

Keeping America Competitive in the Global Marketplace: the University's Role

Forum 2007

Friday, October 26

ERSKINE BOWLES: I spent most of my life really working, and working hard, in both the public and private sectors of the economy. Now, I have this terrific, honest-to-goodness, fabulous new job. Without a doubt, serving as President of the University of North Carolina is by far -- I'm telling you, it's not even close -- by far the greatest single honor I have ever been given. It's more than an honor, though.

I was with this guy the other day and he said, "Erskine, aren't you honored to be president of a university?" I said, "Yeah, it's an honor; it's a privilege." But you know what it also is? It's damn hard work. I'm glad to put that work in, because I really like this job. I like it because I value our mission, and I understand fully the critical role that we as leaders in higher education play in the economy and in the future of this country.

Of course, this is nothing new. We, as leaders in higher education, have always played absolutely critical roles in the lives and livelihoods of this nation. But, as I stand here today and I look to the future -- and that's what I want to talk about, the future -- I am convinced to my very bones that these historic roles that our universities have played in our nation's history, they are going to be even more important in the days ahead, because the change, the change that is going on in the world today, is happening at warp speed. I believe the effect this change will have on the economy and on our people here in America will absolutely be seismic in scope.

All of us here today have seen with our own eyes the dramatic changes that have gone on in the world in the last several years and what has happened to America's low-skill but moderate-income-based economy, which has clearly just been decimated. All of us have seen industries that built our state and built this nation disappear one after another. I know that in North Carolina, I have seen the textile and apparel and furniture plants--the companies that built the economy of my youth, the companies that provided all those low-skill but moderate-income jobs to my family and my friends--I have seen them close down literally daily.

But as tough as what we've been through in the recent past has been on my state and our people and, I believe on the nation as a whole, I'm afraid we haven't seen anything yet. As some of you know, I spent most of 2005 working for the United Nations coordinating the global response to the tsunami disaster in Southeast Asia. What I saw in Southeast Asia changed the way I feel, it changed the way I act, and it certainly will change the way I do this job I'm so blessed to have today.

Traveling throughout Asia showed me that if America, and by that I mean, all of America -- rich, poor, urban, rural, black, brown, white -- if all of America doesn't wake up and doesn't understand that we have to get more of our own people better educated, we are going to be a second-rate power in this

world before we know it. And I'm not talking about in 50 years. I'm talking about in my lifetime. I'm talking about in *your* lifetime.

Now, all of those folks who tell me, "Hey, look, Erskine, don't worry about the loss of those low-skill but moderate-income jobs. Hey, this is America. We're going to create the next new thing. We always have. We always will." Well, I'll tell you what. I think those people better wake up and smell the coffee, because if we don't get more of our own people better educated, that next new thing, it's not going to be created here. It's going to be created over there in one of those Asian countries like China, or India, or Singapore -- countries that are making huge strategic investments today in research and education.

And those jobs of the future, they won't be here. They'll be somewhere over *there*.

Yes, what I'm saying is that I believe that we, as a nation, are taking on water. I think we're talking on *a lot* of water. In the world rankings for the percentage of our population with college degrees, you know these better than I do. You've lived them. We do great for those people 35 and over. I think we rank second in the world. But once you drop below that, we absolutely fall off the scale. And boy, when you go to our rural communities compared to our urban communities, it's even worse.

What about the next generation? Well, this is something I saw when I was in Singapore. While 44 percent of eighth-graders in Singapore score at the most advanced level in math and science, fewer than 7 percent of U.S. kids do. In my own home state of North Carolina, less than 34 percent of our kids are even proficient, much less at that most advanced level, in reading, math, science, or writing. And unfortunately, less than 14 percent of our low-income kids are.

What happens to those eighth-graders here in America? The sad truth is -- and we don't like to talk about it. We like to talk about the improvement we've made -- but the sad truth is that for every 100 eighth-graders in America, depending on where we live, somewhere between 68 and 58 of them graduate from high school, 38 of them go to college, 28 of them come back for the second year, and 18 of them graduate from college. Well, that was fine in my day when there were all these low-skill but moderate-income jobs out there. But you know what? Those jobs are gone. They're gone forever. They are never, *ever* coming back.

