

Remarks from the Chair

Chair Zonderman informed the Senate that his theme for this year is "Renewing Shared Governance, Building on our Strengths and Strengthening our Weaknesses."

Chair Zonderman stated that there is good news and some weaknesses that the faculty should be addressing. The strengths they can build on are the structures of strong faculty governance at this university starting with the Faculty Senate Standing Committees and a number of University Standing committees. Strength also includes attending the Faculty Assembly and meeting colleagues from other

UNC System campuses. You will find that there are some good places and some not so good places, and it is not just financial, but also governance issues, most of that we do not have here.

The second thing to build on is that we have overall pro-faculty leadership on this campus. We don't always agree with everything, but this is, as we know, a leadership that is committed to growing the tenure line faculty on this campus.

What are the challenges we face? There are two. One is simply the nature of this place. We are a large university, we have a complex bureaucracy. The bottom line is that very often big decisions have to be made and sometimes made quite quickly because of limited time from General Administration or from the Legislature. That does lead to top down decision making. Our goal as the Faculty Senate is to inject ourselves into that decision-making as much as possible and that means the faculty needs to be part of the decision making. That leads to how we can get more people engaged in governance. There are several reasons why we struggle, especially now. One is low faculty morale and that has been due largely to the budget decisions made at the Legislature.

Secondly is the reward structure. The few rewards that we get here are mainly tied to research and to some extent teaching. We (Provost and Chair Zonderman) have had conversations about this and one of my goals will be to try to push toward some sort of reward structure for governance leadership.

Chair Zonderman stated that the final thing that the Faculty Senate fights against is the notion that governance doesn't mean anything and this is the one we can fight the most immediately. There are two crucial reasons why we want the most healthy governance system we can have. The tougher the problem and the more minds from a broader range looking at it, the greater chance we have of trying to find the solution.

Chair Zonderman thinks the more faculty are brought into the tough decision making earlier on the more you are going to at least get faculty understanding why a tough decision was made and accepting it more.

3. Approval of the Minutes, Meetings No. 14, April 15, 2014

A motion passed to approve the minutes as submitted.

4. Remarks from Chancellor Woodson

Chancellor Woodson gave an overview of the budget.

Chancellor Woodson stated that the students are back and everyone is off to a great start. We have a larger freshmen class than we had targeted. We were shooting for about 4200 freshmen and received 20,000 plus applications. The quality of the applications continues to be strong at NC State. Our models for admissions need to be addressed because we have more people saying yes to the offer of admissions. While that is good, it taxes our capacity to provide for them. Our total enrollment is just north of 34,000 students. In spite of the freshmen class being 250 or so over target, it is still the most qualified freshmen in NC State's history.

Chancellor Woodson stated that there are some areas of concern. The news around the state has not been good for the Colleges of Education. Enrollment in the colleges of education is down. At NC State it is about 50% year over year. For the first time since anyone has been keeping record NC State has had a majority of recent graduates from the College of Education leaving the state.

Chancellor Woodson pointed out that UNCG at Greensboro is a very large teacher education preparation university, so when they are down 50% in that college it is significant. They lost almost \$2 million in enrollment funding this year because of the downturn in enrollment.

Chancellor Woodson reported that NC State ended the year at a record in research with more than \$300 million in research funding for the first time in its history. Every area of research was up and we also surpassed \$1.3 billion in grant submissions. Industry funding was the most dramatic, it is up more than 20 percent and it came in at almost \$36 million. Our development team across the university has done a terrific job hitting almost \$190 million. Just two years ago we were at a record of \$110 million in annual gifts and commitments and the last two years we have come close to \$200 million. Our endowment at the end of the fiscal year was close to \$900 million and just four years ago it was at \$436 million, so almost \$150 million of that growth is new dollars that is coming into the endowment.

Chancellor Woodson reported that NC State has a budget.

The Legislature did recognize the hard work of SPA employees. The state provided \$1000 across the board pay raise to all SPA employees, not inclusive of benefits, so almost \$1000 to the paycheck. He commended the IT and HR departments for working tirelessly to get this entered into the system so that the employees would realize the increase in their first fiscal year paycheck.

