

September 13, 2023 at 3:30 p.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S. West Street, Room 1809
Raleigh, North Carolina

AGENDA

OPEN SESSION

- A-1. Approval of the Open Session Minutes of February 22, 2023 and April 19, 2023 Mark Holton
- A-2. Strategic Initiatives Annual Agenda.....Mark Holton
- A-3. Return on Investment in Higher Education.....Andrew Kelly
Pete Fritz, Deloitte Higher Education
Lynnette McLaughlin, Deloitte Higher Education
- A-4. Adjourn

DRAFT MINUTES

February 22, 2023 at 11 a.m.
Via Videoconference and PBS North Carolina Livestream
UNC System Office
223 S. West Street, Room 1809
Raleigh, North Carolina

This meeting of the Committee on Strategic Initiatives was presided over by Chair David Powers. The following committee members, constituting a quorum, were also present in person or by phone: Carolyn Coward, Anna Nelson, John Fraley, Mark Holton, and Ray Palma.

Chancellors participating were Chancellor Brown and Chancellor Cole.

Staff members present included Dr. Andrew P. Kelly, and others from the UNC System Office.

1. Call to Order and Approval of January 18, 2023, Session Minutes (Item A-1)

The chair called the meeting to order at 11 a.m. on Wednesday, February 22, 2023, and called for a motion to approve the open session minutes of January 18, 2023.

MOTION: Resolved, that the Committee on Strategic Initiatives approve the open session minutes of January 18, 2023, as distributed.

Motion: Mark Holton
Motion carried

2. Project Kitty Hawk Update (Item A-2)

Chair Powers gave a brief introduction of Project Kitty Hawk and their leadership team present today before handing the floor to Wil Zemp, president and CEO. Zemp and his team led the presentation on the progress made thus far and what the future looks like for Project Kitty Hawk. Following the presentation, the floor was opened to board members for questions and discussions.

3. Staff Perspectives on Leadership Profiles and Selection (Item A-3)

Staff Assembly Chair Crystal Woods moderated a discussion panel on the evolving role of a chancellor in today's climate, joined by Dr. Ben Pendry of Western Carolina University, Dr. Hector Molina of Fayetteville State

University, Ms. April Horton, North Carolina School of Science and Mathematics, and Mr. Charlie Leffler, formerly of NC State University, University of North Carolina at Pembroke, and University of North Carolina School of the Arts, to share their perspectives. The panel examined the robust challenges of the job, the skills needed by a chancellor to lead and grow with their support team, and the evolving public view of higher education.

4. Adjourn

There being no further business and without objection, the meeting was adjourned at 12:21 p.m.

Carolyn Coward, Secretary

DRAFT MINUTES

April 19, 2023 at 3 p.m.
Via Videoconference and PBS North Carolina Livestream
UNC Pembroke
James A. Thomas Building, Room 225-226
Pembroke, North Carolina

This joint meeting of the Committee on University Governance and Committee on Strategy and Policy was presided over by Chairs Kellie Blue and David Powers. The following committee members for the Committee on University Governance, constituting a quorum, were also present in person or by phone: Philip Byers, Joel Ford, Alex Mitchell, David Powers, and Michael Williford. The following committee members for the Committee on Strategic Initiatives, constituting a quorum, were also present in person or by phone: Carolyn Coward, Joel Ford, John Fraley, Mark Holton, Anna Nelson, and Ray Palma.

Chancellors participating were Chancellor Dixon, Chancellor Rogers, Chancellor Brown, Chancellor Cole, and Mr. Crabtree.

Staff members present included Andrew Kelly, Meredith McCullen, Andrew Tripp, and others from the UNC System Office.

1. Call to Order

The chairs called the meeting to order at 3 p.m. on Wednesday, April 19, 2023.

2. Summary of Search Practices Across Public Higher Education (Item A-1)

Chair Powers gave a report on the Committee's findings from a months-long examination of the role of chancellors and the chancellor search process.

3. Discussion of Chancellor Search Policy Recommendations (Item A-2)

Chair Powers called for a motion from the Committee on Strategic Initiatives to recommend a superseding, new version of Section 200.8 of the UNC Policy Manual, *Policy on Chancellor Searches and Elections*.

MOTION: Resolved, that the Committee on Strategic Initiatives recommends a superseding, new version of Section 200.8 of the UNC Policy Manual, *Policy on Chancellor Searches and Elections*.

Motion: David Powers

Before a vote was taken on the original motion, Mr. Ford made a substitute motion that would include certain additional amendments to the proposed updated Section 200.8 of the UNC Policy Manual offered by Chair Powers: to limit the size of search advisory committees to no more than 13 members; to require that search advisory committee's include the University president or designee, the Chair of the Board of Governors, or designee, and the member of the Board of Governors designated by the Committee on University Governance as the liaison to the campus as ex officio voting members; to strike the requirement that search advisory committees include community members; and to make technical changes to ensure the policy refers to the search advisory committee consistently.

Chair Powers called for a vote on Mr. Ford's substitute motion.

MOTION: Resolved, that the Committee on Strategic Initiatives votes to recommend to the Committee on University Governance the following substitute amendments to Section 200.8 of the UNC Policy Manual offered by Chair Powers: to limit the size of search advisory committees to no more than 13 members; to require that search advisory committee's include the University president (or their designee), the Chair of the Board of Governors (or their designee), and the member of the Board of Governors designated by the Committee on University Governance as the liaison to the campus as ex officio voting members; to strike the requirement that search advisory committees include community members; and to make technical changes to ensure the policy refers to the search advisory committee consistently.

Motion: Joel Ford

Motion carried

Mrs. Nelson voted no on the substitute motion.

The proposed superseding policy, as amended, was then taken up by the Committee on Strategic Initiatives for a vote.

MOTION: Resolved, that the Committee on Strategic Initiatives recommends to the Committee on University Governance a new, superseding version of Section 200.8 of the UNC Policy Manual, *Policy on Chancellor Searches and Elections*, as amended.

Motion: Joel Ford

Motion carried

Chair Powers and Chair Blue ended the joint meeting without objection. While the Committee on Strategic Initiatives adjourned its business for the day, Chair Blue had previously announced that the Committee on University Governance would reconvene its earlier meeting fifteen minutes following the conclusion of the joint meeting. Because the joint meeting ended at 3:30 p.m., the meeting of the Committee on University Governance reconvened at 3:45 p.m.

Carolyn Coward, Secretary

AGENDA ITEM

A-2. Committee on Strategic Initiatives Annual Agenda Mark Holton

- Situation:** The Chair will preview proposed agenda items for the 2023-24 year with members of the Committee on Strategic Initiatives.
- Background:** The Committee on Strategic Initiatives provides a venue for the Board of Governors to examine key trends and policy issues in higher education in detail. Unlike the Board's standing committees, Strategic Initiatives has minimal transactional business, which enables the committee to take a detailed look at a particular topic in each meeting, and to spend more than one meeting on a given topic.
- Assessment:** The Committee's proposed agenda for the 2023-24 academic year includes: return on investment in higher education, artificial intelligence in higher education, and a review of the Carnegie Classification System and its implications for policy and governance.
- Action:** This item is for information only.

AGENDA ITEM

A-3. Return on Investment in Higher Education..... Andrew Kelly
Pete Fritz, Deloitte Higher Education
Lynnette McLaughlin, Deloitte Higher Education

Situation: Americans are increasingly skeptical of the value of higher education, especially young adults of college-going age. Some observers believe this skepticism has contributed to recent declines in enrollment, which has in turn put pressure on universities to demonstrate (and improve) the return on investment (ROI) associated with degree and credential programs. In this introductory session, the Committee on Strategic Initiatives will discuss the measurement of and trends in ROI in higher education and the implications for policy.

Background: Over the past three years, President Hans has regularly articulated a “public interest standard” for the academic programs offered across our constituent universities—the notion that a North Carolina resident who enrolls in one of our universities, studies hard, and completes a degree should be left better off than when they started. Sound, objective measures of the return on investment associated with different degree pathways can demonstrate the System’s value proposition and ensure that the public interest standard is being met.

The UNC System is poised for such an effort. As directed by the North Carolina General Assembly in the 2021 budget, the System and its constituent institutions have engaged in a first-of-its-kind study that measures the return on investment for every degree program at every institution in the System. The study, undertaken by Deloitte and partner organizations, examines return on investment from the perspective of the student and of the state.

The final results will be completed and presented to the University of North Carolina Board of Governors by the November deadline. In anticipation of these new data being available to the Board, the president, and university leaders, the Committee on Strategic Initiatives will spend the fall and early winter discussing ROI in higher education and the implications for policy and practice.

Assessment: The committee will hear an introductory presentation on the ways in which researchers and policymakers measure the return on investment associated with higher education, what the research indicates about the drivers of ROI, and a preview of the legislatively

mandated study by Deloitte. The discussion will conclude with an examination of the implications for policy and practice.

Action: This item is for information only.



Return on Investment in Higher Education: Measurement, Drivers, and Policy Implications

