Risk Analysis and Evaluation

2017 Tier 1 Risk Profile

UNCW
Institutional Risk Management

Presented to the Audit, Risk and Compliance Committee of the UNCW Board of Trustees
July 27, 2017
Risks College Campuses Face

- ADA
- Codes of Conduct
- Antitrust
- Real Estate

- FSA Issues
- Student Loan
- Debt Issues

- Cybersecurity
- Virtual Campus
- Impact of Technology

- Construction
- Real Estate
- Financing

- Vendor Contracts
- Title IX
- Hazing

- Governance
- Title IX
- Litigation
- Disciplinary Proceedings

- Union Negotiations
- Drone Policy

- Alcohol Policies
- Hazing
- First Amendment

- Premises Liability
- Faculty and Employment Issues
  - Privacy/Student Records
  - Discrimination
  - Employee Benefits
  - Hiring/Termination
  - Retirement
  - Handbooks/Policies
  - Diversity/Affirmative Action
  - Tenure Issues
  - Title IX

- Minors on Campus
- Tech transfer
  - Copyright
  - Trademark
  - Patent
  - Healthcare/ Clinical Trials

- Saul Ewing
  This illustration displays representative services provided by Saul Ewing LLP.
  For a full overview of Saul Ewing’s Higher Education services, please visit www.saul.com.
Making the case for Strategic Risk Management

2010-2012
- Penn State/Sandusky Scandal broke
- UNC academic-athletic scandal; costs approaching $18M
- Baylor University sexual assault scandal
- Dartmouth Greek system involved in hazing and sexual assault

2013-2015
- University of Missouri protests lead to decline in freshman enrollment, layoffs
- Notre Dame athletes involved in class cheating
- Illinois public university system audit finds 129 compliance issues
- Harvard forces around 70 students to withdrawal after cheating
- Data breach at Auburn University exposes 360,000 prospective, current and former students’ personal information

2016 - Present
- Truck bombing in Nice, France begins string of terrorist attacks in Europe
- Students protest controversial speaker at Middlebury College
- Students allege racism, stage protests at Evergreen State College
- University of California audit
- Former Penn State president, athletic director and vice president receive jail terms; total impact $237M
- University of California agrees to pay $1.7M settlement in employee sexual harassment case
- 18 members of Penn State fraternity charged in connection with student hazing death
- Auburn University pays $29,000 in legal fees after cancelling speaker
- Former Michigan State team doctor accused of sexually assaulting dozens
Comprehensive planning with broad based input is required to balance new and existing facilities needs and meet projected growth.

Today’s students/parents continue to be oriented toward Value and Jobs, requiring different approaches and new programs.

Demographics of prospective students are changing, which may require adapting and expanding outreach methods and support systems.

The allocation of new resources must align with the Strategic Plan and ultimately maintain our competitive edge for quality students.
Top risks

- Competition for Enrollment
- Diverse Student Populations
- Facilities Needs and Deferred Maintenance
- Information Security
- Attracting and Retaining Quality Faculty and Staff
- Regulatory Compliance
- Student Safety and Security
- Critical Incident Response
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• State community college and university FTE enrollment combined has gone down in the past five years yet remains higher than pre-recession enrollment levels.

• Enrollment declines have been concentrated at 2-year institutions.

• 4-year institutions show slow but steady enrollment growth.

Source: State Higher Education Finance: FY 2016
Moody’s annual survey (2017):

- Three quarters of public universities projected net tuition revenue growth in the range of 2%-3%.

Increases more than likely to remain modest.
Competition for Enrollment - UNCW

**Maintaining Toward Projections**
- Risk Mitigation Actions taken:
  - UNC system remains a good value.
  - Increase in available scholarship funds.
  - Additional recruiting visits.
  - New outreach methods.

**Potential Impacts If Projections are Not Met**
- A decrease in quality could impact graduation rates and reputation
- Impacts when one academic program is growing and another might be declining, but there is no new overall funding
- Taking on new debt if enrollment declines or use of auxiliary services declines

- Risk Mitigation Actions:
  - Quality remains a priority.
  - Relooking at how funding is allocated to programs.
  - Monitoring enrollment and metrics.
Diverse Student Populations

The UNC system outperforms the nation as a whole when it comes to graduating students within six years – 63 percent systemwide compared to 59 percent.... And UNC system graduates leave school with less debt, because of North Carolina’s comparatively low tuition.

