

CHAIRMAN HANS' REPORT
BOARD OF GOVERNORS MEETING

June 20, 2014

Chairman Hans expressed his thanks to the members for hosting a reception the previous evening honoring his service. Next, Chairman Hans provided a brief overview of his experience as chairman and thoughts for the future of the University. The following are excerpts from Chairman Hans' remarks.

“The past couple years have been challenging considering budget pressures, controversial issues, political transitions, resistance to the inevitability of change, distractions, and the work to unite two different boards for a common purpose. It would be easy to dwell on those trials, but it would miss the resilience of this system and the remarkable people who comprise the University of North Carolina; it would miss the extraordinary work on our campuses to educate, discover, and to serve. It would also miss the fact that this has been a period of progress and a bridge to a better time. In moments of frustration, he reminded himself that the University was moving in the right direction. While not everything is perfect, there is work ahead. He quoted former Chairman Gage who once noted, *“you never finish the race; you just past the torch.”*

The University is a large, complex organization full of moving parts and with lots of stakeholders and different perspectives on how to provide the highest quality education in an accessible and affordable manner, preparing students for both citizenship and careers. Through the years, the University of North Carolina system has done it very well and it has the potential to achieve much more.

The significant issue we face is: How will the University effectively manage its resources? This is crucial to providing value to the people of our state. First, federal regulations are driving up compliance costs in every conceivable area – we need relief from unfunded mandates. Second, the great recession knocked down state revenue and drove up health care costs, which limited state appropriations – we need stability in public support and strategic investment that can yield dividends because the University system is North Carolina's strongest brand – nationally and internationally. The state should continue its long-standing, generous investment in higher education. Reaffirm that commitment; it is vital to a prosperous future. Third, we need to do our part to contain cost and we've made quantifiable advances in operational

efficiencies, but there's more to do. We should foster where possible and correct if necessary – more collaboration between campuses to decrease duplication; campuses should separate wants from needs to focus on our core mission, and repurpose funds from mediocre programs to those which are or can be centers of excellence. Bigger is not always the definition of success, better is success. And all of this is especially important because if we can summon the will to do these things, we can hold the line on tuition as we did this year. That is imperative because the cost of tuition and fees while still a relative bargain compared to our peers has come too far too fast. It impedes access to the University and affordability to students and parents who are striving for a better life. It is a moral obligation of ours and one enshrined in Article IX, Section 9 of our state constitution.

The resource formula should be seeking relief from regulatory burdens, stability and public support with strategic investments and containing costs. There is also an element of personal responsibility from the students as well – to make good choices and we should help them do that with better academic advising, career counseling, information about jobs and earnings, more online offerings, and credit for stuff learned rather than time served so they can complete their studies in a timely fashion and with less debt.

The Strategic Plan acts as a roadmap for us in these areas where to cut back and where to plow ahead. We are indebted to President Ross and Dr. Eshelman who have charted the University's path. Not all parts of the Plan will be funded, but some parts will change. Recognize the cultural shift – to measure outcome, reward performance and reform the status quo. The plan has set a new direction for the University, one of accountability and possibility – a vision of what we can be and what North Carolina needs us to be. Again, not everything is perfect, but we're making progress. We demonstrated this by raising our minimum admission requirements – this was the right thing to do – to channel students to the community colleges where they can start their education to a lower cost to themselves and the state and then attend a UNC system school. This was possible through the expanded Comprehensive Articulation Agreement governing the transfer of credits. Not long ago, the University did not cooperate with the community colleges, but thanks to Tom Ross, Erskine Bowles, and many of our chancellors, we cooperate with the community colleges in countless ways. This has been a period of progress.

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I ask the members to consider some of what their work has accomplished – lower cost per degree and higher graduation rates; more transparency so our students, their parents and the taxpayers will be better informed using tools like our website Dashboard and the tuition bill disclosure, which are essential to earning more trust from our legislatures; an enhanced academic program approval process focused on the questions that matter; enabling our students to take online classes from other schools in the system without penalties that use to exist; strengthened partnerships with the brave men and women serving in the military; a movement towards more engaged campus trustees; incentives to keep our most talented chancellors; a consistent post tenure review policy. A number of conversations started. How to better commercialize research? How to improve our schools of education? How to lower our construction costs? I hope you'll continue those [conversations] until conclusions are reached and solutions achieved.

There has been policy changes designed to protect the right of students and to keep the University out of partisan politics because free expression and intellectual diversity should be bedrock values. Generally, we have seen smart advocacy, more oversight, difficult but necessary conversations about difficult topics like athletics and academic integrity, the future of our HBU's and our overall business model. It's not all perfect, but this has been a period of progress. This University which raised the quality of life in our state touched my life and maybe yours as well. It is stronger, sharper and more focused due to the efforts of the people in this room and on our campuses and throughout this state. You've built on all that is good here and you have begun to change that which needs to be updated to fit our circumstances and meet our challenges. Please remember that the people of this state are counting on you – east west, rich poor; black white, all of us entrusted you with the responsibility for safeguarding one of North Carolina's most valuable assets. I know you love this University and I hope you will love it enough to make thoughtful improvements because the world around us is changing and we must become more agile. You should lead the way with courage, creativity, and collegiality because we are all in this together.

I appreciate the opportunity to stand beside you as we continue to make progress. Serving as chairman of this board has been an honor of a lifetime and I thank you all.”