Good morning and welcome to the beginning of another academic year at UNC Charlotte. If the next year is as exciting as the last, you may want to fasten your seat belts.

This is my seventh Convocation address as UNC Charlotte’s chancellor, and my fifteenth as a president or chancellor when including my years at the University of Wyoming. You may not know this little factoid but this length of service is about three times the average for presidents and chancellors in American higher education. In fact, in just the six years I’ve been back at UNC Charlotte, I’ve become the 3rd most senior chancellor in our 17 campus system. As I think I may have mentioned last year, my children say that my longevity is explained by the fact that I have the ideal qualifications for being the leader of a major university—a receding hairline for that look of experience and hemorrhoids for that look of concern. Unfortunately, those conditions remain. Too much information?

Traditionally, the Convocation has been an annual opportunity for the chancellor to report on the “state of the University,” reviewing accomplishments of the previous year but also outlining challenges and opportunities of the year ahead. I will not depart entirely from that tradition today, but I do want to focus more on the future than on the past. For those of you new to UNC Charlotte and who may not have been here to attend past convocations or to receive my semester-ending newsletters, know that you can find those texts and videos of my oh so memorable speeches on the web in what we call the “Chancellor’s Outbox” at: http://administration.uncc.edu/chancellor/chancellors-outbox.

Let me begin where I suspect most of you will have concerns—the condition of our budget for the coming year.

All of you are more than aware of the challenges we have faced this past year with the current-year budget reversions, discussions leading up to the adoption of the state’s budget, and the budget itself. The current-year reversions and the permanent reductions have been very painful, particularly in terms of constraining our ability to fill faculty and staff positions we have needed to serve our growing enrollment of students.
By now, most of you know that every campus reverted 3.5% of its state appropriation in the fiscal year that ended this past June 30 and, in the case of UNC Charlotte, we lost 16.2% of our continuing permanent budget (about $33.5 million) starting this past July 1 and running through June 30 of next year. Moreover, although we haven’t spent too much time talking about it, a late-year sweep of cash by state budget officials to meet year-end requirements left us with “deferred encumbrances” of $6.2M that we must pay out of this next year’s budget and no part of the $4.7M we were counting on to carry-forward from last year to help address repair and renovation needs. (A “deferred encumbrance” is an obligation we have to pay service providers and vendors for goods and services they have already provided but for which we did not have the funds to pay in the last fiscal year as a result of the state’s cash sweep. In essence, it constitutes an unexpected $6.2M cut in our state appropriation (about 3%) before we spend the first dollar out of our budget for this coming year.)

The good news—and there is good news—is that our budget management strategy largely worked. More than three years ago, we tried to forecast what was likely to happen. While hoping for the best, we planned for the worst and we executed that “worst case” plan. As a result, we were able to protect our investment in the recruitment and professional development of our existing faculty and staff with few lay-offs and no furloughs. You—the folks in this audience and colleagues across the campus—represent our most valued and important institutional asset. We simply could not replace your knowledge, experience, and commitment. We were also able to make important investments in the physical and technological infrastructure that makes it possible for us to conduct research and deliver instruction on surely one of the most attractive campuses anywhere and to serve the larger community.

And it fair to say that, notwithstanding the reductions, the state budget actually had some direct benefits for UNC Charlotte. Enrollment increase funding of $7.3 million and about $3.8 million for the operations of the Center City Building and EPIC (the Energy Production and Infrastructure Center) were included in our appropriation, as was $3.6 million in funding for repairs and renovations (R & R). This so-called “R and R” money is not much for a campus which has facilities valued at more than $2.6 billion and documented deferred maintenance needs of $79 million. On the other hand, it is truly better than nothing, which is what we received last year.

Although a good part of our budget management strategy was to limit any new hiring to critical instructional and administrative positions, we have had very good fortune in terms of the quality of the people we have been able to recruit here. In addition to outstanding junior and senior faculty and an amazing group of new departmental chairs, we have added talented staff and senior administrators. That crop of newcomers includes Betty Doster, formerly with the Bank of America, who joined us as Special Assistant to the Chancellor for Constituent Relations and protected vital budget interests we had in the General Assembly in ensuring the new enrollment increase funding and operational support for our buildings. Jerry Coughter of George Mason University takes over the exciting new venture in Center City, and Johan Enslin, the chief technology officer at Petra Solar, is prepared to lead EPIC. Our own Steve Ott and Nancy Fey-Yensan from the University of Rhode Island are prepared to lead the Belk College of Business and the College of Health and Human Services, respectively. And, just yesterday, we were joined by Mr. Stephen Ward of the University of Wisconsin at Stevens Point who will serve us
as the new Executive Director of University Communications. We have high expectations that Stephen will be able to sharpen our integrated communications strategy to strengthen national, statewide, and regional awareness of the accomplishments of this institution. The expectations are so high that many of us now refer to him as St. Stephen. The only person in Charlotte with higher expectations placed upon him with respect to his job performance is Cam Newton!

