

The Chronicle of Higher Education

Live Discussions

Building an Economic-Development Strategy

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As many regions of the United States undergo economic transitions, expectations are increasing that higher-education institutions will play critical roles in creating jobs and revitalizing local economies. In fact, many colleges are embracing economic development as a central mission, from [Rochester, N.Y.](#), to [Kannapolis, N.C.](#) But how can colleges and universities work in their local economies in ways that are responsive and meaningful? How do institutions develop a strategic plan for dealing with long-term economic challenges while managing short-term expectations of the university as economic savior? And how do they encourage faculty members to marry their research goals with real-world needs?

The Guest

Leslie Boney is associate vice president for economic-development research, policy, and planning at the University of North Carolina system. His duties include advising UNC's president, Erskine B. Bowles, on economic-development issues, conducting research and analysis in support of the university's economic-development strategy, and coordinating systemwide economic-development projects. He also serves on the Southern Growth Policies Board, the North Carolina Economic Development Board, and the board of the North Carolina Biotechnology Center. Mr. Boney previously was executive director of policy, research, and strategic planning for the North Carolina Department of Commerce; a senior associate with MDC Inc., a nonprofit research firm specializing in economic and work-force development; and staff director for the North Carolina Rural Prosperity Task Force.

A transcript of the chat follows.

Karin Fischer (Moderator):

Hi everyone. Thanks for joining us for what promises to be a really interesting discussion on universities and their role in economic development. I'm Karin Fischer, a staff reporter who covers these issues for *The Chronicle*. It looks like we already have a number of questions, so let's get started!

Thanks to Leslie Boney of the University of North Carolina system for being my guest.

Leslie Boney:

Thanks for the opportunity to be part of this brownbag (can you eat a virtual lunch?). Let me start off by mentioning a couple of ideas that I'd like to have as part of our discussion.

We're not pushing for economic development to be some sort of "fourth leg" -- a new responsibility beyond teaching, research and public service. We are still very clear about

fulfilling our core missions, and our highest and best contribution to our economy will always be training the minds that will lead our state in the future -- as entrepreneurs, intrapreneurs, business leaders, policy makers, nonprofit leaders, thinking citizens.

But we also have an economy (throughout the nation and world) that is radically changing. In North Carolina, for example, our relatively more intensive manufacturing economy is shrinking pretty dramatically, leaving thousands of textile and apparel and furniture workers marginalized, and all of our businesses are getting challenged by globalization just like the rest of the world. In Oregon, it's the timber industry. In Michigan, the auto industry. Who's there to help us think our way around the challenge?

In the case of the 16-university UNC system, we've got 40,000 plus really smart employees at our universities and 200,000 students. If we park our brains on the sidelines on solving this challenge, we miss an incredible opportunity to help and learn. The communities we live and work in aren't as attractive places to live. And universities miss their chance to answer a really important call.

How do you bring the university into the mix? The biggest thing we are doing is a long-term "UNC Tomorrow" study, which we are using to listen to people about what they need from their university over the next twenty years and to get each campus to articulate its response on how they respond externally to economic needs, globalization trends, access issues, health, the environment, etc. (<http://nctomorrow.org>). Over the next few months, campuses will be outlining how they are going to respond, consistent with their missions, to the report.

Is that the right approach? We'll see. Ask me in four months, once the responses from our campuses come in. But I know it is being taken really seriously by our president, our governing board, our 16 chancellors and our faculty. And, in my opinion, it has us talking about some really important things.

I look forward to our conversation today.

Question from Prof, Large Urban College:

Some academic institutions are lobbying state governments to increase corporate taxes on the notion that the state governments will hand over a portion to the academic institutions. Is this a responsible and meaningful way to stimulate any given local/state economy, given that fact that it could drive away corporations and jobs to other states where corporate taxes are lower?

Leslie Boney:

This is a really rich question. I have three responses:

1. Every state is different, with different political histories and traditions, but it sounds like those academic leaders have been put in a box that I think they should fight to escape from. The key point to make in making the case for universities, I think, is not "where will the money come from?" but "why do we matter?" And there are some really good answers to that. From an economic viewpoint, we matter because in a world where the U.S. can't compete on cost, we have to compete on innovation, and we have the faculty and staff and students who can invent the next new thing and think through the problem we have in a new way. If we can make that

case convincingly, then controllers of state budget will want to find ways to invest in us. And they will see it as THEIR job to find the right funding source.

