

**State of the University Address
The University of North Carolina at Chapel Hill
For Delivery by Chancellor James Moeser
September 29, 2004
Great Hall, Frank Porter Graham Student Union**

Good afternoon. Thanks for coming. Let me recognize several special guests and ask them to stand: the chairman of our Board of Trustees, Richard “Stick” Williams of Charlotte, and Trustee Roger Perry of Chapel Hill.

It is also a privilege to recognize our past chancellors: William Aycock and Paul Hardin. Please join me in welcoming our new senior administrators: Peggy Jablonski, vice chancellor for student affairs; Dan Reed, vice chancellor for information technology, who is not with us, Jose-Marie Griffiths, dean, School of Information and Library Sciences, and Sarah Michalak, University Librarian, along with two familiar colleagues who have changed positions – Bernadette Gray-Little, now dean, College of Arts and Sciences, and Bill Roper, now vice chancellor for medical affairs and dean, School of Medicine.

Now, I recognize all of the other academic deans, our vice chancellors, and members of the Chancellor’s Cabinet. Please stand.

I also want to recognize our student, faculty, and staff leaders: Matt Calabria, student body president; Jennifer Bushman, Graduate and Professional Student Federation president; Judith Wegner, faculty chair; and Tommy Griffin, Employee Forum chair.

“Carolina Connects”

A leading public university is an engaged university. It is a university that always puts its state first. I have traveled across North Carolina, visiting people in small communities and big cities from every corner of our state.

These visits show the connections between the University and the people of North Carolina, focusing on the work our faculty, staff, and students do to improve people's lives in all 100 counties. This University truly serves North Carolina every day in meaningful, relevant ways. In short, Carolina connects.

“Carolina Connects” has been well received. My travels have highlighted different areas of our work in public education, health care, and economic development. Conversations with community leaders, elected officials, alumni, parents, and others have been invaluable.

Let me mention just a few of the wonderful people I have met from Carolina and in our state's communities:

Jill Fitzgerald, a School of Education professor, taught for a year at Siler City Elementary School, which, in many ways, mirrors our state. The school is dealing with an influx of immigrants who do not speak English as a first language. Jill says her experience in that Siler City classroom changed about 80 percent of what she had been teaching her own UNC students.

Stuart Gold, a pediatric oncology specialist, epitomizes the roles that the Area Health Education Centers Program and UNC Health Care play across our state. Stuart's work at Wilmington's AHEC clinic helps save families the hardship of traveling to Chapel Hill for specialized care for their children that the local hospital cannot provide.

Jin Yi Kwon, a dental student, has taught oral hygiene in a nursing home in Greensboro. She and the entire School of Dentistry's Class of 2007 have made a commitment to give four to eight hours each month to dental-related community service after they graduate.

Rick Leuttich and faculty at the Institute of Marine Sciences provide a direct economic benefit to Carteret County. Their work with Duke and other public-private partners contributes \$127 million and more than 3,100 jobs to the county's economy. Their research informs us about our state's coast, considered the "world's largest wet lab" for marine and coastal environmental sciences.

Anita Brown-Graham and Kevin FitzGerald of the School of Government and Jim Johnson of the Kenan-Flagler Business School assist Curtis Wynn in his efforts to spur economic development in northeastern North Carolina. Wynn, CEO of the Roanoke Electric Cooperative, hopes to reverse the historical economic challenges facing Bertie, Hertford, Gates, and Northampton counties.

Tomorrow, I will be in Kernersville with Mike Smith, dean of the School of Government, one of the jewels of our public service efforts, to participate in an economic development forum.

I have not hidden my ambition to help Chapel Hill be the leading public university in America. In some respects, we already are. But really being the leading public university starts with fulfilling our mission close to home. This University must continue defining its research and public service agendas around the needs of the state. That is the definition of engagement. We work on real-world problems. We address local, as well as global, needs.

North Carolina needs our help. Improving health and public education. Creating jobs and contributing to the state's tax base. We have a great record of accomplishment, but we can and should do more. We recently appointed Jesse White the former head of the Appalachian Regional Commission and the Southern Growth Policies Board, to lead our new Office of Economic and Business Development, which matches faculty and campus resources with statewide needs.