To be sure, over the past three years, we have lost some very good people from among the ranks of both faculty and staff who have been offered other opportunities. Fortunately, although we have not been able to grow our faculty and staff to keep pace with our enrollment growth, our staff turnover rate of 10% remained below our historic average of 13-15%, and our losses from the tenure-track faculty number for reasons other than retirement number under 30 (about 3%) since 2009.

The challenge for the future, of course, is to hold on to as many of our talented people as we can. We enter a fourth straight year without salary increases for most people, and we face a host of constraints placed upon us by our elected officials in terms of responding to threatened departures, including a prohibition on the use of state funds. The state funds that used to be available to us in the Office of the General Administration to support faculty retention offers have been exhausted, and we simply don’t have the non-state resources available to many institutions.

We also face significant challenges in hiring new faculty and staff. Hiring at market rates, which we all know in our minds is necessary to attract new talent, also creates serious salary compression and morale problems for our existing employees who have labored loyally through this financial recession and state funding crisis. And we face the additional challenge of hiring new SPA staff employees who now, as a result of the recent action by the General Assembly, must serve for ten years to be fully vested in the state retirement system to earn the state’s portion of retirement contributions. If we weren’t already at a significant disadvantage in the greater Charlotte labor market in terms of salary and benefits, we certainly are now. This disadvantage may be particularly pronounced in hiring more experienced staff who, because of their age, may not be willing to place themselves in a position where professional advancement will put their employer-funded retirement benefits at risk.

What will next year bring in terms of financial stability? We simply don’t know. Perhaps like you, I had the feeling that we had hit bottom and were turning the corner on the national and state economic crisis. But the economic uncertainty created by the debt ceiling crisis, instability in the domestic stock market, and unstable foreign economies mean that we may have yet another difficult year ahead of us.

What will be different next year, however, is that we will not have the kind of campus reserves that we had assembled over the past three years in preparation for this year’s crisis. Our vice chancellors and deans have given back to the state the equivalent of about 171 faculty and 124 staff positions and $9.4 million in operating support. These resources are gone and they are not coming back.
It’s a little too early in the fiscal year to announce a management strategy for what’s ahead, but you can be certain that we will be extremely conservative in the next few months in filling vacant positions that haven’t already been released for recruitment. We will also need to continue to make sure that we direct our existing faculty resources toward those critical courses essential to student progression and graduation.

Apart from the budget, we will have a very full plate of initiatives and activities that will require our collective energy and attention.

Priority number 1 is completion of our Institutional Plan for 2011-2016, a process we began last year. The Board of Trustees will review the first draft of that Plan at its retreat on September 1. Shortly thereafter, we will release the draft to the campus community for its review and comment.

Closely linked to the completion of our Institutional Plan is continuing the process for our reaffirmation of accreditation by the Southern Association of Colleges and Schools (SACS), including the development of the QEP (Quality Enhancement Plan) as described earlier by Provost Lorden. As she indicated to you, we also have some serious work ahead with respect to documenting our institutional effectiveness.

As a result of our current budget situation and also in connection with the development of our Institutional Plan, my Cabinet and I will spend some time this year in a Budget Re-examination Exercise. We haven’t developed the specific scope of this effort just yet, but it is our collective judgment that, with our reduced flexibility and the uncertainty of the state budget, this is a timely thing to do. We think we have a pretty complete understanding of our major cost and revenue centers, but it never hurts to re-examine what we’re doing to see whether it is possible to make additional expense reductions or generate additional income. Given the importance of the campus as a whole understanding the budget, we intend to include the elected leadership of the faculty, staff, and student government, and members of the cross-divisional Budget Council organized by Vice Chancellor Beth Hardin.

Because of the condition of the state budget and the salary constraints placed upon us, there is not much we can do that will positively impact the condition of our employees’ wallets and pocketbooks. However, we do have the capacity to do more to recognize the excellent work contributed on campus and to improve the efficiency of our administrative processes and procedures to make this a better and more enjoyable place to work.

With respect to recognition, the Organizational Science Consulting & Research unit (OSC&R), under the direction of Professor Steven Rogelberg, is currently working on a study to determine whether there are additional approaches we might take with respect to employee recognition and reward that do not involve changes in base compensation. We will circulate that report once it is ready later this fall.

