April 24, 2011

Budget Standoff Frays Nerves at a Regional Public University
UNC-Greensboro: Tracking a university’s financial crisis

By Scott Carlson

Greensboro, N.C.

When Linda P. Brady walked into her job as chancellor of the University of North Carolina at Greensboro a month before the economic meltdown of 2008, people had praised her work in the U.S. Departments of State and Defense, where she had been an arms negotiator during the Carter and Reagan administrations. Here is a woman who has tussled with the Russians, the talk went, so dealing with faculty members and layers of university governance should be no problem.

Today she sits in her office, adorned with framed pictures of Caspar Weinberger and Jimmy Carter, and laughs wryly about that prediction. "It's easier to deal with the Soviets," she says.

A tough job is only going to get tougher from here: A financial storm is bearing down on the university, the faculty, and her administration. In the past three years, North Carolina at Greensboro has lost tens of millions in state dollars and will very likely see a new cut of at least $26-million, or 15 percent of its state support, by midsummer.

This time most of the cuts will come out of academic affairs (in 2009-10, the university cut 57 administrative jobs); the university is going through an accelerated academic-program review that may excise tenured faculty or even whole departments sometime next year. There is widespread fear, and even anger, among faculty members, who wonder what might come out of the process and complain that it has been driven by top officials using inaccurate data.

Meanwhile, local business and civic leaders are concerned about what effect the cuts will have on the city of Greensboro itself, which has seen corporation after corporation pull up stakes and move away over the past 30 years. Business advocates in this central North Carolina city of 270,000 are banking on local colleges to help revitalize one of the hardest-hit parts of the state, the Piedmont Triad, which has lost about 90,000 jobs over the past 10 years while employment in other parts of the state has remained flat or grown. The chancellor worries about what the cuts will mean for tuition and access for the region’s neediest, first-generation-college students.

The University of North Carolina at Greensboro, which serves 18,000 students on its red-brick, neoclassical campus, is like many midsize state universities across the country: Focused on teaching and overlooked compared with the flagship, it does not have a base in grants and philanthropy to make up for cuts. Ms. Brady emphasizes that Greensboro will
have to do what few universities relish: hone and invest in its strengths—like its well-known programs in education, nursing, or the performing arts—most likely at the expense of weaker programs. The chancellor, lauded by some as direct and decisive, believes her role in the process is to be chief communicator, to set the course, and to balance the needs of the parties at the table.

"Everything that you do is at some level a negotiation," she says, and negotiation is really just the art of persuasion applied to a goal. "Many people think that chancellors and presidents have a lot of power, but you don't," Ms. Brady says. "Really, college and university presidents only have the power to persuade." In the months to come, she will have to marshal that power to protect the institution from crippling cuts, to assuage disgruntled faculty members, and to appeal to students who could see services and amenities disappear.

Billions in the Hole

As state universities go, Greensboro and its sister institutions in the North Carolina system have been more fortunate than most. Statewide appropriations per student at North Carolina's public colleges are third-highest in the nation, at an average of $9,000, and they increased by more than 10 percent from 2005 to 2010, compared with a 3.2-percent decline nationally, according to figures from the State Higher Education Executive Officers, a national group that promotes states' interests in planning and financing higher education. That state support has kept down tuition, which the state constitution says should be as low "as practicable." Net tuition revenue per student is about half of the $4,300 students pay nationally, according to Sheeo.

The recession, however, has crippled the state's finances, and as federal stimulus money goes away, North Carolina faces an estimated budget shortfall of $2-billion to $3-billion. In past years, the Democratic-controlled General Assembly closed shortfalls with a combination of spending cuts, small sales-tax increases, and bigger levies on cigarettes and alcohol.

But now a new gang is running the state. In the 2010 election, Republicans picked up 26 seats in the General Assembly, giving them control of both chambers for the first time since the Reconstruction era after the Civil War. Higher education's leaders and advocates, accustomed to courting Democrats, still seem uncertain about how Republicans will treat academe. So far, the conservatives' vision of fiscal responsibility translates into a clear directive: Chop.

"We certainly won't be using a tax increase to balance the budget," says North Carolina House Speaker Thom Tillis, explaining why his members were willing to let a temporary 1-cent sales-tax increase expire at the end of June. Recently, a state House committee recommended a 15.5-percent cut for the university system—a little more than the maximum universities were told to prepare for, although recently rumors swirled that House cuts could go as high as 30 percent.

