

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

Faculty Council  
Thursday, January 23, 2014

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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

# McKinsey Report

## Developing Alternatives for Active Portfolio Management

University of North Carolina  
January 15, 2013

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.



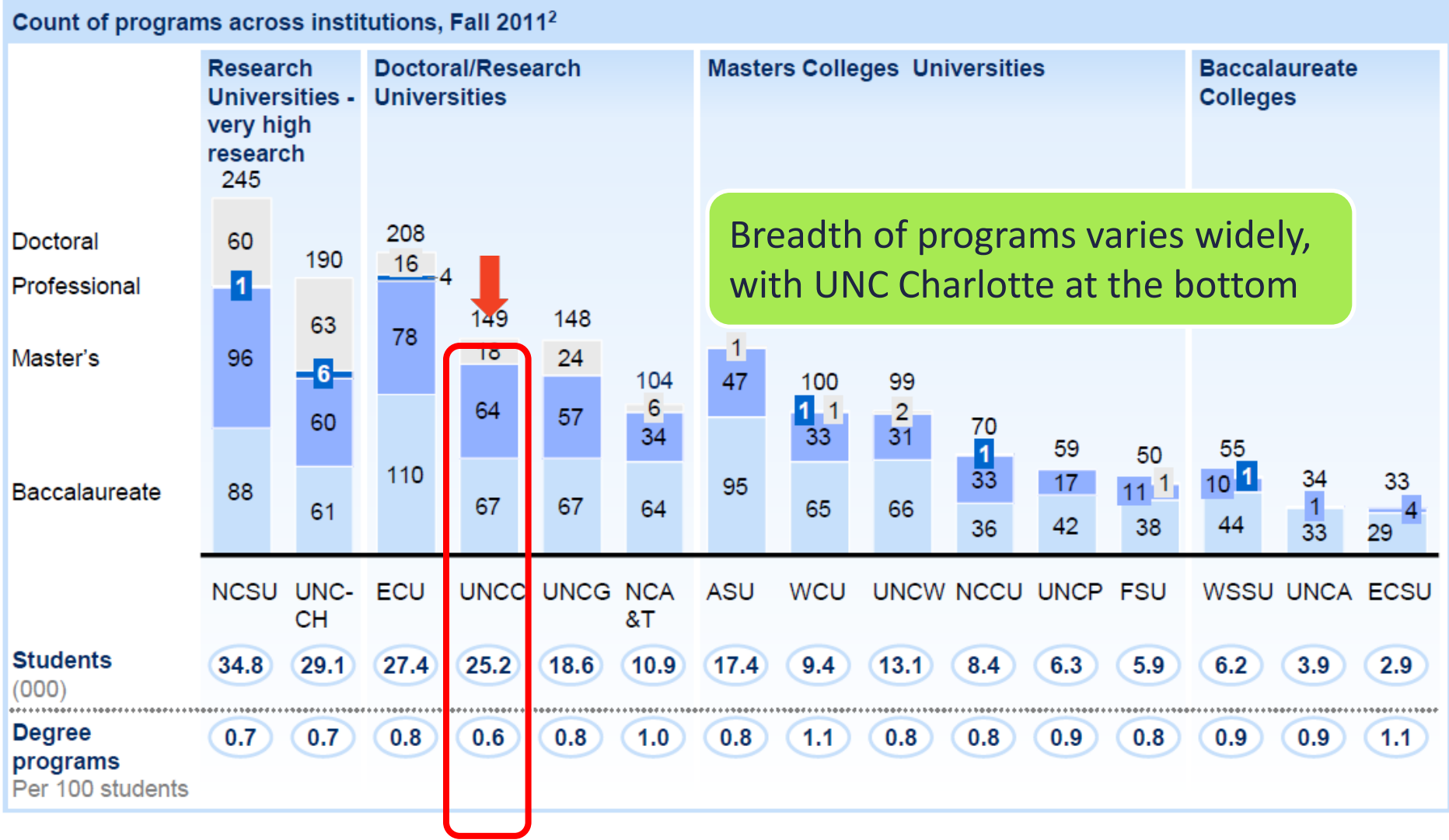
# Report's Eight Sections Focus on the Academic Enterprise

- 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<sup>1</sup>



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

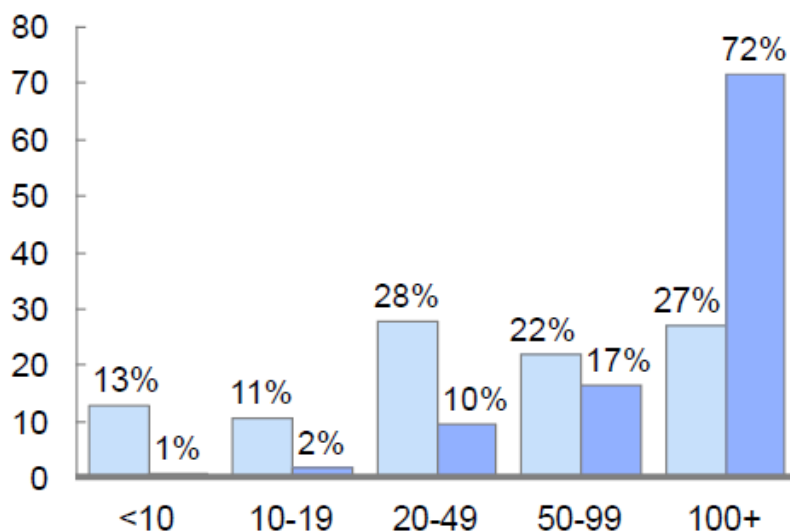
# Large degree programs account for most student enrollment, but there is also a long tail of low enrollment programs

