





SETTING SYSTEM GOALS FOR AFFORDABILITY AND EFFICIENCY

September 8, 2016

Meeting Purpose, Overview, & Deliverables

Purpose: Approve definition and discuss draft goals.

Overview:

- Update on Strategic Planning Process
- Recap Last Meeting
- Vote on “Affordability and Efficiency” definition
- Review National Landscape
- Creating a Goal
- Review NC Draft Affordability and Efficiency Goals
- Review Other State Goals
- Discuss

Deliverables: Approve definition & identify 2-3 topical areas for draft goals.





UPDATE ON STRATEGIC PLANNING PROCESS

Affordability and Efficiency Recap

- The University of North Carolina has received significant financial support throughout its history which has been vital to its success.
- Increasing cost of college is both a national and state issue that has been at the forefront of the discussion about the future of higher education.

Themes that emerged during our prior meeting:

- Benchmarks around changes in cost over time, firm commitment to low tuition, occupancy cost and utilization, public-private partnerships, etc.



Proposed Definition of Affordability and Efficiency for Vote

1. Definition Based on Board Discussion

Producing successful educational outcomes with minimum time, effort, and cost in order to keep the University as close to free as possible. As well as, providing a foundation for successful educational outcomes by optimizing cost and organizational structures, aligning accountability and authority in governance structures, data, and analytical resources, regulatory frameworks, human capital development, and shared services.

2. Chancellor Recommended Definition

Article IX, Section 9 of the NC State Constitution requires that the General Assembly shall provide that “the benefits of The University of North Carolina and other public institutions of higher education, as far as practicable, be extended to the people of the State free of expense.”

That constitutional mandate requires a working compact among the state’s elected officials, taxpayers, and the University to deliver the University’s multifaceted mission at the highest levels of quality in a cost effective manner without regard to a student’s ability to pay.

3. Suggestions from Strategic Planning Committee:

Add specific references to containing or reducing tuition, fees, and other student costs

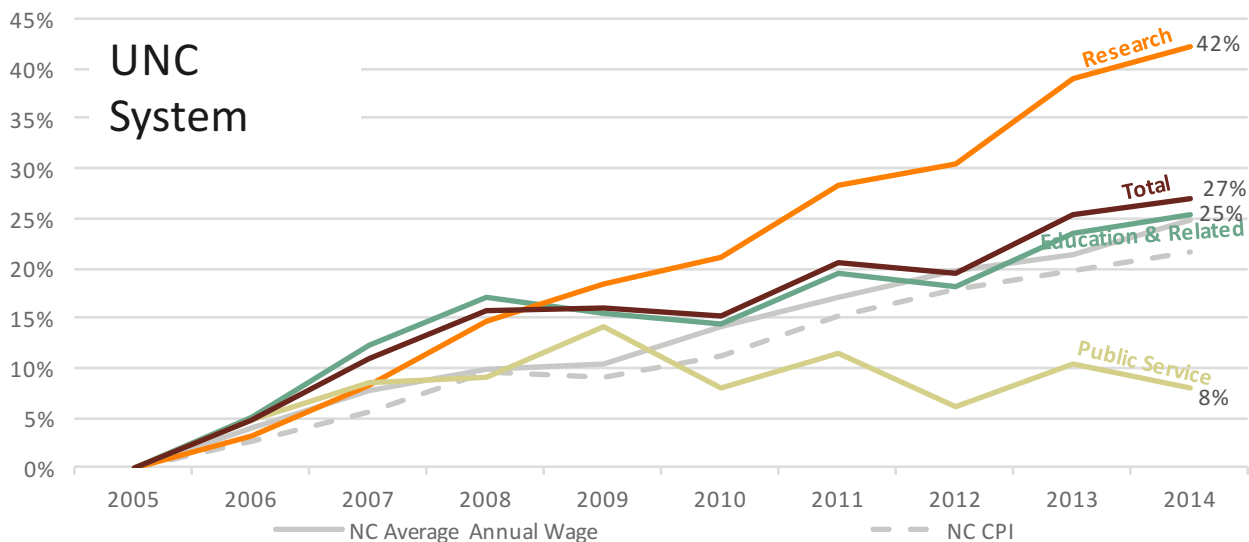
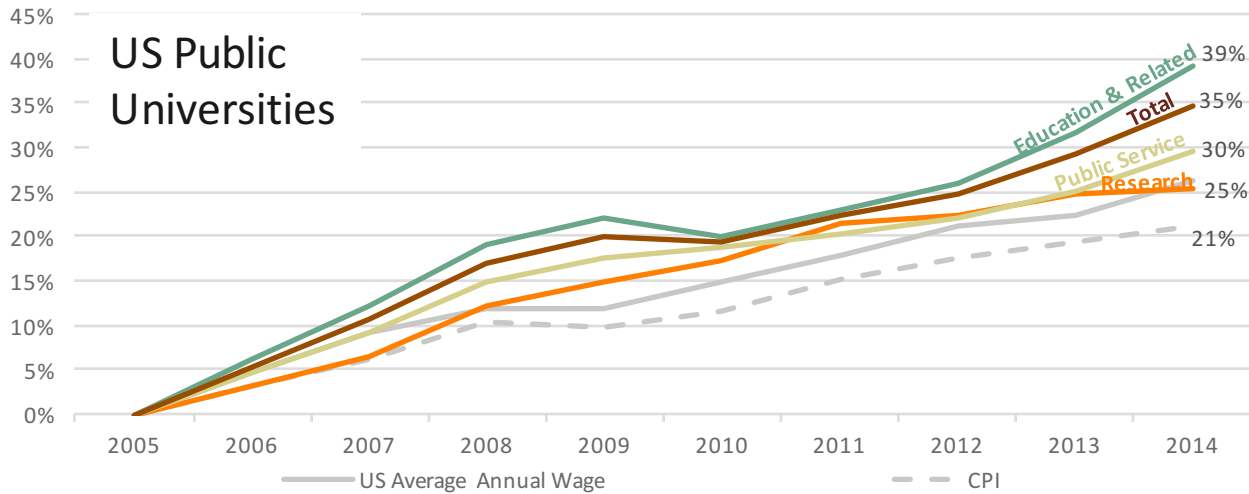




