

APPENDIX B

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President's Report to the Board of Governors
General Administration Building Board Room
May 13, 2005
9:30 a.m.

Thank you, Mr. Chairman. As is our custom, I begin by introducing the chief executive officers of our campuses and affiliated organizations.

Update on Budget Deliberations

The draft state budget adopted by the Senate responds positively to the University's highest legislative priority—sustaining UNC access and quality—by fully funding projected enrollment growth and need-based financial aid. We are extremely grateful that the Senate budget keeps reductions in the University's operating budgets as low as possible, and that it provides the University with the flexibility to make required cuts in a manner that minimizes harm to each campus. The proposed budget also would provide important new funding for teacher education initiatives, joint UNC-community college initiatives, and economic development initiatives related to biotechnology. However, we feel strongly that certain “special provisions” in the Senate budget are not in the best interests of the University or the state.

One troubling provision dictates that all out-of-state undergraduates who receive full scholarships (academic, artistic, or athletic) to attend UNC campuses will pay in-state tuition rates. Because no funds are provided to offset the fiscal impact of this requirement, our campuses would have to redirect existing resources to replace nonresident tuition dollars currently paid from private sources. We already are challenged to provide adequate need-based financial aid to qualified North Carolina students. Any move that would divert scarce campus dollars to nonresident students without demonstrated financial need is completely inconsistent with historic state and University philosophy.

Another provision would permit the boards of trustees of UNC-Chapel Hill and North Carolina State University to increase tuition for those campuses without the approval of the UNC Board of Governors. Current state law makes clear that the Board of Governors holds responsibility for setting tuition rates and budgets for each of the 16 campuses and the University overall. This provision would lead to a serious erosion of the Board of Governors' fiscal authority and ability to plan for and govern the University effectively.

UNC Graduation and Retention Rates

In recent months, some of you have expressed a desire to learn more about issues related to student retention and graduation rates on our campuses. At a time when college-level preparation has never been more vital to economic competitiveness, these rates offer one important and legitimate measure for assessing student success.

We are not alone in our growing focus on improving student outcomes and success. The American Association of State Colleges and Universities, the National Association of System Heads, and the Education Trust, for example, have joined forces in a major new project to identify what works in improving retention and graduation rates. We are pleased that Elizabeth City State University was among the 12 institutions from across the country chosen to participate in the study, and several UNC campus administrators are serving on project study teams. The findings and best practices emerging from this undertaking should be available for our use by early summer.

Last year the Office of the President organized a two-day conference on retention for our seven focused-growth campuses. Given its success and the pending national report, we are planning a follow-up conference for this summer that will bring together teams from all 16 UNC campuses to focus on best practices, retention strategies, and benchmarks for improvement.

In keeping with national trends, we know that UNC graduation rates are being affected by shifting demographic patterns and enrollment trends. Increasingly, our students are older and juggling family, jobs, and other responsibilities. On five UNC campuses, for

example, the average age of the undergraduate population is now 24 or older. And recall that about 75 percent of all UNC students enrolled in off-campus distance-education courses are age 25 or older. As I have observed before, the working adult who is attending a UNC campus half-time and takes eight years to earn a degree is a success story who deserves accolades.

Likewise, our students also are more mobile and do not necessarily begin and complete their college education on a single campus. While student mobility can suppress the graduation rate of the initial enrolling campus, students who ultimately graduate elsewhere are not “failures” and should not be counted as such.

With the growth in UNC enrollment, we certainly are producing more graduates. Over the past four years, we have seen a 12-percent increase in the number of bachelor’s degrees awarded, coupled with an 18-percent increase in the number of master’s degrees. As a result, in 2004 our 16 campuses conferred nearly 26,500 undergraduate degrees and more than 8,300 master’s degrees.

While there is undoubtedly much room for improvement, UNC has a strong track record on which to build. The six-year graduation rate has become the standard national benchmark, and the vast majority of UNC campuses exceed the national average for their type of institution. And the composite graduation rate for all UNC campuses is about 10 percentage points higher than the composite rate for all *private* four-year institutions in North Carolina.

As Dr. Mabe reported during yesterday’s Educational Planning meeting, we are expanding our reporting of data regarding retention and graduation to help us target our efforts. In addition to the customary four-year and six-year graduation rates, we have added a four-year graduation rate for those students who have been continuously enrolled full-time. In addition, we will begin reporting graduation rates for transfer students who have received an associate degree from a community college, as well as those students who transferred to one of our campuses before completing a degree.

Dr. Mabe will bring the results of our benchmarking work to the Board in the fall following review and discussion with the Chief Academic Officers.

Changing of the Guard Within the University

I need not remind you that this is the season of commencement, perhaps the most important and symbolic event in the life of a University. Over the next few weeks, our 16 campuses will award well over 30,000 undergraduate, graduate, and professional degrees. If we in the University have met our objectives, these new graduates will leave equipped to continue the learning process *throughout* their lives.

Continuing a trend we have witnessed in recent years, nearly 200 UNC faculty are retiring this spring. Three out of four of them have been with the University for more than 20 years. More than half have been with the University for 30 years or more. Thirteen have taught on our campuses for more than four decades. Collectively, they have contributed more than 5,100 years of service to UNC. This underscores the hiring challenge we face in a period of unprecedented enrollment growth.

In Celebration of Teaching

With that in mind, let me remind you that at our luncheon today, we will celebrate the core mission of this University: teaching and the transmission of knowledge. We will honor 16 of the University's best and brightest professors—a varied group that reflects a wide array of academic disciplines and teaching styles. All have in common, however, a deep-seated love of learning and a gift for inspiring excellence in students and colleagues alike. This is an important and symbolic event in the life of this University, one that shouldn't be missed.

Mr. Chairman, this concludes my report.