MINUTES
The University of North Carolina at Greensboro
Board of Trustees
Business Affairs Committee
May 2, 2012

MEMBERS PRESENT: Susan Safran, chair, Randall Kaplan, Lee McAllister, David Sprinkle and Martin Weissburg.

OTHER BOARD MEMBERS/GUESTS: Kate Barrett, Charles Blackmon, Linda Brady, Bonita Brown, James Clotfelter, Carolyn Ferree, Helen Hebert, Jill Hillyer, Donna Honeycutt, Dave Perrin, Kim Record, Cindy Reed, Steve Rhew, Steve Serck, Don Skeen, Harriet Smalls, Mike Tarrant, Reade Taylor

PROCEEDINGS: Ms. Safran called the meeting to order at 1:02 p.m. The minutes from the February 15, 2012 meeting were approved as distributed.

INFORMATION ITEM

Update on the University of North Carolina Guiding Principles for the Development of a Unified University Personnel System for all University Employees (Senate Bill 575) – (BAC-1)

Mr. Taylor advised that General Administration and the Board of Governors feels that the current structure of two personnel systems, one subject to the North Carolina Personnel Act and one exempt is inefficient and confusing. He then introduced Dr. Edna Chun, the new Associate Vice Chancellor for Human Resource Services to review the materials received from General Administration.

According to Vice Chancellor Taylor, Dr. Chun has been with UNCG less than one year, but in that time has put forth more initiatives than we’ve ever seen. She is energetic, talented and a tremendous force for transformation, taking the unit from processing of forms to becoming a strategic partner with the University.

Dr. Chun described the Higher Education Efficiency and Flexibility Act (SB 575) as we understand it. The University of North Carolina (General Administration) has issued “Guiding Principles for the Development of a Unified University Personnel System” in response to the proposed legislation. Dr. Chun indicated that in an era of constricting budgetary resources, there has been a trend for public research universities to differentiate themselves from state agencies in the interests of flexibility, independence, and autonomy. Chancellor Brady advised that the University of Georgia with its 34 campuses has pulled away from their state agencies and was able to reduce costs and improve benefits coverage for the university campuses.

Dr. Chun then proceeded to describe key areas outlined in the Guiding Principles including adjudication of adverse employment actions, property rights to jobs, compensation provisions, and benefits. Highlights of this discussion include the following:
Principle #4 from the Board of Governors states – Upon implementation of the unified system, employees previously identified as "SPA" will not be required to become "at will" in their current jobs. Employees may choose to apply for and accept transfers or promotions to "at will" positions. Dr. Chun pointed out that this provision guarantees that employees will retain the current property rights to their existing positions. The protection as of this date would continue for active employees who remain in their current position.

Principle #5 states – For those categories of employees currently identified as "SPA", adverse employment action will be subject to fair processes and reviewable through structured procedures that provide for fair notice and the opportunity for the employee to be heard; grievance panels will include employee peers. A reasonable and lawful standard ("just cause") will apply. This principle applies to the adjudication of grievances. Dr. Chun advised that currently SPA employees can appeal to the Office of Administrative Hearings as a final step in the grievance process. Although the principle guarantees structured processes, the exact process for adjudication would need to be further defined.

Principle #6 states – The University will use compensation policies and procedures that recognize the contribution, experience, performance, and service of University employees. In keeping with best practices and to the extent allowed by law and funding, such policies and procedures will be market-based. Legislatively appropriated salary pools for increases will be allocated to faculty and staff job categories. Dr. Chun stated that GA has no plans to change from the current career banding process for compensation. If Senate Bill 575 does pass, the University would have greater autonomy in the classification and compensation process in order to keep pace with the market. She also indicated that GA plans to continue longevity pay as long as the legislature provides funding.

Principle #7 states – At a minimum, University employees will continue to be eligible for State of North Carolina benefits (such as approved retirement programs, the State Health Plan, the existing number of paid holidays and leave, and disability insurance). Dr. Chun reported that the State Health Plan is covered in an Executive Order that expires in 2013. UNC General Administration would like to introduce a three-tiered governance structure – universities, community colleges and state agencies. This governance structure would allow the University to develop a health plan that is tailored to the needs of university employees, to conduct separate RFPs, and to make plan modifications that are more responsive to faculty and staff needs.

She further stated that the same number of holidays would be maintained at a minimum and that more holidays could be considered.

Chancellor Brady asked Dr. Chun to explain the position of SEANC (State Employees Association of North Carolina). Dr. Chun advised that they are actively opposed to the bill. She mentioned also that NC AAUP (American Association of University Professors) and the Coalition for Workplace Democracy have registered their opposition.

Dr. Ferree asked why they were taking this position.

Dr. Chun stated that employees are uncertain about some areas of the guidelines and fear the loss of existing protections.

Mr. Taylor reported that the community college system has already opted out and the employees of the General Assembly are not part of the Office of State Personnel. As President Ross stated, the university
system wants to attract and attain the best employees. Why would we adopt a personnel system that would hinder that?

UNCG Investment Fund Update (BAC-2)

Mr. Taylor advised that the information being presented was from June 30, 2011 in order to add the information from NACUBO (National Association of Colleges and University Business Officers) to the data. NACUBO data comes from across the country. He pointed out that we bested their performance 21.1% to 19.7% for the 1 year return and 4.8% to 4.4% for the 5 year return.

As of December 31, 2011 160 of our endowments were underwater and that is the snapshot we use when distributing awards. As of February 29, 2012 only 23 endowments were still underwater.

Mr. Weissburg asked why there were so many in that category.

Mr. Taylor advised that these were newer endowments, created during periodic market peaks or the last three years and have declined when compared to their December 31, 2011 values.

Mr. Taylor also presented the pie charts that display the assets by entity and asset allocations. The annualized returns show that as of December 31 we lost 3.7% and did not meet the return of the diversified index. However since the inception of the fund we have surpassed both the MSCI World index and the diversified index. He pointed out that neither of the two indexes includes any administrative costs.

There were no further questions.

There being no further business, Ms. Safran adjourned the meeting at 1:25 p.m.

Respectfully submitted

[Signature]

Donna Honeycutt