Good morning. It is my pleasure to talk with you for the sixth time as Chancellor about the condition of the University and some of the opportunities and challenges I see for the year ahead and beyond.

My remarks are set in the context of the most significant economic recession of our time, with continuing uncertainty with respect to when we can expect sustained economic growth. As faculty, staff, and students, you are all too familiar with the very real consequences that budget reversions, reductions, and freezes have had on this and our sister campuses in the University of North Carolina system.

Now, I realize that sacrifice is called for at the top. The Chancellor’s operating budget was cut just like everyone else’s on campus. And yet we made the difficult decision this year to spend some money to move ahead with moving the Chancellor’s Office from the Reese Building to the Cato Building to make room for our other administrative units that needed space in Reese, and to find permanent suitable homes in the Cone Center for the University Honors Program and the Levine Scholars Program. But I want you to know that no decision comes without some adverse consequences. My commuting time to the Chancellor’s residence in Bissell House has doubled and my reserved parking space is at least five times as far away from the building door as it used to be!

More seriously, let me thank all of you again for your shared sacrifices over the past three years or so as we have been bruised and battered by the budget reductions. Pay raises have not occurred for two years, won’t occur this year and, barring some miracle, will not occur next year. All of you were required to take involuntary furloughs and your costs of living (from health care to parking) continue to rise. If you are sending a child to college in North Carolina or elsewhere, you are facing increased expenses there. All of us in the administration know that it has been an enormously difficult time. That is why our focus throughout this crisis has been on the goal of preserving jobs for as many of our faculty and staff as possible. As difficult as the absence of salary increases have been, losing a job entirely is much worse. So far, we have been largely successful in achieving that goal.

So, in that setting, I intend this morning to discuss four general topics. First, I’d like to talk about the need this year for us to revise our five-year institutional plan. Second, as part of that effort, we will need to revisit our strategy for institutional growth and development as it has
been managed since I’ve been chancellor over the past five years. This will include my assessment of how the results of the recent session of the North Carolina General Assembly will affect the operation of the campus over the next year or two. I’ll close with a comment about football and a comment about parking. I put parking as the last topic because I know this will keep you glued to your seats!

First, institutional planning. For the better part of the last couple of decades, UNC Charlotte’s planning cycle has been governed by the planning and budget cycle of the UNC General Administration. Five-year plans developed by each campus were regularly revised every two years. Our last edition of the UNC Charlotte plan was to guide us from 2004-2009.

With the arrival of President Erskine Bowles in 2006 and the launch of several initiatives out of his office, including “UNC Tomorrow” and the President’s Advisory Committee on Efficiency and Effectiveness, the normal process for revising campus plans was abandoned.

With “UNC Tomorrow” now complete and a presidential transition underway, this is an appropriate time for UNC Charlotte to revise its institutional plan. Earlier this year, in concert with the Deans and her associate provosts, Provost Lorden launched a revision of the campus Academic Plan, the college academic plans, and the plans of academic support units.

I will soon ask the members of my Cabinet to undertake revisions of their divisional plans. We also want to use this opportunity to revise the assumptions of our planning process, restate our institutional goals so they more clearly reinforce our revised Mission Statement, and identify key strategies to pursue over the next five years in a constrained economic environment. All of these elements will be fully vetted with the faculty, staff, and students over the course of this year-long process that will end late next spring with the approval by the Board of Trustees of a new five-year institutional plan that will serve us from 2011 to 2016.

It would have been highly desirable for us to have begun an integrated planning process with all parts of the institution following a common set of assumptions, goals, and strategies from the outset, and that will certainly be our model for the future. For those of you who remember my time as provost here, I always prided myself on being the “Prince of Planning.” Today, I often feel like the “King of Chaos.” But, with the many varied and growing demands upon our time, I just couldn’t see us taking on yet one additional major project. But it’s now clear that developing a five-year plan must be an institutional priority during this year, and I intend to make it a personal priority for me as well.

As we develop our institutional plan, we need to be particularly attentive to identifying measures that help us assess the effectiveness of our academic programs and our supporting administrative services, and that show improvements based upon our assessments. This will be a critical part of our institutional reaccreditation examination by the Southern Association of Colleges and Schools, scheduled for 2013.

Let me turn now to the topic of enrollment growth and how it relates to the future development of UNC Charlotte and our current management of the financial challenges that have accompanied the recession.

I think most of you know that UNC Charlotte continues to growth quite rapidly. In fact, we expect that our fall enrollment could be 25,500 or more when classes begin next week.
That’s about 800 more students than we had this time last year, and it’s almost 5,000 more students than when I started as chancellor in 2005. Notably, that growth has been accompanied by a significant jump in applications for undergraduate admission, virtually no change in the academic characteristics of the entering class of freshmen, increased racial and ethnic diversity, and improved retention and graduation rates.

