**Faculty Assembly January 20, 2012 Notes**

The UNC System and the Financing of Higher Education; Charlie Perusse, Vice President for Finance

* Budget impact and tuition update (powerpoint on Assembly website)
  + Reductions: 725M recurring; 513 mandatory
  + Enrollment funding added back: 222M, 18000 students
  + Other targeted increases: building reserves, Kannapolis, nca&t, cancer ecu dental, campus safety
  + Utility costs increased 14M; retirement and healthcare increased 100M
  + Net of financial aid, 85M supplemental tuition revenues, 77M in CITI revenues
  + Bottom-line: reductions have exceeded revenues (citi & supplemental)
* Per student appropriations from the general fund have fallen 12.9%; would need 342M from state to remain at pre-recession level (2008)
* Since last year, are teach 2,300 additional student fte’s with 1,100 fewer faculty and 1,250 fewer non-faculty and staff
* Class sizes have increased – large lectures becoming more common
* System wide, our tuition + fees are about 17 % lower than peers for instate, 13 % lower out of state
* Campuses are averaging 9.6 % instate, 5.4 % outsate requested tuition increase (WCU is asking 9.9 instate 3.5 out)
* Note: these tuition figures are just for undergraduate programs

Our System, Our Students, National Trends and Two Case Studies; Sandie Gravett. Chair UNC Faculty Assembly

* UNC total enrollment – enrollment has grown, out of state has decreased
* Number of non-tenure-track faculty has risen starting about 2005
* Over last 5 years tuition has risen 6-18 %
* 73.1 % of student now receiving aid; 56.4 need-based

President Tom Ross, President, The University of North Carolina

* Revenue collections up about 150M, but there are structural shortfalls (Medicaid, some public school teachers funded through stimulus money) amounting to about 350M so money will be used to maintain current expenditures
* Budget has 9.1M cut for UNC, no tuition increase
* State is still not generating large amounts of new money, but NC economy is growing 0 – 2.5 % over next three years
* State will face pent up demands, including compensation for state employees; also has infrastructure issues (including UNC issues – we haven’t received any repair/renovation money from that allocated last year)
* So, not as bad as last year but not as good as should be; now trying to figure out best way forward; have absorbed 414M reductions in 1 year
* Note that 59 % of future jobs will need postsecondary education and NC is a long way from providing this
* What is the way forward?
  + 4 sources of revenue:
    - internal (save and re-prioritize – e.g., centralizing the determination of residency, financial aid items such as family contributions; academic restructuring within institutions (focus on core));
    - raise money from alumni, etc. (private dollars)
    - state support must be the largest contribution (maintain low tuition, low aid model); will have to make case that we are worth it and are efficient (increase admission requirements, improve progress standards, transition of remediation dollars to community college system – create more pathways for students to get higher success)
    - student contribution (tuition and fees); this is probably one of the most immediate means of getting revenue; will probably ask for max 10 % increase per campus and campus wide below 9 %; second year < 4 %; this is roughly equivalent to the BOG asking for 6.5 % increases over two years (just frontloading the raise); 25 % set aside for need-based aid; net 42M across the system – is just more than the 10% we lost last year;
  + question: what about local support? Answer: NC history has been for consistency across the state,
  + question: what about relaxing state restrictions on money raised, etc.? answer: answer would be to repeal the Umstead (??) act, but have asked the campuses for info on what relief from rules and regulations is needed, and have acted on some of those or will take to General Assembly; in general, management flexibility is needed
  + question: can we have rollover rather than having to return money year end? Budgets are never large enough to fill needs, especially repair and renovation; answer: can carryover 2.5 %,, but in past years reversions have taken this away (> 500 M). certainly agree that carryover would help
  + questions: will we change the profile of our students if we increase restrictions? Answer: are gathering data for recent years
  + question: what about going to trimester or quarter system? Answer: haven’t looked at that specifically, but some campuses are looking at how to offer classes, especially summer classes, more efficiently;
  + question: is legislature committed to UNC remaining a great university? Answer: think are not in a war, just troubled economic time; also, higher ed needs to do some things differently; think public believes deeply in value of public university
  + question: is there money for pro-active marketing to explain to public and legislature what we do and how hard we work? Answer: believe that faculty work hard and trying to make that case; ultimately no one knows what another person does or how hard they work;
  + question: can we change the funding model based on fte’s, which hurts small, but needed programs, e.g., in STEM areas? Answer: hope we don’t get to a point where number of people enrolled in a class or program determine whether we keep it

