

February 25, 2026

15 minutes after the adjournment of the Committee on Audit, Risk Management, and Compliance

Via Videoconference and PBS North Carolina Livestream

UNC System Office

223 S. West Street, Board Room (17th Floor)

Raleigh, North Carolina

AGENDA

OPEN SESSION

- A-1. Approval of the Minutes of January 28, 2026Joel Ford
- A-2. Project Kitty Hawk Annual Update Andrew Kelly
- A-3. Adjourn

DRAFT MINUTES

January 28, 2026 at 1 p.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S. West Street, Board Room
Raleigh, North Carolina

This meeting of the Committee on Strategic Initiatives was presided over by Chair Joel Ford. The following committee members, constituting a quorum, were also present in person or by phone: John Fraley, Pearl Burris-Floyd, Gene Davis, and Javier Limon.

Chancellors participating were Heather Norris, Franklin Gilliam, and Aswani Voley.

Staff members present included Shun Robertson and others from the UNC System Office.

1. Call to Order and Approval of Open Session Minutes (Item A-1)

The chair called the meeting to order at 1:00 p.m. on Wednesday, January 28, 2026. The open session minutes from the November 19, 2025, meeting were approved by unanimous consent.

2. NC College Connect (Item A-2)

Dr. Shun Robertson, senior vice president for strategy and policy, and Mrs. Patti Harris, senior director for student access initiatives, discussed admissions processes and the NC College Connect initiative. Dr. Robertson shared the common barriers that cause frustration with traditional application processes. Following Dr. Robertson, Mrs. Harris provided an overview of NC College Connect, the collaborative effort between the UNC System, North Carolina Department of Public Instruction (NC DPI), North Carolina Community College System (NCCCS), North Carolina Independent Colleges and Universities (NCICU), North Carolina State Education Assistance Authority (NCSEAA), College Foundation, Inc. (CFI), Gaining Early Awareness and Readiness for Undergraduate Programs North Carolina (GEAR UP NC), and College for North Carolina (CFNC). Mrs. Harris summarized Phase I of the initiative and detailed the next steps in Phase II that will allow for streamlined application and admission practices to take place, eliminating barriers to college access across the state.

3. Reaching North Carolina's High-Achieving Students (Item A-3)

The committee then heard from Chancellor Karrie Dixon of North Carolina Central University and Chancellor Sharon Gaber of the University of North Carolina at Charlotte on strategies their institutions use to recruit and support high-achieving students. As competition for North Carolina's top students continues to intensify — particularly from neighboring states — the chancellors discussed how their institutions leverage their distinctive strengths to attract and retain these students. The chancellors highlighted approaches including robust honors

programs, responsive degree offerings, and other initiatives designed to provide a personalized and high-quality academic experience.

4. Adjourn (A-4)

There being no further business and without objection, the meeting adjourned at 1:57 p.m.

Swadesh Chatterjee, Secretary

AGENDA ITEM

A-2. Project Kitty Hawk Annual Update..... Andrew Kelly

Situation: The committee will hear an update on Project Kitty Hawk, the University of North Carolina System’s initiative to build pathways for working adults to earn degrees and credentials in high-demand fields from our constituent institutions.

Background: In the 2021 budget, the North Carolina General Assembly appropriated \$97 million to create Project Kitty Hawk, a nonprofit associated entity of the UNC System designed to support digital learning across the constituent institutions of the University of North Carolina. Per the budget provision, Project Kitty Hawk operates as a nonprofit education technology firm with a board of directors appointed by the University of North Carolina Board of Governors. Project Kitty Hawk’s mission is to build pathways for adult learners to earn high-quality, workforce-aligned degrees and credentials from North Carolina’s public universities.

Since inception, Project Kitty Hawk has launched 18 bachelor's degree programs and one master's degree program across four university partners: Appalachian State University, East Carolina University, North Carolina Agricultural and Technical State University, and North Carolina Central University. The organization recently signed a new partnership with Winston-Salem State University and will launch 3 additional undergraduate programs in Fall 2026 in partnership with WSSU. As of January 2026, more than 3,000 students have enrolled in Flight Path programs since the first program launched in October 2023, and there are 2,193 learners actively enrolled in the first Spring term. To date, 96 students have graduated from a Flight Path program, and that number is projected to grow to 200 by the end of academic year 2025-26.

Project Kitty Hawk will provide an update on its enrollments, partnerships, and finances as well as plans for continued expansion.

Assessment: In this session, the committee will hear an update on Project Kitty Hawk.

Action: This item is for information only.

February 25, 2026

Project Kitty Hawk

February 2026 Board
of Governors Meeting



PROJECT KITTY HAWK

We're Project Kitty Hawk



LAUNCHED IN 2022

A nonprofit affiliate of the UNC System on a mission to build pathways for adult learners to earn high-quality, workforce-aligned degrees and credentials from North Carolina's public universities.

SENATE BILL 105: 2021 Appropriations Act, Sec. 8.24: Kitty Hawk Public-Private Partnership Project for Digital Learning and Career Development in Response to the COVID-19 Pandemic: Project Kitty Hawk as a public-private partnership to support digital learning and career development programs offered by constituent institutions of The University of North Carolina.



Online Growth Strategy & Consultation: Assess institutions opportunities in the online and adult learner market, using data-driven insights to inform growth strategies.



Strategic Marketing & Program Promotion: Develop and execute go-to-market strategies and targeted campaigns to generate qualified leads.



Admissions & Enrollment Support: Execute lead nurture and engagement services for prospective students, managing pipelines from inquiry to application and program start.

