“OUR TIME, OUR FUTURE”
the UNC System’s Strategic Plan

Faculty Council
Thursday, January 23, 2014

Elizabeth A. Hardin
Vice Chancellor for Business Affairs
UNC System New Environment

• The Education Advisory Board’s *Transforming University Services* investigates higher education’s efforts to reduce administrative costs

• *Developing Alternatives for Active Portfolio Management*, commonly called The McKinsey Report, is the analytic foundation of OTOF

• *Our Time Our Future* (OTOF) is the system’s strategic plan
This fundamental, and perhaps fundamentally different, perspective on the UNC system suggests the most important and greatest efficiencies in the system can come from more focused campus missions and rationalization of program offerings.
Report’s Eight Sections Focus on the Academic Enterprise

- Campus missions
- Geographic view of institution enrollment
- Portfolio of programs
- Student outcomes

- Financials
- Case studies
- Options for active portfolio management
- Further considerations in portfolio management
North Carolina Demographics

- North Carolina has “a relatively high proportion of doctoral research universities”
- 77% of high school graduates attend a UNC institution
- Most students go to a campus more than 50 miles away
- Urban areas produce the most students
- Campuses have predictable patterns of enrollment
The breadth of program offerings varies significantly by campus, but is roughly aligned with the student population\(^1\)

### Count of programs across institutions, Fall 2011\(^2\)

<table>
<thead>
<tr>
<th></th>
<th>Research Universities - very high research</th>
<th>Doctoral/Research Universities</th>
<th>Masters Colleges/Universities</th>
<th>Baccalaureate Colleges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Doctoral</strong></td>
<td>60</td>
<td>208</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td><strong>Professional</strong></td>
<td>190</td>
<td>16</td>
<td>148</td>
<td>1</td>
</tr>
<tr>
<td><strong>Master’s</strong></td>
<td>63</td>
<td>78</td>
<td>34</td>
<td>1</td>
</tr>
<tr>
<td><strong>Baccalaureate</strong></td>
<td>88</td>
<td>110</td>
<td>64</td>
<td>33</td>
</tr>
</tbody>
</table>

**Students (000)**

<table>
<thead>
<tr>
<th>Institution</th>
<th>NCSU</th>
<th>UNC-CH</th>
<th>ECU</th>
<th>UNCC</th>
<th>UNCG &amp; T</th>
<th>ASU</th>
<th>WCU</th>
<th>UNCW</th>
<th>NCCU</th>
<th>UNCP</th>
<th>FSU</th>
<th>WSSU</th>
<th>UNCA</th>
<th>ECSU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>34.8</td>
<td>29.1</td>
<td>27.4</td>
<td>25.2</td>
<td>18.6</td>
<td>17.4</td>
<td>9.4</td>
<td>13.1</td>
<td>8.4</td>
<td>6.3</td>
<td>5.9</td>
<td>6.2</td>
<td>3.9</td>
<td>2.9</td>
</tr>
</tbody>
</table>

**Degree programs Per 100 students**

<table>
<thead>
<tr>
<th>Institution</th>
<th>0.7</th>
<th>0.7</th>
<th>0.8</th>
<th>0.6</th>
<th>0.8</th>
<th>0.8</th>
<th>1.1</th>
<th>0.9</th>
<th>0.8</th>
<th>0.9</th>
<th>0.8</th>
<th>0.9</th>
<th>0.9</th>
<th>1.1</th>
</tr>
</thead>
</table>

1 UNCSA, North Carolina School of Science, Mathematics were excluded from analysis due to the specialized nature of those institutions.
2 Programs have been counted in terms of 6-digit CIP level (e.g., Bachelor’s, Master’s).

SOURCE: UNC Student Enrollment Data, www.northcarolina.edu
Large degree programs account for most student enrollment, but there is also a long tail of low enrollment programs.