NATIONAL LANDSCAPE

A Comparison of Increases in Expenses and
Revenues Over the Last Ten Years

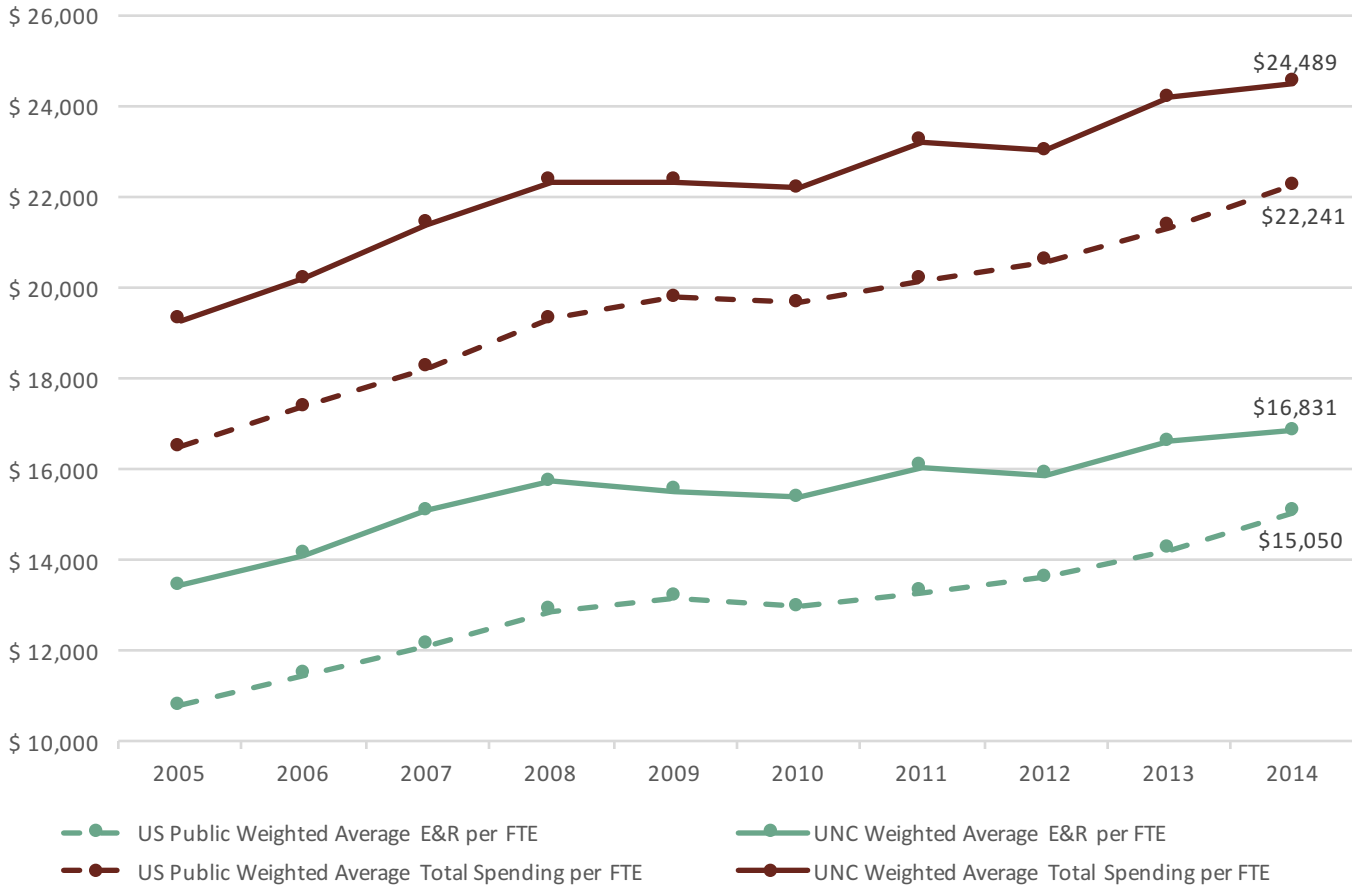
Cumulative Percent Increase in Spending per FTE