Greensboro's state appropriations make up more than 40 percent of its general revenues, so a 15-percent cut will hurt more here than at similar institutions in other states.
Dennis P. Jones, president of the National Center for Higher Education Management Systems, says one could hardly see a history of generous state support as a disadvantage for a university system. The system's low tuition means that it has room for price increases, an edge that some other state colleges don't have.

But the state's generosity may have allowed Greensboro and other North Carolina institutions to avoid making deeper cuts in the past. "North Carolina has not had to do some of the efficiency moves or productivity enhancements that have become second nature in some states," Mr. Jones says.

A stroll through UNC-Greensboro reveals a campus that seems relatively clean and well maintained, particularly for a midsize state institution—perhaps one legacy of decent state financing. But operations have been cut and may be cut some more. The grounds may get shabbier and rooms won't be cleaned as regularly, says Reade Taylor, vice chancellor for business affairs.

One day last month, Ms. Brady sits at a long conference table with Mr. Taylor, going through the latest economic outlook and the General Assembly's recommendations. Some are contradictory: One option is to cap enrollment. Another is to pay for enrollment increases by cutting back in the university's budget.

Ms. Brady says the college doesn't have enough faculty members or classrooms to admit more students, except in the summer, but the state won't give the college money to operate then. "If we don't have the faculty to teach and the classrooms to schedule classes, even if we admit them they won't make good progress toward their degree," she says, "which hurts retention and graduation rates, which digs us into an even deeper hole."

"At some point you have to say, We are educating as many students as we can," Ms. Brady says.

The budget cuts mean that the university will be even more stressed in its core academic mission. To meet budget constraints imposed in the summer, adjuncts and instructors will probably be cut, perhaps along with advising, technology, and career services. The university will have to raise the teaching loads of tenured faculty.

Ms. Brady hopes that the academic-program review, which will conclude by the end of the year, will provide a framework for more efficiencies. Some of the university's nearly 190 programs may be cut, but others may be merged.

"We obviously need to do some streamlining of the curriculum, because every university keeps adding and adding," which isn't sustainable, she says. "At the end of this process, the program review will free up some resources that we won't have to give back to the state, but that we can invest in programs deemed important."

Ms. Brady, who arrived in Greensboro after serving as provost of the University of Oregon, had previously been dean of the College of Humanities and Social Sciences at North
Carolina State University. She came back to North Carolina because she believed in the state's longstanding commitment to keep higher education affordable. At North Carolina State, she raised the profile of the college and hit it off with Erskine Bowles, who had been chief of staff in the Clinton administration, and who was then president of the UNC system. The Greensboro job gave her an opportunity to work with him again. (Mr. Bowles stepped down last year.)

"I expected these would be challenging times, but not quite as challenging as they are," she says.

Later in the day, members of the university's Board of Visitors, who act as advocates for the university, are gathered in the alumni house for drinks before dinner. Ms. Brady, dressed in a business suit, moves comfortably among the local businessmen and alumni. She is warm but not overly chummy, steering conversations to the budget crisis and the decisions she says she is weighing as rationally as possible.

The men want to talk sports, particularly the wrestling program, which was cut to save about $300,000, despite being Southern Conference champions last year. Kurt Kronenfeld, an alumnus who works in the insurance industry, had recently talked to an Asheville high-school coach who believed the university had given up on a promising sport. Ms. Brady says the university has high hopes for its programs in basketball, soccer, softball, and lacrosse, and something had to go.

"We want to be realistic about our challenges," Ms. Brady says to him. "We are not doing across-the-board cuts. ... It's easier to do that, believe me."

Others here are talk about the recent merger of the School of Human Environmental Sciences with the School of Health & Human Performance. Administrators said the new configuration saved $1-million in administrative costs and promoted interdisciplinary work.

But it ruffled both professors and alumni. One alumna from Stamford, Conn., who had already paid for an endowed fellowship for graduate students, went to the newspapers and vowed never to give the university another dime.

In speaking with alumni, Ms. Brady has tried to emphasize that Greensboro has changed a lot in its history—from a women's normal school started in 1892 to a coeducational college in 1963. "While we respect the past," she says, "we have to change in order to meet the needs of future students."

Communication Problems

The academic-program review is another matter entirely. Started in February, it was initially set to conclude later this spring, giving academic departments only weeks to evaluate their work. But in mid-April, Ms. Brady sent a letter to the university community saying that the systemwide review of programs would begin later than she had initially thought, and she extended the deadline to March 2012. Some professors, who felt jerked around, were livid.
Ms. Brady says that communication, particularly with the faculty, is something she needs to improve. She’s heard that professors think she is distant and unsympathetic. When a news story about the university’s $31-million renovation of the dining hall came out in the local paper, she worried that students and professors wouldn’t understand that the project was covered through auxiliary money, separate from state funds.

