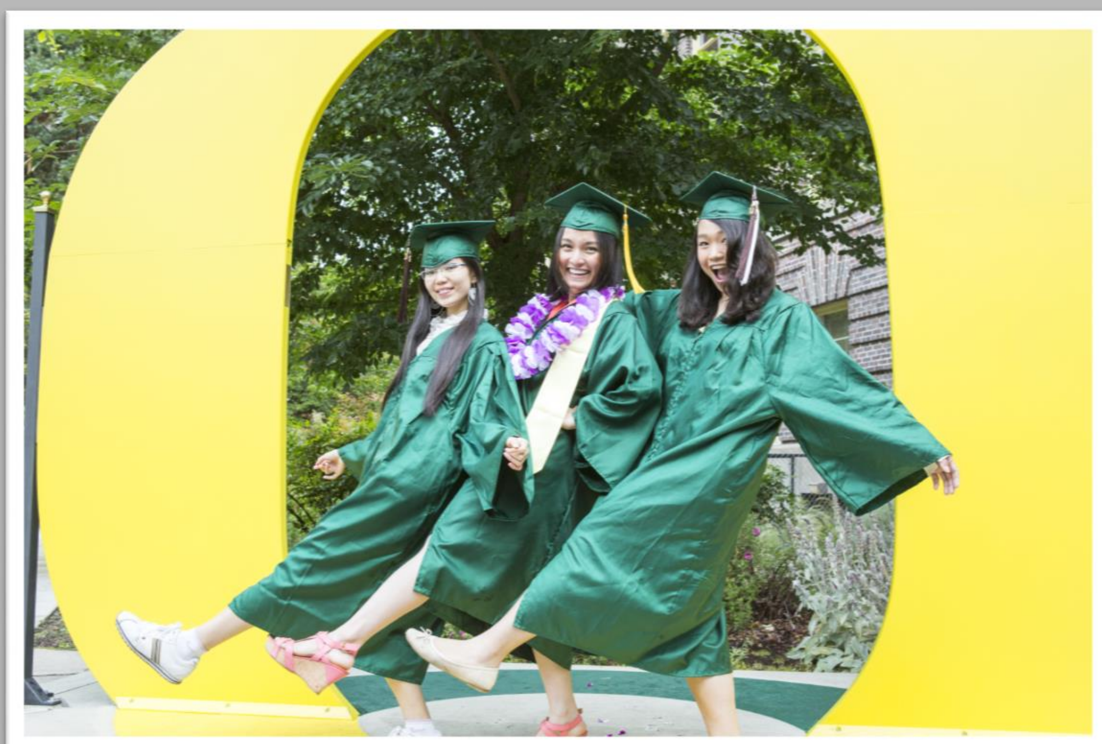
HIGHER EDUCATION COORDINATING COMMISSION

2015 UNIVERSITY EVALUATION: University of Oregon



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INTRODUCTION

This report and evaluation is guided by Oregon Revised Statute 352.061, which requires that the Higher Education Coordinating Commission (HECC) conduct an annual evaluation of the public universities in the state. It relies on a combination of accreditation reports, self-assessment conducted by the universities on criteria jointly developed with the HECC, and state and federal data. This is the first year of this annual process and as such this report is a descriptive benchmark aligned with the HECC Strategic Plan. As a benchmark document, it is light in the way of evaluative judgement. It does, however, signal areas of key interest to the HECC that support the objectives of the State of Oregon: student success as measured by degree completion; access and affordability as measured by equity across socioeconomic, racial/ethnic and regional (urban/rural) groups; academic quality and research; financial sustainability; and continued collaboration across universities in support of the State's mission for higher education. Additionally, the report describes how the university's Board of Trustees has operated since its formation in 2013-14. The form and content of subsequent annual evaluations will be guided by feedback from legislators, the public, and the universities about how to improve the usefulness of this process and product.

LEGISLATIVE MANDATE (SB 270)

Passed by the Oregon legislature in 2013, Senate Bill 270 (SB 270) (2013) established individual governing boards at the University of Oregon and Portland State University. It also established a time frame for Oregon State University to establish an individual governing board which it subsequently did. In addition, the bill required the Higher Education Coordinating Commission (HECC) to conduct an evaluation of the universities. The stipulations required by the bill are codified in Oregon Revised Statute (ORS 352.061).

ORS 352.061(2) stipulates that the HECC's evaluations of universities must include:

- A report on the university's achievement of outcomes, measures of progress, goals and targets as described in the university's achievement compact with the Oregon Education Investment Board;
- An assessment of the university's progress toward achieving the mission of all education beyond high school as described in ORS 351.009 (the 40-40-20 goal); and
- An assessment as to how well the establishment of a governing board at the university comports with the findings set forth in ORS 352.025.

ORS 352.061(2)(c) also requires that the HECC assess university governing boards against the findings set forth in ORS 352.025, including that governing boards:

- Provide transparency, public accountability and support for the university.
- Are close to and closely focused on the individual university.
- Do not negatively impact public universities that do not have governing boards.
- Lead to greater access and affordability for Oregon residents and do not disadvantage Oregon students relative to out-of-state students.
- Act in the best interests of both the university and the State of Oregon as a whole.
- Promote the academic success of students in support of the mission of all education beyond high school as described in ORS 351.009 (the 40-40-20 goal).

In addition, the statute notes four additional Legislative findings:

- Even with universities with governing boards, there are economy-of-scale benefits to having a coordinated university system.
- Even with universities with governing boards, shared services may continue to be shared among universities.
- Legal title to all real property, whether acquired before or after the creation of a governing board, through state funding, revenue bonds or philanthropy, shall be taken and held in the name of the State of Oregon, acting by and through the governing board.
- The Legislative Assembly has a responsibility to monitor the success of governing boards at fulfilling their missions, their compacts and the principles stated in this section.

EVALUATION PROCESS

In an effort to approach the evaluation in a collaborative manner, the HECC formed a work group comprised of university provosts, inter-institutional faculty senate, Oregon Education Investment Board (now known as the Chief Education Office) staff, HECC staff, HECC Commissioner Kirby Dyess, and other university faculty and staff. The workgroup began meeting in February 2015 with a focus on understanding the purpose and scope of the evaluation as defined in statutes, the structure of the evaluation, and the process for the evaluation. As a result of these conversations, an evaluation framework was developed as a tool to assist in the evaluation process. There are other ways in which universities are evaluated, the most important of which is accreditation. This report is focused on the legislative charge, not a comprehensive evaluation. It reflects the narrower scope of legislative issues of interest, incorporating findings from accreditation studies where there is overlap.

