

**State of the University Address  
The University of North Carolina at Chapel Hill  
Delivered by Chancellor James Moeser  
October 1, 2003  
Hill Hall Auditorium**

Good afternoon. Thank you all for being here. Let me begin by taking this opportunity to recognize some very special guests and ask them to stand: the chairman of our Board of Trustees, Richard “Stick” Williams of Charlotte, and Trustees John Ellison and Roger Perry.

I am also pleased to recognize UNC President Emeritus William Friday; and our past chancellors and their spouses, Nancy Sitterson, wife of the late Chancellor Carlyle Sitterson, Chris and Barbara Fordham, Bill and Sarah McCoy, and my wife Susan as they stand.

Please join me in welcoming our newest administrative colleagues: Kenan-Flagler Business Dean Steve Jones; Pharmacy Dean Robert Blouin; Education Dean Thomas James, who arrives later this fall; and General Counsel Leslie Strohm.

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

Finally, I also want to recognize our student, faculty and staff leaders: Student Body President Matt Tepper; Graduate and Professional Student Federation President Dan Herman; Faculty Chair Judith Wegner; and Employee Forum Chair Tommy Griffin.

Just a few weeks ago, the vice chancellors and deans participated in a planning retreat led by Dr. James Duderstadt, president emeritus of the University of Michigan. This is his assessment of the state of our world, in expressly Dickensian terms:

“In many ways these do *indeed* seem like both the best of times and the worst of times for higher education. Universities are increasingly seen as key sources to the new knowledge and educated citizens so necessary for a knowledge-driven society. After two decades of eroding public support at the state and federal level, there is an increasing call for reinvestment in higher education.

“Yet there is great unease on our campuses,” Duderstadt continues. “Throughout society we see erosion in support of important university commitments such as academic freedom, tenure, broad access, and racial diversity. Even the concept of higher education as a public good is being challenged, as society increasingly sees a college education as an individual benefit determined by values of the marketplace rather than the broader needs of a democratic society. The faculty feels increasing stress, fearing an erosion in public support. ... and being pulled out of the classroom and the laboratory by the demands of grantsmanship.”<sup>1</sup>

As we reflect on our own situation in North Carolina, and as we glance over our shoulders at the difficulties faced by public universities in the other states, we can see many signs of trouble – a national economy that is less than robust with signs of an economic recovery that may be accompanied by continued loss of jobs to other parts of the world.

To that we must factor in the incredible commitment of the people of North Carolina to support public higher education, as reflected in the voters’ decision to support, by an overwhelming margin, the Higher Education Bond Issue in 2000, and in this most recent budget cycle, the strong efforts of Governor Mike Easley and the General Assembly to shield our state’s universities from the full force of budget cuts to state government. We enjoy a far greater level of support historically in North Carolina than almost every other state, and when we compare our budget cuts with those meted out in other states, we know we have much for which we must be thankful.

This year we adopted Carolina’s academic plan, which maps out the priorities that should guide us in our day-to-day and year-to-year decisions supporting our vision of becoming America’s leading public university. The plan acknowledges that, although state support remains essential to the University’s future, it has steadily declined as a percentage of our total budget as other sources have grown faster. State appropriations account for a quarter of our operating budget – down from more than 30 percent just a few years ago.

At Carolina, we are generating new revenue sources to help meet some of our most pressing needs. We rely more today on our faculty’s skills in attracting research funding, as well as on generous private giving. However, we cannot assume that research grants will continue to rise at the same 10 to 12 percent levels we have seen in the past as increases for federal funding begin to level off. Our progress in private fund raising will depend, at least in part, on the nation’s economy. Further, we cannot predict how North Carolina’s continuing budget difficulties will affect our

campus.

While Duderstadt's assessment of the current trends is accurate, I think we must note that North Carolina is a special case. The loss of jobs in the manufacturing sector will hit our state harder than many others. The Pillowtex plant closing and the thousands of textile jobs lost in the Kannapolis area underscores the need for economic transformation. Research universities can lead in creating a knowledge-based economy, and in a state that is so dependent upon manufacturing, we must lead.

In that light, one of the most pressing challenges facing Carolina is this: Can we remain true today to two centuries of commitment to public higher education and, at the same time, aspire to be the nation's leading public university? What does it mean to be "the University of the People" in the 21<sup>st</sup> Century? Or, as I asked in last year's address, can Carolina be both great and good? Can we achieve excellence while honoring our tradition of doing what is right? Later in this address, I will announce an exciting new initiative that will help us answer some of these questions.

