Greetings, everyone, and Happy New Year!

After what I hope were pleasant holidays for all, the UNC System and all of the institutions are back in full force, doing the important work for the people of North Carolina—educating, discovering, innovating, and serving.

Given the ongoing State budget stalemate, not all of the news that has greeted us this week is good … but some of it is remarkably positive and worth highlighting. I want to lead with that.

The latest data measuring our progress toward our Strategic Plan goals are in. They show that we are reaching new heights in student success and economic impact, and we have sustained our commitment to making higher education accessible and affordable for all qualified students.

- Notably, the percentage of our students who graduate in five years has climbed steadily and now stands at 71.1 percent. That number exceeds our 2022 goal and far exceeds the national average. In short, our students are progressing through our institutions more efficiently, which means they are saving tuition dollars and entering the workforce more quickly.

- We’re also serving and graduating more students from low-income backgrounds than ever before—this at a time when national trends show a decline in four-year college enrollment by low-income students. This is truly an important accomplishment – it means the UNC System is providing life-transforming opportunities to North Carolinians who stand to benefit most from the earning potential that comes with a college degree.

- The economic impact of all of this work is significant. For the second year in a row, we have surpassed our annual performance targets to increase the number of critical workforce degrees we award.

We still have much work to do, but in total we have met or exceeded 10 of our 12 Strategic Plan benchmark goals.

This information is freely available on the UNC System website so that institutions and the public can monitor our efforts to improve how we serve North Carolina. This is something the UNC System has never done before, and it shows our commitment to following through on the ambitions we staked out in our Strategic Plan.
Here at the System Office, my colleagues and I have come into the new year busily engaged in several important projects that will help keep this momentum moving forward.

- For example, we have undertaken, in concert with each of the universities, a reexamination and clarification of the mission of each constituent institution. Over the coming months we will be bringing this to the BoG for your discussion, debate and ultimately your approval. This is central to the role of the BoG and the System.

- Matt Brody and his HR team are working with Governor Kellie Blue on the implementation of the chancellor incentive compensation plan that you have approved. This will reward leadership that keeps the UNC System on track to meet its long-term Strategic Plan goals.

- Pete Brunstetter is leading our efforts to implement the terms of our agreement with Vidant Health – all directed at getting to a constructive and mutually beneficial collaboration between ECU’s Brody School of Medicine and Vidant Health. This is vital to fulfilling our joint mission to benefit the people of Eastern North Carolina.

- Clinton Carter and his team are working with Temple Sloan on an exciting proposal for an improved and consolidated process for debt issuance to the constituent institutions.

- This same team is working with the universities regarding their request for tuition and fee changes. We expect to spend more time discussing this important matter in the coming months.

- Andrew Kelly and his team will be leading our efforts to explore “Income Sharing,” a relatively new idea that is helping students around the country finance their coursework without going into debt. “Income sharing” is an innovative new finance model in which students commit to pay a share of their future income stream to their alma mater in exchange for a reduction in their up-front costs of attending the college.

- We’ve also received a $25.7 million grant through the federal GEAR UP program, which will allow us to fund college readiness and success initiatives in economically struggling areas. This work will ensure that more students get on track at an early age to attain a college degree.

Of course, the lack of a State budget for the current fiscal year is a source of great frustration, real disappointment, and deep concern that this will hurt our institutions, our faculty, our students, and the communities we serve.

Without a new state budget in place, we will be unable to pursue major capital projects and much-needed infrastructure repairs. Enrollment growth, including future NC Promise cohorts, will go unfunded. Faculty and staff will not receive raises, which means our institutions will be much less competitive when it comes to retaining and hiring the best talent.

- I am working closely with the chancellors to help them solidify plans to try to cope with the budget shortfalls.

- Each of them has submitted institution-specific impact statements. The System Office finance team is checking these for accuracy. We want them to be “just the facts.”
• We will be sending the BoG a full set of these impact statements in the next day or two. We also will be delivering them to the leaders of the General Assembly and the Governor.

• Everyone wants to know – when will this get dealt with? We do not know – but it is April at the earliest.

• At the same time, we are working intently on the FY21 Budget proposal to the State. Our goal is to put together a compelling Budget proposal for you to consider and that the Legislature and the Governor will support, pending your approval. In particular we want to frame a more persuasive ask regarding compensation for our faculty and staff colleagues.

• I would like to take a moment to thank Faculty Assembly Chair David Green for penning the recently published op-ed in support of UNC System 2020 budget requests. His forward-looking initiative staked out a powerful argument: securing more funds for faculty salaries and other budget priorities is the surest way for the State to get the most return out of its investment in higher education.

There is no getting around the fact that the impasse in Raleigh is going to hurt. But the UNC System is resilient. Through collaboration, we will work to find ways to make sure the current crisis does not do irreparable damage to our institutions. But let me be very clear – we do not have a reserve at the System Office to cover these issues.

Finally, I’d like to report that chancellor searches at our institutions are gathering momentum. A new chancellor should be named at the School of the Arts by May and at Fayetteville State University by this fall. Meanwhile, at UNC Charlotte, the search committee has gathered public input regarding the leadership profile and expects interviews to begin early this year. ECU’s search committee has just started to hold meetings and is currently in the process of gathering public input and stakeholder feedback. In the coming months, I will continue to provide regular updates regarding the status of these searches.

As ever, we appreciate the Board’s leadership and the tangible support for our endeavors that we find in this Board Room, at our institutions, and in every community.

Thank you.