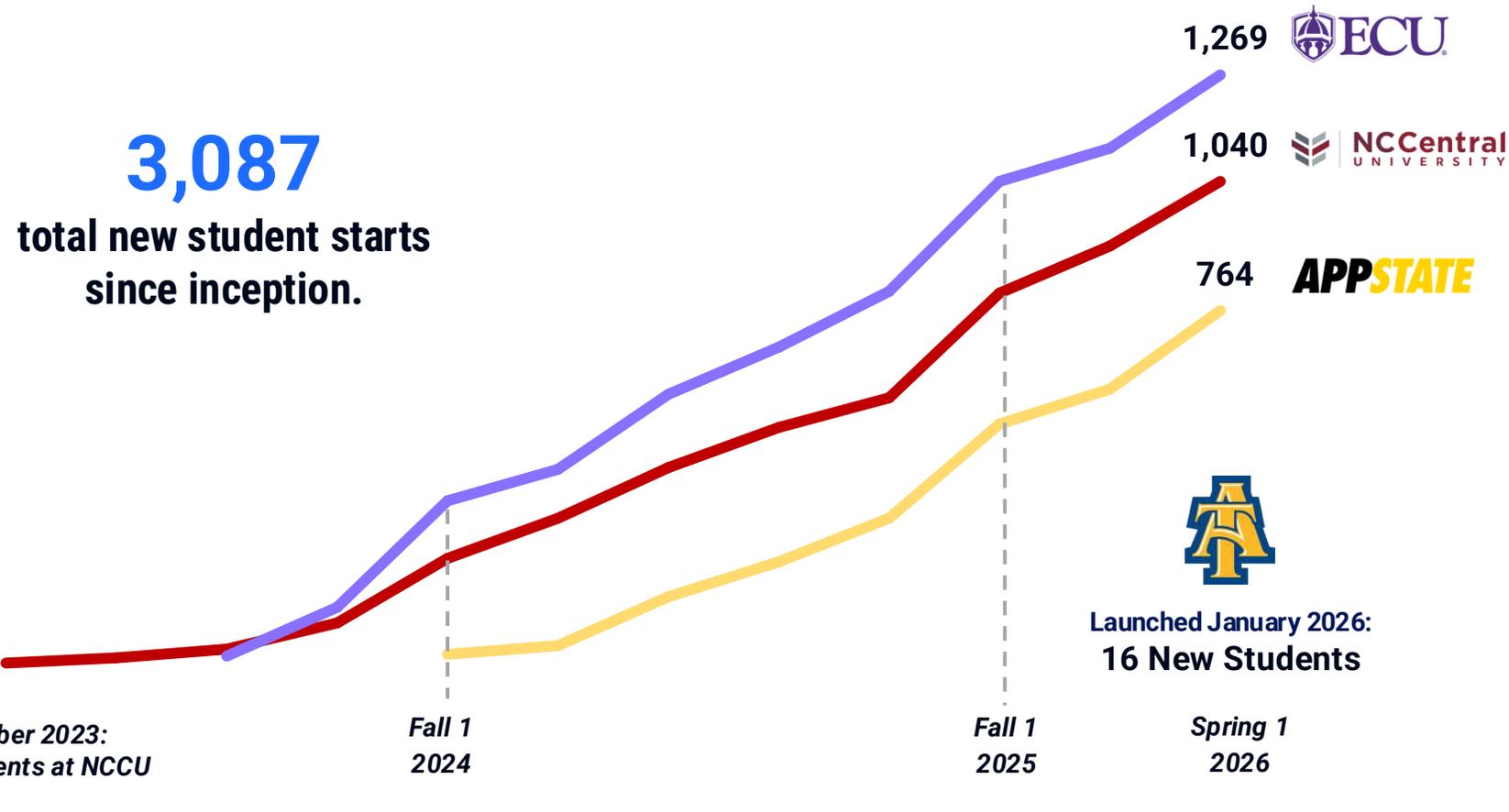


Online Instructional Design: Provide expert support in designing, building, and optimizing online courses to meet quality standards and market demand.



Student Support & Success Coaching: Provide proactive and personalized success coaching to improve student persistence, retention, and overall success.

Cumulative New Student Starts Since Partner Launches



ENROLLMENT

19 PROGRAMS LIVE (Accepting Apps)	4 FLIGHT PATH PARTNERS	2,193 CURRENT ENROLLMENTS
--	-------------------------------------	--

FY26 PERSISTENCE & SUCCESS

88% OF ELIGIBLE STUDENTS RE-ENROLLED IN THE NEXT TERM	96 FLIGHT PATH GRADUATES
--	---------------------------------------

INSTITUTION T&F REVENUE

\$10M ACTUAL ALL TIME THROUGH FY25	\$35.2M PROJECTED ALL TIME THROUGH FY26
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Current Enrollments by Program

Programs coming online by Fall 2026:

- App State Artificial Intelligence Graduate Certificate*
- ECU BS Multidisciplinary Studies (Liberal Studies)
- NC A&T MBA (HR Concentration)
- NC A&T BA Political Science
- WSSU BSBA Management
- WSSU BIS Interdisciplinary Studies
- WSSU BS Psychology

* First graduate certificate program on the platform

	RN BSN	54
	Bachelors Business Administration	214
	BS Information Technology	157
	BS Health Administration	188
	BS Public Health Education	28
	MBA	161
	NCCU TOTAL	802
	BA Psychology	484
	BS Information & Cybersecurity Technology	147
	BS Security Studies	21
	BS Criminal Justice	128
	ECU Total	780
	BS Health Care Management	129
	BSBA Supply Chain Management	94
	BS Accounting	176
	BS Criminal Justice	85
	BSBA Marketing	15
	BS Organizational Leadership and Learning	96
	App State Total	595
	BS Liberal Studies	10
	BS Criminal Justice	6
	NC A&T Total	16
TOTAL		2,193





NC Central
UNIVERSITY

Our Legacy. Your Potential.
Together We Rise.

TOTAL ENROLLMENT & PERSISTENCE

1,039

ALL TIME NEW
STUDENT STARTS

802

CURRENT
ENROLLMENTS

89%

PERSISTENCE FROM FALL 2 TO
SPRING 1 2026

73

TOTAL GRADUATES

ALL-TIME TUITION REVENUE

\$8.5M

CUMULATIVE TUITION
AND FEES GENERATED



2025-26 PROGRAM PERFORMANCE THROUGH JANUARY

PROGRAM	CUMULATIVE	Spring 1 2026
	FY26 NEW STUDENTS STARTS	CURRENT ENROLLMENTS
RN BSN	35	54
BS IT	82	157
BBA	123	214
BS Health Admin	109	188
BS Public Health Ed	15	28
MBA	96	161
FY26 TOTAL	460	802

COURSE DEVELOPMENT

146

TOTAL COURSES

COMPLETE 123

IN DEVELOPMENT 19

IN QUEUE 4

REFRESH* 6

*Not included in total





Find Your Focus at ECU.

TOTAL ENROLLMENT & PERSISTENCE

1,268

ALL TIME NEW
STUDENT STARTS

780

CURRENT
ENROLLMENTS

88%

PERSISTENCE FALL 2 2025 TO
SPRING 1 2026

22

TOTAL GRADUATES

ALL-TIME TUITION REVENUE

\$10.6M

CUMULATIVE TUITION
AND FEES GENERATED



2025-26 PROGRAM PERFORMANCE THROUGH JANUARY

PROGRAM	CUMULATIVE	SPRING 1 2026
	FY26 NEW STUDENTS STARTS	CURRENT ENROLLMENTS
BA Psychology	299	484
BS ICT	83	147
BS Security Studies	10	21
BS Criminal Justice	70	128
FY26 TOTAL	462	780

COURSE DEVELOPMENT

145

TOTAL COURSES

COMPLETE 112

IN DEVELOPMENT 14

IN QUEUE 19

REFRESH* 5

*Not included in total



APPSTATE

Change Your Future.

TOTAL ENROLLMENT & PERSISTENCE

764

ALL TIME NEW
STUDENT STARTS

595

CURRENT
ENROLLMENTS

89%

PERSISTENCE FROM FALL 2
2025 TO SPRING 1 2026

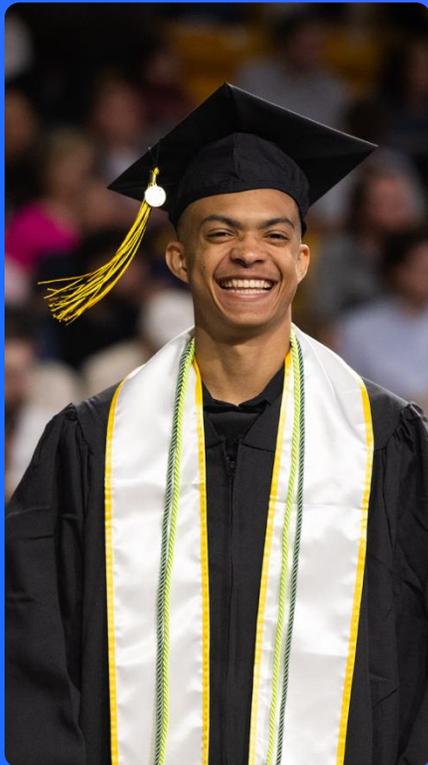
*

TOTAL GRADUATES

ALL-TIME TUITION REVENUE

\$5.6M

CUMULATIVE TUITION
AND FEES GENERATED



2025-26 PROGRAM PERFORMANCE THROUGH JANUARY

PROGRAM	CUMULATIVE	SPRING 1 2026
	FY26 NEW STUDENTS STARTS	CURRENT ENROLLMENTS
BS Health Care Mgmt.	87	129
BSBA Supply Chain Mgmt.	56	94
BS OLL	69	96
BBA Accounting	141	176
BSBA Marketing	15	15
BS CJ	77	84
FY26 TOTAL	445	595

COURSE DEVELOPMENT

112

TOTAL COURSES

COMPLETE 101

IN DEVELOPMENT 10

IN QUEUE 1





Aggies Do.