To make matters worse, just at a time when the world is clamoring for science and engineering talent, almost half of U.S. high school kids lack even basic competency in math, and about two-thirds of the students in U.S. high schools studying chemistry and physics are taught by teachers who are not certified in the field, nor did they major in the subject. In fact, I'm going to tell you something I'm not proud of. In our 15 schools of education at the University of North Carolina, in the last six years -- that's 15 schools, six years -- we have turned out a grand total of four physics teachers. Four. You think we're going to be able to compete with those folks from China and India and Singapore with those kinds of numbers? I don't think so.

Now, if you don't think that's a crisis in a knowledge-based global economy -- and that's what we live in today. It's knowledge-based, but it's also global. Let there be no question about that -- then I think you're dead wrong. It's why in these jobs that we have as presidents of our universities and as chancellors and vice chancellors, I believe we have to do all we can. I think we have to work our hearts out to make sure that we hold down the cost of a college education. I think we have to do everything we possibly can to make sure that everyone we admit to our universities, we've got to make sure that they graduate and that they graduate with a diploma that actually *means something*.

The cold hard truth is the world has gotten smarter, a lot smarter, and we in America have got to get smarter with it. As the head of a U.S. based company told me just the other day, he said, "Erskine, the Cold War, I think that's over." He said, "The arms race, that might be over." But he said, "I'm telling you what. The mind race, the *mind race* has just begun, and we here in America, we are not winning it."

Now, my experience is -- this is something my daddy taught me. He said, "Erskine, when you're in a crisis, you darn well better treat it like one. You can't act like times are normal, that everything is okay, that we've got all the time in the world to catch up." No, he said, "Son, what you gotta do is you gotta *act*."

So what can we, we at our nation's colleges and universities, do to make sure that our citizens can compete and compete successfully in what is today a knowledge-based global economy? What can we do to make sure that the jobs of tomorrow that we are counting on for our kids and our grandkids will be *here* rather than somewhere over *there*? You can bet your bottom dollar we can't sit around and wait. We can't just talk about it, study it, research it, and debate it. We can't act like we've got all the time in the world, because we *don't*.

We have to do what your universities have always done at times like this. We have to lead. We have to *lead*, and we have to do it *now*. In my inaugural address, which my kids called my coronation -- I assure you it wasn't. I have empirical data on that, too. But in my inaugural address I laid out some areas of focus for the University of North Carolina. I talked about a conceptual prism through which I was going to view every single thing we did at the University at least as long as I was president. I believe that several of these core areas of focus are equally applicable and I believe just as urgent to every institution represented here today as they are to the University of North Carolina, so I'd like to share a couple of them with you.

For starters, I believe we all have to operate our universities as efficiently and effectively as we possibly can so that we can redirect every single dollar we possibly can from our administrative costs to our core mission of teaching, research, and public service. There is no question in my mind that today we live in a time of limited resources. For those of you who like me depend on public resources, I'm telling you that the pressures on our state and federal budgets are growing exponentially.

The federal budget, which is something I do know something about, is under enormous pressure. And from what? From the war, from the need to invest in homeland security, and from an exploding Medicare, Medicaid, and Social Security as our population ages. State budgets everywhere

are just being eaten alive by Medicaid. I can guarantee you that just at a time when it makes such obvious sense for our political leaders to know they have to invest more and more in education, there will be fewer and fewer dollars available for them to do so. It's nothing but simple arithmetic.

In fact, it's going to be hard for us to even stay where we are unless we can show our elected leaders and the taxpayers and our supporters that we are using our existing resources as efficiently and effectively as possible. I believe that to be the cold, hard truth. That's why just weeks after I became president of UNC, I appointed a task force headed by, yes, an efficiency expert, to examine all of our operations to see how each of our campuses and the university as a whole might realize savings and avoid costs. The group identified literally hundreds of millions of dollars of potential savings.