2. Of course, it could be that university leaders are not launching this idea themselves, but rather have been asked to join a broader effort that has decided that corporate taxes is the only way for universities to get more resources. And maybe there's some sort of wink and nod and promise that if they'll advocate for the increase, they'll get some money on the backend. Maybe. But I think folks in a lot of states have found that the trickle-down approach applied to lotteries and some other funding sources is not always as dependable as they might have thought, and that rather than bringing in new resources instead supplants existing sources.

3. Your question about the extent to which corporate taxes drive corporate behavior is a tough one. Certainly when an existing company is considering leaving or a new company is considering coming, they consider the total package of costs a state offers. Corporate tax is the poster child for pro-business groups, but the reality of the decision is a lot more complex. On the cost question, companies calculate property cost, property tax rates, utility costs, labor costs, plus things like quality of life, cost of living and the personal income tax rates their execs would pay in one place vs. another. And time and again when they are surveyed, they cite "quality of workforce" as most important. Costs (of one place within the US vs. another) are not unimportant. But workforce is more important. New mantra: it's not how cheap we are; it's how smart we are.

Which gets us back to making "the case for universities." Most of the big expansion or relocation projects in our state in the past couple of years have spent a lot of time focusing on what our universities are doing research on, how many of the sorts of employees the company needs our universities are graduating, whether they like the idea of living in our place vs. somewhere else. Our new Department of Commerce marketing slogan is "North Carolina: A State of Minds." And that's the point we have to help budget allocators get: we are a critical part of our states' competitiveness. If they get that (and we focus on getting them to get that), they can help us find the funds we need to be successful.

Question from Georgia Tech:

Given the international and global nature of the world economy, what can universities do to create economic development locally, when these activities may (often, if the scale is ambitious enough) have to be conducted remotely in international locations, or coordinated at a global scale, with more than one player (e.g., industry/governments). The universities through their technology licensing, international student populations, and ability to offer relevant professional training may be able to help serve as brokers for mutual benefit. What are the metrics of success of programs that focus on economic development (jobs creation? new companies?). Regards, Vijay Madiseti Professor, Georgia Tech <http://www.ece.gatech.edu/~vkm>

Leslie Boney:

On the question of whether universities can do ANYTHING in this global world, I think the answer is a resounding yes. The complexity of the world, though, I think means that we need to make a new commitment to collaborative work, to join a larger discussion and look for our

unique contribution rather than standing on the sidelines and lobbing our ideas into those conversations.

On measurement, I think the activity of universities needs to be carried out in a variety of fields, including those you mentioned, plus hands-on business consulting, sponsored research, student internships, defining clusters of economic activity, helping industries to better understand supply chains for their business. and to appreciate that the specific activity of a university will vary based on its mission, values, research strengths, history in the community. And never, ever should this other activity be done instead of making sure our students get excellent educations. It can be and must be complementary to that activity.

Defining a common set of metrics given the variety of ways in which universities might participate is pretty difficult. The "easiest" ones -- licensing revenues, new companies or jobs or investment created with university-based technology -- are the ones we have used to assess our tech transfer offices historically. These have the advantage of being pretty easily measurable, but they risk missing the boat on the total contribution universities make. How, for example, do you measure the contribution a university's interdisciplinary curriculum made to unleashing the creativity of an entrepreneur who created a new medical technology 10 years after graduation? How do you add up a number for the impact of an invention that, as one contribution to a series of changes including new leadership, cost cutting, and random changes in the taste of the American public, made a struggling company profitable again? And how much "credit" can a university take, and what's the "impact" of a nonprofit started by a university graduate or advised by university faculty that makes real progress toward ending homelessness in your community?

Let me be clear: this is a metric-driven world, and I don't think the answer is "this is hard to measure, so forget it." And I don't think we should go with Stanley Fish's recent argument that we should stop trying to even argue that the humanities have any value at all. I think we stonewall at our peril, particularly if we are public institutions. I just haven't yet seen the set of metrics that definitively nails down the full contribution of universities to our economy. I think academia could help in that quest, and I think it is a quest worth continuing to pursue.

Question from Linda Friscia-Oppe, Kutztown University:

Please provide any suggestions/advice related to gaining support from seemingly uncooperative (unionized) faculty members.