### Breakdown of programs enrolled by program size

#### Undergraduate

<table>
<thead>
<tr>
<th>Program size (students enrolled)</th>
<th>Programs</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10</td>
<td>116</td>
<td>13%</td>
</tr>
<tr>
<td>10-19</td>
<td>96</td>
<td>11%</td>
</tr>
<tr>
<td>20-49</td>
<td>250</td>
<td>28%</td>
</tr>
<tr>
<td>50-99</td>
<td>197</td>
<td>22%</td>
</tr>
<tr>
<td>100+</td>
<td>246</td>
<td>27%</td>
</tr>
</tbody>
</table>

Total programs=905

#### Graduate

<table>
<thead>
<tr>
<th>Program size (students enrolled)</th>
<th>Programs</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;10</td>
<td>115</td>
<td>15%</td>
</tr>
<tr>
<td>10-19</td>
<td>141</td>
<td>18%</td>
</tr>
<tr>
<td>20-49</td>
<td>284</td>
<td>36%</td>
</tr>
<tr>
<td>50-99</td>
<td>154</td>
<td>22%</td>
</tr>
<tr>
<td>100+</td>
<td>88</td>
<td>26%</td>
</tr>
</tbody>
</table>

Total programs=782

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1 Programs have been counted in terms of 6-digit CIP level (e.g., Bachelor’s, Master’s); programs at UNCSA have been excluded from the analysis.

SOURCE: UNC Student Enrollment Data, Fall 2011
Low enrollment (LE) programs further divide into 3 categories:

**“General Education”**
- Programs with low enrollment, but a high number of student credit hours taught, due to contributions to Gen Ed requirements
  - Prevalence: 16 programs (10 < 10 students), 27 programs (14 < 20 students)
  - Examples: Spanish Language Literature, Physics
  - Campuses: FSU, NCCU, UNCP, WSU, etc. (avg enrollment=8 students), ECSU, ECU, NCA&T, NCCU, etc. (avg enrollment=8 students)

**“Satellites”**
- Low enrollment programs that have a large, equivalent program at another campus within the system
  - Prevalence: 10 programs (10 < 10 students), 14 programs (14 < 20 students)
  - Examples: Parks, Recreation Leisure Facilities Management, Marine Biology
  - Campuses: UNCP, WSSU (avg enrollment=11 students), ECU, NCSU (avg enrollment=14 students), Large program at UNCW (121 students), ECU, NCSU (avg enrollment=14 students), Large program at UNCW (198 students)

**“Islands”**
- Programs with low enrollment that may appear at many or few campuses (not core to Gen Ed requirements)
  - Prevalence: 37 programs (37 < 10 students), 74 programs (74 < 20 students)
  - Examples: Latin American Studies, Agriculture, General, Geography
  - Campuses: UNC-CH, UNCC (avg enrollment=10 students), NCA&T (8 students), NCSU (30 students), FSU, NCCU (avg enrollment=10 students), mid-sized programs at 6 other campuses

Total = 905 programs (low high enrollment)

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1 Count only includes programs that appear at 1 campus, in order to preserve breadth of academic offerings; there are an additional 14-22 undergraduate programs that are low enrollment appear at only one campus at the 10-20 student thresholds respectively

Source: UNC Student Enrollment Data, Fall 2011
### UNC campuses vs. self-identified benchmarks, 2010 educational expenses per FTE

<table>
<thead>
<tr>
<th>Campus</th>
<th>Instructional ($/FTE)</th>
<th>Other education expenses ($/FTE)*</th>
<th>All education expenses ($/FTE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appalachian State</td>
<td>0.0%</td>
<td>-17.8%</td>
<td>-1.7%</td>
</tr>
<tr>
<td>East Carolina</td>
<td>12.5%</td>
<td>-27.1%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Elizabeth City State</td>
<td>-9.2%</td>
<td>22.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Fayetteville State</td>
<td>38.7%</td>
<td>29.7%</td>
<td>30.8%</td>
</tr>
<tr>
<td>NC A&amp;T State</td>
<td>4.1%</td>
<td>6.1%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>North Carolina Central</td>
<td>47.7%</td>
<td>3.3%</td>
<td>28.8%</td>
</tr>
<tr>
<td>NC State</td>
<td>-4.4%</td>
<td>-8.2%</td>
<td>-7.4%</td>
</tr>
<tr>
<td>UNC Asheville</td>
<td>-1.1%</td>
<td>-17.9%</td>
<td>-8.8%</td>
</tr>
<tr>
<td>UNC Chapel Hill</td>
<td>73.7%</td>
<td>-17.8%</td>
<td>43.5%</td>
</tr>
<tr>
<td>UNC Charlotte</td>
<td>-5.7%</td>
<td>-17.4%</td>
<td>-12.7%</td>
</tr>
<tr>
<td>UNC Greensboro</td>
<td>3.4%</td>
<td>19.7%</td>
<td>9.8%</td>
</tr>
<tr>
<td>UNC Pembroke</td>
<td>15.3%</td>
<td>27.2%</td>
<td>23.0%</td>
</tr>
<tr>
<td>UNC Wilmington</td>
<td>-2.2%</td>
<td>-8.4%</td>
<td>-10.9%</td>
</tr>
<tr>
<td>Western Carolina</td>
<td>38.3%</td>
<td>-6.3%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Winston Salem State</td>
<td>30.8%</td>
<td>45.7%</td>
<td>67.9%</td>
</tr>
</tbody>
</table>