She plans to sit down with professors in small gatherings over coffee—a tactic that built trust when she was an arms negotiator. The Soviets, who did not believe a woman could have a high-level position in the Defense Department, initially suspected she was with the CIA. (In addition to coffee, she also had to be willing to drink vodka with them.)

She says tenured faculty members are the most eager to know what will come out of the program review, and yet their jobs are not immediately on the line. Adjuncts and instructors would be cut first, she says, and she hopes that retirements and other cost savings might insulate faculty members from deep cuts.

It's all speculative until the university gets solid numbers from the state. "It's a difficult time, and part of it is the uncertainty of not knowing," she says. "And faculty don't understand why I can't tell them. We just don't know."

Administrators stress that the program review is set up like tenure review, with professors making the assessments and recommendations. But some faculty members contest that. Jonathan Tudge, a professor of human development and family studies, which was part of the merger, says that he and his colleagues have been disturbed by the pace of change. "There is all the appearance of faculty involvement, and yet the data that we are given, much of it is flawed," he says.

He doesn't oppose the idea of a program review or of cutting departments—his own is not threatened, he says—but he sees the review as a process with a clear agenda: a way to get around the constraints against laying off tenured professors during a budget emergency.

"We are told right from the start to divide all of the programs into three different groups," Mr. Tudge says, with the bottom third in danger of being cut. "I'm just very concerned about the lack of any attempt to get shared governance on this campus. It's become an incredible top-down place."

However, Keith Debbage, a professor of geography, believes that the process is going as well as it could, given the financial challenges. The university is going through a process of "creative destruction," he says, borrowing a term from the Austrian-American economist Joseph Schumpeter.

"Every economy has to destroy jobs to create jobs, and this process might help us be more, not less, innovative in the future," Mr. Debbage says, before adding half-seriously: "Of course, if my department gets cut, I might change my line entirely."
The university has been insular in past years, he says, but has started to reach out to the community to become more relevant—and programs need to do more of that to survive. "I know a lot of faculty don't like to hear that," he says, "but that is the reality of the world we are working in now."

**Overcoming Mediocrity**

Local community leaders are already basing the region's revival on UNC-Greensboro, along with North Carolina Agricultural & Technical State University and private institutions like Elon University and Bennett College for Women. Erosion in textile and furniture manufacturing, and in tobacco processing, has decimated the Piedmont Triad. With the exception of a small, new restaurant district on the south end of Elm Street, the city's main strip, downtown Greensboro has a feeling of desolation, with anchor buildings that are decades out of date. Ten years ago, local foundations hired the research firm McKinsey & Company to assess the city; McKinsey found that the Greensboro area was "pleasantly mediocre" and had not done enough to tap the potential of more than half a dozen higher-education institutions in the area.

A few years ago, J. Edward Kitchen, a former city manager who works at the local Joseph M. Bryan Foundation, marshaled UNC-Greensboro, North Carolina A&T, and local civic and business figures to lobby state lawmakers for $60-million for a nanotechnology center. The coalition got the money, and now the Gateway University Research Park is one of the bright spots in the city's revival plan—a site of gleaming new construction on a road leading into town.

"I want to see the demographics that exist in the Research Triangle exist here," says Mr. Kitchen, referring to one of the country's leading technology centers an hour east, in the Raleigh-Durham area.

While the budget cuts may sharpen missions at UNC-Greensboro and A&T, Mr. Kitchen fears that deep cuts would be like another business leaving the area. "It's hard to say that this is a wonderful place to live, work, and play when your assets in higher education are going in the wrong direction."

Ms. Brady also sees the local community as key—particularly in the support local businesses and foundations could bring to make up for eroding state money. The university is about to start a fund-raising campaign, but the pool of deep-pocketed donors among its 110,000 alumni is shallow. The chancellor hopes that the state will loosen regulations that constrain the university in working with businesses and other entities—and Republicans have seemed willing to give a little there.

"We really need to focus our attention on alternative sources of revenue, even beyond private philanthropy," the chancellor says. "We need to be more entrepreneurial."

While that may be a cultural change for the university, she believes it's one of many necessary changes to come. "You do what you need to do given where you are and given the environment, which is currently pretty difficult," Ms. Brady says. "We really will come out of this a stronger place. I am absolutely convinced of that."