This growth has been quite intentional. Analysis by the UNC General Administration several years ago confirmed growing enrollment demand for the University at the undergraduate and graduate levels that would reach 80,000 new students by 2017 (i.e., about a 40% growth in the system). A subsequent analysis by a campus task force chaired by Provost Lorden showed that the growth of population and certain economic clusters in the Charlotte region and its surrounding counties would require a campus enrollment of 35,000 students in 2020 or shortly thereafter, with no changes in our existing admission requirements or academic expectations.

I supported and endorsed this planning target, and subsequently we conducted a general capacity analysis and prepared a Campus Master Plan to better understand the implications for the construction of facilities, the development of infrastructure, and the use of our available natural resources in supporting 35,000 students and the required faculty and staff.

I did not and do not support growth for growth’s sake. Rather, as the only public university in the greater Charlotte region and, in fact, for the better part of 90 miles, enrollment growth made it possible for us to develop the academic programs, research capacity, and cultural resources needed to properly serve the region. Moreover, having been approved as a doctoral-research institution by the Board of Governors in 2000, growth has facilitated the development and expansion of our doctoral programs and supported academic departments building the critical mass of faculty necessary to sustain significant research programs. Continued, measured growth was and is perfectly consistent with our recently revised Mission Statement:

“UNC Charlotte is North Carolina’s urban research university. It leverages its location in the state’s largest city to offer internationally competitive programs of research and creative activity, exemplary undergraduate, graduate, and professional programs, and a focused set of community engagement initiatives. UNC Charlotte maintains a particular commitment to addressing the cultural, economic, educational, environmental, health, and social needs of the greater Charlotte region.”

Once the financial recession took hold, we realized that we needed to manage our approach to growth more carefully. Perhaps as a result of the poor job market or perhaps as a result of our enhanced efforts to promote retention and degree-completion, we began to see far more continuing undergraduate students returning for school each year, necessitating a roll-back in our freshman admission targets and a redirection of our growth toward serving transfer and graduate students where we have greater instructional capacity.

As intended, we have successfully stemmed the growth of new freshmen to 2008 levels, but the growth in the returning undergraduate student population continues unabated. Thus, as I mentioned earlier, although we planned to grow this year by just 365 students overall (from 24,700 last fall to 25,065 this fall), it is likely our total enrollment will exceed 25,500, with many more continuing undergraduates than expected.
There is no question that this approach, when combined with required budgetary reversions and reductions, has had some significant adverse consequences for our academic programs, the support of permanent faculty, the employment of part-time faculty, and the delivery of administrative services to serve an increasing number of students. The silver lining is that we have continued to receive enrollment growth funding from the General Assembly. In the most recent session, for instance, UNC Charlotte received an additional $3.7 million for enrollment growth (of $5.5 million allocated to the entire UNC system for that purpose). By carefully managing enrollment increase dollars and not filling new faculty and staff positions that could have been created as a result, we were able to offset a significant proportion of required budget reversions and reductions. We have had to do much more with much less, but we have been able to avoid large cuts in our pre-existing base budget which, most certainly, would have produced significant layoffs.

We were facing a much more significant set of reductions this upcoming year but, as many of you know, the General Assembly eventually agreed to a compromise that would permit the University to raise tuition to offset most of the cuts. In our case, the tuition increase approved by the Board of Trustees offsets more than $7 million of the $7.6 million in reductions adopted by the General Assembly. Although economic circumstances during the upcoming year can change and the Governor can always take action by executive order over which we have no control, we do not presently foresee the need this coming academic year for the campus to lay off additional personnel or require any furloughs.

But next year (Fiscal Year 2012, which begins July 1, 2011) will most assuredly be different. State budget estimates are currently projecting that FY 12 state budget reductions could be in the range of $3.0 to $3.5 billion on a total state budget of $19.5 billion. Some of these reductions may be avoided if the General Assembly adopts some revenue-generating measures; some may be avoided as a result of Congressional action in the funding of Medicaid; and some could be offset by additional increases in tuition. Generally, however, we must begin preparing right now for what could be substantial reductions in FY 12. We’ll be working closely with the Budget Council, the Faculty Academic Planning and Budget Committee, and the Staff Council to explore our strategic options as quickly as possible, including the use of furlough authority granted by the General Assembly in this past session. I think we will be well-served by having a broad and inclusive conversation this year about whether and to what extent the option of furloughs ought to be considered. No one should be surprised in FY 12 if that’s an option we have to use.

