

CHAIR DWIGHT STONE'S PREPARED REMARKS

UNC Board of Trustees Meeting

Thursday, July 21, 2016

Introduction and Thank You

- Thanks to all of you for that vote, the confidence you have placed in our current officers, and your optimism about what we can accomplish together in 2016-17.
- I also want to thank **Trustee Caudill** for leading the Nominating Committee, as well as **Trustee Hopkins** for her work in the process.
- I am truly honored to serve as your chair for a second term and believe our board has achieved a great deal over the past 12 months.
- We are working very well together as a team during an important transition period for the University of North Carolina system and higher education in our state and beyond. I believe our board has made some very positive contributions to that ongoing dialogue.
- With that in mind, and based on your feedback and continued consultation with Chancellor Folt and her colleagues, the board's four primary goals will remain the same in the coming year. They are as follows:

Goals

1. Support Chancellor Folt and her senior leaders, as they formulate and implement a new strategic plan for the University.
 2. Tell our story. Carolina improves the lives of people across North Carolina, our nation, and our world.
 3. Accelerate, measure, and communicate the growth and economic impact of our innovation and entrepreneurship initiatives.
 4. Help Carolina become more efficient and effective in key operational areas, particularly Finance, Administration, Teaching and Research.
- I believe we have made excellent progress with our work using these goals as a guide and believe we can continue to build upon them in the coming months.

Standing Committees and Assignments

- Based on your feedback, we will continue with the same committee structure.
- Vice Chair Cochrane will chair **Finance, Infrastructure and Audit**, which covers a wide array of functions and units related to budget, revenue, financial planning, IT, facilities, security and campus operations. Trustee Caudill will serve as vice chair.

- Secretary Duckett will chair **University Affairs**, which covers academic areas along with the multiple units serving and supporting students, faculty and staff, diversity and athletics. Trustee Keyes will serve as vice chair.
- Trustee Hopkins will chair **External Relations**, which covers communications, government affairs, alumni, the Board of Governors, the business side of athletics, the Research Triangle Park, and town-gown relations. Trustee McMahan will serve as vice chair.
- Finally, Trustee Grumbles will lead **Commercialization and Economic Development**, which brings together research, entrepreneurship, industry relations and other activities that cover the broad spectrum of how the University is providing a very strong return on the investment the taxpayers of North Carolina and the Legislature are making in our campus. Trustee Brown will serve as vice chair.
- I look forward to our work together this year and appreciate the considerable commitment each of you are making to serve our great University.

Dinner With UNC System Board Chairs

- Last week, I was very pleased to attend a dinner President Spellings arranged at her home with the trustee chairs from all 17 UNC campuses.
- From our discussions, it was clear that despite the different missions of each campus, our fellow board members all face similar challenges in determining how to best represent their students, faculty, staff, alumni and stakeholders.
- It's clear each campus plays a critical role in their home communities and for the entire state.
- We agreed on the importance of our boards and administrations working closely and in a coordinated fashion with President Spellings, General Administration, and the Board of Governors.
- I appreciated President Spellings' efforts to engage with the trustee chairs and think there is ample opportunity for similar discussions to be very productive moving forward.

State Budget

- Of course, one topic the trustee chairs discussed was the state budget recently approved by the General Assembly.
- I want to publicly thank Speaker of the House Tim Moore Senate and President Pro Tem Phil Berger for their support of our universities during the complex budget-making process.
- The leadership in both chambers was receptive to working with the President, the Board of Governors and the campuses throughout the short session, and we're all very grateful for their willingness to listen.

- We understand that our legislators have many competing interests to consider during their deliberations about what they think is best for the entire state.
- I want to highlight just a few of the most positive results for the University:
- Rewarding talented faculty and staff with a combination of much-needed pay raises and bonuses. (1.5% across the board plus 0.5% bonus; with authorization for up to a 0.5% merit bonus).
- Permanently fixing the Qualified Excess Benefit Arrangement (QEBA) that posed a potential adverse impact on the retirement plans of some employees.
- Appropriating some \$11 million in recurring and non-recurring funds to support the Western School of Medicine/UNC School of Medicine initiative.
- Overall, the final budget tracked well with many of the top policy priorities for the UNC system and the campuses. So, trustees, please continue to provide the legislators you interact with regularly our gratitude as we begin thinking about the long session that will begin in January.

