

**Remarks of UNC President Emeritus Thomas W. Ross  
Chapel Hill/Carrboro Chamber of Commerce Annual Meeting  
January 26, 2016**

Thank you, Northwood Ravin. I really appreciate your kind introduction.

Those of you who have heard me speak before know I always like to begin my remarks with an old Scottish Prayer my Grandfather taught me. It goes like this: Lord, make them like me, and if they don't afflict them in some temporary way so that when they leave I will know who they are. Please remember this prayer as I speak and applaud as often as you like.

I appreciate the opportunity to talk with you this morning. If I may, I would like to talk for a few minutes about why you should care about the University of North Carolina and what you can do to help it meet the challenges it faces.

For context, allow me to provide a little background about your University, its structure and scope and its economic impact on our State and this community.

It enrolls more than 226,000 students from every county in North Carolina, virtually every state in the Union, and numerous foreign countries.

It employs more people – nearly 70,000 – than any private enterprise in NC, edging out WalMart.

It has 16 campuses that offer undergraduate, graduate and professional programs; 2 Medical Schools, 2 Law Schools, 2 Dental Schools, a Vet School; 5 Engineering Schools, , 11 Nursing Schools, and 12 MBA programs. Also, 2 High Schools – School of Science and Mathematics; School of the Arts High School, along with UNC Health Care System, UNC-TV, and the North Carolina Arboretum.

The campuses attract more than \$1.2 Billion in research grants annually– which in turn generate related jobs, discoveries, inventions, and spin-out companies.

The total budget is just over \$9 Billion – about \$2.3 Billion from the state - making us the 11<sup>th</sup> largest industry in NC.

And according to a recently released statewide analysis, in 2013, the UNC system creates **\$27.9 Billion** of added economic value for the economy of North Carolina. That represents 6.4% of the State's annual GDP—and has the equivalent impact of creating 426,000 new jobs. Just the Chapel Hill campus alone created \$5.1 Billion in economic value which equals 1.2% of the Gross State Product. And its impact was equivalent to creating 75,812 new jobs.

If for no other reason you should care about the University simply because of what it adds to the economy and how its presence helps your businesses. But there is more.

Universities have long been known and respected as places of ideas and debate, of big discoveries and bigger dreams. It is within our universities that we have tackled some of our most perplexing problems and found solutions to them. It is on our campuses that generations of students have

learned how to think for themselves and how to work collaboratively with others. Our universities have been places where ideas and dreams are converted to life-changing discoveries, and where our leaders of tomorrow are developed. Since the dawn of our nation, our universities have been at the center of our civil society and our search for excellence. Our universities have been the place where talent is developed.

Today, I fear many view our colleges and universities as nothing more than factories that must demonstrate an immediate return on investment for consumers. Places that only train people for existing high demand jobs in the workforce. We hear constant calls to drive out costs and produce more product at less cost. There is far less talk about academic quality and excellence and more about operational efficiency. We seem to measure the value of education to our students only in immediate post-graduation earnings. Again, I am all for accountability and efficiency. In fact during my tenure at UNC we reduced the cost per degree by 15% while increasing the number of degrees by 18%. I doubt there are many businesses that cut costs by 15% and increased production by 18% during the middle of the Great Recession. But, if efficiency and accountability are our sole focus, we may fail to provide the return on investment that is perhaps most valuable for our students – a high quality education that teaches them the ability to think, reason and communicate more effectively.

Last fall, *New York Times* columnist Frank Bruni wrote persuasively about the value of higher education. In that piece, he said, “It’s impossible to put a dollar value on a nimble, adaptable intellect, which isn’t the fruit of any specific course of study and may be the best tool for an economy and a job market that change unpredictably.” I believe Bruni is right, and we would do well to heed his words.

In some significant measure, our nation has been great because our higher education system has been the best in the world. Our colleges and universities have been the foundation of our democratic society. We have produced talent that remained productive over a life time—not because of particular skills taught, not because of preparation for a specific job or for the first job, but instead because our students acquired the ability to analyze, work with others, understand our world, communicate effectively, and appreciate the value of learning throughout one’s life. We train our students for their last job, not their first. It is this creative, innovative, adaptable talent that has been our competitive advantage against the world.

The economic battlefield has from time to time been focused on developing the most and best mechanized factories, finding the lowest cost labor and on inventing the best technology. Today’s battle is for talent. That is what university produce – talent. So, if you want this nation, this state and this community to win the economic competition of today and tomorrow you should want and appreciate having great universities. It is the talent they produce that attracts the new businesses to our state and nation.

In 2012, the UNC system as part of our strategic planning process set as our number one goal to increase educational attainment in North Carolina. With input from a blue-ribbon committee of business, government and education leaders, we established a target to have 32% of our people with at least a bachelor’s degree by 2018 and to become a top-10 educated state by 2025. We are currently at about 28% and have a long way to go.

Today, however, America's societal commitment to investing in higher education and its talent production have eroded. We now spend about 2% more on higher education in real dollars than we spent 25 years ago, even though enrollment in our universities and colleges has grown by over 60% during that period. We spend about 30% less per student today than we did 25 years ago. As a nation, we are disinvesting in higher education, and we are beginning to pay the price.

Other nations are making sizeable investments to build new academic facilities, hire new faculty, and raise the educational attainment of their citizens. Meanwhile, the rankings of our own institutions are falling and our premier status as the place to be educated is fading.

The sharp reduction in state investment has triggered significant tuition increases across the country. In effect, we have shifted more of the financial burden from the states to students and their families. In half of the states today, students at public universities pay more toward the cost of their education than the state does. In the year 2000, that was true in just three states.