September 13, 2023

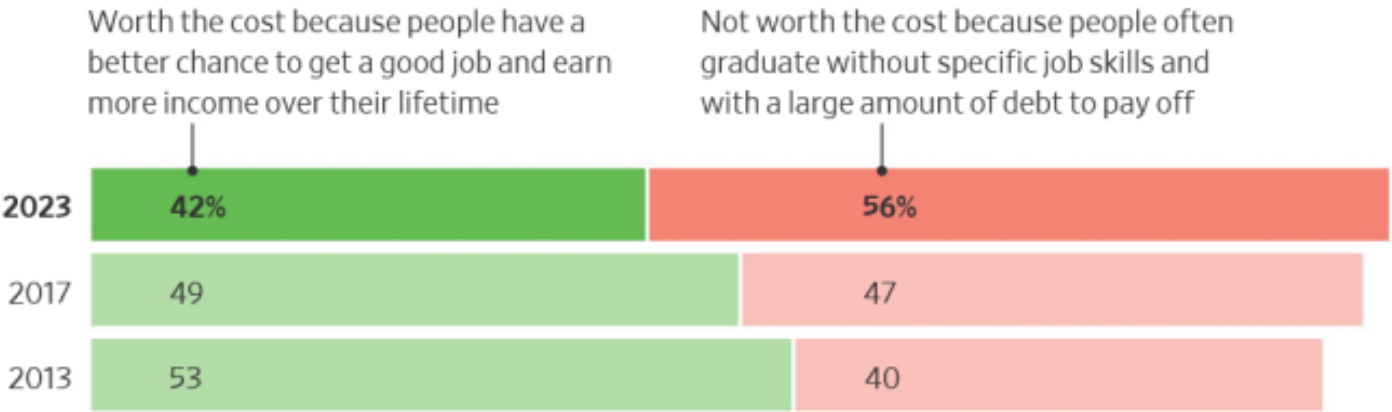
Committee on Strategic Initiatives

Outline

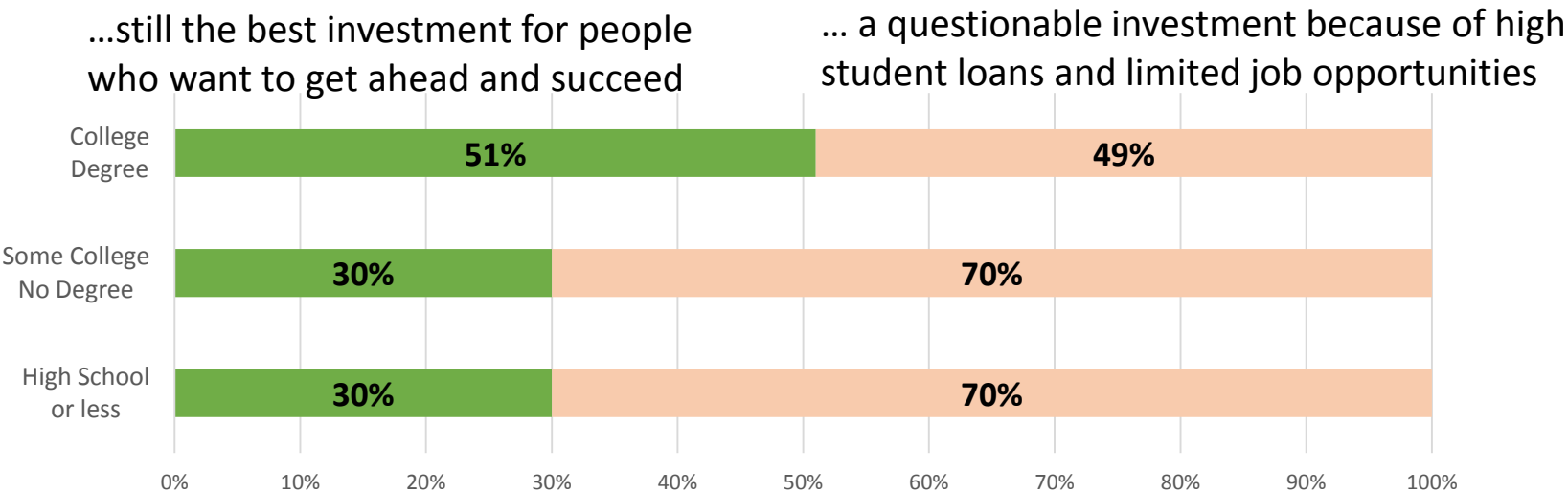
1. Trends in public confidence in higher education
2. Measuring return on investment (ROI) in higher education
3. What we know: Trends in and drivers of ROI
4. Measuring ROI in the UNC System (Overview of the Deloitte study)
5. Policy implications and discussion

Shaken confidence in the value of higher education

When it comes to getting a four-year college degree, which of the following statements comes closer to your point of view? A four-year college education is...

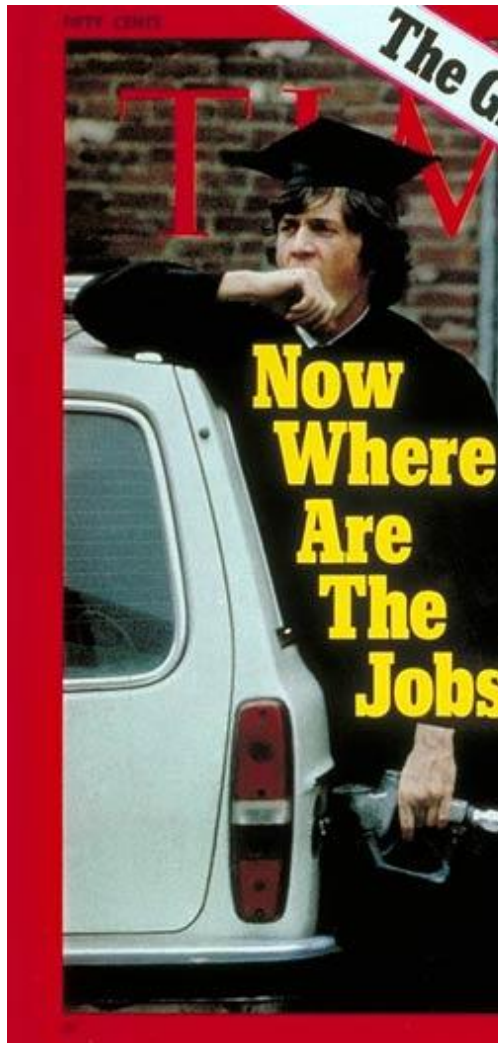


According to **18-34 year olds**, a college education is:



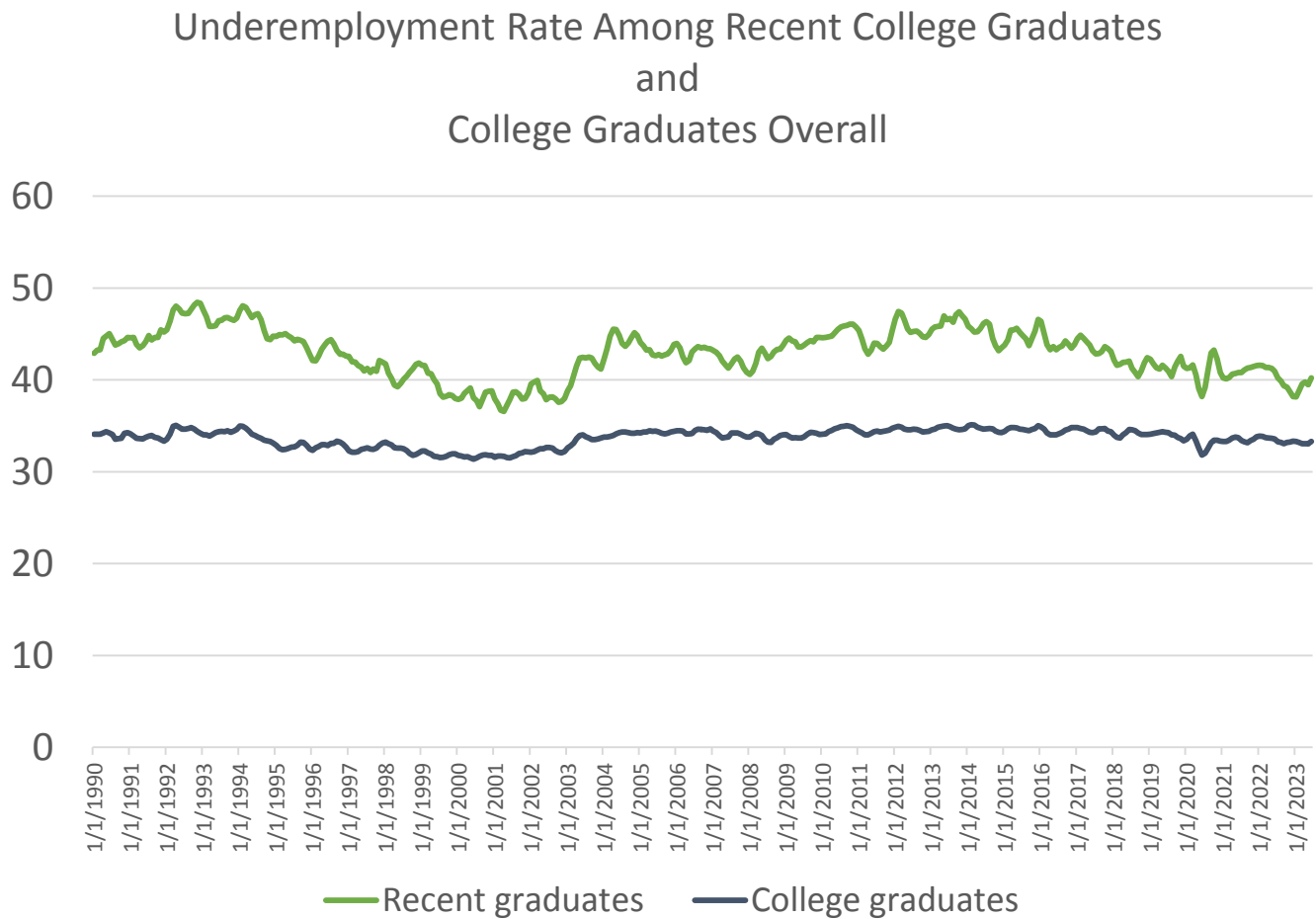
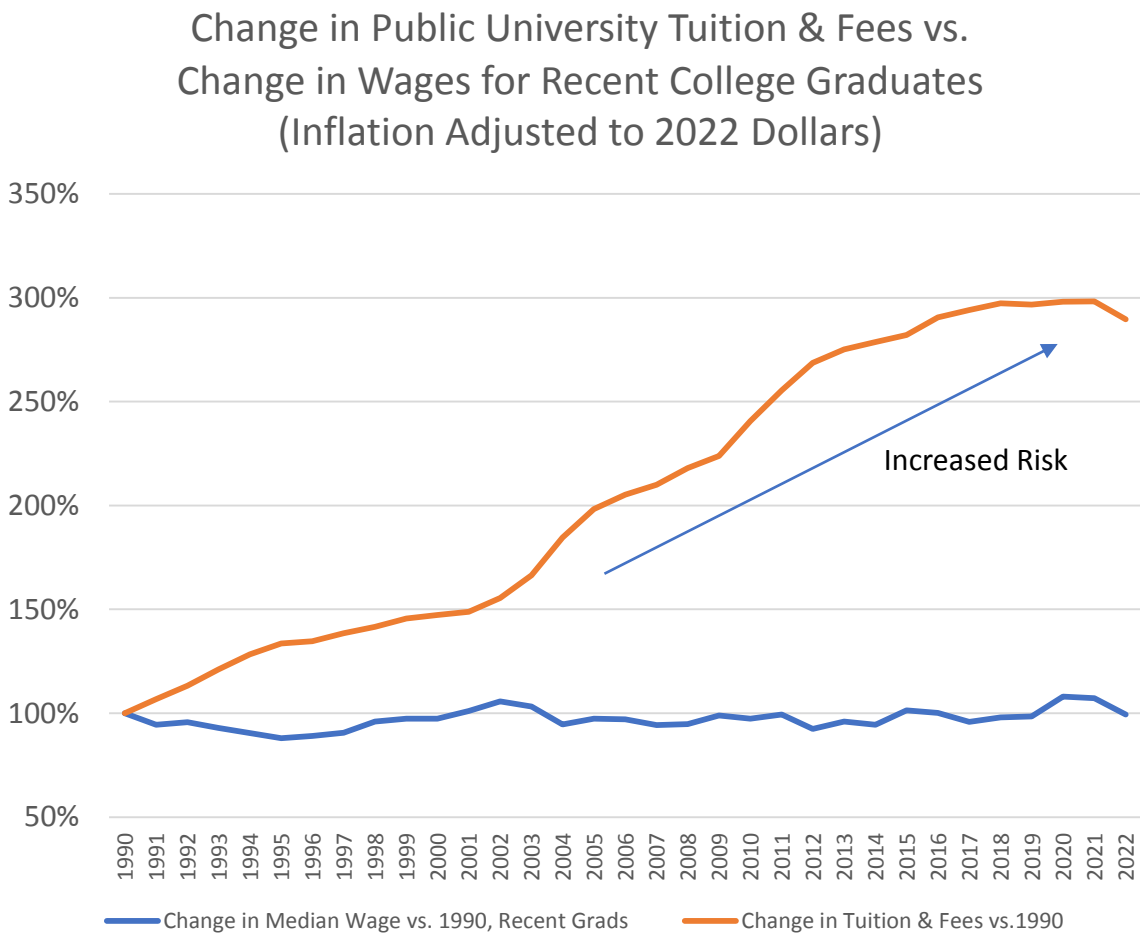
Sources: WSJ-NORC Poll, March 2023; Public Agenda, “America’s Hidden Common Ground on Public Higher Education,” July 2022.

The More Things Change...



Why the Crisis in Confidence?

Rising Costs (and Debt), Stable Wages



Recent college graduates: full-time workers aged 22-27 with a bachelor's degree.