Chancellor Woodson stated that the bad news is that General Assembly chose not to do that for EPA non-faculty and faculty. The good news is that they gave us complete flexibility by removing all restrictions on using state appropriations or tuition receipts toward faculty or EPA salary. They have given us the luxury of a policy that allows us to give raises without the appropriated money. Hence, pay raises will need to be funded from internal reallocations. They did give us \$5 million for the entire UNC System which translates to \$854,000 for the academic budget code of NC State University where a 1% raise requires about \$6 million.

Chancellor Woodson stated that they are going to do everything possible to give raises to EPA non-faculty and faculty this year. They are planning to give the \$1000 raise across the board for all EPA employees and in addition to that they are going to provide department heads and deans additional flexibility in the neighborhood of 2% to address the growing market, equity and merit issues that five out of the last six years of no raises have created.

Chancellor Woodson stated that there will be forthcoming rules and regulations sent to the units and the raises will be retroactive to July 1st. Nothing will happen until the Board of Governors acts on the budget in their September meeting, but they will issue guidance across the university in the coming weeks. There will be raises and they will be based on performance and they will be based on market and equity issues that have risen in recent years. However they will be limited by the budget restrictions that we have.

Chancellor Woodson said there is nothing more important to him and the leaders across campus than getting back to the business of rewarding the talent here at NC State.

Chancellor Woodson commented on the overall budget.

Chancellor Woodson stated that when the budget passed they essentially rolled over the management flexibility cut from last year and added about \$2.5 million to it, which at NC State is about a \$10 million budget cut. He said that we have a budget cut this year regardless of the raises, so we are working hard on how to manage that. We hope to be able to manage most of it centrally, at least on the academic budget line, but we are still working through the numbers. The colleges and the units will participate in

the pain, but primarily they will participate in giving their own people raises, so their funds will stay in the departments, but it will be in people's salaries.

Chancellor Woodson stated that the Legislature also provided 5 days of bankable special bonus leave. They also provided some one time funding for game changing research. The state also provided some funding to provide in state tuition vouchers for returning military veterans that have been deployed from and returning to and discharged from the state of North Carolina but not holding citizenship in this state.

The Legislature provided \$30 million for building, repairs, and renovations for all of state government. NC State's deferred maintenance is about \$600 million. When it all trickles down NC State will get about \$2.5 million.

The state came through with the matching commitment for the next generation power electronic grant from the Department of Energy, so there will be \$2 million coming as matching funds for that grant over the next five years.

Chancellor Woodson reported that the Legislature approved the project to renovate Reynolds Coliseum, which is all privately funded.

Chancellor Woodson stated that Centennial campus is developing into its original vision which is to be a campus where people can live, work, and play. More people are starting to live on campus so there are going to be more condominiums built. There are currently 300 new apartments occupied by employees that work on Centennial Campus; the next part of the vision of Centennial is a Town Center, restaurants, bars, dry cleaners, the kind of amenities people need in an urban environment. To do that we needed to get a special exemption to allow private enterprises to sell alcohol and that has been done.

Chancellor Woodson stated that the Legislature realized the problem they created a few years ago when they increased the TSERS vesting requirements to 10 years. The Legislature has dropped vesting back to 5 years and it is retroactive to all hires after August 1, 2011, which is critical for a lot of our SPA's.

Questions and Answers

When you talked about the market, equity, and merit raises, where is that money coming from?

Chancellor Woodson responded that it has to come from somewhere. We have a \$10 million budget cut to deal with and then we want to give raises. We are likely going to try to absorb as much of the official budget cut as we can centrally and then ask the units to participate in some ratio with central on the raises. The dominant side of the ratio will be departments and units. The details are still being worked through.

Senator stated that he has talked with some department heads that are expressing the view that we have suffered these budget cuts in our own department, we have gotten rid of half dozen teaching assistant positions and if we take more money from the department to "give it to the faculty" we are going to have to let more positions go, so is this a good thing to do?