Now, what did we do with that? I'm telling you what we didn't do. We didn't take that report and put it up on the shelf. No, what we did is we took my daddy's advice, and we *acted*. Today, we are implementing those recommendations across the entire university. Now, I can't tell you I'm the most popular guy on the university, but I can tell you we are building credibility.

Believing that I needed to lead by example, we cut the operating budget for the system's administrative offices by 10 percent. It wasn't easy, but it earned us a new level of credibility with our legislators and the general public, and it helped us secure the largest increase in the history of our state in faculty salaries and need-based aid, our two top priorities.

We have also put in place real performance measures across the entire university to define success and gauge our progress, and we got these--these great accountability measures, which so many people worry about--we got these accountability measures blessed and accepted by our Faculty Assembly. This plan and its performance measures are entirely consistent with the report calling for greater accountability in higher education that was issued last year by Secretary Spellings, and this plan is also consistent with the voluntary accountability plan just proposed by NASULGC and AASCU.

In fact, our plan goes beyond what was called for in those national reports, and the performance measures we have adopted will enable us, I guarantee you, to operate more efficiently and more effectively.

Now, I'm a business guy, and I like efficiency. But efficiency is just a means to an end. It's not our job. Our *job* is to get more people better educated, so that we can compete and compete successfully in this knowledge-based global economy. I think our nation depends on us doing that. In my book that means our universities in North Carolina, and I'll bet yours also, have had to do several things. First, we have had to accept it as our responsibility to improve K-12. Nothing is more important.

I'm a realist, and I'd like to tell you that our public schools are great. But you and I know they aren't. The product they are producing today is not up to international standards. We in higher education, and the nation as a whole, cannot succeed if some of our colleges and universities are spending a disproportionate amount of our time on remedial education. Our universities, I guarantee you, will rise or fall with K-12. I believe that we have both a moral and an economic obligation to do our part to fix it.

In North Carolina, for example, we have a crying need for more teachers, better teachers, more math and science teachers. We also have a chronic need for better prepared principals and superintendents. We at the University of North Carolina, we have accepted this challenge as our responsibility.

What have we done to improve K- 12 over the last two years? We have revamped and refocused our schools of education. It wasn't easy. We aren't finished, but I know we have made great progress. We also retained an outside consulting firm to help us design a new plan to recruit more and better teachers of students into the teaching profession, and we're making progress.

I also am particularly excited about a pilot project that we've started in one school system in North Carolina to attract and retain quality math teachers in low-performing high schools and middle schools. There's a perfectly logical reason why we've had a hard time in North Carolina getting highly qualified math and science and physics teachers in our high schools and middle schools. Number one, the work conditions are pretty tough. And number two, we don't pay them anything. It's just plain the most important job there is in America today.

These smart folks who are finishing college today--they can go into the private sector, and they can have far, far better work conditions and far higher pay. When my momma became a teacher, she didn't have that option. And she had good work conditions. So we could get away with paying our teachers nothing. Well, with the help of a local grant from a group of North Carolina businesses that we at the university sought and secured, we've recruited from our campuses our top students who have majored in math, science, and engineering. We paid -- the university did -- we paid for all of them to go through a rapid licensing program and today these smart young folks are teaching in our public schools in North Carolina.

We are also paying these math teachers what they could earn in the private sector. They're making \$50,000 a year, not \$26,000 a year, which is what they would have made without this program. And I'm proud of that.

These teachers, they have a responsibility. Here's what they have to do. They have to get their kids to advance 1.5 years for every year they teach, and they have to go through a summer program at the University of North Carolina at Greensboro, which is rigorous and intensive and it's in professional development. They have to pass a test at the end of it. During the year, at a ratio of one faculty member for every eight teachers, we provide them ongoing content mentoring.

