

Amendment to the 2008-09 Budget Priorities

At its March meeting, the Board of Governors approved its *2008-09 Budget Priorities*. It is now recommended that the *Budget Priorities* be amended to: (1) adjust the request for the Center for Bioenergy Technologies at NCSU; (2) include funding to implement financial system improvements to provide a payroll system for nine campuses migrating off the state's Central Payroll program; (3) revise the capital priorities to include the Upper Coastal Plain Higher Education Center; and (4) include a request for the Center for Applied Public Policy. Recommended changes are attached.

Center for Bioenergy Technologies at NCSU

The Board of Governors approved, at its March meeting, a budget priority item for the Center for Bioenergy Technologies at NCSU of \$7 million. Because NC State has determined that the facilities at the Southeastern Energy Field Laboratory are inadequate for a research project of the proposed size and scope, NC State has requested that the 2008-09 funding request for \$7 million in recurring funds for this program be modified to a request of \$2,043,594 in recurring funds and \$3,800,000 in nonrecurring funds. There is no substantial change in the programming for the project, but the activities will now take place on campus, at the Lake Wheeler Road Field Laboratory and at the Southeastern Energy Field Laboratory. It is recommended that these changes be made. The revised item is presented below.

Center for Bioenergy Technologies (NCSU)

\$ 2,043,594 R

Recurring funds are requested to expand initiatives of the Center for Bioenergy Technologies at NCSU. Three components of the Center would be (1) new technologies for efficient and clean use of traditional energy sources; (2) alternative, environmentally safe, and renewable energy sources, especially new technologies for biofuel substrates and their conversion to affordable bioenergy; and (3) research of energy technologies and the impacts on the environment and North Carolina's rural economy. The General Assembly provided \$1.5 million in nonrecurring funds for this program in 2007-08.

3,800,000 NR

To develop new alternative, environmentally safe and renewable energy sources, NCSU scientists need to expand research on bioenergy feedstocks and develop ways to efficiently convert North Carolina agricultural, forestry and waste sources to energy. Additional faculty and staff are required to accelerate this research, to operate the planned biomass pilot plant at the Lake Wheeler Road Field Laboratory and to staff and operate the Southeastern Energy Field Laboratory. One-time equipment funds are needed to provide the infrastructure for the Southeastern Energy Field Laboratory, expand the biomass pilot plant and improve the bioenergy laboratories on campus.

UNC Systems Support and Data Integration

At its March meeting, the Board of Governors approved a budget priority item for UNC Systems Support and Data Integration of \$800,000. It is recommended that this item be revised to include funding to allow the University to begin the process of providing hosted services for Banner campuses to take advantage of cost savings and to provide more effective computing services. Funds would also be used to create the capacity to centrally process payroll for the nine campuses currently using the State's central payroll system, which will be discontinued in 2009. UNC General Administration would establish a payroll system that would utilize remote access to the campus Banner systems to process individual payrolls for Elizabeth City State University, Fayetteville State University, North Carolina A&T State University, North Carolina Central University, the North Carolina School of the Arts, UNC Asheville, UNC Pembroke, Western Carolina University, and Winston-Salem State University.

It is requested that the Board include in its budget request an additional \$1,157,751 in recurring dollars and \$2,020,000 in nonrecurring funds to implement the payroll conversion. A detailed plan, timeline, and budget are attached.

The revised item is presented below.

UNC Systems Support & Data Integration

The UNC Tomorrow Commission urged UNC to continue taking steps to improve its efficiency and establish accountability measures [Rec. 5.6 and 5.8]. Developing integrated computing systems across the UNC system will help achieve these important goals. The Board of Governors requests funding to form a unit within General Administration that is exclusively devoted to supporting the needs of the campuses as they implement integrated computing systems. The University has recently experienced a series of audits with a number of findings related to the implementation of Banner, a computer system that is operating on fourteen UNC campuses with varying degrees of success. The Banner modules are highly integrated and complex and the University would benefit substantially from a team of internal experts who would travel among the institutions, promoting standardization, addressing less than satisfactory implementations, and capitalizing on those implementations that exhibit best practices. From an efficiency perspective, this specialized expertise would not have to be duplicated at all campuses, thereby reducing campus reliance on external consultants, as well as the

\$ 1,957,751 R
2,020,000 NR

associated costs. This unit would share both technical and functional expertise to ensure that campuses leverage opportunities available system-wide when computing systems are implemented on a uniform basis. Lessons learned and best practices identified would be shared among all UNC institutions, thereby improving efficiency and effectiveness of our operations. The first use of these funds would be the implementation of a University-based payroll system.

Payroll Recommendation

The Challenge

The State Controller's Office is in the process of converting all State agencies to a new central payroll system; nine UNC campuses now utilize central payroll. The University would be required to manually interface with the new central payroll system requiring duplicate data entry of human resource and payroll data, a process that would be highly inefficient. By December 2009, the nine campuses must be processing payroll effectively and efficiently in a non-central payroll environment. The optimal solution should be in line with the future vision described below:

Future Vision

UNC should begin the process of providing hosted services for Banner campuses to take advantage of cost savings and provide more effective computing services.

In a hosted services environment, the Banner database and associated programs would be physically located on a centralized computer at a regional data center (center of excellence). The campuses would be connected to their Banner systems through a high speed network. The "host" would provide system administration, database administration, backup and recovery and network connectivity to the campus.

All UNC campuses would be on the same versions of Banner and related ancillary software.

If all campuses were on the same version of Banner, the system would work collaboratively on upgrades enhancements, and would implement best practices. Consolidation of computing would provide the opportunity to better utilize the functionality within the ERP tool and would allow better sharing of processes between campuses as well as the creation of centers of excellence, not just for hosted products, but for the ancillary products such as the portal, the housing module, the job submission process etc.

UNC should work towards a centralized data warehouse for reporting.

