



The University of North Carolina
POST OFFICE BOX 2688, CHAPEL HILL, NC 27515-2688

ERSKINE B. BOWLES, *President*

Telephone: (919) 962-1000 Fax (919) 843-9695
E-mail: ebowles@northcarolina.edu

August 9, 2006

TO: The Chancellors

FROM: Erskine Bowles *EBB*

RE: PACE Initiative

Thank you and your respective staffs for your ongoing involvement, active participation, and support of the PACE (President's Advisory Committee on Efficiency and Effectiveness). I appreciate your efforts and energies leading up to the PACE III meeting hosted by Winston-Salem State University on August 1, 2006.

PACE III marked an important milestone in the life of this project. The self-reported expenditure data for your respective campuses was presented, and the details of my recommendations to achieve greater operating efficiencies and effectiveness in the core UNC General Administration were also outlined in detail. As discussed at the meeting, the targeted work groups will be formed shortly. At this juncture, I feel a natural tendency to relax and catch my breath—as I'm sure you do. However, I believe we are at a classic tipping point in our quest and our commitment to operate more efficiently and effectively. This is not the time to slow down; it's just the opposite. Now is the time for us to move aggressively forward. I urge all of us to build on our hard-earned momentum by taking the necessary next steps to identify and redirect as many dollars as possible to our core functions of instruction, research, and public service.

I offer to you my own experience at UNC-GA. First, I personally committed to a goal—to make us a leaner, more focused, efficient, and effective organization. Next, each division of UNC-GA allocated its time against specific activities and resulting end products, allowing us to see exactly where we spend our money. At the conclusion of this exercise, I asked for your feedback. Subsequently, we made those challenging and difficult decisions in pursuit of our collective goal. We made those decisions with intelligence and sensitivity as we evaluated our work processes, the impact of our end products, and finally our staffing needs in light of redesigned processes and end products. Ultimately, we proposed a cut of 10% of our current budget, thereby reaching the savings target we had set for General Administration. I applaud my internal team for all the hard work it took to get there.

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University

East Carolina
University

Elizabeth City
State University

Fayetteville State
University

North Carolina
Agricultural and
Technical State
University

North Carolina
Central University

North Carolina
School of
the Arts

North Carolina
State University
at Raleigh

University of
North Carolina
at Asheville

University of
North Carolina
at Chapel Hill

University of
North Carolina
at Charlotte

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at Greensboro

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at Pembroke

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As I mentioned above, we're at an important phase in the project. The working groups are forming to address system-wide issues and identify opportunities for savings. The PACE has requested campus participation on these work groups and I ask that you participate and support them accordingly. It's also important for each individual campus to examine its own numbers and re-commit to operating more efficiently and effectively. The expenditure data reported by you to the PACE provides an initial platform to examine your operations introspectively—not by chart of accounts classification or by organizational charts, but by *functionality*.

The data is fully available and transparent to all campuses. I encourage you to take a second look at your particular campus and attempt to better understand what is driving your costs, particularly in areas where you appear to be an outlier. I understand that the PACE will be sending out some initial questions or thought-starters to you in the next week that will assist you in framing this analysis. I am optimistic that the transparency of the data will be a catalyst for you to work on your own and, where appropriate (fully recognizing that one size does not fit all) collaboratively with other campuses as you seek to provide the services through the enabling functions most effectively. Your support and commitment to this effort is paramount as we move the University forward together. Thank you. If you want to speak to me concerning PACE, please don't hesitate to call me. Clearly, it will be an item worthy of significant discussion at our August 28 chancellors' meeting.

cc: PACE Chair Krista Tillman
Board of Governors Chairman Jim Phillips
Hilary Coman
James Smith
General Administration Council