Project Kitty Hawk:
Progress Report to the North Carolina General Assembly

March 1, 2025

University of North Carolina System
Project Kitty Hawk
Chapel Hill, North Carolina
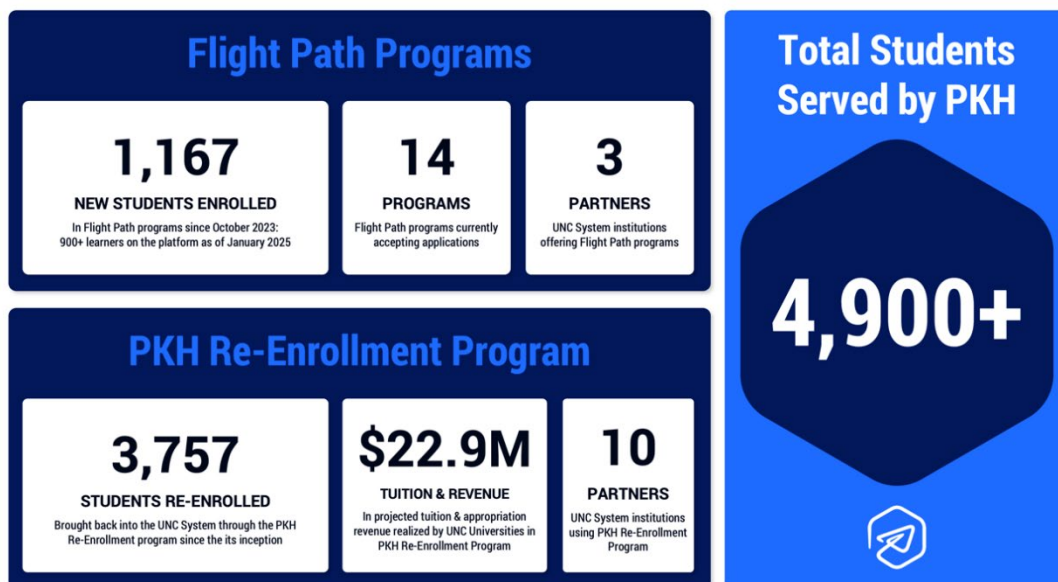
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Executive Summary

Project Kitty Hawk, an affiliated entity of the University of North Carolina System, is an education technology and services nonprofit that builds pathways for adult learners to earn high-quality, workforce-aligned degrees and credentials from UNC System institutions. The organization was created and funded by the North Carolina General Assembly with the express goal of helping the state reach its 2030 attainment goal by enabling more adults to enroll in and graduate from our public universities with degrees or credentials in high-demand fields.

Since the last Joint Legislative Education Oversight Committee report, Project Kitty Hawk has helped the UNC System recruit thousands of working adults into degree programs at constituent universities. Project Kitty Hawk has helped recruit students through two primary channels over the past 12 months:

- **Project Kitty Hawk-powered degree programs** (hereafter referred to as 'Flight Path programs'): Fourteen online bachelor's degree programs developed and launched in partnership with three UNC universities (North Carolina Central, East Carolina, and Appalachian State); and
- **The Project Kitty Hawk Re-Enrollment Program**: a System-wide effort to recruit back to the System students who started a degree at a UNC System university but never graduated.

Together, Flight Path programs and the Re-Enrollment Program have brought more than 4,900 students into UNC System institutions since Project Kitty Hawk's inception. The net effect is expanded opportunity for North Carolinians, and tuition and enrollment growth at UNC System universities.

Flight Path Programs

1,167
NEW STUDENTS ENROLLED
In Flight Path programs since October 2023: 900+ learners on the platform as of January 2025

14
PROGRAMS
Flight Path programs currently accepting applications

3
PARTNERS
UNC System institutions offering Flight Path programs

PKH Re-Enrollment Program

3,757
STUDENTS RE-ENROLLED
Brought back into the UNC System through the PKH Re-Enrollment program since the its inception

$22.9M
TUITION & REVENUE
In projected tuition & appropriation revenue realized by UNC Universities in PKH Re-Enrollment Program

10
PARTNERS
UNC System institutions using PKH Re-Enrollment Program

Total Students Served by PKH

4,900+

As this report will detail, leadership from the UNC System and Project Kitty Hawk are excited about the present and confident in the future – a future in which UNC System institutions can meet the higher education needs of more North Carolinians that aspire to a degree but need a more flexible, supportive path designed specifically for working adults.

Student enrollment in Flight Path programs is over 20 times larger than the last report submitted to this committee. As of the January 2025 term start, a total of 923 **students** are enrolled in 14 Flight Path programs across North Carolina Central, East Carolina, and Appalachian State universities. Importantly, this enrollment figure does not count students who will enroll at the Spring 2 term, which starts in early to mid-March. The Spring 2 enrollments were not finalized in time for the publication of this report, but estimates suggest that partner universities could see an additional 200 new student starts across the 14 bachelor's degree programs.