Each campus owns the Operational Data Store (ODS) product, a data warehousing tool. Some campuses are using this data warehouse tool and others are considering using a different one. A consolidated data warehouse would allow for the collection and analysis of standardized data from all UNC campuses. The information stored in the warehouse would allow for improved reporting and decision making system-wide.

Timeline

The challenges, timelines and costs associated with establishing a hosted environment are much larger than the immediate payroll challenge; however, the solution to the payroll challenge should be consistent with the long-term opportunities derived from such an environment. The payroll project needs to be implemented by December 2009.

Recommendation

UNC should create the capacity to centrally process payroll for the nine campuses currently utilizing central payroll. Each campus must be fully operational on the Banner Human Resource system to enable payroll to be processed in a consistent and centralized mode.

- Each campus would adopt a single, unified and standard set of best practices for processing payroll as determined by a project team of campus and General Administration personnel. Best practices to be embraced would include those recommendations in the current study of university practices by Ernst and Young.
- Each campus would adopt a common set of benefits.
- Each campus would utilize the necessary Banner functions to prepare for payroll processing.

With the adoption of common practices, the nine campuses would be in a position to have their payrolls processed in a centralized manner without the manual and duplicative entry required if using the central payroll system.

Centralized processing would require the creation of a “payroll group” to execute the processing of payroll in collaboration with the payroll staffs at the campuses. This group would provide training/certification of staff to ensure that all personnel are knowledgeable about all the steps for payroll processing and ensure the campuses are in compliance with all reporting and regulatory requirements. Once established, this group would assist the campuses by providing on-going training for new staff, providing legal and tax updates, and helping reconfigure payroll-related tables, when needed.

If funding is not available to begin a hosted environment, other viable alternatives exist for processing payroll and the solutions may be different from campus to campus. Some campuses might choose to individually process their payrolls using the Banner software; others would outsource their payroll to a payroll processing company. Either option would result in incremental campus costs, both for the implementation phase and for ongoing processing. Outsourcing to a payroll service, an option that does not result in campuses fully utilizing the capacity of the Banner system, would cost approximately \$500,000 per year plus initial start up costs.

Implementation Process

The steps involved in establishing a hosted environment for payroll processing are documented below:

First, the University would need to establish a Project Management Office (PMO) to coordinate the payroll project.

Next, the Project Management Office would work with the campuses to develop the functional requirements for the proposed solution to include:

- a. Developing the business process flow including the business process common rules and the operating procedures for the new system, including the synchronization of payroll cycles and processes.
- b. Developing a detailed Functional Specification Document for the centralized process to include all the proposed processes and changes that would be required to Banner in order for the solution to be implemented.
- c. Developing the functional specifications for all the interfaces including updating the Human Resource module at the central site, transferring updated payroll data back to the individual campuses and reporting data that must be reported to the State Controller's Office to that agency.
- d. Developing a detailed project plan and project budget based on the specifications outlined above.
- e. Analyzing the status of the Human Resource modules at each campus and ensuring that each is fully functional in the following areas:

Leave Administration

Benefits and Deductions

HR Time-Entry

Joint Finance-Labor Budgeting and Year-end Processing

HR Web for Time Entry

Tax Administration and Salary Planner Functions

Working with the campuses, the PMO would determine an implementation schedule, possibly implementing the payroll project in two or three phases depending on the readiness of the campuses to go live on the new system.

Estimated Cost

The following detailed budget provides estimates of the costs associated with running a centralized payroll for the nine campuses.

UNC Systems Support and Data Integration Summary – Payroll Conversion Process

EPA Salaries	492,500	R
<i>ERP Application Specialist – Mid-Level (2)</i>		
<i>ERP Application Specialist – Advanced</i>		
<i>Assoc. VP – Project Management Payroll Conversion</i>		
<i>Asst. VP – Project Management Payroll Conversion</i>		
SPA Salaries (Support Staff)	40,000	R
Recurring Equipment – Servers & Data Storage	500,000	R
Social Security Contributions (FICA)	40,736	R
Retirement	59,573	R
Medical Insurance	24,942	R
Subtotal – Recurring	1,157,751	R
Sungard Consulting Services	1,320,000	NR
Servers/Data Storage	700,000	NR
Subtotal – Nonrecurring	2,020,000	NR
TOTAL REQUEST	3,177,751	
Previous Request – approved by BOG on 3/7/08	800,000	R
Revised Amount – Recurring	1,957,751	R
Revised Amount – Nonrecurring	2,020,000	NR
TOTAL REVISED REQUEST	3,977,751	

Upper Coastal Plain Higher Education Center

The Board of Governors approved, at its March meeting, the University's 2008-09 capital priorities. It is recommended that the Upper Coastal Plain Higher Education Center project be included in the Board's priorities as a next priority. A revised plan is attached. The Upper Coastal Plain Higher Education Center will be a general purpose classroom building that will house the Director of the Upper Coastal Plain Higher Education Partnership, who will be responsible for staffing the Partnership initiative and for outreach to the diverse groups and organizations of the region, meeting with them in their home communities and at the Center to promote its mission. As funding becomes available, the Center may house additional staff such as coordinators of teacher education and health professions programs who would work with local schools and community colleges in developing seamless educational pathways for students. The building will provide meeting space for the Learning Council and Programming Committee as well as for other groups and organizations involved with promoting higher education. Space is allocated for faculty offices, student admissions and advising services, a library/resource center, and a student activity area, which will be designed to promote a sense of connection between students and their home university campus. As the Center develops and matures in its mission, it may serve as a model for provision of degree programs in other regions of the State that do not have a nearby UNC campus.