TOTAL ENROLLMENT & PERSISTENCE



ALL-TIME TUITION REVENUE



2025-26 PROGRAM PERFORMANCE THROUGH JANUARY

PROGRAM	CUMULATIVE	SPRING 1 2026
	FY26 NEW STUDENTS STARTS	CURRENT ENROLLMENTS
BS Liberal Studies	10	10
BS Criminal Justice	6	6
FY26 TOTAL	16	16

COURSE DEVELOPMENT



COMPLETE	18
IN DEVELOPMENT	37
IN QUEUE	18





WINSTON-SALEM
STATE UNIVERSITY

Rams Take Charge.

TOTAL ENROLLMENT & PERSISTENCE



ALL-TIME TUITION REVENUE



2025-26 PROGRAM PERFORMANCE THROUGH JANUARY

	CUMULATIVE	SPRING 1 2026
PROGRAM		
BSBA Management		
BA Interdisciplinary Studies		
BS Psychology		
FY26 TOTAL		

COURSE DEVELOPMENT



COMPLETE	-
IN DEVELOPMENT	-
IN QUEUE	-





Who Are We Reaching?

32 Average age at enrollment (~22% over age 40)

81% North Carolina residents

69% Women

75% employed full-time

47% of those employed full-time *also* report care-giving responsibilities

85-90% report prior experience in online courses

14% of enrolled students report prior enrollment at national competitors (400+ students)*



**Of the ~2,900 students with academic history reported, just over 400 reported enrollment at one of 12 national online universities that enroll large numbers of North Carolinians.*

Flight Path Students at First Three Partners



TIME COMMITMENT

90%
Employed

80%
Employed Full-Time

45%
Caregiving Responsibilities

READINESS

92%
Consistent Internet Access

89%
Experience in Online Courses

98%
Confident in ability to navigate online courses

PERSONA



8% Report pursuing a profession that may require graduate school*



TIME COMMITMENT

81%
Employed

64%
Employed Full-Time

41%
Caregiving Responsibilities

READINESS

91%
Consistent Internet Access

90%
Experience in Online Courses

91%
Confident in ability to navigate online courses

PERSONA



42% Report pursuing a profession that may require graduate school



TIME COMMITMENT

92%
Employed

73%
Employed Full-Time

48%
Caregiving Responsibilities

READINESS

92%
Consistent Internet Access

85%
Experience in Online Courses

96%
Confident in ability to navigate online courses

PERSONA



27% Report pursuing a profession that may require graduate school

■ Career-Starter
 ■ Career-Switcher
 ■ Promotion-Seeking
 ■ Not Sure



A father – daughter duo

“My name is McKinley, I was formally at Forsyth tech and completed one year towards a degree in business. I had already been looking to transfer out when my dad applied to App...

I decided to do the Flight Path program because I have a full-time job and wanted to be able to do both school and work at the same time without being overloaded.

Being able to do my schoolwork at my own pace throughout the week is very helpful because I do not have a set work schedule”

– McKinley B., ASU Flight Path Organizational Leadership student

“My wife and I had our first child when I was 19 and we both had no choice but to start working to support our family. I saw an ad for the Flight Path program on Facebook and decided to get some information even though

I felt App State was still out of my grasp as a full-time worker supporting a family... It was honestly a lifetime dream coming true.”

– James, ASU Flight Path Organizational Leadership student



Improving Persistence & Growing Number of Graduates

PKH operates with a continuous enrollment philosophy. We expect students to maintain enrollment through all five parts of term. PKH persistence rates for Spring 1 improved by two percentage points this year, and overall is pacing ahead.

	FY25	FY26
Spring 1 Persistence (persist from Fall 2 to Spring 1)	86%	88%
Overall term-over-term persistence	88%	96% (YTD)
<i>App State</i>	90%	93%
<i>ECU</i>	85%	96%
<i>NCCU</i>	91%	97%

