



THE JAMES G. MARTIN CENTER FOR ACADEMIC RENEWAL



POLICY BRIEF

Charting a Better Collegiate & Workforce Education Course: Lessons from North Carolina's Project Kitty Hawk & Public-Private Partnerships

by: Jenna A. Robinson

EXECUTIVE SUMMARY

This policy brief analyzes North Carolina's experience launching Project Kitty Hawk, a nonprofit project of the UNC System that works with North Carolina's public universities to "build pathways for adult learners to earn high-quality, workforce-aligned degrees and credentials from UNC System institutions."¹

Project Kitty Hawk's services mirror those provided by private online program managers. Its "Flight Path" programs include what PKH calls full-service delivery: "Comprehensive, end-to-end support in online program design, launch, and management – built specifically for adult learners, from first click to graduation." It also offers targeted services, which it describes as "Unbundled support in key service areas like marketing, admissions, instructional design, and student success."² Such services are often provided to universities via partnerships with private online program managers.

So far, Project Kitty Hawk's growth has been slower than anticipated. As of fall 2025, PKH has partnered with three universities to offer 14 programs. Since its inception, it has served roughly 5,100 students through its "Re-Enrollment" and "Flight Path" programs.³

There have been other road bumps along the way as well, including both regulatory and institutional barriers. The high start-up cost and the challenges that Project Kitty Hawk has faced highlight the limitations of government-run online education initiatives and underscore the benefits of public-private partnerships.

¹ University of North Carolina System. *Project Kitty Hawk*. Accessed November 7, 2025. <https://www.northcarolina.edu/project-kitty-hawk/>

² Project Kitty Hawk. *Project Kitty Hawk: Building Pathways for Adult Learners*. Accessed November 7, 2025. <https://projectkittyhawk.com/>

³ University of North Carolina System. *Project Kitty Hawk*. Accessed November 7, 2025. <https://www.northcarolina.edu/project-kitty-hawk/>

BACKGROUND

Project Kitty Hawk was established as a UNC System-affiliated nonprofit in November 2021 by the North Carolina legislature with \$97 million in COVID-19 relief funding. As a state-chartered, university-affiliated project, Project Kitty Hawk has adopted a novel approach, although it shares characteristics with several other models for online education. Other approaches, outlined in a 2022 PKH update, include building an online learning arm at an existing university (e.g., Arizona State Online), creating a new online university (e.g., CalBright), acquiring an existing online university (e.g., Purdue Global), developing a centralized portal (e.g., Cal State Online), developing a shared service at the System level (e.g., Missouri Online), and partnering with a private third party (e.g., UCLA).⁴ In practice, Project Kitty Hawk is an online program manager built with public funding.

Named after the location of the Wright Brothers' first flight, PKH's initial programs launched in October 2023. One year later, the UNC System reported that 558 students enrolled across 11 programs at three partner universities (North Carolina Central University, East Carolina University, and Appalachian State).⁵ Other universities in the UNC System have maintained their own approaches to online learning, adopted before the creation of Project Kitty Hawk.

In April 2024, in response to anticipated changes in federal higher education rules, Project Kitty Hawk significantly revised its business plan, moving from a revenue-sharing to a fee-for-service model. At the same time, it decreased its projections for both program offerings (from 100 to 56 by 2028) and enrollments (from 31,000 to 14,800 by 2028). In an update to the UNC Board of Governors in early 2024, then-CEO Wil Zemp explained that the new model reduced the "institutional pipeline" and necessarily "limited in how many institutions it can serve at once."⁶ UNCG interim vice chancellor for strategic communications Kimberly Osborne explained that the institution backed out of Project Kitty Hawk participation because the switch to a fee-for-service model would mean "a projected loss of additional revenue" and that it would take UNCG three years to break even under such a model.⁷

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4 University of North Carolina System. Meeting of the Board of Governors, Committee on Strategic Initiatives — Project Kitty Hawk Update, January 19, 2022. PDF. Accessed November 7, 2025. <https://www.northcarolina.edu/apps/bog/doc.php?code=bog&id=66506>

5 University of North Carolina System. "Over 550 Working Adults Enrolled in Project Kitty Hawk-Powered Programs Across UNC System." Press release, October 16 2024. Accessed November 7 2025. <https://www.northcarolina.edu/news/over-550-working-adults-enrolled-in-project-kitty-hawk-powered-programs-across-unc-system/>