The proposed general purpose classroom building will also serve as the primary location for UNC constituent institutions' delivery of site-based higher education programs to Edgecombe, Halifax, Nash, Northampton, and Wilson counties. The four UNC institutions involved with the Upper Coastal Plain Higher Education Partnership are East Carolina University, Elizabeth City State University, N.C. Central University, and N.C. State University. One goal for this initiative is to staff a dedicated UNC facility in the region that promotes participation in higher education and supports the University's commitment to serve these counties. Working in collaboration with the four community colleges and the two private colleges in the region, the UNC institutions will offer higher education programs at the Center that respond to needs identified by the Upper Coastal Plain Learning Council, a 17-member group comprising area community and business leaders. Programs will be offered at the Center that address educational, workforce and economic development priorities in areas such as teacher education, health professions, and engineering technologies. While the emphasis will be on degree programs at the baccalaureate and master's levels, other activities will be sponsored as needed such as professional development workshops, lateral entry teacher education courses, education and job fairs, corporate higher education activities, regional focus groups meetings, and continuing education classes.

The building will contain ten classrooms of varying sizes, five laboratory classrooms, a library/resource center a number of floating faculty offices, administrative and technology spaces and a student activity area. The total estimated cost is \$14,480,000.

**The University of North Carolina
Summary – 2008-09 Capital Budget Priorities
Revised March 2008**

<u>Institution</u>	<u>Priorities</u>	<u>2008 Request</u>
University-wide	Fire Safety Improvements - Student Residence Halls	38,500,000
ECU	School of Dentistry (funded for planning - 2006, 2007)	62,000,000
ECSU	School of Education Building (funded for planning - 2007)	18,000,000
NCA&T	General Classroom Instructional Facility (funded for planning - 2007)	20,487,000
NCCU	School of Nursing Building (funded for planning - 2007)	22,500,000
NCSSM	Discovery Ctr - Science Labs/Classrooms/Residence Hall (funded for planning - 2007)	66,663,000
NCSU	Centennial Campus Library (funded for planning - 2007)	97,000,000
UNC-CH	Dental Sciences Teaching and Learning Building (funded for planning - 2005-07)	69,000,000
UNCC	Energy Production Infrastructure Center (EPIC) (funded for planning - 2007)	57,218,000
UNCG	Academic Classroom and Office Building (funded for planning - 2007)	42,667,000
WSSU	Student Activity Center - Budget Supplement	9,799,000
System	Land Acquisition	25,000,000
Total Priorities		528,834,000

<u>Institution</u>	<u>Next Priorities</u>	<u>2008 Request</u>
ASU	College of Nursing and Health Sciences Building – Planning	4,200,000
ECU	New Family Medicine/Geriatric Center (funded for planning from receipts)	36,800,000
ECSU	School of Aviation Complex (funded for planning - 2007)	14,500,000
FSU	Teaching Education and General Classroom Building – Planning	4,272,100
NCA&T	Joint Primary Data Center – Planning (with UNCG)*	2,315,020
NCSA	Central Storage Facility – Planning	1,110,000
NCSU	Engineering Complex – Planning	21,373,400
UNCA	Replace Carmichael Hall and University Lecture Hall – Planning	2,680,100
UNC-CH	Carolina North Development, Phase 1 – Planning	16,900,000
UNC-CH	Biomedical Research Imaging Center – Complete Planning (funded for planning - 2007)	19,500,000
UNCC	Science Building – Planning	12,000,000
UNCG	Joint Primary Data Center – Planning (with NC A&T)*	2,315,020
UNCP	Information Commons Building – Planning	5,000,000
UNCW	Allied Health and Human Sciences Building – Planning	4,320,000
WCU	Education and Allied Professions Building – Planning	4,018,700
WSSU	Sciences and General Office Building (funded for planning - 2007)	24,900,000
WSSU/NCSA	Center for Design Innovation – Site Preparation	1,500,000
UNC Health Care	Inpatient Bed Tower and Operating Room Facility – Planning	16,275,000
Educ. Center	Upper Coastal Plain Higher Education Center	14,480,000
Total Next Priorities		208,459,340
GRAND TOTAL		737,293,340

Center for Applied Public Policy

At its March meeting, the Board of Governors requested additional information on the budget proposal for the Center for Applied Public Policy, prior to considering it for approval as a budget priority. On April 17, additional information was sent to the Board about this proposal, and that information is attached for reference. It is recommended that the Center be included in the Board of Governors' Budget Priorities for the 2008 session.

Center for Applied Public Policy

\$1,250,000

North Carolina's rapid growth and fast-changing demographics confront state and local policymakers with a need for reliable data and a clear understanding of options as they make decisions about how we will move forward. As noted in UNC Tomorrow, UNC's faculty have deep knowledge of a wide range of subjects affecting our state's future. The Board of Governors requests \$1,250,000 to create the UNC Center for Applied Public Policy. The Center, based at UNC-Chapel Hill, will respond to policymakers' needs by drawing on the public policy research capacity of the entire UNC system, delivering neutral information and a range of options to policymakers in a timely manner to assist in public policy discussions. Funding would support Center staff, who would work with lawmakers and faculty to refine research questions, and would provide funding for research by faculty at all UNC campuses.

**Proposal to Establish the University of North Carolina
Center for Applied Public Policy Research**

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Proposal to Establish the University of North Carolina Center for Applied Public Policy Research

EXECUTIVE SUMMARY

North Carolina faces a host of daunting challenges over the next generation. Many of our communities are struggling to recover from major economic transitions. Dramatic population growth is placing enormous pressure on local infrastructure and services. Our state faces serious questions in a wide range of policy areas—including health, education, economic development, environment, criminal justice, and finance.

State and local policymakers seeking to respond to these challenges face obstacles in developing effective solutions to address specific policy issues. First, they lack access to relevant data and deep analysis about complicated policy issues from a neutral vantage point. Second, they are often faced with short-term political considerations that hamper the adoption of a longer term perspective or solution. Third, it can be difficult to bridge disagreements in order to find a workable, nonpartisan solution. Finally, some policy issues have competing interest groups and it can be challenging to identify a course of action that will produce general agreement.