In addition to helping more adult students enroll, Project Kitty Hawk and partner universities are focused on ensuring student success. Immediately upon enrolling, every Flight Path student is assigned a success coach to help them navigate courses and degree plans, plus access to resources like tutoring and mental health support. Across the 14 bachelor's degree programs, overall student persistence (the proportion of students that started a Flight Path program and are still enrolled or have graduated) was 82 percent at the start of the Spring 2025 term – a strong number.

Student persistence leads to degree completion. In December 2024, the first Flight Path program graduates completed their bachelor's degrees (six from North Carolina Central's RN to BSN program and one from ECU's psychology program, which launched in February 2024). That number will grow significantly this year as Flight Path programs enter their second full year in the market and more students finish their coursework and earn their degree. A full breakdown of Flight Path program performance and other relevant information is provided below.

Institution	Program	Launch date	All-time new student starts	Current enrollment	Tuition per credit hour
NCCU	RN to BSN	October 2023	70	52	$350
NCCU	BS Information Technology	January 2024	107	86	$350
ECU	BA Psychology	February 2024	336	244	$375
ECU	BS Information & Cybersecurity Technology	February 2024	136	100	$400

ECU	BS Multidisciplinary Studies: Security Studies	February 2024	19	13	$375
NCCU	BS Business Administration	March 2024	121	108	$350
NCCU	BS Public Health Education	May 2024	9	8	$350
NCCU	BS Health Administration	May 2024	121	106	$350
ECU	BS Criminal Justice	June 2024	94	65	$375
App State	BS Health Care Management	August 2024	60	52	$400
App State	BSBA Supply Chain Management	August 2024	40	34	$400
App State	BS Business Administration in Accounting	January 2025	33	33	$400
App State	BS Criminal Justice	January 2025	13	13	$375
App State	BS Organizational Leadership and Learning	January 2025	8	8	$375
Total	**14 Flight Path degree programs**		**1,167**	**923**	**$373 average**

Enrollment figures as of 2/4/25

Flight Path programs serve the demographic legislators intended Project Kitty Hawk to reach. The average applicant to a Flight Path program is 34 years old; 25% are over 40 years old. Seventy-one percent of applicants are women, and 93% are North Carolina residents. Over 85% of applicants applied for or plan to apply for financial aid.

In addition to the hundreds of enrollments Flight Path programs have garnered in the last 18 months, the Project Kitty Hawk Re-Enrollment Program drove enrollment increases across the UNC System since its inception. The program has brought 3,757 students back into 10 UNC System institutions since the program started in May 2023. A full breakdown of the Re-Enrollment Program's performance is provided below.

Institution	Students re-enrolled	Estimated Revenue Generated
Appalachian State University	278	$1.7M
East Carolina University	570	$3.5M
Fayetteville State University	242	$1.5M
UNC Asheville	93	$0.6M
UNC Charlotte	551	$3.4M
UNC Greensboro	538	$3.3M
UNC Pembroke	648	$3.9M
UNC Wilmington	66	$0.4M
Western Carolina University	713	$4.3M
Winston-Salem University	58	$0.4M
TOTAL	**3,757**	**$22.9M**

Projected revenues include tuition and appropriations associated with in-state student credit hours. The estimate assumes that returning students have enrolled in an average of 18 credit hours per academic year (less than the typical full-time load of 24 credits to acknowledge attrition and part-time enrollment).

The North Carolina General Assembly invested in Project Kitty Hawk in the 2021 appropriations act, which called on the UNC System to develop a public-private partnership to expand digital learning and career development opportunities in the System. The appropriation, totaling $97 million, was drawn from federal COVID relief provided to the state and disbursed by the North Carolina Pandemic Recovery Office (NCPRO). As of December 31, 2024, PKH has completed all draws from the NCPRO Grant, and the remaining funds are encumbered for current and future obligations. PKH is on track to spend the remaining grant funds before Dec. 31, 2026, in accordance with the grant's parameters.

From inception to the current fiscal year to date, $16.8M has been spent on building the PKH digital platform. The platform is best thought of as an investment in critical infrastructure, only

instead of a new building on campus that enables enrollment growth, the platform allows any UNC System university to build, launch, and host online degree programs. As such, the cost of the platform will continue to amortize over increasing numbers of students served, driving the per-student cost of the platform down. The platform was built to scale and can accommodate multiple tenants and tens of thousands of students. Like a campus building, it is a lasting asset of the UNC System and the State of North Carolina.

Beyond the investment in the digital platform, an additional $26.5M was spent to launch 14 Flight Path degree programs across three partners and $5.8M to support the re-enrollment campaign at 10 institutions ($32.3 million in Program Expenses). Finally, $14.1 million has been invested in administrative costs—personnel, occupancy, travel, technology equipment/applications, and other ancillary administrative expenses.

	FYE22	FYE23	FYE24	FY25 YTD	TOTAL
Digital Platform Development	$197,489	$6,062,211	$10,496,259	$0	$16,755,959
Program Expenses	$499,975	$8,229,646	$9,577,272	$14,021,442	$32,328,335
Internal Operations	$688,479	$6,281,459	$4,614,433	$2,545,117	$14,129,488
Total	**$1,385,943**	**$20,573,316**	**$24,687,964**	**$16,566,559**	**$63,213,782**

PKH is projected to accrue $20.4M in program revenues since inception and collect more than $3M in cash by fiscal year-end. PKH is in a strong financial position and on track to be a self-supporting business operating on revenue generated from Flight Path programs and Custom Education Services (CES) when the remainder of federal funds have been spent by the end of 2026.

Project Kitty Hawk and UNC System leadership take great pride in the progress made over the past year to expand educational opportunities for working adults across North Carolina. But there is more work to do to further extend access to our state's university system, ensuring that every working adult has the opportunity to pursue higher education. The report that follows offers a comprehensive overview of Project Kitty Hawk's progress over the past 12 months, along with valuable insights into the strategic initiatives underway to reach and support even more working adults in the years ahead.

Introduction

Project Kitty Hawk, an affiliated entity of the University of North Carolina System, is an education technology and services nonprofit that builds pathways for adult learners to earn high-quality, workforce-aligned degrees and credentials from UNC System institutions. The organization was created and funded by the North Carolina General Assembly with the express goal of helping the state reach its 2030 attainment goal by enabling more adults to enroll in and graduate from our public universities with degrees or credentials in high-demand fields.

Since the launch of the first degree program in October 2023, over 1,000 students have enrolled in 14 degree programs powered by Project Kitty Hawk offered at North Carolina Central, East Carolina, and Appalachian State universities. These degree programs, specifically designed to meet the needs of adult learners, allow UNC System institutions to reach and educate more nontraditional students than before.

Why Project Kitty Hawk? The adult learner population is both extraordinarily important and challenging to serve.

Expanding affordable pathways for North Carolina adults to earn a degree from a UNC System institution is key to meeting the state's workforce needs. Project Kitty Hawk's mission reflects North Carolina's broader mission: to equip 2 million adults with a degree or high-quality credential by 2030.

This attainment goal is crucial to North Carolina's future. The state is booming, attracting major employers in cutting-edge industries. But with this success comes a significant workforce challenge. Companies move here to expand, and our workforce must have the skills to support that growth—otherwise, businesses will look elsewhere for their next advanced manufacturing facility or regional headquarters. Project Kitty Hawk's online degree programs provide a vital pathway to help North Carolina meet its workforce development needs.

Current projections indicate that the state has made considerable progress but may still come up 55,000 degree-holders short. To close the gap, the state must do more to encourage the hundreds of thousands of prime age adults that started college but never completed—and the more than 1/3 of North Carolinians who never started college—to enroll in and complete a postsecondary credential. Project Kitty Hawk is a key tool in the state's effort to do so.

Serving these students effectively is not simply a function of recruiting more of them into existing degree programs at our public universities. Most adult learners have constraints that limit the time they can dedicate to classes during normal business hours. Many have small children, for example, or care for elderly parents. Most work full-time jobs, often as the family breadwinner. These constraints also impact their ability to troubleshoot academic or technological problems, putting adult learners at higher risk of falling behind on coursework or stopping their degree pursuits altogether.

To serve an adult learner effectively, every part of the degree experience – including course beginning and end dates, technology support, office hours, and academic coaching – must be tailored to adult learners.

Student spotlight: Flight Path programs helping working adults soar

Nedra Hobbs remembers sitting down for her first day of classes at North Carolina Central University and feeling nervous. About to turn 60, she worried she wouldn't be able to keep up with the rigors of college.

But on that first day, her instructor told her something that put her mind at ease and gave her the confidence she needed – *'there's nothing wrong with being a lifelong learner.'*

"When she said that, I was just like, 'Wow,'" said Hobbs, who graduated in December with a Bachelor of Science in Nursing degree from North Carolina Central University. The youngest of 12 growing up, Hobbs is the first of her siblings to earn a college degree. "I'm a first-generation college student, and I never dreamed of having a BSN. Never."

Hobbs was part of the first cohort of students to graduate from degree programs powered by Project Kitty Hawk, an affiliated entity of the University of North Carolina System that builds pathways to North Carolina's public universities for working adults.

Adult learners—typically defined as students aged 25 and older—have unique needs that differ from those of traditional students. Many are balancing coursework with careers and family responsibilities, making flexibility essential. Additionally, a significant number previously started college but had to put their education on hold due to life's many demands.

Hobbs knows this experience firsthand. She dedicated her life to supporting her children's success, ensuring they had the opportunity to pursue their education—her daughters earned master's degrees. After years of sacrifice to help them achieve their dreams, they became her biggest supporters in return.
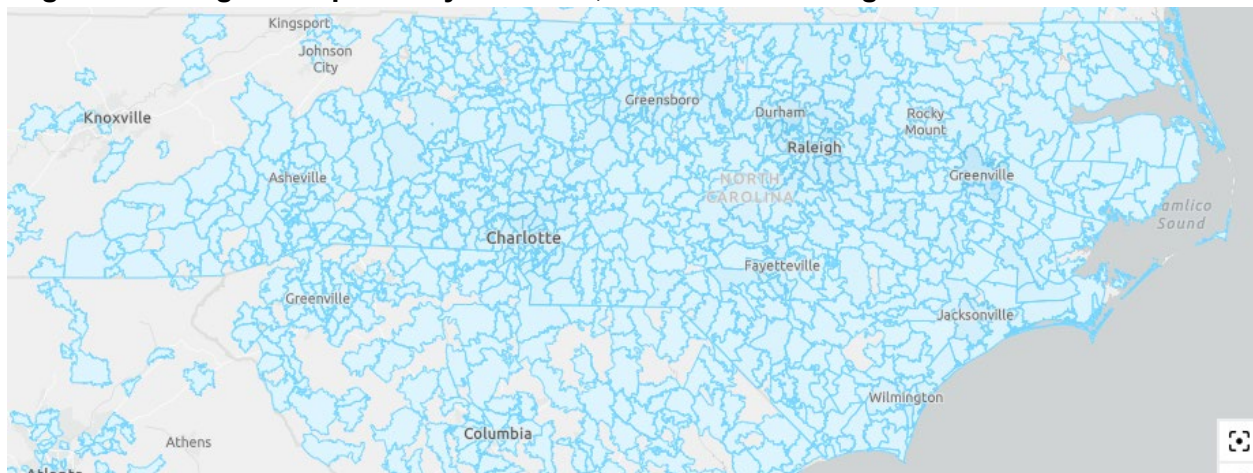
"They've always tried to encourage me, 'Mommy, go back.' But you know, I'll be 60 years old so I would say, 'Ah, I'm too old to be returning to school,'" she said. "But something told me I should go for it – why not?"

Programs designed for adult learners meet these learners where they are. New students can start at many different times throughout the year. An asynchronous learning environment allows students to engage with course material and faculty outside of regular working hours. Technology support staff are available early in the morning or late at night to troubleshoot software issues. Student success coaches – assigned to every learner in a Flight Path program – are familiar with typical challenges for the adult learner, like family obligations and job responsibilities. The coaches work with the student and the instructor to find resolution. And, of course, instructional material must be engaging and curated for a digital learning environment, not simply recycled from in-person classes and posted to a website.

For this reason, when choosing a university, adult learners usually give far more weight to whether a program can fit into their work and family schedules. They seek above all else a degree program they can finish while still being able to succeed at work and meet family commitments.

Project Kitty Hawk has begun to tap into this population on behalf of the UNC System in a meaningful way. Prior to the creation of Project Kitty Hawk, data indicated that tens of thousands of North Carolinians had been forced to look out of state for the kinds of flexible, online degree pathways that working adults need. Even before COVID drove growth in online learning, in 2019 about 63,000 North Carolinians who were enrolled exclusively online attended out-of-state universities, compared to 24,000 online students who attended UNC System institutions.
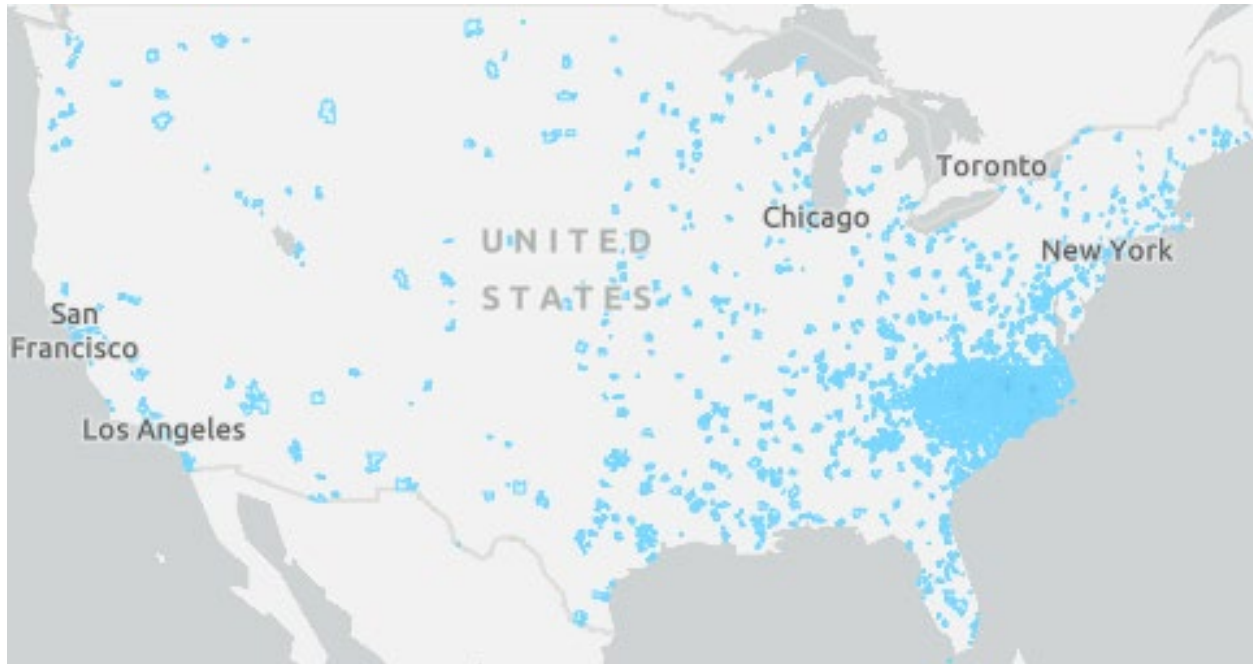
Flight Path Program Inquiries by ZIP Code, North Carolina Region

With the development and launch of the 14 bachelor's degree programs at North Carolina Central, East Carolina, and Appalachian State, North Carolina residents seeking a bachelor's degree now have competitive options in-state. Indeed, early results suggest a great deal of pent-up demand and strong brand equity across our three partners: since the start of the fiscal year, the number of applications received has outstripped projections by 23% (since inception, Flight Path programs have received 41% more applications than projected). Demand is coming

from across the state and, despite no direct investment in marketing out of state, university partners are seeing inquiries from across the country.

Flight Path Program Inquiries by ZIP Code, U.S.

We know one of the best predictors of economic mobility is a bachelor's degree. North Carolina adults that have not yet earned a bachelor's degree, and can't pursue traditional on-campus pathways, can now count on the state's public universities to provide a path to labor market opportunity and mobility. By helping adult learners discover, enroll in, and complete an affordable degree, the UNC System – through Project Kitty Hawk – empowers them to achieve career goals that can transform their lives.

Takeaway: Having a vehicle for UNC System institutions to serve adult learners yields benefits for the System, for employers, and for the state generally. Those benefits include the UNC System serving North Carolina adults; the state meeting its workforce development goals; and individuals meeting their career goals at a reasonable cost.

Project Kitty Hawk's last 12 months

Enrollment soars, graduations commence

Project Kitty Hawk helps UNC System institutions develop in-demand, workforce-aligned degree programs – called Flight Path programs – geared specifically toward working adults. Primarily focused on undergraduate degrees, Project Kitty Hawk provides a comprehensive suite of services that allow institutions to bring either existing or net-new programs to market through an online modality.

UNC System institutions are not mandated to work with Project Kitty Hawk. The organization approaches every relationship with a UNC System institution intentionally and ensures that all facets of the school – the faculty, staff and administration – have input in the course development and academic program approach.

Currently, Project Kitty Hawk collaborates with three universities to offer 14 degree programs designed specifically for working adults. Flight Path programs enrolled 923 students at the start of the first spring term (January 2025), up from the 52 reported to the committee last year. Importantly, this enrollment figure does not count students who will enroll in the Spring 2 term (starting early to mid-March 2025). Those term starts have not passed their respective add/drop dates, and therefore enrollment figures are not finalized in time for the publication of this report.
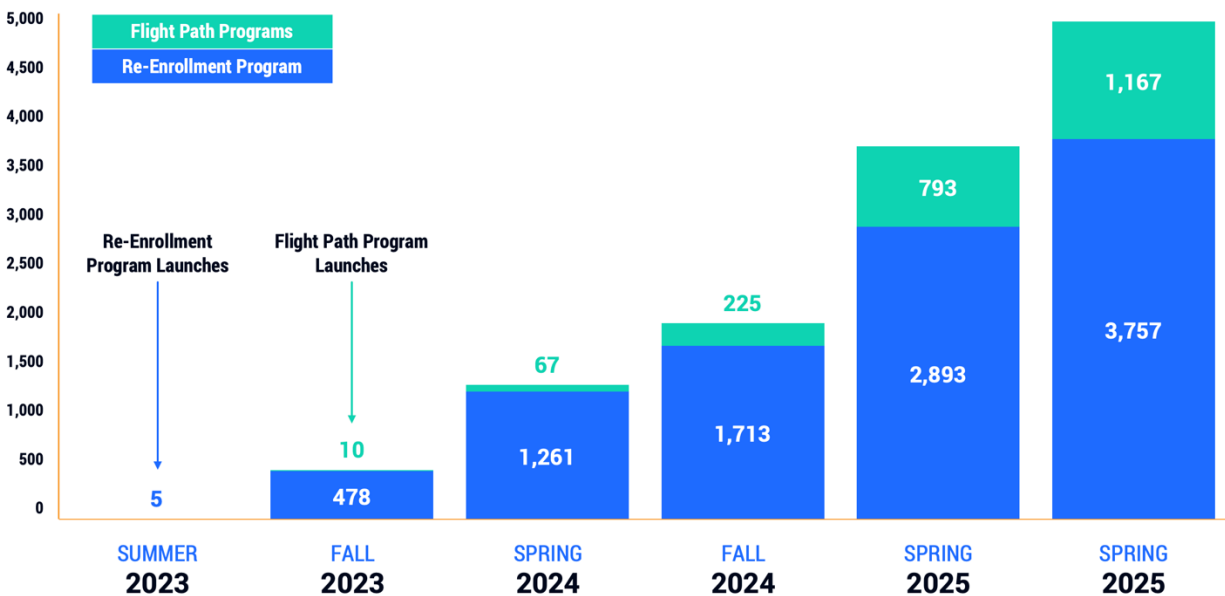
Additionally, the number of students brought back into the UNC System through the Re-Enrollment program has grown 62% since the last report, to 3,757 students. A chart at the end of this section shows the total number of students that have entered into a UNC System institution through one of Project Kitty Hawk's offerings since the inception of the Re-Enrollment Program in May 2023.

