

APPENDIX A

Molly Corbett Broad
President's Report to the Board of Governors
UNC General Administration Building Board Room
September 12, 2003
10:30 a.m.

Thank you, Mr. Chairman.

INTRODUCTION OF CHANCELLORS AND REPRESENTATIVES OF AFFILIATED ORGANIZATIONS, INCLUDING ACKNOWLEDGEMENT AND RECOGNITION OF RECENT AWARDS AND ACHIEVEMENTS

- Despite the financial disarray that existed when Chancellor Bryan arrived July 1, the campus submitted to the state controller on time all budget documents required to close out the 2002-03 fiscal year. This was possible only because of heroic efforts on the part of Jeff Davies' Finance staff. Achieving this milestone offers a very hopeful sign that FSU will address all remaining financial concerns during the 90-day probationary period.
- **Geneticist Michael Purugganan** has been awarded a \$2.57-million grant from the National Science Foundation to study genetic variation in rice, a staple of the world food supply. His three-year study will be the first attempt at understanding the molecular evolution of the rice genome.
- UNC-Chapel Hill is joining with five other universities in the Southeast—including nearby Duke University— for a \$45-million

- bio-defense initiative being financed by the National Institutes of Health and the Department of Homeland Security. This consortium of universities will work collaboratively to develop the next generation of vaccines, drugs, and diagnostic tests against emerging infections such as SARS, as well as potential threats such as smallpox.
- UNCW recently learned that its 89% graduation rate for student athletes is the highest in the nation among the NCAA's non-football-playing Division I-AAA. This earned the campus an Academic Achievement Award from USA Today and the NCAA, as well as a \$20,000 recognition award.
- UNCW's Florida-based underwater laboratory, Aquarius, is featured in the September issue of National Geographic magazine.
- WSSU Provost Melvin Johnson has been named to the inaugural class of Kellogg Leadership Fellows by NAFEO, the National Association for Equal Opportunity in Higher Education. Dr. Johnson is one of only 13 educators selected for the program, created to help identify and develop future leaders for the nation's historically black colleges and universities.
- Tom Howe, Director and General Manager, UNC Center for Public Television recently received the 2003 Distinguished Service Award from the North Carolina Board of Realtors.

Preliminary Enrollment Report

Fall classes are now well underway on most of our campuses. The latest preliminary data (absent the School of the Arts, where classes begin next week) reveal that enrollment is up by approximately 6,600 students (3.7%). This is about 900 students above the ambitious target set by the campuses. When final numbers are available, we expect UNC headcount enrollment exceed 183,000. To put this University-wide growth in perspective, consider that we are serving more than 20,000 additional students than we were serving three years ago. That's akin to adding the entire student body of East Carolina University, along with the faculty and student services infrastructure needed to support it. I am extremely proud of our chancellors, their faculties, and staffs for serving these additional students during a period of very constrained budgets.

A few other points worth noting:

- While every UNC campus experienced growth in enrollment, the most dramatic increases took place at our focused-growth campuses. Nearly half of all new students enrolled at focused-growth institutions, and these seven campuses are now growing at more than double the rate of the University overall.
- Six campuses grew by more than 500 students this fall.
- The vast majority of these new students are North Carolina residents, and about three-fourths are undergraduates.
- While on-campus students account for the bulk of this growth, enrollment in distance-learning courses grew by nearly 20 percent over last year.

You can see why I am so proud of the chancellors and their enrollment management teams. This dramatic success is the consequence of sustained hard

work and effective approaches to recruiting. This result will surely raise the college going rate in North Carolina another notch, which is the best news of all.

Status Report on Mold at NCCU

Earlier this week, new members of the Board of Governors completed their introductory tours of our 16 campuses, visiting North Carolina Central University and UNC-Chapel Hill. Recent developments concerning mold infestation on the NCCU campus was a topic of interest on the tour, and a consultant's assessment of two affected residence halls was a focus of discussion at yesterday's Committee on Budget and Finance.