Leslie Boney:

Not every faculty member is going to see greater engagement in the surrounding economy as an important part of their work. Nor should they. But I think this is more than the work of "Bob," the beleaguered marginalized fringe employee singlehandedly responsible for making it appear that the university cares. To really make a difference, we need more faculty at the table.

What has helped bring them to the table in my experience? The key thing is not assuming that faculty members DON'T care. At UNC, we have been really impressed with the insights and help we have gotten from a broad range of our faculty, tenured and untenured, in considering new ways of doing things. There is no one argument that seems to work, but elements that seem to be useful include showing them that you truly value the work they do in teaching critical thinking and writing skills, reminding them what a critical role they can play in shaping the future of the

communities they live in, and showing that a more deeply involved university is one that attracts more resources.

Question from **Will Dix, Independent College Consultant:**

How is "local economy" defined? Is it just about the businesses and companies in the area, or does it include, for example, investing in the schools that are educating their future students? Without an educated workforce, it's difficult for economies to grow; schools would seem to be a good place to invest.

Leslie Boney:

In our UNC Tomorrow effort (findings summarized at <http://nctomorrow.org>), we spent as much time and attention on the role of universities in strengthening ties with K-12 and community colleges as we did talking about our role with "businesses and communities." We need to get better at educating the folks we get, but we will graduate even stronger students if we invest some of our time and intellect in making sure they are better prepared BEFORE we get them.

Question from **L.A., adult-friendly university:**

Great topic! Could you please comment on effective ways to frame and communicate these efforts as part of an accreditation self-study?

Leslie Boney:

I think the most important part of that is to get those doing the self-study to agree that this should be part of the self-study. And to do that, I think there are a few really important arguments. There's no time for a full answer, but here's the "practical" part of it.

I think the more responsive we are to the consumers of our knowledge, the more successful we will be.

We live in a resource-constrained environment. That goes for higher ed institutions that depend mostly on private dollars and those that depend mostly on public dollars. The more competitive that world gets, the more carefully we need to be able to articulate our value proposition to our potential investors/clients/students.

Among the less-often accessed sources of investment are our business community. By reaching out to them, finding ways to be responsive to them in appropriate ways, we can attract new investments that will help us be more effective at our jobs.

Question from **Karin Fischer:**

Leslie, I know that the North Carolina system has many different types of institutions, including large research universities and land grants and small, undergraduate-oriented institutions. What sorts of differing economic-development roles should these different institutions play?

Leslie Boney:

Different fishing for different missions. A lot of our land grants have been deeply, viscerally

interested in this sort of work for a long time, and so, while they continue to develop innovative responses, the leap hasn't been as difficult.

At a place like UNC-CH, there's been incredible progress made with the impetus of a major Kauffman grant to develop a curricular response on entrepreneurship across their curriculum, and in the past year they've named a top-notch Vice Chancellor of Public Service and Engagement.

Mostly, I think it starts with some navel gazing. Who are we? What do we believe in? Then it has to move on to some conversations with people in the community: what's missing? How can universities help?

That's what led to the joint project of Winston-Salem State and our School of the Arts to create a Center for Design Innovation that fits in with both of their missions and meets the needs of their growing design community. It's what led UNCW to create a joint post-doc MBA for entrepreneurial grad students with ideas for cutting edge marine biology technologies.

So I'd say drive off mission and gap analysis.

Karin Fischer (Moderator):

Hi all. We have about 20 minutes left, but can take a few more questions. Keep them coming!

Leslie Boney:

I'd like to clarify that I am writing from a "system" perspective. I work for our 16-campus system office. There is some stuff we are doing on a system level: besides the UNC Tomorrow study, we have a group of campus reps that meet to discuss what we call 'economic transformation' (as distinguished from more hands-on economic development work) quarterly.

We've created a competitive research fund to encourage applied research in areas identified by the state (with some help from us) as important to economic competitiveness

We've created a website

http://www.northcarolina.edu/content.php/econ_transform/index.htm?submenu=0 designed to orient people to what the system is doing, and have encouraged each campus to reexamine how friendly its website is to businesses and entrepreneurs.

And we're encouraging campuses to consider applying for Carnegie's "community engagement" designation in the upcoming round (NCSU and UNC Chapel Hill were designated in the first round), as much as a way of organizing their thinking about economic engagement as for the honor of the designation.