The 17 campuses in the University of North Carolina offer a great reservoir of knowledge and expertise to apply to the most pressing issues in North Carolina. While many faculty and staff provide some help to the State on public policy issues, this work is not carried out in a coordinated, comprehensive, and strategic manner. Other faculty members would like to apply their knowledge to problems facing North Carolina, but there is no mechanism for getting them involved and no guidance about how to assist in ways that avoid advocating for policy outcomes. In recent discussions with senior UNC staff, state policymakers indicated a strong interest in UNC enhancing its efforts to fully harness the collective knowledge of the University to help address the biggest challenges in our State.

The University of North Carolina Center for Applied Public Policy Research (Center) will work closely with policymakers and others to develop meaningful information, analysis, and options for responding to those tough questions. It will provide sound data, high quality research, rigorous analysis, and creative thinking. The Center will respond to outside requests, but it also will initiate projects that it believes are strategically important for North Carolina. It will provide legislators and others with educational opportunities to learn how other states have addressed tough policy issues, and it also will work over time with legislative study commissions to provide information, analysis, and policy options. The Center will focus on moving faculty research from the campus to the community in ways that are accessible and useful without losing its complexity. A distinctive feature will be its role as a neutral consensus-building forum for all sectors in facilitating effective solutions to complex public policy issues, a University function recommended by the UNC Tomorrow Commission report and currently being considered by the National Association of State Universities and Land Grant Colleges as a best

practice. The Center will choose its work strategically based on whether it can make a real, practical difference in North Carolina public policy. We know of no other Center nationally that is taking such a comprehensive approach to public policy research. Moreover, the Center will be uniquely positioned to respond to some of the needs identified by the UNC Tomorrow Commission.

The Center cannot meet these objectives unless it is perceived widely as neutral and credible, which means that it must remain scrupulously nonpartisan and avoid advocating for particular policy outcomes. The Center will help North Carolina policymakers find their own public policy solutions through a combination of research, education, and facilitation.

The Center will draw on the expertise of faculty and others located on all of the campuses within The University of North Carolina. Our public university system has an obligation to respond to the needs of North Carolina, and the Center will form a collaborative partnership with faculty and existing centers to help meet those needs. It will be housed administratively at UNC-Chapel Hill and it will report to the Vice Chancellor for Public Service and Engagement. The Center's commitment to operating as a system-wide program providing neutral assistance will be insured by an advisory board with representatives from the UNC campuses, policymakers, and other key stakeholders. Each campus also will designate a liaison to the Center who will help connect their faculty with relevant opportunities for policy research, education, and facilitation.

The Center will have a small professional staff in recognition that its mission primarily involves coordination and facilitation of faculty from the different UNC campuses. The staff will include an executive director, a director of research, and one program manager. The executive director will manage the overall operation, work closely with the advisory committee, and develop relationships with key stakeholders. The director of research will manage requests for research assistance, initiate special projects, and coordinate the work of faculty and students. This work will include the translation of existing research into forms that are meaningful and useful. The Center will manage a significant campus-based applied public policy fund to support faculty and students who are involved in this work. The senior professional staff will be involved in research briefings for policymakers and the challenging work of convening policymakers and stakeholders to facilitate policy consensus. The program manager will work closely with the liaisons to identify faculty members from the different campuses with the necessary expertise. The Center will add other professional staff as needed to support its work.

With this proposal, we request funding from the General Assembly for establishment of the Center because we believe it can meaningfully inform public policy debate and implementation in North Carolina.

I. INTRODUCTION - WHY A CENTER FOR APPLIED PUBLIC POLICY RESEARCH?

North Carolina is among the nation's fastest-growing states. Many city and county infrastructures are striving to keep up with the large number of new residents, and the state's racial and ethnic makeup is changing dramatically. Some school systems are struggling to provide space and services for thousands of new students each year; others are watching enrollments shrink and graduates move away, creating a need to improve the quantity, quality, and geographic distribution of public school teachers. With the population flux also come new wealth and new poverty and a myriad of new public policy challenges. North Carolina's natural resources face severe tests and we need to develop new solutions to keep our economy strong and maintain our quality of life. Regularly-occurring natural disasters leave behind years of needed repair and recovery and policy questions about how and where we rebuild. Economic transitions have left thousands out of work and in need of additional education and retraining, raising questions about what fields we retrain for and how we support those efforts. This coincides with a demand by existing North Carolina employers and new businesses for a more a qualified and competent workforce in order to maintain productivity and competitiveness.

In the midst of these developments and challenges is The University of North Carolina (UNC), a world-class public university system. With 17 campuses, more than 200,000 students and 40,000 faculty and staff, the University has relevant expertise to address the complex public policy issues raised by these trends.

How do we connect what UNC knows or can discover to help policymakers create public policy solutions for our communities and our state? How can UNC play a meaningful but neutral role in identifying challenges, possible solutions and consensus about how to go forward on critical issues? Many have complained that the University has not responded adequately in the past, and that there is no easy or reliable way to access faculty expertise on policy issues. There is a need for a credible information broker—a facilitator that can move useful knowledge from the campuses to our communities and to our policymakers in forms that are relevant and practical. The UNC Tomorrow Commission recommended that “UNC should create a mechanism for applying research and scholarship to address significant regional and statewide issues.” (Recommendation 4.7.3) The University of North Carolina Center for Applied Public Policy Research will meet that need.

Background and progress to date

UNC President Erskine Bowles initiated the planning for this Center in response to several converging factors:

- Discussions with North Carolina university and other leaders who have contended that the state needs a more coordinated approach to addressing policy needs

- Widespread recognition that the UNC system must do a better job of responding to the state's needs, which has resulted in a commitment by the University to identify and meet the needs of North Carolina over the next twenty years
- Several unrelated efforts to connect university research with the state's policy needs.

