

**MINUTES OF THE MEETING OF THE
BOARD OF REGENTS OF THE UNIVERSITY SYSTEM OF GEORGIA
HELD AT
270 Washington St., S.W.
Atlanta, Georgia
February 5 and 6, 2002**

CALL TO ORDER

The Board of Regents of the University System of Georgia met on Tuesday, February 5 and Wednesday, February 6, 2002, in the Board Room, room 7007, 270 Washington St., S.W., seventh floor. The Chair of the Board, Regent Hilton H. Howell, Jr., called the meeting to order at 1:00 p.m. on Tuesday, February 5. Present on Tuesday, in addition to Chair Howell, were Vice Chair Joe Frank Harris and Regents Hugh A. Carter, Jr., Connie Cater, William H. Cleveland, Michael J. Coles, George M. D. (John) Hunt III, Donald M. Leebern, Jr., Allene H. Magill, Elridge W. McMillan, Martin W. NeSmith, Glenn S. White, Joel O. Wooten, Jr., and James D. Yancey.

ATTENDANCE REPORT

The attendance report was read on Tuesday, February 5, 2002, by Secretary Gail S. Weber, who announced that all Regent J. Timothy Shelnut had asked for and been given permission to be absent on that day.

APPROVAL OF MINUTES

Motion properly made and duly seconded, the minutes of the Board of Regents meeting held on January 8 and 9, 2002, were unanimously approved as distributed.

STRATEGIC PLANNING COMMITTEE, "COMMITTEE OF THE WHOLE"

Chair Howell next convened the Strategic Planning Committee as a Committee of the Whole and turned the Chairmanship of the meeting over to Regent Leebern, the Chair of the Committee.

Chair Leebern thanked Regent Howell and noted that this meeting would be the first of two Strategic Planning Committee meetings at this month's Board meeting. At this meeting, the Committee would hear presentations on the fifth and seventh goal of the new strategic plan. On Wednesday, the Committee would hear presentations on the sixth and eighth goals. He reminded the Regents that the strategic plan includes three different approaches: the Board's, the faculty's, and the University System Office staff's. So far, the Regents have focused on their own approach to the second and fourth goals. However, at these meetings, the Regents would hear about goals being addressed by the University System Office working groups. These meetings

would give the Regents some ideas to explore as they work to implement the goals. They will highlight where the University System is and will provide some direction for drilling down deeper. He reminded the Board that all of the goals are in support of the Board's overarching vision to create a more educated Georgia. He then introduced the Senior Vice Chancellor for Support Services, Corlis Cummings, to make the first presentation.

Ms. Cummings thanked Chair Leebern and greeted the Regents. She reminded them that no strategy will work unless the University System has the right people with the right skills in the right roles motivated in the right way. The University System of Georgia is one of the largest systems of higher education in the United States. There are in excess of 1,600 different position titles available within the University System for faculty, staff, and administrators. In fiscal year 2001, the System spent more than 70% of its general funds budget on personnel services. With such a large percentage of its resources devoted to personnel services, it is imperative that the System have effective recruitment and retention strategies. The University System must emphasize the recruitment, hiring, and retention of the best possible faculty, staff, and administration to accomplish its ultimate goal of ensuring academic excellence and educational opportunities for all Georgians. It has been said that "organizations that most effectively attract, protect, nurture, develop, evaluate, reward, motivate, retain, leverage, steer, inform, organize, deploy, and satisfy their costly and scarce employees will be the winning organizations of the future." To be successful, the recruitment and retention strategies that are adopted and implemented by the Board must be varied and appropriate to recruit and retain world-class employees.

As Ms. Cummings had mentioned at the January 2002 Board meeting, two separate committees spent several months reviewing current policies and practices and devising options for the fifth goal: "emphasizing the recruitment, hiring, and retention of the best possible faculty, staff, and administration." One committee focused on faculty and administrators, and the other focused on staff and administrators. Many of the recruitment and retention strategies are the same for all positions. However, there are also critical differences that should be considered. Faculty, for example, can receive tenure and contracts of employment. Generally, administrators and staff do not. Many staff positions are primarily recruited from the local community, whereas faculty are recruited nationally or even internationally. Another reason the System must have varied approaches is the variation amongst its 34 institutions. Their geographic locations and the educational attainment levels of their local citizens affect the ability of institutions to effectively recruit and retain certain types of needed employees. All of these variables — type of position, type of institution, location of institution, and surrounding local community — must be considered when assessing recruitment and retention strategies and workforce planning.

Before looking specifically at recruitment and retention, Ms. Cummings first wanted to take a moment to explore the dynamics of the work environment and, in particular, employee motivation. She explained that Frederick Herzberg was a leading theorist in management and the psychology of work in the 1950s. He used a two-pronged approach when analyzing employee

motivation: satisfiers and motivators. Satisfiers are necessary to create a functional workforce. They include the type of organization, its policies and administration, what type of supervision employees receive, working conditions, status, and security. Without satisfiers, employees are dissatisfied. In order to retain employees, however, one must examine the motivators. Motivators include the types of recognition for achievement in place, opportunities for growth and advancement, and interest in the job. Because our society has become more mobile, job applicants have different employment expectations, explained Ms. Cummings. While compensation is an important factor to a prospective job applicant, there are other factors that they also consider, including benefits such as health insurance, pension plans, and training opportunities. Market forces also play into recruitment. Some positions are in high demand, while others are not. For example, there is a shortage of nurses in the healthcare industry. Also, because of the horrific events of September 11, individuals with the appropriate expertise in the security profession are in high demand. However, there is very low demand for 8-track tape player repairpersons. Organizational culture is also important. Is it an organization like Nike that has embraced the horizontal team management approach, or is it more hierarchical? There are also intrinsic rewards, such as prestige. Is the institution prominent in national rankings? Most job applicants are also concerned about quality-of-life issues, such as the quality of the local school system, the availability of cultural activities, the cost and location of housing, the availability of daycare, and commute times. System recruitment strategies must consider all of these factors in order to be successful. Once the person is employed at the institution, it is crucial to align the organization's, management's, and employee's goals in order to retain that employee. Compensation and the opportunity for professional development have been identified as primary factors important to employee retention. Other critical factors affecting the ability of an institution to retain its employees include benefits, performance management, training and career development opportunities for advancement, rank, tenure, status, title, workload, opportunities for recognition, quality of leadership, sense of community and belonging, fairness, and lifestyle accommodation.

Ms. Cummings explained that retention is very important because replacement of employees is time-consuming and expensive and impacts productivity. Survey data show that the average length of service in a position by an incumbent is 3 to 3.5 years. In information technology, it is only 1.5 to 2 years. There are also surveys and studies that indicate that a new employee does not become fully productive until after his or her second anniversary. This means that just when an employee has mastered his or her job duties and the organization's intricacies and has become most productive and valuable, he or she is moving on to another position. This leaves the Board with several options to consider. However, before she discussed those options, Ms. Cummings wanted the Regents to know that many System institutions are already engaging in some of these activities. The staff were asking the Board to explore and consider these options from the perspective of developing strategic recruitment and retention programs at the System level. The staff would also like the Board to encourage the institutions to consider modifications and refinements of current practices that facilitate recruitment and retention. At the System level, several projects are already underway among human resources advisory groups that review the

Board's current position classification system. Staff are working with the Department of Community Health to provide one of the most crucial benefits, health insurance, to employees in a cost-efficient but satisfactory way. Those are just a few of the activities that the staff have been engaged in as a precursor to this process.

Having set the stage, Ms. Cummings presented to the Regents some recruitment options for their consideration. First, the University System and its institutions should evaluate the compensation packages they currently offer. Compensation practices must be linked to market data and performance management. Compensation practices should also reflect the institution's strategic organizational plan. The System must focus on continuing to improve its ranking among the Southern Regional Education Board ("SREB") states and nation with regard to salaries. The University System of Georgia has benefitted from the state's support. However, to ensure academic excellence and educational opportunities for all Georgians, the state's resources must continue to be invested in the System's workforce. Second, the Board should consider using strategic initiatives like the Intellectual Capital Partnership Program ("ICAPP[®]") to deal with cyclical shortages in various disciplines. Such initiatives may also help to recruit minorities and increase the number of minority faculty, staff, and administrators at all System institutions. Third, internship and co-op programs should be considered. Traditionally, institutions have sent their students to businesses to gain valuable experience and provide new experiences and ideas. Perhaps it is time that the Board develop more intra-institutional co-operative programs and internships to take advantage of the talent the institutions are educating. Fourth, the System might use multiple recruitment resources like the Internet. Institutions could develop Web pages that market them not only to students, but also to prospective employees to tell them why they would want to work there. For example, 32% of faculty in U.S. educational institutions use network-based resources to supplement classroom instruction. Our System offers rich Internet connectivity through PeachNet. It has extensive research resources as well as Georgia Library Learning Online ("GALILEO"), the online library. These resources enhance the institution's working environment and are increasingly important to faculty. Marketing their availability at institutions would be to the System's advantage. Fifth, the Board should consider systematically partnering with other types of organizations to attract talent. Ms. Cummings stated that the Regents have a great deal of collective experience and asked them to share their recruitment strategies with her.

Regent Yancey stated that his company, Total System Services ("TSYS"), made a declaration that it wanted to be a good place to work. Once it became a good place to work with regard to fairness, compensation, growth potential, and appreciation, its recruitment problems were alleviated. However, some of these things must be addressed by the University System before it will be there. Old-fashioned recruitment did not work. TSYS had to change its attitude about what employees want, and it had to train a lot of employees through ICAPP[®].

Regent Coles asked Regent Yancey how TSYS addresses issues of retention.

Regent Yancey replied that the company spends a good deal of money on training so that employees can grow. The company also talks with employees individually three times a year to discuss their development. Moreover, TSYS spends a lot of money on benefits and retirement. The main thing is to ensure that employees understand two things. First, they can grow at TSYS if they put forth the effort; the company will discern high performance from average performance and will not treat everyone the same. Second, employees are appreciated for what they do.

Regent NeSmith asked Ms. Cummings whether the System performs surveys when a person joins the organization or when he or she is leaving.

Ms. Cummings responded that some of this is done at the University System Office, but these activities are not done at all of the institutions. She would recommend considering these types of surveys as a retention strategy momentarily.

Regent NeSmith stated that it is commonly assumed that salary is the main motivator, but really, salary is not the most important thing to employees. So, it is good to look to the other motivators and promote the System's and institutions' strengths.

Ms. Cummings next discussed retention options to explore and expand. She stated that it may be time that the Board consider modifying its existing policies to provide for pay incentives, bonuses, and other compensation adjustments for all employees. She noted that the Board has adopted strategic compensation initiatives in the area of information technology for the past few years. However, it may be time to broaden the scope of this initiative. In moving forward with any proposal, the staff would develop the proper guidelines and internal controls. They understand that any type of proposal would need to be strategically linked to the particular institution's mission. The staff would need to work with the institutions to set the parameters and criteria for awarding incentive payments and bonuses. They would also need to compare the program to not only the System's peers, but also to the institutions it hopes to emulate. They would also need to integrate the current merit salary increase policy with any new strategy. Funding of such adjustments is an issue, of course, particularly in a time of economic contraction and budget cuts. Perhaps a designated percentage of salary savings from vacant positions could be earmarked to fund such incentives. The staff would work with the institutions to assess the impact of such a change. The Board should also consider professional development, which is just as important as compensation, if not more so. Individuals often become restless after a few years in a position. They must either continue to learn and be offered additional opportunities for growth or they will move on. Professional development is also important because many times an organization is not in a position to offer more money. The organization must have some other intrinsic rewards or benefits. As an educational entity, the University System in a unique position. It can offer additional continuing education. Moreover, the System has the Tuition Remission and Reimbursement ("TRR") program, which was created and implemented as result of the Board's 1994 strategic plan. Perhaps this Board should consider expanding the TRR program to allow students to earn advanced degrees and allow dependents to participate.

Another thing to consider is the expansion of educational leave or even the implementation of sabbaticals. Many institutions have also developed small-scale mentorship programs. Perhaps it is time to develop such programs at all institutions to improve recruitment and retention of women and minorities as well. One of the most critical issues is planning for resource needs. Do System employees have the right tools to effectively and efficiently perform their jobs? Are the right processes in place to identify and meet the needs of employees? Is a communications process in place? Systematic recognition and celebration of achievements are also important to employee retention. Perhaps institutions could institute an award program for exemplary service. This could be done either at the institutional or System level. Ms. Cummings asked the Regents to consider what their companies do to recognize and award employees.

Chair Leebern asked whether the institutions perform formal exit interviews for employees who are leaving.

Ms. Cummings reiterated that some institutions or departments may do this, but it is not done consistently across the University System. She said that it is important to gather information when people are leaving to see if there are any patterns developing. It is also important to conduct surveys to assess what kinds of jobs have a lot of vacancies and to consider Board policies that create barriers. It may be important to give institutions a bit more autonomy in certain areas. She noted that PeopleSoft also has a human resources module that would allow employees to be more proactive in establishing, monitoring, and achieving their own self-development objectives. Management will then have access to accurate and timely information about numbers of employees, recruitment costs, employee development expenses, and organizational structure. Ms. Cummings also recommended that institutions promote flexible work schedules and telecommuting opportunities. She asked whether the Regents had any further suggestions.

Regent Yancey noted that the recruiting process generally sets a higher expectation than the retention process. Employees are generally excited to be offered a job, but over time, that enthusiasm wears off. Therefore, it is just as important to develop employee retention strategies as it is to develop recruitment strategies.

Ms. Cummings responded that this is why it is important to do both intake and exit interviews. Employees are generally enthusiastic at the outset, and it is a good time to assess their expectations in terms of growth, salary, and training to see if the organization can meet those expectations.

Regent NeSmith stated that a business model should also work for the University System of Georgia. He noted that TSYS has been ranked one of the top ten companies in terms of employment and would likely provide a good model for the System.

Returning to Regent NeSmith's earlier comments, Regent Hunt asked him what reasons other

than salary contribute to employee retention.

Regent NeSmith responded that recognition is the number one reason people will stay with a company, followed by opportunity for advancement and employer fairness.

Chair Leebern asked Regent Magill how her school system recognizes its employees.

Regent Magill replied that there is a systemwide appreciation event scheduled for February 19 that will be sponsored by the Dalton Education Foundation, Inc. The system also recognizes individuals before its board.