Growing numbers of American students can't afford to attend college at all, and too many of those who do are burdened by significant debt. This is a dangerous trend in my view. And, it is reflective of the serious challenges facing the higher education community today.

As a state and as a nation, we must ensure that college remains affordable and accessible to everyone who has the ability and desire to pursue it. If we put the cost of public higher education out of reach and fail to invest in our faculty and staff, we will be unable to develop the talent our businesses will need in the years ahead. Just last month, Bloomberg reported that unemployment among college graduates had dropped to 2.8%, and warned that America was at risk of not producing enough college graduates to meet its workforce needs. The fact that most of you want and need talent in your business going forward is another reason you should care about the University.

As members of this community you have advantages other communities don't have. Perhaps one of the most significant is the fact that the educational attainment in this community and region far exceeds the educational attainment in much of North Carolina and America. Why does this matter? Because we know that one's chances of being unemployed are heavily influenced by level of educational attainment. Thus, university graduates, who are more likely to be employed, shop more, buy more, and pay more taxes.

There are other advantages to having a well-educated citizenry. College graduates are more likely to have health insurance and better health outcomes. They smoke less, exercise more, eat healthier, drink less, are less susceptible to diabetes, and are more likely to wear seat belts. This means lower government health care expenditures.

College graduates receive fewer workers' compensation benefits, have lower incidence of disability that prevents independent living, and have more assets and higher retirement incomes. This means lower government welfare and long-term care costs.

College graduates commit fewer crimes and are therefore less likely to serve time in prison—again lowering government expenditures, in this case on prisons, probations and courts. Finally, college graduates vote more often, donate more to charities, volunteer more and participate more in community, civic, school and religious organizations. Simply put, college graduates contribute more to government and rely much less on government than those who are less educated. And in the process, they add real, tangible, lasting value to our communities and way of life. Yet another reason for you to care.

One more reason you should care about your University – Research. Historically, industry in America conducted its own R&D in its own facilities. About a quarter century or so ago, however, a transition began. Industry realized it could shift some of its R&D capacity—and the associated costs—to the nation’s universities. Roughly 75% of research in America now takes place on university campuses. This captures both basic research and applied research. North Carolina is no different. Our public and private universities bring more than \$2 Billion in research grants and contracts to our state every year. About \$1 Billion of that research is conducted right here on the UNC Chapel Hill campus.

Why does this matter? It matters because these grants and contracts at UNC Chapel Hill result in expenditure of about \$450 million per year on payroll to support research activities. It matters because in 2012-2013, the collective impact of spin off companies related to UNC CH research was \$1.4 Billion in added state income, equivalent to 13,713 jobs. It matters because the research at UNC CH results in discoveries that address diseases like AIDS and Cancer, enhance drug therapies, improve medical devices, improves community water systems and on and on.

The day to day economic impact of the University, the businesses it helps attract and sustain, the talent it produces, the positive impact on quality of life and the research it conducts are all reasons you should care about the University. As I conclude, I want to share a few thoughts on what you can do to be sure your universities remain strong.

As a state and as a nation, we must decide if our society still values higher education—particularly public higher education. There is an ongoing debate—sometimes beneath the surface and sometimes more overt—about whether higher education conveys a public good or a purely private benefit. I am convinced—and believe the research confirms—that the value of higher education is not fully measured by one’s job title or earnings level. Higher education has value beyond the individuals who participate in it that extends to the public at large.

If, indeed, I am right, we must reverse the 25-year trend in this country and begin investing again in our public universities, in their faculties and students, in teaching and learning, and in research and discover. We must again invest in America’s dreams and America’s future by investing in our students’ dreams and futures. It is in our own selfish, self-interest to do so. So, you need to make your voices heard about the need to attract and retain the best faculty, to provide students with the latest technology and scientific equipment and to provide the resources to be certain our University remains great.

It is time we ask ourselves and engage our elected leaders in answering the questions: What kind of nation and state do we want America and North Carolina to be? What are our

aspirations for our people, our children, and our communities? And, how do we make those dreams and aspirations our reality?

In Florida, the newly elected President of the Senate, a Republican, addressed his colleagues. He spoke about education and he said, and I quote, “Wherever you see sustainable economic development and high-wage jobs, you nearly always see top-notch universities. He went on to propose that Florida spend \$1 Billion to invest in better university faculty, stronger graduate schools and other improvements so Florida could get to the “next level” like, he said, Virginia and North Carolina. Our faculty have had an average state pay raise of under 2% total over the past 6 years, at time during which total inflation has exceeded 10%. States like Florida are out to take our best and brightest faculty and the take the grants they have won and the jobs they support with them. We must convince our policy makers to understand what the President of the Florida Senate clearly gets - that it is an economic imperative to increase faculty compensation in order to be competitive and retain our talent.

I hope you will be aggressive in our efforts to educate policy makers about the importance of education to the fabric of our society. It is our exceptional system of higher education, both public and private, that will enable our state to maintain one of the nation’s most vibrant economies. It is higher education that will prepare the creative and innovative leaders of business and communities. It is higher education that will produce the talent we will need to win the economic competition we face globally. It is higher education that will preserve and protect our democracy.

The stakes are high for North Carolina and for our nation. I certainly hope that you will PARTNER with the University and with hangers on like me to share this important message.

One last thing you can do is support the Bond Issue on the ballot in March. I will leave it to the best Health Care System CEO in America, Bill Roper, to tell you why passing the bond issue is so important, but suffice it to say that facilities that will be made possible if the bond passes are critical to our ability to continue to produce the best talent, including as Bill I sure will discuss, the best doctors.

Thank you for having me. Please remember the Scottish Prayer and, if there is time, I’ll be happy to answer any questions.