**UNC’s strategy and policy.** There are gaps in levels of enrollment and completion when it comes to low-income, minority and rural students.


“**You need to figure out how you engage everyone in receiving that quality education**”  
Justice Sotamayer at University of Missouri on the future of university communities and what they need to look like in the years ahead to be inclusive and innovative.

**Part way home… interdisciplinary studies major**
# Attracting/Retaining Employees

## 2017 Tier 1 Profile

### Years of Service Categories Having Turnover above 10%

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Total Employees</th>
<th>Total Employees Turned</th>
<th>Turnover Percentage</th>
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<tbody>
<tr>
<td>0-5 yrs</td>
<td>803</td>
<td>79</td>
<td>9.8%</td>
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<tr>
<td>6-10 yrs</td>
<td>401</td>
<td>27</td>
<td>6.7%</td>
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<td>11-15 yrs</td>
<td>291</td>
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<td>16-20 yrs</td>
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<td>21-25 yrs</td>
<td>115</td>
<td>8</td>
<td>7.0%</td>
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<tr>
<td>26-30 yrs</td>
<td>70</td>
<td>4</td>
<td>5.7%</td>
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<tr>
<td>30+</td>
<td>63</td>
<td>3</td>
<td>4.8%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1916</td>
<td>146</td>
<td>7.6%</td>
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</tbody>
</table>

FY2014 – Four; FY2013 – Three; FY2016 – Two; FY2017 - Zero
Regulatory Compliance

**Risk Assessment Objectives:**

- Anticipating potential regulatory compliance changes
- Ensure compliance duties are assigned and accounted for
- Elevate known concerns to VCs for response
- Report to BOT Audit, Risk, and Compliance Committee
- Ensuring relevant aspects of the Strategic Plan are enabled

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<tr>
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<td>Clery</td>
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<tr>
<td>OSHA⁵</td>
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</tbody>
</table>

¹International Traffic in Arms Regulations
²Export Administration Regulations
³Health Insurance Portability and Accountability Act
⁴Unmanned Aerial Vehicles (Drones)
⁵Occupational Safety and Health Act
Institutional Risk Management

2017 Tier 1 Profile

Facilities

- Reliance on specialized buildings (laboratories, data centers, dining, athletics)
- Increased complexity
- Buildings reaching critical life cycle milestones

Institutions nationwide spent $11.6 billion on new construction ... despite being $30 billion behind in needed repairs and renovations.

*Source: Higher Education Seeks Answers to Leaner Years, New York Times, June 2017*
Randall Library has BOG approved Carryforward for:

- Fire Alarm System
- ADA bathroom upgrades
- Renovation for more effective space utilization

Risk Mitigation Actions taken:
Comprehensive renovation of Osprey Hall
Information Security

EDUCAUSE 2017 Top 10 IT Issues

*Information Security*: Developing a holistic, agile approach to reduce institutional exposure to information security threats

**CURRENT STATE**

- Rapid campus-wide security alert notifications
- Increased security awareness among the user community – the human factor
- In process of procuring cyber insurance

**Next Steps**

- Identity and access management
- Next generation security technology planning
  - Cloud security
  - Web application firewall
- Continuous plans for early, effective response to incidents
Institutional Risk Management

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Student Safety and Security

• Clery
• Bike/Pedestrian accidents
• Active attackers
• Substance Abuse
• Natural Disasters

Risk Mitigation Actions taken:
• Hurricane Zephyr exercise
• Active Attacker Posters, Faculty Training, Building Emergency Coordinators, Interior Door Lock Standards
Critical Incident Response

- Active attacker
- Student travel incident (terrorism, transportation incident, etc.)
- Cyber attack
- Civil unrest
- Emerging disease
- Natural disasters (hurricane, flood, tornado)
- Infrastructure crisis (power, water, internet)
- Campus Climate/free speech issues
Emerging Risks

**External Pressures**

- Lower community college enrollments
- Lower federal funding for grants
- Predictive analytics around enrollment and retention – legislative and GA interest

**Aligning Programs to Market Needs**

- High Impact Practices
  - Study Abroad
  - Internships
- Outreach Methods
- Technology Support—keeping up with new technologies

**Changing Faculty Needs**

- Specialized Skillsets
  - Startup money for expensive programs—engineering, etc.
  - Newer collaborative models of teaching—flipped classrooms
- Research Focus
- Online Focus – switch to a 7-week carousel model