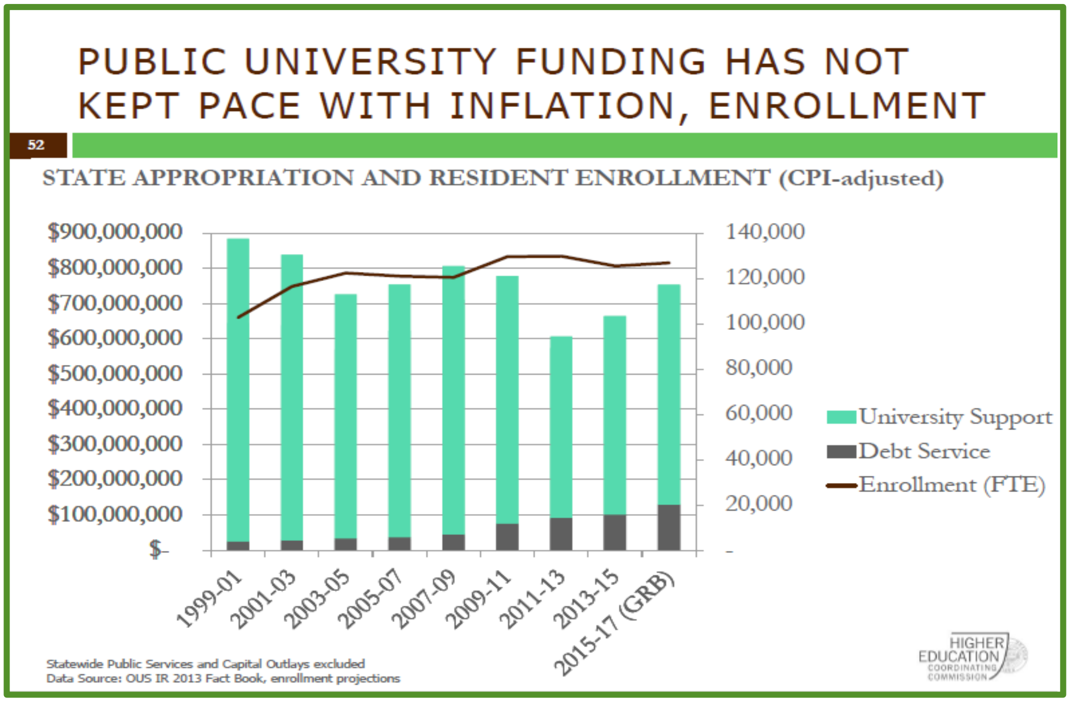
During its development, the framework was shared with various groups such as university presidents, university faculty senates and others to seek feedback and input on the framework. The framework was revised based on input and suggestions and three categories were identified as organizers. These included institutional focus areas, governance structure focus areas, and academic quality. Each category contained key metrics and performance measures of academic quality that were aligned with the newly-adopted student success and completion model indicators. After final review and consideration of stakeholder feedback, the HECC adopted the framework on September 10, 2015.

STATEWIDE CONTEXT

Funding History

Over the past several biennia, state funding for public universities has not kept pace with enrollment or inflation. While recent investments have moved the needle in the right direction, additional funding is necessary to support institutions as they work to increase the graduation and completion rates for a growing diverse population.

Figure 1: Public University Funding



Governance Changes

Senate Bill 270 outlines the benefits that are to be achieved from having public universities with governing boards that are transparent, closely aligned with the university's mission and that "act in the best interest of both the university and state of Oregon as a whole." In addition, the Legislature found that there are benefits to having economies of scale, and as such, universities were granted the ability to continue participation in shared service models. It is important to note that all public universities are required to participate in group health insurance, a select set of group retirement plans, and collective bargaining through July 1, 2019 per ORS 352.129.

Local Conditions and Mission

The University of Oregon is the flagship campus and one of the three largest public universities in Oregon. ORS 351.047 and 351.735 require the HECC to review and approve public university mission statements. During its June 11, 2015 meeting the HECC reviewed and approved the University's mission statement. The mission, vision, purpose and values of UO are reproduced here:

Mission: The University of Oregon is a comprehensive public research university committed to exceptional teaching, discovery, and service. We work at a human scale to generate big ideas. As a community of scholars, we help individuals question critically, think logically, reason effectively, communicate clearly, act creatively, and live ethically.

Purpose: We strive for excellence in teaching, research, artistic expression, and the generation, dissemination, preservation, and application of knowledge. We are devoted to educating the whole person, and to fostering the next generation of transformational leaders and informed participants in the global community. Through these pursuits, we enhance the social, cultural, physical, and economic wellbeing of our students, Oregon, the nation, and the world.

Vision: We aspire to be a preeminent and innovative public research university encompassing the humanities and arts, the natural and social sciences, and the professions. We seek to enrich the human condition through collaboration, teaching, mentoring, scholarship, experiential learning, creative inquiry, scientific discovery, outreach, and public service.

Values: We value the passions, aspirations, individuality, and success of the students, faculty, and staff who work and learn here. We value academic freedom, creative expression, and intellectual discourse. We value our diversity and seek to foster equity and inclusion in a welcoming, safe, and respectful community. We value the unique geography, history and culture of Oregon that shapes our identity and spirit. We value our shared charge to steward resources sustainably and responsibly.

OVERALL EVALUATION

This report focuses on the topics identified by the Legislature and is not intended to be a comprehensive evaluation of University of Oregon. A more comprehensive assessment and review of academic and institutional quality is available from the Northwest Commission on Colleges and Universities (NWCCU) which accredits UO and other universities in Oregon. Accreditation of an institution of higher education by the NWCCU indicates that it meets or exceeds criteria for the assessment of institutional quality evaluated through a peer review process. An accredited college or university is one which has available the necessary resources to achieve its stated purposes through appropriate educational programs, is substantially doing so, and gives reasonable evidence that it will continue to do so in the foreseeable future. Institutional integrity is also addressed through accreditation. This section draws on some relevant parts of NWCCU reports, supplemented with information on economic and community impact. Other components of NWCCU reports are incorporated elsewhere as appropriate.