This past December, a group of seven students (one from East Carolina University and six from North Carolina Central University) became the first to graduate from a Flight Path program. Project Kitty Hawk expects additional graduations over the next year as Flight Path programs mature. These graduates, armed with the skills and knowledge that a college degree provides, will elevate the quality of North Carolina's workforce and fuel further expansion of our state's already strong economy.

With the start of Fiscal Year 2025, Project Kitty Hawk entered the fourth phase (Grow) of its five-phase plan: Plan, Build, Enter the Market, Grow, and Scale.

NOV '21 – SEPT '22 | OCT '22 – JULY '23 | AUG '23 – JUN '24 | JUL '24 – JUN '26 | JUN '26 – BEYOND

INVESTMENT   *EXECUTION*

WE ARE HERE: 4,900+ students served

One of the ways to measure Project Kitty Hawk's success is to measure growth in the number of new students that enroll in a Flight Path degree. Over the course of FY2024—the first year that Flight Path programs entered the market—225 total students started a Flight Path program. In just over half of FY25, that new student start number has grown 319% (943 total starts year to date). The figure below shows the total number of students served by Project Kitty Hawk (either started a Flight Path program or enrolled through the Re-enrollment Program, cumulatively) since Summer 2023 and each subsequent term thereafter.

Review of Flight Path programs

There are currently a total of 14 Flight Path programs educating students at three UNC System institutions. Below is a breakdown of each institution's Flight Path portfolio, along with some relevant information.

Flight Path program breakdown

Institution	Total number of Flight Path programs	Current enrollment	All-time new student starts	FY25 term persistence rate YTD	All-time tuition realized from Flight Path programs
NCCU	5	360	428	90%	$2,000,000
ECU	4	422	585	79%	$2,800,000
App State	5	141	155	81%	$465,000

North Carolina Central University

NCCU is home to the first-ever Flight Path program launched within the UNC System, a Bachelor of Science in Nursing program designed for Registered Nurses looking to advance their careers, commonly referred to as "RN to BSN." NCCU already offered this program online but had historically served a small group of students despite significant demand for the credential in the market.

Since that first program, four other Flight Path programs have launched at NCCU: BS Information Technology, BS Business Administration, BS Public Health Education, and BS Health Administration.

As NCCU continues to grow its online footprint, Project Kitty Hawk serves as its strategic partner to make its degree programs more accessible and visible to North Carolina's adult learner population. NCCU's expansion in digital learning has earned the university national accolades. In the latest *U.S. News & World Report* rankings of outstanding online degree programs, NCCU ranked among the top-five HBCUs in the nation for online bachelor's degrees, with its online Bachelor's in Business Administration (a Flight Path program) earning top spots in North Carolina and across the country.

East Carolina University

As was the case at NCCU, Project Kitty Hawk developed relationships with key administrators and departments at ECU to identify which programs could meet the needs of the institution and the workforce. Project Kitty Hawk worked closely with leaders, faculty, and staff to complete the steps necessary to develop and launch a Flight Path program, from designing eight-week courses to developing and deploying the applicant portal to optimizing financial aid for adult students.

ECU launched three Flight Path programs in February 2024: BA Psychology, BS Information & Cybersecurity Technology, and BS Multidisciplinary Studies: Security Studies. ECU launched a fourth program in June 2024: BS Criminal Justice.

Appalachian State University

App State launched two Flight Path programs – BS Health Care Management and BSBA Supply Chain Management – in August 2024. Three additional programs launched in January 2025: BSBA Accounting, BS Criminal Justice, and BS Organizational Leadership and Learning. In the 2025 *US News & World Report* rankings, Appalachian State jumped 24 spots and is now in the top 16% of U.S. colleges and universities for best online bachelor's programs.

Projected Cumulative Flight Path Students Served

	FY25	FY26	FY27	FY28	FY29
Projected Flight Path Students Served	1,673	4,638	10,099	18,252	28,550

Re-Enrollment Program brings 3,750 back to UNC System

The Project Kitty Hawk Re-Enrollment Program, a first-of-its-kind program aimed at bringing former students back into the UNC System to complete their bachelor's degree, has now brought over 3,750 students back into the 10 UNC System institutions participating in the program.

The Re-Enrollment Program contacts former students who started a degree at a UNC System institution but never finished. Re-enrollment counselors walk them through options of when and how they can resume their studies, including re-enrolling at their former university or finding another institution within the UNC System that fits their needs. Since the PKH Re-Enrollment Program began in May 2023, it has brought 3,757 students back into UNC System institutions. Importantly, some of the UNC System's smallest institutions are seeing the largest returns.

"Our partnership with PKH has proven to be invaluable for UNCP, greatly enhancing our efforts to re-engage students and support them as they return to achieve their goals," said Dr. Robin Cummings, chancellor of UNC Pembroke. "Whether they are simply re-enrolling to finish what they started or seeking new opportunities in life, it is incredibly rewarding to see the project's positive impact for so many individuals. As a school of access, UNCP is appreciative for the work this collaboration has initiated to remove barriers and ensure North Carolinians have every opportunity to pursue higher education."

A full breakdown of students who have been re-enrolled by institution is provided below:

Institution	Students re-enrolled	Estimated Revenue Generated
Appalachian State University	278	$1.7M
East Carolina University	570	$3.5M
Fayetteville State University	242	$1.5M
UNC Asheville	93	$0.6M
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Western Carolina University	713	$4.3M
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TOTAL	**3,757**	**$22.9M**

Projected revenues include tuition and appropriations associated with in-state student credit hours.

New CEO, refined vision

Dr. Andrew P. Kelly took over as president and CEO of Project Kitty Hawk in April 2024 on an interim basis and was named to the position permanently on Aug. 1, 2024. Before joining Project Kitty Hawk, Dr. Kelly was the Executive Vice President for Strategy and Policy at the UNC System Office where he oversaw the implementation of the system's strategic plan. Andrew has also served as a resident scholar in education policy studies and was the founding director of the Center on Higher Education Reform at the American Enterprise Institute.

Upon his appointment, Dr. Kelly reoriented the organization around a 'Triple Bottom Line' – i.e., three attributes Project Kitty Hawk must emulate to be a thriving organization. For Project Kitty Hawk to maximize the North Carolina General Assembly's investment, it must be:

1. a successful, self-supporting business (with satisfied customers);
2. a company that has made the highest and best use of state resources; and
3. an organization that changes the trajectory of the state's educational attainment.

As part of the organization's ongoing effort to achieve these three objectives, Project Kitty Hawk is now offering the services which together power Flight Path programs in an unbundled manner to System universities. Project Kitty Hawk has branded these offerings as Custom Education Services (CES), and the new product line enables UNC System institutions to tailor services to their specific needs and goals.

This strategy, which was developed in concert with the Project Kitty Hawk Board of Directors, will allow the organization to accelerate progress, working with more partner universities and serving more students than Flight Path programs alone.

The services offered under CES include the following:

Partnership Development – Builds strong, collaborative relationships with institutions, ensuring alignment and proactive solutions throughout the program lifecycle. A tailored approach ensures that every partnership is unique to the institution's goals and challenges.

Faculty Recruiting & Support – Assists institutions in recruiting, onboarding, and retaining qualified faculty, ensuring they are prepared to deliver high-quality online education. Ongoing professional development fosters engagement and continuous improvement.

Marketing & Brand Promotion – Elevates institutions' visibility and connects them with prospective students by creating compelling marketing assets and deploying targeted strategies across paid, owned, and earned channels. Focuses on generating qualified inquiries to ensure programs reach the right students effectively.

Program Design & Development – Collaborates with institutions to create and optimize online programs, ensuring alignment with market demand and maintaining rigorous academic standards. This includes designing accelerated course formats and innovative learning experiences.

New Student Recruitment & Admissions – Provides recruitment and admissions services that guide students from inquiry to enrollment. Through personalized outreach and communication, pipelines are managed to support their journey. Targeted strategies help institutions attract and engage students, ensuring a seamless transition into programs.

Data & Analytics – Delivers robust reporting and analytics through a technology platform, providing institutions with the insights needed to evaluate performance, make data-driven decisions, and continuously improve their programs.

Student Services & Support – Offers wrap-around support for nontraditional learners, addressing their unique challenges with services such as success coaching and problem-solving resources. This proactive approach increases persistence, retention, and graduation rates.

Online Growth Strategy – Conducts market research, enrollment modeling, and strategic planning to help institutions identify opportunities, optimize existing programs, and launch new, high-growth initiatives.

Finances

Becoming a self-supporting business

As of December 31, 2024, PKH has completed all draws from the NCPRO grant, and the remaining funds are encumbered for current and future obligations. PKH is on track to spend the remaining grant funds before Dec. 31, 2026, in accordance with the grant's parameters.

From inception to the current fiscal year to date, $16.8M has been spent on building the PKH digital platform. The platform is best thought of as an investment in critical infrastructure, only instead of a new building on campus that enables enrollment growth, the platform allows any UNC university to build, launch, and host online degree programs. As such, the cost of the platform will continue to amortize over increasing numbers of students served, driving the per-student cost of the platform down. The platform was built to scale and can accommodate multiple tenants and tens of thousands of students. Like a campus building, it is a lasting asset of the UNC System and the State of North Carolina.

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PKH is projected to accrue $20.4M in program revenues from inception and collect $2.7M in cash by fiscal year-end. PKH is in a strong financial position and on track to be a self-supporting business operating on revenue generated from Flight Path programs and Custom Education Services (CES) when the remainder of federal funds have been spent by the end of 2026.