## **The Academic Plan: A Roadmap for Future Success**

First, I want to explore some additional context provided by the academic plan, intended to guide our decision-making over the next five years. Among the plan's priorities are for the University to provide the strongest possible academic experience for our undergraduate students.

What distinguishes Carolina from our major national peers? UC Berkeley, Michigan, and UCLA. We, to a greater extent than our peers, have retained a special blended culture of learning and discovery, with faculty who are involved in research, often at the cutting edge, but still deeply engaged in teaching.

Our recent investments in improving the undergraduate experience, including First-Year Seminars and the Office of Undergraduate Research, are paying powerful dividends in the lives of our undergraduates. The Honors Program provides another fundamental example of what is right with our undergraduate education. It is recognized nationally for its accessibility to all undergraduates eager for the challenge of an honors experience – students working with faculty in small-group settings. As part of the Carolina First campaign, we aim to double the size of this program. A \$25 million endowment would create 14 new faculty positions to key departments in the College of Arts and Sciences. That would create enough new honors sections for another 150 students in each entering class. This alone would dramatically increase the yield of high-ability students enrolling at Carolina.

First-year seminars are a critical component of the excellence we provide for undergraduates. I call on us to commit the resources so that every first-year student can enroll in at least one of these seminars.

Our four newest student residence halls on south campus are designed to integrate learning and living, recognizing that today's students tell us that they learn best in small cells of students working together outside of class. Let us increase the number of seminars and discussion groups being offered in the residence halls themselves, really integrating living and learning. This is another strong recommendation from the academic plan that is important as we see the campus master plan come to life.

The academic plan also calls for sustained but modest enrollment growth as Carolina does its share to educate the rising number of high school graduates in North Carolina. This was our commitment to the citizens who supported the bond referendum. Every year for the next five years, we will admit more first-year North Carolina resident students.

At the same time, the University of North Carolina system is considering a plan articulated by President Broad that recognizes that the current 18 percent cap on out-of-state freshmen may impose a barrier to our enrolling more academically outstanding students. We strongly support this proposal to adjust the cap on out-of-state enrollment because it can help stem the "brain drain" leading many of North Carolina's best and brightest to attend out-of-state colleges that enroll more geographically diverse student bodies. Of the North Carolina students admitted to Carolina who decline our offer, between 43 and 51 percent of them leave our state. President Broad's plan would permit us to exempt from the current cap 40 to 50 National Merit Scholars, named merit scholarship holders, and valedictorians from other states. By doing so, we can create a more geographically varied and more intellectually stimulating environment that will be more attractive to these exceptional North Carolinians as well. Several studies show that those states that attract and retain intellectual capital will be the most successful in creating the knowledge-based economies that produce new jobs.

This is good public policy for North Carolina. Our vision of becoming the nation's leading public university is for the greater benefit of the people of North Carolina. If our state is to flourish in a 21<sup>st</sup> Century world economy,

it must have an excellent global university whose students experience the world, rubbing shoulders with students from other backgrounds and cultures.

Each of these initiatives will help us in achieving excellence, in becoming great so we can better serve the people. But how do we ensure that we are also good – that is, supporting our traditional core values of being the “University of the People,” of standing for justice, equity, and access?

## **The Carolina Covenant: Connecting with Core Values**

Today, American higher education is engaged in a national conversation about the affordability of a college education. Tuition, fees, and other costs are rising; the unmet needs of low-income students and their families are growing. Too often, these trends send a message that attending college is not possible, particularly to prospective first-generation students. The time is right again for Carolina to lead, as we did two years ago in taking the bold step of eliminating binding early-decision admissions.

Today, I am proud to announce a new commitment to access for our most needy students that we call the Carolina Covenant, a college-financing agreement between the University of North Carolina at Chapel Hill and low-income students from across the state and nation.

The Carolina Covenant promises to our most needy students the opportunity to graduate from this University without any debt.

Here is how it works: First, this opportunity will be available to students who are admitted to Carolina, who qualify for federal student aid, and who come from a family with an income at or below 150 percent of the federal poverty level, indexed by family size. Using those criteria, that means a student from a family of four with an income of approximately \$28,000 in 2002-03 would qualify. The University will meet 100 percent of this student’s financial need through a combination of federal, state, campus-based, privately funded grants and scholarships, as well as his or her participation in the federal work-study job program.

We know of no other public university – and only Princeton among the privates – that has taken a comparable step to guarantee access to higher education. The covenant begins with next year’s entering class and will be phased in over four years. Because we now meet 100 percent of the financial need of our students who apply on time, it will require only modest reallocations of existing funds in the Office of Scholarships and Student Aid.