6 University of North Carolina Asheville Faculty Senate. *BOG Program Planning Proposal and Other Slides*. February 28, 2024. PDF, 46 pages. Asheville, NC: University of North Carolina Asheville. Accessed December 8, 2025. <https://www3.unca.edu/facultysenate/2023-24/BOG%20Program%20planning%20proposal%20and%20other%20slides.pdf>

7 Kelley, Pam. "UNC's \$97 Million Online Education Gambit Hits Headwinds." *The Assembly*, April 1, 2024. Accessed December 8, 2025. <https://www.theassemblync.com/politics/unc-online-education/>

COST ANALYSIS

Project Kitty Hawk was built to serve the “1.5 million North Carolina adults over the age of 25 [with] ‘some college, no degree,’ 586,000 of whom were between the ages of 25 and 44.”⁸ And while Project Kitty Hawk’s tuition is comparable to that of many other online institutions, it fails to offer North Carolina’s adult learners a compelling financial case to choose its degree programs over those of its competitors.

Tuition (compared to online competitors)	
University	Tuition per credit hour (undergraduate)
Capella University	\$350 - \$415
Grand Canyon University	\$340 - \$485
Liberty University Online	\$390 (full time), \$455 (part-time)
Methodist University	\$445
Project Kitty Hawk	\$350 - \$400
Purdue Global	\$280 (in-state), \$371 (out-of-state)
Southern New Hampshire University	\$342
University of Maryland Global Campus	\$330 (in-state), \$499 (out-of-state)
UNC-Pembroke	\$108.21 (in-state), \$274.87 (out-of-state)
University of Phoenix	\$398

It has also proved costly to taxpayers. Although Project Kitty Hawk will not rely on recurring appropriations (or additional non-recurring money) from the North Carolina General Assembly going forward, the initial \$97 million investment was steep, particularly compared to the start-up costs involved in other approaches to online learning. For example, Purdue University nominally paid just \$1 to purchase Kaplan in 2018, while its actual expense for the purchase was reportedly \$20 million.⁹ Public-private partnerships, meanwhile, offer zero start-up costs. Universities pay only a share of operating revenue or a fee for the services as they are provided. From the beginning, there has been skepticism about such high start-up costs. In April of 2024, Faculty Assembly Chair Wade Maki told *The Assembly*, “faculty across the system wonder if this was the best use of \$97 million to support higher education in North Carolina.”

⁸ University of North Carolina System. Agenda, Meeting of the Board of Governors, Committee on Strategic Initiatives — Project Kitty Hawk Update, January 19, 2022. PDF. Accessed November 7, 2025. <https://www.northcarolina.edu/apps/bog/doc.php?code=bog&id=66506>

⁹ Seltzer, Rick. “Purdue’s Deal for Kaplan Packs Low Up-Front Costs, Long Terms and Boundary-Pushing Details.” Inside Higher Ed, May 3 2017. Accessed November 7 2025. <https://www.insidehighered.com/news/2017/05/04/purdue-s-deal-kaplan-packs-low-front-costs-long-terms-and-boundary-pushing-details>

Even so, that investment may have been underutilized. In November 2025, Project Kitty Hawk projected that despite its significant start-up costs, it will not have net positive income until FY 2031.¹⁰ All told, the taxpayer cost per student over 10 years is approximately \$1,000 per student per year, a significant expense.

Federal taxpayers have also contributed to the implementation of Project Kitty Hawk. In May, 2024, the UNC System received a \$7.8 million appropriation from Congress for “technical upgrades for University of North Carolina System campuses,” which will “enable UNC campuses to accelerate the utilization of the online learning platform built by Project Kitty Hawk.”¹¹

OPERATIONAL AND STRATEGIC CHALLENGES

Many operational and strategic challenges have made the creation of Project Kitty Hawk more difficult than anticipated. More could emerge in the future, especially as the Workforce Pell initiative increases student demand for online courses and various course types.

First among those challenges has been governance complexity. Under the enabling legislation, the Board of Governors appoints seven members to PKH’s Board of Directors, including chancellors or chief academic officers from constituent universities,¹² which embeds a mix of campus and system interests at the top level. While PKH is structurally tied to the UNC System, its status as an “affiliated nonprofit” introduces ambiguity in oversight, public records obligations, and accountability that has drawn scrutiny from board members over transparency and conflict of interest procedures.¹³

There have also been technology and infrastructure issues. According to a 2023 PKH progress report, the costs of building the technology platform alone were \$26 million over three years (in addition to \$6.4 million that had already been spent).¹⁴ To deliver on this vision, PKH contracted with multiple vendors: AWS for technology platform, Accenture for project management, Collegis for systems integration, and others (e.g. analytics, learning-tech support).¹⁵ Working with multiple technology vendors and connecting disparate software systems can create coordination problems. These kinds of setups often lead to delays, higher costs than expected, and systems that are more likely to break.

Building custom platforms is also more time-consuming and costly than using turnkey solutions available from existing online program managers. An early Project Kitty Hawk update to the UNC Board of Governors noted that partnering with a private third party to provide online education (as an alternative to building PKH from scratch) would “allow rapid entry into [the] online market because the OPM provides the upfront investment in program development, marketing, [and] recruitment in return for [a] share of tuition revenue.” And that such public-private partnerships constitute an “established business model.”¹⁶

10 University of North Carolina System. “Project Kitty Hawk: Progress Report to the North Carolina General Assembly, March 1, 2025.” PDF. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/94494>

11 University of North Carolina System. “UNC System Receives Federal Funding to Help Serve Adult Learners.” May 2, 2024. Accessed November 7, 2025. <https://www.northcarolina.edu/news/unc-system-receives-federal-funding-to-help-serve-adult-learners/>

12 University of North Carolina System. *“Meeting of the Board of Governors, Committee on University Governance, January 29, 2025 — Agenda & Minutes.”* Accessed November 7, 2025. <https://www.northcarolina.edu/apps/bog/doc.php?code=bog&id=68301>

13 Robinson, Jenna A. “Did You Know? Governors Question Transparency, Oversight of Project Kitty Hawk.” *James G. Martin Center for Academic Renewal*, February 17, 2022. Accessed November 7, 2025. <https://jamesgmartin.center/2022/02/did-you-know-governors-question-transparency-oversight-of-project-kitty-hawk>

14 University of North Carolina System. *Project Kitty Hawk: Progress Report to the North Carolina General Assembly, March 1, 2023.* PDF. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/75964>

15 *ibid*

16 University of North Carolina System. *Meeting of the Board of Governors, Committee on Strategic Initiatives — Project Kitty Hawk Update, January 19, 2022.* Accessed November 7, 2025. <https://www.northcarolina.edu/apps/bog/doc.php?code=bog&id=66506>

Finally, Project Kitty Hawk's proposed business model was upended when, in 2023, the Biden administration considered changes to the 2011 regulatory framework permitting revenue sharing: a Dear Colleague Letter promulgated by the Department of Education under then-President Barack Obama. Following significant criticism from colleges and the broader higher education sector, the Department never actioned any changes. But the damage to PKH was done. Project Kitty Hawk switched to a fee-for-service model in spring 2024 that significantly decreased projections for enrollment, revenue, and program launches. In the end, the Education Department released additive guidance in January 2025, confirming that current statutes permit universities to enter into revenue share agreements with third parties, but Project Kitty Hawk had already invested significant resources in the development of its fee-for-service model.

OUTCOMES AND EVALUATION

In 2022, Project Kitty Hawk made grand projections, promising, "By our third year in market (FY26, ending June 30, 2026), Kitty Hawk will expand the UNC System's capacity for digital enrollments by 50%, to 37,000 students. By our fifth year in market (FY28), Kitty Hawk will increase the System's current capacity by 115%, to 54,000 students." It downsized those projections in 2024, projecting 14,800 students by 2028. It revised them again in spring 2025, now projecting 10,293 students in 2028.

Actual enrollments as of this year also miss the mark, as shown in Table 2.

FY 2025 Enrollment (Projected vs. Actual)			
	Projected (09/02/2022) ¹⁷	Projected (03/01/2024) ¹⁸	Actual (03/01/2025) ¹⁹
New Student Starts	8,300	2,100	1,479
Average Annual Headcount	5,900	1,800	Unavailable*

* Data from PKH show enrollment at 1,212 as of 03/01/2025

Program creation is also lagging behind initial and revised projections, as shown in Table 3. According to 2025 projections, the number of total programs may never reach the originally projected 40. Now, the total number of programs is projected to reach 20 in FY2026, 29 in FY2027, and 34 in FY2028. They are projected to stay at least until FY2034,²⁰ although a newly announced partnership with North Carolina A&T State University may increase those numbers slightly.²¹

17 University of North Carolina System. *Project Kitty Hawk: Progress Report to the North Carolina General Assembly*. September 2, 2022. PDF. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/71565>

18 University of North Carolina System. *Project Kitty Hawk: Progress Report to the North Carolina General Assembly*. [Document No. 84743]. PDF. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/84743>

19 University of North Carolina System. *Project Kitty Hawk: Progress Report to the North Carolina General Assembly*. March 1, 2025. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/94494>

20 *ibid*

21 North Carolina Agricultural and Technical State University. "Project Kitty Hawk to Power Seven A&T Degree Programs." August 12, 2025. Accessed November 7, 2025. <https://www.ncat.edu/news/2025/08/project-kitty-hawk.php>

Programs Launches and Revenues FY2025 (Projected vs. Actual)			
	Projected (09/02/2022) ²²	Projected (03/01/2024) ²³	Actual (03/01/2025) ²⁴
Total Programs	40	18	14
Program Revenue	\$26.2m	\$19.8m	\$14.6m

These latest figures illustrate the difficulty of building a competitive, scalable online education platform from scratch. Even this level of progress would have been impossible without the large one-time infusion of cash in the form of Covid-219 relief funding. By comparison, Purdue Global now operates 112 programs—just six years after acquiring Kaplan University.

THE CASE FOR PUBLIC-PRIVATE PARTNERSHIPS

Partnering with private providers for online education support offers significant advantages to universities, the most significant of which is low or zero start-up costs.

Private partnerships can take two forms, both of which offer significant benefits to college and university clients. Revenue-sharing offers universities a turn-key bundle of services where student tuition is shared between the school and the vendor developing the program. (This arrangement is permitted, at this time, by the sub-regulatory guidance of the 2011 Dear Colleague Letter, and has been expressly permitted since at least 2002.) Fee-for-service relationships allow increased flexibility, but higher up-front university costs. Either way, university clients are able to increase their online course offerings efficiently and without large financial outlays.

Private online-learning partners have a proven track record of supporting universities with student acquisition, retention support, technology deployment, and curriculum innovation. After over 20 years of practice and experience, market stability would be cemented by codifying the 2011 DCL, so universities have the certainty to deploy this model.

Outcomes measurements demonstrate the success of public-private partnerships. New data from an Ipsos survey of graduates of degree programs supported by Risepoint, an education technology company that works with more than 100 colleges and universities, suggests that student outcomes are also competitive. “Recent graduates of Risepoint-supported programs averaged low total tuition (\$19,800), significant salary increases one year after graduation (+19 percent), and a short tuition payback period of 18 months,”²⁵ according to the news release.

Recent data from the Cengage Work program reveal high completion rates and customer satisfaction. According to a 2023 report, 83 percent of Cengage Work learners completed their courses, 85 percent reported “high satisfaction,” and 90 percent of learners who sat for certification exams passed and earned an industry-recognized credential. A central

22 University of North Carolina System. *Project Kitty Hawk: Progress Report to the North Carolina General Assembly* (Document No. 71565). PDF. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/71565>

23 University of North Carolina System. *Project Kitty Hawk: Progress Report to the North Carolina General Assembly*. [Document No. 84743]. PDF. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/84743>

24 Web Services of the North Carolina Legislative Library. *Report to the North Carolina General Assembly*, Document No. 9449. Accessed November 7, 2025. <https://webservices.ncleg.gov/ViewDocSiteFile/9449>

25 Risepoint. “Graduates Report Strong ROI Through Risepoint-Supported Programs.” *PR Newswire*, October 7, 2025. Accessed November 7, 2025. <https://www.prnewswire.com/news-releases/graduates-report-strong-roi-through-risepoint-supported-programs-302576720.html>

component of Cengage Work is ed2go, which “partners with colleges and universities to offer online certificate training courses in career-focused disciplines.”²⁶

Such public-private partnerships also offer significant advantages in speed, scalability, and flexibility.. Private education technology providers allow universities to offer high-ROI, workforce-focused online degree programs without assuming the expense and risk involved in building out internal functional capabilities. They also offer the advantage of customizable services without permanent bureaucratic expansion.