Why ROI?: Students enroll in college to expand labor market opportunity (among other reasons)

The following reasons were “Very Important” in deciding to go to college:	
To be able to get a better job	83%
To learn about things that interest me	83%
To get training for a specific career	77%
To gain a general education and an appreciation of ideas	74%
To be able to make more money	73%
To prepare myself for graduate or professional school	62%
To make me a more cultured person	49%
To please my family	34%

ROI Measurement Basics

Return

Basic: Graduate earnings

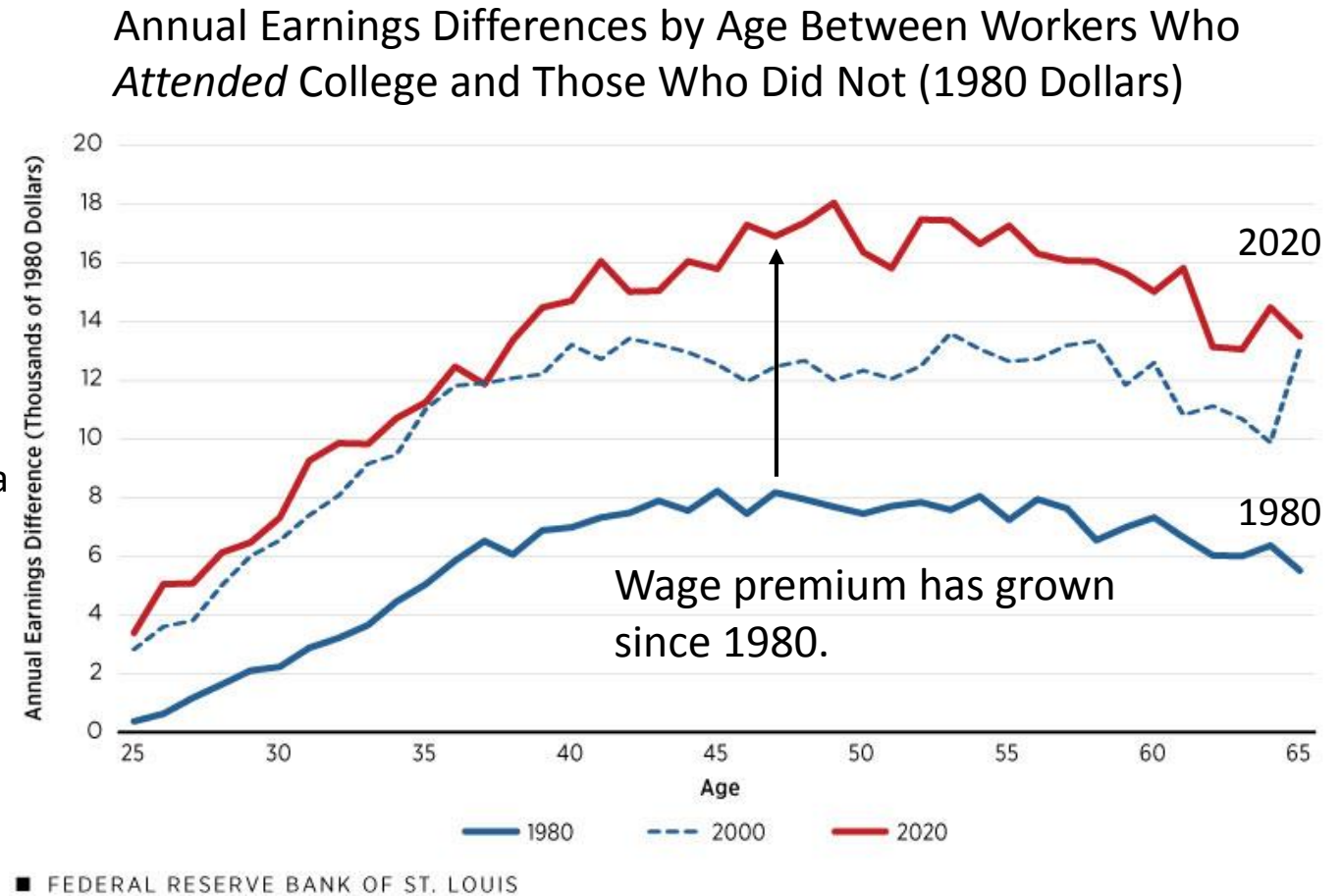
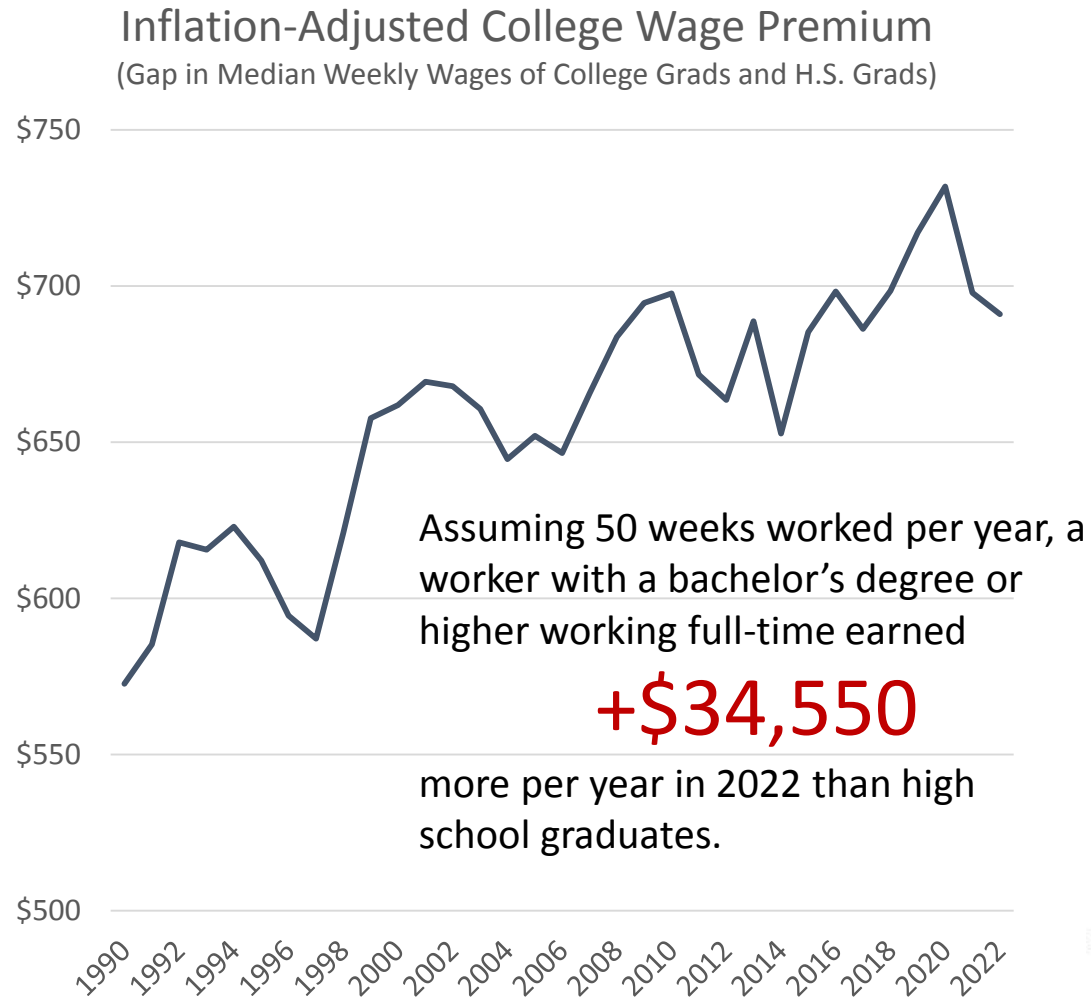
- Measure:
 - Absolute earnings or “wage premium” (college grads compared to non-graduates)?
 - Income or wealth?
 - Economic mobility?
- Timing:
 - Lifetime earnings?
 - At what discount rate?
 - Or annual snapshot at key junctures (3, 5, 10 years out of college)?

Investment

Basic: Cost of attending college

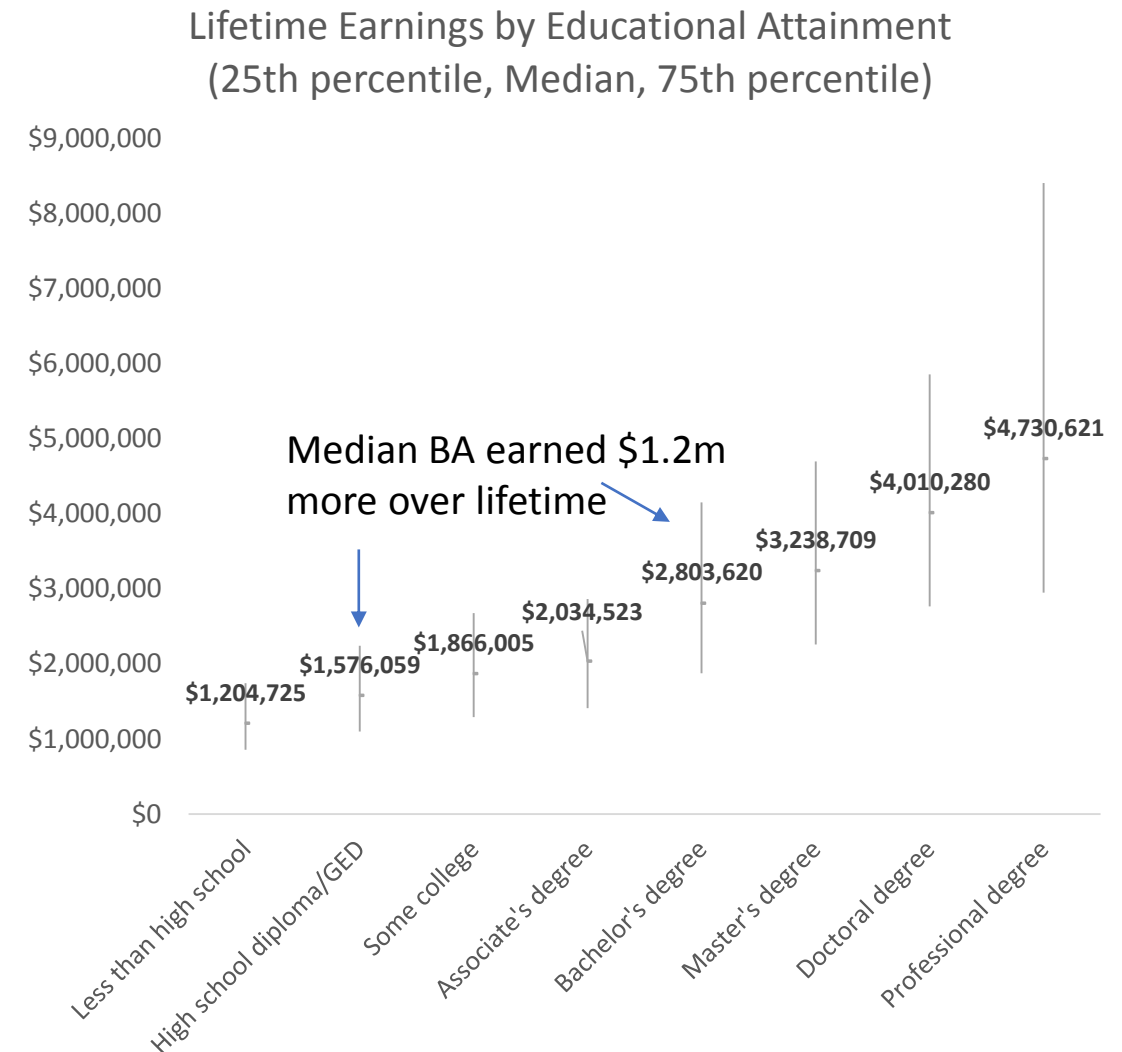
- Measure:
 - Total cost of attendance?
 - *Net* price of attendance (after grants & scholarships)?
- Timing:
 - Up-front costs only? Or costs of student debt (interest accrual, etc)?
 - Include opportunity costs of enrolling?