Ms. Cummings noted that Armstrong Atlantic State University's human resources office located kiosks around the campus where individuals can submit comment cards about employees to the human resources office. The office then sends the employee and his or her supervisor a note letting them know that the university recognizes what that individual is doing. This program has greatly increased morale at the institution. There are a number of things that can be expanded throughout the University System to address the issue of recognition. Seeing that there were no further questions about her presentation, Ms. Cummings thanked her committees for their work. The committee focusing on faculty and administrators was cochaired by Dr. Bettie R. Horne, Vice President and Dean of Academic Affairs at Abraham Baldwin Agricultural College, and Dr. Peter J. Shedd, Interim Vice President for Instruction and Associate Provost at the University of Georgia. The committee also included G. Lane Van Tassell, Associate Vice President of Academic Affairs & Dean of Graduate Studies, Georgia Southern University; J. Reid Christenberry, Associate Provost and Chief Information Officer, Georgia State University; Ed R. Wheeler, Dean of the College of Arts and Sciences, Armstrong Atlantic State University; Jackson K. Widener, Dean of the College of Business Administration, Augusta State University; Margaret Taylor, Deputy to the Senior Vice Chancellors, University System Office; and John Wolfe, Associate Vice Chancellor for Academic Affairs, University System Office (ex officio). The committee focusing on staff and administrators was chaired by William Wallace, Jr., Associate Vice Chancellor for Human Resources and included Hubert Wood, Director of Human Resources, Abraham Baldwin Agricultural College; Eunice Glover, Director of Personnel Services, Clayton College & State University; Dwayne Crew, Director of Human Resources, Fort Valley State University; Bonnie Sims, Director of Human Resources, Georgia College & State University; Susan Norton, Director of Human Resources, Georgia Southern University; Barbara L. Carroll, Vice President for Human Resources, Georgia State University; H. R. ("Russ") Hinson, Director of Human Resources, Middle Georgia College; Andy Brantley, Associate Vice President, Human Resources, University of Georgia; L. Inman Grimsley, Director of Personnel Services, Valdosta State University; Cilla Leed, Benefits Administrator, University System Office; and J. Burns Newsome, Assistant Vice Chancellor, Legal Affairs, University System Office. In closing, Ms. Cummings turned the presentation over to the Vice Chancellor for Fiscal Affairs, William R. Bowes.

Mr. Bowes greeted the Regents and explained that he would be discussing the seventh goal: “seeking the most efficient, effective, and technologically sound business and service best practices and regularly comparing ourselves to national peers.” He would be focusing on best practices in business services and operations and would approach the topic from three different perspectives. First, he would put the issue of best practices in a larger context by examining how the term is defined, how has it been addressed generally in higher education, and some of the motivators that have lead institutions to improve business techniques and encourage adoption of best practices. Second, he would highlight the efforts of University System of Georgia institutions in this area with special emphasis on those practices that may be truly regarded as state-of-the art. Finally, he would put forth some ideas for the Regents’ consideration as to how they can promote continuing investigation of best practices among institutions to ensure that the University System functions with the greatest efficiency, productivity, and best service to students.

Mr. Bowes explained that there are many definitions of best practices in use today. After reviewing them, he found one that best describes the term: a process of identifying some organization that is doing something better than you are doing it, studying how they are doing it, and adapting those procedures most useful to achieving desired outcomes. Essentially, it means a process that is ongoing and usually involves replacing labor-intensive and therefore high-cost practices with lower-cost, capital-intensive processes through the use of technology. Over the years, the process of identifying best practices has evolved from different methods. He said the Regents may recognize some of these, such as Total Quality Management, Business Process Reengineering, and Continuous Quality Improvement, from their own business experiences. More recently, higher education has explored the use of performance indicators and comparing internal or in-house delivery of services to the cost of outsourcing services as a means of identifying best practices. Today, benchmarking practices against other institutional experiences is probably the most common method used by institutions to identify best practices. The Regents and staff have talked about benchmarking at a very high level, comparing System institutions against peer institutions with respect to broad indicators such as appropriations per full-time equivalent student or institutional support spending as a percent of total budget. However, benchmarking as Mr. Bowes would use it at this meeting means looking at very specific business practices at a transactional level. For example, how much does it cost to complete a purchase transaction, or how much does it cost per employee to process payroll? One would then match those practices against competing institutions to determine what changes may be desirable to reduce cost, increase productivity, etc. This is an example of a national effort to identify best practices. The National Association of College and University Business Officers (“NACUBO”) Benchmarking Project and the Malcolm Baldrige Quality Award Program both have as their goal encouraging participating institutions to work together to discover best practices and provide institutions with the data they need for improvement of operations. The NACUBO Benchmarking Project identifies very specific functional areas or business practices. Institutions are invited to participate at a cost. The effort focuses on outputs of business practices that help institutions identify areas for improvement. The Malcolm Baldrige Quality

Award was established in 1987 by President Reagan to be given to selected companies and other organizations that practice effective quality management techniques. It was originally focused on private companies but has since been expanded to include higher education institutions. The ideas and concepts used in the Baldrige awards have led some states to establish their own internal incentive programs.

Mr. Bowes said that there are a number of motivating factors that cause institutions to examine best practices. The first is that since the 1970s, funding for public higher education institutions has been relatively stagnant with periods of modest growth in funding followed by periods of retrenchment. The University System of Georgia, along with other states, is now experiencing a period of cutbacks that will have a significant impact on operations. Coupled with the loss of public funding, institutions have been under increased scrutiny with respect to the proportion of funds used for administration. Administrative costs have increased in recent years, in part due to expanding federal and state regulations. The System now has more demanding, consumer-knowledgeable students. The growing population of nontraditional students have constraints on their time and, as members of the workforce, have greater demands for efficiency in higher education. However, today's traditional students have also grown up in a service-oriented economy. Moreover, states have demanded that institutions become more accountable regarding their outputs and outcomes with greater emphasis upon justifying the value of higher education to constituents. Mr. Bowes noted that the Office of Educational Accountability requires that the System provide indicators of its performance for the state's "report card." The System also faces increased competition, not only from peer institutions, but also from other educational service providers that understand the importance of operating efficiently to cut costs.

Mr. Bowes next turned to the second part of his presentation, which was the work of the committee and what the System institutions are currently doing. He noted that the committee consisted of chief business officers who helped design, distribute, and evaluate a survey and survey responses. He thanked committee members William N. Gauthier, Vice President for Business and Finance at State University of West Georgia; Harry E. Keim, Vice President for Business and Finance at Georgia College & State University; Fred Barnebei, Vice President for Business and Finance and Student Affairs at Augusta State University; Mo Sarhan, Interim Vice President and Dean of the Business School, Savannah State University; and Usha Ramachandran, Budget Director, University System Office. The committee asked institutions to identify best practices that resulted in cost savings, increased productivity, or improved surveys. The committee members then developed a survey instrument. They also asked the institutions to identify any needed policy changes, but they did not receive responses that indicated changes were needed. In the Regents' folders was a chart that detailed the results of the survey. It listed a number of business practices that had been modified in recent years. Mr. Bowes noted that nearly all institutions had made some change in their business practices to effect greater efficiency. He also noted that nearly all of these changes involved the use of technological improvements to achieve change. In essence, all 34 institutions had made some change in their purchasing and accounts payable operations; 32 had made changes in student services; and 28 had

adapted business practices in the broad area of physical plant services, utilities, and/or public safety. Mr. Bowes would focus on four selected practices at this meeting. He stated that he could have chosen several practices from many different institutions, but he selected these four in the interest of time and because 1) they represent very recent changes that are reflective of the types of trends occurring throughout higher education and 2) two of these reflect fairly sweeping changes that have affected nearly all University System of Georgia institutions.

The first practice that Mr. Bowes discussed was the online parking management program at the Georgia Institute of Technology (“GIT”). In 1999, GIT was using an antiquated and ineffective software system to manage its permit application process. A new system with an interactive Web interface was installed and linked to the BANNER and PeopleSoft systems. This change was supported by the president, senior vice president for finance and administration, and the associate vice president for auxiliary services, and an informational and marketing campaign was launched on campus. Now, instead of waiting on long lines, customers can log onto the system from any computer in the world and register for a permit. The online wait list allows students to check availability of parking without having to visit the parking office. So, processing time has been reduced from three months in 1999 to three weeks in 2001. Moreover, printing and mailing costs have decreased dramatically as have personnel costs, resulting in total annual cost savings estimated at \$81,000.

Next, Mr. Bowes discussed the e-commerce bookstore at Macon State College. In June 2001, an integrated textbook management system was selected that provides for the management and reporting of inventory, ordering, point of sale control, and pricing and that provides the option of a integration with a CampusHub Web site. The Web site product includes the off-site hosting company, so the institution avoids having to invest in and replace equipment. The goal of this system is to provide an e-store capability that complements the on-campus bookstore. This offers convenience to students who are taking online courses; allows for discounting of costs due to savings realized by the institution; reduces long lines at the bookstore at the beginning of the semester and, therefore, reduces the need to hire part-time personnel during those rush periods; reduces the telephone call volume, since all information is available on the Web site; and provides opportunities for increased sales of promotional and gift items to alumni that do not reside in the immediate area.

Mr. Bowes then discussed the purchasing card (“P-card”) program, which was started five years ago and in which all institutions participate. In fiscal year 2001, the volume of purchases using the P-card in the University System was \$37.4 million, up from \$24 million the previous year. In 1995, the state performed a study of the cost of a purchasing transaction which concluded that it cost about \$140 per transaction based on salaries of employees for purchase requisition, purchase orders, mailing, accounts payable, central receiving, supplies, and materials. The cost of each P-card transaction is about \$40. As a result, many purchasing personnel costs have been saved and their efforts directed away from small dollar office purchases to specialized purchases and vendor relations. The benefits of the P-card program include reduced personnel costs,

reduced paperwork, expedited purchasing cycle time, and emergency purchases.

Finally, Mr. Bowes discussed the PeopleSoft program. Initiated in 1998 at 30 System institutions, PeopleSoft will result in the most sweeping changes in business practices for the University System of Georgia. Georgia State University, the first institution to go online, reported several major benefits of the new system, especially its impact on reducing paperwork and steps in the campus approval process. Immediate benefits included online real-time budget checking, a preencumbrance system, electronic fund transfer, bar-coding for tracking inventory, and the development of a workflow process for approvals. However, the major benefit of implementing PeopleSoft lies in the future, said Mr. Bowes. Implementation of the Web-based version will allow for Web purchasing and self-service applications to benefit employees and students. This program provides added functionality, such as applicant tracking features and many other features in the benefits administration that have not yet been implemented but will eliminate costly shadow systems.

Before turning to the next part of his presentation, Mr. Bowes made four summary points about what he had already presented about the survey. First, he emphasized again that nearly all institutions in the System have at one point in recent years made changes in their business practices through their own initiative to achieve greater efficiency. Second, best practices that may work or be applicable at one institution may not be applicable to others. Third, the process of identifying best practices is a dynamic one. Many of the new procedures today are likely to be replaced by better ones tomorrow. Finally, most improvements are technology-based, requiring investment in new software capabilities.

Mr. Bowes then turned to the third and final part of his presentation, options the Board should consider. First, he recommended considering a regular process for monitoring and reporting on institutional business practices. Second, the Board may want to implement a formal process to aid in the identification and replication of best practices across the System. He said it would be similar to the management review the Board undertook two years ago at selected institutions but with more focus on specific business practices, such as purchasing, student services, utilities management, etc. Third, he suggested that the Board might implement an incentive program or quality award program across the System that would recognize institutional efforts not only in developing ideas, but also in developing ideas that can be replicated across the University System. Finally, he recommended that the Board make best practices and benchmarking part of the institutional strategic plans so that they become a part of the institutional culture.

Until this point, Mr. Bowes had focused only on business practices at the institutions. Now, he turned to another idea for the Regents' consideration that had to do with Systemwide issues. Essentially, this would be an effort to determine what services and practices should remain at the local/institutional level, whether there are services and practices that could be addressed through regional cooperation, and whether there are services and practices that could be addressed through centralization. He stated that the notion of centralization is not foreign to the University

System. For example, many technical services provided through the Office of Information and Instructional Technology are centralized for institutions. For example, database management of PeopleSoft systems and the availability of Systemwide software licenses have helped to lower cost. Planning and design of projects is partially centralized through the Office of Facilities. There are a number of collaborative efforts both in the academic and nonacademic areas that reflect a desire on the part of institutions to cooperate to reduce cost or to avoid higher costs; the e-Core and WebM.B.A. programs are good examples. Even the State of Georgia itself has begun to look at issues of centralization and regionalization. An example is the creation of the Georgia Technology Authority, designed to centralize most technology services. The University System may need to take a look at this issue for the potential to achieve greater cost savings and efficiencies. While the working group has not, as part of this process, considered specific areas, the Board may wish to propose that this be done. In closing, Mr. Bowes asked if there were any questions or comments.

Regent White thanked Mr. Bowes for the recommendations he made to the Board. He then asked Mr. Bowes whether all System institutions are now on PeopleSoft.

Mr. Bowes responded that the University of Georgia (“UGA”) is not yet on PeopleSoft.

Regent White asked why UGA was not yet on board with this initiative.

Mr. Bowes asked whether there was a representative from UGA at the meeting who could respond to this question. He stated that UGA has raised issues about funding and suggested that it would be difficult to move forward this year, considering budget cutbacks.

Mr. Kirk D. Bertram, Chief Information Officer and Associate Provost at UGA, approached the Board. He stated that he has been studying the PeopleSoft issue for well over a year. UGA’s latest effort was one in which UGA would have collaborated with GIT to implement PeopleSoft HR. However, UGA would have had to bring \$10 million to the table, and considering the budget situation, the funding was not easily obtainable. It is not a matter of whether UGA will implement PeopleSoft, Mr. Bertram assured the Regents; it is simply a matter of when UGA will be able to implement PeopleSoft.

Regent White argued that while it may cost \$10 million to implement PeopleSoft initially, the program could very well save UGA half of that or more within the first year by some of the efficiencies gained by using it. He urged UGA to consider this when it is developing its budget. He was surprised that the survey results Mr. Bowes had distributed seemed to suggest that UGA is not implementing many known best practices.

Mr. Bertram agreed that this is very disappointing. He stated that UGA will have to move to PeopleSoft in the long term, but it must figure out how to do it within its budget constraints. He further stated that UGA cannot effectively implement some of the recruitment best practices that

Ms. Cummings had suggested until it first implements PeopleSoft HR. He assured the Board that UGA understands this, but it is an issue of funding.

Chair Leebern agreed with Regent White that UGA could recapture much of its initial cost through the efficiencies gained via PeopleSoft.

Mr. Bertram stated that UGA's legacy systems meet the demands of most of the offices on campus right now. However, he conceded that it is extremely expensive to maintain those legacy systems. The savings will not be enough to offset the initial start-up cost of PeopleSoft, but the problem is that the future functionality will not be met without a lot more money being spent on the legacy systems. Therein lies the problem. UGA simply cannot meet the functionality that PeopleSoft offers without spending a tremendous amount of money to upgrade the legacy systems.

Regent White again commended Mr. Bowes on his recommendations and stated that the Board needs to follow them to the fullest degree. He said that he would particularly like to see the Board explore the issue of centralizing business services because he felt there would be some savings to be gained without affecting the products and services offered to the students.

Chair Leebern agreed that centralization would likely result in great savings.

Mr. Bowes responded that this is something definitely worth considering with regard to a number of business services. It is not only a matter of cost savings, but also relates to the ability of institutions to provide services effectively given their size.