In December 2006 President Bowles asked a number of chancellors to designate a representative from each of their campuses to participate in a working group to plan the Center. The working group met for the first time in January 2007, convened by Leslie Boney, UNC Associate Vice President for Economic Development Research, Policy, and Planning, and Mike Smith, Vice Chancellor for Public Service and Engagement and Dean of the School of Government at UNC Chapel Hill. (See Appendix A for a list of participating campus representatives.) The group's charge was to develop and submit a proposal to establish a UNC system-wide applied public policy center for North Carolina.

In developing the proposal, the working group considered different perspectives on the public policy needs of the state and how the university system might enhance its efforts to respond to those needs. The working group evaluated the following information as a part of its planning process:

- Interviews with North Carolina legislators, legislative staff, senior executive branch officials, representatives of non-profit policy organizations, and the philanthropic sector, and business leaders about their different interests in public policy assistance and how they might be met by a university-based research center
- Research on existing policy centers and institutes within the UNC system
- Research on university-based public policy centers outside of North Carolina, including interviews with their professional staff
- Feedback from focus groups of faculty on different campuses regarding the merits of a UNC-wide applied public policy research center. These meetings generated information about 1) policy relevant work in which faculty are already engaged; 2) the type of public policy work that faculty would be interested in carrying out; and 3) the faculty's perspective on optimal conditions and circumstances for doing such work.

The analysis of this information helped the working group understand the needs of policymakers as well as the state's existing capacity for policy research. With this knowledge, the group developed an outline that emphasized key components of the future center: the Center's mission, the content of its work, infrastructure, governance, a potential funding plan, and possible approaches to measuring the Center's impact. After President Bowles endorsed the outline, it was expanded into a full proposal. The working group reached consensus that the general approach reflected in this proposal offers the best opportunity for the campuses to apply the expertise of their faculty to North Carolina's public policy challenges.

After initial conversations with UNC President Erskine Bowles and UNC Board of Governors Chairman Jim Phillips, Leslie Boney and Mike Smith held further

conversations with state legislators, legislative staff, Board of Governors members and other interested parties, which have led to additional adjustments in the proposal.

II. OVERVIEW OF PROPOSED CENTER

Purpose

The Center's primary purpose is to contribute to meaningful policy solutions through responsive research by university faculty. It will identify faculty expertise on the different UNC campuses to address issues about which policymakers currently have a pressing interest, as well as emerging areas that will require policy attention in the future. It will work with campus liaisons to identify individual faculty members with needed expertise, or by partnering with existing campus centers to bring their focused expertise to bear on identified needs. Unlike existing campus policy units, the Center staff will not conduct original research. The staff will facilitate and disseminate research conducted by faculty members on the campuses. The staff will know the needs of policymakers, identify campus research relevant to those needs, and translate the research into forms that contribute to the policy process. The Center also will serve as a convener and provide a neutral forum to help policymakers and other stakeholders learn about the issues, discuss them openly, and strive for consensus whenever possible.

The Center will not advocate for particular public policy outcomes, however. Instead, it will make sure that policymakers on all sides of an issue have access to the results of objective and reliable research. In order to avoid the appearance that the Center is advocating for policy outcomes based on faculty research, its own staff will facilitate the consensus process rather than the campus faculty members who conducted the research. In this way, a defining role of the Center is to become a trusted agent in working to craft solutions with policymakers and stakeholders on all sides of existing and emerging issues facing North Carolina.

The proposed name for the Center, the University of North Carolina Center for Applied Public Policy Research, reflects a commitment to involve multiple campuses in bringing their research to bear more directly on the policymaking process. Faculty from every UNC campus will be invited to participate in its work. The Center will recognize faculty contributions in ways that encourage promotion and tenure committees to acknowledge the scholarly nature of faculty's work with the Center. In this way, the Center will encourage the campuses to recognize that applied research necessitates high standards of scholarly quality. Peer review panels of outside experts will evaluate the quality and objectivity of the research by faculty working with the Center. These review panels also will provide guidance regarding the content, timing, and overall effectiveness of Center reports and publications.

Neutral Orientation

The Center will be strictly non-partisan with a neutral political orientation. At all times, the advisory board will include at least one policymaker who represents each of the two main political parties. Before hiring staff, consideration will be given to potential concerns about prior policy activities, political involvement, or other so-called “baggage” that might negatively affect the individual’s credibility or negatively influence perceptions of the Center’s work. Not only must the Center operate in ways that are neutral and nonpartisan—it must be *perceived* as neutral and nonpartisan. The Center will hold itself and all who are affiliated with it to a very strict standard. It will not carry out advocacy activities. Rather, the Center will describe options and the most likely consequences of those options—it will not attempt to influence policymakers in choosing from among the options. It will understand that public officials are responsible for making policy choices and that they will choose based on some combination of experience, values, and information. The Center will never take positions. Care will be taken to address a broad range of issues.

As described elsewhere in this document, the Center will actively engage in efforts to facilitate consensus among policymakers and stakeholders on critical issues. It will not, however, pursue a political agenda or advocate particular outcomes. Rather, it will work to help policymakers make decisions for North Carolina that reflect their use of the best possible information.

Activities and Content of Work

Core Activities

The Center’s core activities will consist of 1) policy research that responds to requests by policymakers, 2) policy research initiated by the Center that anticipates state needs, legislative education, and 3) building consensus through neutral facilitation. Each of these activities will involve connecting high quality research generated at one or more UNC campuses with policymakers and stakeholders. The Center will not be limited in terms of the subject matter or scope of the issues that it takes on, but it will be strategic in determining its core work. Its work will be a blend of in-depth analysis with a long-term perspective and faster turn-around work intended to have a more immediate impact. More specifically, the Center will:

- Facilitate the production and dissemination of timely, original research by faculty on all of the campuses in response to identified policy needs concerning North Carolina’s current and future well-being
- Respond to requests for immediate assistance by connecting policymakers with existing expertise among faculty or wherever it may be found
- “Translate” and apply existing policy-relevant research into accessible information and materials

- Provide structured opportunities for policymakers to learn more about the complexities of policy issues and the implications of relevant research for those issues, including different approaches and best practices from other states
- Provide structured opportunities for faculty to learn about the practical context for public policy, including strategies for applying their knowledge in the policy arena while maintaining academic commitments, including strategies for effective communication with policymakers.
- Convene external stakeholders to insure that the Center continuously improves its ability to facilitate a more responsive role for the university system in the policymaking process
- Convene representatives from all of the UNC campuses for an annual meeting of multi-campus policy centers to discuss common challenges and strategies for addressing them. This ongoing dialogue will enhance the partnership between the UNC Center and UNC campus-based centers
- Provide neutral facilitation that will help policymakers and other stakeholders (public, private, civic) evaluate the results of faculty research and decide whether they can make progress towards a consensus.