What we know: Despite flat wages overall for recent grads, the “wage premium” is still substantial



What we know: *On average*, the long-term returns to completing college are positive (even after accounting for costs)

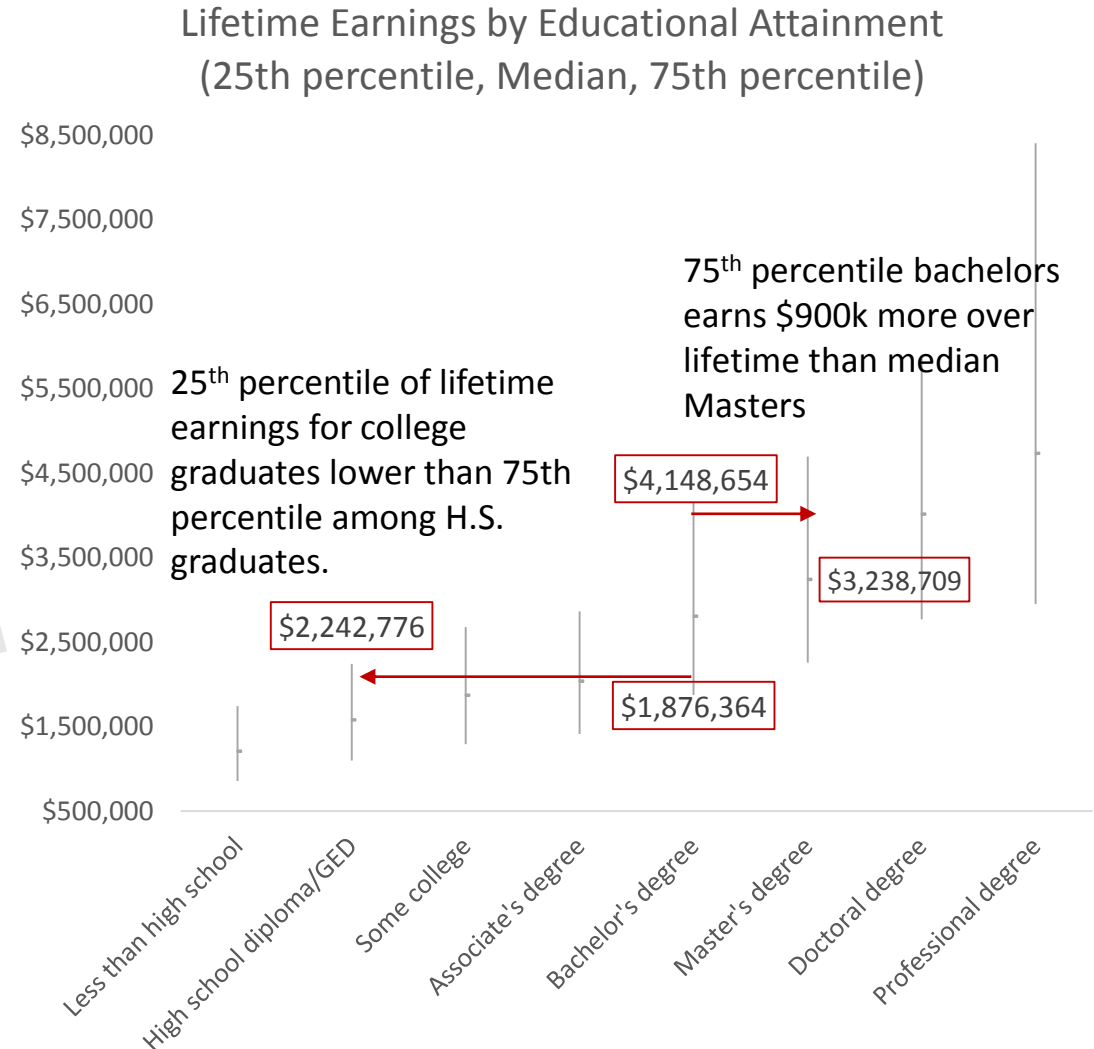
- **Lifetime earnings:** *On average*, bachelor's degree completers earn substantially more than H.S. graduates over their lifetime (\$900k-\$1+ million).
- **Lifetime ROI *after* accounting for costs and discounting:** After costs and discounting, on average lifetime ROI of completing BA is still positive (\$300k to \$500k in net present value), but ROI varies by cost and program.
- **Wealth:** Some evidence that the wealth premium for bachelors and postgraduate degree earners born in the 1980s is “indistinguishable from 0” (college costs and student debt are potential causes)
- **Timing:** Evidence that positive returns take longer to materialize for bachelor's recipients because programs are longer and costs higher than other types of credentials.



Sources: Carnevale et. al, “The College Payoff,” Georgetown Center on Education and Workforce, 2021; Webber, “Is College Worth It? Going Beyond Averages,” Third Way, 2018; Emmons, Kent, & Ricketts, “Is College Still Worth It? The New Calculus of Falling Returns,” Federal Reserve Bank of St. Louis, 2019; Webber, “Are college costs worth it? How ability, major, and debt affect the returns to schooling,” Economics of Education Review, 2016.

What we know: *On average*, the long-term returns to completing college are positive (even after accounting for costs)

- **Lifetime ROI:** *On average*, bachelor's degree completers earn substantially more than H.S. graduates over their lifetime (\$900k-\$1+ million).
- **Lifetime ROI after accounting for costs:** After accounting for the costs of college, the lifetime ROI is still positive.
- **Averages are useful, but can also obscure the range of outcomes (and risks)**
- **Programs take longer to complete:** Some programs take longer to complete than others because programs are more expensive and have higher costs than other types of credentials.



Sources: Carnevale et. al, "The College Payoff," Georgetown Center on Education and Workforce, 2021; Webber, "Is College Worth It? Going Beyond Averages," Third Way, 2018; Emmons, Kent, & Ricketts, "Is College Still Worth It? The New Calculus of Falling Returns," Federal Reserve Bank of St. Louis, 2019; Webber, "Are college costs worth it? How ability, major, and debt affect the returns to schooling," Economics of Education Review, 2016.

What we know: Earning the full wage premium depends on *completing* college

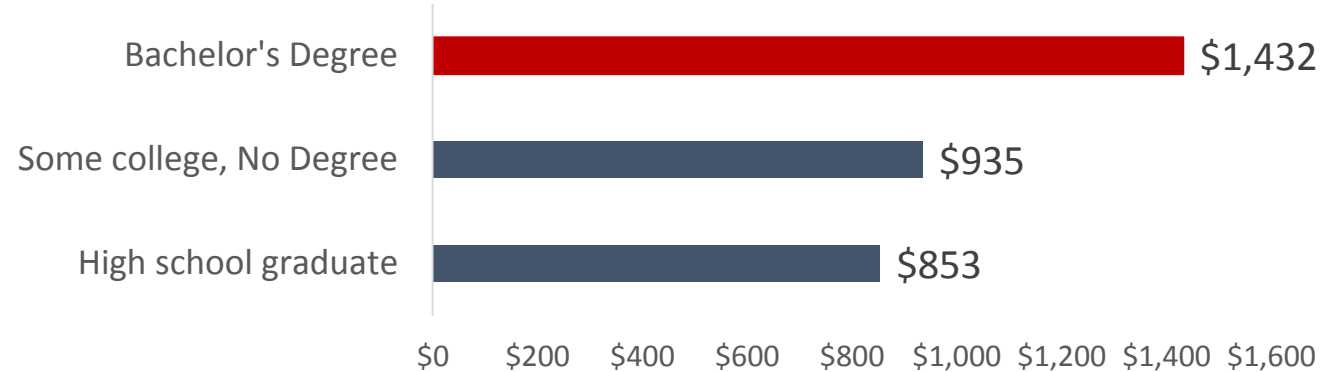
“Arguably the single-biggest determinant of the **downside risk** associated with attending college is the **substantial likelihood of non-completion.**”

—Lockwood & Webber

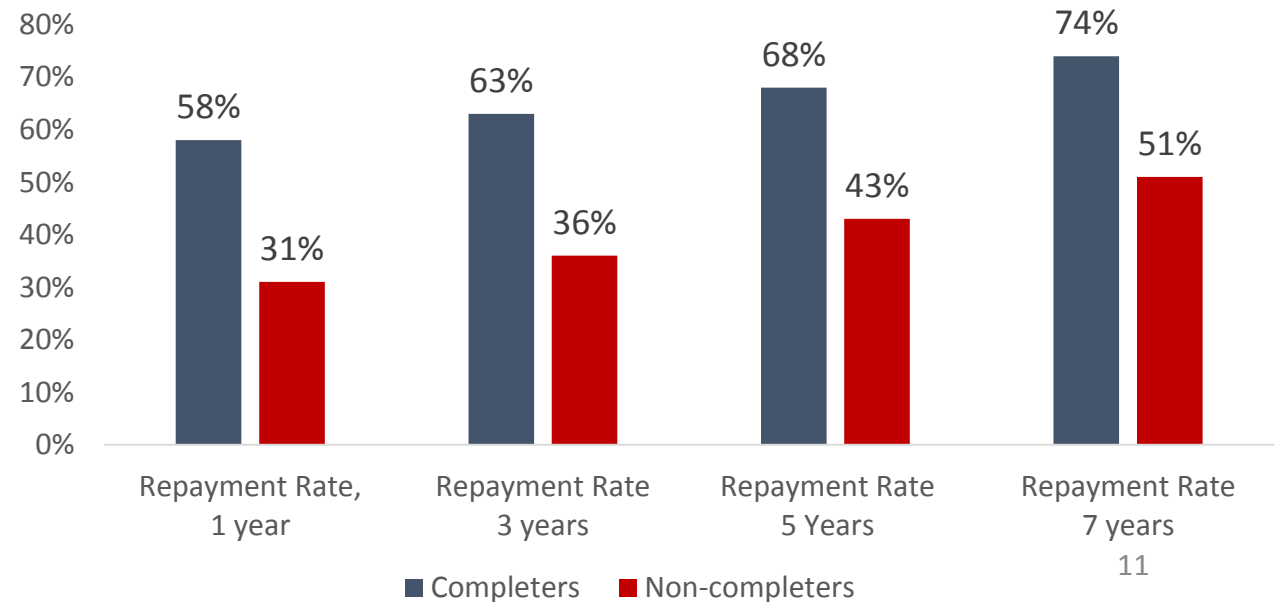
Non-completers:

- Only earn slightly more than high school graduates
- Are less likely to pay down principal on their student loans
- Are more likely to experience financial hardship than college completers with student loan debt