6-DIGIT CIP LEVEL

**Breakdown of programs students enrolled by program size<sup>1</sup>**  
Percent of total, Fall 2011

Programs  
Students

## Undergraduate



Program size (students enrolled)

Number of programs

116

96

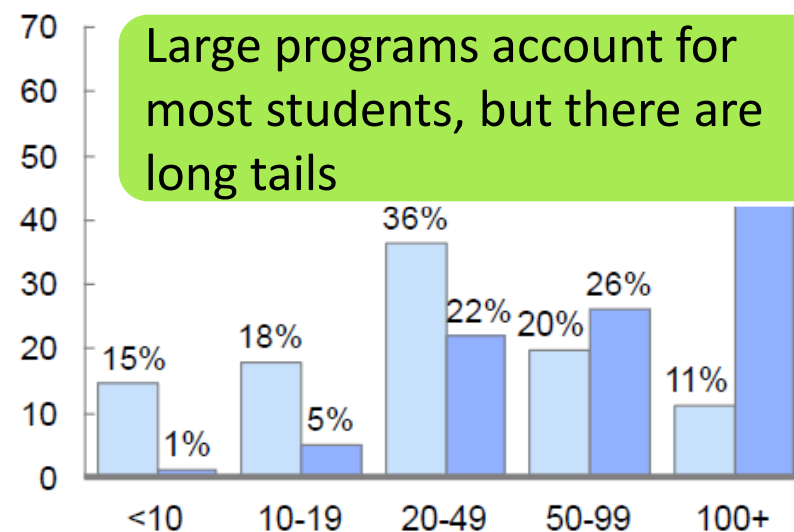
250

197

246

Total programs=905

## Graduate



Large programs account for most students, but there are long tails

Program size (students enrolled)

115

141

284

154

88

Total programs=782

<sup>1</sup> 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

# Low enrollment (LE) programs further divide into 3 categories

## Undergraduate

	Description	Prevalence at different LE thresholds		Examples	
		<10 students	<20 students	Program	Campuses (enrollment)
<b>“General Education”</b>	<ul style="list-style-type: none"> <li>Programs with low enrollment, but a high number of student credit hours taught, due to contributions to Gen Ed requirements</li> </ul>	16 programs	27 programs	<ul style="list-style-type: none"> <li>Spanish Language Literature</li> <li>Physics</li> </ul>	<ul style="list-style-type: none"> <li>FSU, NCCU, UNCP, WSU, etc. (avg enrollment= 8 students)</li> <li>ECSU, NCA&amp;T, NCCU, etc. (avg enrollment= 8 students)</li> </ul>
<b>“Satellites”</b>	<ul style="list-style-type: none"> <li>Low enrollment programs that have a large, equivalent program at another campus within the system</li> </ul>	10 programs	14 programs	<ul style="list-style-type: none"> <li>Parks, Recreation Leisure Facilities Management</li> <li>Marine Biology</li> </ul>	<ul style="list-style-type: none"> <li>UNCP, WSSU (avg enrollment= 11 students)                             <ul style="list-style-type: none"> <li>Large program at UNCW (121 students)</li> </ul> </li> <li>ECSU, NCSU (avg enrollment = 14 students)                             <ul style="list-style-type: none"> <li>Large program at UNCW (198 students)</li> </ul> </li> </ul>
<b>“IsIs”</b>	<ul style="list-style-type: none"> <li>Programs with low enrollment that may appear at many or few campuses (not core to Gen Ed requirements)</li> <li>Individually low enrollment, but collectively may be at scale</li> </ul>	37 programs <sup>1</sup>	74 programs	<ul style="list-style-type: none"> <li>Latin American Studies</li> <li>Agriculture, General</li> <li>Geography</li> </ul>	<ul style="list-style-type: none"> <li>UNC-CH, UNCC (avg enrollment=10 students)</li> <li>NCA&amp;T (8 students)</li> <li>NCSU (30 students)</li> <li>FSU, NCCU (avg enrollment=10 students), mid-sized programs at 6 other campuses</li> </ul>
		<b>Total = 905 programs (low high enrollment)</b>			

Low enrollment programs divide into three categories at the undergraduate level

<sup>1</sup> 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



# UNC campuses vs. self-identified benchmarks, 2010 educational expenses per FTE



Expenses/FTE relative to the median of benchmark schools for each campus respectively

Campus	Instructional (\$/FTE)	+ Other education expenses (\$/FTE) <sup>1</sup>	= All education expenses (\$/FTE)
1 Appalachian State	0.0%	-17.8%	-1.7%
2 East Carolina	12.5%	-27.1%	2.7%
3 Elizabeth City State	-9.2%	22.5%	5.2%
4 Fayetteville State	38.7%	29.7%	30.8%
5 NC A&T State	4.1%	6.1%	-2.0%
6 North Carolina Central	47.7%	3.3%	28.8%
7 NC State	-4.4%	-8.2%	-7.4%
8 UNC Asheville	-1.1%	-17.9%	-8.8%
9 UNC Chapel Hill	73.7%	-17.8%	43.5%
10 UNC Charlotte	-5.7%	-17.4%	-12.7%
11 UNC Greensboro	3.4%	19.7%	9.8%
12 UNC Pembroke	15.3%	27.2%	23.0%
13 UNC Wilmington	-2.2%	-8.4%	-10.9%
14 Western Carolina	38.3%	-6.3%	15.3%
15 Winston Salem State	30.8%	45.7%	67.9%

**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



<sup>1</sup> 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

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

# OUR TIME OUR FUTURE



THE UNC COMPACT WITH NORTH CAROLINA

STRATEGIC DIRECTIONS  
2013-2018

## Our Time, Our Future

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

“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.”

# 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

# UNC Charlotte Figures Prominently In Attainment Goals

“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