The University of Oregon was last accredited in 2013 and is on track with the 7-year accreditation cycle with NWCCU. Evaluative materials for UO are available at http://accreditation.uoregon.edu/documents-reports/current. A copy of the reaffirmation letter with NWCCU recommendations is posted at http://accreditation.uoregon.edu/sites/accreditation.uoregon.edu/files/20130712letterfromNWCCU.pdf. UO also has individual programs in the university's professional schools and colleges are accredited by the following organizations:

- Accrediting Council on Education in Journalism and Mass Communications
- American Assembly of Collegiate Schools of Business
- American Association of Museums
- American Bar Association
- American Chemical Society
- American Psychological Association
- American Society of Landscape Architects
- American Speech-Language-Hearing Association
- Commission on Accreditation for Marriage and Family Therapy Education
- Commission on English Language Program Accreditation
- Council for Exceptional Children
- Foundation for Interior Design Education Research
- National Architectural Accrediting Board
- National Association of School Psychologists
- National Association of Schools of Music
- National Association of Schools of Public Affairs and Administration
- National Athletic Trainers Association
- Planning Accreditation Board
- Teacher Standards and Practices Commission

The 2013 NWCCU Year 3 (Resources and Capacity) evaluation resulted in affirmation of accreditation. The evaluation committee recommended the University of Oregon:

1. Clarify its objectives and related indicators of achievement to ensure that they are measurable, assessable, and verifiable in order to facilitate collection of relevant information for the Year 7 Evaluation;
2. Intensify and focus its efforts to identify and publish expected course, general education, program, and degree learning outcomes; and
3. Give high priority to developing and implementing the proposed new assessment strategy, with appropriate commitment of leadership and resources, and that faculty with teaching responsibilities be integrally involved at every state.

The University of Oregon remains a significant force in the Oregon economy. The following information relies on an economic impact assessment originally produced in June 2014 (updated in January 2015) by UO economics professor Timothy Duy. The estimated economic impact of the University of Oregon increased 33.8% to $1.3 billion in the 2013-14 fiscal year. The estimated economic footprint increased 16.6% to $2.3 billion.[1]

Three factors primarily account for the increased economic impact. First, direct spending on the part of the University rose 6.4% to $736 million. Second, the percentage of out-of-state students rose to 47.8% from 45.2%. Recall that the primary economic impact is derived from out-of-state demand for the University's product (higher education). Higher demand from out-of-state sources yields greater economic impact because it represents new activity in the state or Oregon rather than simply a shifting of activity within the state. Finally, construction spending rose sharply to $151.8 million compared to $44.9 million the previous year.[2] Spending by the University of Oregon and its students and visitors drives an additional $440 million of household earnings and 13,420 jobs in the state (economic impact). Overall, the University of Oregon effects $790.1 million of household earnings and 24,597 jobs in the state (economic footprint). Assuming an average tax rate of 5.4%, the household earnings of $790.1 million was associated with $42.7 million of tax revenue for the state. University of Oregon employees had $21.6 million of state income tax withheld during the fiscal year.[3]

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[1] Duy 2015. P. 26
[2] Ibid. p.27
[3] Ibid. p.27

STUDENT ACCESS AND SUCCESS

Nationally there has been a general decline in enrollments. There is a similar pattern in Oregon with some variation across institutions, and particularly with the enrollments and completion rates of low income, minority and rural students. This report serves as a baseline for tracking future trends in enrollment and completion outcomes as the University of Oregon engages its Board of Trustees.

In fall 2014 the University of Oregon had an overall student headcount of 24,181 with over 90% attending full time. A little over half (51.7%) of all students were residents of the state.

Figure 2: UO Student Enrollment by Full Time/Part Time Status, Fall 2014

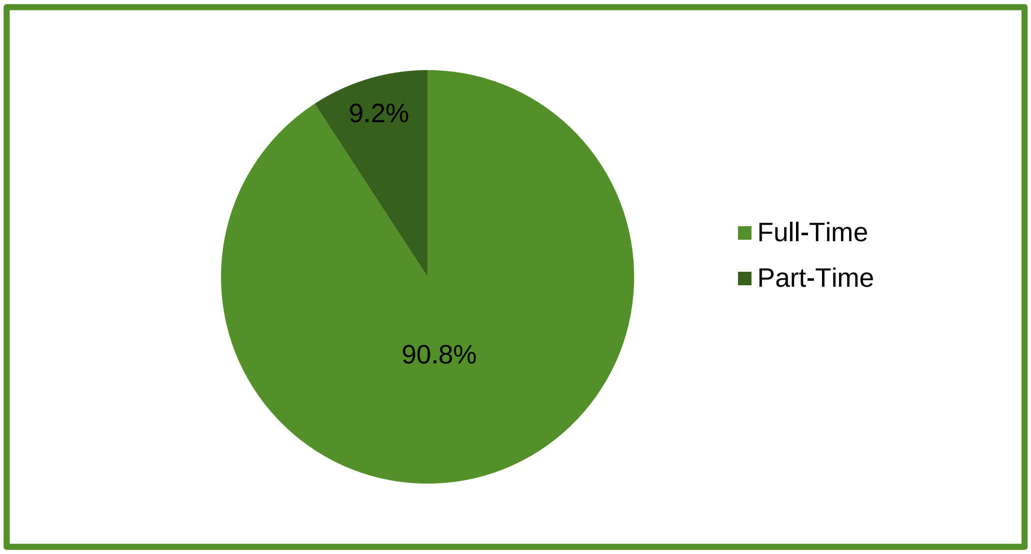
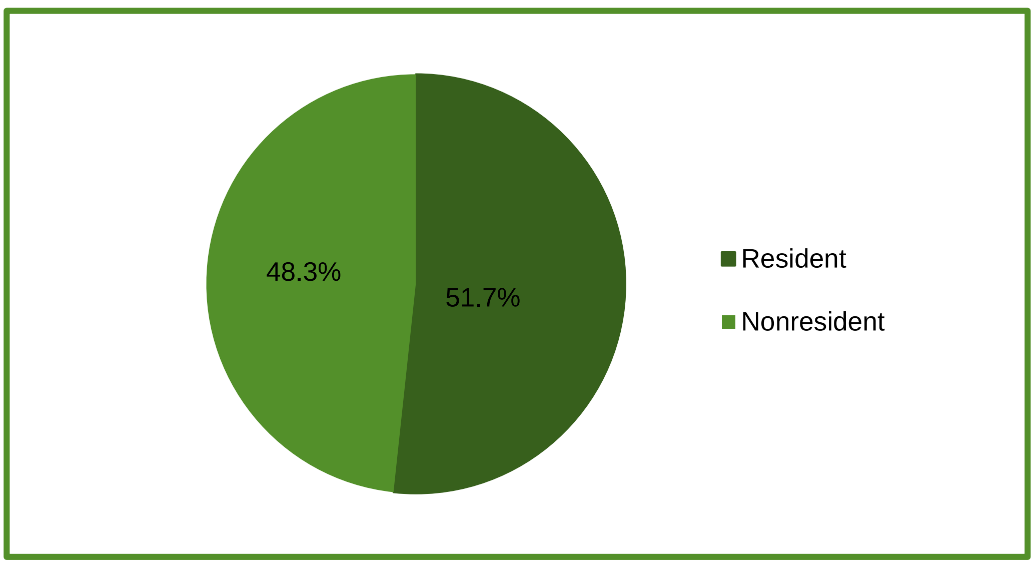


Figure 3: UO Student Enrollment by Residency, 2014



UO students come from diverse backgrounds. Of the 24,181 attending the University, 3,513 (16.8%) were from underrepresented minority populations. In addition, a little over one fifth (21.3%) are Pell Grant recipients.

The student populations do not perform and graduate at similar rates. Pell Grant recipients and underrepresented minorities in particular, graduate at rates that are 5-13 percentage points less than the rates for the overall student population. The graduation rate for UO First Time Freshmen who entered in the fall term of 2008 is as follows:

Table 1: UO Four-Year Graduate Rate

Four-Year Graduation Rate:	Percent (%)
All Students	46.3
Underrepresented Minorities	33.4
Pell Grant Recipients	41
Students retained at 4 years	26.8

Table 2: Six-Year Graduate Rate

Six-Year Graduation Rate:	Percent (%)
All Students	71.5
Underrepresented Minorities	64.9
Pell Grant Recipients	67
Students retained at 6 years	2.9

In fall 2105, UO enrolled 177 more newly-admitted undergraduates than it had the previous year. Those gains were the result of increasing the number of newly-admitted resident undergraduates by 46 students (1.7%), and increasing newly admitted non-resident undergraduates by 131 students (5.0%). Despite growing the size of its newly-admitted undergraduate class in 2015, and continuing to grow non-resident enrollment at all levels, UO's overall enrollment declined by 0.2% between 2014 and 2015.

While single-year enrollment changes do not constitute a trend on their own, they are generally consistent with longer-term enrollment patterns at UO. Over the last decade, UO's total enrollment has grown by more than 18% (from 20,388 in 2006 to 24,125 in 2015), although that growth peaked in 2012 and has been basically flat since. Moreover, UO's enrollment growth has been concentrated amongst its non-resident population, which increased 87.3% from 2006 to 2015 while resident enrollment declined by 12.9% over the same time period.

University of Oregon enrolled 319 more underrepresented students in 2015 than it did in 2014. Of these 225 were of Hispanic origin and 42 were of Asian descent. Sixteen fewer American Indian or Alaskan Native students and 11 fewer African American students were admitted.

Table 3: UO Headcount Enrollment by Ethnicity, Fall 2014 and Fall 2015

Race/ Ethnicity	Fall 2014	Fall 2015	Change Fall 2014 to Fall 2015
Non-Resident Alien	3,251	3,412	161
American Indian/ Alaska Native	162	146	(16)
Asian	1,282	1,324	42
Black (Non-Hispanic)	483	472	(11)
Hispanic	2,034	2,259	225
Pacific Islander	99	106	7
Two or more races	1,330	1,402	72
White (Non-Hispanic)	15,101	14,612	(489)
Unknown	439	392	(47)

Table 4: UO Resident Student Completions by Award Type

	Certificate	Bachelor's	Master's	Doctoral	Professional
2013-14	207	2,864	336	32	77
2014-15	249	2,733	376	47	47

Figure 6: UO Resident Student Completions by Award Type

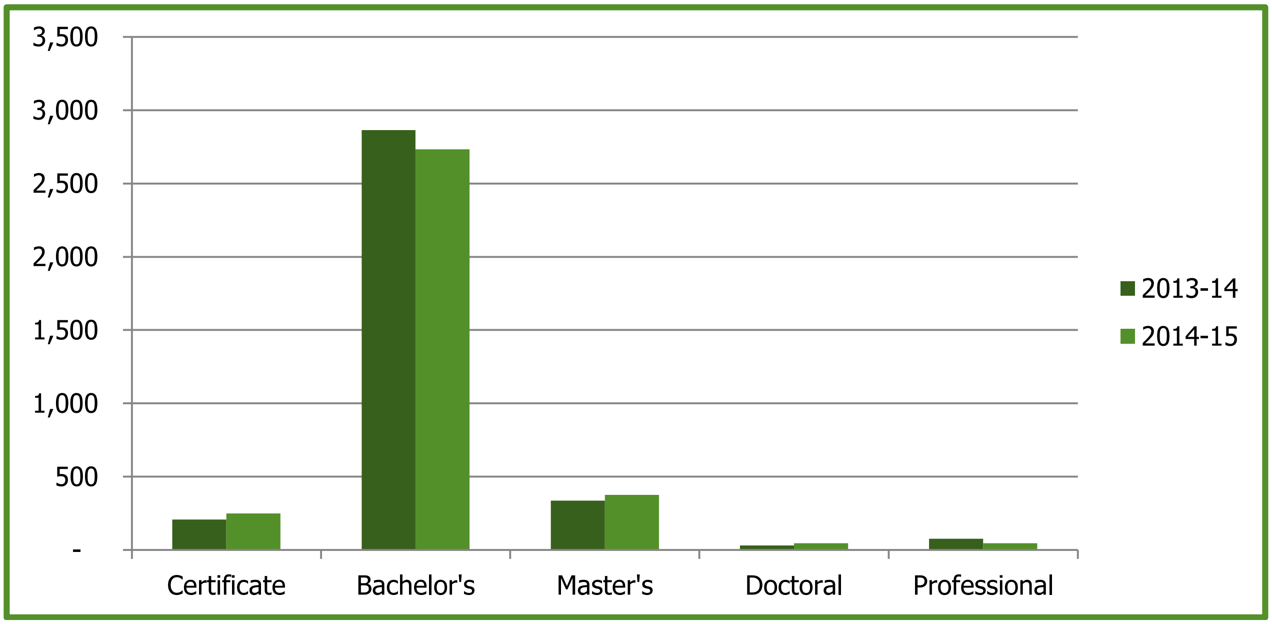
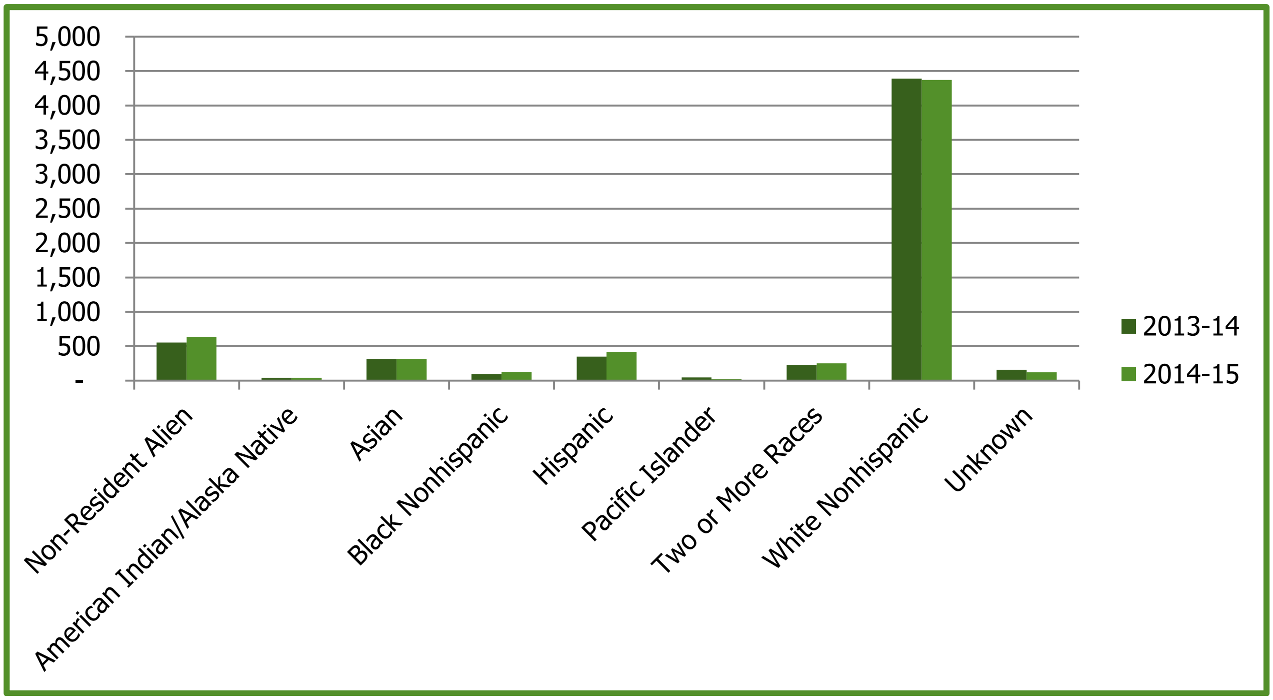


Figure 7: UO Completions by Race/ Ethnicity



COLLABORATION

The University of Oregon benefits from, and contributes to, a host of collaborative activities with other postsecondary institutions. Various leadership councils provide a great opportunity for continued collaboration and information-sharing regarding current and anticipated issues and shared goals. Faculty at all public universities are represented at the Inter-Institutional Faculty Senate (IFS) which is made up of elected senate representatives from each institution. The IFS serves as a voice for all faculties of these institutions in matters of system wide university concern. Other examples at the University of Oregon include their emergency management efforts, two IT-related efforts (the Network for Education and Research in Oregon (NERO) and Oregon Gigapop (OGIG)), the Orbis Cascade Alliance, and the Regional Accelerator and Innovation Network (RAIN).

The University of Oregon engages in a number of collaborative initiatives with other universities and partners, as indicated below (P indicates participation):

Table 5: UO Collaborative Initiatives Participation

Other University Collaborations	University Response
Public University Councils:	
Presidents Council	P
Provosts Council	P
Vice Presidents for Finance and Administration (VPFAs)	P
General Counsels (GCs)	P
Public Information Officers (PIOs)	P
Legislative Advisory Council (LAC)	P
Cooperative Contracting	N/P
Capital Construction Services	N/P
OWAN	P
NERO Network	P
RAIN	P
Orbis Cascade Alliance	P
ONAMI	P
Other	P

PATHWAYS

One area of collaboration that is of some concern, both in Oregon and nationally, is student transfer success. The statewide Transfer Student Bill of Rights and Responsibilities (ORS 341.430) provides a statutory framework for HECC's continued partnership with institutions around transfer student success. A recent update to that statute (HB 2525) gives this sustained work a renewed focus: more and better statewide data on transfer student outcomes and potential statewide solutions where persistent barriers exist.

Although Oregon has good state level policies and processes to ensure that students retain credits earned upon transfer from community college to university (the Associate of Arts Oregon Transfer degree, for example), a perception persists that community college transfer students on the whole often face challenges in completing an intended major, which result in excess accumulated credits, increased tuition costs, and debt.

National research and local knowledge in Oregon suggest that streamlining vertical transfer requires both state policy coordination and local institutional initiative. At the state level, HECC has recently rescinded an Oregon Administrative Rule (OAR 589.006-0100 (10)) that prohibited community colleges from offering traditional academic major fields of study. Removal of this legal barrier should allow community colleges and universities to enter into well-defined Major Related Pathway agreements that will give students a better roadmap to degree completion. Other dual or co-enrollment models are already in place that open or accelerate the transition from community college to university. HECC is currently convening a workgroup pursuant to House Bill 2525 (2015), to generate recommendations for broadening the pathways from community college to university, UO is actively participating in that workgroup effort. UO maintains robust online resources for transfer students to help them navigate the transition to the university.