History shows why such efforts are so important. In the 1930s, Carolina Professor Howard Odum and UNC President Frank Porter Graham were at the cutting edge of social and economic reform in the South. In 1938 President Roosevelt asked Dr. Graham to chair an Advisory Committee on the Economic Conditions in the South, citing it as the nation's number one economic problem.¹

In a recent essay, Law School Dean Gene Nichol wrote that the South is still the native home of American poverty. "It continues to sustain the highest poverty rate and the lowest average income of any section of the country. Nearly 14 percent of Southerners are poor and our income

levels fall thousands of dollars below national averages.” Nichol noted that North Carolina’s median income is nearly \$5,000 below the national average. “We are one of ten states whose median income actually fell from the year before – in our case by 4.4 percent.”²

The Carolina Covenant: Reaching More Deserving Students

We recognize that access to higher education is the key to opportunity for a better life in a knowledge-based economy. That is why last year we launched the Carolina Covenant, a first for a major U.S. public university. The Carolina Covenant promises admitted students from low-income families that we will provide the full cost of their education so that they will not accumulate any debt.

This fall, we enrolled 225 Carolina Covenant Scholars. I met some of these students and their parents during my “Carolina Connects” visits. They are truly outstanding students who have impressed me with their academic credentials, their passions, and their interests. More than half of them are first-generation college students. They came to us highly prepared, with an average 4.21 GPA and 1,209 SAT score.

These are students and families who need our help. To put that into perspective, the average annual family income for a Carolina Covenant Scholar last year was \$13,400. That is \$400 less than what it costs a North Carolinian to attend the University this year. Recognizing that tuition accounts for only a third of the total cost of attendance, the Carolina Covenant goes even further to cover room and board, books, and other expenses.

Other universities, including Virginia, Maryland, Nebraska, and Harvard, have followed suit with their own programs to support high-ability, low-income students. And Brown University just joined that list.

Today, I am pleased to announce that we are raising the bar even higher to extend the reach of the Carolina Covenant. We are expanding the program for families from 150 percent of the federal poverty level to 200 percent. And that raises the threshold to cover a family of four with an annual income of about \$37,000 or a single parent with a child who makes about \$24,000. This adjustment begins with next fall's freshman class and will add an estimated 120 new Carolina Covenant Scholars.

These changes send an even stronger message about accessibility and the traditional commitment to opportunity in Chapel Hill for qualified students – regardless of their ability to pay.

Our University is leading a true movement in American higher education. We hope our leadership last year in establishing the Carolina Covenant, and our increased commitment to the Covenant today, will challenge other universities to make similar investments to ensure affordability and access for deserving students.

This increased commitment is possible because of our trustees' policies emphasizing need-based aid and strong support from the State in funding financial aid as the cost of education rises.

Increasingly, donors are pledging gifts – nearly \$2.7 million to date – to support the Carolina Covenant through the Carolina First Campaign.

But what about the students from middle-class families? Do they bear the burden of higher tuition and costs of attendance? Not at *this* University. We meet the full need of middle-income students, with financial aid packages comprised of two-thirds grants and scholarships and one-third loans and work-study. And here is the proof: the average debt load among our graduating seniors who borrowed dropped from \$13,700 in 2000 to \$11,519 last year.

Our progress in this area stands in direct contrast to national trends, where the average for student debt loan doubled to about \$17,000 in just a decade. Having made this massive commitment to need-based aid, we must now turn our attention to increasing the funding for non-need based merit scholarships, to make sure that we are competitive for the very best students who have offers from other institutions. We can do this without any compromise to our commitment to access and affordability.

Creating A Better Workplace

Over the past year, we have devoted a significant amount of attention to the needs of our staff through the Chancellor's Task Force for a Better Workplace, which I co-chaired with Tommy Griffin.

Let me list a few steps we are taking to implement the task force's recommendations:

We established an ombuds office, which will provide confidential, informal, and neutral dispute resolution services to employees with job-related concerns. We shall make two appointments in the coming weeks.

Next fall, we will launch a pilot program for up to 10 employees with some college experience to earn undergraduate credit toward degrees as part-time students while working full time.

We jumpstarted a computer loan initiative.

We created a privately funded staff emergency loan program. I designated \$25,000 of a recent estate gift to initiate this fund. And I have directed, with trustee approval, that another \$200,000 from that gift remain in the endowment to support a scholarship program for children of our employees.

We added another tier in the sliding-scale parking permit fee structure for employees making \$25,000 or less.

We expanded the C. Knox Massey Distinguished Service Awards, going from four to six recipients and increasing the monetary award in this, the 25th anniversary year of this program.