As a system, we are doing much better at keeping increases in education and related costs close to the rate of inflation compared to the rest of the country.



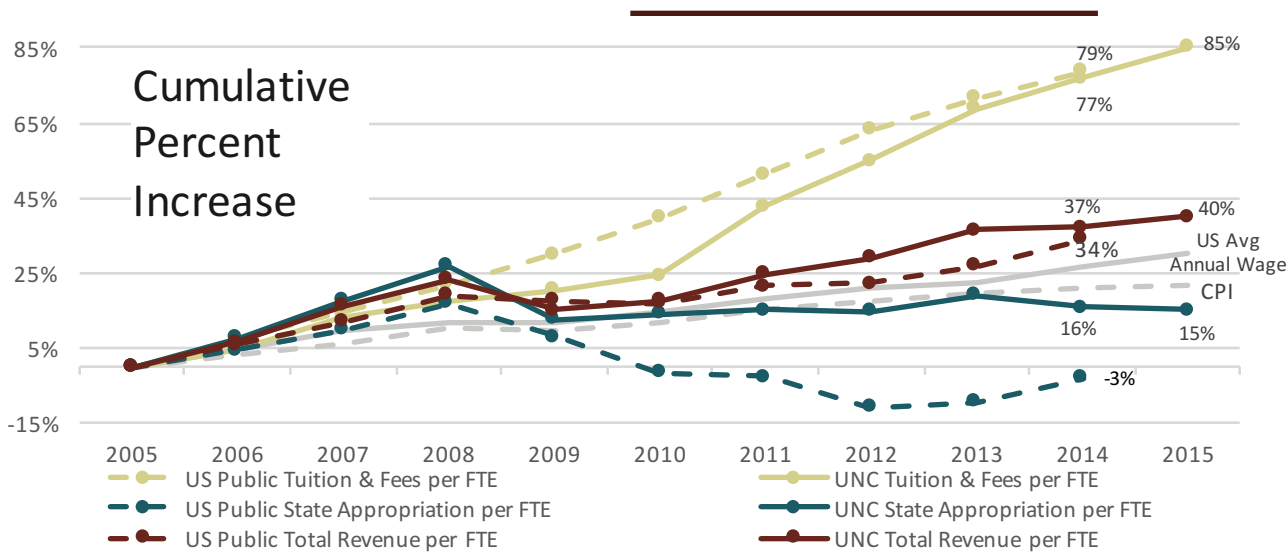
Total and Education and Related Spending per FTE