Another important consideration in the development of our strategic options will be that funding for new enrollment increases will be very much in question in FY 12 and perhaps until the state economy improves substantially. Although a provision in the proposed House budget to limit UNC system enrollment growth to 1% in the next biennium was not adopted as part of the final budget compromise, it does reflect the concern among some elected leaders that the state cannot afford to sustain the enrollment increases of the past. You and I would probably agree that the last thing a state should do in a recession is to limit access to the University system, but the political and fiscal realities cannot be ignored as we plan for the next year or two.

Restrictions on enrollment increase funding could have implications for the approval of new academic programs by the Board of Governors. Since the completion of the “UNC Tomorrow” exercise, we have been fortunate to have secured approval for the establishment of
several new undergraduate and graduate programs, including a B.A. in Japanese Studies, an M.A. in Anthropology, and masters’ degrees in Construction & Facilities Management and Fire Protection & Administration. But we have not yet received final approval on requests to establish M.S. degrees in Health Informatics and in Real Estate, or our doctoral program proposed for Bioinformatics and Computational Biology (our 19th doctoral program once approved). Similarly, although the Board of Governors has approved our planning a new Ph.D. program in Public Health Sciences (a necessary step toward our long-range plan to develop a School of Public Health), ultimate approval will depend upon the need for and availability of additional funding. As one of the chancellors who sits on the Board’s Committee on Educational Planning, Policies, and Programs, I can tell you that this is one of the most difficult discussions the Board is having at the present time.

As far as this current year is concerned, I would anticipate it to be a relatively quiet one, with opportunities to make some strategically important long-term investments. Although I do not have the final figures yet, I do anticipate that the campus will begin this year with a healthy balance in our unallocated reserve. We will want to hold onto most of those funds in the continuing budget in anticipation of the possible reductions I’ve described for FY 2012.

With that said, we do have the need to make some commitments of continuing and one-time funds to deal with academic and administrative needs that exist right now. We have serious faculty shortages in some departments and programs that must be filled. We must make some investments to recruit department chairs where we cannot find suitable internal candidates. The campus computing network needs replacement. We are in the middle of implementing electronic procurement, a project with significant potential for long-term savings. We are well along in the restructuring and redesign of our processes for supporting pre-grant and post-award administration, and need to complete and sustain that effort. And, with the departure of Vice Chancellor of University Relations and Community Affairs, David Dunn, I have decided that we need to hire a full-time person whose entire job is dedicated to strengthening our relations with state and local elected officials, not just in Charlotte but across the entire region. That search will be launched in the next few weeks.

With the rest of our unallocated continuing funds, we have an opportunity to use a good part of them for one-time investments in the current fiscal year. We know that there are long lists of one-time needs in all of our divisions, colleges, and departments that could be addressed. We’ll work with our vice chancellors and deans to identify the most important opportunities for the use of these funds. We have some unfunded needs that could strengthen campus safety. We are implementing a web re-design project that will require an intensified commitment of resources over the next 18 to 36 months. And we have a major review of the division of University Relations and Community Affairs under way to ensure that the mission of that unit is fully achieved.

As I told you last year, roughly 25% of our staff at UNC Charlotte has been employed here for two years or less, and we have a continuing need to properly orient and train that staff to be as effective and efficient as possible. In response to an evaluation of our training programs conducted last year by Professor Stephen Rogelberg and graduate student Heather Gordon in the Organizational Science Consulting & Research unit, we have invested in a new staff and faculty training center in the University Foundation building we bought across Highway 49 near the
South Entrance. We will also want to commit additional resources to the Department of Human Resources to strengthen our orientation, training, and professional development programs.

The budget crisis has, until just recently, had less of an adverse effect upon our building program. We have broken ground and made substantial progress on both the new Center City building at Ninth and Brevard streets in Uptown Charlotte, and the Energy Production and Infrastructure Center (EPIC) on the CRI campus, both of which should be completed during the 2011-2012 academic year. We continue our design of the PORTAL industry partnership/incubator building and our second Motorsports Engineering facility, both on the CRI campus. And we continue construction on our Phase IX Residence Hall, aiming for completion in the fall of 2011. In a matter of months, we will start design and construction of Phase X and XI, new residence complexes designed to keep our on-campus residential student population at about 22% of the total undergraduate population. A new office and locker complex for our tennis program and refurbished tennis courts will soon spring up as a result of a generous gift from Trustee Dale Halton, and we should soon complete work on new natural and synthetic recreation and intramural fields on John Kirk Drive.