I am honored now to recognize those recipients, who represent the very best of an outstanding workforce: Sandra Caulberg, administrative officer, Office of University Counsel; David Godschalk, Stephen Baxter Professor Emeritus, department of city and regional planning; Linda Naylor, administrative assistant, Office of the Executive Vice Chancellor and Provost; David Perry, executive associate dean for administration, School of Medicine; Elizabeth “Betsy” Taylor, student services manager, Academic Advising Program, College of Arts and Sciences; and Avon Seymore, grounds crew leader, Facilities Services Division, who could not be with us today. Please join me in applauding for all of these exceptional individuals.

Positive Accomplishments Build Momentum

Great things are happening at Carolina, and this past year has only added to the positive momentum. We just enrolled the most academically prepared freshman class in the University’s history. We made major progress in a multi-year construction program that is bringing our campus master plan to life. Faculty research funding grew stronger. Enlightened alumni and friends demonstrated an extraordinary commitment by contributing generously to the Carolina First campaign.

Against that backdrop, this past session of the General Assembly was highly successful for the University. For the first time in recent memory, there was not a single recorded vote on the overhead receipts we receive from research grants and contracts. Reductions in our budget were minimal and offset by funding for enrollment growth and salary increases.

Our legislators authorized \$180 million to build a world-class hospital in Chapel Hill for cancer patients and their families from North Carolina and beyond. We have seen a 23 percent increase in the number of cancer patients coming here for care in the last five years. Over the next 30 years, the number of cancer cases in our state alone is expected to double. When completed, the new hospital will become the largest freestanding university cancer hospital in the Southeast and the clinical home for the UNC Lineberger Comprehensive Cancer Center, one of only 38 National Cancer Institute-designated centers.

We are grateful to Governor Easley and the General Assembly for this support. I also want to acknowledge the work of our own faculty, and most especially, the cancer patients themselves, who made the case so eloquently for this funding.

Seven University Priorities to Guide the Future

This summer, at our annual retreat, the Board of Trustees and I worked together on a list of the University's top priorities. I want to share them with you now. Each priority is keyed to our academic plan. Each builds upon and supports the others. And each priority addresses our overarching vision of being America's leading public university.

Strengthen Faculty Support

Our number one priority is strengthening faculty recruitment, retention, and development. We want to recruit and retain the very best minds and enhance the faculty culture that creates a lasting bond with the University and with North Carolina.

Let us focus for a moment on the faculty culture. This is one of our traditional strengths. We are a true community made up of faculty who are both esteemed scholars in their fields, as well as citizens of this community, engaged with each other across departmental lines, locally and across the state.

As our most senior faculty approach retirement, we must think about how we effectively recreate this culture with our new appointments. In an increasingly competitive environment, in which other institutions recognize the quality of our faculty by seeking to lure them away, we must give special attention to all of the factors that make this an attractive place in which to live and work.

Our faculty chair, Judith Wegner, initiated an effort to examine all of these issues. The Office of Institutional Research recently completed a survey commissioned by the faculty leadership to gauge the forces that attract great faculty to Carolina, as well as what motivates people to stay, to put down roots, to become part of the community, and to build their careers here, as so many have done.

That is the culture we are determined to nurture and protect.

But we also need to understand the negative forces in our midst. Why do people entertain offers, and why do they leave? We know that stagnation in salary increases and benefits packages that are less than competitive have been a major factor, but what are the other, less tangible factors that can come into play?

Two years ago, we were alarmed that we lost two-thirds of the faculty receiving external offers whom we sought to retain. I am pleased that this past year we reversed that, thanks to efforts led by the provost and the deans to take appropriate pre-emptive steps to deal with critical areas of salary compression and equity. I am even more pleased that, this year, thanks to the General Assembly, and the campus- and school-based tuition revenue, we have begun to undo the destructive culture beginning to form that the only way to get ahead at Chapel Hill was to get an offer from someplace else.

Now it takes more than one good rainfall to eliminate a major drought. And it will take several years of salary increases to put Chapel Hill back into parity with our major national peers.

Therefore, we will continue to make our case to the General Assembly for increases in salaries and benefits for faculty and staff. We will seek out other revenue sources we can generate ourselves, such as moderate increases in campus- or school-based tuition to support improved compensation for faculty and graduate teaching assistants. Private gifts will remain a priority, recognizing that we cannot look to the state alone to support the intense competition that Chapel Hill faces from well-endowed private institutions.

Through our Carolina First campaign, we are making progress in building the quality of our great faculty. The campaign has secured nearly \$211 million for faculty support – more than half of our recently revised goal of \$400 million. Our steering committee increased that target a few months ago by \$100 million because this issue is so critical. The major initiative in this part of the campaign is to raise both expendable and endowed funds to support key faculty retention and recruitment initiatives – research stipends, summer programs, materials, graduate support and course development, as well as endowed chairs and professorships. Each school and unit has its own push underway to boost faculty support in the campaign.

