

Higher Education Report

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REPORT ON HIGHER EDUCATION IN NORTH CAROLINA

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“Education, then, beyond all other devices of human origin, is the great equalizer of the conditions of men [and women], the balance-wheel of the social machinery.”

-Horace Mann

Introduction

One of the hallmarks of North Carolina, and in no small measure a main contributor to its well-earned reputation as a progressive, innovative state, is its institutions of higher education – The University of North Carolina, our state’s 36 accredited private colleges and universities, and the North Carolina Community College System. North Carolina’s prominence in higher education is grounded in the very beginnings of our state’s history with recognition of the importance of collegiate education being memorialized in our first state constitution (1776). In the midst of the Great Depression, our state’s leaders recognized both the importance of higher education to the state’s future and the need for ensuring continued support for and effective operation of public institutions through consolidated governance. In recent decades, state-funded support for private colleges and universities began, and public higher education was strengthened significantly through governance restructuring and further consolidation of public institutions, culminating in the establishment of the 16-campus University and the 58 member North Carolina Community College System we know today.

Today, as North Carolina stands in the vortex of monumental shifts in economic and social structures, our institutions of higher education continue to serve the needs of our state and are well-positioned to continue to serve, as they have throughout our history, as major sources of progressive, innovative leadership.

“The reason for public support of education in a democracy is that we may have an educated citizenship.”

-Governor O. Max Gardner, putting forth his agenda for public university consolidation to the 1931 North Carolina General Assembly

The Historical Context

Why is it that North Carolina puts such store by its universities and by higher education generally? In 1776, when we wrote our first state constitution, it was there declared that “all useful learning shall be duly encouraged and promoted in one or more universities.” A dozen years later, the General Assembly of 1789 chartered the University, chose its initial 40 trustees (the predecessors of today’s Board of Governors), modestly endowed the University with the escheats due to the State, and set it on its way.

Why did North Carolina lead all of the states in creating a public university? North Carolina was then a poor state, a conservative state. It had only about three hundred thousand people. It offered no other public service except the state courts and, when needed, the militia. Yet it created and endowed a public university, a new thing under the sun.

The reason is that many of the same men who as legislators enacted the 1789 charter of the University had, only three weeks earlier, sitting as members of the State Constitutional Convention, ratified on North Carolina’s behalf the United States Constitution, and two weeks after they chartered the University, again voting as legislators, they ratified the Bill of Rights of the Federal Constitution.

And who were those who took these actions? These men had borne arms in the cause of American liberty and were then about the work of establishing a state and nation. They knew that the state and nation they were creating would be fragile creatures; that their survival and prosperity would require trained intelligence, great skill, good judgment, and hard work on the part of their public leaders; and that those who would carry on that work in the future would require education of the kind only to be had from a university. So for these legislators,

establishment of the University was yet another conscious and vital act of state and nation building.

They did it well. A generation later, the University trustees, in a memorial to the 1830 General Assembly, declared that “These seven or eight hundred alumni of Chapel Hill, now fill with honor to themselves and the college and with usefulness to their country, most of her posts of distinction, trust, labor and responsibility in her legislatures, her judiciary, her professions and her schools . . .” And so that institution has continued to serve the State by the education of public leaders, except for a brief gap between 1870 and 1875.

Half a century after the establishment of the University of North Carolina, several religious denominations began colleges with a primary purpose of training ministers for their service. They included Davidson College and Guilford College (1837), Wake Forest College (later University) (1838), and Trinity College (now Duke University) (1859) together with Greensboro Female College (1838) and several academies that later matured into colleges. By 1877, 20 of our state’s current 36 accredited private colleges (or their predecessors) were in operation. In 1956, the last of our state’s private liberal art colleges were established (Methodist College and North Carolina Wesleyan).

These private colleges and universities flourished alongside the public institutions, and while the public sector has grown rapidly to answer the needs beyond the responsibility or means of the private sector, the State has respected and fostered the contribution of private institutions. In 1971, the General Assembly established the Contractual Scholar Grants program to support the attendance of North Carolina undergraduate students at private institutions, which was augmented in 1975 by the legislature’s creation of the Legislative Tuition Grant program. Today, the State regularly invests directly over \$100 million a year in those programs and otherwise aids those institutions.

One benefit of the University and early private colleges was to instill in many of their graduates awareness of the need for and value of more diverse and widely available educational opportunities. That inspiration led to the

creation of educational institutions ever more widely dispersed, more diverse in educational offerings, and more economically accessible.

By 1887, it was clear that the economy of the State required men trained in scientific agriculture and in engineering, so the legislature chartered the institution we know today as North Carolina State University at Raleigh as a land grant institution. Four years later, it chartered North Carolina Agricultural and Technical State University (as we know it today) with a similar mission to serve black students.

The era following the Civil War also saw the establishment of institutions to serve the higher education needs of black students. Shaw University, the first historically black university in North Carolina and the South was founded in 1865, followed by Barber-Scotia College, Johnston C. Smith University, St. Augustine's College and The Howard School (now Fayetteville State University) (1867), Bennett College (1873), Livingstone College (1879), Elizabeth City State University (1891), and Winston-Salem State University (1892). North Carolina's newest historically black institution, North Carolina Central University, was founded in 1910. North Carolina's five public historically black institutions are now incorporated into The University of North Carolina.

Later in the 19th century and early in the 20th, the need for better prepared teachers for our public schools caused the legislature to create or to acquire for the State several institutions for the specific purpose of training public school teachers. These were called normal schools. Their initially brief programs of instruction ultimately grew to about two years in length. These teacher training institutions – a majority of the sixteen collegiate institutions that constitute the University today so originated – evolved over time into four-year, degree-granting institutions. Until the 1960's, the preparation of public school teachers was the principal and vital work of most of the institutions now in the University.

By the 1960's, another kind of institution was called for – the urban college or university – and so the municipal junior colleges at Asheville, Charlotte, and Wilmington were converted into degree-granting state institutions in 1963-65.

Finally, the North Carolina School of the Arts (now the University of North Carolina School of the Arts) was formed in 1963 to provide training in the performing arts at the high school and collegiate levels. It is the youngest of our degree-granting public institutions.

The School of Science and Mathematics, a residential high school created in 1980 on the initiative of Governor James B. Hunt, Jr., was incorporated into the University of North Carolina in 2007 as its seventeenth campus.

Over the decades, the roles of the older public institutions grew and broadened as special purpose institutions such as the normal school added liberal arts education and undertook professional education in wide variety – nursing, business administration, law, medicine, dentistry, etc. – in response to the needs of the State.

The locations of the 16 public college campuses were determined by their original roles, often to serve as teacher-training institutions for schools within the region. Some were from the beginning located centrally because they had a state-wide mission – institutions such as North Carolina State, North Carolina A&T, or the University at Chapel Hill – though the specific location of each was often the outcome of incentives provided by local landowners and others.

Each of these institutions was created to serve as a distinct, free-standing institution. Today, they work together effectively as one harmonious, multi-campus public university.

Originally, all of the University institutions except the School of the Arts and the School of Science and Mathematics had racially defined roles, but those roles were legislatively eliminated in 1957 with the end of *de jure* segregation.

By 1931, the State was sponsoring 12 public institutions of higher education, each with its own Board of Trustees and President and its own dealings with the Governor and the General Assembly. Governor O. Max Gardner proposed to the 1931 General Assembly that it consolidate the institutions at Chapel Hill and Raleigh and what was then called the Woman's College at Greensboro into The University of North Carolina – the three-campus “consolidated University,” so called informally from the terms of the statute.

That act was seen as chiefly an economy measure. Those three institutions in 1930-31, immediately before consolidation, were collectively appropriated almost two million dollars (that was eight percent of the State's General Fund budget for 1930-31). Within two years, those three institutions' state appropriations had been cut by fifty-eight per cent, not due to savings from consolidation, but because of the Depression that gripped the Nation. It was 1943-44 before the state appropriations for those three institutions regained their current dollar level of 1930-31, so deep was the Depression of that period.

The Consolidated University, which came into being in 1932 and lasted until 1972, had a 100-member Board of Trustees for the entire (originally) three-campus structure. The members were chosen by the legislature. (There were no separate campus boards of trustees). There was one President under the Board of Trustees and the Chancellors reported to him.

The original concept of the Consolidated University was that it would operate as a single institution as far as that could be done with three separate physical locations. There was differentiation of functions among the institutions, intended to bring about greater harmony and economy of operations. That differentiation prevailed almost completely until 1963 and still largely defines the differences among those three institutions.

By 1955, the need for coordination of the three-campus Consolidated University and the other nine state-supported institutions of higher education was apparent. The Board of Higher Education was created by the General Assembly in 1955. Its members were appointed by the Governor. Its duty was to provide planning, coordination, and budget advice to the Governor and the General Assembly. It was never a very effective body, as it could only advise for the most part, and the institutions retained their direct connections with the General Assembly.

In 1961, Governor Terry Sanford created what was generally known as the Carlyle Commission, a study group named for its Chairman, Irving Carlyle, and was more formally designated as the Commission on Education Beyond the High School. It produced several significant recommendations, most of which

were enacted by the 1963 General Assembly. The role of the Consolidated University was strengthened and it was given a monopoly of the granting of doctoral degrees. A procedure was provided for the addition of campuses to the University. The three public junior colleges at Charlotte, Asheville, and Wilmington were raised to four-year, degree-granting status in 1963 and 1965. And then, shortly, they were absorbed into the Consolidated University to give it six campuses after 1969.

The present comprehensive community college system, with joint state and local financing, also grew out of the Carlyle Commission's recommendations. The Community College Act, enacted by the 1957 General Assembly during Governor Luther H. Hodges's administration (1954-61), had initially led to six community colleges being established under the control of the State Board of Higher Education – the College of the Albemarle in Elizabeth City, Wilmington College in Wilmington, Mecklenburg College and Charlotte College in Charlotte, Asheville-Biltmore College in Asheville, and Gaston College in Dallas. The 1957 Act also established a statewide system of industrial education centers to serve as vocational and technical schools, and placed the administration of those schools under both the State Board of Education and local boards of education. By 1961 there were 18 centers in full or partial operation and two more centers were in the planning stage.

Based on the recommendations of the Carlyle Commission, the 1963 General Assembly consolidated the operation of community colleges and industrial education centers under the State Board of Education, which governed the newly formed Department of Community Colleges, thus enabling more efficient, state-wide focused operation of the state's technical and vocational programs.

The governance of the Department of Community Colleges was transferred from the State Board of Education to a new State Board of Community Colleges by the 1979 General Assembly, strengthening the role of community colleges as higher education institutions. The State Board of Community Colleges consists of 21 members, ten appointed by the Governor,

four appointed by the North Carolina State Senate and four appointed by the North Carolina House of Representatives. The Lieutenant Governor, the State Treasurer, and the person who serves as the North Carolina Comprehensive Community College Student Government Association President all serve as *ex officio* members and complete the board. The board has the authority to adopt and administer all policies, regulations and standards necessary to operate the department and the institutions in the community college system.

The President serves as the Chief Executive Officer of the Community College System Office, and each community college campus is governed by its own Board of Trustees and managed administratively by a president. In the 46 years since its establishment in its current form, our state's community college system has grown to be the third largest in the nation, with 58 institutions serving as the state's primary agencies for providing job training, literacy and adult education, and liberal arts courses.

During the 1960's, the General Assembly took an increasingly active role in determining the policies and programs of the public institutions of higher education. Many decisions to establish new programs or to erect new buildings were made by the General Assembly on the basis of political strength of their legislative advocates, with little concern for statewide needs and interests and often contrary to the advice of the Board of Higher Education. Ultimately, in 1967 and 1969, the General Assembly converted all of the public senior institutions outside the Consolidated University structure (except for the School of the Arts) into what it called regional universities and gave them authority to grant doctorates, subject to the approval of the Board of Higher Education.

It was apparent that a good deal was wrong with the way public higher education was developing in the 1960's.

Governor Robert Scott concluded in 1970 that coping with competition and uncoordinated growth among the institutions required a radical change, with more central authority and control over public higher education than then existed. He appointed a study commission that made recommendations for extensive

changes to the 1971 General Assembly. The General Assembly put the matter over to a special session for attention in the fall of 1971.

Intensive preliminary study and a tumultuous legislative session in October 1971 led to the 1971 Act to Restructure Public Higher Education. It radically recast the structure, organization, and distribution of powers within the University.

First, the act called for a single, state-wide Board of Governors over the entire 16 campus system whose 32 members were all elected by the General Assembly and all of whom represent the State at large, not sections or institutions. That Board was given full authority to govern the University and to delegate power to campus Boards of Trustees and Chancellors.

Second, each institution was given a Board of Trustees of 13 members: eight chosen by the Board of Governors, four chosen by the Governor of North Carolina, and one – the student body president of the institution – serving *ex officio*, with a vote. The powers of each Board of Trustees are delegated to it by the Board of Governors.

The initial members of the Board of Governors were all former members of the boards of trustees of the constituent institutions and thus brought to their task familiarity with the institutions they had served. Their term lengths were staggered to provide continuity of membership. Term limits were imposed on the members of both the Board of Governors and the boards of trustees.

Third, the President of the University is elected by the Board of Governors and serves at its pleasure.

Fourth, the Chancellors of the institutions are elected by the Board of Governors, on nomination of the President, to whom they are responsible.

Implementation of the 1971 restructuring act was smooth and effective: all participants, including those who had opposed the act, resolved to make it successful. It was also vital that William Friday, who had led the Consolidated University for 16 years, was chosen by the Board of Governors to be the President of the 16-campus University. He was experienced, trusted, and able to

allay the fears many had about their institutions being involuntarily incorporated into an unfamiliar and potentially unfriendly system.

The State leadership of Governor James E. Holshouser, Jr. (1973-77) during the critical period of implementation was very valuable; he had served in the House of Representatives in 1963 through 1971 and understood the need for and objectives of restructuring.

The five historically black public institutions and the one historically Indian public institution were, from the beginning, treated as were the other institutions of their academic program classifications. There was no consideration of reducing or increasing the number of institutions, including those whose historic missions were to serve minority students, and The University had in 1971 ten predominantly white institutions and six predominantly minority institutions. The elimination of racial duality in public higher education proved, however, to be a contentious issue that dominated much of the work of the newly restructured University for over a decade.

North Carolina, beginning in 1877, created or acquired for the State five institutions of higher education to serve the roughly one-fifth of the State's population that was African American. In 1957, the General Assembly on its own motion removed from the General Statutes all racial designations of the public, degree-granting institutions. (Those institutions created since that date have had no racial designations by law, nor has any of the community colleges created since that date had any racial characterization). Despite lack of official racial characterizations of those degree-granting institutions, voluntary student attendance patterns have changed only slowly in either the traditionally black or the traditionally white institutions.

In 1970, there began a series of exchanges of communications between the U.S. Department of Health, Education and Welfare (which had responsibility for policing the enforcement of the civil rights laws as they affected institutions of higher education) and Governor Robert W. Scott and other state officials. HEW wished to see higher proportions of black students enrolled in the traditionally

white public institutions and higher proportions of white students enrolled in traditionally black institutions.

In 1970 also, a lawsuit (*Adams v. Richardson*) was initiated by HEW in the United States District Court for the District of Columbia against North Carolina and nine other southern states with the objective of increasing the black enrollment share in their traditionally white institutions and vice versa. Direct negotiations between HEW and state authorities continued.

Restructuring of The University of North Carolina occurred in 1971-72 without reference to that pending litigation. Restructuring did, however, facilitate North Carolina's dealings with HEW and the court with respect to the lawsuit and related issues, since the Board of Governors and the President (rather than the institutions' officers) thereafter represented the 16 public institutions. (The State Board of Education represented the Community Colleges, which were under its jurisdiction at that time.)

There followed several years of intensive conferences, negotiations, reports, responses, and litigation moves in the effort to resolve the issues raised by the lawsuit. These activities took up a large share of the time and energy of the President and his staff for several years, from 1970 to 1981. In the course of those negotiations, The University for its constituent institutions made commitments to increase the percentages of racial minority students (white in historically black institutions and black in historically white institutions) enrolled in the respective institutions and to enhance the historically black institutions by strengthening their programs and upgrading their facilities. During his first term, Governor Hunt was helpful to The University in gaining funds to strengthen programs and improve facilities in the historically black institutions in an effort to prove to HEW The University's good will.

Resolution of the issues was complicated by the fact that HEW representatives demanded two contradictory results: the elimination of vestiges of the former racially dual *de jure* system (whose chief vestige was the five institutions themselves) while simultaneously enhancing those five institutions

physically and programmatically. (The Board of Governors never entertained the idea of closing any of the five institutions).

The HEW representatives did not understand that University students were not involuntarily assignable to institutions in the same way that public school students are, and that closing a graduate program in one institution would not result in its students voluntarily moving to a similar program in another nearby institution.

At the heart of the decade-long struggle over racial duality was not a question of the moral and legal obligation to address vestiges of discrimination – all sides agreed on that – but rather a question of *how* to satisfy this obligation and, importantly, *who* should be responsible for its implementation. North Carolina's opposition to HEW's efforts was in large measure grounded on the principle that decisions affecting the establishment or elimination of courses of study, graduate and professional programs, student enrollment planning and the like lay most appropriately in the hands of the Board of Governors, not in those of federal officials. To have conceded that role to federal authorities, especially in the critical early years following the 1971 restructuring, would have fundamentally altered and perhaps irreparably damaged the very purpose for which the restructuring was achieved. In the end, the matter was resolved with The University and its governance structure entirely intact.

The value of the 16-campus University, premised on the principle that the whole is greater than the sum of its parts, continues to be recognized almost four decades after the 1971 restructuring. At the same time, the Board of Governors has understood that each of the constituent institutions has a distinct identity, developed in most instances over decades or much longer periods, and that distinctiveness constitutes strengths not to be wasted by any mechanical uniformity of programs or organization. Finding and maintaining a good balance between institutional distinctiveness and conformity to the requirements of the system is one of the continuing challenges before the Board of Governors.

The delegations of powers and assignments of responsibility by the Board of Governors to the Boards of Trustees and Chancellors were very important.

The Board of Governors knew what powers it had to keep in its own hands in order to carry out its planning and operating responsibilities. It retained the power of comprehensive planning for the University, of educational program allocation among the institutions, of approval of all major administrative appointments, of all conferrals of life-time tenure on faculty members, of comprehensive budget-making, and of all financial dealings with the Governor and General Assembly. Virtually everything else was delegated to the Boards of Trustees and Chancellors – most personnel actions, student affairs, student admissions and performance standards, athletics, fund-raising, buildings, and physical development of each campus, among others. There have been further delegations since 1972.

The Board also made it clear in The Code that the President had full executive authority in the University, and that the Chancellors were the managers of the constituent institutions, subject to the President's oversight and his responsibility to the Board of Governors.

It is essential that the members of the Board of Governors, and within their own spheres, the members of the Boards of Trustees, see the State of North Carolina and its higher education needs steadily and see them whole, and that they ensure that the work of the University and its constituent institutions always responds to the needs of the whole State. The Board of Governors has in large measure met that challenge.

“An investment in knowledge pays the best interest.”
- Benjamin Franklin

Milestones, Success, and Impacts

One of the most significant and enduring evidences of the productive strength of the consolidation effort is external to the campuses of the University – the Research Triangle Park and the affiliated Research Triangle Institute in

Durham and Wake Counties. The idea for the Park and Institute was generated in the mid-1950's and stemmed from the need to reverse a number of negative economic trends facing the North Carolina economy. In the mid-1950s, North Carolina's per capita income was one of the lowest in the nation, and its economy was dominated by low-wage manufacturing industries such as furniture, textiles, tobacco, forestry, and small-scale agriculture. The state was facing a serious "brain drain" as the state's college graduates were leaving in search of better jobs, and those attending college outside the state were not returning. One of the primary strengths of the Park concept was the proximity of North Carolina State University at Raleigh, the University of North Carolina at Chapel Hill, and Duke University at Durham. It was seen by the planners of the enterprise that the presence on those three campuses of substantial scientific and technological talent was a major asset that might be drawn upon to aid the government agencies and private research and development companies that would locate in the Research Triangle Park, sited midway between Raleigh, Chapel Hill and Durham.

Participation in the planning of the Research Triangle Park and the Institute by the President of The University of North Carolina, the Chancellors of the two state institutions, and top officials of Duke facilitated the desired institutional cooperation. Faculty members were among the chief salesmen of the Research Triangle Park to executives of industries that were being solicited to buy land and build their research facilities in the Park. To this day, faculty members continue their individual connections with the tenants of the Park.

Today, the Research Triangle Park is the largest university-related research park in the nation. Its 7,000 acre development is home to more than 170 companies employing over 42,000 full-time knowledge workers and an estimated 10,000 contract employees, with combined annual salaries of over \$2.7 billion. It continues to serve as a national and international model for research and science parks, and epitomizes the value of leveraging the collective strengths of multiple higher education institutions.

In some instances, supporting the distinctive nature of one institution has created models for other institutions to build on in ways that fit their own unique missions. One of the most successful of these is the Centennial Campus at North Carolina State University. By the early 1980's, it became clear that NCSU's main campus had run out of space. Campus and state leaders envisioned a major expansion of the campus that would not only allow for growth, but also would do so in a manner that facilitated innovative partnerships directly between university researchers, students, government, and private industry.

In 1984, through considerable effort and not without some controversy, Governor James B. Hunt, Jr. led a divided Council of State to approve the transfer of 355 acres of state-owned land adjacent to the Dorothea Dix Mental Hospital and grounds (by then under the administration of the Department of Agriculture) to NCSU to establish the Centennial Campus. An additional 450 acres were transferred to NCSU in 1985 early in the administration of Governor James G. Martin. In the ensuing 25 years, NCSU's Centennial Campus has grown to include an expanded College of Textiles and College of Engineering, a magnet middle school, several campus centers and institutes, and a number of corporate offices and headquarters.

The model for Centennial Campus has proven so successful that in 2000, the General Assembly enacted The Millennial Campus Act which authorized all constituent institutions of the University to establish similar enterprises. The Carolina North campus at UNC-Chapel Hill, the Gateway University Research Park (jointly operated by UNC Greensboro and North Carolina A&T State University), the Piedmont Triad Research Park (jointly operated by Winston-Salem State University and the UNC School of the Arts), UNC Charlotte's University Research Park, the North Carolina Research Park at Kannapolis, and Millennial Campuses at East Carolina University, UNC Wilmington, Western Carolina University, and Fayetteville State University all imitate NCSU's innovative vision for directly linking university expertise with government and private partners.

The value of the unity of the 16-campus University was again demonstrated in the popular approval at the polls of the statewide bond issues of 1993 and that of 2000. In both instances, a vote to aid any institution was necessarily a vote for all, as the question put to the voters called for a single yes-or-no vote. Sixteen separate ballot issues in either election probably would have meant defeat for some if not all institutions' interests.

Significantly, the importance of unity among public higher education institutions was underscored in the 2000 bond issue, where the bonds for the University and the Community College System were joined in one ballot issue. The Higher Education Facilities Financing Act (S.L. 2000-3) enacted by the General Assembly in May 2000, provided for \$3.1 billion in general obligation bonds to support capital improvement on University and community college campuses. Voter approval of the bond referendum in all 100 counties¹ represented recognition by the voters of the importance of our state's public higher education institutions and resulted from a concerted, coordinated effort by community college and University supporters in virtually every community in North Carolina, including a stellar array of state leaders. Notably, Governor James B. Hunt, Jr., concluding his second consecutive term in office and constitutionally prohibited from seeking reelection in 2000, worked tirelessly for passage of the bond referendum. Many of Governor Hunt's long-time associates joined him in the effort, including the late Joseph W. Grimsley, who served for 16 years as President of Richmond Community College and was Secretary of Administration under Hunt's first gubernatorial administration and Secretary of Natural Resources and Community Development during Hunt's second term. Grimsley was an instrumental leader in achieving passage of both the 1993 and 2000 bond referendums, and was recognized posthumously by the State Board of Community Colleges in 2001 with the prestigious I.E. Ready Award.

In all, over 300 university and community college facilities were repaired, renovated and constructed and an estimated 88,000 jobs were created during

¹ Voters approved the 2000 Higher Education Bond Referendum by a margin of 70% or greater in 75 of North Carolina's 100 counties. In no county was the margin of approval less than 60%.

design and construction. The improved and expanded capital infrastructure of North Carolina's public university and community college campuses will stand for generations as testament to our state's commitment to its institutions of higher education.

"The knowledge economy requires a college educated workforce more than ever before and if we cannot provide that skilled labor, other nations surely will. It is essential that our universities and community colleges be able to respond to the changing needs of business and communities to stay ahead of the curve."

-Governor James B. Hunt, Jr.
2007 Institute for Emerging Issues Forum on Higher Education

Future Challenges and Policy Innovations

As higher education in North Carolina nears the end of the first decade of the 21st century, it faces a rapidly changing state landscape. The loss of traditional industries, especially textiles, tobacco, and furniture, a dramatic increase in population along with the aging and diversification of that population, and economic and fiscal pressures that almost rival those of the Great Depression era combine to present significant challenges for both North Carolina and her institutions of higher education.

Since early in our state's history, higher education has been critical to our state's current and future prosperity. Institutions of higher education produce educated and inspired leaders and skilled workers, create new knowledge and innovation, and serve the needs of North Carolina. The challenges that face the North Carolina of the 21st century also face her institutions of higher education. What are these challenges and how can higher education meet them?

Access and Affordability

Fundamental to attaining higher education at any level, be it worker training at a community college or a doctorate or professional degree from a university, is the ability to access higher education programs that are affordable. Indeed, access and affordability are inexorably linked.

The strong support given higher education by the North Carolina General Assembly continues to benefit students through generous appropriations for need-based financial aid, continued use of escheats to the state for this purpose, open enrollment at our state's community colleges, and support for in-state undergraduate students attending North Carolina private institutions of higher education. In addition, continued significant state appropriations that support the operations of The University of North Carolina and the North Carolina Community College System combine with state-supported, need-based financial aid enable tuition rates at public institutions to remain among the lowest in the country. In fact, tuition rates for resident undergraduate students attending UNC institutions currently are nationally within the bottom quarter as compared to each institution's national peers. State support for private colleges and universities also enables North Carolina students to afford attendance at these institutions, whose average tuition is 17% below the national average, compared to their private peers. However, state support for higher education faces increased pressure as the state's economy and revenues continue to struggle from the loss of its traditional industries, the transition to today's global, knowledge-based economy and strains on state services and programs resulting from a rapidly growing population; this situation is currently exacerbated by the national economic crisis. The needs of public elementary and secondary education, rising costs of health care and the resulting increase in funding for Medicaid and similar programs, and public safety, infrastructure, and economic development initiatives all compete with higher education for resources in an ever-shrinking revenue base.

In response to these growing budget pressures, it is tempting to fill fiscal gaps with tuition increases. Mindful, however, of our state constitutional mandate

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,”² both the General Assembly and the governing boards of UNC and the NCCCS have endeavored to maintain low tuition rates and high levels of need-based financial aid. More innovative measures may be required, however, if the promise of opportunity for access to higher education is to remain available. These innovations, some of which are already gaining ground, include:

- **Institution-Based Financial Aid Programs** – Institutions of higher education have increased their array of programs to meet the financial needs of low and moderate income students. Initiatives such as UNC-Chapel Hill’s Carolina Covenant, North Carolina State University’s Pack Promise, and similar programs at other institutions including UNC Wilmington and Appalachian State University offer campus-based financial aid funded through institutional sources, tuition set-asides, and private support. As economic pressures on North Carolina families continue to mount, institution-based financial aid programs are likely to expand.
- **Streamlined Financial Aid System** – The North Carolina General Assembly generously provided in excess of \$127 million in need-based financial aid in 2009-10. Coupled with \$148.7 million in federal need-based aid, many students in North Carolina were able to afford the dream of higher education. Unfortunately, these programs are administered through a maze of complex application procedures, rules, and guidelines. Consequently, some eligible students are not able to access fully the financial aid to which they are entitled. The General Assembly, at the urging of UNC and NCCCS, has directed a study of existing state and federal financial programs with the intent of developing a more streamlined, accessible financial aid system.

² North Carolina Constitution, Art. IX, Sec. 9.

- **Articulation between UNC and NCCCS** – As North Carolina’s higher education student population continues to increase, more consideration is being given to the articulation of programs between our state’s community colleges and universities. In addition to worker training programs, community colleges offer a wide array of associate degree programs (two-year degree programs) at considerably less cost than that of two years at a university. Since 1997, the articulation between community college and university programs has been strengthened to facilitate transfer from one institution to the other, and future efforts are likely to result in an increasing number of students beginning their higher education by enrolling at a community college and finishing their bachelors (or higher) degree at a university.

Growing, Aging and Diversifying Population

North Carolina is growing rapidly. Currently, our state’s population exceeds 9.3 million, a 41% increase since 1990. The N.C. State Demographer has projected that North Carolina’s population will increase by 54.6% between 2000 and 2030, making us the 7th most populous state, with 12.2 million people according to the U.S. Census Bureau.³ This escalation presents significant challenges in providing government services, managing growth, upgrading infrastructure, and responding to the needs of an ever-changing population base.

Concurrently, higher education has experienced similar growth in its student enrollment. From 1972 to 2005, enrollment in community colleges, public universities, and private universities increased by 147 percent.⁴ UNC’s student enrollment is projected to grow by an additional 80,000 students by 2017, bringing UNC’s total student population to over 280,000 students, compared with 215,000 in 2009. North Carolina’s Community Colleges currently enroll over 244,000 full-time curriculum students, and are projected to grow by almost 28%, to over 311,000 students by 2017. The state’s 36 accredited private colleges

³ Dept. of Geography and Earth Sciences, The University of North Carolina at Charlotte, <www.ncatlasrevisited.org>

⁴ Walden, Michael L., *North Carolina in the Connected Age: Challenges and Opportunities in a Globalizing Economy*. Chapel Hill: The University of North Carolina Press, 2008.

and universities, which currently enroll over 80,000 students, are likely to experience growth as well.

Not only is North Carolina's population growing, it is also aging and diversifying. The aging of the baby boomer generation and a dramatic increase in our state's Hispanic population have produced special challenges and opportunities as our state, and our institutions of higher education, wrestle with the needs of these two segments of our population and the implications of these trends for our state.

By 2030, the number of people in our country over the age of 65 will be double that in 2000.⁵ In 2005, nearly half of the state's native-born work force were either aging baby boomers (born between 1946 and 1964 – 26.5%) or pre-boomers (born before 1946 – 17%). Currently, 1 out of every 5 workers in North Carolina's non-immigrant workforce is over the age of 61.⁶ This dramatic trend creates a demand for increased higher education by two groups: employers and employees seeking to fill the huge workforce gaps resulting from baby boomer retirements, and baby boomers seeking personal enrichment and new professional opportunities. As the rate of technological change and the pace of globalization continue to accelerate, coupled with growing workforce gaps as baby boomers retire, greater demand will be placed on North Carolina community colleges and universities to accommodate a growing number of adults who will need to retool and upgrade their skills in order to compete for new jobs in a rapidly changing economy.⁷

At the same time, North Carolina has led the nation in its percent of immigrant population change during the 1990s, and the state's foreign-born population, primarily Hispanics, has continued to grow rapidly from a small base since 2000. Over the past 15 years, the state's total immigrant population increased by 387% (primarily among Hispanics), while its native-born population increased by only 21%. Because of the rapid increase in Hispanic births, the Hispanic share of all North Carolina births increased from 1.6% in 1990 to 13.6%

⁵ U.S. Census Bureau.

⁶ U.S. Census Bureau, 2005 American Community Survey.

⁷ UNC Tomorrow Commission Final Report and Recommendations, page 18 (December 2007).

in 2003. During the same period, the Hispanic share of the population under age five in North Carolina increased from 1.9% to 14.1%.

In part because of these shifting demographic dynamics, the traditional college-age population (18 to 24) is projected to grow much more rapidly over the next four decades than in the 1990s, but this growth will not be evenly distributed across the racial and ethnic groups that now make up North Carolina's population. The Caucasian share of the traditional student-age population will decrease while Asians, American Indians, African-Americans, and Hispanics collectively will increase. The greatest growth rate will occur among Hispanics.

These demographic shifts have significant implications for our state's educational system. By 2017, 30,000 additional students are projected to graduate from North Carolina high schools. Hispanic youth will account for nearly three-quarters (73% or 22,000) of that increase. Because a significant number of these students will come from lower socio-economic backgrounds (more than half of the Hispanic students in our state come from families with annual incomes of less than \$30,000, who don't own their homes, and whose parents have no college experience), they face greater obstacles to attaining higher education.⁸

In the face of our state's growing population, the aging and diversifying of this population, and increasing student enrollment, higher education in North Carolina faces several significant challenges, including:

- **Meeting the State's Workforce Needs** – The looming baby boomer retirement wave will create workforce gaps that must be filled by highly educated workers who are equipped with both the knowledge and skills to compete in today's knowledge-based global economy. Higher education will be looked to for graduates in high-need discipline areas such as science, engineering, and health/allied health (especially registered nurses), as well as innovators and entrepreneurs. In addition, these graduates must possess the

⁸ Data in the preceding paragraphs derived from the Census Bureau's 1990 census data and 2005 American Community Survey; cited in, UNC Tomorrow Commission Final Report and Recommendations, pages 17-18 (December 2007).

competencies and skills needed in today's global and rapidly changing economy – critical thinking, analytical reasoning, oral and written communication, collaboration and global awareness – that business and industry require. Indeed, universities and community colleges face increasing pressure not only to graduate *more* students, but to graduate *better prepared* students.

- **Meeting Higher Education's Workforce Needs** – Business and industry are not the only sector to be impacted by the coming retirement wave. Institutions of higher education also face massive retirement trends as their own workforce – faculty and staff – also age. For example, approximately 37% of all UNC tenured and tenure track faculty are over the age of 55⁹ and almost two-thirds of the current faculty is expected to retire by 2025. Higher education will be forced to address its own potential workforce shortages as it simultaneously seeks to help North Carolina meet the larger needs of the state's workforce. Innovative policies toward faculty recruitment and retention, alternative promotion and tenure tracks, succession planning, and leadership development will have to be considered if higher education in North Carolina is to remain competitive.
- **Access for Hispanic Students** – The question of access to higher education for undocumented students (most of whom are Hispanic) is currently one of the more difficult challenges facing higher education both nationally and in North Carolina. Given the state's significant growth in its Hispanic population, those Hispanic students who are U.S.-born (and thus, United States citizens), face unique cultural and economic barriers to higher education attainment. This situation is exacerbated for those students who are undocumented. Currently, undocumented students are granted access to public institutions of higher education but under limited conditions, and are charged out-of-state tuition rates, making access to higher education virtually unattainable for all

⁹ UNC General Administration Institutional Research data as of Fall 2006.

but a few of these students. The issue is fraught with legal, social, and political complexities that have yet to be resolved.

New Modes of Education Program Delivery

Historically, higher education has been delivered primarily through instruction by a professor or other lecturer to a classroom of students in a campus setting. Such a model requires the utilization of facilities (classrooms, lecture halls, etc.) and infrastructure (roads, water and sewer, utilities, etc.) along with staff to support the faculty and serve the needs of students living on or near a campus (who require housing, dining facilities, health and athletic services, safety patrols, etc.). As higher education student populations continue to grow, the cost of providing this infrastructure and service continues to rise. The projected total capital needs for UNC institutions alone over the next six years is estimated to exceed \$7.5 billion.¹⁰ North Carolina's ability to sustain expected continued growth in student enrollment adequately under the traditional on-campus model is questionable.

Fortunately, with the advance of new technologies and innovative higher education practices, future students can be educated in ways hardly imaginable even a few decades ago. Currently, individual courses and certificate programs, and even entire degree programs, are available through web-based (online) learning modules. While the benefits of a classroom experience cannot be fully replicated nor replaced electronically, online programs can augment traditional courses without the need for the physical infrastructure that the traditional classroom requires. Moreover, online programs can be accessed by students anywhere in the state, thus allowing students of any age in any location access to higher education programs without the need to matriculate fully on campus. This is especially important for adult learners who need to enhance their educational level in order to advance in their professional careers or increase

¹⁰ 2007-09 Budget Priorities of The Board of Governors of The University of North Carolina (November 10, 2006).

their job opportunities. Online programs made available to high school students also help prepare these students for entry into higher education.

Online programs have proven both popular and successful. For example, UNC currently offers 199 online degree and certificate programs.¹¹ In 2008-09, UNC online enrollment by headcount totaled 22,727, a 235% increase in the past five years. And during this same time period, online annual student credit hours grew by 297%, to a total of 174,471.¹² The NCCCS currently offers 133 online, two-year degree programs. In 2008-09, NCCCS online enrollment by headcount totaled 310,058 with students taking 930,174 credit hours.¹³ The explosion of interest in online courses reflects in part the technological prowess of today's students, but it also represents a significant new mode of educational delivery not only to traditional students but also to adult learners and others who are not able to matriculate on a campus.

Beyond the availability of online programs, colleges and universities are exploring other innovative means by which to make higher education more readily accessible to a wider variety of North Carolinians. For example, building on the existing articulation between community colleges and universities (see discussion above), some university-community college partnerships are evolving into more robust collaborations, where upper-level college programs are offered physically on community college campuses and taught on-site by university faculty. While important questions of governance, program offerings, and relationships with neighboring private colleges are still being considered, early planning efforts with pilot regional programs hold great promise for expanding access to higher education to areas of the state that are not located in close proximity to university campuses.

¹¹ <http://online.northcarolina.edu/subjectlistp.php>

¹² UNC-GA ProgAssess/Incomplete.Fund.GR194.G/16SEP09.

¹³ NCCCS Office.

Accountability and Effectiveness

Nationally, higher education has faced recent criticism over what is generally referred to (whether rightly or wrongly) as a lack of accountability.¹⁴ National leaders have called on higher education to be more transparent and forthcoming in its evaluation of student performance, time to graduation, and other measures of quality. Higher education has also been challenged on the extent to which it is successfully graduating the number of students needed to ensure our nation's economic competitiveness. Given that, by 2015, it is estimated that 85% of all jobs in the United States will require education beyond high school,¹⁵ our state and nation's ability to compete successfully in today's global, knowledge-based economy is directly related to higher education's ability to produce enough graduates, especially those in high-demand disciplines. Accountability measures are viewed as a means through which higher education institutions can be steered toward meeting these challenges. As the call for increased accountability continues to mount, higher education continues to seek appropriate ways to respond.

Strengthening the Education Pipeline

Improving the quality of public primary and secondary education is of critical importance to North Carolina's future. Our state's ability to compete successfully in the new economy is directly connected to our ability to move students successfully through the "education pipeline" from primary and secondary education into and through higher education. Current challenges facing our state's public education system include: a shortage of qualified, licensed teachers in critical areas including science, math, and special education; the need for even more qualified teachers as our state's population continues to grow (the Employment Security Commission estimates that North Carolina will need approximately 34,000 more teachers by 2014); and struggling educational

¹⁴ See, "[A Test of Leadership: Charting the Future of U.S. Higher Education](#)," report from The Secretary of Education's Commission on the Future of Higher Education (2006).

¹⁵ McEwen, B. (2007). Workforce Readiness and Global Competitiveness. Paper prepared for the University of North Carolina Tomorrow Commission, Chapel Hill, NC.

attainment among minority student populations (especially males), low-wealth rural school systems, and inner-city schools with significant at-risk student populations. North Carolina's statewide 2007-08 high school drop out rate is approximately 5%; while this represents a slight decrease from the previous academic year, it still means that over 22,000 students dropped out of high school last year and are thus seriously disadvantaged for future economic and social success.

Students not fully prepared to succeed in higher education often require remedial courses, special programs and additional resources at college to assist them in preparing for and meeting the rigors of college-level work. The Community College System estimates that remediation of unprepared students on its campuses costs as much as \$60 million dollars per year. Similar programs are also utilized by universities in an effort to improve the retention and graduation rates of students who, while eligible for admission, are not fully prepared to progress successfully through a complete course of study. Programs that provide focused mentorship and specialized instruction for at-risk students at the college level as well as directly at the middle and high school levels show positive results, but room for improvement remains.

Higher education has a vital role to play in improving North Carolina's public school system. First and foremost, it educates North Carolina's teachers and public school leaders. By improving the quality of educational programs for teachers, these teachers will be better prepared for the classroom. UNC's new teacher quality impact data program enables public universities to assess the performance of public school students taught by teachers who have graduated from their programs, and make improvements in teacher preparation programs. In addition, through its faculty, higher education has the research capability and expertise to continue to assist public school teachers once they enter the classroom through targeted mentorship and continuing education programs designed to help hone their teaching skills and benefit from innovations in pedagogy (such partnerships between university campuses and local public

school systems are proving successful in improving high school student performance).

Finally, higher education can employ the expertise of its faculty in developing evidence-based programs to address the growing problem of the educational attainment of at-risk student populations. For example, building on the Community College System's Minority Male Mentoring Program, new collaborations between community colleges and universities are being formed to increase the college readiness of minority students, especially minority males. Strengthening the education pipeline through which fully prepared high school graduates are to not only ready to enter college, but also to succeed there, will better ensure North Carolina's higher education institutions are able to produce the graduates needed to ensure North Carolina's future prosperity.

Conclusion

Higher Education - Leadership for North Carolina's Future

North Carolina faces significant challenges – a rapidly transitioning economy, growing and diversifying population, increasingly inadequate physical infrastructure (such as roads and water & sewer systems), diminishing natural resources (such as water supplies and natural habitat conservation), mounting environmental and energy concerns, declining educational attainment among at-risk student populations, and struggling economically distressed communities and families. These issues are not new, nor will they be easily or quickly addressed. As North Carolina stands at the cross-roads of the new century and the new global economy, long-term vision and leadership are needed to guide our state in the directions that will ensure its future prosperity. Fortunately, North Carolina's long-standing support for and recognition of the importance of higher education – dating back to the early days of our state's history – have served our state well. At critical junctures throughout our state's history, the expertise of its institutions of higher education and the leadership of its graduates have brought

change, innovation, and progress when our state needed it. The connection between North Carolina and her colleges and universities remains as strong today as it has in the past, and is perhaps needed now more than ever before. Within the halls of the academy, innovations are being discovered that will inform solutions to our state's present and future challenges. Within the classrooms of our colleges and universities, students are being educated and nurtured to become our next generation of leaders. Higher education has both the expertise and the institutional stability to guide and inform our state's current and future leaders on both the trends that impact our state as well as potential solutions to the challenges it faces in both the short term and, equally importantly, over the long term. To leverage its expertise fully, however, higher education must be better positioned (and better position itself) to serve in this capacity. It must improve its ability to communicate its expertise in ways that are meaningful to business and policy leaders. And, it must be looked to more readily by those business and policy leaders as a principal source for this expertise. Finally, it must continue to fulfill its primary mission – educating today's students to prepare them to be tomorrow's leaders.

"You will hear some whisperings abroad saying that we have done enough, have moved well and far and rapidly, and so it is time now to slow down, rest, and catch our breath.

These whispers come from the fearful and those who have always opposed the accomplishments from which they now would rest. This cannot be and is not the spirit of North Carolina.

Much remains to be done, to provide better educational opportunities for the competition our children will surely face, to encourage broader economic development so everybody will have a better chance to make a better living. Now is the time to move forward. Now is no time to loaf along."

-Governor Terry Sanford, putting forth his agenda for higher education restructuring to the 1963 North Carolina General Assembly

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