With respect to streamlining administrative procedures, our Institutional Plan currently commits us over the next five years to re-examine three major campus-based operations or core administrative processes that can produce significant reductions in annual costs or improved
operating effectiveness. Given our limited resources, we can’t take on everything at once, but I certainly think we are capable of taking on one major project this year, such as converting our travel approval and reimbursement process from being paper-based to being fully electronic. Alternatively, there may be certain high volume personnel-related processes that could be made fully electronic. We’re certainly open to suggestions. Just as we did a few years ago with the Accounts Payable process, UNC Charlotte employees have an enormous capacity for innovation and change if we let them set their minds to the task.

Long term and as our resource base begins to get back to an acceptable level, we may want to consider funding an office that is focused exclusively on institutional analysis and improvement. This is certainly common in the private sector, and it is an approach increasingly employed by major universities as well.

One major change instituted this past year as a result of a conscious effort to re-examine what we were doing with university relations and community affairs produced a consolidated new Division of University Advancement led by Vice Chancellor Niles Sorensen. Combining the functions of university relations, community affairs, public relations, marketing, and alumni affairs has resulted in some promising new initiatives and much better communication, coordination, and integration of these activities.

For instance, Ashley Oster (Director of Community Affairs) and Owen Furuseth (Associate Provost for Metropolitan Studies and Extended Academic Programs) are working to build a campus-wide Community Engagement Council. Focused initially on construction of a database that will aggregate and track the broad range of our community engagement activity, the Council will work on developing a set of high-level priorities that will serve to inform and guide campus decisions around engagement.

Similarly, Betty Doster (my Special Assistant for Constituent Relations) will lead an effort to broaden UNC Charlotte’s legislative and community support in the counties that comprise our region. The plan for accomplishing this is currently in development, and Betty is busy sharing it on campus and with local leaders for suggestions. Our goals here are ambitious. We want to increase our reach and impact with elected officials at all levels of government. We want to recruit the best students we can nationally and across the state, but especially from our own region. We want to increase the engagement of our alumni and friends, expand partnerships with employers, and generally expand our stature as a “thought leader” and “neutral forum” to help the community address its most critical challenges. The twelve North Carolina counties in our region currently provide nearly 15,000 of our students, contain over 62,000 of our alumni, and are home to nearly 36,000 UNC Charlotte donors. If we don’t leverage their presence in the region to our advantage, we will have missed a major opportunity for expanding the influence and reputation of this institution.

As has been the case for UNC Charlotte for the better part of the last decade, we will have a variety of issues to deal with in connection with our space and physical facilities.

The absence of any money in the state budget for planning new facilities has once again this year confronted us with the difficult question about what this means for us in the near term
and long term. Providing contemporary facilities for science instruction and research has been our top construction priority for some time, but the state’s economic condition and the typical timeline for planning and construction suggests that we are at least 7 years from a new Science Building. (I guess the good news is that the 261 parking slots currently located on the site of the new Science Building next to the Student Union are safe for now—both for parking and for tailgating!). But the expected delay in opening the Science Building raises the more immediate concern of what to do about the condition of the laboratories in the Burson Building. We’ll begin that analysis this year. We’ll also implement a procedure we developed this past year to identify key projects for major maintenance repairs and facility renovations, mixing available funds from a variety of sources to address our highest priority needs.

Notwithstanding the problems associated with securing a new Science Building, we do have a significant number of new facilities to open, others to complete, and some to knock down. Center City will open for classes and community activities this month; EPIC and Motorsports II will follow during the year. We’re opening a new parking deck on the north side of campus this fall, and will complete another on the Charlotte Research Institute side of campus later in the year. Phase IX student housing, now to be known as Spruce Hall, is fully occupied for this fall with 437 new beds, and we continue planning for Phase X, which will be located next door to Spruce, and Phase XI, which will be located over by the existing high rise residence halls. A new student dining complex near the high rises will also be developed. We seek to open Phases X and XI in the fall of 2013 and the new dining complex in the spring of 2014. Meanwhile, this year will see the destruction of Phase III (Smurf Village) and, in summer of 2012, we will take down Hunt Village.

For those of you who have driven through the athletic and recreation area lately, you will have noticed the Halton-Wagner tennis facility coming out of the ground and the considerable site preparation required for construction of the football stadium and field house complex site. No, we were not hit by a meteor! I hope all of you will also take the short trip down Kirk Drive to see the new Intramural Field Complex built and funded by our students.

Football, of course, will continue to be a major focus for the coming year. Head Coach Brad Lambert is continuing to hire his staff, and will announce his first class of redshirt student-athletes in February of 2012. Those students will first enroll at UNC Charlotte in the fall of 2012. Meanwhile, several committees will continue to be hard at work on the broad set of issues associated with football, including game-day operations, parking, traffic management, tailgating, and public safety. Other committees are at work on academic, physical training and medical support, external affairs, and public relations.