SHARED ADMINISTRATIVE SERVICES

ORS 352.129 mandates participation by all independent universities in certain shared services until July 1, 2019. These mandated services include group health insurance, group retirement plans and collective bargaining. The UO serves as host and fiduciary for five former Oregon University System retirement plans now operating under the name Oregon Public Universities Retirement Plans (OPURP). These plans are managed as a shared service and serve all seven public universities.

Pursuant to ORS 352.129 and following the convening of the Workgroup on University Shared Services established by the 2013 Legislature, the seven public universities created the University Shared Services Enterprise (USSE), a service center hosted by Oregon State University. USSE offers a fee for service model for many administrative and accounting functions previously offered by the Chancellor's Office. The UO has chosen not to participate in many of the services provided by the USSE. Beginning several years prior to the dissolution of OUS, the UO undertook the process of hiring and building the financial management team necessary to support internal and external financial reporting and strong internal financial management for the institution without support of a centralized service center model. This intentional separation has allowed the UO to undertake nearly all services rendered by the USSE without attributing a direct cost increase from pre- to post-independence. Table 6 below summarizes shared services. (*P* indicates Participation)

Table 6: Shared Administrative Services

Provider	University Response
University Shared Services Enterprise (USSE, hosted by OSU)	
Financial Reporting	N/P
Capital Asset Accounting (currently only OIT)	N/P
Payroll & Tax Processing (includes relationship w PEBB, PERS/Federal retirement*)	N/P
Collective Bargaining *	P
Information Technology/5th Site [1]	P (UO Retirements Plan Management)
Treasury Management Services:	
Legacy Debt Services-Post Issuance Tax Compliance	P
Legacy Debt Services-Debt Accounting	N/P
Non-Legacy Debt Services	N/P
Bank Reconciliations (and other ancillary banking services)[2]	N/P
Endowment Services	N/P
Other Miscellaneous Statements of Work:	
Provosts Council Administrative Support	P
Legislative Fiscal Impact Statement Support	P
Risk Management Analyst (TRUs only)	N/P
Public University Fund Administration[3]	N/P

University of Oregon	
Retirement Plans *	P
Legacy 401(a) Plan	P
Legacy 403(b) Plan	P
Optional Retirement Plan (ORP)	P
Tax-Deferred Investment (TDI) Plan	P
SRP Plan	N/P (but UO hosts the plan)
Public University Risk Management and Insurance Trust (Risk Management)	N/P

It is not evident that there has been a deleterious impact on other institutions because of the withdrawal of the UO from USSE services. This is true in terms of both cost and service quality, as all other institutions continue to purchase many if not most non-mandated services. By continuing to participate in shared services, other institutions are implicitly stating that either:

- USSE is rendering value added services given its current price point and service quality, or
- Institutions lack the capacity to manage other outsourced providers, or to insource services.

Questions remain as to whether the USSE could continue to operate at the level of service and cost competitiveness for other USSE participants if other institutions were to withdraw.

Because of the in-sourcing of work formerly offered by the Chancellor's Office and currently offered by the USSE, the UO believes it has either increased the effectiveness or decreased the cost of services rendered or both. Specifically, the UO cites savings and increased risk coverage related to its now individual insurance purchase agreements. The UO has also chosen to provide its own payroll, treasury and cash management services. The latter two services provide greater levels of flexibility in asset and liability management and operational efficiencies for the UO. The effort was cited by Moody's as credit positive and is an important level of control for the UO's administration and Board of Trustees.

ACADEMIC QUALITY AND RESEARCH

The introduction of a new budget model which incentivizes growth in enrollment and graduation outcomes has triggered concerns across various sectors that the focus on economic sustainability may adversely affect academic quality and research should institutions lower standards to recruit and graduate more students. In light of this concern there is interest in sustaining rigorous academic quality across all institutions. In partnership with all public universities, the HECC relies on regular external accreditation reviews, and collaborative partnerships with organizations such as the State Higher Education Executive Officers Association (SHEEO) and the Association of American Universities and Colleges (AACU) to pursue promising initiatives to develop nationally normed outcomes to assess and track student learning and post-graduation success.

The University of Oregon has a long established record of academic excellence. In 1969 it was admitted to the American Association of Universities (AAU), an organization of leading research universities devoted to maintaining a strong system of academic research and education. The University of Oregon is among 62 AAU universities, both public and private, and one of just two in the Pacific Northwest. The University of Oregon is among the 108 institutions chosen from 4,633 U.S. universities for top-tier designation of "Doctoral/Very High Research Activity" in the most recent Carnegie Classification of Institutions of Higher Education.

The University of Oregon has the oldest four-year honors college in the nation. The university's academic programs are organized into eight degree-granting schools and colleges: the School of Architecture and Allied Arts, College of Arts and Sciences, College of Education, School of Law, Lundquist College of Business, School of Journalism and Communication, School of Music and Dance, and Graduate School. The University of Oregon is particularly strong in the sciences (biology, chemistry, math, physics and geoscience), along with the neurosciences, cognitive sciences, anthropology, geography, materials, education and education research, sustainable architecture, journalism, entrepreneurship and sports business, environmental law, and East Asian languages and literatures. The university is well known for interdisciplinary programs such as environmental studies and comparative literature.

Program review is essential to maintain and improve program quality. The University of Oregon's processes for academic program review and approval are clearly established. Any significant change in the University's academic programs as defined by the HECC must be approved by the Board committee responsible for academic affairs prior to the submission to the Commission. Internal program approval processes are managed by the Office of the Provost and Academic Affairs and posted at: https://academicaffairs.uoregon.edu/new-revised-programs. The Office of the Provost and Academic Affairs manages program review processes. Information on program review is available online at: https://academicaffairs.uoregon.edu/program-review
Faculty evaluation and professional development are fundamental to sustaining academic quality. The University of Oregon has distinct processes for evaluation and promotion for "tenure-track faculty" (TTF) and "non-tenure track faculty" (NTTF) and has a Professional Development and Training Policy that recognizes the "importance of encouraging and supporting employees in professional development activities that are related to their employment." The University of Oregon Office of Professional Development (https://odt.uoregon.edu/) offers a central resource for coordinating training, assisting instructors, and providing an easy access portal for learners.

