

2016 UNIVERSITY EVALUATION: Oregon State University



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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. The purpose of this report is to evaluate Oregon State University's contribution to State objectives for higher education as articulated in statute and in the HECC Strategic Plan 2016-20 (https://www.oregon.gov/HigherEd/Documents/HECC/Reports-and-Presentations/HECC-StrategicPlan_2016.pdf). The Report relies on a combination of accreditation reports, self-assessment conducted by the university on criteria jointly developed with the HECC, and state and federal data. This is the second annual report and as such it builds on the descriptive benchmarks identified in the 2015 Report. It is a formative document that signals 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 Oregon State 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. The University of Oregon, Portland State University and Oregon State University governing boards were appointed at the same time. It also established a process for the other five Oregon public universities to establish individual governing boards, which they subsequently did. In addition, the bill required the Higher Education Coordinating Commission (HECC) to conduct annual evaluations 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) A report on the university's achievement of outcomes, measures of progress, goals and targets; and
- b) An assessment of the university's progress toward achieving the mission of all education beyond high school as described in ORS 350.014 (the 40-40-20 goal).

Finally, 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:

- a) Provide transparency, public accountability and support for the university.
- b) Are close to and closely focused on the individual university.
- c) Do not negatively impact public universities that do not have governing boards.
- d) Lead to greater access and affordability for Oregon residents and do not disadvantage Oregon students relative to out-of-state students.
- e) Act in the best interests of both the university and the State of Oregon as a whole.

- f) Promote the academic success of students in support of the mission of all education beyond high school as described in ORS 350.014 (the 40-40-20 goal).

For context, ORS 352.025 notes four additional Legislative findings:

- a) Even with universities with governing boards, there are economy-of-scale benefits to having a coordinated university system.
- b) Even with universities with governing boards, shared services may continue to be shared among universities.
- c) 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.
- d) 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 first annual evaluation in a collaborative manner, in 2015 the HECC formed a work group comprised of university provosts, inter-institutional faculty senate, staff from the Chief Education Office, HECC staff, then 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 and the HECC's primary areas of emphasis as indicated in its Strategic Plan 2016-20. This report is 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. The framework template is populated with data from the HECC Research Office and then verified by university offices for institutional research and data. All data included in this report is from the HECC unless otherwise indicated.

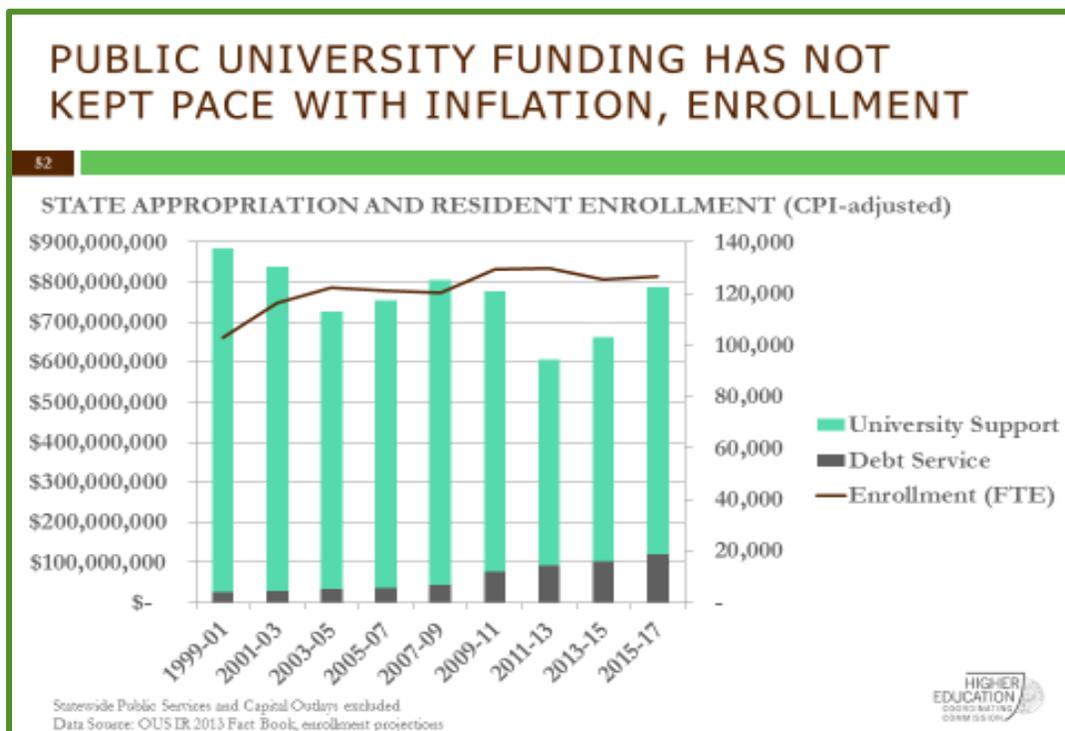
A balanced evaluation of whether Oregon's public universities are meeting the goals described for them by State law does not lend itself to a formulaic or mechanical approach. The Commission draws from contextual elements such as the State's fluctuating funding for higher education and changing student demographics to help explain data in the framework, and progress towards goals. The Commission also leverages other evaluations already undertaken by universities including self-studies, accreditation reports and the work of boards of trustees to provide a perspective that is uniquely focused on each institution's contribution to serving the State's higher education mission under the new governance model.