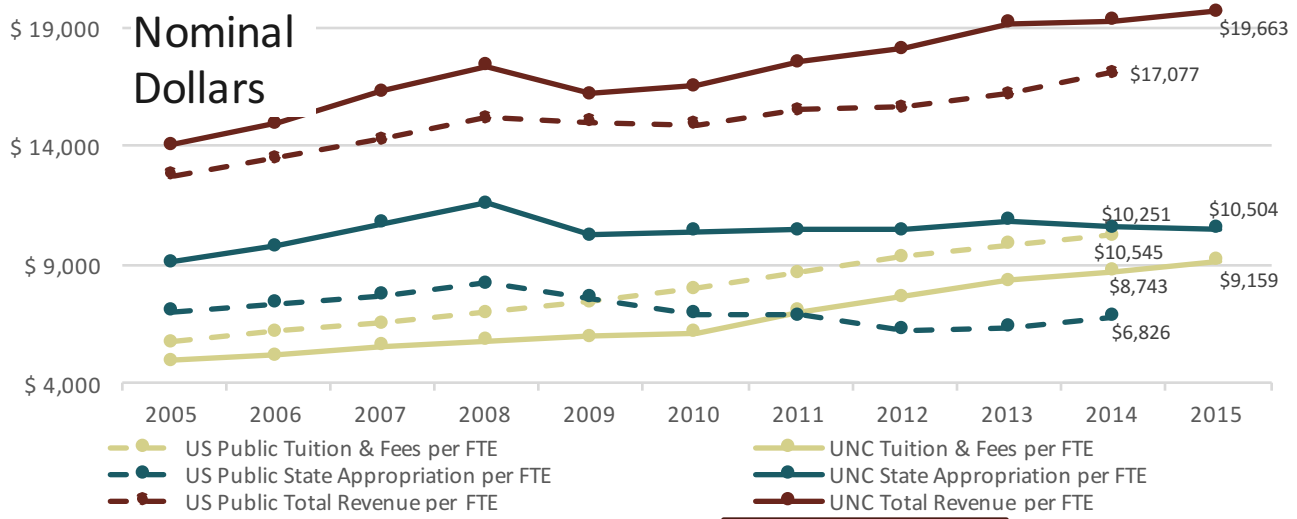
On average, UNC System cost per student is still higher.



Tuition and Fee Revenue and State Appropriation



Similar to the rest of the country, tuition and fee revenue at UNC has been increasing at a much faster rate than state appropriation per student.



UNC System appropriation per student is higher while tuition and fee revenue per student is lower than the rest of the US.





CREATING A GOAL

System Goals should be:

- System-focused rather than constituent institution-focused;
- Direction-setting;
- Aligned with and central to the University's mission;
- Aspirational and rigorous; and
- Actionable, time-bound, and measurable.



Creating a Goal

- Too broad
 - Improve the University's six-year graduation rate.
- Too specific
 - Improve the University's six-year graduation rate by [X%] for each of the following student categories by [Y date]: Underserved, Transfer, and Older students.
- Appropriate
 - Increase the University's six-year graduation rate by [X%] by [Y date].



Goals v. Activities

Goal

- Increase the University's six-year graduation rate by [X%] by [Y date].

System-level activity

- Performance measurement & transparency, incentive funding, etc.

Institutional activity

- Using evidence based practices, Institution [A] will identify and revise high enrollment gate keeper courses to reduce the WDF rate by [X] percentage points.
 - Measurable, Institutional Specific, Aligned to System Goals



Draft Goals for Review/Discussion

From Chancellor's Retreat:

1. Study the development of a sustainable path for need-based financial aid for students.
2. Examine opportunities for increased flexibility at the campus level to maximize the effective stewardship of resources.



DISCUSSION



SAMPLES FROM OTHER STATE SYSTEMS

Sample from other State Systems

Pennsylvania

Strategic goals include:

- Develop new funding strategies, diversify resources, and manage costs to preserve affordability.

Strategies:

- Balance, diversify, and grow financial resources and control expenditures to enable PASSHE and its university to achieve their missions
- Advance institutional effectiveness by optimizing the value of shared services, administrative flexibility, and entrepreneurial activity

- Increase accountability and transparency; focus on results

Strategies:

- Continuously assess and refine accountability and performance funding indicators to produce desired outcomes



Sample from other State Systems

Georgia

Strategic Plan Imperative:

- Accountability, Efficiency and Innovation – The USG makes effective and efficient use of resources a top priority. Students, parents, taxpayers, and other stakeholders expect affordable quality and innovative programs and services, and the USG must strive to provide it in teaching, research, and service.

Actions:

- Commit to Measures of Performance and Accountability
- Continue to Seek Operational Efficiencies
- Embrace Goals of Currency, Relevance, and Innovation



Sample from other State Systems

Ohio

The higher education proposal, *Enterprise University Plan for Ohio*, advocated for campuses that met certain benchmarks to be given different levels of autonomy such as:

- Broad exemption from state fiscal and administrative statutes
- Diminished state oversight of real estate, construction, procurement, and legal settlements
- Elimination of student enrollment caps
- Authority to set differential tuition





IDENTIFY 2-3 TOPIC AREAS FOR
FURTHER GOAL DEVELOPMENT



NEXT STEPS

Draft goals based on topical areas identified for further discussion at October BOG meeting.