There are myriad examples of successful partnerships between public universities and online program managers in North Carolina alone. The Martin Center reported in 2024 on popular online programs provided by 2U, ed2go, and Esports Integration at UNC-Chapel Hill, UNC Greensboro, NC Central University, Winston-Salem State University, and East Carolina University.²⁷ Central Carolina Community College touts its “affordable, flexible and convenient instructor-led classes” provided by ed2go.²⁸

Another example is Southeastern Oklahoma State University, which began offering Risepoint-supported courses in 2015 and has now expanded to offer “75 online graduate, undergraduate, and certificate programs.”²⁹ This scalability is hard to replicate without a partnership with private vendors.

Going forward, Workforce Pell, enacted in the July 2025 federal budget reconciliation, presents new opportunities for colleges to provide short, high-ROI, workforce-aligned programs. Workforce Pell’s success is dependent on a close working relationship between the private and higher education sectors; public-private partnerships can help maximize Workforce Pell funding, since it is dedicated to student tuition only. No funding is available for program creation. Given many colleges’ financial constraints, a low- or zero-start-up cost option is necessary to quickly deliver new, scalable workforce programs. Public-private partnerships are the best way for colleges to support learners accessing this funding.

CONCLUSION

Other states should learn from the challenges that PKH has faced as they decide how best to offer online courses to their undergraduate, graduate, and certificate students: building a state-chartered, university-affiliated OPM comes with myriad complications, delays, and challenges.

Workforce Pell’s success is dependent on a close working relationship between the private and higher education sectors; public-private partnerships can help maximize Workforce Pell funding, since it is dedicated to student tuition only.

26 Cengage Work. *Outcomes Matter: A Review of Learner Results in Cengage Work Education and Training Programs*, 2023. Boston: Cengage Work, 2023. Accessed December 8, 2025. <https://www.cengagework.com/static/Cengage%20Work%20Learner%20Outcomes%20Report%202023-c7347c4b0d349d37479758de19511598.pdf>

27 Robinson, Jenna A., and Adam Kissel. “Online-Learning Partners Can Help North Carolina Students.” *James G. Martin Center for Academic Renewal*, July 22 2024. Accessed November 7, 2025. <https://jamesgmartin.center/2024/07/online-learning-partners-can-help-north-carolina-students/>

28 Craven Community College. “Online Continuing Education Courses.” Accessed November 7, 2025. <https://www.cccc.edu/programs/online-programs/online-continuing-education-c,university-affiliatedcourses>

29 Risepoint. *Impact Report 2024*. February 2025. Accessed November 7, 2025. <https://risepoint.com/download/?file=2025%2F02%2FImpact-Report-2024.pdf>

Public policy solutions can also improve online education opportunities for public college and university students:

Key Recommendations

- States should permit or encourage public university campuses to contract with experienced private partners for online course support.
- State governments and college boards should play a role in helping to support and steer institutions on Workforce Pell implementation.
- Congress should codify the 2011 “bundled services” guidance³⁰ into law.
- Colleges and universities should ensure quick, agile implementation of Workforce Pell through private partnerships. Private partnerships will be especially valuable at under-resourced community colleges.
- Regulators should ensure that public-private partnerships are subject to existing governance and transparency policies, while allowing the market to operate freely.
- Public university and community college systems should focus state efforts on oversight and quality assurance, not direct competition with the private sector.

About the author

Jenna Robinson is president of the James G. Martin Center for Academic Renewal. She joined the Martin Center in January 2007 as campus outreach coordinator and later became the center’s director of outreach. She was previously the E.A. Morris Fellowship assistant at the John Locke Foundation, where she had worked since 2001.

Robinson serves on the board of the Alumni Free Speech Alliance, the UNC Alumni Free Speech Alliance, the steering committee of the Raleigh Harwood Salon, and as a member of the Board of Visitors at UNC-Chapel Hill.

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About the Martin Center

The James G. Martin Center for Academic Renewal is a private nonprofit institute dedicated to improving higher education policy. Our mission is to renew and fulfill the promise of higher education in North Carolina and across the country.

We advocate responsible governance, viewpoint diversity, academic quality, cost-effective education solutions, and innovative market-based reform. We do that by studying and reporting on critical issues in higher education and recommending policies that can create change—especially at the state and local level.

³⁰ U.S. Department of Education. “Dear Colleague Letter GEN-11-05: Subject: Implementation of Program Integrity Regulations.” March 17, 2011. Accessed November 7, 2025. <https://fsapartners.ed.gov/knowledge-center/library/dear-colleague-letters/2011-03-17/gen-11-05-subject-implementation-program-integrity-regulations>