

Legislative Battle in 1971 Forecasts Key University Issues in 1999 and Beyond

by Carolyn Waller

North Carolina's public university system faces many of the same issues today that it did when it was founded. These issues include how to handle booming enrollment, provide equity in funding among the 16 campuses, improve access to higher education for minorities, prevent independent lobbying by campuses, and keep tuition affordable.

In the 1960s and the 1970s, the state faced a record surge in enrollment from the Baby Boom, which led state legislators to add 10 campuses to the existing six-university system. Similarly, the 1999 General Assembly appropriated \$19.5 million this year for enrollment increases as an estimated 48,000 additional students—the children and grandchildren of the Baby Boomers—are expected by 2008. The UNC Board of Governors also sought approval from the legislature for \$2.7 billion in state-issued, limited obligation bonds to begin a multi-year building plan, but the bond legislation failed.

Issues Facing University System

It's been said that the only real crystal ball is a rearview mirror, and the 1971 legislation that restructured the university system reveals a lot about higher education's future. The enrollment boom is one of five issues facing the university system now that the Center says are strikingly similar to the issues confronted in 1971. The other four are as follows:

(1) *How to achieve equity in funding among the 16 campuses*—The university system includes schools as large as N.C. State University with

27,960 students and as small as the N.C. School for the Arts in Winston-Salem with 1,031 students. Funding equity is a long-term issue for the system, and it means different things to different schools. For fast-growing schools such as UNC-Charlotte, it may mean funds to meet enrollment demands, whereas for historically black schools such as N.C. A&T State University in Greensboro, it may mean catch-up funds for decades of racial segregation. The legislature has ordered several studies of equity in funding in the last four years alone.

(2) *How to improve access to higher education for minorities, especially at the state's five historically black universities* and the University of North Carolina at Pembroke, a school with roots in providing higher education for Native Americans—One of the first issues faced by the original UNC Board of Governors was racial desegregation. In 1973, a federal district court ordered the system to increase enrollment of black students, upgrade academic programs, and increase funding at the historically black universities. This year, the state budget contains \$20 million to meet repair and renovation needs at the five historically black universities, as well as UNC-Pembroke. The budget also grants almost \$2 million over two years in additional funding for the Biomedical/Biotechnology Research Institute at N.C. Central University in Durham.

(3) *How to prevent each campus from running independently to the legislature for funds or changes in law*—Part of the impetus for the 1971 legislation that restructured university governance was that individual campuses were adding programs and making budget requests without regard to what the other colleges and universities were doing, said the late Kenneth Royall, Jr., a powerful legislator for decades. Royall, who was head of the House Appropriations Committee in 1971, told the Center, "Listening to all 16 institutions and their requests—well, you wanted to be fair. But money was limited. What it came down to back then was who had the best lobbyist."

(Editors note: This article is based on the report *Reorganizing Higher Education in North Carolina: What History Tells Us About Our Future*, published by the N.C. Center for Public Policy Research in June 1999. The report is the first of a four-part study on public university governance funded by a grant from the W.K. Kellogg Foundation of Battle Creek, Mich.)

Recently, the university system was tested when the Kenan-Flagler Business School at UNC-Chapel Hill approached the 1997 General Assembly for a tuition increase without approval by the UNC Board of Governors. Then, in a special provision in the 1998 budget, the legislature transferred key control of the UNC hospital systems from the Board of Governors to a more autonomous board at UNC-Chapel Hill. Later that year, UNC President Molly Broad directed chancellors to submit legislative proposals to a new Public Affairs Committee of the UNC Board of Governors.

(4) *How to meet the state constitution's mandate for affordable university education while maintaining academic excellence*—The Center says a key piece of the university's heritage is the provision of the state constitution which reads, "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." Thus, even today, North Carolina's average tuition levels are the third lowest in the nation, behind only Nevada and Florida. But for the first time in a decade, the UNC Board of Governors requested that the legislature enact a tuition increase for in-state students, and the legislature agreed.

Restructuring of Higher Education in North Carolina and Other States

The restructuring of the university system took place in a special legislative session in October 1971. Then-Gov. Robert W. Scott proposed the measure, which was opposed by then-UNC President William C. Friday and the 100-member Board of Trustees governing the old Consolidated University system of six campuses. Under the 1971 legislation, 10 campuses were added to the system, local campus Boards of Trustees were retained, and a new 32-member UNC Board of Governors was created to govern the system. This Board has the power to submit a unified budget for all 16 campuses, approve academic programs, and elect the system President and the 16 campus Chancellors.

Since that legislation was enacted, "everyone wants to 'do a North Carolina,'" says Aims McGuinness of the National Council for Higher Education Management Systems. In his book on sources of change in higher education, McGuinness lists eight factors that have led to states' efforts to restructure higher education. The six factors that were present in North Carolina in 1971 were:

(1) perceived duplication of high-cost graduate and professional programs; (2) conflict between the aspirations of institutions; (3) legislative reaction to lobbying by individual campuses; (4) proposals to close, merge, or change the missions of particular colleges or universities; (5) concerns about an existing state board's effectiveness; and (6) a proposal for a "superboard" to bring all of public higher education under one roof. Between 1950 and 1970, 47 states established either coordinating or governing boards for public higher education.

Changes in State's Politics and Economy That Affect University Governance

The Center's research shows that North Carolina is one of only two states where the members of the university governing board are elected by the legislature. In addition, the Center says changes in the legislature have led to changes in the debate about higher education. For example, when the university was restructured in 1971, there were only 31 Republicans and two African-Americans among the 170 legislators. Today, there are 69 Republicans and 24 African-Americans. Political observers also note that some partisan cleavages in the legislature are carrying over into UNC Board of Governors elections and meetings and that the Legislative Black Caucus frequently seeks to reorder the Board's priorities and obtain additional funding for the historically black campuses. And, as economic growth speeds up in such cities as Charlotte, Wilmington, and Greenville, the pressure on the UNC Board of Governors for campus funding in these and other areas also rises. Finally, in 1971, 26 percent of state legislators received their undergraduate degrees from UNC-Chapel Hill. In 1999, that figure has declined to 15 percent.

Still, the university system has maintained its share of General Fund appropriations. In 1965-66, the university received 13 percent of General Fund appropriations, and in 1997-98, it received 13.3 percent. This commitment of funding levels for the university system has been maintained despite renewed legislative interest in and funding for public school reform and the community college system in recent years.

Copies of *Reorganizing Higher Education: What History Tells Us About Our Future* are available for \$20.00, including sales tax, postage and handling. To order, write the Center at P.O. Box 430, Raleigh, NC 27602, call (919) 832-2839, fax (919) 832-2847, or order on the Center's website at: www.ncinsider.com/nccppr.