Let me close this morning with a comment about our development as a research and doctoral-granting institution. Since Chancellor Woodward committed UNC Charlotte to this path and secured authority for the campus to offer doctoral degrees just a little bit more than 15 years ago, we have made astounding progress. More than 800 students are currently pursuing doctoral degrees. We are very close to topping 100 awarded doctorates per year, and this past year saw the approval of our nineteenth doctoral program (in Bioinformatics and Computational Biology).
But it is also true that we have hit some bumps in the road. The budget reductions have placed more teaching responsibilities upon our faculty in some cases, and we have lost some research-productive faculty we have not been able to replace right away. We’ve seen some decline in our annual external research funding as a result.

With that said, I know that we do have some people who question whether, in light of the state budget cuts, we have the resources to pursue our goal of becoming a major research university. I have several answers to that challenge, not the least of which is that the case which former Chancellor Woodward outlined for Charlotte to have a research and doctoral-granting institution is as strong today as when he articulated it at the beginning of his administration in 1989. Anyone who has spent any length of time at UNC Charlotte would know that there has never been enough money to support all that we have aspired to do. But our faculty and staff have been incredibly resourceful, and we sit in a very strong position in some major respects. We have excellent, well-equipped facilities with more coming on line. We have been able to increase the size and scope of our graduate programs and provide significant financial support that has translated into reduced attrition and greater degree production, particularly at the doctoral level. And, although we have lost some faculty, we continue to be successful in hiring at all levels.

Thus, not only do I think it’s important for us to build our research enterprise, I think we should do so more aggressively, particularly in those disciplines where outside support may be available. In our Institutional Plan for 2011-16, I have set a goal for us to achieve annual funding of $50 million. That’s a significant increase from where we were two years ago at about $37 million and especially from our $31 million of this past fiscal year. Truly, this is a stretch goal, not merely because of the size of the gap but because the federal budget is likely to shrink and intensify the competition for research dollars.

How will we do it? First, we need to complete the work of our Research Administration Project (RAP) so that faculty researchers have the best support possible for securing and administering their external grants.

Second, we need a coherent strategy to align our faculty research strengths with funding opportunities from government and industry.

Third, we need to assess the success or needs for improvement in our various centers and institutes and to make sure we have the necessary elements in place as a result of the investments we have made in people, space, and equipment.

Fourth, we need to move forward with the construction of the new PORTAL building which we intend to populate with our business incubator, technology transfer, and industry partnership endeavors.

Our plan at the moment is to convene small groups of faculty in lunch settings to give us some advice on how to proceed. Depending on the advice we receive, our next move could be appointment of a joint faculty-administrative task force to develop a plan for us to use as we move forward, including the development of metrics to hold ourselves accountable for judging
what’s working and, just as importantly, what’s not. Every research initiative deserves a chance to be successful, but we do not have the luxury of reinvesting in substandard performance or failure.

All of these activities will be on the plate of our new Vice Chancellor for Research and Economic Development, Dr. Bob Wilhelm. As most of you know, Bob has ably led the Charlotte Research Institute (CRI) for the past six years. Bob, of course, replaces Steve Mosier who has done a wonderful job of overseeing our research operations and representing us with elected officials and agency representatives in Washington, D.C. for the past fourteen years. A great deal of the money we have had in recent years to equip some of our highest technology laboratories came about because Steve understood and worked the federal appropriations process. Steve never met an earmark he didn’t like!

Steve also brought to our attention the need for a re-examination and restructuring of research administration. This is a task that turned out to be bigger and more complicated than even a process flow chart 35 feet in length could capture. But the work he initiated has resulted in a new program for training departmental grants administrators, the unification of pre- and post-award processing, and the addition of new support personnel in those offices. Steve, thank you, and we look forward to your continuing contributions in the Provost’s office as you lean into retirement at the end of this calendar year.

For your information, the “federal relations” portion of Steve’s job will now be taken over by Betty Doster, the Chancellor’s Special Assistant for Constituent Relations. Betty will work closely with Bob and the General Administration on federal issues including research funding, federal student aid, and the like, and will be the principal liaison to our delegation in Washington, D.C.

As the formal portion of our program ends this morning, I hope you’ll stay for the General Meeting of the Faculty, which is open to all faculty and staff. It will give you a chance to ask any follow-up questions you might have.

This will be a great fall semester, to be highlighted by the formal ceremonial opening of the Center City Building on November 16. Our guests that evening will include former Senator Alan Simpson and former UNC President Erskine Bowles in a conversation about deficit reduction and their lives in politics. Chris William, the host of Carolina Business Review, will serve as moderator.

I appreciate your attention. Thank you very much.

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