The covenant sends a powerful message about Carolina’s core values, of its commitment to access as well as excellence. It expresses who we are. We are America’s first public university, and these values are in our genetic code. The covenant embodies what we proclaim to be, “The University of the People.” To paraphrase the late Governor Terry Sanford, it says to people of limited means everywhere, “If you have the will, we have the way.”<sup>11</sup>

Great ideas come from great people, and I want to acknowledge the commitment and vision of Shirley Ort, associate provost and director of scholarships and student aid, and Jerry Lucido, vice provost for enrollment management and director of admissions, in crafting this new initiative.

Another core value at Carolina is honor and integrity, which we are celebrating with a yearlong emphasis, following the first revisions in 35 years of the Honor Code last year. I want to thank Judith Wegner and Randi Davenport for their leadership on this issue, as well as Student Attorney General Jonathan Slain, and many others who have worked to restore the culture of honor on this campus. Now, more than ever, our students need to draw upon the ethical code of behavior, which they learn here, as they prepare to enter a world facing so many challenges. I encourage us all to participate in these worthy activities this year.

Let me also emphasize, as does the academic plan, the University’s resolve in seeking continuous improvement with respect to diversity. I was so proud last spring with the response of our Law School faculty supporting the University of Michigan in its landmark affirmative action case. The U.S. Supreme Court’s decisions reflected our faculty’s views about the special role a public university has in developing future leaders. The court also affirmed our own admissions practices, which have served us so well in building a diverse and highly qualified student body. While we have achieved much, we must not become complacent. There is still much to be done.

## **Interdisciplinary Research and Strategic Opportunities**

In the area of research, the academic plan identifies five broad interdisciplinary themes of strategic opportunity: (1) biological, medical, and technology sciences; (2) fine arts, humanities, and social sciences; (3) global citizenship; (4) social problem solving; and (5) ethics, leadership, and public life. Within each of these themes, our University has

achieved notable areas of recognized excellence, others in which we are building strength based on new investments, and still others that promise multi-unit capacity to address pressing issues facing North Carolina, the nation, and the world.

We must target available resources to the academic plan's designated areas of strength and potential, adopting the principle of expansion by substitution, recognizing that in an era of constrained resources we may be able to take on new programs only by shedding old ones. This is not something that comes easily, but we have reached a time when we cannot avoid it if we are going to continue to grow, improve, and not slip behind our peers. We must be rigorous in our internal review and evaluation of graduate programs, particularly doctoral programs, and willing to eliminate those programs that are not nationally competitive or critical to our mission.

We have made substantial progress in convincing state policy-makers of the importance of retaining all of our facility and administration reimbursements from the federal government, funds commonly known as overhead receipts. Because we have reinvested these funds back into research facilities, infrastructure, and people, our research funding has risen steadily, by 10 percent to more than \$537 million last year. Please join me in applauding our outstanding faculty for this remarkable achievement.

Collaborative academic and research partnerships are another key to our future success, and this is another area of emphasis in the academic plan. One example is our role in a consortium that was just awarded a \$45 million federal grant for biodefense. Some of our leading infectious diseases and immunology experts will work with colleagues at Duke University and other Southeastern institutions to develop the next generation of vaccines, drugs, and diagnostic tests against emerging infections such as SARS and to defend against organisms that could be used in a bioterrorist attack.

At the same time, we continue to build upon close ties with North Carolina State University, most recently through a joint graduate degree program in biomedical engineering that began this fall. We need to keep strengthening relationships with other UNC system campuses – especially North Carolina Central University here in the Triangle – as well as others across the state.

Beyond the state and the nation, we want to extend Carolina's global presence, research, and teaching. Area studies and global health are among the interdisciplinary areas of strategic opportunity noted in the academic plan. We aim to build and integrate global issues and perspectives into our undergraduate curricula, graduate and professional student experiences, and the overall research enterprise. We just took an important step in coordinating these international activities by naming Peter Coclanis, chair of the history department, to the post of associate provost for international affairs as part of new efforts made possible by a generous private gift.

## **Investing in Carolina's Human Capital**

The most critical investment we have to make is in our own people, both staff and faculty. Outstanding students and impressive buildings by themselves do not help transform an already great American research university. But, when combined with a faculty and staff of the caliber we have and want at Carolina, we can realize our vision for the future.

