Good morning. Chairmen and members of the committee, thank you for welcoming me here today, and thank you for your service to North Carolina and to public higher education. It’s great to see some familiar faces—I’ve had the chance to meet some of you as I have traveled the state. It’s a genuine privilege to work on behalf of our shared goals for North Carolina.

As I said in remarks to the Board of Governors shortly before I arrived: every bit of authority vested in those of us in the University has been conferred by you—our elected officials—and we know that every single taxpayer dollar that is allocated to us, to our institutions, and to students and scholars is the direct result of a deliberative legislative process—a process that we will engage in together.

I look forward to getting to know all of you, and learning from you, and finding ways to partner and work together on behalf of the citizens of this great state.

It’s hard to believe that I have been on the job for a little more than two months. I’m still learning about North Carolina and the University system and its many parts—and that’s why I have spent much of these first few months visiting 16 institutions and meeting with faculty, students, staff, businesses and community leaders.

I have heard remarkable stories in the mountain communities that look to Cullowhee and Boone for an affordable college education, in the eastern farming towns that rely on Pembroke and Elizabeth City and Greenville as beacons of opportunity, and the fast-growing regions around the Triangle, Triad, Charlotte, and Wilmington, where new residents and new businesses are drawn in no small part by North Carolina’s promise of quality higher education and the individuals we graduate into the workforce.

In all of those places, it’s been easy to see the dedication of our institutions’ leaders, the talent of our faculty and staff, the energy and creativity of our students—and the scale of the transformation this state has undergone in just a few generations.

But as I’ve also witnessed first-hand, at least one thing has remained constant: the pride people take in their excellent public University, this University of the People.

That pride was most recently evident in the overwhelming vote for the Connect NC bond. With their ballots, the people of North Carolina spoke loudly and reaffirmed this state’s long-
standing commitment to public higher education—their support carried 66 percent of the vote and won 99 out of 100 counties. This is truly remarkable, and I want to thank all of you for your vision and leadership in making it possible. I pledge to you that we will use these bond proceeds exactly as you intended, to bolster our state’s leadership and readiness in critical fields like nursing, health science, and technology.

As I keep telling people across the state, I was drawn to North Carolina by the visionary approach the state has taken toward higher education since the nation’s first public University opened its doors here in 1795. Over time, strategic and insightful leaders have enabled that single institution to grow into the premier public university system in the country.

Because of that foresight, we not only boast the nation’s first public university, but also the first public arts conservatory and the first public residential high school for students gifted in science and mathematics.

As you know, the UNC system is made up of 17 institutions—and each is a one-of-a-kind. Collectively, they are a remarkable asset, and I know we will build together on North Carolina’s centuries-old tradition of support for quality and affordable higher education.

During my campus visits, I have heard from many students who are worried about the cost of their education; parents who are worried about an uncertain economic future; employers who are worried about the readiness of our graduates for a changing economy; and policymakers and community leaders who are worried about finding the best way to embrace changing demographics and an uneven economic landscape.

Today, I want to tell you about some of the work we’re doing to address their concerns.

As some of you know, one of the first things I did after taking this job was ask the Boston Consulting Group to give me a top-to-bottom assessment of UNC General Administration and offer advice on how we might better use our resources. As you know, that review included candid input from many key University stakeholders, including members of the General Assembly and other state policy-makers like yourselves.

That required some changes in the way General Administration is structured, and as many of you know, last month we began implementing a new organizational structure for GA that better aligns our staffing with priorities and resources.

Where appropriate, we are shifting selected activities to UNC institutions and to other entities better positioned to deliver services. I am convinced these changes—which are being accomplished within our existing budget—will make a positive difference in how efficiently and effectively we operate, and I am excited about the future.

That review also identified a clear need to bring our Chancellors and institution leaders more fully into the planning and decision-making process at the system level, and I look forward to
drawing on their expertise and giving them greater freedom to manage their campus operations with creativity and diligence and with strong accountability for the results we all seek.

BCG further emphasized the need to draw on the Board of Governors for strategic guidance and higher-level thinking about the future direction of the University system. In the next few months, we will focus their efforts on the development of new strategic priorities.

Our strategic planning will focus around five core themes that emerged from the BCG report. They are:

First: Access: Ensuring that all North Carolinians can choose the educational path that works best for them, with the opportunity to pursue their goals;

Second: Student Success: Increasing degree attainment and guaranteeing value and relevance for students;

Third: Affordability and Efficiency: Keeping a UNC education within reach for all North Carolina citizens;

Fourth: Economic Impact: Doing our part for the vitality and economic well-being of our state; and

Fifth: Excellent and Diverse Institutions: Helping our institutions fulfill their missions with excellence and distinction.

From students to faculty to taxpayers to policymakers, there’s broad agreement around these areas, and a shared commitment to move forward.

Our short-session budget and policy priorities support these five themes, and it would be my pleasure to briefly walk you through those priorities now—you can also consult the summary document before you.

Faculty and staff pay is at the top of the priority list. On every campus visit, this challenge has come to the fore: we can’t attract and keep world-class talent if we don’t offer competitive pay. In order to retain top talent, we are asking for two things: funds for merit-based compensation increases and funds needed to replenish the Faculty Recruitment and Retention Fund.