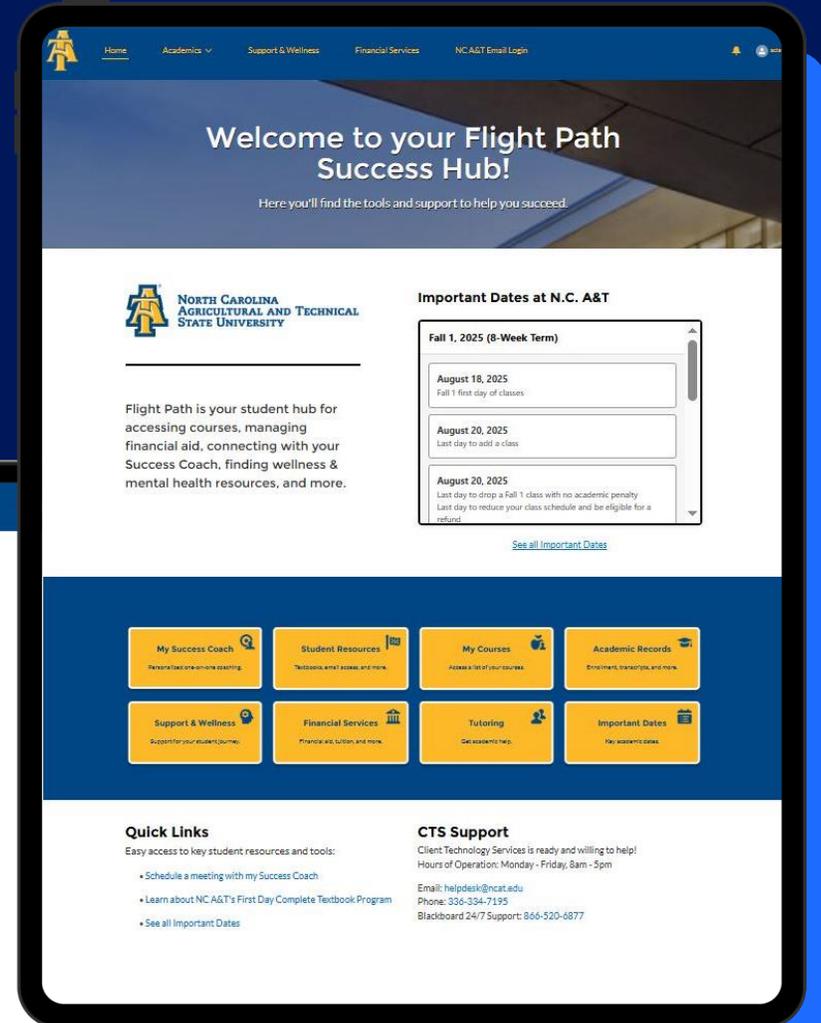
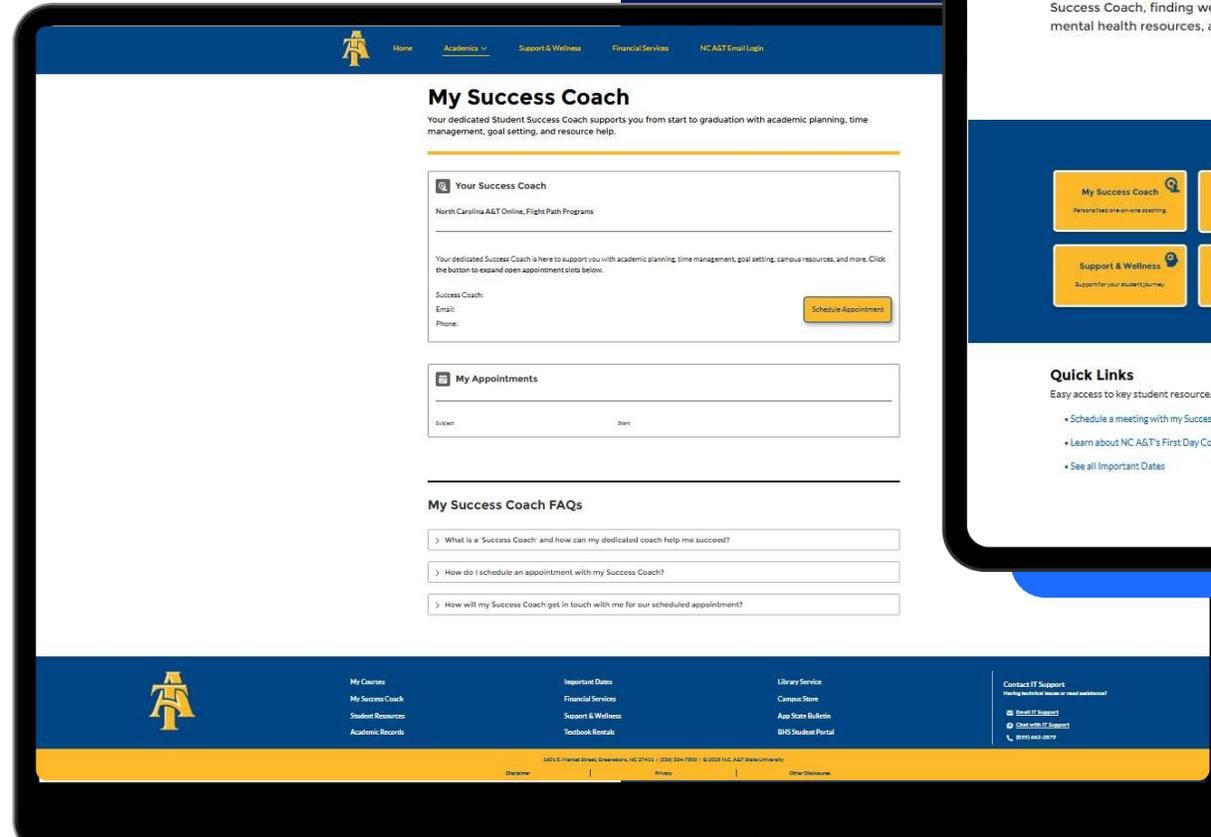
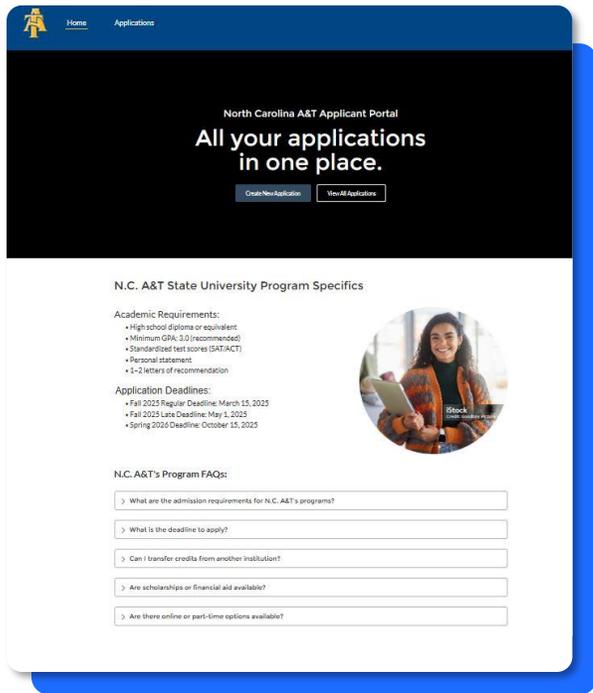
**PKH Student
Net Promoter Score:**

53

*PKH currently has 96 graduates and is on track to graduate another 120+ students in May, bringing total Flight Path graduates to over **200** at the end of this academic year.*