Median Weekly Earnings, 2022



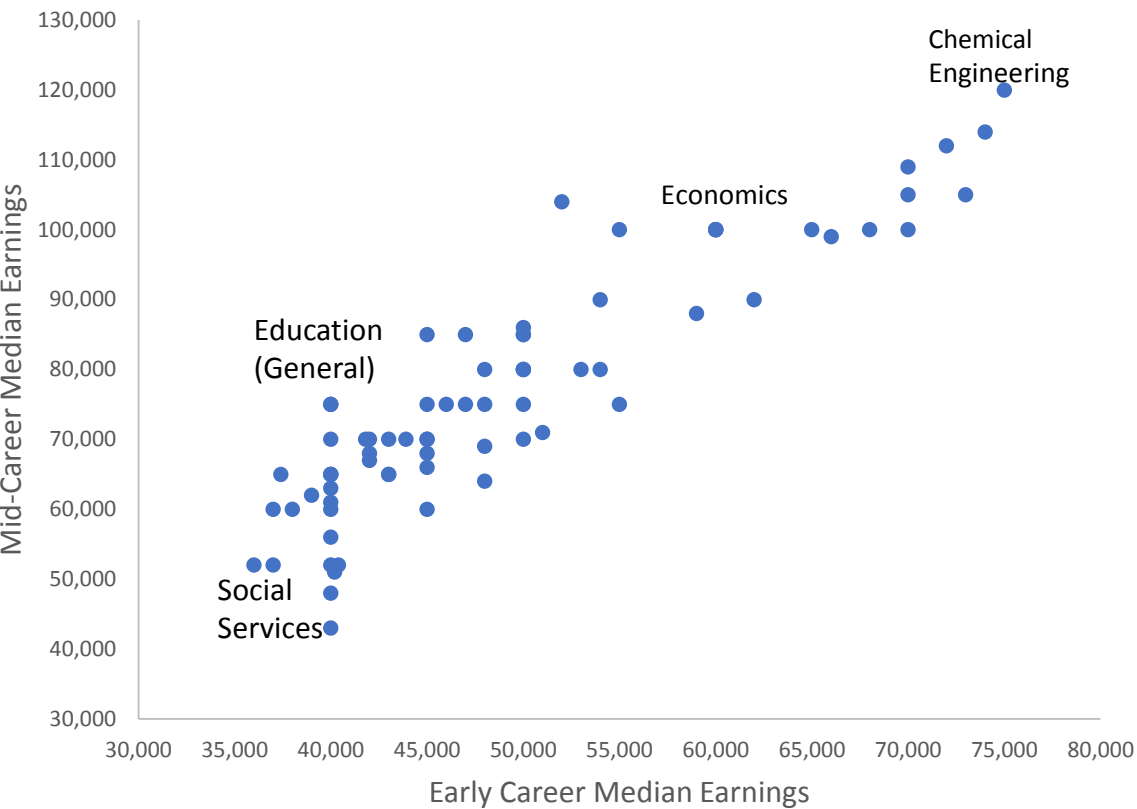
Student Loan Repayment Rates, by Completion Status



Sources: Lockwood & Webber, “Non-Completion, Student Debt, and Financial Well-Being,” Federal Reserve Bank of Philadelphia; Bureau of Labor Statistics, “Education Pays, 2022”, 2023; Itzkowitz, “Want more students to pay down their loans? Help them graduate,” Third Way, 2018.

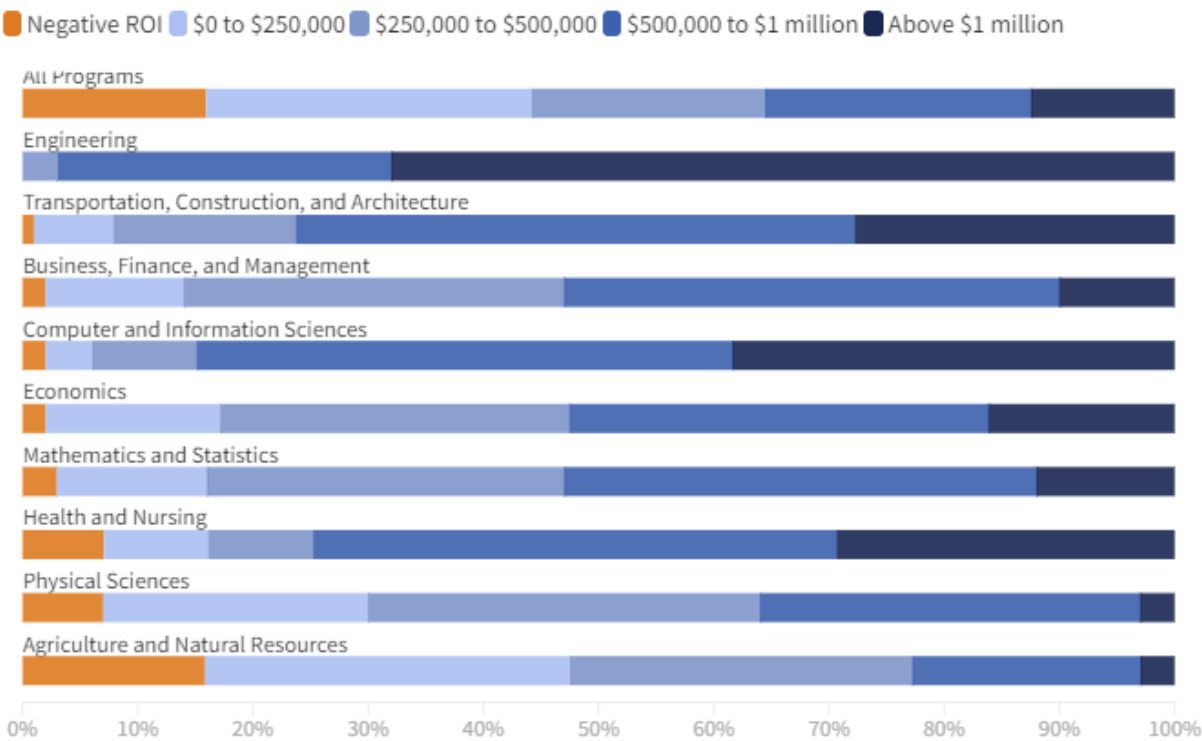
What we know: ROI varies significantly across programs

Early and Mid-Career Wages, by Program



Data include: Full-time workers with a bachelor's degree only; early career ages 22-27; mid-career 35-44.

Distribution of ROI by major category

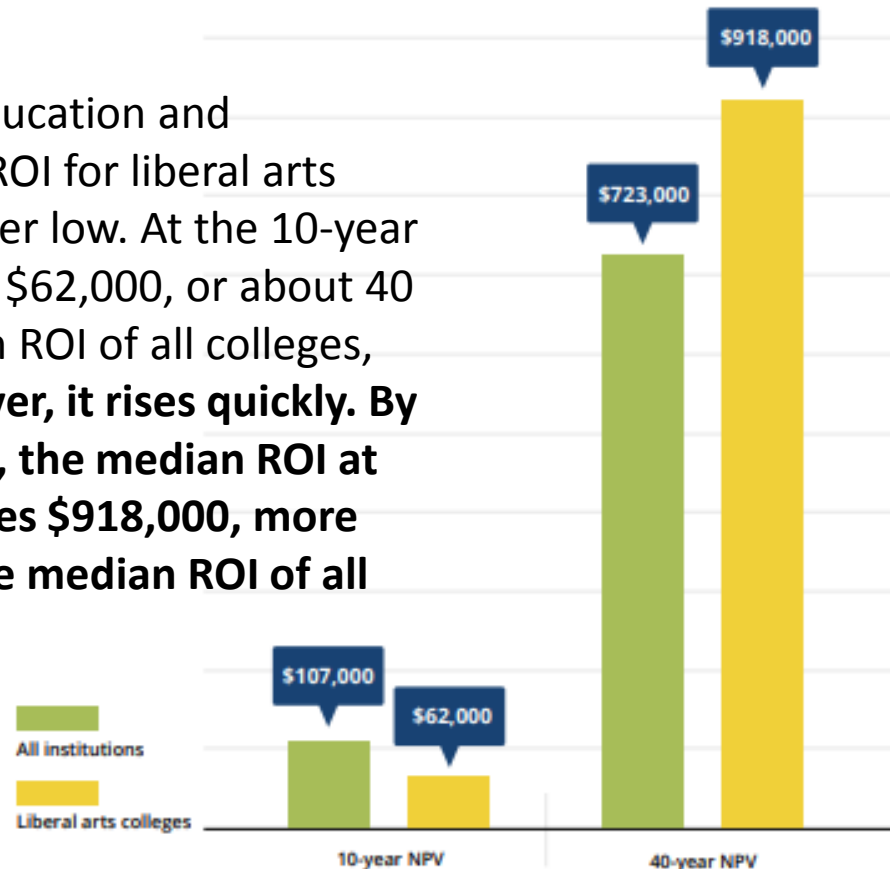


“[Nationally], sixteen percent of programs have negative ROI. These programs have no financial value for their graduates after accounting for tuition and opportunity cost. At the other end of the spectrum, 12% of programs have ROI of \$1 million or more.” –Cooper, 2021

What we know: ROI depends on *when* you measure earnings

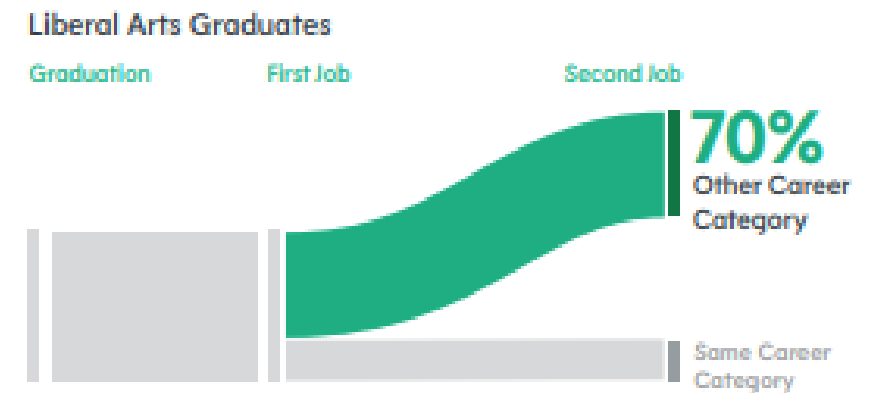
Example: What about Liberal Arts graduates?

Georgetown Center for Education and Workforce: “The median ROI for liberal arts institutions starts out rather low. At the 10-year horizon the median ROI is \$62,000, or about 40 percent below the median ROI of all colleges, which is **\$107,000**. However, it rises quickly. By **40 years after enrollment, the median ROI at liberal arts colleges reaches \$918,000**, more than 25 percent above the median ROI of all colleges”



Strada Institute: “From their first job to their third job, liberal arts graduates commonly transition into high-skill, high-demand careers in marketing, advertising, and public relations, management, and human resources...

Graduates then hit their stride **later in their careers, experiencing rapid wage growth in their late 30s and early 40s—the fastest among majors...** They have solid earnings and consistently outstrip certain career-oriented majors.”



What we know: ROI depends on the type of institution attended

ROI is strong (and risk lowest) at public universities

Ratio of median earnings of college attendees 10 years after enrollment to median earnings of HS Grads at age 30

Sample	25th percentile institution	Median percentile institution	75th percentile institution
Public four-year	2.00	2.28	2.53
Private non-profit	1.75	2.08	2.56
Public two-year	1.63	1.78	1.92
For-profit four-year	1.35	1.64	1.68

“The **downside risk is very low** at public institutions, particularly **public four-year schools.**”

	Median Lifetime Return on Investment of Attending	Percentage of Institutions in the Category w/ Positive Median ROI	Percentage of Students Enrolled in an Institution w/ Positive ROI
Public Four-year	\$504,520	99.8%	99.9%
Private Non-profit four-year	\$490,157	97.4%	99.1%
For-Profit Four-year	\$147,039	78.3%	97.5%

“**Public institutions are the most likely to have a positive median ROI** estimate... [and] four-year public and nonprofit institutions show the highest median ROI estimates, though nonprofit schools have a wider range of returns.”

What Does ROI Look Like Within
the UNC System?