We’re asking for merit-based increases as provided by law on par with other state employees. As you know, budget constraints have led to limited increases over the past seven years. It’s imperative that we now work together to keep our top performers. We need your help and support to make sure we can invest in our faculty and staff and remain competitive for the very best talent, while maintaining affordability for our students.
Our Faculty Recruitment and Retention Fund helps us recruit and retain the most talented teachers and researchers across the UNC system. The Fund will run out next year, and we’re asking for $3M to replenish it. We are in an increasingly competitive market for top faculty and researchers as other states look to recruit our most productive faculty.

In fact, earlier this year, an Associate Professor in the Department of Microbiology and Immunology at ECU’s Brody School of Medicine was offered a position at Kansas State University, which also included a research start-up package of $600,000. This faculty member has garnered over $3.4 million in grant funding from the National Institutes of Health. Thanks to the Faculty Recruitment and Retention Fund, ECU was able to counter Kansas State’s offer and keep this faculty member and his research grants at work in North Carolina. As you know well, it costs us more to replace than it does to retain. That’s why this fund is so important to all of us.

We’re also requesting a total of $29 million to help bolster academic support services that improve completion rates and timely graduation and offer long-range savings to students, parents, and taxpayers.

Our student population continues to diversify by race, ethnicity, and age. As you may know, at many of our institutions, the proportion of undergraduates who fit the mold of a ‘traditional’ student continues to decline. In fact, at half of our institutions, more than 45% of all undergraduate degrees are now awarded to “non-traditional” students.

We need to ensure that these returning adult learners, transfer students and military students succeed.

Within this request, we are asking for investments in innovative intervention strategies, data analytics, student completion, and a new merit scholarship program that will help boost degree attainment and ultimately strengthen the state’s workforce.

In the area of Intervention Strategies, we’re requesting $18M in funding to provide our universities the resources to improve completion rates across changing student demographics, using research-based strategies and support mechanisms.

We will work with our universities to choose the appropriate interventions that their students need, but two specific examples from A&T and ECU include redesigning courses to take advantage of information technology improvements (like “flipping the classroom”) and providing supplemental instruction by pairing students who have successfully completed gate-keeper courses with students who are struggling.

Last month’s Program Evaluation Division committee meeting underscored the need to push for new investments in technology and data analytics systems. Other states are ahead of us at the moment, and North Carolina must regain leadership in data-centric systems that support student success and accountability through targeted evaluation and programs focused on high-impact, evidence-based practices.
For example, we aren’t able to quickly determine which courses or course sequences enhance student progression or impede it over time, sorting by majors. A peer institution of A&T did make the investment in technology and data analytics systems, which revealed that the required statistics course was often being taken in the last three semesters, even though it was a critical prerequisite for upper-division major requirements. It should have been taken in the sophomore year, but well-meaning advisors were letting students take both statistics and research methods in the same semester. As a result, many students were failing both.

The question was prompted by looking at time to degree by majors within in the institution’s College of Arts and Sciences. Everyone was surprised that this particular major had a longer time to degree than expected. Because courses and students are changing every semester, one cannot rely on a snapshot at some past point in time to identify workable solutions – we need a robust data-centered analytics solution to tackle problems in real time.

With the $3M investment we are requesting for this purpose, we will find partners to help build capacity for predictive analytics, thereby equipping our universities to link students to the proper services needed to improve completion rates and to help our institutional leaders achieve their goals and to enhance accountability along the way.

We also need more flexible pathways to help our non-traditional students complete a degree, and in order to do this we need a data system that accurately tracks this ever-growing population. We’re requesting $3 million to create these pathways tailored for adult learners, students in the military, and returning students who have some college credit but no degree—what we call “part-way home”.

Right now, there are approximately one and a half million of these students in North Carolina. In our own recent look at UNC system students who have stopped out, we found that in the last 4 years, nearly 13,000 students had stopped out with 60 credit hours or more! 9,000 had over 90 credit hours. We need to get them across the finish line.

We also are asking for $5 million to establish a new merit scholarship program in the STEM and health science fields to help keep our North Carolina talent in North Carolina. We will also be seeking private donations to match these scholarships, hopefully allowing these students to graduate debt-free.

Regarding enrollment, as we do every short session, we have updated our enrollment projections for next year and are requesting an additional $2M to fully fund enrollment growth.

Finally, I’m hopeful that we can lift the private fundraising cap and eliminate the associated cut of $16.4 million, which will allow us to continue cultivating private support for the University. Increased donor support relieves some of the pressure on other funding sources, most critically tuition and fees, which helps students and families in the long run.

If we are to be successful in achieving our core priorities—and we must be—the University will need to continue to rely on your strong support. I pledge to you that we will use the resources .
you provide efficiently, prudently, and effectively. And I pledge to work in partnership with you to make the UNC system the best in the nation, ensure that the 225,000 students we serve gain the knowledge and skills they will need to succeed in both life and work, and foster innovation and economic growth for this great state.

Thank you again for the opportunity to share our budget and policy priorities with you today. It’s an honor to be here and serve the citizens of North Carolina. I would be happy to take your questions and am also joined by the University’s CFO, Jonathan Pruitt, who can also help answer your questions.