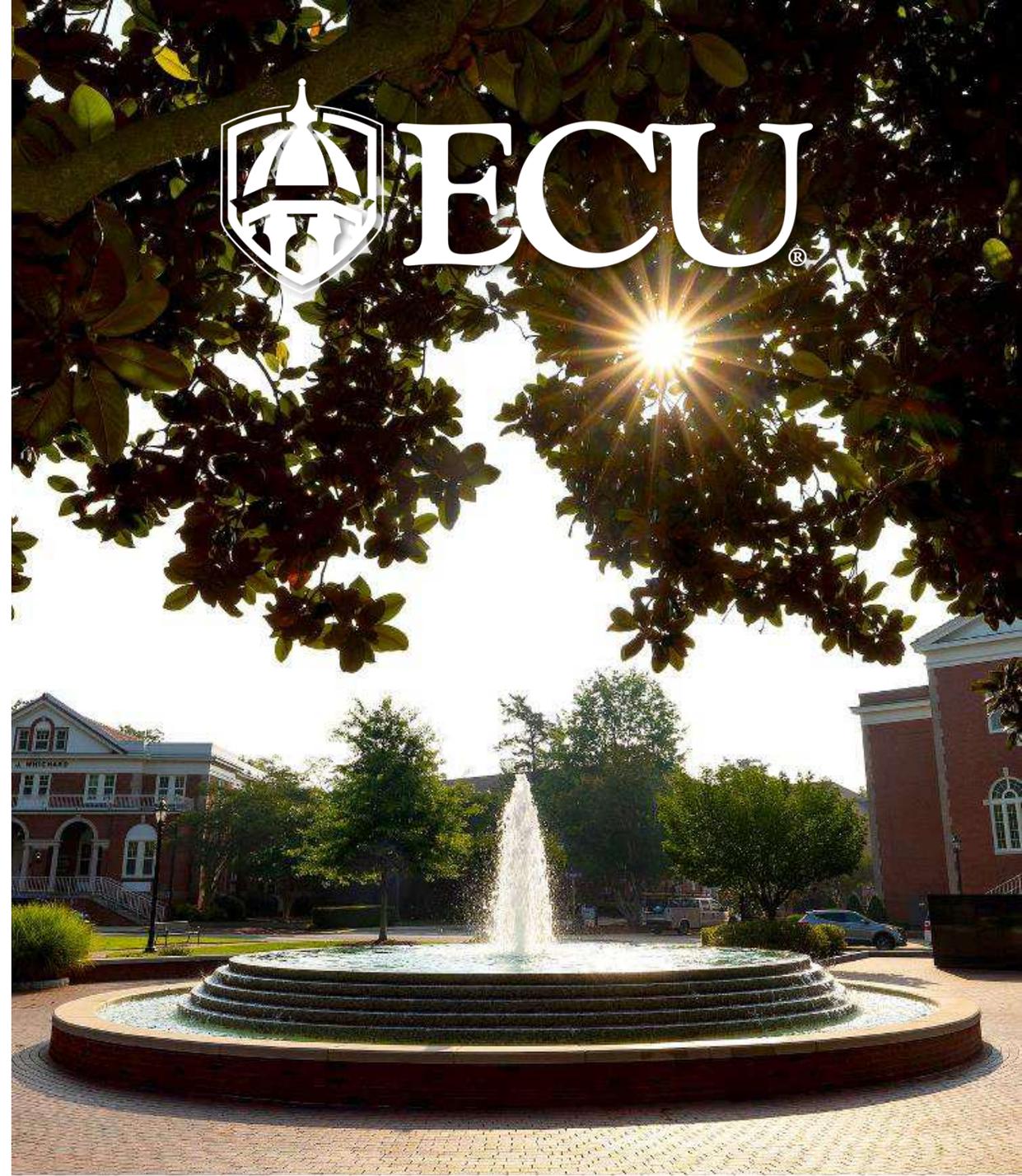


Student satisfaction and success reflects investments in the student experience



Partner Value: ECU

- **Launched the partnership in Spring 2024** which currently features **five online degree programs**
- **Average term enrollment across the five programs is 800+** currently with a projection to reach 1,000 by the end of 2027
- The term-over-term **persistence rate for FY26 is 96%**
- **Estimated tuition and fee revenue earned to date is \$10.6M**, projected to grow to \$14.7M by the end of the fiscal year
- **On-track to pay back all deferred fees by March 2027** – a little over three years from the first student enrolled
- In FY28, **ECU is projected to net \$4.0M** after covering internal costs of instruction and program management as well as PKH service fees, growing to \$5.0M in FY34 with no new programs included
- **Estimated 10-year IRR is 42%***



New Flight Path Partner

Winston-Salem State University signed a MSA with PKH on January 6th.

WSSU will launch 3 programs in Fall 2026, with subsequent programs to follow:

The initial program launches are:

- BS Psychology
- BSBA Management
- BIS Interdisciplinary Studies



WINSTON-SALEM
STATE UNIVERSITY



Meeting the Needs of the UNC System

OTHER PKH PARTNERS



THE UNIVERSITY
of NORTH CAROLINA
at CHAPEL HILL



PKH has three ongoing initiatives at UNCCH:

- **Hussman School of Journalism:** Marketing and recruitment strategy, messaging, and outreach support for the Master's in Digital Communications (MADC) to increase program visibility and enrollment.
- **UNC Law School:** Instructional design and digital development of *Law School Fundamentals*, an online adaptation of the LEAP program to prepare admitted students for the academic rigor of law school.
- **Ingram Institute / UNC Health:** Design and development of workforce-focused online courses that prepare North Carolinians for entry into and advancement within healthcare careers.

Successfully delivered a system-wide *Math for Nurses* course to support nursing programs across UNC institutions in which PKH:

- Developed high-quality, nursing-aligned math curriculum with integrated assessments and instructional design best practices
- Ensured full LMS readiness, including quality assurance, accessibility compliance (WCAG 2.1 AA / Section 508), and transferability
- Partnered closely with UNC System academic leadership to meet institutional standards and scalability needs

Through a System Office grant, PKH is helping NCCU provide early advising, TEAS preparation, and structured mentorship to pre-nursing students. Provides students with clearer requirements, earlier measures of readiness, and defined alternative pathways.

- Projected nursing admissions are ~35 students, a **59% year-over-year increase (from 22)**. Students report greater clarity, earlier test prep, and reduced stress; mentors are successfully redirecting non-admitted students into viable continuation pathways.





Advancing UNC System Competitiveness

FASTER is a comprehensive assessment designed to improve student and staff experiences across the enrollment journey at UNC System institutions. Leveraging Project Kitty Hawk's deep experience supporting online learners across North Carolina, PKH partners with institutions to evaluate the end-to-end student journey.

Through data analysis, market insights, and structured stakeholder interviews, PKH identifies strengths and actionable opportunities to enhance enrollment, onboarding, and ongoing student success across online and on-ground pathways.

Current FASTER Partners



Find

And

Streamline

Tactics for

Enrollment and

Retention

FASTER Deliverables



Student Journey Mapping Report & Action Plan

Project Kitty Hawk provides a report that serves as a **strategic roadmap**, outlining key challenges, opportunities, and **actionable steps to improve the student journey** across marketing, admissions, enrollment processes, and student support services, with a focus on better serving both traditional and adult learners.

Recommendations are grounded in the expertise of Project Kitty Hawk subject matter experts and informed by first-hand observations of how bureaucratic barriers can impede student progress.



Program Analysis

Project Kitty Hawk conducts a comprehensive market opportunity assessment with a programmatic focus. This work includes in-depth market research, analysis of the current program portfolio, competitor benchmarking, and a review of approval processes and internal capabilities.

The assessment identifies portfolio gaps, high-demand program areas for all modalities, and opportunities for strategic growth, including expanded pathways for community college transfer students and online programs.

Examples from Current Partners



Students are unable to resolve registration errors without intervention from staff.



Create a registration error lookup tool that documents common errors and resolution steps.



High transcript volumes muddled by routing errors and incorrect picklist set ups.



Perform Parchment audit to uncover process and system configuration issues.



Credit evaluation requires field-by-field data entry – even for known courses.



Create a "repeat institution" database that pre-populates known course equivalencies.

Vast majority of grant spent in support of program & partner launches

Direct Program Expenses



\$53.5M (58%)

- Program launch grant funding for high-demand, scalable programs and operating grants to bridge initial gap between university costs and program revenue during the start-up phase
- Re-Enrollment program
- Personnel Costs for business development, marketing & recruitment, faculty and academic, student success, and general operations staff
- Archer Education for admissions, recruitment, marketing, and lead generation
- Collegis & ACUE for instructional design, faculty training, and technology services
- Accenture for planning and project management

Digital Platform Expenses



\$18.0M (20%)

- Amazon Web Services for the digital learning platform development
- Various software licenses, applications, and services to support launches
- Digital and Tech Personnel/Contractors

This is an essential asset that enables program and University partner launches.

Administrative Expenses



\$19.7M (22%)

- Finance, Human Resources, and Executive personnel costs
- Auditing, Commercial Insurance, Occupancy, etc.

The grant is on track to be fully spent by April 2026



Increased personnel expenses reflect reduction in reliance on contractors

	FY22	FY23	FY24	FY25	FY26 (through Jan 2026)	Total to Date
Personnel	\$0.6M	\$5.2M	\$8.1M	\$9.9M	\$7.6M	\$31.4M
Professional Fees <i>Includes contracted marketing and admissions, course development, LMS and PKH platform development expenses</i>	\$0.0M	\$13.4M	\$14.5M	\$14.4M	\$8.0M	\$50.4M
Technology	\$0.7M	\$1.4M	\$0.8M	\$1.2M	\$1.0M	\$5.2M
Grants to Institutions	\$0.0M	\$0.0M	\$0.7M	\$1.4M	\$0.6M	\$2.7M
Non-Personnel & Non-Technology Administrative	\$0.0M	\$0.3M	\$0.3M	\$0.2M	\$0.1M	\$0.9M
Travel	\$0.1M	\$0.3M	\$0.2M	\$0.1M	\$0.05M	\$0.7M
Total (Cash)	\$1.4M	\$20.6M	\$24.7M	\$27.2M	\$17.3M	\$91.2M
<i>Full Time Employees</i>	16	48	61	77	98 (EOY)	
<i>Personnel Spend per Employee</i>	<i>N/A (partial year)</i>	\$108K	\$133K	\$129K	\$112K (EOY)	
<i>Average Annual Student Enrollment</i>	0	0	61	841	2,118	
<i>Number of Programs</i>	0	0	9	14	19	



Buy then Build: PKH Path to In-Sourcing

Then: Build by Partnership

- When PKH launched, founding leadership chose a “build by partnership” approach, selecting mission-aligned contractors for many services.
- That approach enabled velocity and flexibility early-on and helped develop the PKH team and expertise. The ~\$50 million in “Professional Fees” on prior slide reflects these partnerships.
- Reliance on vendors is *not* sustainable over the long-term. We can deliver quality services at lower cost.
- PKH has therefore set out to in-source services to reduce costs and increase quality and responsiveness.

Now: In-Source Services

Example: Marketing and Admissions.

Since inception, PKH has partnered with Archer Education, to deliver all marketing and admissions services.

Leveraging a vendor for these critical services enabled us to launch quickly. But relying on a vendor in perpetuity is cost prohibitive to PKH and our partners. We are moving towards in-sourcing these functions through FY26 and FY27, resulting in a lower cost per new student for admissions and marketing services.

	FY25 (Actual)	FY26 (Actual + Projected)	FY27 (Budget)
New Students	1,469	1,964	2,734
Marketing & Admissions Costs per Student*	\$2,925	\$2,542	\$1,805



PKH Financial Overview & Projections

Dollar values in millions	ACTUAL				PROJECTED			
	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
University Partners	–	–	3	3	4	6	8	8
Academic Programs	–	–	9	14	19	26	34	41
Average Annual Student Enrollment	–	–	61	841	2,118	3,222	4,642	6,125
	ACTUAL (Accrual)				PROJECTED			
Revenue								
CARES Act Grants	\$4.0	\$41.0	\$27.3	\$24.7	–	–	–	–
Program Revenue	–	–	\$5.8	\$13.9	\$20.0	\$25.5	\$35.5	\$44.0
Other Revenue	–	\$0.2	\$1.6	\$1.8	\$0.7	\$0.3	–	–
Total Revenue	\$4.0	\$41.2	\$34.7	\$40.4	\$20.7	\$25.7	\$35.5	\$44.0
Expenses								
Personnel	\$0.8	\$5.1	\$9.6	\$10.0	\$11.0	\$16.7	\$22.6	\$24.2
Non-Personnel	\$0.3	\$11.4	\$13.1	\$19.9	\$20.5	\$16.2	\$18.5	\$19.7
Total Expenses	\$1.1	\$16.5	\$22.7	\$29.9	\$31.5	\$33.0	\$41.1	\$43.9
Net Income	\$2.9	\$24.7	\$12.0	\$10.5	(\$10.8)	(\$7.2)	(\$5.6)	\$0.1
Ending Cash Balance	\$2.6	\$19.5	\$25.7	\$31.4	\$19.8	\$18.6	\$12.9	\$13.1

Compared to last year's report to the UNC System Board of Governors:

- **24%** reduction in projected FY27 deficit
- Breakeven **accelerated** to FY29 (from FY31)
- Ending cash balance is on average **\$11M higher** annually than previously reported for FY27-FY29



Thank You.



PROJECT KITTY HAWK



**THE
UNIVERSITY OF
NORTH CAROLINA
SYSTEM**

**Project Kitty Hawk:
Progress Report to the North Carolina
General Assembly**

DRAFT

March 1, 2026

**University of North Carolina System
Project Kitty Hawk
Chapel Hill, North Carolina**

Project Kitty Hawk (PKH), an affiliated entity of the University of North Carolina System, is an education technology and services nonprofit that builds pathways for adult learners to earn high-quality, workforce-aligned degrees and credentials from UNC System institutions. The organization was created and funded by the North Carolina General Assembly in the 2021 budget with the express goal of helping the state reach its 2030 attainment goal by enabling more adults to enroll in and graduate from our public universities with degrees or credentials in high-demand fields.

The provision creating Project Kitty Hawk requires that the UNC System Office to report annually to the Joint Legislative Education Oversight Committee (JLEOC) of the General Assembly on the following key performance indicators including:

- participation by constituent institutions;
- student demographics for course enrollment;
- tuition receipts and fees for online courses; and
- completion of student degree programs through digital courses by institution.

Since the last annual report, PKH has continued to grow and fulfill its legislatively-defined mission. We have added two university partners (North Carolina A&T State University and Winston Salem State University) and five new degree programs, including the first graduate degree program (a Master's in Business Administration (MBA) at North Carolina Central). University partners are scheduled to launch up to seven more programs in Fall 2026. Current enrollment in Flight Path programs has more than doubled since last year's report (943 in February 2025 vs. 2,193 in February 2026), while the number of total new student starts since inception has more than doubled (+165%, from 1,167 to 3,087).

As a reminder, Flight Path programs are designed to meet the needs of adult learners and feature:

- Eight-week terms
- Five term starts per year
- Admissions support throughout the application and registration process
- 1:1 student success coaching for all enrolled students
- 24/7 tech support
- Access to virtual tutoring and behavioral health resources

Project Kitty Hawk provides the services and expertise that university partners need to develop, launch, and grow online degree programs, including:

- Online growth strategy
- Marketing
- Admissions and enrollment management
- Instructional design and access to a Learning Management System (LMS)
- Student success support
- Reporting and analytics.

Project Kitty Hawk has also partnered with universities to provide custom solutions that meet their unique needs and the needs of the state. In the 2023 budget, the state legislature provided \$38 million in funding to the UNC System Office help universities expand the nursing pipeline. Using a grant from this program, North Carolina Central has partnered with PKH to provide pre-nursing students with access to dedicated mentors who are helping these students meet admission requirements for the major. Early results suggest the program has nearly doubled the number of nursing candidates successfully meeting admissions standards in NCCU’s nursing program. Also in nursing, Project Kitty Hawk staff worked with System Office staff to create a “Math for Nurses” course designed to improve completion of gateway math courses that nursing candidates must pass to complete their degrees. Project Kitty Hawk is also working with several schools at University of North Carolina-Chapel Hill to develop and market new and existing online programs.

As an affiliate of the System, Project Kitty Hawk has worked closely with President Hans and the UNC System Office on System-wide initiatives. In 2025, Project Kitty Hawk successfully transitioned the Re-enrollment Program that began in 2023 to the System Office, thereby ensuring that campus partners will continue to recruit stopped out students back to the System to complete their degree. As of January, the joint re-enrollment effort has brought back just over 5,400 students to the System, 1,043 of whom have graduated thus far. The System’s partner in the re-enrollment program, ReUP Education, estimates that the program has generated more than \$25 million in recovered tuition.

As part of President Hans’ efforts to reduce administrative burden and streamline university processes and practices, PKH also launched the FASTER initiative, an effort to help eight UNC System universities make their admissions and enrollment processes more user-friendly and identify promising opportunities for enrollment growth. The System-funded project launched in 2025, and engagements in this fiscal year include UNC Greensboro (complete), Fayetteville State University (complete), Elizabeth City State University (in process), Winston Salem State University (in process) and UNC Asheville (in process). Three more university engagements will follow next year.

The following sections provide additional detail on the key performance indicators identified by the General Assembly in the 2021 budget.

Partners, Programs, and Tuition Rates

Table 1 contains key facts on Project Kitty Hawk-supported Flight Path programs across partners, while Figure 1 reports cumulative new student starts over time by partner.

As a reminder, the provision creating Project Kitty Hawk also required that credit hours provided with the support of the nonprofit be excluded from the university system’s annual enrollment growth request, and that tuition receipts be treated as institutional trust funds (i.e., off-model, self-supporting programs). Under Policy 1000.1.1, Subsection E of the UNC Policy Manual, the UNC Board of Governors has set maximum tuition rates per credit hour for degree programs supported by Project Kitty Hawk and

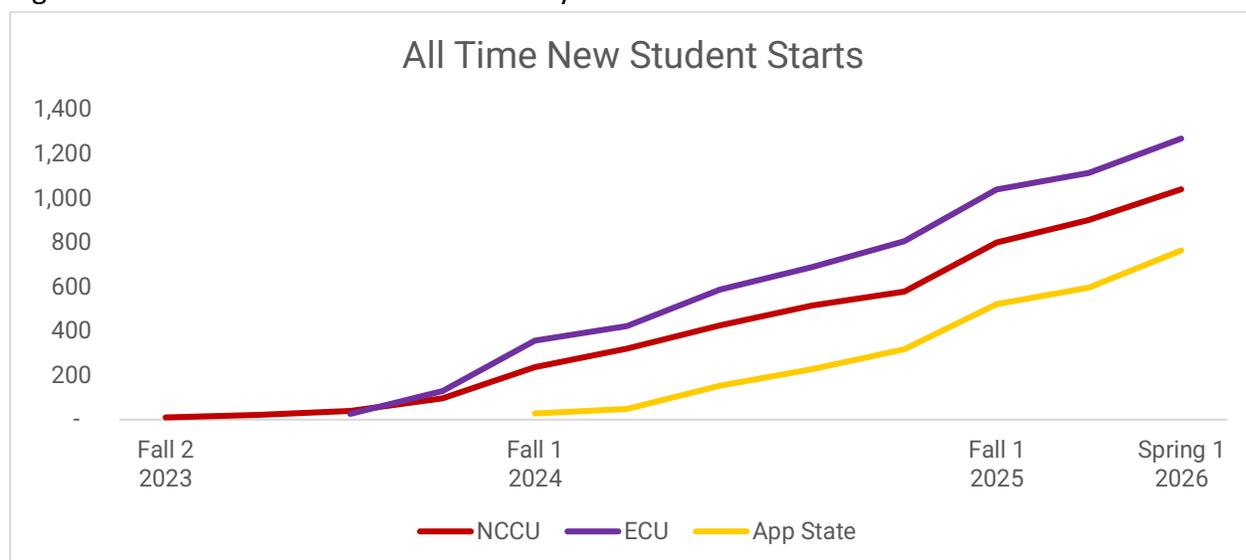
required that out-of-state students be charged a higher tuition rate than in-state students. The Board of Governors has set a maximum pre-credit tuition rate of \$500 for in-state undergraduates and \$800 for in-state graduate students and required that per-credit rates for out-of-state students be at least 20% higher than the rate for in-state students. Per-credit tuition rates for in-state students are reported in Table 1 and are all below the Board’s established maximum tuition rate.

Table 1: Flight Path Programs, Enrollments, and Tuition Per-credit Hour

Institution	Program	Launch date	All-time new student starts	Current enrollment	Tuition per credit hour
Undergraduate					
NCCU	RN to BSN	October 2023	115	54	\$361
NCCU	BS Information Technology	January 2024	235	157	\$361
ECU	BA Psychology	February 2024	747	481	\$398
ECU	BS Information & Cybersecurity Technology	February 2024	277	146	\$424
ECU	BS: Security Studies	February 2024	42	21	\$398
NCCU	BS Business Administration	March 2024	282	214	\$361
NCCU	BS Public Health Education	May 2024	34	28	\$361
NCCU	BS Health Administration	May 2024	277	188	\$361
ECU	BS Criminal Justice	June 2024	202	126	\$398
App State	BS Health Care Management	August 2024	171	129	\$412
App State	BSBA Supply Chain Management	August 2024	113	94	\$412

App State	BS Business Administration in Accounting	January 2025	230	176	\$412
App State	BS Criminal Justice	January 2025	119	84	\$386
App State	BS Organizational Leadership and Learning	January 2025	116	96	\$386
App State	BS Marketing	January 2026	15	15	\$412
NC A&T	BS Criminal Justice	January 2026	6	6	\$360
NC A&T	BS Liberal Studies	January 2026	10	11	\$360
ECU	BS Hospitality	March 2026	N/A	N/A	\$398
Graduate					
NCCU	MBA	August 2025	96	161	\$450
Totals					
Total	19 Flight Path degree programs		3,087	2,187	\$390

Figure 1: Cumulative New Student Starts by Partner



Note: NC A&T launched their first two programs in Spring 1 2026 and enrolled 16 total students (not pictured on the graph).

Table 2 provides information on new Flight Path programs that university partners plan to launch by Fall 2026. These launches will bring the grand total of Flight Path programs to 26, including three graduate programs.

Table 2: Projected Flight Path Program Launches

Institution	Program	Launch date
ECU	BS Multidisciplinary Studies	June 2026
Appalachian State	Graduate Certificate in Artificial Intelligence	Academic Year 26-27
North Carolina A&T	MBA (Human Resources concentration)	August 2026
North Carolina A&T	BA in Political Science	August 2026
Winston Salem State	BSBA Management	August 2026
Winston Salem State	BIS Interdisciplinary Studies	August 2026
Winston Salem State	BS Psychology	August 2026

Student Demographics

Data on student demographics indicate that Project Kitty Hawk is serving the demographic that it was created to serve. Based on administrative data and student surveys, we know that amongst Flight Path students:

- The average age is 32.3 (22% of students are over the age of 40)
- 81% are North Carolina Residents
- 69% are women
- 75% are employed full-time
- Of those employed full-time, 47% also report care-giving responsibilities
- 85-90% report prior experience in online postsecondary education
- 14% of students had previously enrolled in at least one of 12 national online universities (~400 students).

Table 3 reports additional data on the demographics of Flight Path students.

Table 3: Key Demographics by Program

Partner	Program	Average Age at Enrollment	Pct. Female	Pct. NC Address
ASU	Accounting	31.2	65%	97%
ASU	Criminal Justice	27.6	68%	96%
ASU	Healthcare Management	32.1	91%	98%
ASU	Marketing	29.3	74%	100%
ASU	Organizational Leadership and Learning	37.9	57%	96%
ASU	Supply-chain Management	31.8	33%	94%
ECU	Psychology	30.8	85%	90%
ECU	Criminal Justice	30.4	70%	91%
ECU	Information and Cybersecurity Technology	31.1	33%	89%
ECU	Security Studies	32.3	42%	92%
NCAT	Liberal Studies	38.8	56%	56%
NCAT	Criminal Justice	33.7	45%	27%
NCCU	Business Administration	34.3	76%	87%
NCCU	Health Administration	36.4	92%	88%
NCCU	Information Technology	33.0	50%	86%
NCCU	MBA	32.7	68%	82%
NCCU	Public Health Education	35.5	90%	79%
NCCU	RN to BSN	39.3	90%	90%

Enrollments, Persistence, Tuition Receipts, and Completions by Partner

Table 4 reports current enrollment (as of January 2026) and all-time new student starts by partner university. The table also includes information on the percentage of students that persist from one term to the next and estimated all-time tuition and fee receipts from Flight Path programs¹. As of January 2026, partners have generated \$24.8 million in tuition receipts, and that number is projected to grow to \$35.2 million by the end of FY26.

Table 4: Enrollments, Persistence, and Tuition Receipts by Partner University

Institution	Total number of Flight Path programs	Current enrollment	All-time new student starts	FY26 term persistence rate YTD	All-time tuition realized from Flight Path programs
NCCU	6	802	1,039	97%	\$8.5M
ECU	5	780	1,268	96%	\$10.6M
App State	6	595	764	93%	\$5.6M
NC A&T	2	16	16	N/A	\$37k
Total	19	2,193	3,087	96%	\$24.8M

Project Kitty Hawk’s mission statement calls for building pathways that enable adult learners to not only enroll in an online degree, but to complete one. Term-over-term student persistence rates are high, and those success rates are translating to increasing numbers of degree completers. To date, just under 100 students have completed a degree in a Flight Path program, and that number is projected to double by the end of academic year 2025-26.

Table 5: Completions by Partner University

Institution	Total number of Flight Path Graduates
NCCU	73
ECU	22

Note: Completion numbers are not yet reported at the program level due to small cell sizes in order to protect student privacy. Institutions with completion numbers below 9 are not listed.

¹ PKH estimates realized tuition and fees using in-state rates. Actual tuition and fee revenues are higher given that 19% of all enrolled students are from out-of-state.

Project Kitty Hawk Finances and Projections

Project Kitty Hawk was initially funded with a \$97 million appropriation from the General Assembly drawn from the State Fiscal Recovery Fund (SFRF) under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020. Those funds are required to be expended by December 2026. As of January 2026, Project Kitty Hawk had spent \$91.2 million of the initial appropriation and anticipates spending down the remaining grant funds in April 2026.

In an effort to launch quickly at inception, PKH leadership adopted a “build-by-partnership” approach, selecting mission-aligned contractors to assist in building the digital learning platform and in delivering key services like marketing and admissions. That approach enabled velocity and flexibility early-on and helped develop the PKH team and expertise. The \$50.4 million in “Professional Fees” in Table 6 reflects these partnerships, including large contracts with Amazon Web Services (digital platform), Archer Education (marketing and admissions), Collegis Education (instructional design and IT support), and ReUp Education (re-enrollment program).

Table 6: Project Kitty Hawk Grant Expenses Since Inception (Cash Basis)

	FY22	FY23	FY24	FY25	FY26 (through Jan)	Total to Date
Personnel	\$0.6M	\$5.2M	\$8.1M	\$9.9M	\$7.6M	\$31.4M
Professional Fees Includes contracted marketing and admissions, course development, LMS and PKH digital platform development expenses	\$0.0M	\$13.4M	\$14.5M	\$14.4M	\$8.0M	\$50.4M
Technology	\$0.7M	\$1.4M	\$0.8M	\$1.2M	\$1.0M	\$5.2M
Grants to Institutions	\$0.0M	\$0.0M	\$0.7M	\$1.4M	\$0.6M	\$2.7M
Non-Personnel & Non-Technology Administrative	\$0.0M	\$0.3M	\$0.3M	\$0.2M	\$0.1M	\$0.9M
Travel	\$0.1M	\$0.3M	\$0.2M	\$0.1M	\$0.05M	\$0.7M
Total (Cash)	\$1.4M	\$20.6M	\$24.7M	\$27.2M	\$17.3M	\$91.2M
	FY22	FY23	FY24	FY25	FY26 (through Jan)	
Full Time Employees	16	48	61	77	98 (EOY)	
Personnel Spend per Employee	N/A	\$108K	\$133K	\$129K	\$112K (EOY)	
Average Annual Student Enrollment	0	0	61	841	2,118	
Number of Programs	0	0	9	14	19	

In addition to those partnerships, Table 6 indicates that Project Kitty Hawk has spent \$31.4 million on personnel expenses to build and grow the Project Kitty Hawk team, including the addition of dozens of student-facing staff (student success coaches and admissions personnel). Eighty-nine percent of Project Kitty Hawk employees are North Carolina residents. Together, Professional Fees and Personnel expenses make up 91% of the grant-funded expenses.

Increased spending on personnel reflects a strategic decision to move past the build-by-partnership phase and in-source additional functions, thereby reducing our reliance on third-party contractors and containing costs. As Table 7 illustrates, this strategy has improved our financial projections and will ensure Project Kitty Hawk’s long-term sustainability while also keeping costs low for our partners.

Compared to last year’s report, the refreshed projections show a 24% reduction in the deficit in FY2027, a breakeven estimate that is two years sooner (2029 vs. 2031), and a healthy cash position throughout.

Table 7: Actual and Projected Revenues and Expenses Through FY2029

	ACTUAL				PROJECTED			
Key Metrics	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
University Partners	–	–	3	3	4	6	8	8
Academic Programs	–	–	9	14	19	26	34	41
Average Annual Student Enrollment	–	–	61	841	2,118	3,222	4,642	6,125
Revenue	ACTUAL (Accrual)				PROJECTED			
CARES Act Grants	\$4.0	\$41.0	\$27.3	\$24.7	–	–	–	–
Program Revenue	–	–	\$5.8	\$13.9	\$20.0	\$25.5	\$35.5	\$44.0
Other Revenue	–	\$0.2	\$1.6	\$1.8	\$0.7	\$0.3	–	–
Total Revenue	\$4.0	\$41.2	\$34.7	\$40.4	\$20.7	\$25.7	\$35.5	\$44.0
Expenses								
Personnel	\$0.8	\$5.1	\$9.6	\$10.0	\$11.0	\$16.7	\$22.6	\$24.2
Non-Personnel	\$0.3	\$11.4	\$13.1	\$19.9	\$20.5	\$16.2	\$18.5	\$19.7
Total Expenses	\$1.1	\$16.5	\$22.7	\$29.9	\$31.5	\$33.0	\$41.1	\$43.9
Net Income	\$2.9	\$24.7	\$12.0	\$10.5	(\$10.8)	(\$7.2)	(\$5.6)	\$0.1
Ending Cash Balance	\$2.6	\$19.5	\$25.7	\$31.4	\$19.8	\$18.6	\$12.9	\$13.1

Dollar values in millions.

Project Kitty Hawk continues to adhere to federal cost principles and issues an attestation to the UNC System Office each month along with a regular cash flow report. Travel expenses have been dramatically reduced despite a larger team and additional university partners. And after delays caused by the federal Office of Management and Budget, the organization received a clean audit for FY2025 from Frazier and Deeter and is now considered a low-risk auditee after three years of operation.

Appendix 1

Project Kitty Hawk Board of Directors

Randy Ramsey, Chairman
Member, UNC System Board of Governors

Peter Hans, Member
President, UNC System

Ray Carey, Member
Head, NextLevel Operations, Level Equity

John Comly, Member
Partner, Falfurrias Management Partners

Susan Cates, Member
Managing Partner, Leeds Illuminate

Sarah Soule, Member
CEO, Home Solutions

Dr. Heather Norris, Member
Chancellor, Appalachian State University

Dr. Karrie Dixon, Member
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Dr. Philip Rogers, Member
Chancellor, East Carolina University