Last month—before we learned the extent of problems in these relatively new residence halls—you authorized NCCU to divert nearly \$10.5 million from bond-funded construction projects to address mold and related health problems in numerous campus buildings. The emergency renovation of these two buildings could add \$8.7 million to that tab and displace students for up to 16 months. The consultant concluded that the rapid deterioration of the residence halls was likely due to a combination of factors, including mechanical and construction problems, lack of maintenance, and misuse by residents. With respect to other campus buildings, steam lines that have deteriorated due to age and lack of proper maintenance have previously been identified as a major cause of this serious and widespread problem.

We are working closely with Chancellor Ammons to develop a plan for campus-wide mold remediation. In doing so, we must make every effort to identify and fix the underlying maintenance problems once and for all. I am equally determined to take all necessary steps to reduce the potential for

similar problems at other UNC campuses. I have therefore asked Vice President Jeff Davies to arrange for an external audit of preventive maintenance practices at all 16 campuses. This study would include a review of best practices, recommendations for needed improvements and protocols, and an assessment of whether or not staffing levels are appropriate as we complete and begin to operate bond-funded facilities. It is envisioned that teams drawn from facilities staffs across the University would assist in this effort.

Antiquated Computing Systems Now a University-wide Concern

In recent weeks, virtually everyone who uses the Internet has been affected by the latest round of computer worms or viruses. The “SoBig” virus, for example—reported to be the fastest-spreading virus ever—has clogged email inboxes and slowed networks across the country. Our 16 campuses have been affected to varying degrees, but we have been most fortunate that early intervention by our technical staffs and the quick application of anti-virus security software blocked the infection from spreading uncontrollably.

But while viruses were making headlines, an unrelated incident at Western Carolina University highlighted a far more disturbing—and growing—threat to computer systems across the University. Just as students were arriving to register for the fall semester, Western experienced a “fatal” hardware crash of its administrative computing systems. All systems affecting basic operation of the campus—financial, student services, human resources, and others—were suddenly crippled. As a result, student registrations and payments had to be handled manually, a time-consuming and frustrating experience for students, parents, and staff alike. And because Western’s systems are so woefully outdated, it took

several days for the vendor to track down needed repair parts in various warehouses and assemble and test them. Only by implementing a well-thought-out business continuity plan and through staff ingenuity and creativity was Western able to restore minimal functionality in the meantime. John Bardo and his entire staff are to be commended.

I can assure you that other chancellors sitting in the back of this room lie awake at night contemplating similar scenarios on their own campuses. Because of ongoing budget constraints, most of our institutions continue to operate antiquated computing systems that are increasingly difficult and expensive to maintain and repair. Working collaboratively, 13 of our 16 campuses have devised a five-year plan to upgrade their student, human resources, financial, and alumni information systems to a common platform called SCT Banner. It represents an effort to address a shared problem in the most efficient, cost-effective way possible. That proposal, which was included in your 2003-05 budget request to the General Assembly, would cost just over \$22 million and has the strong support of the State Controller, the State Auditor, and the Office of Budget and Finance.

Addressing this University-wide issue must be a high priority for this Board. Our computing systems are quite literally operating on borrowed time, and we need to take action before another UNC campus is brought to a standstill.

Reminder Concerning the UNC Conference on Trusteeship

And finally, I would remind you that the 2003 Conference on Trusteeship is scheduled for October 8-9 at Appalachian State University's Broyhill Conference Center. The program, held in conjunction with the October meeting of the Board of Governors, is absolutely outstanding, and every campus trustee and member of

this board should participate. Key topics for discussion will include the evolving role of higher education in a changing economy, including workforce preparation; the role of trustees in the political process; the implementation of management flexibility, and the long-term impacts of changing demographics in North Carolina.

Resignation of Chancellor William Muse:

This morning I received a letter from Chancellor Bill Muse announcing his decision to resign as chancellor of East Carolina University. Let me read the text of that letter:

Mr. Chairman, this concludes my report.