MESSAGE FROM PRESIDENT TOM ROSS AND BOARD OF GOVERNORS CHAIR PETER HANS

Dear Colleagues:

The UNC Board of Governors has a fundamental duty to establish the University’s strategic directions, articulate an overall vision for the UNC system, and oversee the alignment of this vision with institutional resources, investments, and results. The President is responsible for pursuing these goals in concert with our Chancellors, faculty, staff, and students; the University’s affiliate organizations; and the UNC Health Care System.

Together we offer strategic directions for the University of North Carolina for the next five years. Our Time, Our Future: The UNC Compact with North Carolina is built on the foundation of previous long-term planning efforts and the UNC Tomorrow initiative. The heart of this plan, and our guiding principle, is a renewed covenant with the people of North Carolina. While we take pride in the University’s accomplishments, we also share the belief that it can and should do more for the people of North Carolina.

We pledge that every new program, initiative, or major expenditure will be weighed for its consistency with the UNC Compact with North Carolina. We must strategically invest in areas that will most directly support progress toward degree attainment, educational quality, research excellence, and heightened productivity and performance. These investments must be grounded in demonstrated needs, as evidenced through close evaluation of reliable data.

This plan sets our focus for the next five years and lays out the specific steps we intend to take, the results we expect to achieve, and the detailed metrics we will use to monitor progress. We have listened to the advice of our faculty, staff, and students and have gathered data and ideas from experts at the Office of State Budget Management, McKinsey & Company, the National Center for Higher Education Management Systems, the Sloan Consortium, and elsewhere.

The UNC Compact with North Carolina will be subject to regular review to meet new challenges that emerge for the University, the state, and the nation. New or revised objectives may evolve as we move forward and learn from new data. We will annually report the University’s progress and results to the people of North Carolina.

This plan is ambitious, but achievable; true to our highest aspirations, but candid in what we can accomplish. Success will require a shared commitment to new ideas, new plans, new resources, and new ways of continuing our historic service to the people of North Carolina. We are fully committed to this important effort.

Peter D. Hans                   Thomas W. Ross
Chairman                  President

[Signature]                 [Signature]
The University of North Carolina, the oldest public university in the nation, traces its roots to the state’s 1776 constitution, which held that “All useful Learning shall be duly encouraged and promoted in one or more Universities.”

Chartered in 1789, the University opened its doors in the spring of 1795, enrolling 51 students. Today, more than 220,000 students are enrolled at 16 University campuses across the state and at the North Carolina School of Science and Mathematics, the country’s first public, residential high school for gifted students.

Over two centuries, the University has evolved into one of the strongest and most successful systems of public higher education in the nation. It remains today, as Governor Zebulon B. Vance described in 1866, “the pride and chiepest ornament of North Carolina.”

The University’s centuries-old roots remain central to its modern role. Today’s mission — to discover, create, transmit, and apply knowledge to address the needs of individuals and society — remains true to the University’s founding ideal of shared knowledge in a free society.

That mission is still carried out through teaching, path-breaking research, and dedicated scholarship, all driven by the creativity and energy of students and faculty.
UNC COMPACT WITH NORTH CAROLINA

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

- We will admit and educate students who are academically prepared to succeed;
- We will equip students for lifelong learning by providing a high-quality, rigorous education to develop students with the knowledge, skills, and integrity needed to become engaged citizens;
- We will ensure that our graduates have engaged in core studies to master critical thinking, verbal and written communication, computational competence, a global awareness, and the ability to work collaboratively;
- We will be true to our core mission of teaching and offer multiple pathways for student learning;
- We will perform our duties and responsibilities with integrity and dedication to the highest ethical standards;
- We will support scholarly work that meets the highest intellectual standards;
- We will value the talents and contributions of the University’s faculty and staff, as well as their continued role in the shared governance of the constituent institutions and the University system.

**Value for students and for North Carolina**

- We will maintain our commitment to low tuition and reasonable student fees;
- We will recruit and retain faculty and staff whose teaching and research are enriched through new technologies and classroom innovations;
• We will use every dollar efficiently and effectively by fostering shared services, greater collaboration, and interconnectivity that strengthens each campus and the system as a whole.

Solutions to North Carolina’s biggest challenges

• We will pursue and share knowledge and research that advance the state’s economy and improve the quality of life for all North Carolinians;

• We will support and reward faculty who demonstrate an entrepreneurial spirit and seek new frontiers of knowledge, commercialize technology, and create opportunities for students;

• We will support faculty and other university researchers in tailoring research and knowledge in ways that advance the state’s economy;

• We will nurture and protect the University’s culture of inquiry, innovation, the free exchange of ideas, and commitment to academic freedom;

• We will rededicate ourselves to improving the health of all North Carolinians;

• We will engage businesses, nonprofits, state agencies, and others in a continuous effort to improve North Carolina’s competitiveness;

• We will identify social, scientific, and economic trends that affect the state’s well-being.