To achieve those goals, we must work more diligently among ourselves, within the UNC system, and with our state's elected leadership, including the General Assembly, to address vital compensation and benefit issues that are adversely affecting our ability to retain and attract the best faculty and staff.

The University's exceptional staff are full partners with the faculty in many of the core activities of the campus. Many staff have gone three years or more without any meaningful salary increases while facing rising costs of living – 17 percent for health insurance just this year. Regrettably, we are losing some of our best staff as a result, and we cannot permit that trend to continue.

While we have funded modest salary increases for faculty from campus-based tuition increases, we have not been able to provide central campus resources for staff salary increases. I do want to commend those departments and units that have reallocated their own resources to recognize excellence with in-range salary adjustments for qualified employees. But we must address across the campus this urgent concern about compensation and work with the university system in taking this message to the General Assembly.

And the issue is not just salary. Our benefits packages are not competitive when compared with our public and private peers. This is true for faculty and staff. We attach a very high priority to this concern.

We are examining a host of issues through the Chancellor's Task Force for a Better Workplace, which I am co-chairing with Tommy Griffin. The task force is working hard to identify areas where all of us can improve the quality

of the workplace for our employees. I expect our final report to be completed later this fall.

I am pleased that four outstanding employees could join us today. They represent the very best of our community's high standards as 2003 recipients of the C. Knox Massey Distinguished Service Awards, one of the most prestigious honors our University can bestow.

They are Virginia Bailiff, housekeeper, facilities services; Neal Cheek, maintenance mechanic, facilities services; Asta Crowe, administrative manager, Department of Public Policy; and Joseph Ferrell, Albert Coates Professor of Public Law and Government and secretary of the faculty.

I wish I could take the time to read to you their award citations, which are the stories of dedication and commitment to excellence. When you applaud them you honor all Carolina employees.

Now let me focus on some of the most serious issues affecting the faculty. For several years we have been charting our success in faculty retention, and here we are beginning to see very troubling signs. From 1991 until 2000, we successfully retained 60 percent of the college faculty who received offers from other institutions for whom we made counter-offers. In the first two years of this decade, we succeeded in about half of those cases in the college. Last year, however, the percentage of losses in the college climbed to 60 percent, while across the university at large it was even higher. This is a trend that we cannot allow to continue.

We must convince the state that regular appropriations for merit salary increases are essential, lest we create a culture in which our best faculty are shopping for offers as the only means of improving their individual situations. We could quickly lose the essence of what has made Carolina great – a real community of scholars who invested their lives in a deep and lasting commitment not only to their scholarship, but to the community itself.

Recognizing that the quality of the faculty is the key to excellence, the leadership of the Carolina First campaign has rallied around the need to support resources for the recruitment and retention of outstanding faculty as the campaign's number one objective. Our donors are responding. The campaign has secured commitments approaching \$1.1 billion toward its \$1.8 billion goal by 2007. Campaign funds have created 105 new distinguished professorships, more than half our total goal of 200.

The campaign also seeks to provide research and program support for faculty, as well as for the bricks and mortar essential to their work. Every campaign goal strengthens in one way or another the over-arching objective of improving faculty support. We have secured funds to establish more than 350 new scholarships and graduate fellowships; our goal is 1,000. These help us bring the brightest and best students to Carolina, creating the stimulating intellectual climate that draws and retains great faculty. They, in turn, attract great students, creating a reinforcing loop that builds excellence.

Second in importance to the human infrastructure is our physical infrastructure. We are making great progress with our capital construction program using the higher education bonds, overhead receipts from research grants, and private gifts. The science complex, the largest construction project in our history, and research facilities in several health science schools will put cutting-edge facilities and equipment in the hands of our faculty and students for research and discovery. The Global Education Center is another key project bringing a growing variety of international activities in schools and units together in one physical location.

## **Engagement: A Cornerstone of a Proudly Public Tradition**

Carolina is an engaged university. In his inaugural address in 1915, President Edward Kidder Graham declared that "the state university is the instrument of democracy for realizing all [these] high and healthful aspirations of the state." <sup>iii</sup>

The University transforms people's lives each and every day across North Carolina. Earlier this year, in Windsor, I saw a remarkable health-education success story connected with our North Carolina Breast Cancer Screening Program, led by faculty in our School of Public Health and based in the Lineberger Comprehensive Cancer Center. Volunteers are at the heart of this program for women in eastern North Carolina dedicated to reducing late-stage diagnosis of breast and cervical cancer in older African-American women. Over the past decade, this federally supported research program has succeeded in bringing more at-risk women in for mammograms.