Chancellor Woodson stated that the Provost and a committee have been working the last year on a new budget process for NC State. The bottom line is we are going to have some reallocations at this university and we are going to do it in a transparent and equitable way through another new budget allocation process where budgets are more tied to tangible deliverables, student enrollment, grants and

contracts, etc., and so yes every department is going to struggle with this, but the retention of our faculty has gotten off the chart in terms of the number of counter offers. We are losing people and it's not just faculty. In the last year we have lost almost every auditor that we have had at this university, because they can go to MET Life and make \$25, 000 more. So, it is true that there can be some changes in the overall priorities of departments, but retaining the best people has got to be the top priority.

Were you able to hang on to the out of state tuition waiver for scholarships?

Chancellor responded yes, that the argument for that is simple.

In the Chronicle they have a listing of all the university systems and if you look across all the states most of them are reinvesting in higher education. North Carolina stuck out like a sore thumb because they are still minus 3.2 percent. Do you get the sense that this message is getting through, that it is almost an embarrassment?

Kevin Howell responded that, that is the message the Chancellor talks about every time he goes down to the Legislature. We are very fortunate that the Chancellor is going down talking to members of the General Assembly leadership and a lot of items that the Chancellor was talking about like the \$2 million are because of him making that case. They are listening to him and the challenge that we have is with all the other universities and with General Administration, but we work very well with the leadership of the House and Senate.

Chancellor Woodson stated that the reality is you have to look at Florida, for example, they ended the year with a \$14 billion surplus. What the General Assembly is going to have to come to terms with is the challenge associated with the tax restructuring and the revenue in a state that is still growing as dramatically as we are. We are going to have to come to an agreement with the General Assembly about how Higher Education is funded in the state, because historically it has been funded predominantly by the state and still is, compared to South Carolina, Virginia, and all the states around us. The only exception is Florida. We still get a large portion of our budget from the state, so if they are going to hold us to the principal of low tuition on the one hand and cut our budget from the state on the other we are going to continue to have a problem.

What is your sense of the UNC System?

Chancellor Woodson stated that the reality is that after this year NC State will have the highest appropriation of any university in the state. Carolina took a huge budget cut this year and part of it was because the General Assembly required them to charge their out of state students an astronomical amount and then cut that from their budget. However, the reality is that UNC will lose some of its out of state students because of that.

Chancellor Woodson stated that he thinks because we operate as a system we have been better supported in the state than we would have been had we not been a system. We have benefitted more by being part of the system politically because we are advocating for our education collectively.

Speaking of raises, during a different time, the faculty chose to forego their raises and the money was diverted to the libraries. Okay we are going to get raises but we are going to RIF you over here, what if we are in that position, that there is no other place to get that money other than to eliminate tech positions?

Chancellor Woodson stated that most universities do this every year because most universities don't wait on the state to give them money for raises. They figure it out in their budget and that is what we

have got to get more use to. If we wait on the state we will never be in a position to compete. We have to think more holistically about where the money comes from. The money has to come from somewhere. He said that is one of the challenges we have had as an institution for many years is that we have relied on the state for everything and as a result we have these big fiscal swings.

In CHASS approximately 98.5% of the budget is salaries. We are already canceling class sections, so when we have to divert money for raises there doesn't seem to be any slack in our system.

Chancellor Woodson stated that an alternative issue is, for example, in CALS which has a large portion of their budget that comes from research and extension. The units that have large research budgets that pay people off of soft funds have to participate in the raise pool. It is complicated and every unit has a different complication. He stated that he knows it's an issue and he also knows NC State is spending a lot of money trying to compete, retain, and recruit.

Chair Zonderman pointed out that he serves on the TRAC committee where they advise the Provost on tuition increase and the use of that tuition increase. The Board of Governors recently passed a rule that limits the amount of tuition increase that can be used for student financial aid. He stated that this is another potential source of revenue that he thinks needs to be put in the pool for faculty increases and he plans to advocate for that.

5. Discussion of Issues for 2014-2015 Faculty Senate

Chair Zonderman stated that a ballot was formed by the Executive Committee where they looked at a number of items that were either held over from last year or arose over the summer. The list was narrowed down to nine issues. 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.

6. Adjourn

A motion passed to adjourn the meeting at 4:21 p.m.