Chair Leebern thanked Ms. Cummings and Mr. Bowes for their presentations. He then adjourned the meeting of the Strategic Planning Committee as a Committee of the Whole and turned the chairmanship of the meeting back over to Board Chair Howell.

Chair Howell thanked Regent Leebern and the presenters for this presentation. At approximately 2:00 p.m., Chair Howell adjourned the Board into its regular Committee meetings.

CALL TO ORDER

The Board of Regents of the University System of Georgia met again on Wednesday, February 6, 2002, in the Board Room, room 7007, 270 Washington St., S.W., seventh floor. The Chair of the Board, Regent Hilton H. Howell, Jr., called the meeting to order at 9:00 a.m. Present on Wednesday, in addition to Chair Howell, were Vice Chair Joe Frank Harris and Regents Hugh A. Carter, Jr., Connie Cater, William H. Cleveland, Michael J. Coles, George M. D. (John) Hunt III, Donald M. Leebern, Jr., Martin W. NeSmith, J. Timothy Shelnut, Glenn S. White, Joel O. Wooten, Jr., and James D. Yancey.

INVOCATION

The invocation was given on Wednesday, February 6, 2002, by Regent James D. Yancey.

ATTENDANCE REPORT

The attendance report was read on Wednesday, February 6, 2002, by Secretary Gail S. Weber, who announced that Regents Allene H. Magill and Elridge W. McMillan had asked for and been given permission to be absent on that day.

UPDATE ON STUDENT ADVISORY COUNCIL

Chair Howell called upon the Chancellor to introduce the chair of the Student Advisory Council (the "SAC"), Brian D. Beers.

Chancellor Meredith stated that Mr. Beers has been a member of SAC for four years and an officer for three years. He is a senior at Kennesaw State University ("KSU") majoring in Political Science. He has an associate's degree from Georgia Perimeter College ("GPC") and has served as President of GPC's student government association. He was also chapter President of Phi Theta Kappa at GPC. Mr. Beers is a veteran of the U.S. Marine Corps. He will graduate from KSU in August, and then he plans to attend law school before beginning a career in politics or law. The Chancellor remarked that he was honored by Mr. Beers' attendance at this meeting and was looking forward to his remarks.

Mr. Beers thanked Chancellor Meredith and greeted the Board. He explained that the SAC was created by the Board of Regents in 1968, and it serves as the official representative body of the students of the University System. The SAC has two purposes: 1) to provide a forum for communication and recommendation between the students and the University System Office and 2) to promote better student government at the individual institutions. This year, 29 of the 34 System institutions are actively participating in the SAC. That is a higher participation rate than usual, but obviously not as high as it could be. The SAC has been involved with the staff committee studying the use of Social Security numbers as student identification numbers. It is the position of the SAC that due to the increasing occurrence of identity theft, the System should develop an alternate system for student identification. The SAC has also established its own technology committee, which has been very active in working with the University System Office in the development of BANNER Curriculum, Advising, and Program Planning ("CAPP") and some other technology issues. The SAC is also working on its own accountability assessment, which will identify the organization's strengths and weaknesses to assess how it can improve in the future. The SAC is also working on a program it calls "SAC the Tax 2002." Mr. Beers noted that the average System student spends about \$400 each semester on textbooks, making it a substantial part of the cost of higher education. In January 1999, the SAC developed a proposal to eliminate the sales tax on required texts as a way to alleviate some of this cost burden. This

proposal is now House Bill 67, and its passage could save the students \$8 million to \$10 million annually. In August 2001, in a show of strong grassroots support for this effort, the SAC collected nearly 15,000 signatures from students across the state in a two-week period. On January 14, 2002, the SAC delivered those signatures to the Capitol and spent the day talking to members of the Georgia legislature about this bill and how it would help the students in the state.

Next, Mr. Beers discussed the SAC's future plans. He explained that the organization has been discussing student input in contract administration. Many contracts administered by the institutions have a direct impact on students, such as food service, bookstores, etc. Currently, students have no input in most cases into the way the contracts are written or carried out. The SAC is proposing a system similar to the student fees committees whereby students have representation on a committee that recommends approval or rejection of contracts affecting students. On behalf of the SAC, Mr. Beers requested the formation of a committee of students and administrators to study this issue for the purpose of presenting to the Board a policy recommendation in the future. Another issue the SAC has been discussing is a student bill of rights and responsibilities, which would enumerate the rights and responsibilities of students both in and out of the classroom. It is important that students know what is expected of them and what their rights are within a college setting. Several institutions have already adopted some form of a student bill of rights, and the draft document that the SAC has developed is based largely on the one in use at the Georgia Institute of Technology. The SAC recognizes a need for inclusiveness and uniformity across the University System, and it has drafted a proposed Systemwide bill of rights and responsibilities. On behalf of the SAC, Mr. Beers requested the formation of a committee of students, faculty, and administrators to study this issue and develop a document that is suitable for Systemwide implementation. The SAC has also been discussing student healthcare. Large numbers of students in the University System are uninsured, he explained. Many institutions offer optional group healthcare coverage to the students, but such programs are usually cost-prohibitive for the students. The SAC believes that the larger risk pool that would result from a Systemwide group plan would reduce costs both for the students and the institutions and would allow more students to purchase health insurance. The SAC would also like to see a committee formed to further study this issue. Finally, Mr. Beers stated that the membership of the Board of Regents is set forth in the Constitution of the State of Georgia. He further noted that more than 30 states include student members of their governing boards, but Georgia does not. Student regents in other states benefit students by providing a direct line of communication and a forum for discussion of issues that are important to the students. They also benefit the other Regents and the System by offering student perspective on issues being discussed by the Regents. On behalf of the SAC, Mr. Beers requested that the Board of Regents invite student leaders to participate in every meeting and activity of the Board of Regents and Board Committees pertaining to students. As a long-term goal, the SAC intends to pursue a constitutional amendment to add a student Regent. In closing, Mr. Beers asked the Regents if they had any questions.

Chair Howell commended the SAC's efforts to thwart identity theft and thanked him for his

presentation. He then asked the Regents for their Committee reports.

COMMITTEE ON INFORMATION AND INSTRUCTIONAL TECHNOLOGY

The Committee on Information and Instructional Technology met on Tuesday, February 5, 2002, at approximately 11:00 a.m. in room 6041, the Sixth Floor Training Room. Committee members in attendance were Chair Martin W. NeSmith, Vice Chair Michael J. Coles, and Regents Hugh A. Carter, Jr., Glenn S. White, and James D. Yancey. Regent Joel O. Wooten, Jr. and Chancellor Thomas C. Meredith were also in attendance at the meeting. Chair NeSmith reported to the full Board on Wednesday that the Committee had reviewed one item, which did not require action. That item was as follows:

1. Presentation of the Draft of “Learning Without Limits,” the University System’s Strategic Plan for Information and Instructional Technology

At the January 2001 meeting, the Committee on Information and Instructional Technology approved the request of the Office of Information and Instructional Technology to operationalize the master plan for information and instructional technology (the “Technology Master Plan”) by developing a strategic plan for information and instructional technology (the “Technology Strategic Plan”) that would provide the following deliverables:

- Develop a list of what information and instructional technology services are strategically important to the University System.
- Integrate the Technology Master Plan with academic and administrative programming and fiscal and facilities planning.
- Establish processes for ongoing examination of the Technology Master Plan to include consideration of the institutional master plans for information and instructional technology, as they become available.

At this meeting, the draft Technology Strategic Plan, constructed in the context of the System’s overall strategic plan, was presented to the Committee for review. The Senior Vice Chancellor for Academics and Fiscal Affairs, Daniel S. Papp, introduced the presentation, which was made by the Vice Chancellor for Information and Instructional Technology and Chief Information Officer, Randall A. Thursby, and the Executive Director for Strategic Planning and Policy Development, Thomas L. Maier. After further revision, as directed by the Committee, a final draft of the Technology Strategic Plan will be submitted for approval at a future Board meeting.

Certain items in the list of the original deliverables will be discussed further by campus and University System Office stakeholders in light of the approved Technology Strategic Plan and in conjunction with the System’s overall strategic plan and will be brought to the Committee and

Board for action at the May or June meeting. They include the following:

- Identify which of those strategic services listed are the responsibility of the University System Office versus those that are the responsibility of the institutions.
- Select the best strategy to deliver services that are determined to be the responsibility of the University System Office.
- Provide a list of specific, measurable action items to be incorporated into the next cycle of the budget development process for the University System.

The Technology Strategic Plan must be aligned with the Board's overall strategic plan in order to be effective. Once the Technology Strategic Plan is approved, staff will develop action items that are consistent with the goals outlined in the Board's strategic plan and will then submitted the action items for approval.

COMMITTEE ON FINANCE AND BUSINESS OPERATIONS

The Committee on Finance and Business Operations met on Tuesday, February 5, 2002, at approximately 2:05 p.m. in the Board Room. Committee members in attendance were Chair James D. Yancey and Regents Connie Cater, George M. D. (John) Hunt III, Donald M. Leebern, Jr., Glenn S. White, and Joel O. Wooten, Jr. Board Chair Hilton H. Howell, Jr. was also present at this meeting. Chair Yancey reported to the Board on Wednesday that the Committee had reviewed four items, three of which required action. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. **Approval of Phase Two of the Physicians Practice Group Revenue Distribution Plan**

Approved: The Board approved implementation of Phase Two of the Physicians Practice Group ("PPG") revenue distribution plan to become effective July 1, 2002. An executive summary of the plan is as follows:

**Executive Summary of the
Physicians Practice Group Foundation
Proposed Revenue Distribution Plan**

This plan is designed to address income distribution issues created by the MCG Health, Inc. ("MCGHI") transaction and to motivate Medical College Georgia ("MCG") clinical faculty to be more productive by allowing variable compensation derived from patient revenues to supplement faculty salaries. The

plan is separated into two distinct phases, as follows:

I. PHASE ONE

In March 2001, the Board of Regents approved a revision to the Physician Practice Group's ("PPG") 12-year-old revenue distribution plan (the "previous plan"). Sections I, II, III, IV, and VI of the proposed revenue distribution plan ("RDP") were implemented on July 1, 2001. The RDP addresses omissions and weaknesses in the previous plan that had been created or exacerbated by the MCGHI transition. The RDP addresses four areas of concern to PPG: 1) distribution of payments from MCGHI to PPG for indigent care services, 2) payment for medical administrative services, 3) distribution of clinical care revenues derived from contracts with other entities, and 4) clarification of fund balances.

A. Brief Summary of Proposal

PPG's RDP has six sections. Phase One includes Section I - income, Section II - expenses, Section III - fund balances, Section IV - the traditional distribution of PPG supplemental income, and Section VI - review.

1. PPG's income is derived from payments for clinical services and investment returns. PPG categorizes its clinical income into four sub-types based on the source of funds: professional services, group contractual services, indigent care revenue, and medical administrative service income. PPG's investment income is generated from returns on invested assets and is distributed proportionately to each clinical department.
2. PPG's expenses are comprehensively analyzed and categorized in Section II. PPG has business office expenses, general expenses of the group, deans support, PPG supplemental salary and fringes (traditional faculty salary component from PPG), core group benefits, additional departmental benefits, and department expenses.
3. Section III allocates all of PPG's revenues into funded accounts called "balances." All balances are invested as part of PPG's total investments. There are the departmental ("D") fund balance, the deans fund, the reserve fund, the reserve for retirees balances, the professional liability reserve, the life insurance deductible reserve,

and the administrative support funds.

4. Section IV establishes an accounting system to systematically track and calculate PPG's income distribution to the various balances. Section IV also lists the distribution of funds from the various balances for PPG's expenses. The RDP advocates the creation of a revenue and expense tracking system for each department. All funds will be maintained at the departmental level. Under the departmental account, a memo account will be established for each PPG faculty member. The memo account will track each faculty member's revenue and expenses. The departmental account contains the sum of all individual memo accounts, plus other "D" fund balances.
5. Section VI details the annual reporting and review procedures. PPG must prepare an annual report for its board. In addition, the Regents, PPG's board, and MCG's president or medical school dean may request a review of the RDP policy.

II. PHASE TWO

Phase Two of the plan proposes that the Board of Regents approve an incentive pay process detailed in Section V of the RDP. The incentive pay component would become effective July 1, 2002. The PPG has implemented all of the internal structures so that it can start tracking income and expenses as outlined in the RDP throughout fiscal year 2002.

A. Brief Summary of Proposal

Section V, the incentive distribution section, revolutionizes the compensation of clinical faculty at MCG.

1. The plan provides for the payment of incentive revenue to faculty if there are any funds available after the payment of all expenses and obligations.
2. Before any individual faculty member receives incentive pay, the department generally must have accrued at least four months of funds to cover all expenses.
3. Next, the plan allows the department chair, with oversight from the

medical and dental school deans, to front load, or allocate, dollars from the “D” fund and investment accounts for the incentive pay.

4. Finally, if a faculty member’s account expenses exceed his or her income, he r she would not receive incentive pay. However, PPG would use PPG funds to cover the individual’s expenses and “zero out” the account.

Faculty must be motivated to expand the patient care business. Concerns have been raised that the incentive pay plan will hurt the institution’s teaching and research missions. However, an increase in the number of patients should support MCG’s missions of teaching and research by expanding clinical opportunities for students, by helping to ensure the stability of the hospital and clinics, and by increasing the margin allocation returned to MCG.

While MCGHI is demonstrating significant success in reducing costs through improved efficiency, it probably will not be possible for the hospital to achieve and hold a strong financial position through these measures alone. Ultimately, the financial success of the hospital and clinics depends on increased volume. The proposed incentive distribution plan: 1) allows high-income producers to retain more of their earnings, which enables MCG to keep them as faculty, 2) creates more attractive and competitive salaries, which help recruit and retain new faculty, 3) creates a mechanism for MCGHI incentive payments to reach the individual faculty member, and 4) results in increased patient volume, which results in more patient care, teaching, and research.

* * * * *

Background: The PPG is organized as a cooperative organization under Section 1905 of The Policy Manual. The faculty of the clinical departments of the Medical College of Georgia (“MCG”) School of Medicine care for patients and perform other professional services for which fees are charged. The PPG is responsible for the collection and distribution of income generated by faculty from these fees to be used for the benefit of MCG.

In March 2001, the Board of Regents approved a revision to the PPG’s 12-year-old revenue distribution plan. The revision addressed four major areas of concern, which are outlined in the summary: 1) distribution of payments from MCG Health, Inc. to the PPG for indigent care, 2) distribution of payments from MCG Health, Inc. to the PPG for administrative services, 3) distribution of clinical care revenues derived from contracts with other entities, and 4) clarification of fund balances.

Phase Two of the plan provides for faculty to share in the revenue from their clinical practice.