Each of our professional schools has a reach that fully meets Edward Kidder Graham's vision of the campus being coterminous with the borders of the state. Whether it is one of the five health science schools, or journalism and mass communication, law, business, education, social work, or information and library science, or government, Carolina reaches all 100 counties of North Carolina and beyond. We are dealing with the real problems and opportunities of the state and the region.

The college is equally engaged. As just one example, I cite the nationally recognized efforts of Biology Professor Skip Bollenbacher's team in collaborating on innovative science education and distance-learning programs. This excellent work is occurring in the public schools and through a consortium joining us with seven historically minority colleges and universities across the state. Those projects include the highly successful Traveling Education Science Laboratory and the Partnership for Minority Advancement in the Biomolecular Sciences. Through them, Carolina is promoting the promise of science careers to the next generation of leaders and helping fellow faculty more effectively teach the latest science from new fields. UNC-Chapel Hill is sharing expertise and technology with other students and teachers who would not otherwise have access to this knowledge. It is but one example of how the University can help North Carolina prepare the science-literate workforce our state will need in the future.

## **Town-Gown Relations**

Engagement begins at home. The University is now turning its attention to working together with the Town of Chapel Hill on maintaining Franklin Street and the downtown business district.

Franklin Street is not only the vibrant heart of Chapel Hill, it is the front door to our campus. We share with the town a vital interest in its economic and aesthetic vitality as a destination in its own right. Our physical plan for the arts common, as well as our plans for a more ambitious program of presenting the performing arts, can help make downtown a destination. The University is committed to partnering productively with the town to help local businesses thrive downtown.

As the University grows physically, we must continue to be sensitive to the impact our development has on the local community. Let me shine some light on one little-known example. Last fall, as part of our commitment to traffic mitigation, we launched a commuter alternatives program, which provides incentives to commuters to use transit, park and ride, bike or walk. Our goal was 750 participants, which we exceeded by 250 percent. Those results earned the program a major national honor — designation as a 2003 Best Workplaces for Commuters by the Environmental Protection Agency and the U.S. Department of Transportation. That award speaks to the University's commitment to being a responsible employer and community member.

Let me acknowledge the leadership of Chapel Hill Mayor Kevin Foy in working with Trustees "Stick" Williams and Roger Perry in guiding recent discussions about the University's plans and in affirming our desire to be an excellent neighbor. Their skills helped move us forward. We expect and look forward to a similar collaborative approach to guide future discussions about our plans to develop Carolina North.

## **Conclusion**

After more than three years as your chancellor, I can tell you that Carolina remains as magical a place to me as it did from the moment I first set foot on this beautiful campus. The people in this room today, and the other members of the Carolina family who are not here, are responsible for whatever success we enjoy. Your dedication to excellence — to students learning, teachers teaching, and all of us serving the people of North Carolina and beyond — is truly inspirational.

Despite our current short-term obstacles, I am supremely confident about Carolina's future. My optimism is grounded in your dedication. I place a great deal of trust — and faith — in the history of this place, the light on the hill, and a shared sense that it is our destiny to succeed. The people of Carolina have always found ways to do the remarkable, the right, the just thing. That is a characteristic that will forever mark this University.

Today, we are translating the vision of those leaders who came before us and the language of two centuries of commitment to public higher education into new ways of thinking about being public, committed to access and public service. We are doing so while pursuing our vision of being a world-class university. Let us resolve to be both great and good; to lead and to serve; to build both the mind and the spirit; advancing both human knowledge and human values; that we shall be — for the 21<sup>st</sup> Century — as we were meant to be, The University of the People.<sup>1V</sup>

<sup>i</sup> Duderstadt, James J. *A University for the 21<sup>st</sup> Century*. Ann Arbor, Mich.: The University of Michigan Press, 2000, p. 319.

<sup>ii</sup> Sanford, Terry. "Special Insights from the Hill: A Bilateral Perspective." *Educational Record*, 1990, 71, p. 13-14.

<sup>iii</sup> Snider, William D. *Light on the Hill: A History of The University of North Carolina at Chapel Hill*. Chapel Hill

and London, The University of North Carolina Press, 1992, p. 160.

<sup>iv</sup> Kuralt, Charles. Opening Ceremony Remarks, Bicentennial Observance, Chapel Hill, N.C. Delivered October 12, 1993. Following is the famous description: “What binds us to this place as no other? It is not the well or the bell or the stone walls, or the crisp October nights or our memory of dogwood blooming. ... No, our love for this place is based on the fact that it is as it was meant to be – The University of the People.”



