

**University of North Carolina Wilmington
Chancellor's Report to the Faculty Senate
November 13, 2012**

Thank you, Mr. President.

As always, it is a great honor to have a chance to report to you about the higher education environment in North Carolina and our activities in the community, with the Board of Trustees and the Board of Governors, and on campus. I want to thank you and the UNCW faculty for the extraordinary commitment to our students and this university you show each day. There is no doubt that the excellent reputation of this university is the result of the work of our faculty and staff.

Mr. President, I hope you will indulge me this afternoon as I give a somewhat longer report to the Senate. Many important initiatives on campus and in the system are at critical stages that require your attention and participation. As we approach the end of the semester, this is a good time to review those initiatives with you. Many of the topics I will cover are extremely important to the future of UNCW. To be as efficient as possible with my time today, I have prepared a formal report I would request be placed in the minutes of today's senate meeting.

Let me report first on campus activities and then move to a discussion of where we are with the Board of Governors strategic planning process.

Campus Activities

Campus Strategic Planning – One of the most important activities now underway on campus is the refreshing of the university strategic plan. You will recall that when I arrived here about a year and one-half ago, I elected not to take the university through a university-wide strategic planning process. There were many reasons for this, the most important of which is the SACS reaffirmation process and the development of the QEP, which continue to consume most of our planning energy.

But, now, more than ever, we need a clear, considered and nimble strategy that organizes our planning, adapts us to the transitional environment in which we live and, most importantly, looks

forward through the guiding themes of our Dare to Soar mission: Love of the Journey of Learning, Love of Place as North Carolina's Coastal University, and Love of Idea and Innovation.

In my remarks to the faculty at the beginning of this academic year, I announced a process by which the Provost, working with a small group of faculty, staff and students, would take a critical look at our current strategic plan with the goal of developing recommendations for revision of that plan by the end of June this year. That committee has been appointed (including faculty recommended by the President) and has begun their work. The Provost and I will be in consultation with you as we move through that process.

As part of this process, at their last meeting, I engaged the UNCW Board of Trustees in two extraordinary days of discussions about the future of higher education, the higher education environment and, specifically, the UNCW strategic plan. This is a group of volunteers who care deeply about this university and who reflect the full range of views that now shape the environment in which we work and plan. It is extremely important for us to listen carefully to both their praise of us and their criticisms, many of the latter of which reflect current public policy discussions.

I have met with the strategic action working group to summarize the BOT discussions, and I have asked them to give those discussions careful consideration as they work to revise the strategic plan.

Tuition and Fee Recommendations – The important campus planning and recommendation building for new tuition and fees is well underway. I expect to receive recommendations from the CITI (Campus Initiated Tuition Increase) committee later this week.

You will recall that we are in a multi-year initiative to reorganize this process in order to: (1) align it with the new budget planning cycle we implemented last year;; (2) shape tuition and fee recommendations based on university strategic priorities;; (3) include more faculty in the process;; (4) put the leadership of the process in the hands of the faculty (represented by the Provost) and the students (represented by the Vice President of the Student Government Association) who co-chair the committee. We have encouraged more student participation in the process and the SGA leadership has really responded to that challenge this year.

There are several elements of the process I want to mention:-

First, last year the Board of Trustees and the Board of Governors approved a \$283 increase in the amount of tuition we charge to in-state undergraduate students for 2013-2014. Similar pre-approved adjustments were made for all of the system universities as part of the BOG tuition “catch up” initiative designed to better align UNC system tuition to that of peers and to make some adjustments for extraordinary resource reductions from the state. The CITI Committee will make recommendations for the tuition rates for other classes of students (out-of-state undergraduate and in-state and out-of-state graduate students).

As part of the consideration of tuition, the committee will be bringing recommendations on two important issues: faculty salaries and financial aid. At your last meeting, the Faculty Senate passed a resolution to allocate new tuition revenue to increase faculty salaries, and the CITI committee carefully considered that recommendation. It is important to know, as I mentioned at the last Senate meeting, since our faculty salaries are below the 80th percentile for our peer group, we are required by Board of Governors policy to allocate 25% of new tuition to faculty salaries.

