

**General Faculty/Staff meeting Faculty Senate Chair's
Remarks Paul Gates
Aug. 26, 2016**

You would think that a state budget surplus of \$445 million would be good news. And in some ways it is –as an indicator of increased tax revenues which itself signals an improving economy in North Carolina.

That surplus is certainly great news for business, since it is large enough to trigger automatic cuts to the corporate tax rate under the reform scheme passed by the General Assembly in 2013.

And you would think that surplus would also make for a golden opportunity to shore up the institutions that will continue to drive the state's economy into the future.

But the benefits of the surplus only extend so far—and not to UNC system institutions, which are required to pare budgets by a total of \$62.8 million. Standing alone, it's not a crippling blow. The damage to students, faculty, staff and the universities' missions can probably be managed. It's a far more serious matter when added to the \$700 million which have been sliced from the system's budget since 2008, however. But even then, those are only the practicalities – the facts on the ground. A poor economy has always been a disingenuous excuse to slash funding. In my view that should have been a sign to boost university funding as a tool to help get the economy moving again. But the surplus gives lie to that lame excuse.

The real problem lies elsewhere – in the ideology that the decision to cut reflects.

As mid-19th Century French historian Jules Michelet framed it – "What is the first part of politics? Education. The second? Education. And the third? Education."

Everyone knows the story of North Carolina's historical commitment to public universities and its pledge, enshrined in the state constitution, to keep tuition free to the greatest extent possible.

But the belief in the value of higher education is not as widely shared as it once was. Another constitutional amendment – Senate Bill 817 – was briefly considered during the last legislative session which would have rendered that provision nearly meaningless.

S.B. 817 would have capped the income tax rate at 5.5%, seriously limiting funds for the universities. Much of state spending is mandated by statute, including support for K-12 education, public safety and medical services for the poor.

Any shortfall in revenue would have to be absorbed by parts of the budget that are flexible – and the UNC system is the largest among those state agencies heavily dependent on the largesse of the General Assembly.

The UNC makes a tempting target for disinvestment for a number of reasons, not least among them the misplaced belief that the benefits of public education accrue only to those who receive it. In that vein, it is also assumed that higher education can meet its own revenue needs by saddling those students with ever-larger tuition

increases.

I'll get back to the tuition and funding problem in a minute, but I think it's also a good time to point out another reason, popular in some quarters, to starve public universities. I'm certainly not the first to bring this up, but we're seen as agents of some sort of leftist conspiracy.

Sen. Phil Berger even says so: in the lead story in Sunday's News & Observer, we're described as places of "partisan homogeneity." This was on the way to announcing the General Assembly's creation and funding of an environmental policy initiative at Chapel Hill called the N.C. Policy Collaboratory. Berger apparently already has a leader for the organization picked out who has recently worked on rewriting environmental legislation.

So we have a legislative leader circumventing university policy in creating a unit at Chapel Hill on the heels of the politically motivated closing of Gene Nichol's poverty center last year, even though he spent no state funds.

It's superfluous to say this – but this is totally inappropriate meddling by the General Assembly which amounts to a blatant subversion of academic governance. I'll be making sure this is thoroughly discussed at Faculty Assembly next Friday.

Back to tuition and funding: The steady erosion of state support for higher education, 20% since 2008 or just over \$2200 per student in dollar terms has significantly increased the burden on students and their families. In 2006, nearly 75% of public university revenue came from the state. That has now slipped to 66% while average tuition and fees have moved in the other direction – up about 13% since 2010 – 2011.

We haven't reached that point yet, but sometime soon less support will mean less education – regardless of one's ideological persuasion.

Before he was dismissed last year, former UNC president Tom Ross warned, “As a state and as a nation, we must decide whether our society still values higher education – particularly public higher education. 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.”

I made that same point on this stage last fall, too, in another context – we're not just educating workers, but engaged citizens whose efforts will benefit all.

Accomplishing that, however, has been complicated by another anti-education policy. While tuition and fees have continued to rise, need-based financial aid has not kept up. In fact it has been pegged at the same level -- \$122 million – for 4 years. This means less aid for each recipient as the number of students needing help has grown along with the student body, now numbering nearly 225,000.

Obviously, this creates an additional barrier – not just for students from low-income families but frequently from the ever-more-squeezed middle class as well. So the choice is between even more debt and a decision to forego college altogether. For many, that decision begins a downward spiral of lower wages, increased dependence and poorer health.

For those who do take the financial plunge, debt when just starting out is far more onerous than debt during the peak earning years. At the beginning of a career debt acts as a drag on spending on the things that pump up North Carolina's economy

such as houses and cars.

But at least those who persevere understand what Epictetus told us in the second volume of his Discourses – “only the educated are free.”

Those who would choke off educational opportunities for young people tend to come from the last two generations who have already “made it.”

They selfishly regard education as an expense rather than an investment. Among the more forward-looking are those who approved the bond issue last spring that will bring us new state-of-the-art health sciences facilities. They understand that as we Baby Boomers move toward old age we’ll need more – and more skilled – health care professionals. Of course that’s just the example that occurred to me first; there are clearly many others that contribute to the common wealth and well-being.

All this puts me in mind of Publius Syrus, who seems to have thought through just about everything in his many maxims – number 571 of which reminds us that “it is only the ignorant who despise education.”

So go out into your classrooms and labs and fight creeping ignorance!

Have a great semester!

