

UNC System President Peter Hans
Remarks to the UNC Board of Governors
September 22, 2022

This year marks the 50th anniversary of the UNC System, and we've been celebrating for the past several months by sharing stories of the University's history and highlighting some of the remarkable people who've made it possible. I'm amazed how many colleagues we have across the system — professors, researchers, staff — who have been with us for more than five decades. They've certainly seen incredible growth and change over the course of their careers.

That upward trajectory — of growing enrollment, expanding campuses, new programs reaching into new fields — mirrors higher education nationally. From the post-World War II boom of the GI Bill through the swelling enrollments of the Baby Boomer generation to the surge in Millennial enrollment after the Great Recession, American universities have benefitted from a decades-long tailwind of population growth and greater demand for higher education.

That period is drawing to a close (*as you can see in this chart, showing UNC enrollment trends in red and national enrollment in blue – this data spans 2015 through last fall*). It clearly shows that, while we have out-performed nationally, we are not exempt from demographics. From the turn of the Millennium through 2024, North Carolina's population of traditional college-aged young people — North Carolinians between the ages of 18 and 24 — will have grown by a third. For the next two decades, it will be almost completely flat. Simply put, the pool of traditional college students in this state isn't getting any deeper any time soon, and that has major implications for our universities. In ways big and small, it will mean a reshaping of our mission to match the state we're here to serve.

There's nothing new in that kind of adaptation. From their earliest days, North Carolina's public universities have looked closely at what the state needs from us, and we've retooled to make it happen. Every institution in the UNC System was created with a specific purpose. To train teachers, to bring the promise of higher education to Black North Carolinians, to serve returning veterans, to provide the tools and expertise to move a society from fields to factories to a knowledge economy. They have thrived despite vast changes in our economy, our society, and our expectations of what a college education should deliver.

And we will continue thriving in this new era. But to do it, we'll need to sharpen our value proposition and persuade an increasingly skeptical public that we **can** deliver on our core promise of a better life.

North Carolina has been preparing for these shifts in demography and demand. To ensure that our public universities can thrive in this fast-changing environment, we've been executing an intentional, well-considered strategy at the System level. I'm hopeful it is helpful to pull the

following separate but connected threads together for context. Here is a summary of this strategy (*chart*):

1. First, and arguably most important of all, we've kept a laser focus on affordability — low cost and low debt. There's been a great deal of discussion nationally about student debt relief and who should shoulder the burden for college costs. But here in North Carolina, we believe the only sustainable way to solve the student debt problem is to stop creating so much debt in the first place. We've done that through NC Promise, through incentives for on-time graduation, through generous aid funding, and through *six* years of flat tuition for North Carolina undergrads. We recommend extending that tuition freeze for a seventh year, because the simplest way to strengthen the value proposition of higher education is to keep the cost low. It's the North Carolina way, and we are determined to preserve it.
2. Next, we're focusing our capital spending on repair and renovation. Plainly stated, we need to take care of our existing infrastructure instead of always expanding our physical footprint. You've seen that focus on responsible stewardship in our state budget requests, which have resulted in record levels of funding for much-needed repair and renovation. Our campuses hold some of the most valuable, most beloved buildings in the state, and we need to care for them well.
3. At the same time, we *are* building something new — and we're doing it online. We've launched a first-of-its kind effort to bring the best practices of online program management into the public sector, launching Project Kitty Hawk to help our universities compete effectively for working adults. Right now, tens of thousands of North Carolinians are enrolled in online, out-of-state programs because UNC System schools didn't have the offerings they needed — or didn't know how to reach them. Kitty Hawk is going to change that and bring the best of our public university programs to an underserved market of adult and military students. It's the right thing to do and it's the smart thing to do.
4. We're supporting targeted growth in out-of-state students, moving to tap national demand for campuses that have existing capacity. At a time of huge demand for educated workers in our economy, it makes sense to welcome more talent into North Carolina without displacing any in-state students. It brings needed resources to those campuses, makes efficient use of System capacity where we have it, and contributes to a vibrant state. This has been incredibly helpful to our HBCUs and I will likely recommend adding a handful of additional universities where it can enhance their position.
5. We're working with our lawmakers to simplify financial aid, making sure that low-income families know that there's support for their students. We need to structure our

major investments in scholarships and aid in a way that encourages student ambition and incentivizes preparation for college. We're dismantling those bureaucratic barriers which confuse and discourage students.

6. We've done an enormous amount of work to make transferring simpler — between our own campuses, and from the community colleges to the UNC System. Common course numbering and much stronger articulation agreements are hugely important efforts. This is critical given the number of community college transfers are down significantly as a result of the pandemic disrupting so many lives.
7. We're viewing every academic program at the University through a public-interest standard. We have an obligation to make sure that any degree or credential from the University of North Carolina is going to leave its graduates better off than before, so we can make that promise to parents and students. At its best, a high-quality higher education contributes to more meaningful lives, engaged citizenship, and fulfilling careers.
8. And finally, we're building in clear incentives for on-time graduation, one of the surest ways to keep costs down and keep students moving forward in their lives. Aligning our own internal incentives with what's best for students is, again, the right thing to do and the smart thing to do.

These are all responsible, thoughtful, long-term moves to build the University that North Carolina needs for the coming decades. They are meant to sharpen our value proposition in a time of more choices for students and greater skepticism from the public. Over the past few years, especially following the tight labor markets of the pandemic recovery, there's renewed interest among policymakers and advocacy organizations for apprenticeships, for on-the-job training, for high school programs that lead directly into stable and family-supporting jobs. And I think that's all to the good. College cannot and should not be defined as the one and only path to success in America. An opportunity rich society should offer a variety of promising paths to the good life.

At the same time, I believe — and the experience of the past half-century has shown — that more people would benefit from the knowledge, the connections, and the experience of higher education. To make that happen, we need to make our public universities a compelling choice for more students. As you can see from the polling data here [*references the 70-30 chart*], younger Americans without a college degree — exactly the population we need to reach to serve more adult learners — aren't sold on higher education. They don't have confidence that college will leave them better off.

Winning the trust of those people, building the infrastructure to offer meaningful second chances to people who haven't had the opportunity for higher education, must be a core part

of our mission as a public university. Project Kitty Hawk is part of that work; NC Promise is part of that work; creating clear and compelling paths from our community colleges to our universities is part of that work. But there's much more to do so I'll keep making this case and propose solutions as well.

I'm grateful to this Board and to our elected officials for thinking creatively about the role our public universities will play in the decades to come. There's no state in the nation better positioned to navigate the seismic changes on the horizon, and we should be proud of that. When another generation of leaders are preparing for the UNC System's one-hundred-year celebration in 2072, they'll reflect on this time as a moment of great promise for our public universities. And it will be an inspiring story to tell.