Notwithstanding this level of activity, we do face some real perils ahead when it comes to facilities, particularly on the academic side. Although the General Assembly authorized the issuance of $60 million in special state indebtedness for building repairs and renovations at UNC system institutions (including nearly $3.6 million for UNC Charlotte), no new funding was provided for the planning or construction of new buildings on any campus, including the $4.8 million requested for our new Science Building. My best guess is that we are at least a couple of years away from seeing new funds for planning, with another five years typically required for design, plan approvals, and construction. We have used some of our federal indirect cost reimbursement dollars to build research-related facilities such as Cameron Hall, PORTAL and Motorsports II, but we are at the limit of what we can afford from that source absent some dramatic increase in our production of externally funded research. In contrast, we can afford to build residence and dining halls or other specialized student life facilities (like the Student Union) because students pay rents, dining fees, or other designated fees that guarantee payments on the bonds required for construction.

We also face some issues with respect to paying for the operations of our new facilities. Such buildings require new funding to pay for utilities, custodial and maintenance services, information technology, and security. Because of enrollment increase funding, we were able to reallocate some $2.2 million in funds last fall to deal with the fact that the General Assembly did not provide expected new dollars to pay operating costs for the new Bioinformatics Building. Fortunately, the current-year budget provides nearly $3.3M in recurring dollars and $947,000 in non-recurring funds for a full year operation of Bioinformatics, partial-year support for Center City, and other facilities. However, given the expected budgetary problems in FY 12 and possible reluctance in the General Assembly to fully fund enrollment growth and other needs, it is far from clear that the next budget will be sufficiently robust to fully fund the operations of Center City and EPIC once those buildings are completed. This will be a top legislative priority for us as we explain to members of the General Assembly why operating funds are required to make good on their investment in the new construction they have already funded. Notably, in this most recent session, the General Assembly approved an additional $3 million of funding...
Let me say just a word now about football. A year ago at this time we were struggling with the question of whether we would be able to move forward with our football program on the original timetable to start competition in the fall of 2013. As we looked at the condition of the economy, it would have been easy to justify a decision to delay. But we also realized that construction prices and the interest costs on debt are at historic lows. So, on my recommendation and after examining a number of financing plans, the Trustees voted unanimously to move ahead. That decision was subsequently affirmed by President Bowles and the Board of Governors when they endorsed unanimously the additional student fees needed to help pay for the costs of the stadium and field house construction. And the entire football decision was affirmed this past summer when the General Assembly enacted and Governor Perdue signed an omnibus bill (Senate Bill 1154) authorizing construction of $554.4 million of University projects to be built with non-state funds. Our football complex and Parking Deck I were part of that package.

In case any of you do not know, the football stadium and its adjacent field house and practice fields are being built on the large grass ellipse that is currently just east of Duke Centennial Hall on the CRI campus. We expect to break ground in mid-spring. Committees I have appointed will soon begin work on thinking through all of the logistical issues associated with football, including academic and medical support, parking, transportation, tailgating, ticket sales, and the like.

Finally, let me spend as little time as I can on everyone’s favorite topic—parking. Ordinarily I would not spend any time on this, but next week is going to be really ugly and I want you to be prepared for it. A drive around campus will show we have created a net of nearly 700 additional surface parking spaces since last year. We are also in active planning or construction of two new decks (Deck H, across the street from the Witherspoon and Laurel residence halls; and Deck I, on the CRI campus behind the new EPIC building). Parking and Transportation Services is negotiating with nearby student apartment complexes to run some students to campus via shuttle. We have even taken the step of arranging to lease 400 additional spaces at the Starlight Movie Theatre across Highway 485 on Highway 29 (North Tryon Street) to be served by shuttle service running every 15 minutes to and from the campus. You can park there for $49 for the entire year if that particular option fits your needs. If you do not want to be frustrated, if you keep a regular schedule, if you want to save some money, and if you like movies, go to Starlight!

With that said, there is a limit to how much additional parking we can or should build on our beautiful campus. We have to realize that this institution has many interlocking parts. Our parking problem is not really a parking problem simply because we haven’t built enough parking. We will continue to have a parking problem as long as we insist upon scheduling most of our courses between 9 a.m. and 2 p.m. on four days of a work week. I was hoping that the construction of the northeast corridor line of light rail would provide us with some reduction in the demand for parking, but it’s now clear that light rail is possibly “light years” away.

As a result, we need to implement actions that improve the utilization of our available parking and that includes the distribution of courses across the instructional day and makes better
use of Fridays. I will be asking the Provost, the deans, and department heads to take a much more aggressive stance with respect to the scheduling of courses, and I will be asking Parking and Transportation Services to continue their work to improve the efficiency of our parking system and the performance and convenience of our shuttle system to remote parking places. Of course, as I mentioned earlier, another reason we need to make better use of our instructional day is that we do not expect to see construction of new academic space for the next several years.

I know that’s a lot to throw at you when you’ve only had coffee and a doughnut, so let me close there and call a 10 minute break while we set up the stage for the General Meeting of the Faculty and questions and answers. All faculty, staff, and students are invited to remain.

Thank you very much.

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