This pilot project has been in effect for one year. And if evidence shows that it's making a difference, and I believe it will, then we will expand it. If it doesn't, I'll take the blame and we'll kill it. But I can tell you one thing: Highly qualified math teachers are flooding to these jobs.

Another example of how we're trying to improve K- 12 is by providing our public schools with stronger principals -- the leaders of our public schools. I believe leadership is everything to any successful organization. We brought the principals from our 44 lowest-performing public schools into our Kenan-Flagler School of Business at the University of North Carolina at Chapel Hill, our top business

school, and we gave these principals a year-long effort to improve their finance, leadership, and management skills. We are determined to do our part to equip these critical leaders with better skills. We're going to watch their performance this year, and if they improve, we're going to bring the next 44 in next year.

The second thing I believe we have to do for our universities to increase America's competitiveness is to improve access and affordability to higher education. That means we have to do every single thing we can to hold down the cost of a college education. That's why within UNC we have put in a plan. It's a tuition plan that caps tuition increases and ties them to our legislative appropriations in order to keep public pressure on our legislators to meet our future needs. And you know what? It works. We had the largest increase in appropriations in the history of the university this last year. And Chancellor Moeser at the University of North Carolina at Chapel Hill just last week announced that for in-state undergraduate students, the increase in tuition this year is going to be zero. It works.

We could not have done it without a very generous legislature and without putting public pressure on them to meet our future needs. In order to hold down the cost of a college degree, it's also why we have vastly increased the pool of need-based financial aid for North Carolina students. The hero of that is sitting right down here, and I thank you for all you have done, Steve Brooks, to make that happen. Under this guy's leadership, need-based aid has been increased over the last two years by over \$180 million.

We made it a priority. That's what we did. We didn't make something else a priority. We made faculty salaries and need-based aid. So that beginning in 2008, every single kid in North Carolina under 200 percent of poverty should be able to get at least two years of college debt-free, and some of them as many as four years. And I'm not talking about just tuition and fees. I'm talking about the whole ball of wax. It is a big deal what Steve Brooks and his team have done.

We've also insisted that our campuses all show better utilization of their facilities and other fixed assets. This won't surprise any of you all who have been involved in education for a long time, but we had campuses with absolutely identical missions using their facilities, some as little as 20 percent of the time and some as much as 70 percent of the time. And all of them were clamoring for new classrooms.

Well, we live in a time of limited resources, and with limited resources you can imagine which ones we're now funding. I assure you that better utilization of our classrooms expands access to our university. To improve access, we also recently created a one-stop website called UNC Online to expand access to students, working adults, and others in all parts of our state who need the flexibility and convenience that online education provides. We now have more than 100 fully online degree programs and over a thousand courses online. And, these online courses are being taught by the exact same faculty who teach face-to-face on our campuses. There is no difference in quality. The best part about it is people in all parts of our state that thought they would never ever have access to higher education now are getting their degrees through UNC Online.

The day I stepped in this job, I vowed that UNC campuses weren't just going to improve access and affordability, but we were also going to focus on and improve retention and graduation rates. I know this is not just a North Carolina problem. But I can tell you, we've done a great job of getting people into our colleges and universities, but we haven't done a very good job in making sure that they graduate, and that they graduate at all of our universities with a diploma that *means something*.

As I noted earlier, far too many of our young people are graduating from our public schools completely unprepared to succeed in college. I think it's a shame to have these kids come to some of our campuses and they spend two years taking basically remedial courses, they build up a whole bunch of debt, and then they drop out. I think they've gotten a bad deal, and I know the taxpayers have gotten a bad deal, because we subsidized every one of these educations.

For that reason, every UNC campus today has established detailed action plans to improve retention and graduation rates. We also are establishing significantly stronger and more academically rigorous Summer Bridge programs so that more of our kids can actually enter college ready to learn. And lastly, we have raised our minimum admissions requirements, and in doing this, we have expanded our articulation agreements with our great community colleges to make it easier for qualified kids to transfer to our university.