Favorable Comparisons on Student Debt/Tuition & Fees

- Since student debt, financial aid, and tuition and fees were also recurring topics of discussions in Raleigh during the session, I do want to take a moment to touch on those.
- I have appreciated the strong support President Spellings and General Administration have articulated on access and affordability issues affecting all UNC System students.
- At the same time, I am very proud of the excellent work UNC-Chapel Hill has done over a sustained period on those same issues.
- That success is due to the dedicated work of people like **Shirley Ort**, who we recognized at our last meeting and will be officially leaving her role as associate provost and director of scholarships and student aid at the end of this month.
- Shirley is among those – along with Steve Farmer – who have helped drive home the message that the investment the University makes in need- and merit-based aid does make a difference in helping recruit and attract the very best and most deserving students.
- Our undergraduates benefit from a financial aid program that awards about 72% of the available funds as grants and scholarships. Only 28% of that support comes as loans and work-study jobs. (In fiscal 204-15, total undergraduate aid totaled about \$209 million; \$151 million for grants and scholarships; \$58 million for loans and work-study.)
- Our approach differs from most major universities, which award the majority of their aid funding through loans.
- Carolina has continued to meet full financial need even as the need grew significantly following the financial downturn. In 2009, 37% of our undergraduates qualified for need-

based aid. Now that figure is up to 45%, and our colleagues in the Office of Student Aid and Scholarships say the trend reflects economic conditions as much as shifting costs.

- Nationally, 70% of graduates have student debt averaging \$28,950. At UNC-Chapel Hill, only 40% of our graduating seniors leave with debt –on average, about \$17,719.
- Our numbers compare very favorably with the other public and private peer campuses we most often measure ourselves against.
- In the 2013-14 graduating class, for example, UNC-Chapel Hill ranked second only to UC-Berkeley for having the least average debt from all sources among our leading public and private peers (\$17,584 at Berkeley vs. \$18,945 at UNC).
- Seniors at UCLA graduated with an average debt of \$20,650. At UVA, it was \$22,933, and at Michigan it was \$26,510. Duke senior's average debt was \$20,566.
- Many people on our campus – faculty, administrators and staff – work very hard to help our students graduate successfully, and that is a key to also making their debt manageable.
- Across the country, the students most likely to default on their loan obligations aren't those with high debt burdens — rather, it's students with modest debt, but no degree. Dropouts present the most severe debt problem, and at Carolina we have very, very few of those.

Tuition & Fees Comparisons

- We are also proud of the accolades the University receives for offering students an excellent education at an affordable cost.
- In 2015-16, tuition and fees for an undergraduate student from North Carolina totaled \$8,591.
- That was over \$1,000 less than the price tag at the University of Texas, our next closest public peer. And the average for the 11 public campuses we track was \$12,824. (Those campuses include Texas, Maryland, Wisconsin, UCLA, Virginia, Berkeley and Michigan.)
- For out-of-state undergraduates, UNC-Chapel Hill's rate of \$33,673 was the fifth least expensive among the 11 peers. Only Minnesota, Pittsburgh, Wisconsin and Maryland were lower. The average was \$34,515.
- For graduate students from North Carolina our rate was \$11,074. The average for our public peers was \$16,003.
- For out-of-state graduate students, we charged \$28,285; the average for our peer group was \$29,871.
- I know this board receives excellent updates throughout the year on these important topics. But I thought it was appropriate to highlight a few key facts in hopes they will continue to help you in talking with your constituents as these topics come up in conversations.

Freedom of Speech

- Finally, I want to commend Chancellor Folt and her colleagues for all of their efforts over the past several months to convey to the campus community how much we value the time-honored traditions here at Carolina of engaging in free and open discourse on the issues of the day.
- That will always be an important message for this community, and I am personally pleased with the high level of civil discourse that regularly occurs at Carolina.
- I've brought this topic up in past meetings of the board. As we begin a new year of board business at a time when there is so much happening in our state, nation and world, I just think it's a topic that should always be top of mind for us as trustees.

Media Session

- For the news media here today, Chancellor Folt and I will be available in the **Sun Room** after the open session ends at roughly 10 a.m. to take your questions. Thanks for your interest in the board and the University.