The College of Arts and Science's Spray-Randleigh Fellowship program is among the excellent examples of this impact. Funded by a \$1.2 million expendable gift from the Spray Foundation of Atlanta and the Randleigh Foundation Trust of Chapel Hill, this program provides \$15,000 summer supplements to new and current faculty members. Since 2002, 45 faculty fellows have benefited, including nine new recruits whose decisions to come to Carolina were clearly influenced by the fellowship offers.

Across the University, donors to Carolina First have created 127 endowed professorships toward our goal of 200. We have now filled 28 of those professorships, and the Legislature just increased the state matching funds for distinguished endowed professorships. Overall, we have exceeded the \$1.3 billion mark toward our campaign goal of \$1.8 billion. We are very pleased with this progress.

Create Richest Learning Environment for Students

Our second priority is to create the richest possible learning environment for undergraduate, graduate, and professional students. One distinctive feature of Chapel Hill that sets us apart from the other great research universities is the culture for learning on this campus. It rivals that of the finest private liberal arts colleges for undergraduates, and the finest graduate and professional school environments for those students.

We are justifiably proud of that culture, but we must not be complacent about it. We must find ways to make it even better. Here are some concrete goals:

We should continue to increase the percentage of undergraduate classes with fewer than 20 students by doubling the size of the Honors Program. An endowment of \$25 million would allow us to add 14 faculty positions to targeted departments in the College for this purpose. Let us focus on the six-year graduation rate, which currently stands at more than 82 percent. This is very good, but not good enough. Let us resolve to move this to at least 92 percent, the highest level of any of our public peers.

Our learning environment for graduate and professional students is closely linked with the vigor and excellence of our research enterprise. A key element of that, however, will be our ability to attract the finest graduate student talent. Thus, we must redouble our efforts to make graduate teaching assistant stipends nationally competitive. And we should seek to increase state funding for graduate tuition remission.

Invest in Centers of Research Excellence

Third, we must continue to invest in centers of research excellence. It is a marvelous tribute to the faculty that our research funding has risen steadily for more than two decades, solidifying Carolina's role as a top university.

This past year, faculty secured \$577 million in research funds – up 7.5 percent from 2003, but shy of the double-digit increases we have seen for the past several years. Most observers expect increases in federal funding to slow even more. While that is surely a concern, I see it as an opportunity to turn to other sources.

For example, less than 2 percent of our funding comes from industry, compared to more than 20 percent at Duke and roughly 5 percent at most of our national public peers. There are, to be sure, legitimate concerns: we must guard the integrity of our research, that it remains free and independent of inappropriate influence from any funding source. We can grow our industry-supported funding and remain faithful to our core principles.

The academic plan outlines areas of excellence and future opportunity for investment in five broad, interdisciplinary areas: biological, medical, and technology sciences; fine arts, humanities, and social sciences; global citizenship; social problem-solving; and ethics, leadership, and public life. These are the academic areas in which Carolina is best positioned to make a difference. I could cite many examples, but let me pick just one.

Last year, we launched the Institute for Renaissance Computing, a new interdisciplinary partnership with Duke University, NC State, and the private sector in Research Triangle Park,

under the leadership of Dan Reed. This institute offers enormous potential to catalyze research collaborations and economic development opportunities.

I have also asked Vice Chancellor Reed to lead a major strategic planning effort for information technology, encompassing everything from high-speed computing to what we know will be necessary major investments in administrative computing to replace systems that are increasingly obsolete. We have not fully tapped leading-edge information technology as an intellectual lever to help advance the University's mission. And we have not yet fully realized the potential of the Carolina Computing Initiative. This will be a major effort. The leading public university must lead in technology.

Enhance Global, Local Engagement

Our fourth priority is to enhance Carolina's engagement with North Carolina and the world. I have already shared my thoughts about sustaining our engagement with the state. However, I think engagement needs to be understood in global, as well as local, terms. The great universities of the 21st Century will be defined by their presence on a worldwide stage. The quality of the educational experience, the significance of our research, will be judged by the extent to which it is truly global in nature.

We are building on existing strengths. We have study-abroad programs in nearly 70 different countries, and our students and faculty are engaged around the world through hundreds of academic programs, partnerships, and collaborations. Later this fall, we will break ground for the Global Education Center that will help bring our international efforts under one roof and serve as a vibrant hub of international teaching, research, and public service.