Finally, I believe to my very core that if we are going to compete in a knowledge-based global economy, our institutions must become more demand-driven. The world has changed, and our three-part mission of teaching, research, and public service must also evolve. That's the only way we can make sure that we are turning out graduates with the kind of creative-thinking skills, problem-solving skills, analytical-reasoning skills, communication skills, team-building skills, all those things that every single employer and every single non-profit will tell you that we need today to compete successfully in a knowledge-based global economy.

That's why UNC has launched a major initiative called UNC Tomorrow that is looking at how our campuses can respond to the changing needs of North Carolina in a global environment. This year, with the help of our faculty assembly, we put together a strong blue-ribbon commission and a faculty scholars council to travel the state and do something that universities don't normally do. We're pretty good at yapping, but we're not so good at listening. So what we've done is travel the state and listen to community leaders, non-profit leaders, business leaders, and just plain folks. We listened to them from all across North Carolina describe what they believe they need from UNC in the years ahead.

We've had 11 of these public listening forums over the past couple of months, and at most sessions we've had 400, 500, or 600 people show up. They've been young and old, educated, not so educated, white, brown, black, rich, poor, urban, rural. And you know what they've done? They've showed up at these meetings, and you can feel how much they desire to have higher education. And they tell us what keeps them up at night and how they think our universities can help.

With that critical information, our faculty has now gone to work, and our faculty can now think about what we should do at the university to restructure our public universities and how we should

realign our degree programs, our mission, and our resources to better meet the needs of a changing world.

In the end, what our faculty has learned is likely to mean such things as the following: Doing more targeted research in areas of strategic importance to our state and our nation. It's likely to mean greater involvement than ever before by our universities in promoting innovation and economic revitalization--and it might just count towards tenure.

It could mean making it easier to license new ideas invented by our faculty. It could also mean changing what courses we teach, how we teach them, when we teach them, and where we teach them. It will almost certainly mean making more courses and degree programs available online. I'm also confident it will mean a greater emphasis throughout the curriculum on those important creative-thinking skills, problem-solving skills, communications skills, and analytical-reasoning skills, the very essence of a liberal arts education.

Now, I can tell you, there are lots of people -- and you probably won't believe it -- who don't know what a liberal arts education is. I was at a meeting the other day, one of these listening forums, and they had one of these big conservative guys stand up, and he looked at me. He probably didn't like me, anyway. And he said, "You know what? This UNC Asheville," which is a small, liberal arts university -- he said, "I don't want to hire anybody from there. They're liberal. And even worse, they're artsy." This same guy stood up and said, "I need people who can write. I need people who can think critically. I need people who can communicate. I need people who can reason analytically," the very essence of a liberal arts education.

I think this will also surely mean a stronger focus on math and science skills. And lastly, it will mean that we will produce more teachers, better teachers, more math and science teachers, and more nurses and allied-health workers.

Is all of this enough to meet the challenges we face in the future? Absolutely not. But unless all of us in this room -- *all* of us -- are committed to mounting a serious, ongoing, intensive effort, I believe America as a nation is going to fall further and further behind. Like it or not, this truly is a knowledge-based global economy.

As smart as you all are and with the number of Ph.D.s we have in this room, I don't think any of us know for sure what the economy of the future is going to look like. But one thing we do know. We do know that it will require more people to be better educated, more people to be more creative, and more people to be more collaborative. Of that I'm sure.

The first North Carolina State Constitution declared that one of the principal roles of our state university was to deliver all useful learning. But what is useful today is clearly different from what was useful in past generations. The world has gotten smarter, a lot smarter, and we have to get smarter with it. One thing I know for sure is that all of us in this room, *all* of us, we're all in this boat together. And that's why those of us here today, those of us entrusted with shaping the future of American higher education, I think that's why we have to lead. I think it's why we have to *lead* and why we have to *act*

together, to ensure that America's college graduates are equipped to compete and compete successfully with the world's best and brightest, wherever they may be.

Thank you so much for all you do. Thank you.