

APPENDIX A

Molly Corbett Broad
President's Report to the Board of Governors
General Administration Building Board Room
August 12, 2005

Orientation of New Board of Governors Members

While the chancellors are still standing, I'd like to acknowledge that the new members of the Board of Governors are in the midst of their introductory tours of our 16 campuses. I have had the pleasure of joining members on the tour as they become better acquainted with the diverse group of institutions that comprise this University. For many—particularly those who had not visited a UNC campus in quite some time—it has been an eye-opening, even inspirational experience. Members have expressed pride in the caliber of instruction and work being carried out, as well as pride in the quality of leadership evident across this University. And needless to say, they have been stunned by the physical transformation that is taking place as a result of the Higher Education Bond Program. I want to thank the Chancellors for the great job in preparing for the arrival of new members of the BOG.

And before I introduce the leaders of our affiliated schools and organizations, I'd like to pause for just a moment to recognize a recent achievement by Robyn Render, our Vice President for Information Resources and Chief Information Officer. As most of you are aware, Robyn has been at the forefront of our efforts to expand the use of distance education and the availability of on-line degree programs. In order to gain a deeper personal and technical understanding of the benefits and challenges presented by e-learning, Robyn enrolled two years ago in an on-line graduate program offered by the University of Phoenix and received a master's degree in organizational management this summer. We are proud of you, Robyn.

Update on Legislative and Budget Developments

As you are aware, the General Assembly gave final approval yesterday to the 2005-07 state budget, making North Carolina the last of the 50 states to adopt a budget for the current fiscal year.

It has been a difficult session, but in the end, this General Assembly was extremely supportive of the University. While we sustained more than \$40 million of permanent cuts to our operating budgets, far more damaging cuts were avoided, and our chancellors were provided flexibility in determining how best to carry out most of these required reductions.

Despite the state's ongoing fiscal problems, the General Assembly found the wherewithal to provide significant funding for several of the Board's highest budgetary priorities. More specifically:

- Legislators fully funded our request for enrollment growth. Recall that an earlier version of the budget would have fallen \$13 million short of \$73 million, the funds needed to serve our students taught at a distance.
- Drawing on escheats funds, the General Assembly provided nearly \$12 million in additional need-based financial aid for North Carolina residents attending UNC campuses, bringing annual funding for this important program to \$67 million.

- Legislators provided funds to complete UNC Charlotte's transition to doctoral, research-intensive status; responded positively to the Board's request for equity funding for Appalachian State and UNC Wilmington; and provided additional funds for our focused-growth and special-needs campuses.

As for the salary pool, while it is less than our campuses need and requested, we are grateful that the legislature provided a 2-percent increase for faculty and other EPA employees. We should acknowledge that all SPA employees will receive increases of \$850 or 2 percent, whichever is higher. As was discussed yesterday in various committee meetings, the lack of competitive salaries and benefits remains a growing problem across the University.

Importantly, the budget also includes \$57.5 million for the repair and renovation of University-owned facilities. And we anticipate that later today, the legislature will give final approval for \$446 million in self-liquidating capital projects across our campuses.

In the current environment, these are very significant achievements, and we should take every opportunity to express our appreciation to the legislative leadership and our many supporters in both chambers of the General Assembly. I also would like to publicly acknowledge the extraordinary work done on behalf of the University by members of this Board; our chancellors; especially by Wayne McDevitt, Mark Fleming, and the rest of the University Affairs staff; by Jeff Davies and members of the Finance staff; Leslie Winner; and other colleagues throughout the Office of the President.

UNC's Role in the Planned Revitalization of Kannapolis

Late last week I shared some preliminary information with you about a proposed initiative to revitalize Kannapolis through a groundbreaking partnership between Dole Foods and the University of North Carolina. I spoke yesterday at meetings of the Budget and Finance Committee and the Committee on Economic Development about this ambitious plan—which builds on scientific linkages between agriculture, health, medicine, and the University's great strengths in biotechnology.

You will recall that a centerpiece of the plan is the development in Kannapolis of two world-class research institutes—one focused on improving the nutritional content and production of fruits and vegetables, to be led by NC State; and the other focusing on the relationships between nutrition and the brain, obesity, and cancer, to be led by UNC-Chapel Hill. I am grateful that the Budget and Finance Committee has signaled its intention—during the normal course of our budget deliberations—to amend our 2006-07 state budget request to include approximately \$29 million in start-up funding for these institutes.