I include in this category of engagement our commitment to diversity, as an element of educational quality, since it is one way that we reflect the reality of the world and the state in which we live. Our students will be the poorer if we are not successful in creating a truly inclusive community.

I have appointed a Chancellor's Task Force on Diversity, chaired by Archie Ervin, to assess the state of diversity at Carolina and to produce a report this year to guide our vision for being a diverse campus. Our engagement with the state and the world will be incomplete, and we cannot be a leading university, if we do not model as a community the potential for people of diverse backgrounds and beliefs to live and work together within a framework of honor, integrity, compassion, and mutual respect.

Complete Development Plan; Start Carolina North

Fifth, we must successfully complete the campus development plan and begin Carolina North. The first is critical because of the trust that the people of North Carolina have placed in us through the passage of the higher education bond referendum. We have an enormous responsibility to see that this entire complex of projects, which is among the largest capital construction programs on any American campus, is successfully completed.

The initial implementation of Carolina North must be included in all of our thinking. This project has issues and problems to be resolved before it can move forward, but we must keep focused on the ultimate goal and not relinquish the opportunity to leverage the research of this University directly into the state's economy.

Carolina North is our future, and it is vital to the state's economic success.

Strategic Investments Toward Highest Priorities

Sixth, we must determine strategies to acquire and allocate resources to our highest priorities. The Board of Trustees was strong in its determination that we really put our money where our mouth is – that we are clear and direct in acquiring and moving resources to support our highest priorities.

I affirm this wholeheartedly and like to point to one compelling example. In this past year, we successfully increased the percentage of classes with fewer than 20 students and reduced the percentage of classes with more than 50 students.

This is one of our measures of excellence, and it is one of the metrics used by U.S. News and World Report. This improvement helped us gain 21 places among all universities in their most recent assessment of faculty resources. In tough times, in the midst of budget cuts, we moved money, mainly in the College of Arts and Sciences, to support our priority.

Define Leadership Role

Finally, our seventh priority is to define Carolina's role as a leader. We take seriously our vision of being a leader within the state and within the UNC system. We are doing that with the Citizen-Soldier Initiative, funded by the U.S. Department of Defense. Our partners include faculty from NC State, UNC-Charlotte, East Carolina, Fayetteville State, and Duke Divinity School, along with UNC-TV and universities outside North Carolina.

A team of Carolina's faculty – led by Dennis Orthner in the School of Social Work, and Doug Robertson in the Highway Safety Research Center – helped conceive this national demonstration project. They have worked with our partners to create a program to support newly deployed and returning military reservists and National Guard soldiers and their families. This

effort will bring employers, schools, child-care providers, health professionals, and faith-based organizations into a broad network of family support. Our response to these families shows the reach of a top-tier research university and its capacity to improve lives. It is a great example of a university that is leading.

I am visiting other UNC campuses as I travel this state. This fall, I met with Chancellor DePaolo in Wilmington, and we discussed potential academic partnerships. This is a role we should pursue more actively, finding ways to partner with our sister institutions, as well as with North Carolina's community colleges.

Conclusion

Two years ago, I introduced the concept of our being both good and great. Much of what I have focused on today has been about the goodness of the University, our commitment to engagement and public service and our core values as a public institution.

But let us not take our eye off the ball of excellence, on what it will take for us to become a truly, distinguished world-class university – great as well as good. There are only four or five universities in this country that can even presume to have this conversation, to talk about being America's leading public university.

This is not so much a competition with other universities as it is with ourselves and with our own vision of excellence in harmony with our core values as a public university. Leaders of the University of Virginia speak publicly about privatizing the university. Certainly, Virginia's story is not our story. It is so radically different that my colleague, Law Dean Gene Nichol, has often said that if Thomas Jefferson were alive today, he would be a Tar Heel.

Our task is, as Judith Wegner put it recently, “to *reimagine* the public university for the 21st Century and to stay focused on our core values, on our very soul as a public university.” She is exactly right.

Substance over image, or in the words of our state’s motto:

“*Esse Quam Videri: to be rather than to seem.*”

¹ Ashby, Warren. *Frank Porter Graham: A Southern Liberal*. Winston-Salem, N.C.: John F. Blair, Publisher, 1980, p. 151.

² Nichol, Gene. “Ignoring Inequality.” In *Where We Stand: Voices of Southern Dissent*, edited by Anthony Dunbar, pp. 62-63, Montgomery, Ala.: NewSouth Books, 2004.