A second and new consideration of the committee relates to the extent to which new tuition revenues are to be used for need-based financial aid. In recent years, we have been required to allocate at least 25% of our new tuition revenue for this purpose. In response to concern about this practice, last year the BOG changed the policy to give Chancellors and Boards of Trustees flexibility regarding what proportion of new tuition revenue is to be directed toward financial aid with the requirement that, whatever that amount is, it must be listed on each tuition bill sent to students. I asked the CITI committee to make a recommendation regarding financial aid. It is my understanding that the students on the CITI committee have taken a very active role in the committee discussions about this topic, which I very much appreciate.

University Innovation Council – I continue to be very excited about the work of the University Innovation Council (UIC), which I established last year. My intent in establishing the UIC was to create a unique opportunity for especially innovative faculty, staff and students to reconsider some of the most basic operating practices of the university for the purpose of increasing quality and gaining efficiency. Essentially, I wanted the group to focus their entrepreneurial inclinations

inward, toward the university in focused efforts to re-invent ways of doing business. The group has been given the freedom to rethink our operations and, supported by a technical review group, make recommendations, including business plans, for innovative new approaches to our work. We look forward to reporting more about the activities of this group in the future.

Marine Science Review and MARBIONC – Many of you are aware of the General Administration review of marine science programs in the state. The purpose of the review is to determine the extent of redundancy in programs in the state and to guide plans for the support of marine science in the future. This review includes a review of both educational (graduate and undergraduate) and research programs. The review is being conducted centrally by the UNC Vice President of Research and Graduate Education with the aid of a group of outside reviewers from the American Academy for the Advancement of Science (AAAS) who will conduct site visits early next year. Under the direction of Dan Baden and Chris Finelli, the university has completed and submitted a comprehensive self-study of our marine science operations. The self-study is available if you would like to review it. I am extremely proud of the large group that developed the UNCW self-study and am very optimistic that we will continue to play the key role in marine science in North Carolina in the future.

The construction of the facility for Marine Biotechnology North Carolina (MARBIONC) continues as we work with a business development consultant to generate partners for that unique facility.

Board of Governors Strategic Planning

The BOG has embarked on an ambitious planning process called the *Strategic Directions Initiative* to develop and approve a five-year (2013-2018) strategic plan. The Board is required to refresh the system strategic plan every five years. The new plan will replace the current strategic framework, *UNC Tomorrow*, which will be five years old this year.

Two groups are currently working on the plan. The UNC Strategic Directions Committee is charged with synthesizing data and preparing the initial draft recommendations. This committee is chaired by Board of Governors member Fred Eshelman. I serve as a member of that committee. The UNC Advisory Committee on Strategic Directions includes business, education and

government leaders, as well as Board members, several Chancellors and members of the faculty leadership, and one student. The group receives reports and recommendations from the UNC Strategic Directions Committee and other sources, assesses educational needs in the state, and makes recommendations regarding strategy to the President and the BOG.

The UNC Strategic Directions website is:

http://www.northcarolina.edu/strategic_direction/Overview.htm

President Ross initiated the process by introducing five overarching strategic goals for the system.

These are:

- Set degree attainment goals responsive to state needs
- Strengthen academic quality
- Serve the people of North Carolina
- Maximize efficiencies
- Ensure an accessible and financially stable university

The full explanation of these goals may be found at (fivegoals.pdf):

http://www.northcarolina.edu/strategic_direction/meetings/index.php?mode=browse_premeeting&code=strategic&mid=3705

Work is underway in all of these areas simultaneously. Currently, most of the attention is focused on building a consensus around a state educational attainment goal (percentage of NC citizens with at least a four-year degree). It is generally agreed that the attainment goal must be set prior to developing quantitative goals and objectives for the other strategic themes. The UNC Strategic Directions Committee presented its preliminary recommendations regarding system-wide attainment goals to the Advisory Committee and to the BOG in recent weeks. The committee recommended that the state achieve a 31% - 32% four-year degree attainment rate by 2018. Achievement of this goal would put North Carolina in the top ten in degree attainment in the nation.