There are certain activities that will not be significant elements of the Center's work. These include routine benchmarking, polling, and offering courses for academic credit. The Center may carry out benchmarking and polling, however, when essential to a specific project. In terms of coursework, the Center will provide opportunities for student education and employment, but it will not offer courses for credit or confer degrees.

The Center will develop and apply a consistent methodology for all of its research projects to insure that the results are objective, reliable, and practical. It will create practices and protocols to ensure a minimum level of uniformity with regard to rigor of the research, input by stakeholders, and presentation and dissemination of research results and recommendations. This methodology will be developed in consultation with liaisons and faculty from the campuses in order to produce rigorous research that will be supported by the Center's faculty, peers, and policy stakeholders.

The Center will include an open and transparent approach to its work, which means that it will be disseminated in ways designed to encourage dynamic discussion and feedback from scholars and practitioners. This will include a strong web presence that shares information about the Center's activities—research, education, and consensus-building—with a diverse mix of internal and external stakeholders.

Core Issues

As already noted, there will not be any predetermined constraints on the public policy subjects that the Center may address. In other words, it will not limit its work to issues in a small number of substantive policy areas. The Center can take a broader approach

because its work is not dependent on the development of in-house policy expertise. Instead, it will connect with the full range of faculty expertise located on the campuses, which represents a wide range of policy areas. This approach also permits the Center to consider more policy areas in making strategic decisions about those projects most likely to make a difference in the lives of North Carolinians. The Center will pay special attention to issues identified through the work of the UNC Tomorrow Commission, which was charged with “learning what the people of North Carolina need from their University,” and through ongoing campus discussions in response to the UNC Tomorrow report. The Center has the opportunity to become the engine for organizing the University’s ability to meet some of the needs identified by the Commission.

The following examples are offered only to illustrate the type and scope of issues that the Center might address. Some of them are drawn from the work of university-based public policy centers in other states.

- Examine the difference between neighborhood schools and magnet schools in terms of operational cost savings and student performance on end-of-grade tests
- Explore options for managing scarce water resources in North Carolina, especially during drought conditions
- Analyze options to stimulate investment in alternative energy resources for North Carolina
- Examine cost-benefits of investments in health care for the working poor
- Evaluate the effectiveness of investments in infrastructure and incentives on job growth in particular industries
- Assess innovative health care delivery strategies and new business potential created by the growing elderly population in rural communities
- Explore options for creation of a tax structure that is more aligned with the state’s growing service-sector-based economy rather than its traditional manufacturing-based economy
- Assess options for mental health care delivery in North Carolina
- Explore the costs and benefits of merit-based pay for teachers on teacher recruitment and retention
- Explore the viability of health insurance pooling arrangements for small businesses in North Carolina based on experiences in other states.

For each issue that it tackles, the Center will extend its analysis to include practical questions associated with implementing policy changes, including fiscal and human resource considerations. While most policy research ends with the research, the Center for Applied Public Policy Research will also work with policymakers as they evaluate potential policy options informed by the research.

Prioritizing for greatest impact

While it will not restrict its work to just a few subject areas, the Center must choose its work strategically and develop general criteria for identifying those projects that hold the greatest potential for producing change in public policy. This means it will focus

significant attention on issues where consensus appears possible. Just as the Center must develop criteria for determining the work, it also will be important to develop criteria for selecting who does the work. The staff will work closely with campus liaisons to identify the best possible matches between research needs and university expertise and capacity. Faculty members must be willing to follow the research methodology developed by the Center.

To help ensure that its work is of the highest quality and has the greatest impact, the Center will implement a system to review each research project and the process for conveying the results to policymakers. These efforts will demonstrate the Center's commitment to the highest quality research and analysis, and its dedication to providing information that is accessible, applied, and credible to a diverse audience of stakeholders.

Administrative location

Organizational position

The Center will be formally established as a UNC system-wide entity located administratively at UNC-Chapel Hill, but as a University-wide resource, will not be attached to any existing college or school. President Bowles identified Chapel Hill as the most appropriate location for the Center because of its broad range of faculty expertise in many different public policy fields, along with its proximity to state government and UNC General Administration. At the same time, however, a true collaborative partnership among the campuses is critically important for the Center's success. The Center must draw on strengths of each campus to provide comprehensive and relevant expertise for policymakers. As a result, the working group planning this proposal has been comprised of representatives from UNC campuses throughout the state. Also, the Center's governance structure relies on active participation from the campuses throughout the system and at various levels in the Center's organization. For example, the Center will be governed by an advisory board with representatives from UNC campuses, policymakers, and other key stakeholders. Also, each campus will designate a liaison to the Center who will help connect their faculty with relevant opportunities for policy research, education, and facilitation.

Governance and Leadership

The Center's executive director will be appointed by and report to the UNC-Chapel Hill Vice Chancellor for Public Service and Engagement. There will be an advisory board comprised of representatives from UNC campuses, policymakers, the UNC-Chapel Hill Vice Chancellor for Public Service and Engagement, and other key stakeholders. The board members will represent different political parties and a wide range of ideological perspectives. A chancellor from one of the UNC institutions will chair the advisory board and that position will rotate periodically. The UNC President will select the first chair after consultation with the Vice Chancellor for Public Service and Engagement.