Update on the Performance Funding Workgroup – Suzanne Ortega

* budgets need to be aligned to meet academic goals; this fall apart when financial and academic folks are not working together
* want to tackle budget issues using formulas to align budget with campus priorities
* can use performance funding models;
  + must allow individual autonomy
  + must be simple
  + account for institutional differences, but have common core indicators
  + allow time for implementation, and measure outcomes
* have a group that has been coming up with a performance funding model; essential features
  + developing a series of core indicators (relevant to all campuses, easy to measure, benchmarked to peers and over time)
    - four core indicators are: freshman – sophomore retention; degree efficiency (number of degrees awarded per undergraduate fte); 6 yr graduation rates (good national data), although number of semester would be better; degree efficiency for pell-eligible students
    - assumes 75 % should be driven by student outcomes
    - have some efficiency measures: classroom utilization or station (lab) utilization – not clear how will measure yet (see UNC FIT)
  + campus could pick 2 additional measure most relevant to them (e.g., number of community college transfers, or graduation rates of transfers, or federal research expenditures, or grad program efficiency, or degrees produced in a high demand field)
  + model will recognize both success and progress toward success
* question: what about reverse incentives? For example, increasing retention can correlate with decreasing rigor; also how are high/low demand efficiencies accounted for? Answer: this model will not apply below the campus level (it will not reach down into programs), but these questions will need to be answered on the campus
* question: education isn’t efficient, so why start with the premise that we want to make an inefficient system efficient? Also, the ‘intangible’ parts of education are not captured in the performance model? Answer: student learning outcomes are missing from the model. All think this is important, but model needs to be simple and must have national comparative, and we don’t have the data (best proxy is graduation rates and number of degrees)
* question: what is the quality of the database (e.g., some campuses don’t know how many faculty they have); and graduation rates and amount of student learning contradict each other? Answer: there is some correlation with graduation rates and learning. also, working with campuses to figure out the most important metrics for each campus. Very committed on faculty input for individual campuses.

Guest Presentation, Jane Shaw, President, Jay Schalin, Director of State Policy,The John William Pope Center for Higher Education Policy

Jane Shaw

* Pope center is nonprofit for increasing quality of education in NC

Jay Schalin

* Agree with current assessment that higher ed is at a crossroads; has had a run of growth since WWII; are changing attitudes, politics, and technology
* Don’t agree with what to do about the situation; mission is to foster excellence and efficiency in higher ed
  + Just talking to legislature and raising tuition will not solve the problem because resources are scarce due to economy
  + Increasing public questioning about value and cost of education
    - Student load debt bubble
    - About 40% of the population considers higher ed good value
    - College students spend about half the time studying today than 10 yrs ago
    - Suggest standards need to come up
    - People are seeking alternatives to higher education; e.g., uncollege (convinces young people to forgo college and seek their own education)