The intent of the incentive is to encourage faculty to increase the number of clinical experiences available to students and to increase revenues for the hospital and clinics. A faculty member would be eligible to receive incentive pay from the excess of his or her clinical revenues over expenses after all other expenses and obligations are met and the department in which the faculty member is employed has accrued adequate funds to cover at least four months' projected expenses. The plan has been developed on the basis of comparable plans at other academic medical centers where faculty clinical productivity is high.

The Board of Regents approved a pilot implementation of the plan to be effective July 1, 2001. Under the pilot implementation, the PPG created the internal structures necessary to start tracking income and expenses to test the outcomes of the incentive pay plan, but no incentive payments were made. Based on the pilot, it appears that approximately 100 faculty members would be eligible to receive incentive payments ranging from 16% to 90% of the surplus of their individual revenues over expenses. Some of the variability is due to differences in revenues and expenses among clinical departments. However, the data shows that faculty with very high productivity could be much more fairly compensated under the plan. Full implementation is expected to succeed in motivating faculty to increase their clinical activity. MCG requests that the Board of Regents approve the full implementation of the plan, including Phase Two, with incentive payments to begin July 1, 2002.

After the Committee approval of this item, the Regents recognized the Deputy to the Senior Vice Chancellors, Margaret Taylor, for her hard work on this project.

2. **Approval of MCG Health, Inc. Transfer of Equipment to Bio-Medical Applications of Georgia, Inc. for Outsourcing of Dialysis Services**

Approved: The Board approved the sale of the existing equipment, machinery, furniture, fixtures, inventory, intangibles, miscellaneous property, and other items used by MCG Health, Inc. in its outpatient dialysis business and the sale of the outpatient dialysis business by MCG Health, Inc. to Bio-Medical Applications of Georgia, Inc. and that the Board further authorize the release of the assets being sold from any security interest which the Board may hold.

Background: In September 2001, the Board approved the sublease of the outpatient dialysis facility at the Medical College of Georgia hospitals and clinics to Bio-Medical Applications of Georgia, Inc. by MCG Health, Inc. for the purpose of outsourcing outpatient dialysis services. This approval was required by the terms of the Master Lease Agreement between the Board of Regents and MCG Health, Inc., effective as of July 1, 2000, as amended. The parties now desire to close the sale of the outpatient dialysis business, and the sale of these assets requires the approval of the Board of Regents in accordance with the Affiliation Agreement, the Transfer Agreement, the Security Agreement, and the Master Lease Agreement.

3. **Acceptance of Gifts for the Georgia Institute of Technology**

Approved: The Board accepted on behalf of the Georgia Institute of Technology (“GIT”) gifts-in-kind from the following corporation:

<u>Company</u>	<u>Value</u>	<u>Items</u>	<u>Department</u>
CoCreate Software, Inc.	\$939,000	Collaboration software and services	School of Industrial & Systems Engineering

Background: Board policy requires that any gift to a University System of Georgia institution with an initial value greater than \$100,000 must be accepted by the Board of Regents. GIT has advised that the only future costs associated with the acceptance of this gift would be an annual \$500 maintenance fee to be paid by the School of Industrial & Systems Engineering.

4. Update on the Status of the University System of Georgia’s Health Insurance Program

The Vice Chancellor for Fiscal Affairs, William R. Bowes, and the Associate Vice Chancellor for Human Resources, William Wallace, provided the Committee on Finance and Business Operations with an update on the status of the University System of Georgia’s health insurance program. This report was the first in a series of health insurance program updates that will be shared with this Committee.

Mr. Wallace presented data documenting the healthcare plan savings for plan year 2001 for two benefit plan design changes. The recommended benefit plan design changes were approved by the Board at its September 2000 meeting. The Board approved the University System of Georgia’s participation in the Express Scripts pharmacy benefit management program. The Board also approved the recommendation that pre-certification procedures for specific outpatient hospital services be implemented.

The Board of Regents healthcare plan year begins January 1 and ends December 31. Mr. Wallace presented data comparing the paid pharmacy claims for plan year 2000 and plan year 2001. He also presented data comparing the paid outpatient hospital claims for plan years 2000 and 2001 as well as data comparing the paid inpatient hospital claims for both years.

With the adoption of Express Scripts as the pharmacy benefit manager for the Board of Regents preferred provider organization (“PPO”) and indemnity healthcare plans, paid pharmacy claims for plan year 2001 were \$2.8 million less than they were for plan year 2000. The Board of Regents healthcare plan reserves will receive a projected pharmacy rebate amount of \$1 million for plan year 2001. The Board of Regents received no pharmacy rebate monies for plan year 2000.

The amount of outpatient hospital claims paid for plan year 2001 was \$4.7 million less than the amount paid for these services in plan year 2000. The amount of inpatient hospital claims paid for plan year 2001 was \$700,000 less than the amount paid during plan year 2000.

The net savings to the Board of Regents PPO and indemnity healthcare plans for plan year 2001 for these two benefit plan design changes totaled \$8.2 million. The healthcare plan reserves are also projected to receive an addition \$1 million in pharmacy rebates from Express Scripts for plan year 2001.

The Board of Regents and the Department of Community Health have recently completed a joint request for proposal (“RFP”) review process for the selection of health maintenance organization (“HMO”) healthcare plan vendors for plan year 2003. At a future meeting, the Associate Vice Chancellor for Human Resources will present the recommendation of choice of vendors to this Committee.

COMMITTEE ON REAL ESTATE AND FACILITIES

The Committee on Real Estate and Facilities met on Tuesday, February 5, 2002, at approximately 2:25 p.m. in the Board Room. Committee members in attendance were Chair George M. D. (John) Hunt III, Vice Chair Joel O. Wooten, Jr., and Regents Connie Cater, Michael J. Coles, Donald M. Leebern, Jr., Glenn S. White, and James D. Yancey. Chancellor Thomas C. Meredith was also in attendance at the meeting. Chair Hunt reported to the Board on Wednesday that the Committee had reviewed six items, five of which required action. One information item was withdrawn prior to the meeting. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. **Rental Agreement, Economic Development Institute, Albany, Georgia, Georgia Institute of Technology**

Approved: The Board authorized the execution of a rental agreement between Albany Ag Center Developer, LLC, Landlord, and the Board of Regents of the University System of Georgia, Tenant, for 6,384 square feet in the Dougherty County Agricultural Building at 125 Pine Street, Albany, Georgia, for the period February 6, 2002, through June 30, 2002, at a monthly rental of \$7,963 (\$95,556 per year annualized/\$14.97 per square foot per year), with the option to renew on a year-to-year basis for seven consecutive one-year periods, with rent increasing 2% per year for the use of Georgia Institute of Technology (“GIT”) Economic Development Institute (“EDI”).

The terms of this agreement are subject to review and legal approval of the Office of the Attorney General.

Understandings: This new space will house the existing EDI regional office and EDI’s new

Georgia Tech Information Technology Center (“ITC”), which will provide technology demonstration and education assistance to help customers identify and implement proven information and telecommunications technologies. This EDI office serves 32 counties within the southwest region of Georgia.

The space currently rented in Albany for EDI is not adequate to house EDI and ITC and will be vacated. No appropriate space is available for EDI in University System facilities in the area.

All operating expenses are included in the rent rate. Funding for rent will be from the GIT operating budget for EDI.

2. Lease Agreement, 240 Fifth Street, Georgia Institute of Technology

Approved: The Board declared approximately 0.3127 acre of land located at 240 Fifth Street on the campus of Georgia Institute of Technology (“GIT”) to be no longer advantageously useful to GIT or other units of the University System of Georgia but only to the extent and for the purpose of allowing this land to be leased to Theta Zeta House Corporation of Phi Mu Fraternity, Inc. (“Theta Zeta”) for the purpose of constructing and operating sorority housing for the benefit of the students at GIT.

The Board also authorized the execution of a lease agreement with Theta Zeta covering the above-referenced 0.3127 acre of land located on the campus of GIT for the purpose of constructing and operating sorority housing for the benefit of the students at GIT.

The terms of the above-referenced lease agreement are subject to review and legal approval of the Office of the Attorney General.

Understandings: In May 1991, the Board authorized the lease of property at 162 Fourth Street, Atlanta, Georgia, to Theta Zeta. Theta Zeta has outgrown this property and desires to build a new house that will accommodate the sorority. Terms of this existing agreement permit Theta Zeta to terminate on 30 days written notice. Theta Zeta desires to terminate the existing lease concurrent with the commencement of this lease.

The lease rate will be \$1 per year. Theta Zeta will improve the property under the terms of the lease to provide bed space for 20 GIT students.

The lease will be an estate for years for a term of 40 years, after a period for construction of the improvements of up to three years commencing in August 2002.

This lease is consistent with the GIT master plan as part of the Greek sector residential neighborhood.

3. Lease Agreement, 162 Fourth Street, Georgia Institute of Technology

Approved: The Board declared approximately 0.1521 acre of land located at 162 Fourth Street on the campus of Georgia Institute of Technology (“GIT”) to be no longer advantageously useful to GIT or other units of the University System of Georgia but only to the extent and for the purpose of allowing this land to be leased to House Corporation of Delta Sigma Theta Fraternity, Inc. (“Delta Sigma Theta”) for the purpose of constructing and operating sorority housing for the benefit of the students at GIT.

The Board also authorized the execution of a lease agreement with Delta Sigma Theta covering the above-referenced 0.1521 acre of land located on the campus of GIT for the purpose of operating sorority housing for the benefit of the students at GIT.

The terms of the above-referenced lease agreement are subject to review and legal approval of the Office of the Attorney General.

Understandings: Theta Zeta House Corporation of Phi Mu Fraternity, Inc. currently leases the property. This recommended action is contingent on approval of Item 2.

The existing improvements on this property will accommodate Delta Sigma Theta.

The lease rate will be \$1 per year. Delta Sigma Theta will provide bed space for 20 GIT students.

The lease will be an estate for years for a term of 40 years, commencing in August 2002.

This lease is consistent with the GIT master plan as part of the Greek sector residential neighborhood.

4. Authorization of Project, “Renovation of Lewis Hall Dormitory,” North Georgia College & State University

Approved: The Board authorized Project No. BR-68-0204, “Renovation of Lewis Hall Dormitory,” North Georgia College & State University (“NGCSU”) with a total project budget of \$3,178,000 to be funded by auxiliary services funds.

Understandings: NGCSU needs to upgrade the existing Lewis Hall dormitory, a 238-bed facility constructed in 1952, to better serve its students.

The 40,000-square-foot building now serves as a women’s residence hall with a traditional configuration, that is, shared bath and toilet facilities separate from the sleeping rooms.

The campus master plan indicates a shortage of student housing. A study was undertaken by the campus to determine the best course of action for this project: renovate with current dorm-style configuration, renovate with a suites arrangement, or demolish Lewis Hall and rebuild in the same location.

A privatized 300-bed housing development is currently under construction on campus and will be completed in fall 2002. At that time, Lewis Hall will become vacant and ready for renovation.

The proposed plan maintains the traditional configuration while giving students the option of single-occupancy rooms. The construction cost is estimated to be \$2,331,000.

5. Preventive Maintenance Program for University System of Georgia Facilities

Approved: The Board approved the Systemwide preventive maintenance implementation plan that anticipates a Systemwide, centrally hosted, computerized maintenance management system (“CMMS”) based program.

The Board also approved initial funding for a preventive maintenance director to develop a more detailed implementation program, along with sequences of campus implementations and time lines, and report back to the Committee on Real Estate and Facilities at the September 2002 meeting.

(Italicized wording represents revisions to this agenda item since the January 2002 Board meeting.)

Understandings: At the November meeting, then Vice Chancellor for Facilities, William K. Chatham, discussed the preventative maintenance (“PM”) steering committee’s major findings and recommendations, which represented the culmination of a year of research and investigation into the existing PM practices at each of the 34 System institutions together with a national review of literature and like institutions. The Board directed the staff to prepare an implementation plan for the Systemwide PM program (“SPMP”).

Ultimately, implementation of the SPMP will have three major components as follows:

1. **Staffing Requirements:** A centrally hosted and managed SPMPs will require additional staff resources to manage the acquisition of a CMMS, manage training requirements, and develop an implementation schedule and phasing plan. Once implemented, the staff will be providing regular and routine management of the overall program. Initially, two full-time staff positions (a director and an administrative assistant) will be required.
2. **Training Requirements:** Two types of training will be required: 1) initial training

for campus staff for use and operation of SPMP and 2) ongoing training to keep staff up-to-date and to train new employees.

3. Development of an Implementation Schedule for University System Office (“USO”) and Campuses: An implementation schedule will be developed to include hiring of USO staff, selection and purchase of a CMMS through a request for proposal process, acquisition of related equipment, and training of staff and campus personnel.

Cost and schedule considerations: As a result of reduced major repairs and rehabilitation funding, it is recommended that full implementation of the program be extended. The initial phase will be to hire a preventive maintenance director who will provide start-up oversight, including review of software applications, campus visits to determine specific needs, and implementation priorities by campus, which will include campuses that do not have preventive maintenance programs followed by campuses that do not have existing computerized systems.

6. Information Item: Master Plan, Darton College

This item was withdrawn from the agenda prior to the Committee meeting.

7. Information Item: Housing Concept Proposal, Abraham Baldwin Agricultural College

In October 1997, the Board passed a new student housing policy that requires the preparation of a comprehensive plan for student housing together with a financial plan to support the housing program objectives. Abraham Baldwin Agricultural College (“ABAC”) has developed a comprehensive student housing plan that is consistent with this policy. The plan was presented to the Committee by President Michael F. Vollmer.

The ABAC plan consists of constructing new on-campus privatized housing facilities and the demolition of four existing dormitories that are beyond cost-effective repair by 2006. According to the plan, the net results will be a 900-bed capacity, which will be an increase of approximately 150 beds, or 17% over current capacity. Currently, the campus operates 750 student housing beds with a 100% occupancy rate.

Approximately 26% of the students are currently housed on campus. This percentage is projected to change to approximately 33% upon full implementation of the proposed housing plan.

University System Office staff will work with the Office of the Attorney General to prepare a request for proposals for the first phase of public/private housing at ABAC modeled after Savannah State University but modified to respond to specific campus needs.

COMMITTEE ON EDUCATION, RESEARCH, AND EXTENSION

The Committee on Education, Research, and Extension met on Tuesday, February 5, 2002, at approximately 2:10 p.m. in room 6041, the Sixth Floor Training Room. Committee members in attendance were Chair Allene H. Magill, Vice Chair Martin W. NeSmith, and Regents Hugh A. Carter, Jr., William H. Cleveland, Joe Frank Harris, and Elridge W. McMillan. Chancellor Thomas C. Meredith was also in attendance at the meeting. Vice Chair NeSmith reported to the Board that the Committee had reviewed 11 items, 10 of which required action. One of these action items was tabled until March 2002, and the other nine were recommended for approval. Additionally, 101 regular faculty appointments were reviewed and recommended for approval. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. Establishment of the Major in Instructional Technology Under the Existing Master of Science, Columbus State University

Approved: The Board approved the request of President Frank D. Brown that Columbus State University (“CSU”) be authorized to establish a major in Instructional Technology under the existing Master of Science, effective February 6, 2002.