But the actual innovators are now and will always be our campuses, who are doing some really interesting stuff.

Some are working on broad economic policy research; some in applied student or faculty research on economic issues; some in the broad field of entrepreneurship; some tackling tougher

issues including curriculum revamps and P&T policy; all looking at gen ed requirements to determine if we are graduating “globally literate” critical thinkers.

Seven of our schools have started well-organized programs looking at how to change either internal courses or external outreach to encourage more entrepreneurship (some listed at http://www.northcarolina.edu/content.php/econ_transform/entrep_campus.htm). The way those programs look is quite different at UNC Pembroke, a relatively small historically Native American campus, and UNCG, a larger comprehensive campus.

ECU's business school has revamped curriculum to teach more writing skills, leadership skills and other "soft" skills that the people hiring students say they need.

Our state Small Business Technology Development Center is organizing students on several rural campuses to do due diligence research on companies applying for a rural venture capital fund program our state has established, giving the students some really good hands-on business research experience.

Western Carolina University's faculty has just adopted the Boyer Model for considering faculty promotion and tenure decisions, enabling faculty to participate in more engaged scholarship (including scholarship of direct relevance to "economic transformation") without being penalized at review time.

One of our landgrants , NC State, has developed an impressive website both collecting and organizing supply chain data to help our textile industry morph.

UNC Chapel Hill is doing consulting with our state Department of Commerce to help them think about how to strategically build clusters of economic activity in particular industries.

Our conservatory, the NC School of the Arts, has created a "center for design innovation" that looks at the nexus of design and commerce -- the growing role right brain thinking plays in the future.

The point is a lot of places are trying a lot of different things, all of which are part of the "answer" for universities in this area.

Question from **Jack, liberal arts graduate**:

Seems that the premise of this question is similar to the question of corporate involvement in charities: isn't the corporate board's primary responsibility to make money for shareholders and thus allow the shareholders, enriched by the single-minded determination of the corporation's work, donate where and how they desire? Likewise, shouldn't our great American universities stop worrying about their role in economic activity and return to that classic, liberal-arts education which, until just the past century, produced those well-educated and well-rounded minds capable of doing anything, from teaching Greek to becoming a captain of industry? That is, shouldn't our universities be concerned with producing well-educated, well-rounded men and women and be content to know that sending those well-educated and well-rounded men and women out into the market place will produce the type of economy that we're all seeking? P.S.

Thanks for the great topic and speaker.

Leslie Boney:

Great question. I think that model worked in our old virtual monopoly world, where the West and a very small number of Asian universities were training those sorts of minds.

As more and more universities in more and more nations produce really well-educated people, and the world becomes, if not flat, at least more spiky than it used to be, I think a blended model seems to make more sense, one that more than ever hammers away at producing nimble, critical thinkers who can make connections between and among disciplines and ideas (the new old well-rounded) AND makes sure that those thinkers are not unaware of the realities of the world into which they are graduating.

Same for scholarship. We've gotten really good at producing wonderful discipline-specific gurus, and we need to continue doing that. But we also need in the academy more multi-lingual, discipline-connecting folks who can raise up the next generation of lateral thinkers -- the ones who are going to invent us out of the economic box we are in.

Question from Goldie Blumenstyk, Chronicle reporter:

What sort of outreach can institutions do to make sure that they are also extending their expertise to local NGOs, community action groups and the like? From what I see, most of the attention that universities are paying to this topic relates to helping local and regional businesses.

Leslie Boney:

I think the "package" economic transformation needs to go in is not as a stand-alone activity. Instead it should be part of a larger engagement orientation by the university to HELP SOLVE PROBLEMS in the way that we are good at.

Our UNC Tomorrow report, pulled together by a cadre of 14 scholars, led by two excellent system-level staff members, and drawn from the input of more than 10,000 people across the state, ultimately is about engagement, and the university's role in it. Engagement with businesses. Engagement with nonprofits. Engagement with local governments. And engagement not just via one or two people. There needs to be a thoughtful look at how that new commitment to external engagement can work through teaching. Through research. And how our notion of what "public service" is can expand beyond serving on faculty committees to something more outwardly focused.