Jane Shaw

* Two important points: financial situation (cost) and university losing public confidence
  + Grade inflation and dumbing down affect public confidence
* Should
  + Review enrollment policies
    - University has grown faster than population; students poorly prepared
    - Set admissions bar higher
    - Need-based scholarships should include a merit component
  + Work with community colleges
    - Community colleges best place for remedial education
    - Have lower costs
    - Community colleges need to prepare students better
  + Need more cutting – evaluate programs
    - Cut duplication and irrelevant programs (cut programs with poor track record for job success)
    - Improve humanities to restore public confidence
  + Re-evaluate research
    - Public more interested in classes taught than research done
    - Increase faculty class loads
  + Reconsider graduate degree programs
    - Can advanced degree graduates find jobs?
  + Consider differential tuition
    - Flagship universities raise tuition and get less state funding
    - Also UNC school of the arts
  + Consider online education carefully
    - Competing with low-cost distance programs
    - Could partner with private online companies
  + Revamp education schools
    - Criticism of education schools is widespread
    - Return to teaching good teaching techniques rather than education theories
* Question: how can you keep the system at its current size and receive funding, which is based on enrollment growth? Answer: increasing enrollment should not necessarily be the source of funding;
* Question: education curriculum determined by department of public instruction, so criticism is misplaced. Answer:
* Question: How can you use national stories of debt to talk about NC system? How can you suggest community colleges can be a substitute for a 4 yr education? How can you decide which programs are unnecessary (some of them are predicting the future)? How can you question research, which goes through a rigorous peer review progress? Assembly is always talking about differential tuition, program redundancy, etc. How can we not teach social justice to education majors?
  + Answer: didn’t pluck stated ideas out of outer space; student loans may not be as great in NC, but NC students are taking out more loans. Social justice – teach content and how to teach
    - Response – need to teach social justice because it is a part of who we are. Students need to learn how to teach all students.
* Question: agree should be wary of online education, but the assumption that it is done for revenue reasons is not true. Answer: BOG feels this is a revenue stream
* Question: claim that system has expanded beyond its limits – why not more students the better? How can assume cuts to be higher cuts to be beneficial? Report says research in humanities is not useful, how can you want to increase humanities?
  + Answer: is the teaching of literature, not the research. In general, students don’t need to understand research or universities have research, to teach basic ideas about subjects. Amount of extra money a person gets for going to college has been shrinking over the last decade.
* Question: isn’t there a contradiction between teaching the whole person and not teaching social justice? Also, why the assumption that engaging in research necessarily means decreasing the quality of teaching?
  + Answer: the question is not whether research is good, but how much research relative to teaching?
* Question: online education allows us to education in diminished economic times, and allows us to reach more people. Answer: not against distance, just distance as a cash cow.
* Question: Could decrease in people coming to college not be just due to financial reasons? Answer: trend started before the economic downturn.

Guest Presentation, Rob Schofield, Director of Research and Development, NC Policy Watch; Ed McLenaghan, Director, NC Budget and Tax Center

Rob Schofield

* NC Justice Center – grew out of legal aid; NC Policy Watch is their ‘think tank’ ([www.ncpolicywatch.com](http://www.ncpolicywatch.com))
* Difference in how left and right deal with issues (right puts money into propaganda; left is disorganized – policywatch is an attempt to remedy)
* Policy watch top priorities – exposing the right; energizing progressive movement
* 2011 legislative session – worst session in decades; assault featured slash and burn budget, tax cuts at the worst time, dozens of regressive policy changes
  + Nixon era budget – cut taxes; 500M in cuts to health care for poor; educators fired; damaged higher education; decimated courts, environment; wrecked smart start and more at four
  + Held unemployment insurance hostage; anti-choice law; election restrictions; 90% interest rates on small loans; increase in charter schools and attempt to have school vouchers; restricted community college student loans
  + So-called tort reform; repeal racial justice act; concealed weapons in parks and restaurants; marriage discrimination amendment; midnight assault on teachers
* Assault on education
  + Huge cuts to early childhood, K-12
  + Unregulated expansion of charter schools
  + Community college loan access limited
  + UNC cut by 444M
  + Fewer and larger classes
* Part of an agenda
  + Erode support for all things public
  + Privatize core government services or make the fee for service
  + Promote and expand corporate personhood
  + Promote markets as an end rather than as a means of generating prosperity
  + Redefine freedom
* Progressive alternative
  + Well-funded public structures and services
  + Tax modernization and reform
  + Preserve affordable public education
  + Voter owned elections
* Where we are now
  + Full time, part time legislature (special sessions that discuss and pass laws without prior notice)
  + No holds barred
  + All out public relations war (divide and conquer people on assistance between those with disabilities and those who ‘choose’ to be on assistance)
  + The Pope Empire
* What’s next
  + Redistricting lawsuits
  + Marriage discrimination campaign
  + Etc.
  + NC becoming a ‘purple’ state
  + Flood of corporate money
  + Redistricting decision critical
* How to keep up
  + NC Policy Watch website