*Other education expenses use IPEDS data based on Delta Cost Methodology: Student Services + Education Share*(Institutional Support + Academic Support)

Note: Utilities not included since not available in all years

**Implications**

There are six campuses in the system that have 15% greater educational expenses per FTE compared to median of their peers:
- Fayetteville State
- North Carolina Central
- UNC Chapel Hill
- UNC Pembroke
- Western Carolina
- Winston Salem State

And instruction and other educational expenses are below peer average
We Can Consider

- Hybrid and online technologies
- Standardized faculty workloads
- Program section size guidance
- Increasing consistency of offerings, especially General Education
- Defragmenting isolated programs
- Consolidating medium- or large-size programs
- Improving instructional space utilization
- Central repositories for data analysis
Based on the McKinsey Report, OTOF is a true strategic plan premised on the need and desire to produce more college graduates, at lower costs.
Changes In Higher Education

“He higher education is undergoing dramatic structural changes driven by economic and technological forces that extend far beyond North Carolina. These changes present both challenges and opportunities that must be met with a culture of evidence, data-driven analysis, and strategic thinking. The University must confidently embrace these changes if it is to sustain and strengthen what the citizens of North Carolina have built over the past two centuries.”

Our Time, Our Future
New Commitment to North Carolina

• **Academic excellence** and the opportunity for success for all students

• **Value** for students and for North Carolina

• **Maximizing** efficiencies

• **Ensuring** an accessible and financially stable university
Five Goals

- **Setting** degree attainment goals responsive to state needs
- **Strengthening** academic quality
- **Serving** the people of North Carolina
- **Maximizing** efficiencies
- **Ensuring** an accessible & financially stable University
In absorbing increased enrollment of high school graduates, there are vast cost differences among UNC campuses. Such consideration will affect where undergraduate enrollment growth is concentrated within the system. ‘As we examined past patterns of enrollment change, it became clear that the major research universities are not likely to pursue undergraduate enrollment growth,’ wrote public policy scholar David W. Breneman. ‘Nor should public policy push them to do so, as they are the least cost-effective institutions for that purpose.’
Serving the People of North Carolina

- Invest in game-changing research
- More readily apply research and scholarship to the State’s challenges
- Directly engage with specific needs of business, nonprofit, and government
- Help address healthcare needs
Research is an Important Value Warranting Focused Investment

- Advanced manufacturing
- Data sciences
- Defense, military, and security
- Marine and coastal sciences
- Pharmacoengineering
Maximizing Efficiencies

- Campus missions
- Back-office services
- System-wide standards for instructional productivity, better alignment of general education requirements, consolidation, and use of online education
- Create incentives through performance funding and carry-forward policies
- Collect better data to allow better assessment
Ensuring an Accessible and Financially Stable University

- Maintain low tuition and adequate aid
- Reduce the tuition and fee cap
- Limit increases to HEPI
- Expect annual increases of 2% in appropriations
THE IMPLICATIONS
North Carolina now has ambitious attainment goals:

- 2013: 27%
- 2018: 32%
- 2025: 37%
Funding Will Be Limited

- Assume UNC System remains 13% of total state budget
- Expected yearly increase of 1.8 to 2.5%
- Publicly stated expectation of reducing tuition and fees below 6.5%
- Expected increases no higher than HEPI
A quarter of UNC degree programs enroll fewer than 20 students

- 1700 degree programs
- 438 of these have fewer than 20 students
Administrative cost reduction has **not** and **cannot** change the system

- Institutional support cannot be fully eliminated
- UNC Chapel Hill underperformed in all areas of cost reduction except “centers and institutes”
- Cost reduction methodologies have eliminated some levers of system change
Research growth will be strategically focused

- Advanced manufacturing
- Data sciences
- Defense, military, and security
- Marine and coastal sciences
- Pharmacoengineering