The executive director will make final decisions about the work of the Center, who carries it out, and how it is done. He or she will establish a formal process for discussing and evaluating research proposals before making a final decision to do the work. The role of the advisory board is to recommend the overall direction of the Center's work, which may include advice about general criteria for selecting projects. The Center must respond as dynamically as possible to policymaker needs, which means that the executive director cannot consult the advisory board about every project. At the same time, however, the executive director should seek guidance from the advisory board on major initiatives. The research will undergo internal and external peer review to ensure that it satisfied rigorous academic standards.

The Center will involve representatives from the different UNC campuses to ensure that it operates as a system-wide enterprise and to foster widespread involvement in its work. In addition to the advisory board, the Center's infrastructure will include a campus liaison designated by the chancellor at every participating campus to help facilitate those important goals. The liaisons will facilitate relationships between the Center and their campuses by connecting qualified faculty with relevant policy research opportunities. The campus liaisons should have a broad understanding of public policy research capacity on his or her entire campus, including individual faculty members and research centers, institutes, and programs. They will help to promote transparent Center-to-campus communication and avoid duplication of existing efforts within or outside the university system.

Staffing

The Vice Chancellor will appoint an executive director after conducting an advertised search and receiving recommendations from a search committee, and after consultation with the advisory board. The executive director will lead the Center, direct its work, and supervise the staff. He or she will work with the Vice Chancellor and advisory board to ensure funding from state appropriations and other sources to sustain the Center.

The Center's staff will include an executive director, a director of research, a program manager, an outreach and communication coordinator, and an administrative assistant. Following is an overview of staff member roles other than the executive director, which is described above.

- The director of research develops policy research projects and manages requests for the Center's assistance. This person works closely with the campus liaisons to identify individual faculty members or faculty teams to carry out public policy research for the Center.
- The project manager coordinates and manages the faculty teams working on projects in key issue areas such as education, economic development, health, and environment. In a role similar to committee staff, this person helps coordinate the activities of inter-institutional teams, ensure timeliness of activities, and provide general staff support for the meetings and conference calls. He or she will

develop expertise and productive relationships over time with policy staff in the state legislative and executive branch that will facilitate the Center's work.

- The administrative manager manages the Center's overall finances, project budgets, human resource matters, and contracts and grants.
- The outreach and communications coordinator will have primary responsibility for the Center's policy research dissemination efforts as well as its related Web presence and media involvement and relationships. The campus visits for UNC Tomorrow revealed that many faculty members are doing important work for North Carolina, but poor communication means that many of those activities are unknown. The Center is creating a core communications capacity to insure that information about existing and future public policy work on all of the campuses will be shared with a wide and diverse audience.
- The executive director and the director of research supervise the translation of existing research into policy relevant material and manage policy research briefings, faculty policy training, and efforts to develop consensus on issues raised through policy reports.
- In addition to work on discrete research projects, the Center may create faculty fellows who will may receive funding to support their sustained involvement with Center projects.
- Students will play an integral role in the Center's work. The campus liaisons and faculty involved with the Center will publicize opportunities for undergraduate and graduate students. These will include fellowships, paid and unpaid internships, and service-learning programs. These opportunities will involve students in learning about new methods and applications of research while allowing them to explore careers in public policy and applied research.

In addition to the paid staff, faculty from across the university system, representatives of private and non-profit organizations, policymakers and their staff, executive branch staff, and others may serve on project-specific ad hoc advisory teams to support specific Center efforts.

Funding

The Center's initial budget is estimated at \$1.25 million, which includes a \$500,000 applied public policy fund to support the work of faculty at participating UNC campuses. The Center's core funding will be sought through a recurring legislative appropriation that is expected to expand in subsequent years to meet a growing demand for assistance. . The Center will support participating campuses through support from the research fund. Participating campuses, in turn, will be encouraged to provide support through various in-kind contributions. In addition to state funding, the Center will also seek revenue from contracts and grants, as well as fee-for-service work with some organizations as appropriate.

Relationship to stakeholders and collaboration

The Center will collaborate with other entities to ensure that policymakers, its primary beneficiaries, receive the best possible information and analysis. Collaborators may serve as full partners on some projects, review the Center's materials for policy relevance and accuracy on other projects, or simply provide necessary information on others. Collaborators are likely to include but not be limited to:

- Policymakers
- Faculty and other university representatives
- Executive branch officials
- Existing non-profit and university policy research entities and think tanks
- Business and economic development organizations
- Foundations
- Community-based non-profits
- Interest groups

As an objective, non-partisan addition to the partisan public policy landscape, the Center will complement and supplement the expertise of existing organizations and individuals. *It will strive to fill gaps in public policy research available to state policymakers from university and non-university sources.*

Impact

While the ultimate beneficiaries of the Center's work are the citizens of North Carolina, North Carolina policymakers are intended to be the direct recipients of the Center's efforts. To monitor and assess the quality of the Center's work, it will be important to examine its impact and evaluate its progress in serving its policymaker constituents and the state as a whole. A bi-annual, independent, qualitative evaluation of the Center will determine if it is fulfilling its mission to provide objective public policy research and analysis of current and future issues critical to North Carolina. The evaluation will allow the Center's board, staff, "customers" and collaborators to evaluate its success and fidelity to its mission. The feedback, in turn, will be used to guide the Center's ongoing improvement. Following are potential outcomes and indicators of the Center's work that will gauge whether the Center is meeting its overall aim of contributing to meaningful policy solutions through responsive research.

Outcome: The Center is viewed as a trusted agent.

Indicators:

- *External reputation.* Perceptions of the Center's political neutrality will reveal its success in demonstrating a non-partisan approach to its work. Although the Center will be neutral, its policy research and analyses may at times provide greater support to one political viewpoint or another. It will therefore be important to consider the balance of issues reflected in the Center's work in making decisions about research projects. Attitudes of political leaders toward the

Center will determine the Center's reputation and therefore its ultimate success across the ideological spectrum.