BOARD OF TRUSTEES

The Boards of Trustees at each public university and their respective university constituents are early in the norming process of developing effective working relationships. Based on input that the Commission has received from university constituents, areas that all Boards should be attentive to include timing and access, for example not scheduling meetings during exams, or when classes are not in session; and encouraging feedback by making an effort to allow non-board members to weigh in early on in the meetings rather than having to sit out the whole meeting. At UO the Board of Trustees and faculty continue to work on joint understandings of appropriate access.

The UO Board of Trustees held regular meetings on the following dates. This excludes committee meetings.

- January 23-24, 2014
- March 26-28, 2014
- June 12-13, 2014
- August 7, 2014
- September 11-13, 2014
- November 5, 2014
- December 11-12, 2014
- March 5-6, 2015
- April 14 ,2015
- June 4-5, 2015

Public notice as well as agenda and meeting materials were posted in advance of each meeting on the Board's website (see http://trustees.uoregon.edu/meetings) prior to each meeting and sent directly to members of the media who so requested. The Board adopted bylaws on January 23, 2014; they were last amended on March 5, 2015. Bylaws are available at: http://trustees.uoregon.edu/governance.

Board meetings are duly noticed and publicized; meetings were open to the public except for executive sessions as allowed by law. Meeting documents are posted online; copies are available for the public for any materials distributed at the meeting. The Board complies with public records requests in coordination with the university's Public Records Office to comply with public records laws. The Board or its designated committee receives regular reports on finances, treasury activity, internal audit, and presidential priorities.
The Board adopted a policy outlining its delegated authorities, retaining authority for transactions of certain size, scope, length or obligation. In addition, the Board adopted policies or statements relating to treasury and investment management, committee functions, trustee responsibilities, a university mission statement, presidential assessment, and other governance matters. Governance documents are available at: http://trustees.uoregon.edu/governance.

Trustees maintain a consistent focus on the long-term health of the institution. The Board of Trustees adopts the operating and capital budgets for the university, establishes tuition and fees, and issues debt. Amendments were adopted on September 11, 2015. See https://trustees.uoregon.edu/governance
Meeting agenda, minutes and materials articulating such discussions are available at http://trustees.uoregon.edu/meetings. Audio recordings are available upon request.

The Board hired the current president on April 14, 2015 and conducted an evaluation of the Interim President during spring 2015. The Board adopted the mission statement on November 5, 2014.
Following adoption on November 5, 2014, the mission statement was forwarded to the HECC, which approved it on June 11, 2015.

The UO forwarded significant changes in the university's academic programs (as defined by rule) to the HECC following Board approval. Those included one new Ph.D., three new Master degrees, and one location change.
The University of Oregon complies with ORS 352.025(2)(c), holding legal title to all property, whether acquired before or after the creation of the governing board. Individual items are not listed here given the volume of property associated with the university.

FINANCIAL METRICS

Table 7: UO Financial Metrics

	FY 2013	FY 2014	FY 2015
Viability Ratio	83.1%	83.1%	102.9%
Primary Reserve Ratio	61.0%	68.3%	72.3%
Net Operating Revenues Ratio	0.85%	-0.87%	1.53%
Return on Net Assets Ratio	9.11%	11.05%	9.53%
Debt Burden Ratio	5.96%	5.80%	5.72%
Debt Burden Ratio (Rating)	N/A	N/A	Aa2
			(Outlook Stable)

This section of the University of Oregon's evaluation includes overview of key high-level financial metrics which are viewed as among the "industry standard" ratios for understanding the strength of a public institution's balance sheet and its operating performance. These metrics cannot be viewed in isolation from each other, or as a single snapshot in time, but as a continually unfolding story. Like any entity, the University of Oregon's ability to fulfill its mission is dependent on its long-term financial health. The financial metrics which are examined in this section provide information on the financial flexibility possessed by the institution at the balance sheet date and yearly operating results compared to the size of the enterprise. Both types of measures should be understood in the context of the institution's overall strategy and its capacity to effectively execute on that strategy.

The UO shows a strong and increasing viability ratio which surpasses 1:1. This level, although not an absolute threshold establishing the long-term viability of the institution, is a benchmark which demarcates relative strength and room for the institution to have broad financial flexibility and invest where necessary. It is worth noting that the viability ratio has increased 19.8% from FY14 to FY15. This is largely due to an increase in temporarily restricted assets at the University of Oregon Foundation which offset a significant decrease in unrestricted net assets of the institution coupled with a significant decline in total plant-related debt. The University of Oregon's stable debt burden ratio and strong credit rating further underline the institution's strong position.

In a theme consistent with that seen in the viability ratio, the UO has shown consistently expanding expendable net assets along with relatively stable, if not shrinking, overall expenses. This has led to a consistent and consistently strong primary reserve ratio. The UO's FY 15 ratio of 72.3% is significantly above the 40% level generally seen as advisable to maximize institutional flexibility, invest in strategic initiatives, to self-fund working capital needs, and importantly to weather unforeseen events. The continued upward trajectory in the primary reserve ratio demonstrates prudent management of expenses while maintaining mild increases in operating and non-operating revenues.

Over the past year, the UO has moved from a slight net operating loss in FY 14 to a net operating gain, and thus to a positive net operating revenues ratio in FY 15. This is primarily due to revenue growth, largely stemming from increases in tuition and auxiliary enterprise revenues and negative expenses due to changes in pension liabilities. Operating and non-operating revenues for the institution continue stable growth though the consistent decline in total unrestricted revenues of the UO Foundation continue to weigh down total operating revenues included in the ratio. No institution can manage long-term net operating losses (or net operating revenues ratio), but public and non-profit universities are also expected to deploy resources to accomplish their mission. Given the UO's strong balance sheet position, a stable net operating revenues ratio, slightly above or below zero, demonstrates an institution living within its means. This does not indicate that the UO has either built up, or worked down, its current fiscal position. The slight decrease in headcount and FTE enrollment from Fall 2014 to Fall 2015 coupled with moderated tuition increases may impact net operating income over the coming year if the institution is cannot continue to maintain tight control over its expenses. However, increases in state General Fund support and an increase in non-resident student headcount are likely to drive revenue increases.