Connection and engagement with North Carolina communities

• We will engage in outreach and development that nurtures the connections between the University and the people and communities of North Carolina

• We will promote diversity and maintain an environment that celebrates and values the many perspectives, cultures, and traditions of our state

• We will continue to make rich contributions to the cultural and artistic life of the state, and;

• We will devote the University’s knowledge and talent to protect, preserve and promote the natural and cultural resources of North Carolina.

“The jobs of tomorrow are going to look very different from those of the past. If we want to be competitive as a state, and competitive as a country, we need to be better educated.”

— Tom Ross
It is impossible to know what tomorrow’s economy will look like, but we do know that a more educated, more flexible citizenry will be in a stronger position to compete, both nationally and globally. By raising the percentage of North Carolinians who have earned at least a bachelor’s degree, we hope to create a population that is healthier, more adaptable, and better prepared and equipped to meet North Carolina’s needs and challenges.

At a time when a number of countries are overtaking the United States in college attainment, investment in higher education is an investment in the long-term future of the state and its citizens.

Over the next five years, we will do our part to raise the percentage of college graduates in the state from 26% to 32%.

GOAL 1 | SETTING DEGREE ATTAINMENT GOALS RESPONSIVE TO STATE NEEDS
STRATEGIES

• Increase college-readiness among high school graduates through mentoring, pre-college, application assistance, and Summer Bridge programs.

• Improve graduation and retention rates and reduce time to graduation through expanded summer school offerings, better monitoring of academic progress, and early warning systems for struggling students.

• Implement a performance funding model that provides incentives for campuses to improve productivity, quality, and efficiency in educational and operational outcomes.

• Re-enroll “part-way home” students, those who have completed some college but have not earned a degree.

• Create a more seamless transfer process for community college students, especially those who have already completed an associate’s degree.

• Reach out to active-duty military and veteran students with more targeted recruitment, more flexible course delivery, and academic advising designed specifically for military personnel.

• Improve graduate student education through better advising, more timely completion, and targeted recruitment of graduate students in high-growth specialties.
The University of North Carolina has a hard-earned reputation for academic excellence. We will work to strengthen that reputation as we explore new methods of teaching and offer new measures of accountability.

There are remarkable changes underway in higher education. Advances in technology promise to expand the way we deliver knowledge, and learning assessment tools can help ensure high standards for our students and faculty.

Since nontraditional students make up a growing share of the college population, we must provide greater flexibility without sacrificing academic rigor.

Providing a clear, well-marked path to graduation while preserving a spirit of inquiry and exploration will be a core challenge in the years ahead, one we are prepared to meet.
STRATEGIES

• Study the impact of minimum admission requirements in an effort to better identify students who are likely to be successful when enrolled in the University.

• Establish core competencies for general education courses across the UNC system to allow for easier transfer of credits among campuses and from the Community College System.

• Develop enhanced assessments of student learning across UNC campuses.

• Develop a comprehensive e-learning and distance education strategy.

• Improve advising programs and software to reduce the number of credit hours attempted en route to a degree.

• Graduate well-prepared teachers for North Carolina’s public schools, and strengthen early career professional development for teachers and school leaders.

Above: In the 2011-2012 academic year, the UNC system average for the total attempted hours to degree was 138.5. The goal is to reduce that average to 134 by 2018, which will serve students better and save millions in potential enrollment costs.

COST AVOIDANCE FROM REDUCED HOURS TO DEGREE

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<th>Year</th>
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<td>YEAR 1</td>
<td>0.5</td>
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<td>YEAR 3</td>
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<td>YEAR 5</td>
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TOTAL PROJECTED COST AVOIDANCE

TOTAL ACCUMULATED COST AVOIDANCE

TOTAL ACCUMULATED COST AVOIDANCE

TOTAL ACCUMULATED COST AVOIDANCE

TOTAL ACCUMULATED COST AVOIDANCE

TOTAL ACCUMULATED COST AVOIDANCE
Service to the state has always been a core part of the University’s mission. As a public institution, UNC is focused on the kind of research, scholarship, and outreach that will benefit all citizens of North Carolina.

That means conducting research and scholarship that will help improve the economy and the civic life of the state, and ensuring that new discoveries are readily shared. It means sending our students and faculty into communities across North Carolina to help solve local problems, finding out where the University can assist local governments and nonprofits, and helping North Carolina businesses and industries become more competitive.

