Situation: The Program Evaluation Division of the NC General Assembly recommended that the Board of Governors adopt an efficiency policy and metrics.

Background: In 2013, the Program Evaluation Division of the NC General Assembly (PED) conducted a study and report of operational efficiencies in the UNC system. The report was presented to the Joint Legislative Program Evaluation Committee in December 2013. The report recommends that the General Assembly require the Board of Governors and UNC to:

1. Adopt a policy that defines the vision and goals for operational efficiency.

2. Develop a comprehensive approach to operational efficiency.

3. Adopt metrics to track operational performance, use these metrics in funding decisions, and identify appropriate sources to monitor operational efficiency.

4. Link chancellor performance to operational efficiency goals.

The report also recommends that the General Assembly amend state law to allow UNC to reinvest documented savings generated from operational efficiency efforts.

The Joint Legislative Program Evaluation Committee met in March to consider draft legislation for these recommendations, but displaced action until April.

In the response to the report, UNC noted the Board of Governors' strong commitment to operational efficiency, as evidenced by Goal 4 (Maximizing Efficiencies) in the Board's Strategic Plan. However, UNC agreed to raise the issue of a formal policy with the Board of Governors, and also agreed to provide an interim report on any metrics adopted by May 1, 2014.

Assessment: The proposed Policy on Efficiency and Effectiveness 1300.6 is consistent with the Board of Governors' Strategic Plan and provides a comprehensive approach to efficiency and effectiveness.

Action: The Policy requires a vote. The potential metrics are for discussion only and do not require a vote.

Policy on Efficiency and Effectiveness

The Board of Governors, consistent with its responsibility for the general direction and control of the University of North Carolina, is committed to ensuring continuous improvement in the consistency, efficiency and effectiveness of the operations of the University of North Carolina system, including the constituent institutions. It shall be the policy of the Board of Governors, the University's General Administration and the constituent institutions to identify and implement efficiencies that strengthen processes and productivity, that compete favorably with our peers and that generate cost or resource savings that may be reinvested to support key initiatives within the University's core mission of teaching, research, and public service.

The Board of Governors delegates to the president authority and responsibility to lead the University in the identification, implementation, and realization of academic and non-academic efficiencies in any area including, but not limited to, expanded shared services, strategic sourcing, non-instructional positioning, credit hour production, information technology infrastructure, utilization of facilities, and energy consumption. The Board of Governors shall, on recommendation of the president, ensure that the University has the resources and expertise necessary to identify and implement efficiencies. The president shall report to the Board of Governors at least annually starting with calendar year 2014 on the progress of these initiatives and identified metrics. This policy shall be implemented and applied in accordance with such regulations and guidelines as may be adopted by the president.

DRAFT List of Potential Efficiency Metrics

Metrics Currently in Use

Metric	Description	Comparison Institutions	Standard of Success
Spending			
1. Education & related (E&R) spending per degree	Institution's spending on instruction, student services, and a proportional share of academic support, institutional support, and operations and maintenance of plant per degree conferred.	Public peer institutions	Campus spends less per degree than public peers' average.
Compliance			
2. UNC Compliance Index	A combined metric of several compliance measures across contracts and grants, general accounting and financial reporting, financial aid, capital assets, and student accounts.	Uniform standard	96.5% compliance

Additional Metrics for Consideration

Metric	Description	Comparison Institutions	Standard of Success
Spending			
3. Education & related (E&R) spending component parts per degree or student	Institution's spending per degree conferred or student FTE on: • Instruction • Student services • Academic support • Institutional support	Public peer institutions	Campus spends less per degree than public peers' average.
Space Utilization			
4. Average weekly use of student stations in classrooms	Combines the number of hours per week that a classroom is scheduled and the percentage of student stations used during scheduled time.	Uniform standard	22.75 hours per week. Assumes the average weekly use of classrooms of 35 hours and 65% utilization of student stations when classrooms are in use.

DRAFT List of Potential Efficiency Metrics

Metric	Description	Comparison Institutions	Standard of Success
5. Capacity/Enrollment Ratio	The amount of instructional and library space on campus divided by the total fall term student clock hours of that institution.	Uniform standard	No standard currently established; UNC campuses had a ratio of 4.3 in 2012.
Positions			
6. Campus operations positions as a percentage of total positions	Ratio of campus operations staff relative to all staff employed at the institution.	UNC campuses of similar Carnegie type	At or below group average
7. Campus operations positions per 100 student FTE	Ratio of campus operations staff per 100 student FTE	UNC campuses of similar type	Low ratio relative to other campuses
8. Campus operations staff versus enrollment	Percent change in number of campus operations staff over time compared to the percent change in student enrollment.	UNC campuses	Campus meets the following conditions: 1. Enrollment increasing 2. Campus operations staff either decreasing or increasing at a lower rate than enrollment

Academic Metrics

Current Academic Metrics

- Six-year Graduation Rate
- Freshman-to-Sophomore Retention Rate
- Degrees Granted to Pell Grant Recipients
- Degree Efficiency

Potential Additional Academic Metric

- Attempted Hours to Degree

Note: The PED Report recommended items 5, 6, 7 and the institutional support portion of item 4.