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:

Oregon State University is one of the three largest public universities in the State with a long history of excellence in preparing students in a comprehensive array of academic and professional fields. ORS 350.075 and 350.085 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, goals, and core themes of OSU are reproduced here:

MISSION:

As a land grant institution committed to teaching, research and outreach and engagement, Oregon State University promotes economic, social, cultural and environmental progress for the people of Oregon, the nation and the world. This mission is achieved by producing graduates competitive in the global economy, supporting a continuous search for new knowledge and solutions and maintaining a rigorous focus on academic excellence, particularly in the three Signature Areas: Advancing the Science of Sustainable Earth Ecosystems, Improving Human Health and Wellness, and Promoting Economic Growth and Social Progress.

VISION:

To best serve the people of Oregon, Oregon State University will be among the Top 10 land grant institutions in America.”

To pursue its mission and vision, Oregon State has identified three Strategic Goals/Priorities (articulated in OSU's Strategic Plan 3.0: Focus on Excellence), guided by three Core Themes (articulated in NWCCU's accreditation standards):

GOALS:

1. Provide a transformative education experience for all learners.
2. Demonstrate leadership in research, scholarship and creativity while enhancing preeminence in the three signature areas of distinction (advancing the science of sustainable earth ecosystems, improving human health and wellness, promoting economic growth and social progress).
3. Strengthen impact and reach throughout Oregon and beyond.

CORE THEMES:

1. Undergraduate Education
 - Provide broad and continuing access to undergraduate university degrees for the people of Oregon and beyond.
 - Provide rigorous and effective undergraduate degree programs.
 - Provide a supportive and healthy learning environment beyond the classroom for student success and development at all levels.
2. Graduate Education and Research
 - Attract and support high achieving and diverse graduate students.
 - Provide high quality education to prepare graduate students for employment in rewarding professional careers.
 - Foster a research and scholarship environment that is diverse and has a high impact.
3. Outreach and Engagement

- Attract off-campus learners to educational opportunities using a variety of face-to-face, distance and technology-based programs.
- Build and sustain engagement with communities of interest and communities of place across the institution to exchange knowledge and resources in a context of partnership, reciprocity and mutual benefit.

OVERALL EVALUATION

This report is formative and focuses on the topics identified by the Legislature and in alignment with the HECC Strategic Plan. It is not intended to be a comprehensive evaluation of Oregon State University. A more comprehensive assessment and review of academic and institutional quality is available from the Northwest Commission on Colleges and Universities (NWCCU) which accredits OSU 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 (identified from OSU sources). Other components of NWCCU reports are incorporated elsewhere as appropriate.