- *Invitations to partner.* The extent to which the Center and its staff and affiliates are invited to contribute to or participate in policy research efforts generated by diverse groups will speak to the Center's credibility and position on the broader policymaking and policy research front.

Outcome: The Center is contributing to meaningful policy solutions through responsive research and consensus building.

Indicators:

- *Exposure and response to research.* Perhaps the best evidence of success would be proposed or actual change in public policy stemming from the Center's research and ensuing policy options; however, the cause of specific policy change can be very difficult to pinpoint. Success can also be measured in part by the number of users of its products or services as determined by web page views and distribution of documents as well as attendance at convenings.
- *Products and evidence of use.* The extent to which the Center generates quality policy research and other materials will speak to the substance of its work. More important, however, will be to determine whether policymakers and other stakeholders use the materials. Among the possible measures will be media "hits," citations in non-Center publications, use by policy staff, and references to the Center's work made by Center stakeholders.
- *Requests for assistance.* The type and volume of requests the Center receives will in part confirm (or dispel) the ongoing need for such an entity across the university system.
- *"Customer" feedback.* Requesting feedback from policymakers and other stakeholders about which aspects of the Center's work are most valued will help determine whether the Center is successfully meeting identified needs.
- *Consensus building:* The extent to which the Center achieves its goal of moving beyond recommendations to consensus and action will significantly affect its overall contributions.

Outcome: The resources of all UNC campuses are involved in bringing their knowledge and expertise to bear on effectively responding to the state problems and issues.

Indicators:

- *Involvement of Faculty in applied research.* With the launch of the Center and related efforts, have UNC faculty increased and enhanced their involvement in applied public policy? Doing so will further bolster the demand and appreciation for the value of such research to real world problems.
- *Partnerships and collaboration with other centers.* The Center's efforts to collaborate among the campuses to maximize output and minimize duplication or repetition of work will reflect a commitment to partnership and efficiency.

Appendix A. Applied Public Policy Working Group

Members

Leslie Boney, University of North Carolina General Administration (co-convenor)
Mike Smith, University of North Carolina - Chapel Hill (co-convenor)
Lorin Baumhover, Appalachian State University
Deirdre Mageean, East Carolina University
Doug Speight, North Carolina A&T University
Ron Penny, North Carolina Central University
Anita Brown-Graham, North Carolina State University
Jeff Michael, University of North Carolina Charlotte
Keith Debbage, University of North Carolina Greensboro
Steve Meinhold, University of North Carolina Wilmington
John Bardo, Western Carolina University

Working Group conveners and consultant

Jenni Owen, consultant, Duke University
Laila Robbins, University of North Carolina Chapel Hill
Robert Lalka, student assistant, Duke University
Michelle Ralston, student assistant, University of North Carolina Chapel Hill, and intern,
UNC General Administration

Appendix B. Stakeholder Conversations

UNC Board of Governors

Jim Phillips, Chair
Craig Souza, Vice Chair
Brad Adcock
Brent Barringer
John Davis
Hannah Gage
Peter Hans
Brad Wilson

North Carolina General Assembly and Staff

Rep. Phil Berger
Sen. Dan Clodfelter
Gerry Cohen, Director, Bill Drafting
Rep. Dale Folwell
Amy Fulk, Sen. Basnight's office
Rep. Robert Grady
House Speaker Joe Hackney
Rep. Julia Howard
Sen. Ellie Kinnaird
Lynn Muchmore, Director, Fiscal Research
Sen. Tony Rand
Rep. Deborah Ross
Rep. Paul Stam
Terry Sullivan, Director, Research Division

Executive Branch/Agencies

J.B. Buxton, Deputy Superintendent of Public Instruction
Jim Fain, Secretary of Commerce
Dan Gerlach, Senior Policy Adviser to the Governor

Other Stakeholders

Ran Coble, President, NC Center for Public Policy Research
Gene Cochrane, President, Duke Endowment
David Dodson, President, MDC, Inc.
Billy Ray Hall, President, NC Rural Center
John Hood, President, John Locke Foundation
Kel Landis, Businessman
Alan Pugh, Businessman
Rev. Alan Rice, RFD CDC Director

**Appendix C: UNC Center for Applied Public Policy
Budget**

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Positions	No.	Salaries	Benefits	Total
Campus-Based Applied Public Policy Fund				500,000
<i>Subtotal</i>				<i>500,000</i>

Center

Research, Policy and Operations

Executive Director (EPA Non-Faculty)	1	160,000	34700	194,700
Research Director (EPA Non-Faculty)	1	120,000	27100	147,100
Project Manager (EPA Non-Faculty)	1	50,000	13800	63,800
Administrative Manager (SPA)	1	35,000	10950	45,950

Communications

Outreach & Communications Coordinator (EPA N-F)	1	80,000	19500	99,500
<i>Subtotal</i>	5			<i>551,050</i>

<i>Office Rental (permanent)</i>	No.	SF	Total SF	\$23/SF
Executive Director's Office	1	180	180	4,140
Research Director's office	1	180	180	4,140
Program staff	2	108	216	4,968
Administrative Assistant	1	80	80	1,840
Storage	1	100	100	2,300
Copier/Fax	1	60	60	1,380
Kitchenette	1	60	60	1,380
Conference room (12 person)	2	180	360	8,280
Add'l sq ft - hallways, restrooms etc.			<u>318</u>	<u>7,314</u>
Total Cost			1554	35,742

Office Equipment	500/pp		2,500
Office supplies	300/pp		1,500
Computers	1,000/pp		5,000
Phone	600/pp		3,000
Appliances	200/pp		1,000
Servers/applications			6,000
Travel			50,708
Meetings			30,708
IT/publishing/website/mailings			42,792
Evaluation			<u>20,000</u>
Subtotal			163,208

Total Costs **\$1,250,000.00**