The Legislative Mandate

Legislative Mandate

Mandate	Dashboard
1. The number of students in each program	Student ROI
2. The number of faculty and other staff employed for each program	Institutional Context
3. The related costs to operate each program	Institutional Context
4. A detailed correlation between degree of study and career roles and associated expected starting compensation, as well as expected career earnings	Student & State ROI
5. A detailed ROI for each program	All ROI Analyses
6. ROI for State funding expenditures	State ROI
7. ROI for student funding expenditures	Student ROI

Guiding Principles

- 1 Legislative Mandate
- 2 Replicability and data availability
- 3 Allow for meaningful comparisons

The Boundaries of this ROI Study

Included Measures

- ✓ **Contextual data about each program** including number of students, faculty, and staff
- ✓ **Cost analysis** including costs of instruction, costs to student, and state funding appropriation
- ✓ **Student outcomes** including completion rates, career outcomes, social mobility, and earnings
- ✓ **Institutional outcomes** including credit hours and degrees produced
- ✓ **State outcomes** including alignment with labor demand and retention of talent in-state

Excluded Measures

- ✗ **Student perceptions** of career readiness and value of degree
- ✗ **Civic outcomes** including community engagement, volunteerism, and voting participation
- ✗ **Physical and mental wellbeing** outcomes for students and graduates
- ✗ **Institutional connectedness** including alumni engagement and giving

In future iterations of the ROI study, the UNC System may consider collecting data and including metrics that capture the above measures.

ROI Dashboards | The Development Approach

The Team



Led the development of the ROI dashboards in Tableau partnering with the UNCS, BGI, and RPK



Led the Lifetime Earnings and Counterfactual analysis for the Student ROI dashboard



Led the Meta-department mapping and analysis for the Institutional Context dashboard



- 1 UNC System Steering Committee
- 2 Advisory Council (Institution Leaders)
- 3 Data Owners Group (Institution Data Experts)

Approach

The team collaboratively and iteratively developed the dashboards, collecting thorough feedback from all 16 institutions and 100+ stakeholders across UNCS



ROI Dashboards | The Concepts



ROI TO STUDENTS

- Measures the **costs to students** of completing an academic program in relation to the **impact of that program**
- Uses **2- and 6-digit CIP** to illustrate outcomes across academic programs
- Allows for filtering across student demographic characteristics where feasible
- Divides metrics across 4 tabs:
 1. Summary
 2. Investment
 3. Return
 4. ROI



ROI TO STATE

- Measures **government investment** and the **impact** to the state through labor and income tax **contributions to the state economy**
- Uses **2- and 6-digit CIP** to illustrate outcomes across academic programs
- Divides metrics across 3 tabs:
 1. Summary
 2. Government Investment
 3. ROI




INSTITUTIONAL CONTEXT

- Provides context about the **operational costs** associated with delivering academic programs in relation to the **activity and production** of those programs
- Divides metrics across 3 tabs:
 1. Summary
 2. Operating Costs
 3. Academic Production

Student ROI | Dashboard Execution

Illustrative Example

Deloitte.

 **THE burningglass INSTITUTE**

rpk GROUP

Institution Name

All Institutions

Academic Year

2019-2020

Comparison Group Selection

Non-Completers Comparison ⓘ

Dashboard Data Filters

The following filters allow users to select various attributes of the population to further segment the data.

Note, selecting a filter is not required but doing so will dynamically update the graphics below. For example, selecting a 'Level 1 Field of Study' will filter the charts to display more granular detail, the 'Level 2 Fields of Study', associated with the selected group.

Field of Study

(All)

Degree Level

Undergraduate

Student Residency

(All)

Student Type

(All)

Allows for deeper dive into fields of study

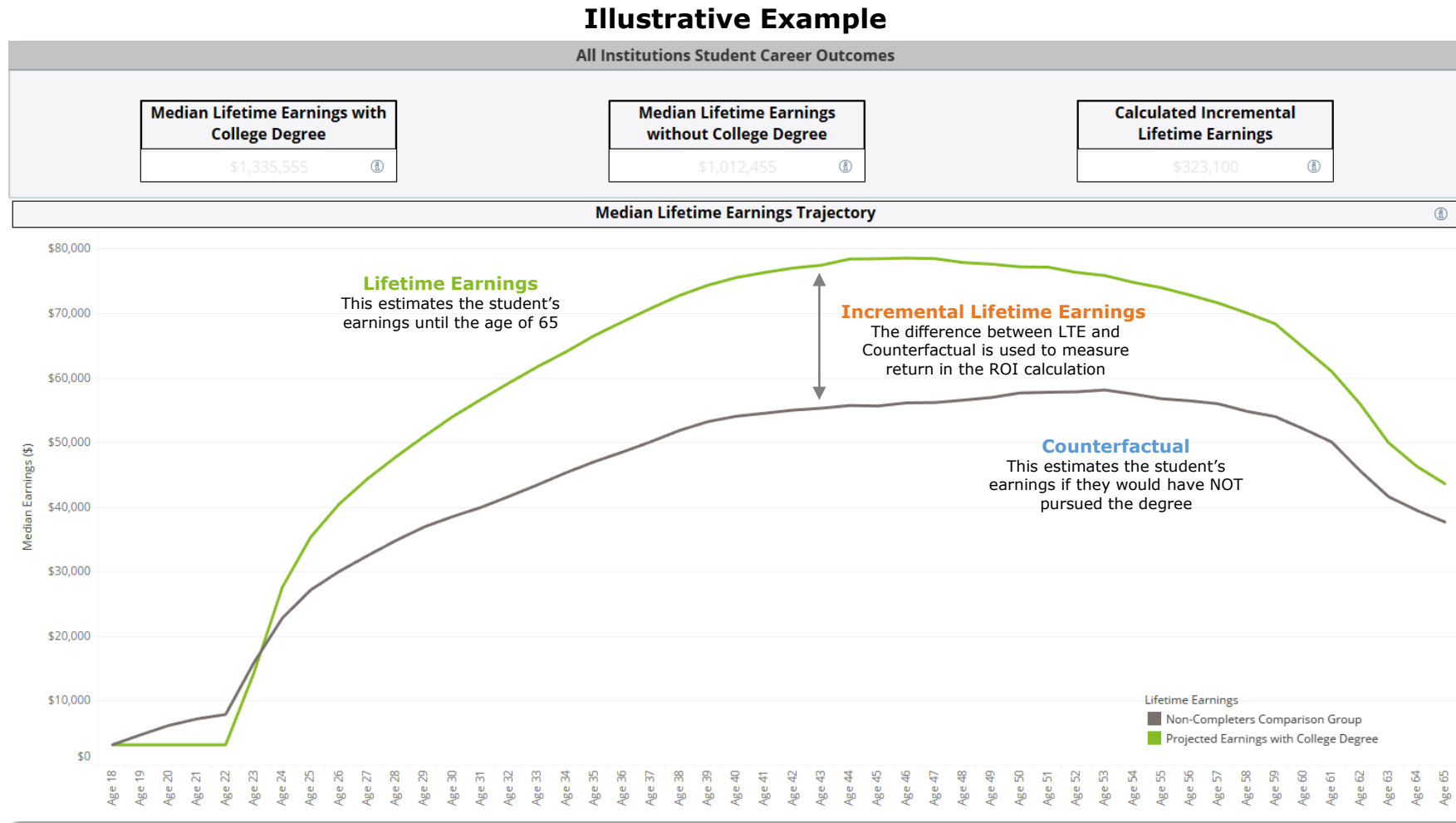
To account for distinct differences in populations, users must select Undergraduate or Graduate students

As pricing differences between out-of-state and in-state students, users may separate out these populations

Separates First-Time Students and Transfer Students

Not UNC data: Note that the represented information is for illustrative purposes only and not based on actual UNC data

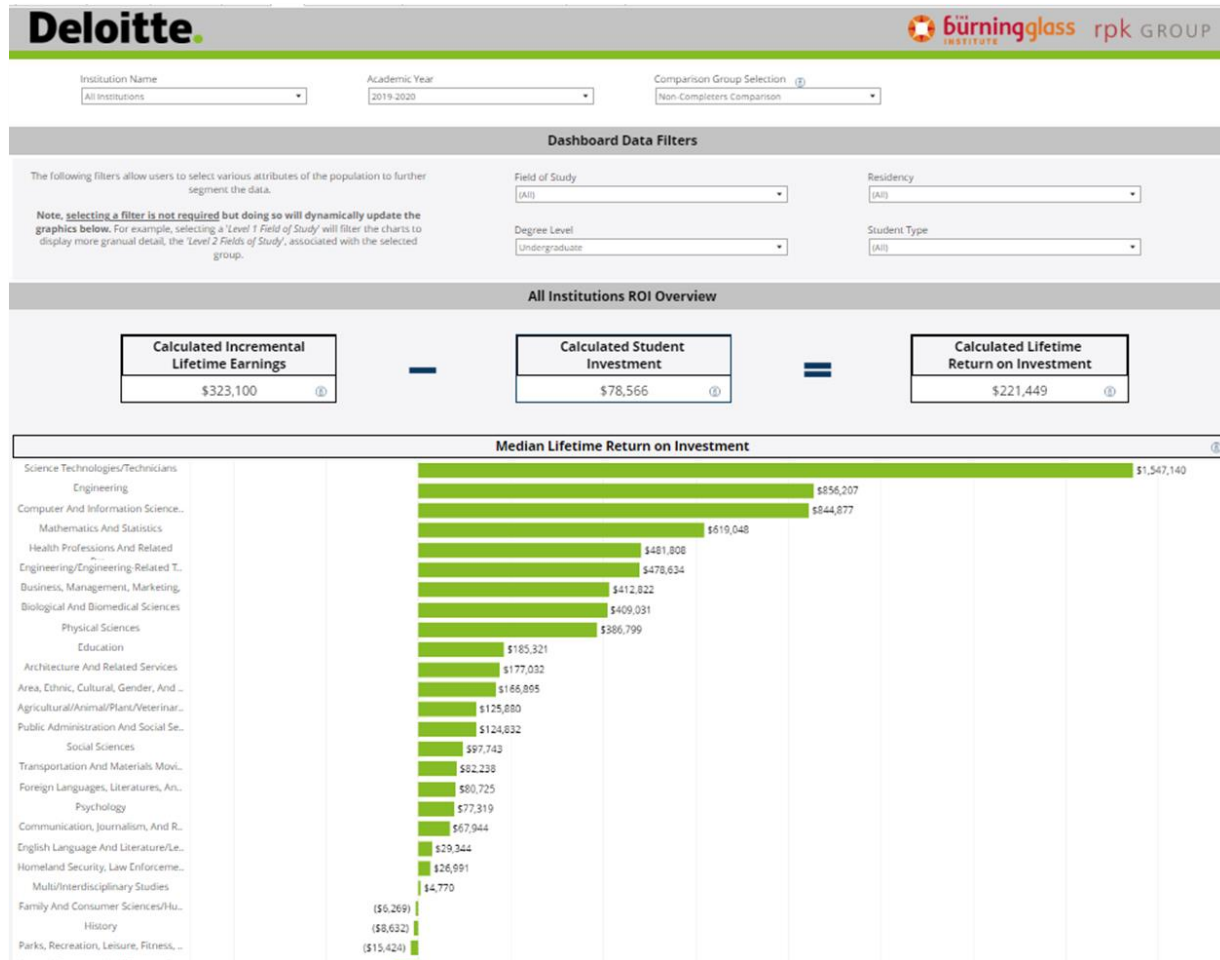
Student ROI | Projected Lifetime Earnings



Not UNC data: Note that the represented information is for illustrative purposes only and not based on actual UNC data

Student ROI | Student Return on Investment

Illustrative Example



Incremental Lifetime Earnings

The difference between predicted lifetime earnings of graduates as compared to the counterfactual earnings of those that do not complete their degree