To ensure the organization makes the highest and best use of state resources, Project Kitty Hawk has taken several steps to ensure sound fiscal stewardship. First, the organization's travel policy was significantly tightened to limit travel expenses, resulting in a 76% year-over-year decline in the travel budget from FY24 to FY25 YTD. Second, in June 2024 the UNC System Office and Project Kitty Hawk refreshed their operating agreement to enshrine key cost principles related to travel, entertainment, and other expenses. Last, the organization has reimbursed the System Office for expenses under prior leadership found to be inconsistent with these cost principles, reimbursing a total of $231,735 in non-state funds.

Revenue projections

Project Kitty Hawk's Flight Path programs operate on a fee-for-service model. Project Kitty Hawk and universities collaborate to identify high-demand degree programs and to forecast the resources required to launch, grow, and maintain the programs. For Flight Path programs, Project Kitty Hawk charges quarterly fees in arrears based on the services provided, which differ from program to program based on universities' needs. The Custom Education Services partnerships operate in a similar manner, with universities paying for individual educational services on a monthly basis.

Project Kitty Hawk Revenue, Expense, and Key Metrics (Actuals and Projections), FY24 to FY34

KEY METRICS	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
University Clients	2	3	3	3	3	3	3	3	3	3	3
Program Launches	9	5	6	9	5	–	–	–	–	–	–
Total Programs	9	14	20	29	34	34	34	34	34	34	34
New Student Starts	225	1,448	2,965	5,461	8,153	10,298	11,711	12,527	12,861	12,955	12,987
End-of-Year Enrollments	209	1,212	3,224	6,380	10,293	14,327	17,387	19,382	20,484	20,987	21,276
Credit Hours Completed	1.6k	23.6k	63.3k	135.8k	229.7k	327.4k	405.0k	457.3k	486.7k	500.1k	505.1k

PKH Statement of Activities Forecast											
Millions (Accrual Basis)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
Revenue											
Program Revenue	$5.8	$14.6	$21.4	$33.3	$43.8	$51.8	$57.4	$62.9	$65.9	$69.2	$71.0
NC GA SFRF Grant	$27.3	$24.7	–	–	–	–	–	–	–	–	–
Other Revenue	$1.5	$1.5	$0.4	$0.1	–	–	–	–	–	–	–
Gross Revenue	$34.6	$40.8	$21.7	$33.4	$43.8	$51.8	$57.4	$62.9	$65.9	$69.2	$71.0
Less PKH Grants to Institutions	($0.2)	($0.6)	($0.6)	($0.6)	($0.6)	($0.4)	($0.0)	–	–	–	–
Net Earned Revenue	**$34.4**	**$40.2**	**$21.1**	**$32.8**	**$43.2**	**$51.4**	**$57.4**	**$62.9**	**$65.9**	**$69.2**	**$71.0**
Expenses											
Program	$4.9	$12.1	$17.1	$25.7	$32.5	$36.8	$39.3	$42.3	$43.7	$45.9	$46.8
SG&A	$17.3	$17.0	$17.2	$16.6	$16.6	$17.3	$18.2	$19.1	$20.1	$21.1	$22.1
Total Expenses, Excl. Grants	**$22.2**	**$29.1**	**$34.3**	**$42.3**	**$49.0**	**$54.1**	**$57.5**	**$61.5**	**$63.8**	**$67.0**	**$69.0**
Net Income	**$12.2**	**$11.0**	**($13.2)**	**($9.5)**	**($5.8)**	**($2.7)**	**($0.1)**	**$1.4**	**$2.0**	**$2.3**	**$2.1**

PKH Cash Flow Forecast											
Millions (Cash Basis)	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY31	FY31	FY31
Beginning Cash Balance	$23.3	$25.7	$27.8	$13.6	$7.4	$3.8	$4.8	$3.5	$3.8	$5.2	$6.7
Total Revenues Collected	$28.8	$30.5	$18.3	$35.4	$45.3	$54.9	$56.2	$61.8	$65.2	$68.5	$70.6
Total Expenses (w/Restrictions)	($26.4)	($28.4)	($32.5)	($41.6)	($48.9)	($53.9)	($57.5)	($61.5)	($63.8)	($67.0)	($68.9)
Available Cash, End of Year	$25.7	$27.8	$13.6	$7.4	$3.8	$4.8	$3.5	$3.8	$5.2	$6.7	$8.4

Conclusion

Over the past 12 months, Project Kitty Hawk has accomplished the following in service of its legislative mandate:

- expanded student enrollment in Flight Path programs from 50 to over 900;

- brought an additional 3,750 students back into UNC System institutions through the Re-Enrollment Program;

- graduated the first cohort of students enrolled in Flight Path programs; and

- introduced Custom Education Services to the organization's suite of services it offers to UNC System institutions.

Three years after the organization hired its first employees, Project Kitty Hawk is making good on its promise to extend the reach of the UNC System by building more pathways to higher education for North Carolina working adults. To date, thousands of students' educational journeys have been shaped by Project Kitty Hawk's Flight Path programs and Re-Enrollment Program, and Custom Education Services partnerships will only accelerate the organization's impact on educational access and attainment in North Carolina.

The UNC System is confident in Project Kitty Hawk's potential and optimistic about the future of innovation and online learning in North Carolina. Project Kitty Hawk will enable partner universities in the UNC System to meet the higher education needs of North Carolina's adults at scale.