The University of Oregon has demonstrated a consistent positive return on net assets over the past three years. This measurement includes the University of Oregon Foundation. The institution when viewed alone saw a significant decline in its change in net assets from $105.6 million in FY14 to $16.9 million in FY15. However, much of that change is due to a one-off highly valued capital grants and gifts in FY 14. The return on net assets calculation is a function of the beginning net assets of the institution. Two major changes occurred during the previous fiscal year, which, when combined, cause this ratio to be incomparable to prior years. The first of which is a reduction in long-term debt as General Fund Article XI-G, Article XI-Q and COP debt, as well as lottery bonds were shifted from the UO's balance sheet to the State of Oregon's due to the reorganization of the former Oregon University System. This resulted in a significant one time increase in the net position of the institution. The second is the impact of pension liability accounting changes related to the implementation of GASB No. 68. Both have material effects on the calculation of the return on net assets ratio, and will continue to impact comparisons until all prior years incorporate the impact of these changes.

AFFORDABILITY

Among the legislative findings that the HECC is required to evaluate annually is that the State will benefit from having public universities with governing boards that "lead to greater access and affordability for Oregon residents…" (ORS 352.025).

Many students and prospective students at the University of Oregon, like their counterparts at other universities around the state and nationwide, continue to face significant challenges related to access and affordability. Public defunding of higher education is a national trend that is shifting a majority of the burden of paying for a college education to students and their families. That shift has been particularly acute in Oregon in recent years. Partly as a result of state funding cuts, resident undergraduate tuition and fees at the University of Oregon has risen 77.2% in the last 10 years, including increases of 2.2% and 3.7% in 2014 and 2015 respectively.[4] Resident graduate students have faced similar increases.

Tuition, however, tells only a small part of the affordability story. The total cost of attendance for students includes significant expenses associated with housing, food, transportation, and textbooks. University of Oregon's estimate of the amount an average student would need to budget for living expenses annually – $14,487 in 2014 – exceeds resident tuition. On the other side of the coin, in addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), University of Oregon students benefit from UO's significant commitment of institutional resources to scholarships, remissions, and tuition discounts.[5] In 2014, the University of Oregon dedicated $13.5 million of its total tuition revenue to scholarships, remissions, and discounts for resident students. On an average per student basis, these institutional programs had the effect of reducing resident tuition by $1,150.47.

While it is natural to view affordability primarily in terms of the student's direct cost associated with their enrollment, a larger perspective takes into account whether the student completes his or her degree, does so in a reasonable period of time, and has earning potential commensurate with the debts that might have been incurred. As noted earlier in this report, University of Oregon resident students have four-year graduation rates of 46.3% and six-year graduation rates of 71.5%. On average, their earnings 10 years after beginning school are $41,600. Of University of Oregon students who leave the university with debt, their average debt load is $21,535.

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[4] Source: https://financialaid.uoregon.edu/cost_of_attendance and https://financialaid.uoregon.edu/cost_of_attendance as well as historical OUS tuition data.

[5] Source: https://financialaid.uoregon.edu/cost_of_attendance_1415 split between $11,097 in room and board and $3,390 in book and supplies/other personal expenses.

CONCLUSION

This report is guided by Oregon Revised Statute (ORS) 352.061 which requires that the HECC report on the university's achievement of outcomes, measures of progress, goals and targets; assess the university's progress toward achieving the mission of all education beyond high school, described in the 40-40-20 goal and assess how well the establishment of its governing board comports with the findings of ORS 352.025. As a benchmark document this report relies heavily on regularly conducted academic accreditation reports and the self-assessments prepared for these accreditation reviews; as well as state and federal data. The contents of this report signal areas of alignment with the HECC Strategic Plan which in turn supports the objectives of higher education for the State of Oregon.

The Northwest Commission on Colleges and Universities (NWCCU) last affirmed external accreditation for the University of Oregon in 2013. NWCCU recommended that the University clarify its objectives and related indicators of achievement to ensure that they are measurable, assessable, and verifiable in order to facilitate collection of relevant information for the Year 7 Evaluation; intensify and focus its efforts to identify and publish expected course, general education, program, and degree learning outcomes; and prioritize developing and implementing the proposed new assessment strategy. The University of Oregon is on track with the 7-year accreditation cycle.

In line with national trends, student enrollment at the University of Oregon remained basically flat from fall 2014 to fall 2015. In fall 2015 the University of Oregon had an overall student headcount of 24,125, with over 90% attending full time. A little over half (50.6%) of all students were Oregon residents. UO has experienced a significant growth in non-resident students compared to Oregon residents. In fall 2015, 288 fewer Oregon residents were enrolled at UO than in 2014, while non-resident enrollment increased by 232 students. While this represents modest year-over-year changes in the composition of the University of Oregon student body, it continues a long-term trend of flat or declining resident enrollment, offset by increasing non-resident enrollment. Finally, while 46.3 percent of University of Oregon undergraduates finish their degrees within four years, underrepresented and Pell Grant recipients graduate at 5-13 percentage points less than the overall student population.

Partly as a result of state funding cuts, resident undergraduate tuition and fees at the University of Oregon has risen 77.2% in the last 10 years, including increases of 2.2% and 3.7% in 2014 and 2015 respectively. Resident graduate students have faced similar increases. Tuition, however, tells only a small part of the affordability story. The total cost of attendance for students includes significant expenses associated with housing, food, transportation, and textbooks. University of Oregon's estimate of the amount an average student would need to budget for living expenses annually – $14,487 in 2014 – exceeds resident tuition. In 2014, the University of Oregon dedicated $13.5 million of its total tuition revenue to scholarships, remissions, and discounts for resident students. Of University of Oregon students who leave the university with debt, their average debt load is $21,535.

As noted at the outset, this report constitutes a benchmark against which to evaluate the University of Oregon's progress in the coming years. It does not strive to be a comprehensive evaluation of this complex and multi-faceted university; rather, it emphasizes several areas that are of particular importance to the HECC and to the State of Oregon today. In partnership with institutional leadership, legislators, and other stakeholders, the HECC in 2016 will consider modifications to this annual process and product in order to improve its usefulness to our universities and to the people of Oregon.

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