Arriving at an appropriate four-year degree attainment goal for the state is an extremely complex analysis involving demographic changes, pipeline educational dynamics, workforce needs assessments, and performance and capacity of community colleges and universities. In view of the stalled economy, considerable attention has been given to projected workforce needs in the state. We also considered the intangible benefits, independent of workforce needs. I encourage you to visit the UNC website where you will find the key documents including the two presentations given to the Advisory Committee and the BOG in recent weeks. These materials are:

- 2011-2020 North Carolina Workforce Report
- A Way Forward – Almost home. (Report about citizens with some college course work and no degree).
- A Way Forward – Globally Competitive North Carolina.
- A Way Forward – Building a Globally Competitive South.
- Eshelman’s Presentation October 2012.
- Setting a Degree Attainment Goal: North Carolina.

All of these can be found at:

http://www.northcarolina.edu/strategic_direction/meetings/index.php

There are two major forces at play in setting the state degree attainment goals: (1) Needs of the state (e.g., needs of individual citizens for higher education, workforce needs of the state, collective social [intangible] needs for an education citizenry); and (2) the dynamics of the pipeline of potential students for the higher education system.

Workforce needs are complicated, but here are several aspects that affect the ultimate attainment goal (see the Eshelman report mentioned above):

1. Currently 19% of jobs in North Carolina “require” a 4-year degree but 26-27% of the workforce has a 4-year degree. This “underemployment” situation is of great concern to many policy makers.

2. Demand for jobs requiring a 4-year degree is difficult to ascertain. Total new job growth in the 20 largest economic “sectors” in 2010-2020 is predicted to be 555,151 with approximately 27% requiring a 4-year degree or more. But new job growth in the 20 largest “occupations” is expected to be 197,405 with 10.1% requiring four or more years of college.

In addition to these elements, the state is a beneficiary of a fairly substantial in-migration of individuals having 4-year degrees:

1. In 2008-09, in-migration accounted for more people (73,665) with greater than or equal to a 4-year degree than the UNC System graduated. When this is netted out by out-migration and other factors (those not working, etc.) the estimate is about half the total in-migration. This results in a situation where 18.5% of NC degree holders (4-year degrees) were born in North Carolina while 34.5% were born outside the state.

Background to these data: it is important to know that the current North Carolina attainment rate (blended with those from outside and those from inside) is 25% compared to 26.6% nationally.

Let me turn now to the input side of the equation. What level of attainment does the pipeline into the higher education system support? There are essentially five input sources: (1) in-migration of 4-year degree holders; (2) high school graduates; (3) community college transfers; (4) military population (a very large number of whom separate from service in North Carolina and remain in the state); (5) those who are “part way home” (1.5 million North Carolinians have earned some college credit but have no degree; approximately 10,000 of these have more than 90 credits.)

Considering workforce needs and other needs for higher education in the state along with the inputs listed above, five strategies to achieve the 31%-32% attainment rate are being suggested:

1. Assume the continuation of a roughly 30,000 per year in-migration of four-year degree holders.
2. Raise university graduation rates.
3. Increase throughput of transfer students from community colleges.
4. Leverage special relationship with the U.S. Military.

5. Increase degree completion among those who are part way home.

There is no doubt the outcome of the discussion about degree attainment and about the other goals presented by President Ross will affect the way in which we work. We are moving rapidly into a performance-based funding model and, so, we can expect that our financial future will depend on our ability to meet targets related to the emerging strategic goals. This is a great opportunity for UNCW, which has a long history of high performance. There will be many discussions to follow as we learn more of what will be expected.

Thank you.