This initiative advances our three-part mission of teaching, research, and public service—and in the process gives new meaning to the terms “collaborative” and “multidisciplinary.” It underscores our commitment to foster statewide economic development and technology transfer—and demonstrates a new level of our commitment to serve the needs of the entire state. This is by no means a new concept, of course. UNC President Frank Porter Graham observed in his 1931 inaugural address, that, “The state university comes from the people and should go out to the people.” That's exactly what this remarkable initiative stands to accomplish.

Trends in the Enrollment of Foreign Graduate Students

Against that backdrop of emerging new scientific initiative, let me bring an issue of growing national concern to your attention. The long-term success of these ambitious research initiatives in Kannapolis and others on our campuses will hinge, in part, on our ability to attract the very best scientists and graduate students to North Carolina. As I have shared with you on other occasions, there is growing concern about this country's ability to maintain and grow an adequate supply of scientists and engineers. In fact, while the U.S. still leads the world in innovation and discovery, more than half of those in the workforce who hold science or engineering degrees are over the age of 40. And the proportion of U.S.-born students seeking advanced degrees in these fields is declining.

Over the past three decades, foreign students on temporary visas have accounted for virtually all of the overall growth in the number of U.S. doctorates awarded. In fact, U.S. citizens received only 70% of all doctorates earned in 2003. Importantly, foreign graduate students are concentrated in the natural sciences and engineering fields, accounting for more than half of all U.S. enrollments. And traditionally, a high percentage of these students have remained in the U.S. after graduation, filling positions in industry and academia.

In recent years, however, the number of foreign students applying to U.S. graduate schools has been declining at a troubling rate. Contributing factors include real and perceived difficulty in obtaining student visas in the wake of 9-11, and the growing availability outside the U.S. of high-quality educational options. Some countries that have traditionally sent large numbers of graduate students to the U.S.—such as China—are building the graduate capacity of their own institutions at astounding rates.

Within UNC, three campuses—NC State, UNC-Chapel Hill, and UNC Charlotte—account for about 75% of our foreign graduate student enrollments. Thus far, only UNCC has witnessed an actual decline in international graduate enrollment, but it will be important that we continue to track these trends.

Progress Report on Task Force on the Safety of the Campus Community

Let me turn now to a brief update on the University-wide Task Force on the Safety of the Campus Community.

This past spring, ABC began filing a series of public documents requests related to the tragic murders last year of two students attending UNC Wilmington. It is our understanding that ABC intends to air a program sometime between late August and late September focusing on campus safety. The Wilmington murders appear to be a key part of that program. While this reopens an extremely painful chapter in the life of UNC Wilmington, we realize that the sorrow those of us in the University community continue to feel pales in comparison to the heartache and loss felt by the families. I would like to once again acknowledge Chancellor DePaolo for the compassionate leadership and strength she exhibited throughout this terrible ordeal, and for the very straightforward and thoughtful manner in which the campus responded and facilitated the healing process.

Not knowing how the information provided to ABC will be presented, or what facts will end up on the cutting room floor, so to speak, I thought it was important to make you aware of this upcoming program, to provide a chronological summary of the facts relative to these two cases, and to provide other background information that could be of help in responding to any inquiries you might receive following the airing of this program. I particularly draw your attention to the report and recommendations of the University-wide Task Force on the Safety of the Campus Community, which was also shared with ABC. Copies of this report, along with a status report on the ongoing implementation of its key recommendations, are being provided to you today, particularly for the benefit of our new Board members. In calling your attention to the chronology of events, I want to make very clear that while these students were still living, the information about campus warnings to a student, advice from the University and police to students and family, faculty notes about troubling student behavior, etc., were completely protected by FERPA (the Federal law on Family Education Rights and Privacy Act). This means that individual campuses were limited in what information they could share among themselves or with the Office of the President. Following the death of students charged with murder however, these FERPA protections no longer applied and their complete educational records had to be released upon request. Copies of all documents provided to ABC are available should you wish to review them.

I am heartened to report that several key recommendations of the University-wide Task Force have already been implemented, while others that require the collaboration of other education sectors or the development of new training programs and materials are well under way. Early reports from our campuses indicate that these new practices and procedures have prevented more than a dozen prospective students from enrolling on our campuses this fall.

We know that no system of safeguards is perfect, and we must balance safety concerns with our commitment to access and openness. We are, after all, one of our society's "*opportunity*" or second chance institutions. In keeping with the Task Force's suggestion that the impact of these recommendations be assessed periodically by both the campuses and the Office of the President, I've asked Dr. Kanoy to reassemble the Task Force this fall to assess what we've learned in this first application cycle since the report was issued and to consider whether additional changes or refinements are needed.