Abstract: The major in Instructional Technology will allow individuals in the CSU service area to qualify for positions as lead teachers in integrating technology into the curricula of public schools, as instructional technologists in the public schools, in colleges to help faculty in the use of instructional technology, and in the development of technology-based educational materials.

Need: This proposal was developed in response to requests from area schools for a master’s degree program in instructional technology for lead teachers and for instructional technologists in education. The A Plus Education Reform Act of 2000 requires all educators to demonstrate computer skill competency by 2006 in order to have their certificates renewed. School districts need qualified instructional technologists to help educators meet this new requirement.

Objectives: The purposes of the program are to qualify individuals to assume leadership roles in schools and colleges where they assist educators in the implementation of technology and to serve as lead teachers in the integration of technology.

Curriculum: The proposed program is in accordance with the national standards from the International Society for Technology in Education and the Regents’ 2001 Principles for the Preparation of Educators for the Schools (the “Principles”). The Principles now require that all new master’s degree programs for teachers who are already certified will focus on both strengthening their content knowledge and on deepening their understanding of teaching and learning and that such programs will be collaborative programs developed jointly by the arts and

sciences and education faculty. This program requires students to complete at least six semester hours in their academic teaching field within the College of Arts and Letters, Business, or Science and to complete a 24-hour concentration in Instructional Technology within the College of Education. Students must complete an additional six hours of designated courses from among the Colleges of Arts and Letters, Business, Science, and Education.

Projected Enrollment: The institution anticipates enrollments of 10, 25, and 45 for the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed in concert with the institution's programmatic schedule of comprehensive program reviews.

2. Establishment of Majors in Spanish and in French With Teacher Certification Option Under the Existing Bachelor of Arts, Columbus State University

Approved: The Board approved the request of President Frank D. Brown that Columbus State University ("CSU") be authorized to establish majors in Spanish and in French with a teacher certification option under the existing Bachelor of Arts degree in the College of Arts and Letters, effective February 6, 2002.

Abstract: The majors in Spanish and French with teacher certification will offer residents of West Central Georgia an opportunity to complete a Bachelor of Arts degree in Spanish or in French and to qualify for certification to teach in Georgia's public schools in grades P-12.

Need: Spanish and French teachers are consistently on the list of "critical shortage fields" established annually by the Georgia Department of Education. This list is compiled by analyzing annual reports of unfilled teacher positions from school system administrators throughout Georgia. The school systems in the service region of CSU regularly report unfilled teacher positions in Spanish and in French. Eighteen public and private institutions in Georgia offer educator preparation programs in French and in Spanish. The programs that are the closest to Columbus are 68 and 89 miles away.

Objectives: The purpose of the program is to prepare teachers in French and in Spanish for the public schools in the region of the state traditionally served by CSU.

Curriculum: The proposed program was collaboratively developed by the College of Arts and Letters and the College of Education. It will be housed in the Department of Languages and Literature in the College of Arts and Letters. The curriculum is in accordance with the guidelines

of the American Council of Teaching Foreign Languages and with the Regents 2001 Principles for the Preparation of Educators for the Schools.

Projected Enrollment: The institution anticipates enrollments of 10, 30, and 70 for the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed consistent with the monitoring of foreign language programs in the University System and the institution's programmatic schedule of comprehensive program reviews.

3. Establishment of the Master of Science in Information Security, Georgia Institute of Technology

Approved: The Board approved the request of President G. Wayne Clough that Georgia Institute of Technology ("GIT") be authorized to establish the Master of Science in Information Security, effective February 6, 2002.

Abstract: Computers and electronic communication systems are becoming increasingly important for society, the economy, and individuals. With the increase in commercial and governmental use of computing comes the necessity to protect the information contained in systems and to prevent the theft or intrusion of these systems. To enhance GIT's role in information security, the institution is proposing a Master of Science in Information Security. The program will become an integral part of GIT's Information Security Center.

Need: With advances in commercial computing, the Department of Defense, and the government's security agencies, computing and communications require a heightened level of security. The information stored and transferred on networks is no longer physically isolated and is thus more vulnerable to intrusion or attack. The President's Task Force on Critical Infrastructure Protection has focused on the need for improvements in information security, which includes the education of information security professionals. Information security is important to several data systems, including financial aid, scholarships, e-commerce, banking, computer systems, business operations, and national defense.

Objectives: The objective of the program is to provide students with the practical skills and theoretical understanding needed to be leaders in the design, implementation, and evaluation of the concepts, techniques, methods, and policies for ensuring the security of information.

Curriculum: The proposed program will be a full- or part-time, day program. It will be housed in the College of Computing in cooperation with the School of Public Policy, the Dupree College

of Management, and Georgia State University's Management Information Systems program. The 32-semester-hour program will accommodate a cohort of approximately 25 students.

Projected Enrollment: The institution anticipates enrollments of 25, 30, and 35 during the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program. The program will benefit from the reconfiguration of existing course sections. In addition, support from the program is being underwritten by the National Science Foundation.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed in concert with the institution's programmatic schedule of comprehensive program reviews.

4. Establishment of the Bachelor of Science in Nursing R.N. to B.S.N. Completion Program, Macon State College

Tabled: The Board tabled until the March 2002 Board meeting the request of President David A. Bell that Macon State College ("MSC") be authorized to establish the Bachelor of Science in Nursing R.N. to B.S.N. Completion program, which will admit only qualified nursing practitioners who hold licensure as registered nurses ("R.N.") with an associate's degree or diploma, effective February 6, 2002.

Revised: This agenda item was revised prior to the Committee meeting.

Abstract: The University System institutions, in cooperation with major healthcare providers in the region, are committed to help resolve concerns about workforce development in health-related professions. During the January 2002 Board meeting, external degree associate-level nursing programs were approved for implementation by Darton College in the cities of Cordele, Bainbridge, and Americus in cooperation with Bainbridge College and Georgia Southwestern State University. Nursing is perceived as the primary area of healthcare delivery and patient care and is the largest employment category in health-related professions. The mission statement of MSC, as revised and approved by the Board in October 1997, states that "baccalaureate programs are focused on selected areas of study . . . with special emphasis on fields that support state and regional economic development." The proposed program will provide an opportunity for persons holding an associate degree or diploma in nursing — Associate of Science in Nursing ("A.S.N.") or Associate Degree in Nursing — and who have obtained licensure as an R.N. to continue their studies toward a B.S.N. Degree completion programs do not increase the number of nurses practicing in the state, but they do improve the qualifications and skills of nurses, making them better prepared to perform more complex or specialized healthcare activities.

Need: Projections from the Georgia Department of Labor forecast a 45.3% state increase in total health services occupations (from 289,680 to 420,950) from 1996 to 2006. Projections from the U.S. Bureau of Labor Statistics forecast a 21.7% national increase in employment of registered nurses (from 2.1 million to 2.5 million) from 1998 to 2008. Average annual net replacement needs are projected at 79,000 vacancies each year. A fall 1999 national survey of 548 nursing schools with bachelor's and graduate programs, conducted by the American Association of Colleges of Nursing, found a 4.6% decline in B.S.N. enrollments from the preceding year. In March 2000, the Georgia Board of Nursing reported that there were 80,733 active practitioners in the state holding R.N. licensure. A MSC survey of 19 medical facility administrators in the Central Georgia region indicated that only 27% of their employed registered nurses held baccalaureate degrees. A separate survey of 497 Central Georgia registered nurses with associate degrees revealed that 223 would immediately pursue an R.N. to B.S.N. Completion program offered by MSC and another 153 would enroll within two years. In proposing this R.N. to B.S.N. Completion program, MSC stated that it will remain committed to its existing A.S.N. program and will maintain sufficient resources to sustain the quality of the program.

Objectives: The goal of the proposed R.N. to B.S.N. Completion program is to provide Middle Georgia registered nurses with the opportunity to pursue a baccalaureate nursing program. The program will also provide Middle Georgia healthcare facilities with the professional nursing staff required to meet the changing healthcare needs of the area.

Curriculum: The curriculum will follow the articulation guidelines established by the Georgia Board of Nursing. MSC will seek accreditation from the Georgia Board of Nursing for the program. Students admitted to the program would already hold an R.N. license. Depending upon their previous levels of study, students would need to complete remaining baccalaureate degree requirements in the core curriculum and then continue with upper-division course work in nursing and health sciences. The 120-semester-hour program will require students to complete major courses in community health, pathophysiology, healthcare management, and several practica and laboratory rotations.

Projected Enrollment: The institution anticipates enrollments of 50, 100, and 150 during the first three years of the program.

Funding: The institution will redirect resources to establish and implement the program. To maintain the appropriate faculty-to-student ratios in both the didactic and clinical setting, at least two additional faculty members with terminal degrees will be recruited to establish and maintain the program. The institution anticipates that tuition revenues from increased enrollments will be sufficient to further support the program.

Assessment: The Office of Academics and Fiscal Affairs will work with the institution to measure the success and continued effectiveness of the proposed program. The program will be reviewed in concert with the institution's programmatic schedule of comprehensive program

reviews.

5. Administrative and Academic Appointments and Personnel Actions, Various System Institutions

Approved: The administrative and academic appointments were reviewed by the Chair of the Committee on Education, Research, and Extension and approved by the Board. The full list of approved appointments is on file with the Office of Faculty Affairs in the Office of Academics and Fiscal Affairs.

6. Reorganization of Administrative Units, Clayton College & State University

Approved: The Board approved the request of President Thomas K. Harden that Clayton College & State University (“CCSU”) be authorized to reorganize administrative units, effective February 6, 2002.

Abstract: CCSU’s proposed changes in organizational structure are designed to enhance core processes critical for enrollment growth and to foster engagement of the entire campus community in the educational mission of the university. As an undergraduate teaching institution, CCSU recognizes the recruitment, retention, and graduation of students as the primary core process that directs all other aspects of planning, such as removing barriers to access, learning, and enhancement of the learning/working environment, accompanied by exemplary stewardship of fiscal, physical, and human resources. Approval is requested to modify organizational structures in the Division of Academic Affairs, specific academic programs, Office of University Communications, and the Division of Student and Enrollment Services.

Summary of Organizational Changes

Academic Affairs: Enrollment Services, which includes Admissions and Financial Aid Processing, will move to the Division of Academic Affairs. The assistant vice president for enrollment services will report directly to the provost and vice president for academic affairs. The university registrar will move to Academic Affairs under the administrative supervision of the associate vice president for academic affairs.

Academic Programs: The Department of Electronics and the existing Department of Technical Studies in the School of Technology will merge to form the Department of Technical Studies. Health Care Management will be designated as a distinct department in the School of Health Sciences.

Marketing, Recruitment and University Relations: Student Recruitment, Marketing, and

University Relations will merge to form the Office of University Communications.

Student and Enrollment Services: The Division of Student and Enrollment Services will become the Division of Campus Life. The vice president for enrollment services and dean of students will assume new responsibilities and maintain several of the current responsibilities as vice president for campus life.

There are no additional costs associated with these changes other than printing costs resulting from a small number of title changes. No new positions requiring state funding will be requested as a result of shifts in organizational structure. All changes will be implemented through the redirection of fiscal and human resources.

7. Establishment of the Thomas J. “Jim” Parham Professorship of Family and Children Studies, University of Georgia

Approved: The Board approved the request of President Michael F. Adams that the University of Georgia (“UGA”) be authorized to establish the Thomas J. “Jim” Parham Professorship of Family and Children Studies, effective February 6, 2002.

Abstract: UGA requests approval to establish the Thomas J. “Jim” Parham Professorship of Family and Children Studies in the School of Social Work. As of June 30, 2001, UGA had \$231,309 on deposit to support the establishment of this professorship. The fund level meets and exceeds the minimum requirement of \$200,000 for the establishment of a professorship at a research or regional university. The recipient chosen for this professorship will advocate for the needs of children at the state and national levels, educate future policy makers in the school of social work, conduct research on the effects of current legislation on families and children, collaborate with colleagues throughout the state, and develop policies that better serve Georgians. The professor appointed to this position will also be required to engage in teaching, research, public service, or a combination of such duties.

Biographical Sketch: The late Professor Parham was the founder of the Georgia Department of Human Resources and served as its first commissioner when former President Jimmy Carter was then Governor of the State of Georgia. As a third-grader living in public housing, Parham was told that someday, “we will be a caring society that respects every citizen.” During his nearly 56 years of public service to Georgia and the nation, Parham focused his efforts on achieving that ideal. Among his many accomplishments, Parham wrote Georgia’s Troubled Children, a 65-page booklet that prompted the Georgia General Assembly to establish the Division for Children and Youth, which Parham led from 1963 to 1967.

During his career, Parham spent several more years in state government, including serving as head of the Georgia Department of Human Resources. In 1977, when former Governor Jimmy Carter went to Washington to become President, Professor Parham served as a presidential appointee in

the Department of Health, Education and Welfare. Under Professor Parham's leadership, several innovative social policies and programs were created to enhance the well-being of children and families, both in Georgia and in the nation. In 1979, Parham returned to Georgia and spent 15 years teaching at UGA as a tenured professor in the School of Social Work.

8. Establishment of the Neel Distinguished Chair of Biotechnology, Kennesaw State University

Approved: The Board approved the request of President Betty L. Siegel that Kennesaw State University ("KSU") be authorized to establish the Neel Distinguished Chair of Biotechnology, effective February 6, 2002.

Abstract: KSU requests approval to establish the Neel Distinguished Chair of Biotechnology. On December 6, 2001, Mr. Holmes Neel made a gift of \$500,000 to the Kennesaw State University Foundation, Inc. for the purpose of endowing this distinguished chair. The gift meets the minimum funding level required for a state college and university or two-year college to establish such a special faculty position as stipulated in Section 803.0402 of The Policy Manual.

Mr. Neel's primary purpose in making this gift is to help the university attract a nationally recognized scholar in biotechnology who will serve as a catalyst for the advancement of a variety of strategic initiatives in teaching, research, and service that will respond to the needs of Georgia's rapidly emerging life sciences and biotechnology industries. The holder of the chair is envisioned to be an accomplished professor and noted scientist who is an instructional leader in biotechnology curriculum development and is actively engaged in collaborative applied research with colleagues in universities and biotechnology companies throughout the region. A national search is planned in 2002 for a chair holder who will assume a tenured or tenure-track faculty appointment in the Department of Biological and Physical Sciences in the College of Science and Mathematics.

9. Substantive Change to the Master of Science in Nursing as a Stand-Alone Degree, Armstrong Atlantic State University

Approved: The Board approved the request of President Thomas Z. Jones that Armstrong Atlantic State University ("AASU") be authorized to substantively change its Master of Science in Nursing to become a stand-alone degree, effective February 6, 2002.

Abstract: Through the comprehensive program review process, AASU determined that instead of offering several majors under its Master of Science in Nursing, it would be more beneficial to offer specialized concentration areas under a stand-alone degree. AASU currently offers a major in Adult Nurse Practitioner. Because all students in the program, in effect, graduate with a Master of Science in Nursing, the curriculum structure would be more conducive to offering specialized concentration areas, such as Nursing Administration, Adult Nurse Practitioner, and

Adult Clinical Specialist.

The removal of the specific major and establishment of specific concentration areas under one degree will not have an adverse impact on faculty or students. Existing faculty have the credentials and experience to offer these concentration areas to students. Students have the opportunity to complete core courses designed to meet the needs of the professional nurse with a dedication to lifelong learning and advanced preparation while developing expertise in a specialized area.

10. Reconfiguration of Existing Departments to Form a School of Computing, Armstrong Atlantic State University

Approved: The Board approved the request of President Thomas Z. Jones that Armstrong Atlantic State University (“AASU”) be authorized to reconfigure existing departments to form a School of Computing, effective February 6, 2002.

Abstract: AASU proposes the reconfiguration of existing departments to form a School of Computing based on the organization at other institutions, the distinct aspects of computer science and engineering from other disciplines present in the College of Arts and Sciences, and the research, scholarship, and teaching effectiveness found in a unit of the institution. The School of Computing is a reorganization of existing faculty, which will not require any new resources. The faculty from the Department of Computer Science, who support several degree and certificate programs, and the faculty from Engineering Studies will be housed in the new school. The unit will initially house approximately 25 faculty members.

The proposed school will help AASU contribute directly to Georgia’s technology initiatives; increase student educational and research opportunities; build on one of AASU’s quality programs; strengthen the Regents Engineering Transfer Program (“RETP”), Yamacraw, and support for the Georgia Tech Regional Engineering Program (“GTREP”); and foster collaboration in computer engineering, computer science, and electrical engineering. The approval of the reconfiguration would directly support one of four strategic directions within the university’s new strategic plan: applied science and technology. The proposed school is complementary to Georgia Southern University’s recently approved School of Information Technology because the unit will focus on computer science in terms of theory, networking, hardware and software design, and artificial intelligence. The aforementioned areas complement information technology domains such as applications and the implementation of software and networks to support operations. The reconfiguration to this unit would be achieved through the restructuring of existing resources at the university.

11. Information Item: Service Agreements

Pursuant to authority granted by the Board at its meeting on February 7 and 8, 1984, the presidents of the listed institutions have executed service agreements with the indicated agencies for the purposes and periods designated, with the institutions to receive payment as indicated:

University of Georgia			
Purpose	Agency	Duration	Amount
Conduct balanced growth initiative	Georgia Department of Community Affairs	11/1/01 - 6/30/02	\$25,000
Conduct Adopted Teen Empowerment Project	Georgia Department of Human Resources	10/15/01 - 9/30/02	\$58,411
Conduct research on food safety issues	“ ” “	9/29/01 - 9/28/02	\$120,000
Conduct Advanced Careers through Education and Training program	“ ” “	9/30/01 - 9/30/02	\$142,800
Provide interns for delinquent youth	Georgia Department of Juvenile Justice	8/01/99 - 10/15-01	\$10,155
Use advanced computer technology to study water quality on coast	Georgia Department of Natural Resources	10/1/01 - 3/31/03	\$59,595
Assess Altamaha River’s productivity	“ ” “	10/1/01 - 3/31/03	\$35,288
Create water quality database for coastal counties	“ ” “	10/1/01 - 3/31/03	\$94,794
Conduct phase three of “Adopt a River for the Georgia Coast”	“ ” “	10/1/01 - 3/31/03	\$57,847
Conduct testing for Georgia State Patrol	Georgia Department of Public Safety	1/1/02 - 8/15/02	\$95,150
Study energy conservation in agriculture	Georgia Environmental Facilities Authority	10/1/01 - 9/30/02	\$67,000

Conduct energy education with limited income users	Georgia Environmental Facilities Authority	10/1/01 - 9/30/02	\$50,000
Conduct senior citizens program	Northeast Georgia Regional Development Center	10/26/01 - 6/30/02	\$1,175
Conduct lifetime fitness program	“ ” “	7/1/01 - 6/30/02	\$31,595
Georgia Southern University			
Conduct maritime forest restoration initiative	Georgia Department of Natural Resources	8/1/99 - 8/31/01	\$13,280

TOTAL AMOUNT -FEBRUARY	\$ 862,090
TOTAL AMOUNT FY 2002 TO DATE	\$ 14,472,016
TOTAL AMOUNT FY 2001 (TO FEBRUARY)	\$ 19,923,199
TOTAL AMOUNT FY 2001	\$ 23,180,836

COMMITTEE ON ORGANIZATION AND LAW

The Committee on Organization and Law met on Tuesday, February 5, 2002, at approximately 2:55 p.m. in the room 7019, the Chancellor’s Conference Room. Committee members in attendance were Chair Hugh A. Carter, Jr. and Regents William H. Cleveland, Joe Frank Harris, Allene H. Magill, and Martin W. NeSmith. Chair Carter reported to the Board on Wednesday that the Committee had eight applications for review. Of these, five were denied, one was granted, and two were continued. With motion properly made, seconded, and unanimously adopted, the Board approved and authorized the following:

1. Applications for Review
 - a. In the matter of Keron Reginald Koon at the Georgia Institute of Technology, concerning disciplinary actions, the application for review was continued.
 - b. In the matter of Euclides Peralta Jr. at Georgia State University, concerning taking introductory languages classes, the application for review was denied.
 - c. In the matter of Paul Wilkie, at Georgia Institute of Technology, concerning retroactive pay status, the application for review was denied.
 - d. In the matter of Josephine D. Davis, at Fort Valley State University, concerning

salary, the application for review was denied.

- e. In the matter of Beatricia M. King at Fort Valley State University, concerning termination, the application for review was granted.
- f. In the matter of Gregory Homer, at Fort Valley State University, concerning dismissal from position, the application for review was denied.
- g. In the matter of Dr. John Dubriel, at Fort Valley State University, concerning salary and administrative leave, the application for review was denied.
- h. In the matter of Catherine L. Touchton, at Valdosta State University, concerning non-renewal of contract, the application for review was continued.

CHANCELLOR'S REPORT TO THE BOARD

After the Committee meeting reports, Chair Howell thanked the Chancellor on behalf of the Board for his outstanding presentation to the General Assembly. He also thanked the Regents who attended the presentation. Chancellor Meredith then gave his report to the Board, which was as follows:

We are now approaching week five on the job, and we are still having fun. With the level of activity as a result of the legislative session, at times it seems as if it has been longer than five weeks, but it's been a good five weeks. During this time, I've had the opportunity to meet a great number of people, many of whom have the ability to help the System. I've made a special effort to put forward the case for the System and our goal of creating a more educated Georgia. I must be honest, however. Despite the fact that I enjoy working with the General Assembly and the absolute necessity to do so right now, it has been somewhat frustrating not to be able to be out and visiting our campuses. This is very important. It is important to see our institutions first-hand, to talk with students, faculty, and staff, and to learn what programs and activities excite and motivate them. However, I have had the opportunity to meet with all the presidents en masse and a number of them individually. This is an impressive group of leaders.

As I mentioned, I'm enjoying working with the General Assembly. Each of you knows this, but let me just repeat it: this Georgia General Assembly is extremely supportive of public higher education. Despite the current economic situation, I feel confident that the System will continue to benefit from this strong support. A good measure of this support is a direct reflection on this Board. The Governor and the General Assembly have confidence in you, collectively as a body and individually. Now that the papers are all signed, I can brag about this Board

without appearing to be campaigning for the Chancellor's post. What this Board of Regents has accomplished and the confidence among the state's elected leadership that you have generated, truly makes my job much easier than it might be otherwise. I appreciate the fact that your hard work and dedication have helped set the stage for our current state of good relations. I mean this in the most sincere fashion.

Let me speak for just a few moments on the current progress in the General Assembly on the two budgets; the fiscal year 2002 amended and the fiscal year 2003 budget. The fiscal year 2002 amended budget appears to be close to the final stage of the legislative process. It has passed the House committees and is headed for the Senate committee. I have great hope and confidence, based upon our formal hearings before the various committees and subcommittees and the day-to-day work we are doing, that the System will fare very well considering the circumstances. One of the major reasons I am confident is because of the stature and work of the Senior Vice Chancellor for External Activities and Facilities, Tom Daniel. If you will allow me an indulgence, I would like to take a moment to brag on Tom. Tom Daniel has the highest level of respect in the legislature that I've seen of any lobbyist with whom I've worked over these many years. He has a reputation of being extraordinarily ethical and dependable. As business people, as people who have worked in and around the political arena, you know that if an individual possesses those two key qualities – high ethical standards and dependability – he will be very effective. I believe that's the name of the game. So, Tom, I want to brag on you in front of all of these people. Tom had his fiftieth birthday last weekend. His fellow lobbyists – who are known among themselves and those in the know as the "shoe shine boys" – gave Tom a party. And, as to be expected on a half-century birthday, the group had some fun with Tom, but they, too, congratulated him on his many accomplishments, his hard work, and dedication to this state, this System, and this Board. So, Tom, I just want to add my own congratulations. I appreciate your good work. I figured out early on that if I just walk around with Tom, I look good.

We are all eager to hear the Governor's State of the State Address, and I think that will be available for you to watch in the Board Room. I want to also compliment this Board on your dedication to your job. I've been extremely impressed with how prepared you are for these meetings and your high interest in the topics. I'm also very impressed with your collective understanding of the role of an effective board. You keep a close eye on the big picture and understand how to provide us with the strategic direction we should pursue. But you do not attempt to become overly tactical in your focus and deliberations; you don't micromanage the System and the institutions. This is an important example of the maturity this Board possesses which, in turn, generates the great public confidence in your work that I mentioned earlier.

Looking ahead, I'm confident that next month we will be ready to bring you a recommendation on the presidency of Gordon College. This is due in large measure to the good work of Regent Connie Cater, who has chaired the Regents' Committee for this important position.

I will have my first meeting before the end of this month with the Education Coordinating Council. Regent Howell and I will meet with the State Superintendent of Schools and her chair, the head of the Department of Technical and Adult Education and his chair, the head of the Office of Accountability, and the Governor to look at education for the state. I'm looking forward to that meeting.

Your presidents are working hard. We've got a good group of presidents. I'm impressed. As you know, I met separately with the two-year presidents to gain a sense of their concerns and interests. It was an extraordinarily fruitful meeting. We have some good people doing some good things at the two-year level. This, again, is a reflection of your efforts as a Board.

One exercise I've asked our presidents to undertake – along with our key senior staff – is designed to provide me with additional and unique insights into the System, where we are and where we should go. At some point, I'll engage this Board in this exercise as well. But before I do so formally, I wanted to give you a sense of this exercise. Specifically, I've asked these key groups to think about the System's top three priorities from the viewpoint of the Chancellor's chair. In my initial study of the System, it is clear there are many needs, many issues, and many priorities. It also is clear that our resources do not allow us to pursue all of these, regardless of their merit. As in any organization, this System must make some informed choices. This exercise, then, is a means by which I can begin to get a sense of the concerns and perspective that will prove valuable to me as I begin to create a sense of vision and purpose for my Chancellorship. I'll share those results with you before too long. I think you'll find it of interest. But I also want your opinion on what each of you consider our key priorities.

I want to thank Brian [Beers, Chair of the Student Advisory Council] for his report this morning. I will conclude my report today with an item that provides some historic perspective as well as some inspiration. President Beheruz N. Sethna of the State University of West Georgia ("UWG") did something quite courageous not long ago. A number of graduates from the 1955-1956 senior class at Carver High School – a then segregated all-black high school in Carrollton – were all denied admission to then West Georgia College. Forty-five years later, President Sethna was intent on making amends for that period of history. So, he invited those graduates to come to UWG and spend some time on the campus at a reunion where he apologized. This, as you might expect, generated local and national publicity. CBS's *The Early Show* with Bryant Gumble invited President Sethna to be a guest, along with one of the 1955-56 Carver High School graduates

and her grandson. The show was broadcast recently, and we have a tape. I thought you might be interested to see one of your presidents on national television. With that, Mr. Chairman, I'll conclude my report.

* * * * *

The video of the television show was then aired. Afterwards, Chancellor Meredith noted that President Sethna had not yet arrived because he had a meeting at UWG.

Chair Howell remarked that President Sethna has brought honor to UWG and the University System by his actions and he deserves the highest accolades for what he has done on behalf of the University System of Georgia.

STRATEGIC PLANNING COMMITTEE, "COMMITTEE OF THE WHOLE"

After the Chancellor's report to the Board, Chair Howell convened the second meeting of the Strategic Planning Committee as a Committee of the Whole. He noted that following the Board meeting, the Regents were welcome to watch the Governor's State of the State Address in the Board Room. He then turned the Chairmanship of the meeting over to Regent Leebern, the Chair of the Committee.

Chair Leebern explained that the Strategic Planning Committee had two agenda items at this meeting. The first would be a presentation by the Assistant Vice Chancellor for Design and Construction, Linda Daniels, on the Board's eighth strategic goal. He then called upon Ms. Daniel to begin the presentations.

Ms. Daniels presented the eighth goal of the Board's strategic plan: providing and maintaining superior facilities, funded by innovative mechanisms which increase the speed with which they are usable. She noted that she had organized her presentation in three parts to address the three objectives of this goal. The first objective is to ensure that buildings are constructed and maintained in a manner that reflects the best cost-to-benefit ratio for the citizens of Georgia. The second objective is to ensure that appropriate capital resources become available to support the System's needs. The third objective is to ensure that the resources are spent wisely, recognizing time is of the essence. Ms. Daniels showed the Regents a picture of a Floyd College classroom. She noted that the students had laptops and the classroom was equipped with a projection system similar to the one in use in the Board Room. She explained that she wanted to start off talking about learning because the ultimate goal of the University System is not about facilities, but rather a more educated Georgia. Ms. Daniels recognized and thanked the team of advisors across the System who had been working on the eighth goal. They were as follows:

Mr. David Groseclose, Senior Director for Facilities, Georgia College & State University

Mr. Travis Weatherly, Jr., Assistant Vice President for Facilities, Georgia Perimeter College

Mr. Levy Youmans, Vice President for Fiscal Affairs, Macon State College

Mr. Phil Norrell, Director of Plant Operations, North Georgia College & State University

Dr. Joseph J. Szutz, Assistant Vice Chancellor for Planning, University System Office

Next, Ms. Daniels showed a picture of Bobby Dodd Stadium/Grant Field taken from the William C. Wardlaw Center at the Georgia Institute of Technology (“GIT”). She explained that this was a good example of innovative funding, because the athletic associations have been building facilities with non-state funding for a number of years. She then showed a slide of the Georgia State University (“GSU”) classroom building currently under construction in the Fairlee-Poplar district of downtown Atlanta. The University System of Georgia owns over 3,000 buildings on 60,000 acres of land at over 100 locations. The total of 58.8 million gross square feet of facilities represents well over half of the state’s total building inventory and does not include an additional 3.7 million gross square feet of leased space. The System’s active capital improvement program exceeds \$3 billion. Over \$425 million is spent on facilities operations and maintenance annually. Ms. Daniels noted that the daily and long-term maintenance needs of these facilities compete for funding with other institutional priorities. The public trust is placed in the Board of Regents to maintain, improve, and expand these facilities in support of the System’s academic mission. She stressed that the Board’s efforts must be supported by solid policy and procedures to maximize the benefit of dollars expended.

Ms. Daniels explained that she had divided her discussion of the issue of superior facilities into three categories: people, communication, and reality. Under the category of people, she said that the Board needs to support its facilities professionals and encourage staff development. Educational programs for formal facilities management are relatively new. The majority of System facilities staff have not had access to a comprehensive training program in facilities management. With regard to communication, through the facilities master plans and System publications, the Board should continue to insist on campus-, site-, and program-specific design and resist moves to standardize building design by “cookie-cutter” methodologies. She stated that this is not a cost-effective solution for higher education. However, the Regents can improve and standardize design expectations in terms of acceptable materials and products to encourage quality construction and minimize life cycle costs. The Regents should also formalize campus-specific guidelines to address their concerns that new buildings are consistent with the established design of the campus while providing state of the art places for learning. Addressing the reality of the situation, Ms. Daniels noted that the Board had adopted a Systemwide preventive maintenance program at this meeting. She stated that the Board needs to develop and implement a procedure that generally ensures accountability. Funds derived for facilities should be used to maintain and support facilities rather than for other purposes. Major repair and renovation

(“MRR”) funds should be generated closer to national standards as a percentage of space maintained. For a number of years, the System increased its MRR funding through the hard work of the Board and the graciousness of the legislature. Unfortunately, MRR has been impacted by this year’s budget reductions. The staff have looked into the establishment of a maintenance endowment whereby the interest income on an endowment established for the construction of a new facility might be used to maintain that facility over time. However the Regents address such reality issues, she said, they must ensure that all spaces intended to be supported by the state through formula funding are in fact being supported. The Regents will need to review and address this issue when the state funding formula is revised.

Ms. Daniels reported that there have been some successes in addressing the issue of building superior facilities. For example, the System has established an annual facilities officers conference to encourage networking and sharing of best practices. There is also a facilities advisory board empaneled to improve communication with System partners in the design and construction community. The Board could take this a step further by endorsing or sponsoring more formal continuing education. One program has been proposed by GIT’s Continuing Education through its Integrated Facility and Property Management Advisory Committee in collaboration with private industry. It is slated to be available at four locations statewide. Additionally, the University of Georgia (“UGA”) could offer a sustainable design program. Southern Polytechnic State University could offer a program in quality management. Abraham Baldwin Agricultural College could offer a program on turf management. There are endless possibilities, she said. These training programs would complement professional development opportunities through the System’s facilities officers conference and other professional organizations.

Ms. Daniels stated that the Board is communicating its facilities vision by requiring the completion of physical master plans at all of its campuses. Also, the Board has published guidelines on such topics as preventive maintenance, technology, and design philosophy. These documents could be placed on the Web for better accessibility and to enhance the ability to keep them updated. As a direct result of the System’s experience with faulty construction at the GSU William Russell Pullen Library South building, on January 9, 2001, the University System Office staff introduced to the Committee on Real Estate and Facilities a pilot study for a Board of Regents Construction Inspector (“RCI”) program. This program ensures that a certified inspector reporting directly to the University System Office inspects all System projects. Six projects, selected to represent geographic diversity and various types of projects, were identified. Ms. Daniels reported that the pilot program is now well underway.

Next, Ms. Daniels turned to innovative funding mechanisms. She asked the Regents to consider a priority program for state-funded projects that include non-state matching funds. She also asked them to develop a process that gives preference to major capital outlay project requests that bring a 50-50 match of non-state and state-requested funds. She asked whether the Board would consider allowing such projects to “jump” to the top of the rank-ordered list. Ms. Daniels also

suggested expanding the Board's current privatization program, both in terms of the number and types of projects. She noted that the System would also have to provide staff support to allow the expansion of the current privatization program to include any revenue-generating project. She said that the Attorney General requires that there must be a revenue stream to pursue privatized projects. However, a consistent revenue stream for some of these projects is student fees. Ms. Daniels acknowledged that the Regents are very cautious with regard to student fees, but she stressed that they should be cognizant of the impact of any privatized programs on such fees. When campus projects are authorized, any student fee ramifications need to be clearly articulated and understood. Another innovative funding option is to develop a Systemwide methodology to provide fund-raising assistance to institutions with the objective of generating significant non-state funding. Regardless of any methods the Board may consider, it is important that everything be handled in a way that private funding generates supplemental funds and does not replace or diminish the state's funding commitment to higher education.

There have been some innovative funding successes in the System as well, said Ms. Daniels. The research universities have had the most success augmenting state funds in the past, but Bainbridge College managed to get on the minor capital projects list this year with a community commitment of \$1 million. She noted that it can be difficult for staff to use non-state (revenue-generated) funds to leverage state funds because of the laws associated with state bond sales. They do not want to jeopardize the state's bond rating, but it can be done if they pay attention to the details and it is certainly worth the effort as they try to marry certain auxiliary projects, like book stores and parking decks, to traditional bond-funded academic (resident instruction) projects. A privatization program, started in 1997, is successfully underway and is providing much-needed housing and parking facilities throughout the System. Facilities master plans are being used for fund raising, which is an unanticipated benefit of that program. The System also has documented success with alumni giving, federal grants (e.g., historic preservation and Transportation Enhancement Activities ["TEA"] grants), and nontraditional state funding. Augusta State University and Georgia Southwestern State University have both been successful in using their master plans to garner nontraditional kinds of funding. Ms. Daniels showed the Regents a picture of housing at Savannah State University. These kinds of renderings, along with master plans, are the kinds of tools needed in fund raising, she said.

Next, Ms. Daniels discussed increasing the speed on facilities projects. To increase speed, she said, the Board must place additional emphasis on the recently authorized fast-track process for state-funded projects. It does cost a bit more initially, and it must be supported at the campus and System level through project procedures and training. The tricky part will be ensuring that both the funding amount and the funding timing are right for these types of projects. Traditionally, state funding has been distributed incrementally in design money, construction money, and equipment money. The Board will have to find a way to get the legislature to instead give that funding in a lump sum. The Board must also ensure that the contractual documents and legal council are available to get these projects underway. Another way to increase project speed is to expand the privatization program, especially in research facilities, student unions, athletic

facilities, intramural and student recreation centers, vendor-operated food service facilities, book stores, and the like. Finally, regardless of the project type, the Board must prequalify its contractors to ensure quality and timely construction. Ms. Daniels assured the Regents that the University System Office staff are doing it wherever possible.

Ms. Daniels stated that the University System has succeeded in increasing the speed on facilities projects. However, the fast-track process was only implemented in July 2001. Prior to that, state bond-funded projects were required to be pursued via the design-bid-build traditional delivery process. That process is deliberate, but sometimes lengthy. The System now has the option of selecting the construction delivery process best suited for each project. Obviously, there has been success in the speed of privatized programs. Finally, an unexpected benefit of the Regents' construction inspector program is that having that person on site encourages builders to keep their projects on schedule. As an example, Ms. Daniels showed the Regents a picture of the UGA student learning center, which is currently under construction.

In closing, Ms. Daniels reviewed options the Regents might consider. She stressed that having an architectural palette will ensure that quality materials are utilized and that the exteriors of buildings convey the college character in an attractive, timeless, and traditional manner. By employing construction concepts that accommodate adaptive reuse and provide long-term life cycle benefits, state-funded educational and educational support buildings should provide quality service for 50 or more years. With regard to continuing education, Ms. Daniels stated that given the System's \$425 million investment in facilities operations and maintenance, if a comprehensive training program can result in process and productivity improvements that generate a savings of even 0.5%, the System would see a \$2 million savings each year that could be reinvested in other outstanding maintenance and operations needs. To ensure maintenance funding accountability, the staff are requesting that each institution generate an annual report of facilities funding and related facilities expenditures. Each report will be compared to data from peer institutions, national standards, and longitudinal data at that institution. Ms. Daniels stated that this type of work would best be handled by PeopleSoft and System accountants. Ideally, such reports could be made available as part of the capital outlay process each June for use as background information for the selection process or even for presidents' annual performance reviews. She explained that an example of such a report was included in the Regents' folders. She again recommended promoting and staffing a construction privatization program. Projects which are wholly funded through non-state means could be administered completely separately from state-funded projects. More importantly, the Board must ensure that these projects include the full cost of their administration to help pay for some of the staffing need created by the projects. To increase speed, Ms. Daniels asked the Regents to consider phasing in the new Regents' construction inspector program across the System. She proposed that the staff come back with an interim report in the next six months or so, and the Regents consider phasing in the program to create a qualified pool of candidates to go forward with the program. Finally, she recommended that the Regents fund fast-track programs appropriately, stressing that funding must be up-front and in a lump sum. She asked for support in taking this proposal forward to

the state. In closing, Ms. Daniels asked the Regents whether they had any questions or comments.

Regent White noted that the Gwinnett University Center, a privatized project in Lawrenceville, had just been completed. He said that the project was extremely successful. The 120,000-square-foot building was built in approximately seven months, about one-quarter of the time it takes to build most state-funded projects. In light of that, he whole-heartedly endorsed the privatization program and encouraged the Board to operationalize it across the System as soon as possible.

Regent NeSmith asked Ms. Daniels what exactly transpired that allowed the Board to take the fast-track approach.

Ms. Daniels responded that the Georgia State Finance and Investment Commission (“GSFIC”) changed its bylaws effective July 1, 2001. She said that a fast-track approach was possible before, but only with special permission. Now, such decisions are made at the staff level.

Regent NeSmith stated that this was very good and asked whether the institutions can now build all facilities using the fast-track approach.

Ms. Daniels responded that they can do so on case-by-case basis where funding is available. She remarked that staff are encouraging the institutions to consider the benefits of this approach and make the commitment to make it happen where possible.

Regent NeSmith asked whether a project goes back to the GFSIC if it is not done fast-track.

Ms. Daniel replied that traditional projects of a certain size always fall under GSFIC management. However, the Board has some flexibility to request that a project have only its funding handled through GSFIC.

Chair Leebern asked Ms. Daniels to discuss in greater detail the Regents’ inspector program.

Ms. Daniels responded that this program is probably most successful for projects constructed in the traditional way. In the fast-track process, there is more oversight through the construction manager hired so the inspector is not as critical because his job function is being served by the construction manager. There is some overlap at this stage, because the fast-track process is still being refined.

Chancellor Meredith asked what credentials are required of the Regents’ construction inspectors.

Ms. Daniels responded that they are required to have specific certifications in the four basic areas of construction inspection through the Southern Building Code Congress International, Inc.

Board Chair Howell thanked Ms. Daniel for her presentation and noted that President Beheruz N. Sethna of State University of West Georgia (“UWG”) had arrived at the meeting. He asked President Sethna to speak to the Board regarding the Carver High School Reunion at UWG, which the Chancellor had addressed in his report to the Board.

President Sethna stated that when he decided to apologize on behalf of the institution for those applicants who were not admitted in 1956 because of segregation, he was unaware of the public relations implications. It was Dr. Donadrian Rice, Chair of the Department of Psychology and former Associate Vice President for Academic Affairs, who pointed this out to him and contacted the public relations office. President Sethna said that he is alternately displeased and pleased with himself for not thinking of the public relation implications. He explained that he apologized to the 1956 graduating class of Carver High School simply because it was the right thing to do.

Chair Howell stated that he was very pleased and thanked President Sethna for coming to the meeting to be recognized. He agreed that the publicity was nice, but the substance of President Sethna’s actions is what has the most meaning for the state and the System.

Chair Leebern next called upon the Assistant Vice Chancellor for Development and Economic Services, Annie Hunt Burriss, to discuss the sixth goal, which pertains to the University System’s role in economic development. Ms. Burriss was accompanied by Dr. Edward E. David, Jr. of The Washington Advisory Group, LLC (“WAG”).

Ms. Burriss thanked Chair Leebern and greeted the Regents. She stated that thanks to the Board’s forward-thinking 1994 strategic plan, the University System of Georgia is becoming known as the place where the futures of education and business meet. In fact, Virginia’s new governor recently sent a delegation to see how the University System’s economic development programs work. They wanted to see how Columbus has successfully transitioned from textiles to technology and why *Expansion Magazine* ranked Georgia as number one in the nation for best workforce development incentives. Perhaps one of the best things to come out of this visit, she said, was an observation made by Dr. Michael J. Daniels, a Columbus State University professor who has helped pioneer the Intellectual Capital Partnership Program (“ICAPP®”). He had said that ICAPP® is not just a program; it is also a process by which the Board of Regents energizes the University System of Georgia and pioneers new kinds of partnerships between education and business. At this meeting, Ms. Burriss and Dr. David would focus on the Board’s new strategic policy for economic development. This presentation would be framed around the System’s three core missions.

Ms. Burriss began by presenting the Board’s sixth strategic goal: “accelerating economic development by providing, when feasible, needed graduates, appropriate academic programs, and expanding marketing of the System and its institutions as an economic asset of the state.” She asked, “How do we become an even greater economic asset to the state?” Then, she answered that the Board finds out what Georgia needs and fills those needs, as any good marketing

professional knows. The goal is to develop sustainable intellectual capital resources through market-driven partnerships between education and the business sector. That goal is framed on the University System's three core missions of teaching, research, and public service.

For economic development purposes, the teaching mission is primarily addressed through the ICAPP® Advantage. Ms. Burriss explained that ICAPP® Advantage is an economic incentive by virtue of the fact that it helps Georgia employers meet needs for knowledge workers who are in high demand but low supply. Employers that are willing to commit to high-paying jobs with good benefits help identify their knowledge worker needs and partner with System institutions to create expedited education programs to quickly develop the credentialed individuals they select together with the institution. Students are supported by work-cancelable loans, and ICAPP® Advantage funds go directly to the institutions to help them quickly ramp-up faculty, equipment, and facilities. Since its inception in fiscal year 1997, ICAPP® has helped Georgia secure more than 6,700 new knowledge jobs. Because they are high-paying jobs, the state's return on investment in human capital is greater than 15:1. Governor Barnes fully appreciates ICAPP®, particularly its partnership model, and he has recommended new ICAPP® funds for the one expanding sector of the economy: healthcare.

Working with its strategic partners, such as the Georgia Hospital Association and Georgia Chamber of Commerce, and with the support of the Georgia General Assembly, ICAPP® will expedite the production of healthcare professionals, such as nurses, pharmacists, and radiology technicians, all of which are in high demand but low supply. Ms. Burriss stated that the Board of Regents enhances Georgia's economic development through this initiative because no employer succeeds in a geographic location without good healthcare. She stressed that healthcare professionals also need ongoing continuing education, as do most knowledge workers. So, there is no better way the Board can help Georgia's economy grow and enhance the lives of Georgians than through continuing education. While this University System has traditionally considered continuing education part of its public service mission, she stated that this is not the national norm. Most states consider continuing education part of their teaching mission. They do not separate credit and noncredit programs. However, that is the way things were set up when the Board last focused on its continuing education policy in October 1971, over 30 years ago. Ms. Burriss said that she is very excited that the Senior Vice Chancellor for Academics and Fiscal Affairs, Daniel S. Papp, has worked with ICAPP® to perform a comprehensive review of continuing education in the System. Reviewing this policy may be an option to explore, she said. In fact, while about 217,000 are enrolled in its degree programs, the System served 344,000 people last year through continuing education. Since the Board's strategic vision is to create a more educated Georgia and Georgia is fiftieth in adult education for those 24 years and older, continuing education is a nonthreatening way to get those Georgians back into postsecondary options. From a bottom-line perspective, continuing education programs are the entrepreneurial side of higher education and should be treated as an auxiliary so they can run like the business they are, asserted Ms. Burriss. If the University System helps businesses succeed in Georgia by creating better continuing education opportunities, it will become an even greater asset to the

state by improving Georgia's workforce and economy.

Next, Ms. Burriss discussed the University System's second core mission: research. Traditionally, Southern economic development has focused on relocating industry from the North and Midwest and attracting international investments. While that approach has worked well in the past, she said, the state is moving into new economic times. The University System can be a key catalyst to energize the state's economic base, because there is a clear correlation between research and economic development. A rule of thumb for technology-driven economic development is that high-end manufacturing tends to locate within a 90-minute commute from where the research and development occurs. In fact, a key legacy of Governor Joe Frank Harris' administration was establishing the Georgia Research Consortium to channel state investments into research-driven economic development. The private sector liked the idea so much that it created the Georgia Research Alliance ("GRA"), which is a great success today. Working closely with the Senior Vice Chancellor for Academics and Fiscal Affairs and his academic affairs staff, as well as the leadership at the four research universities, the Board sought outside review to see how the core mission of research could be better leveraged and to see what was good, what could be better, and how the University System could excel. WAG listened to the Board's needs and put together a review team that Ms. Burriss described as "stellar." It includes former heads of the National Science Foundation, the Howard Hughes Medical Institute, Harvard University Medical School, and the Massachusetts Institute of Technology ("MIT") Industrial Liaison Program. At this meeting, some initial insights by WAG would be provided to the Board by Dr. David. A native Georgian, Dr. David attended UGA and Emory University and graduated from GIT. He also served as an officer in the Pacific during World War II. He received his doctorate from MIT in 1950 and served in top leadership roles at Bell Labs through its most exciting period. He was also President of Exxon Research and Engineering, and he has served the nation at the White House as the President's science and technology advisor. Ms. Burriss stated that she was pleased to bring Dr. David before the Regents to provide a snapshot of WAG's findings and to see if they would like to further examine the Board's research policies from an economic development perspective.

Dr. David greeted the Board and explained that WAG was engaged to improve commercialization practices at the four University System of Georgia research universities. There were four tasks outlined for WAG, and operations were specified, all of which were aimed at economic development. Commercialization of research outcomes by the research institutions is the focus. The objective is economic growth through technological innovation. As Ms. Burriss had said, this includes both engineered products and health-related services, as well as products and policies to provide incentives, replacing the traditional incentives of the South, which were low labor and land costs. Research is where knowledge is created and where innovation occurs, he said, but it does have costs. The return to the gross state product, however, is about \$5 for every \$1 that is invested in research. So, research provides a good return on investment. The return results largely from university-industry interactions, and it manifests itself as jobs and new companies in Georgia. The process is highly diversified, but intellectual property and

entrepreneurship play an important part. (He defined intellectual property as principally patents and copyrights, particularly for computer software.) In all, research and development are a good financial investment. Some key indicators of productive research are the number of patents created, the number of copyrights produced, and the number of eminent researchers who are participating in those activities.

Dr. David explained that there is both good news and bad news with regard to research when benchmarking University System research institutions against peer institutions. University System research universities generally fall in the middle rank of competing institutions, though there are some exceptions. The number of eminent scholars in Georgia is low compared to peer institutions, despite the efforts of the GRA, which he said have been magnificent and have had a very positive effect. The state is tenth in population, but only 0.5% of the National Academy of Sciences members reside in Georgia. As of July 2000, there were 35 members in North Carolina and 26 in Florida, but there were only 10 in Georgia. He asserted that efforts should be made to elect people to the National Academy of Sciences, because Georgia does not lack distinguished researchers, but an expansion of their recognized numbers is critical. The same is true in the National Institutes of Health (“NIH”), which recognizes as merit employees the top 3.5% of researchers who received grant funds from the NIH. There were 500 NIH grants awarded in Georgia, but only 10 were in the top 3.5%, while North Carolina had 29, Pennsylvania had 34, Ohio had 16, and Florida had 14. Georgia ranked twentieth in National Science Foundation support funding in fiscal year 2000. On the positive side, the University System does very well in industry support of academic research and development. GIT ranks fourth in the nation for industrial support of research and in overall returns on investment, while UGA’s return from intellectual property, particularly patents, surpasses GIT. UGA’s research in medicine, communication media, and other subjects is growing, but the majority of its patents are in agriculture. So, overall, the University System of Georgia is a mixed bag of what is good and what can be improved.

Dr. David stated that the leaders in research commercialization — Stanford University, MIT, and Columbia University — have a long history of growth in research commercialization, starting around World War II. The growth of this activity elsewhere really did not begin until around 1980, when the Bayh-Dole Act was passed by Congress. It permitted educational institutions to own the intellectual property gained from federally funded research, and it started the push for commercialization. So, this has not been a long history, and there is a lot of untapped potential for growth in the University System. Dr. David advised that there should be approximately 20 patents awarded for every \$100 million in research and development performed each year. Income from licenses, royalties, and monetized equity should total \$25 million or more per year. The average return to University System research institutions in recent years was only about \$10 million per year, and most of that was earned in fiscal year 2000. These numbers suggest that there is room for the research universities to grow. He cautioned that a great deal of potential intellectual property “leaks” out of the universities. Inventors tend to go outside the institution for licensing and patents, and therefore, the institution receives no recognition or income from

that research. The universities estimate this “leakage” to be somewhere between 70% and 90% of eligible inventions. One cause of this problem is that the faculty, research staff, and students are reluctant to deal with the current intellectual property operations on campus. Some see the intellectual property operations as a hindrance rather than a help in commercializing their research. Entrepreneurs claim that they experience delays, red tape, and rigidity. Implementing best practices and increasing intellectual property staff can improve this situation.

In closing, Dr. David made some recommendations for making University System commercialization competitive with the best in the nation. He said that a major road block in making the System competitive is a lack of experienced staff in creating and licensing intellectual property. GIT and UGA together need at least 15 additional qualified staff to be competitive with their peers and to handle the load of disclosures for patenting. Leading universities’ licensing offices have between five and eight times the number of staff at GIT. Additions are also essential at the Medical College of Georgia (“MCG”) and GSU. The critical mass at those schools is about five to six staff members each. Raising the intellectual property reporting level to vice president or higher in each institution is also an option for improving performance, said Dr. David. Based upon the results at leading universities, WAG estimates that if the Board acts on these recommendations, the patent flow could be increased two to three times and income increased three to five times.

Dr. David noted that there is a prime opportunity at MCG, which is beginning to emerge as a major medical research center. The new president and the GRA programs have invigorated activity around Augusta. There is a new vice president for research and a new director for technology transfer, and both of them have been very well received at MCG. There may very well be a medical industrial cluster forming around Augusta. Dr. David pondered what might be realistic goals for MCG with adequate support, and he used the University of Alabama at Birmingham (“UAB”) as a comparator. He noted that in 1999, UAB did \$171 million in research, 10% of which was funded by industry. That year, UAB filed 42 patent applications, had 24 patents issued, and received \$1.5 million in license fees. There has been even more growth at UAB since 1999. Dr. David asserted that MCG may reach or surpass such performance within three to five years. He stressed that it is one of the great opportunities for Georgia. He then thanked the Board and stepped down.

Ms. Burriss thanked Dr David for his presentation and next discussed the University System’s third core mission, public service. While the Regents are familiar with the important extension services the institutions offer to agriculture, manufacturing, and small business, there is another aspect of public service she said they may want to further support: ICAPP® needs assessments. The Regents have seen ICAPP® perception surveys, and in March 2001, they heard an ICAPP® report regarding where System students come from and where they are going. As business and opinion leaders, the Regents know how important it is to have an objective analysis of opportunities, said Ms. Burriss. She suggested formalizing the function of such analysis. ICAPP® needs assessments have focused on finding the needs of Georgia and how those needs

can be filled by drawing from the state's intellectual capital. Ms. Burriss asked the Regents whether they want the System to continue that role. Finally, she reviewed the Board's challenge of better marketing the University System of Georgia. To that end, the staff are engaging the System's strategic partners in a discussion of how the System can better meet that goal. Ms. Burriss noted that her staff would be doing a "Knowledge Is Power" tour of the state's economic regions this year to introduce Chancellor Meredith, to showcase ways the institutions support each region's economic growth, and to learn from each region how the System can better support its needs. The tour is being sponsored and supported by the Georgia electric membership corporations, Georgia Power, and the Municipal Electric Authority of Georgia, as well as the Georgia Chamber of Commerce and the Georgia Economic Developers Association. Ms. Burriss invited the Regents to participate in any or all 12 working luncheons.

In closing, Ms. Burriss asked the Regents three questions:

Is the Office of Economic Development doing what the Regents want?

What policy issues warrant further review?

If the Board knew it could not fail, what would it do?

She then thanked the Regents for their support and attention and asked whether they had any questions or comments.

Regent Coles stated that former Governor Thomas J. Ridge once said that companies should come to Pennsylvania for a program very similar to ICAPP[®] Advantage. He asked how ICAPP[®] markets itself nationally.

Ms. Burriss replied that the state's main marketing organization is the Georgia Department of Industry, Trade & Tourism ("GDITT"). ICAPP[®] provides GDITT with information and hopes it will market ICAPP[®] programs. ICAPP[®] itself does not have a budget for marketing, but it has worked with the Office of Public Relations to promote its programs. Georgia Power has also made a video for ICAPP[®]. So, the staff do what they can to publicize ICAPP[®], and strategic partners help, but there are no funds dedicated to marketing.

Regent Wooten stated that the University System needs to expand and promote the whole area of continuing education. He noted that as a lawyer, there are many mandatory professional development requirements. He stated that people always need computer skills, management training, and research skills, and the System needs to let them know that they can get those skills in Georgia at a great price. It is good for the state and the economy. Also, personal development courses like art, music, and foreign languages are beneficial to communities and help keep good employees happy in those communities. These kinds of programs attract and retain business interests. He said this also ties into the Board's overall goal of developing a more educated Georgia. He thanked Dr. David for his presentation and good work.

Regent Carter asked Ms. Burriss how she plans to take advantage of the opportunities that come with intellectual properties.

Ms. Burriss responded that Dr. David has assured her that he will have a final report for the Board by February 7.

Dr. David added that WAG believes commercialization at the university level is not only research activity, but also a business, and it must be operated as a business. There must be someone on campus in charge of it, but at this time, there is not. So, really, the universities must first organize themselves to push in a business-like manner with effectiveness and efficiency, providing service to their customers, the researchers, and to the businesses who come to license the material. In other words, this function must be reformed, the objectives must be laid out carefully, and there must be good management. Universities do not usually do that, so it means a change in culture. It is going to take support from the state and the Board validating commercialization as a legitimate goal of the University System to make this happen. If it happens, the faculty will step up and the leakage will be slowed considerably.

Regent Harris noted that in 1983, Georgia lost a microelectronics venture to Texas. It was devastating, because GIT had the facilities and faculty to support it. However, after Georgia lost the business, the private sector supported a study from the McKinsey & Company, Inc., which showed that Georgia should be experiencing economic growth through technology and research. The Georgia Research Consortium raised and matched almost \$200 million for new facilities at GIT, UGA, and Emory University. All of the other Southern states can also do what Georgia is doing and offer even greater incentives in many cases, but all of the states do not have the infrastructures to support such ventures the way the University System does. While UAB is ahead of Georgia in medical research, the University System now has Chancellor Meredith, who comes from the University of Alabama System. So, the infrastructure is in place, and the Board should move more rapidly to address these important economic development concerns.

Dr. David stated that if WAG could help in any way, it would.

Board Chair Howell thanked Dr. David, Ms. Burriss, and Ms. Daniels for their presentations. He stated that from Dr. David's presentation, he gathered that the talent is already in the University System, but it is not recognized by the national academies. So, it seems that the Board should focus on getting its existing talent appropriately recognized. He also asked how far behind the System is in having its eminent scholars funded by the state.

Regent Coles replied that there are at least 14 unfunded eminent scholars.

Chair Howell stated that there is private funding in place for these eminent scholars, but there are no matching state funds at this time. He asserted that the Regents must advocate to have those eminent scholars funded because private funding will not continue if it is not matched by the

state.

Regent Coles added that eminent scholar matching funds are \$500,000 at regional and state universities and \$750,000 at research universities. So, the universities have not received the matching funds that would really help these programs.

Regent Howell stated that without matching state funds coming through, it is very difficult to ask the private sector to put up its half of the funds.

Regent Yancey stated that ICAPP[®] was established in 1996 in reaction to state needs. He thanked Ms. Burriss for changing the program from a reactive to a proactive program. If the University System is to succeed in economic development, he said, it must anticipate needs rather than react to them. He noted that ICAPP[®] provided Total System Services (“TSYS”) with 1,000 programmers. It solved a problem, but it also created an opportunity, because now TSYS needs supervisors. He said this would likely be true in any industry. As long as ICAPP[®] can anticipate workforce needs, then Georgia can lead the nation in workforce development.

Chair Leebern asked Dr. David how the Board can encourage its research universities to collaborate.

Dr. David replied that there will be information in WAG’s report pertaining to this. One idea is for the Regents to provide some prestigious visiting professorships to encourage research institutions to exchange faculty amongst themselves and increase collaboration.

Chair Leebern thanked the presenters and adjourned the meeting of the Strategic Planning Committee as a Committee of the Whole.

UNFINISHED BUSINESS

There was no unfinished business at this meeting.

NEW BUSINESS

There was no new business at this meeting.

PETITIONS AND COMMUNICATIONS

Secretary Gail S. Weber announced that the next Board meeting would take place on Tuesday, March 12 and Wednesday, March 13, 2002, in the Board Room in Atlanta, Georgia. She noted that there would also be a social event for the Regents on the evening of Tuesday, March 12.

ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at approximately 10:50 a.m. on February 6, 2002.

s/

Gail S. Weber
Secretary, Board of Regents
University System of Georgia

s/

Hilton H. Howell, Jr.
Chair, Board of Regents
University System of Georgia