And for UNC Health Care, serving North Carolina means preparing for an aging population while finding more effective ways to control health care spending.

GOAL 3  SERVING THE PEOPLE OF NORTH CAROLINA
**STRATEGIES**

- Invest in game-changing research that has the potential to create value and solve significant problems in North Carolina.

- More readily apply the research and scholarship carried out on our campuses to the state’s economic, civic, and social challenges.

- Directly engage with the specific needs of businesses, nonprofit groups, and governments throughout North Carolina.

- Help address North Carolina’s health care needs by rethinking outdated models of care, conducting life-saving research, and training the next generation of medical professionals.

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**At Right:** Awards to UNC from FY 97 through FY 12. Amounts are in $ millions. For FY 09 through FY 12, the green bar indicates the amount received through the American Reinvestment and Recovery Act (ARRA).
The University of North Carolina is one of the state's greatest assets. It represents a major public investment, and we are committed to carefully and effectively using the resources entrusted to us.

The University has made tremendous strides in operating more efficiently, both by streamlining administration and focusing on academic productivity.

We will continue to build on those efforts. Improvements in system-level coordination can help free campus resources for mission-critical activities and the kind of long-range investments outlined in the Strategic Plan.

**Goal 4**

**Maximizing Efficiencies**
**STRATEGIES**

- Review campus missions to ensure coordination among constituent institutions.
- Create operational efficiencies by centralizing some back-office services, expanding joint purchasing of commodities, conserving energy, and continuing regular reviews of administrative personnel and processes.
- In cooperation with faculty and campus leaders, develop system-wide guidelines for instructional productivity, better align general education requirements, consider consolidation of certain overlapping programs, and make better use of online instruction.
- Create incentives for campus efficiencies through performance funding and carry-forward reform.
- Collect better, more comprehensive data to allow for closer assessment of academic and operational processes.
- Ensure the University has the resources and expertise necessary to implement these measures.

**Increasing Academic Productivity**

*At Right:* Education and Related Spending (E&R) per degree (all levels) and the total number of degrees produced by UNC campuses.
A fundamental part of the University's mission is placing a world-class education within reach of every qualified North Carolina resident.

To do that, we must keep student costs low while preserving the resources required to provide a high-quality education.

Striking the right balance between public support and tuition has been particularly challenging in recent years—the recession has strained public revenues and household budgets alike. But UNC remains in a fundamentally sound position.

GOAL 5 | ENSURING AN ACCESSIBLE AND FINANCIALLY STABLE UNIVERSITY
STRATEGIES

• In keeping with the state’s history and the University’s constitutional mandate, maintain low tuition and fees and ensure adequate financial aid.

• Sustain the College Foundation of North Carolina, which helps guide North Carolina students and their families through the college planning, application, and financial aid processes.

• Enhance UNC’s fundraising capacity through strategic investment in personnel and technology.

• Address urgent repair and renovation needs by creating a revolving loan fund to be shared between the University and other state agencies.
The additional investments proposed in the University’s strategic plan are modest, averaging about 1.5% per year. Coupled with cost-saving measures, net investments would total $200 million by the fifth year of the plan. That funding represents a long-term commitment to North Carolina’s future.

By 2025, this plan will help spur more than $1.4 billion in new economic activity across the state, including hundreds of millions in new grants and contracts, more than a hundred new spin-off companies, and thousands of new jobs.

From the state’s earliest days, forward-thinking leaders have seen higher education as an efficient means of elevating the economic and civic life of North Carolina. It is our time to honor their wisdom and renew their vision.
While the strategic investments required to reach the goals outlined in this plan grow to $267 million annually in year five, they are offset by a series of savings measures that generate $67 million annually over the same period. Thus, more than 33% of the recommended expansion investments are made possible by administrative, operational, and academic efficiencies realized in the first two years of the plan, and 25% of the investments are covered through efficiencies over the five-year span. **Net investments required over the five-year period total $200 million, for an average annual investment of 1.5%.**

### STRATEGIC PLAN BUDGET RECOMMENDATIONS, 2013-2018

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<td><strong>141</strong></td>
<td><strong>193.7</strong></td>
<td><strong>234.8</strong></td>
<td><strong>267.2</strong></td>
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<td>(57.2)</td>
<td>(64.0)</td>
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<td>170.8</td>
<td>200.3</td>
<td>650.5</td>
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To view the 2013-2018 UNC Strategic Plan and related materials, visit:

northcarolina.edu/strategic_direction/overview