Student Investment

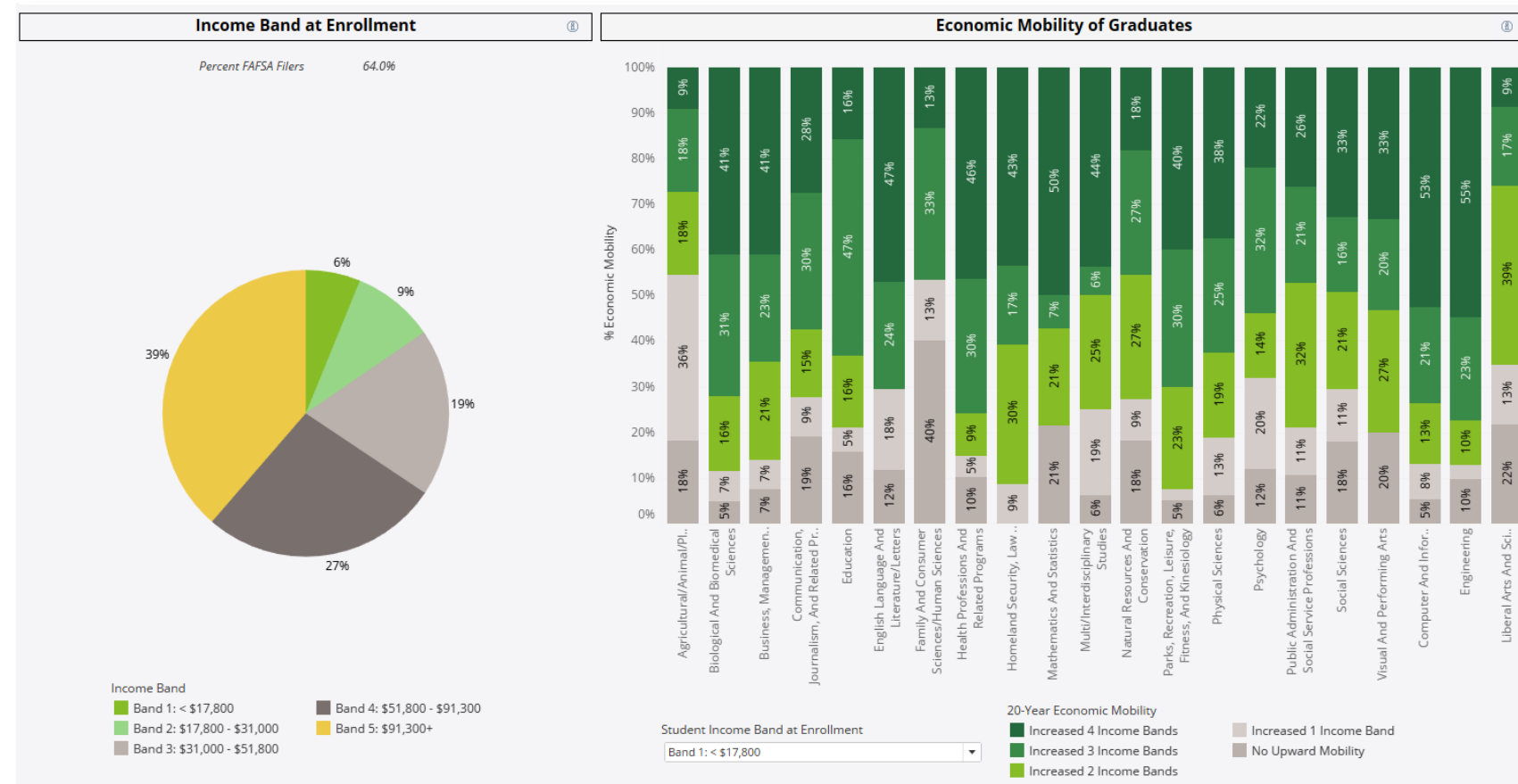
Measures the imputed sticker price for students by program, career, residency, and number of years to complete less any gift aid.

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Student ROI | Economic Mobility

Understanding all students start at different economic points, in order to best illustrate the economic and social mobility mission we can compare household income at the time of enrollment to wages at various points of the post-graduation earnings curve.

Illustrative Example



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State ROI | Incremental Earnings per State Dollar

1

Incremental Lifetime Earnings

The difference between predicted lifetime earnings of graduates as compared to the counterfactual earnings of those that do not complete their degree

2

Cost per Graduate to the State

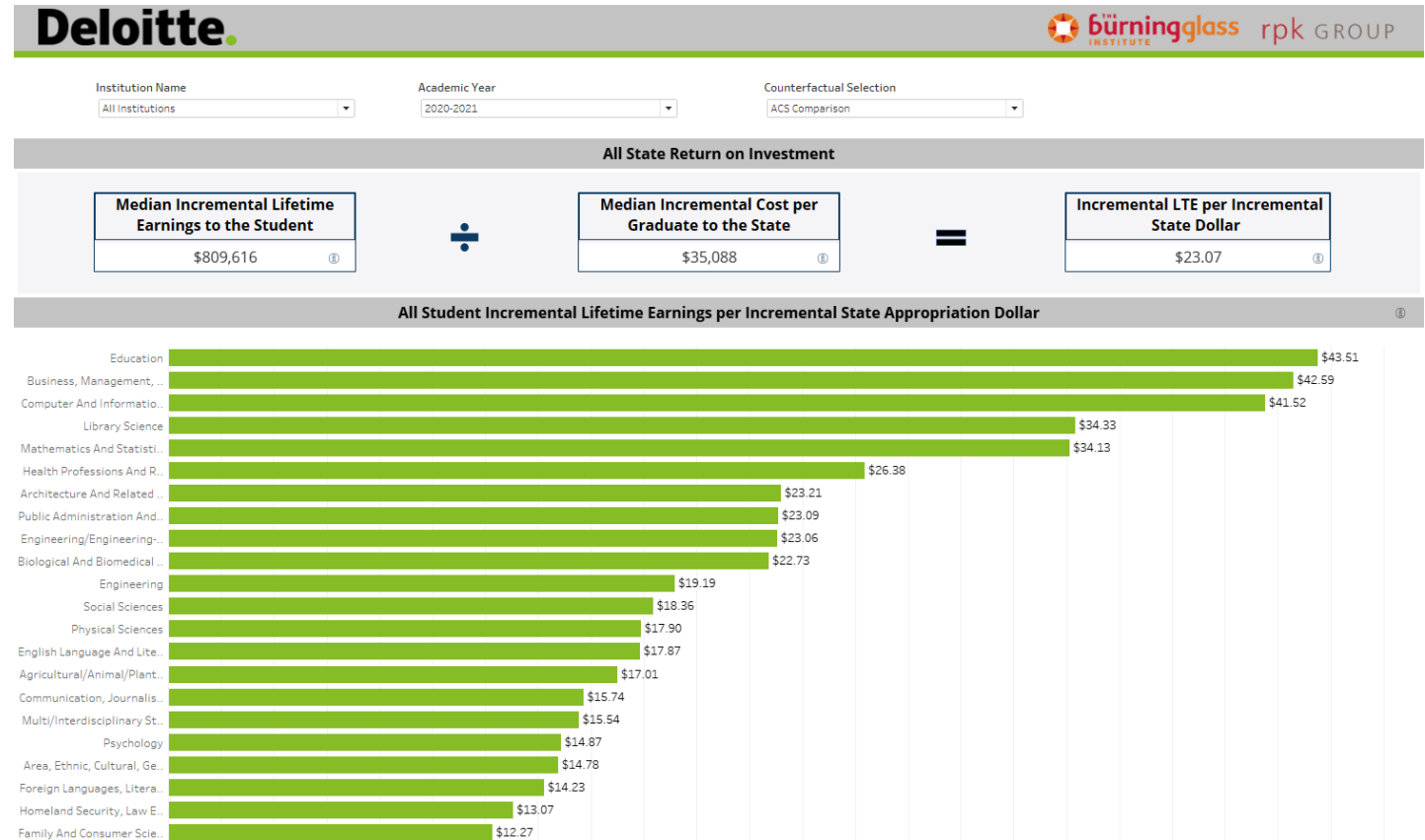
Using the state funding per incremental funding formula, the analysis assumes the cost of each additional graduate in state appropriations.

3

Earnings per State Dollar

Dividing the ROI to the student by the cost of an additional graduate to the state, we are able to assess the additional earnings generated per state dollar.

Illustrative Example

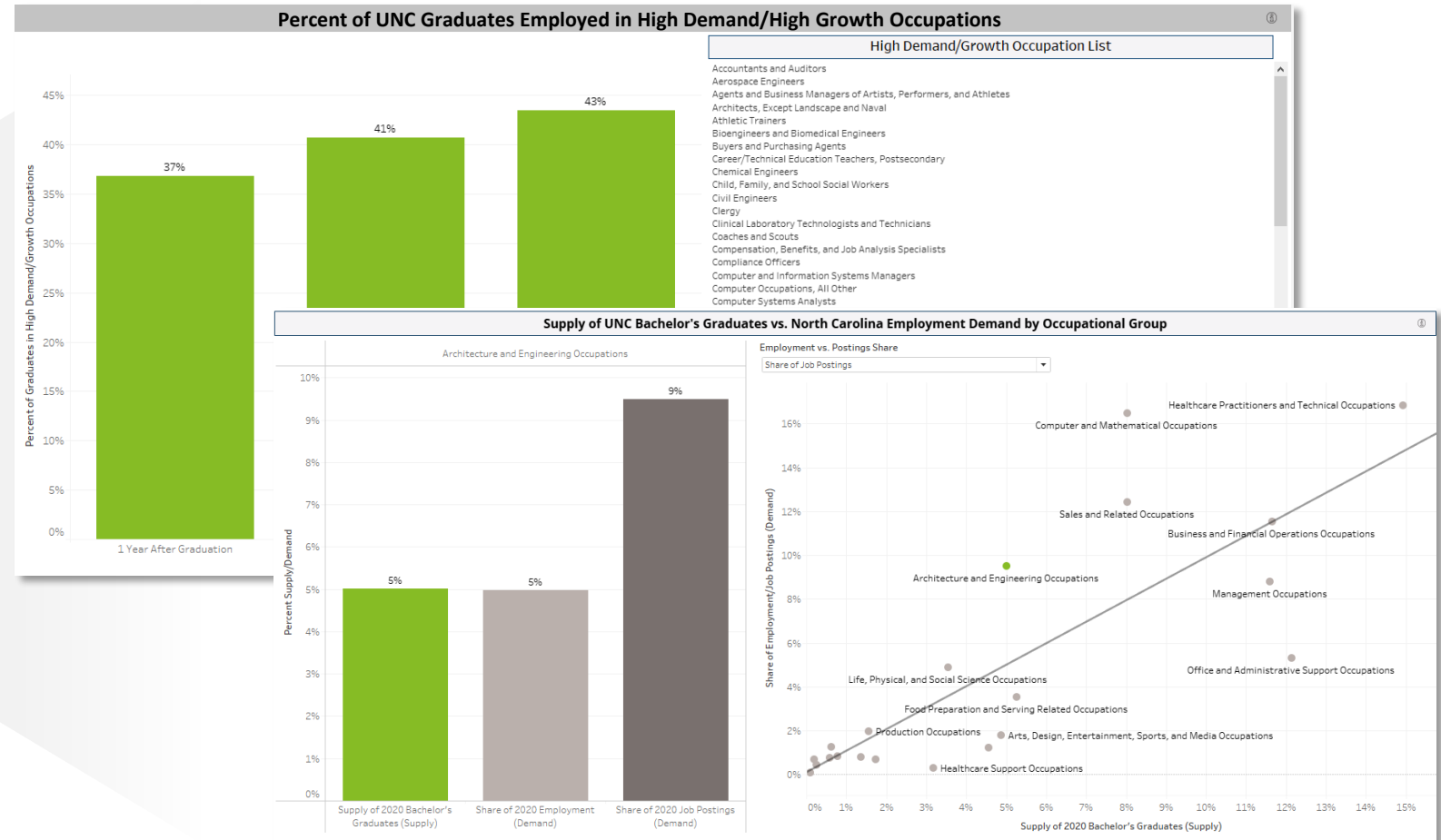


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State ROI | Occupational Demands

Tracking where system graduates fill high-demand/high-growth areas within the state and how graduate supply aligns with occupational demand illustrate how UNC System graduates interact with local labor market demands.