Our economy, and doing what we can to shape its future, is a hugely important issue that we need to help with. But if our "help" on that subject doesn't extend beyond the business community, businesses won't have the support structures they need and we won't particularly want to live in the communities we've created.

Question from Instructor in a small community college:

Could the universities begin discussions on a new definition of the 'bottom line' different from the current one in business -- a new definition that is more humane and with emphasis on better work and social conditions, more family and women oriented, more environmental sound? A new definition of the 'bottom line' may impact current curricula in our campuses.

Leslie Boney:

I think they already have. The new "triple bottom line" movement and "socially responsible" business concept grew out of schools of business, economics and the humanities.

And that's a really productive field of inquiry, particularly given the environmental and physical resource constraints we face.

Besides the value colleges and universities can add by articulating the moral reasons for this sort of behavior, it's not bad to make the case for how "doing good" can also mean doing well. Companies initially come to the table to think differently about things because they think it can help them be more successful. What they are finding in today's world is that it helps them hold on to employees if they are more "family and women-oriented," it cuts cost of fines and governmental regulation if they are "more environmentally sound," it helps them sell cookies or arugula if they are organic, and it helps them sleep at night if they work to improve work conditions.

Question from Sam Watts NC Center For Public Policy Research:

What's the best way for a state to evaluate the pluses and minuses of investing its economic development dollars in universities versus more traditional approaches to economic development.

Leslie Boney:

Decisions about investments in universities for this sort of work should be made carefully. And slowly. And on a case-by-case basis. And we should try to figure out in each case what the proper metrics are.

But I do think that universities have a valuable role to play in this. We can't sit this one out completely.

Some sorts of investment will lend themselves to short term metrics better than others -- did the money we gave to the tech commercialization fund lead to commercialization? How many jobs were created?

Others are trickier. NC State has done a fascinating job of describing what the new supply chain looks like for the textile industry, who's sourcing what where and why. What's the right metric for measuring the success of that effort in an industry that is continuing to decline in absolute employment? A survey of companies to see if they use the site? As universities revamp curriculum to attempt to graduate more lateral-thinking or 'entrepreneurial' students, would the measure be number of new companies created in a year or in ten years? And what about if those people became entrepreneurial within an existing company? How do you count that?

It seems to me that the "answer" might be an unsatisfying one: you measure some and use your intuition on others -- and for those just say this really seems to be a worthwhile investment even if we can't quantify it.

Question from **Goldie Blumenstyk, Chronicle reporter:**

Any thoughts on ways colleges and universities can measure or quantify what they are doing to help their local and regional economies? I know this is becoming a bigger and bigger issue for people who work in commercializing inventions, for example, and I imagine the folks who see how much consulting their faculty members do might also like a way to quantify this as some sort of contribution to economic development.

Leslie Boney:

I know AUTM is in the midst of a storm and drang review of how to talk about what they do, in an effort to take it beyond licensing, and it's my impression that effort is in year 4 or so. All I know so far is that they are dissatisfied with the current metrics and can argue why they aren't good. I hope the backend result will be that there is a greater value placed on getting more technology out sooner to create more jobs and a lesser value placed on maximizing licensing revenue. Sometimes those two values can co-exist. But it seems to me that the job creation element is more important to society at large.

I think it is possible to capture the value of consulting, but it would take some cultural change. Some faculty officially report; some do it offline. It would be great if we could find a better way of describing it.

Question from **Karin Fischer:**

From one of my colleagues: Isn't this effort to get colleges more involved in economic development giving leaders of those universities a more-enhanced political role? Is that a good thing or a bad thing?

Leslie Boney:

I think it does give university leaders a more enhanced political role. And that's neither good or bad in itself. It depends on what people do with that role. If the new platform gives them a better megaphone to advocate for the value of the university, that's a good thing. If it gets them around the table where decisions about the future of a region or a state or a country or the world are being shaped, I think that is a good thing. If they use it primarily to further their personal or political viewpoint, that's a little trickier.

But let's not de facto up front decide that because the new activity might require some nuance, we'll just tie our brains behind our backs. Our society needs us engaged right now, more than ever.

Karin Fischer (Moderator):

Unfortunately, we need to wrap up this Brown Bag discussion now. Sorry we didn't get to all the questions, but thanks for your interest in this topic. And thanks again to our guest, Leslie Boney of the University of North Carolina system. You gave us a lot to chew on! Enjoy your afternoon.