

APPENDIX W

Molly Corbett Broad
President's Report to the Board of Governors
UNC General Administration Building Board Room
March 6, 2002
1:15 p.m.

[Due to time constraints, an abbreviated version of these remarks was delivered during the meeting.]

Tuition Deliberations in the Face of Economic Reality

I would like to begin by acknowledging the painful and difficult choices that have consumed the time, energy, minds, and hearts of this Board in recent weeks, and to say how impressed I am by your commitment and devotion to the University of North Carolina. You have explored the far reaches of policy. You have studied the details of our funding process. You have expressed your views on the values and principles of the University as they relate to access, quality, and price. And you have expressed differing views of educational philosophy to one another—sincerely and respectfully.

You have disagreed, as the saying goes, without being disagreeable. After more than three decades in higher education, I still do not know of any other issue that wrenches public university boards more than tuition—especially in times of economic distress. As Brad Adcock suggested last night, that is as it should be.

One principle on which we all agree is that UNC enrollment growth should be an entitlement. That the funding for increased student enrollment should be made part of the state's Continuation Budget. This would be consistent with the North Carolina constitution, which calls upon the General Assembly to extend the benefits of the University to the people of the state. And such a step is absolutely essential to achieving this Board of Governor's strategic priority of Access. I am pleased to report that I have received a letter from President Pro Tem Mark Basnight and Speaker Jim Black expressing their intention to make our enrollment growth part of the Continuation Budget, *prospectively*.

We would all agree that the General Assembly has the clear responsibility to fund our enrollment growth and that tuition should not become the source of revenue to fund educational access. The joint letter from our legislative leadership acknowledges that making enrollment growth—in future years—part of the Continuation Budget would “avoid the dilemma that the universities are facing now in considering tuition increases to fund enrollment growth.”

Your action today on tuition contains an important provision, namely, the commitment to roll back the across-the-board tuition increase *dollar for dollar* in the unlikely event the General Assembly finds other resources with which to fund enrollment growth for the

coming year. We all would prefer such a positive outcome. That said, had this Board waited longer to take action on tuition, you would have deprived students and their families of important advance notice of pending increases. And because of federal application and processing requirements, our students would have lost eligibility for additional student financial aid.

UNC Sponsored Program Awards Continue Upward Trajectory

Earlier today, Vice President Russ Lea shared with the Board's Planning Committee the annual report on research and other sponsored program awards to UNC. In Fiscal 2001, total competitive awards granted to our faculty approached a record \$768 million. At a time when state support for our campuses is declining, it is heartening to witness the dramatic increase in external funding to support our research mission—almost a \$100-million increase over the previous fiscal year. About half of these new research dollars came from the National Institutes of Health. This level of growth is a tribute to the caliber and breadth of research taking place across the University.

Update on UNC Bond Program

There's also good news to report on our Bond Program.

As I mentioned at our last meeting, the second installment of Higher Education Bonds are to be sold next week by the State Treasurer's Office. I need not remind you how vital predictable cash flow is to the ultimate success of our capital program. Treasurer Richard Moore is to be commended for astutely managing the sale of these bonds in a manner that maximizes benefits to state, while minimizing the accumulation of debt service.

You will recall that in the closing days of the 2001 session, the General Assembly adopted historic legislation to reform public construction law. While putting in place appropriate safeguards and measures of accountability, it at long last gives public entities—including our campuses—the tools and flexibility they need to manage construction in an efficient, cost-effective manner. Last month, more than 1,000 state and local officials in 30 different locations participated in a statewide videoconference designed to educate them about the construction law changes embodied in Senate Bill 914. This effort was jointly sponsored by the Office of the President, UNC-Chapel Hill's School of Government, the Department of Administration, the Community Colleges, and others.

And finally, earlier today you approved two resolutions to refinance outstanding bond issues previously issued by the University on behalf of Appalachian State University and NC State University. These bonds originally were sold to build residence halls and dining facilities, as well as a research building on the Centennial Campus. Refinancing—carefully timed to achieve maximum savings--will enable these two institutions to lower their interest payments over the life of the bonds by a collective \$800,000. This is made possible by your delegation of authority to issue bonds at such time as the savings equal or exceed a targeted amount previously approved by the Committee on Budget and Finance.

Mr. Chairman, this concludes my report.