Illustrative Example

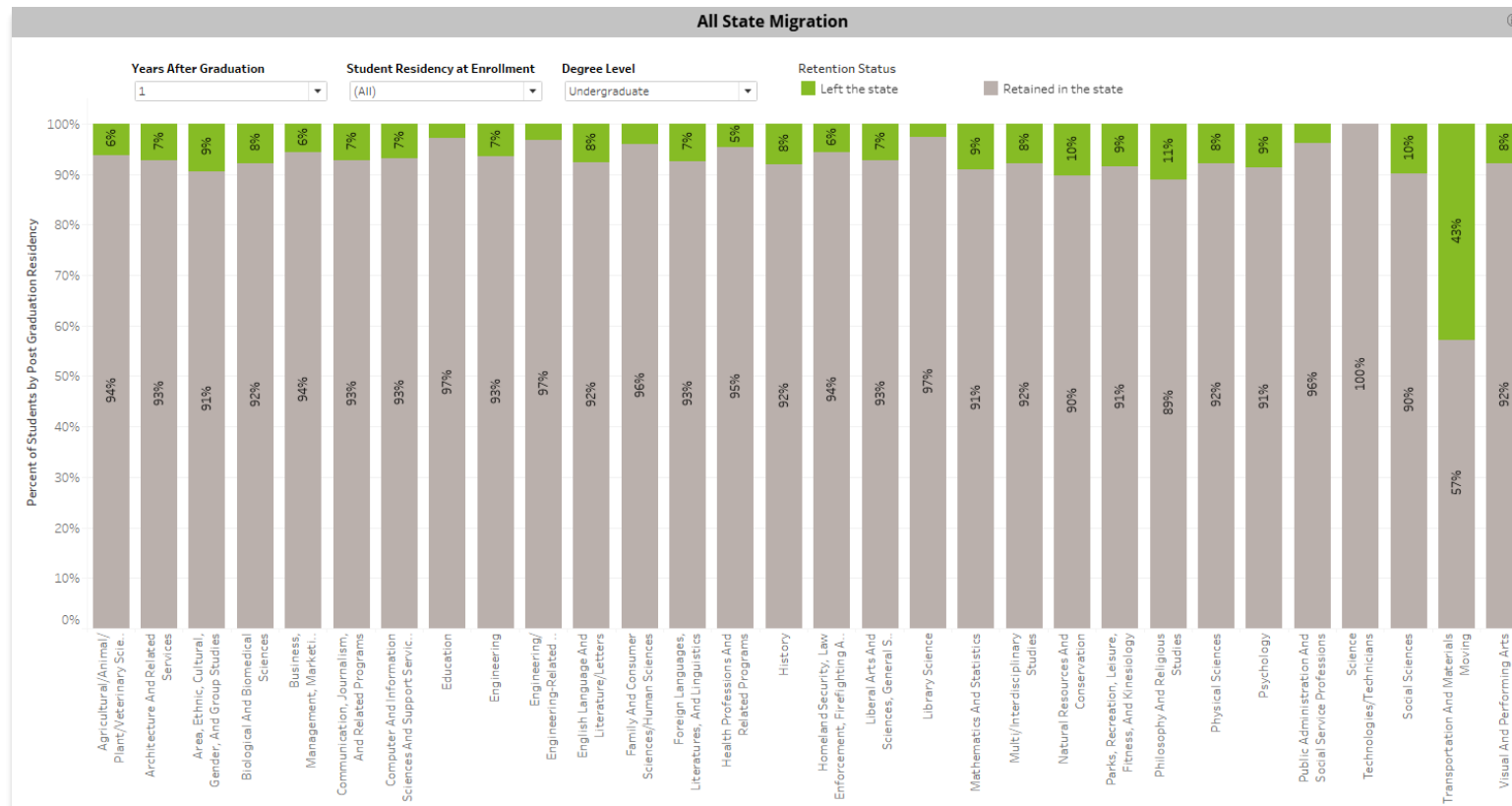


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State ROI | State Migration

UNC Institutions attract students into the state of North Carolina. Longitudinal employment tracking shows the proportion of students who remain within North Carolina and contribute to the state economy over time.

Illustrative Example

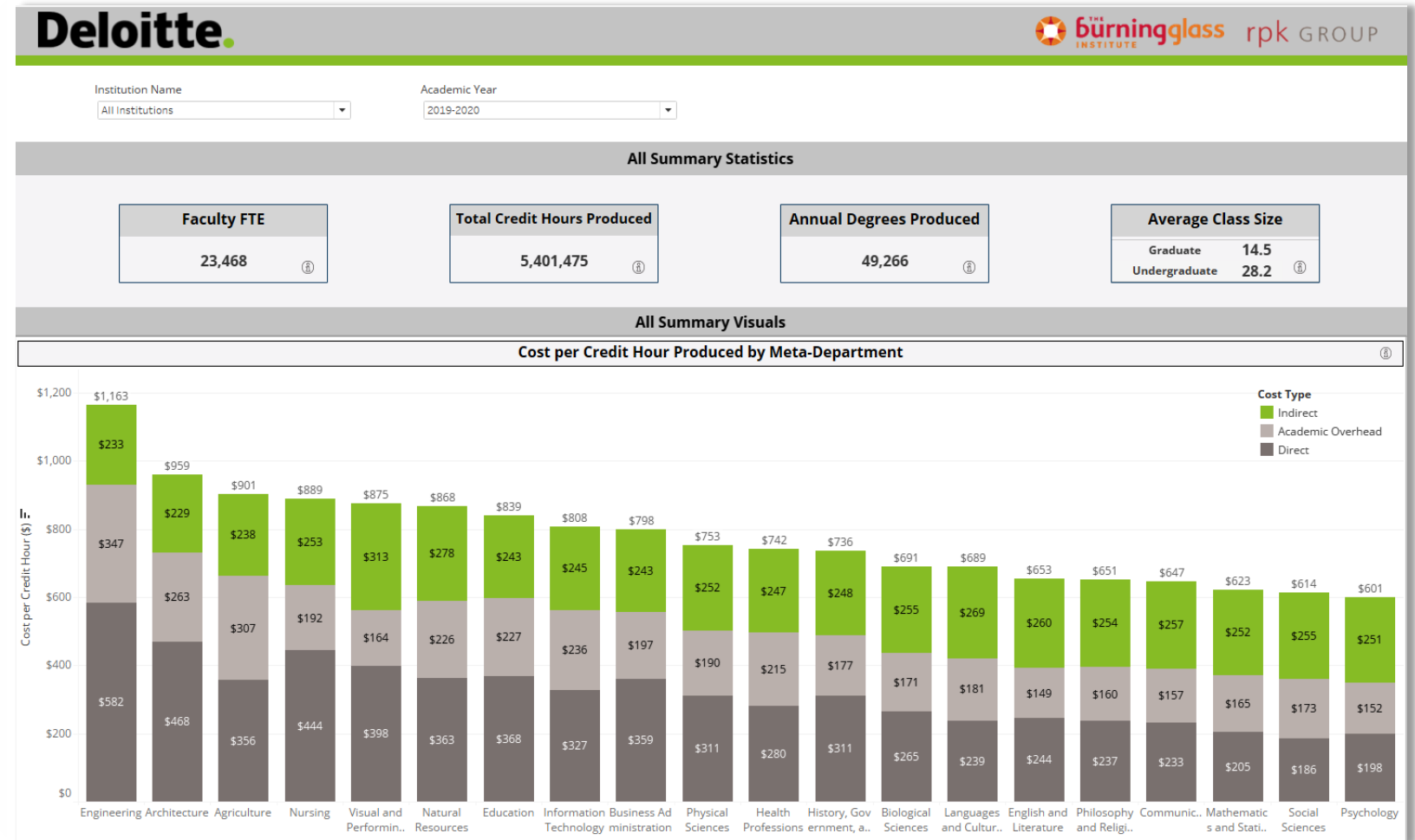


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Institutional Context | Cost per Credit Hour

Illustrative Example

Cost per Credit Hour
UNC's finance data mart enabled us to examine the cost for each institution and the system to deliver a credit hour by meta-department. These costs can be examined by cost type: indirect, academic overhead, and direct costs.



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Policy implications

Key Questions

How should measures of ROI factor into academic program planning, approval, and review?

Should measures of ROI factor into performance metrics related to incentive compensation and performance weighted funding?

How, if at all, should the System and constituent institutions use this information to inform students and families about pathways?



Examples

Federal Department of Education's draft "Gainful Employment" rule included proposed "financial value transparency framework," which would **measure debt-to-earnings ratio** and **wage premium** associated with degree programs.

Florida's performance funding metrics include: median earnings one year after graduation and the percentage of graduates working full-time earning at least \$40,000 or enrolled in further education

University of Texas System's "seekUT" effort is designed to inform prospective students about 1st, 5th, and 10th year earnings for each program at each campus in the System.

QUESTIONS?

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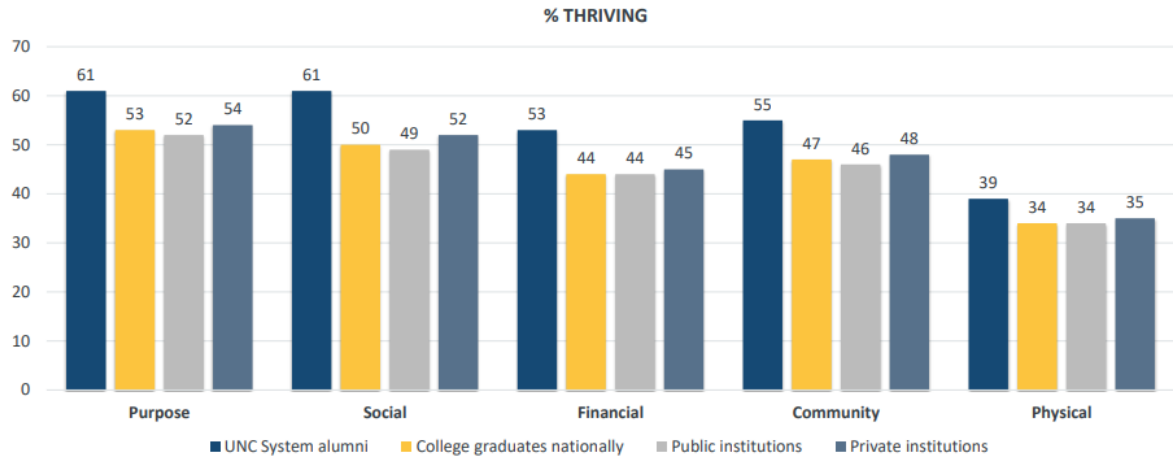


[@UNC_system](https://www.instagram.com/UNC_system)

Other (Positive) Returns

Graduate Well-being:

UNC SYSTEM ALUMNI SURVEYED REPORT HIGHER WELLBEING IN ALL FIVE ELEMENTS THAN COMPARISON GROUPS



Citizenship and Voluntarism:

“Our analysis confirms that college completion is positively associated with [voting, off-cycle voting, volunteering]...humanities and arts coursework and social science coursework are associated with all the outcomes of interest.”

Grad Health Outcomes:

