



PROGRAM EVALUATION DIVISION

NORTH CAROLINA GENERAL ASSEMBLY

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The UNC System Needs a More Comprehensive Approach and Metrics for Operational Efficiency

Summary

As directed by the North Carolina General Assembly's Joint Legislative Program Evaluation Oversight Committee, this evaluation examines efforts to streamline, improve, and reduce costs of campus operations across the University of North Carolina system. The University of North Carolina (UNC) is a public, multi-campus university with 16 higher education institutions that differ in size, complexity, and scope. Since 2006, the UNC system has engaged in 11 operational efficiency projects that have saved \$101.2 million to date.

Despite these savings, the UNC system lacks important characteristics of a comprehensive approach to operational efficiency. These characteristics include a direct charge from the UNC Board of Governors, explicit chancellor accountability, faculty buy-in, initiatives in two major areas, a single structure for all efforts, shared governance with faculty leaders, and a formal communication strategy. In addition, campus-level efforts have not been fully incorporated into the overarching systemwide initiative. Lessons learned from other public university systems demonstrate the importance of these components to the success of operational efficiency initiatives.

The UNC system does not use specific metrics that measure the operational efficiency of its constituent institutions. The Program Evaluation Division identified three metrics that could be used to manage and track operational performance. Analyses showed that nine UNC campuses need to improve performance in at least one area.

The UNC system does not have a reliable funding source for operational efficiency efforts and most campuses do not track savings from these efforts. Documenting savings will demonstrate the level of funding required to support current and future operational efficiency efforts.

To address these findings, the General Assembly should direct the UNC system to

- adopt a board policy stating its commitment and goals for operational efficiency for the system;
- develop a more comprehensive approach to operational efficiency;
- adopt metrics to track operational performance; and
- improve chancellor accountability for the academic and operational performance of its campuses.

In addition, the General Assembly should amend state law to allow the UNC system to reinvest documented savings generated from these efforts.