Edwin McLenaghan

* Building a Better Economy
* Meeting the needs of NC’s economy
  + By 2018 59 % of jobs will require post-secondary training; only about 38.5 % of working age population has the skills
* How do we get there
  + College completion rates inadequate to meet future needs; over half (58 % ) graduate within 6 years but only 21 % of two-year students complete a degree within 3 years
  + Need to strengthen birth to career pipeline
  + Holistic birth-to-five interventions; K-12, post-secondary (e.g. early college) work
* Challenges to a completion agenda
  + Higher costs associated with tuition increases and financial aid decreases lead to….
  + Less time devoted to studies – long work hours lead to….
  + Lower completion rates
  + ¼ NC children lived in poverty in 2010
  + Low income families devote 1/3 of income toward college expenses
* What is NC achieving?
  + NC doing better than other southern states except VA; about 20 % that start college graduate on time, but almost 35 % don’t graduate from high school
* State investments
  + Of the education budget, universities get 13 %
  + But there are fewer resources supporting public structures; instead of the traditional 6 % of budget toward education, will be closer to 5.5 % next year
  + At the same time demand for higher education is increasing; basically, are spreading fewer resources over more people.
* Contact: North Carolina Justice Center
* Question: could the decrease of last year been avoided by keeping the sales tax and increasing the marginal tax rate? Does the governor’s proposal to reinstate the sales tax address the problem; if not, what is the solution? Answer: It is not true that taxes have been going up – are actually paying less tax to support state functions than 40 yrs ago; have relied more and more on sales tax, which taxes a smaller revenue base; need income tax reform to change the inverse tax structure; bottom line – sales tax is the second or third best solution to get the money; is just a bridge;
* Question: What if we moved to taxing services rather than goods? Answer: is fairly neutral in its effect over income groups; need to have income tax reform and tax services; politically, however, is very difficult to tax services (lawyers, physicians, etc.).
* Question: What can the university do? Answer: can raise tuition, etc., but need to change the mindset of the legislature to support public functions and structures; need to counteract the incorrect propaganda
* Question: Has the occupy movement had an effect? Answer: public evenly divided on whether the movement has had an effect, but everyone agrees the rich have too much money and power.
* Question: Notion of raising tuition seems to be opposed from all sides, but what is the alternative? Answer: raising tuition probably is unavoidable; problem is financial aid has simultaneously decreased;
* Question: Maybe should recognize that not everyone needs to go to college, but everyone needs the opportunity to go to college. Can we do more self-critique? Answer: by defending funding for education or another program, are not saying they don’t need to Can be improved.
* Question: Is there an ‘outside academic’ argument about why providing an education is good? Answer: Need more than 38.5 % of the population to be educated; also, jobs need technical skills, but they don’t always need to be gained through college.
* Question: concerned about ‘credential’ fetish. Evidence shows that regardless of whether they graduate, any college at all improves quality of life. Can we turn away from the credentialing fetish to blur distinction with life-long learning? Answer: can’t win the battle with that approach. Need to win the battle of what kind of state we want to live in.
* Question: Education has contributed to economic growth; North Carolinians are undereducated, but universities are bloated. Answer: don’t think holding the course is a radical approach.

Brief Committee Reports and Additional Business

* Next meeting – March 23
* Need names of people on campus who chair grievance committees; send to burtr@uncw.edu
* Distributed education committee: [reeves@uncw.edu](mailto:reeves@uncw.edu); send information on best contact person for e learning information
* HBMI report: impact of SAP on retaining students; decreasing support leads to longer time to graduation
* GA is hiring an institutional research senior director; looking at a hire for e learning; search for graduate & research VP;
* BOG meeting on task force for program approval
* Academics first list went to chief academic officers and has been discussed; survey sent to the campuses and results are being compiled. Now can open the discussion if there should be a set of minimal criteria or parameters
* Faculty workload group will report to BOG in April. Probably will see at April meeting.
* Will there be salary increases/adjustments for faculty? No one can answer at this time. Authority for increases lies with the legislature; adjustments can be made.