President’s Report, December UNC Board of Governors Meeting  
December 15, 2017

Good afternoon everyone.

It is winter commencement season, and it is holiday season. We have a lot to be thankful for.

As the year ends, I want to take a quick look back at 2017.

In January, the Board unanimously approved a visionary strategic plan entitled Higher Expectations. Its focus on accessibility, affordability, and success will remain our foundation as we work together over the next four years and beyond.

In April, we welcomed eight new Board Members, who have brought energy and intellect to an already strong Board.

This summer, leadership and advocacy from the Board and the System helped secure the strongest State budget for higher education in a decade.

We also received a strong vote of confidence for our research enterprise with an increase in funding from Congress for agencies like the National Institutes of Health. Collectively, our institutions bring in nearly one and a half billion dollars in federal research including a record $1 billion at UNC-Chapel Hill, a transformative force for our state's economy.

In July, we installed Chancellor Akinleye at NC Central, after the loss of Chancellor Deb Saunders-White, and I’m grateful for his bold leadership before and since.

In August, we welcomed 233,000 students back to our institutions, and this past year we graduated nearly 54,000 students.

In September, we opened two Lab Schools and have seven more slated to open over the next two years.
In October, we launched the My Future NC Commission to align our state’s education system from Pre-K to College Graduation and to set a robust statewide postsecondary educational attainment goal.

And that same month, we signed 16 strategic plan performance agreements, tailored to each institution, laying out measurable targets for increasing student access and success. These agreements will drive progress at our institutions in service of the System’s Strategic Plan and our shared goals.

It has been quite a year and we should be proud of the progress we have made. But there’s more to do and I want to give a few updates on what’s ahead.

Financial Aid

I’ve been working with the Chancellors to follow up on November’s Board discussion on financial aid and to compile ideas and options on how to streamline and improve our financial aid systems.

We must lead on this issue. Our strategic goals cannot be met without strategic use of financial aid.

This week, the U.S. House of Representatives held committee mark-up on their draft Higher Education Reauthorization bill that included some big changes, many of which are encouraging, to our national financial aid system. They included a move towards a “one grant, one loan” system.

Yesterday, I met with Secretary DeVos in Washington and discussed the need for smart reform of financial aid. Our work in North Carolina can and should inform what will be a lengthy and consequential national discussion on financial aid. This is a conversation we are ready for and welcome.

Funding Model

We’ve also continued to have productive conversations on an update to our funding model. I want to thank Scott Lampe for his continued leadership of that task force as well as Governors Smith, Rucho, Nelson, and Blue for their work and input on the task force. At our last meeting at NC A&T, the group heard from national experts on the experiences of other states with performance based funding.

We’ll be putting pen to paper over the holidays and look forward to bringing the group’s work to the full Board early next year. Ensuring our financial incentives align with our strategic goals-
or as I like to say putting our money where our mouths are— all while preventing unintended consequences is about as important a task as we have around here.

Free Speech

And while we continue to develop funding model policies, we’re wrapping up work on the Board’s free speech and free expression policy which is on the agenda today. I’m grateful for your hard work and for the input from across the system, including from the Faculty Assembly, the Staff Assembly, and the Association of Student Governments.

It’s been an inclusive drafting process, and the final policy is better because of it.

Credit Hours

Today’s meeting also saw progress on issues of student success. The joint Strategic Initiatives and Ed Planning meeting took a step towards addressing the confusing array of credit hour requirements at different programs.

To be sure, some programs require more than 120 hours to satisfy licensure or accreditation standards. But we have a crazy quilt of requirements across our institutions, and that variation is simply not well aligned with our shared goal of on-time graduation for our students.

I applaud the committees’ efforts to set a common-sense policy that maintains sufficient flexibility for institutions, and I appreciate the leadership of Chairs Mitchell and Nelson in this effort. Our students deserve predictability in program requirements, and they deserve to graduate on-time when they take 15-hour semesters during their schooling.

Tax Reform and HEA

Nationally, all eyes are on Congress as it votes on historic tax reform next week. As I mentioned, I was in Washington yesterday meeting with Secretary DeVos as well as Senators Tillis and Burr. I am grateful to both Senators for their work ensuring tax reform advances our national interests, and I’m pleased that reports indicate the package agreed upon in conference committee does not include either the elimination of the graduate student tuition waiver or the elimination of the deduction for student loan interest which had both previously been in the House Bill.

And work is ongoing around the Higher Education Reauthorization Act. Reauthorization is overdue and much needed. We must prepare higher education to be more nimble and responsive, with a greater focus on results for students.

There is a growing concern, even discomfort with higher education across the nation. The polls tell us it’s driven in part by ideology and partisanship. Our data tell us it’s explained in part by
disparities in higher ed access and benefits. And what we know is we must build a system that works for every North Carolinian and every American.

A system that ensures economic mobility exists for every citizen and that the American Dream is not out of reach. The solutions must be devised and created locally and driven and scaled statewide and nationally. They must be based on data on what we know works.

We will continue to engage in the national discussion and offer our lessons and advice. North Carolina has a historic higher education system that is making big bets like NC Promise. We have a leadership role, and we must fulfill it.

Leadership

Doing so requires great leaders. I’m grateful for many things but perhaps most of all, I’m grateful to the many people across the System who embrace the leadership role that’s demanded of them. We’re losing three of those leaders this month: Senior Vice President Jonathan Pruitt and Chancellors Mary Grant and David Belcher.

All three leave big shoes to fill. I know I speak on behalf of the System when I say all three of them will be sorely missed. We are grateful for their years of hard work and leadership.

The success of this System depends on the quality of its leaders. Our talented faculty, staff, and students are empowered, and their potential unleashed by thoughtful and visionary leaders. Our leaders deserve our confidence, support and respect.

As we conduct searches for successors to these three extraordinary people, we will ask, can they empower those working under them to be better, to do more and to dream bigger? Our ability to attract and support our leaders will determine our future as an institution and as a state.

I appreciate the willingness of our three interim leaders to step in and maintain our progress. My thanks to Vice-Chancellor Rick Whitfield, formerly CFO at UNCW who is serving as interim CFO at GA, and Provosts Joe Urgo, and Alison Morrison-Shetlar for their work as interim Chancellors.

I want to end by giving my special thanks to Chancellor David Belcher who joins us from Western by video.

David, the thoughts and prayers of this Board and System, are with you and Susan. You are a fearless leader and one of this State’s best.

Board liaison David Powers and I are looking forward to joining you tomorrow at WCU’s commencement as we celebrate the graduation of so many Catamounts who look to you as a role model and example of how to live one’s life.
Please join me in giving our profound thanks to David.

And with that Mr. Chairman, I conclude my report.