Oregon State University last had its accreditation re-affirmed in 2011 (in 2014 the mid-cycle evaluation addressing recommendations from the 2011 report was approved). OSU is now well on track with its seven-year cycle of accreditation process and approvals by the NWCCU. The Self-Assessment Reports prepared by OSU and the subsequent reports issued by the NWCCU were submitted for this evaluation. Copies of documents may be reviewed at:

<https://sharepoint.oregonstate.edu/sites/APAA/Accreditations/NWCCU/Accreditation%20Cycle%20Reports/Forms/AllItems.aspx> with OSU login ID and password. The next cycle will be conducted in Spring 2019, with materials to the NWCCU submitted in fall 2018.

In addition, Oregon State University has a number of specialized accredited programs each with its own accrediting body. These include:

Table 1: Specialized Accredited Programs and Accrediting Body

Unit	Accrediting Body
Agricultural Sciences: Food Science & Technology	Institute of Food Technologies
Agricultural Sciences: Rangeland Sciences	Society for Range Management
Business	Association to Advance Collegiate Schools of Business
Engineering	Accreditation Board for Engineering and Technology
Forestry	Society of American Foresters
Forest Engineering	Accreditation Board for Engineering and Technology
Wood Science and Technology	Society of Wood Engineers
Nutrition & Food Management	American Dietetic Association
Pharmacy	American Council for Pharmacy Education
Public Health	Council on Education for Public Health
Teacher Education	National Council for Accreditation of Teacher Education; Teacher Standards and Practices Commission

Veterinary Medicine	American Veterinary Medicine Association
OSU Institutional: Animal Care & Use Program	Association for Assessment and Accreditation of Laboratory Animal Care, International

In 2012 OSU conducted the Year 1 Peer Evaluation of the NWCCU that responded to the 2011 affirmation report recommendations:

1. To clarify definition of mission fulfillment and connections to core themes indicators, with acceptable thresholds articulated; and
2. To incorporate evidence of student learning outcomes data throughout the educational learning experience.

These recommendations were successfully addressed in its Year 3 Evaluation conducted in 2014. The Year 3 Evaluation recognized that OSU’s efforts for self-assessment are well organized and the requirement that Course Learning Objectives be identified on all syllabi was being followed.

The Year 3 Evaluation Report by the NWCCU noted some worthy achievements by OSU:

- The significant increase in student population and that OSU had maintained only marginally higher student to faculty ratio and student to staff ratios
- Faculty exercise a primary role in the design, approval, and implementation of curriculum; and are involved in the assessment of student learning; and in the recruitment and selection of new faculty
- All student support resources are available to ECampus and OSU-Cascades students
- Financial stability in spite of the 2003-13 challenges
- Debt ratio is 4.5%, well below the 7% required by the former State Board of Higher Education
- There are public safety and alert systems in place

Economic and Community Impact

Analysis of Oregon State University’s impacts, conducted by the economic consulting firm ECONorthwest (<http://oregonstate.edu/ua/ncs/archives/2015/jan/new-analysis-puts-osu%E2%80%99s-economic-impact-more-237-billion>), is based on OSU’s expenditure data, visitor data, student enrollment and a 2013 Oregon Travel Impacts study. Economic impacts are captured in three ways, direct impacts (\$973 million), indirect impacts (\$424.2 million) and induced impacts (\$834.8 million). Direct impacts include spending on operations, goods and services, and capital construction; indirect impacts result from companies purchasing additional supplies or hiring additional employees to support spending by OSU; and induced impacts result from the purchasing power of the university’s employees.

Oregon State University’s impact as a major internationally recognized public research university brings increasing and significant impact on Oregon’s economy. In 2014, economists from ECONorthwest estimated that OSU’s annual economic footprint was \$2.32 billion – and increase of 15 percent from 2011. Half of Oregon State’s economic impact occurs outside of the Corvallis area and the university’s activities in 2014 were responsible for 31,660 jobs statewide. Oregon State’s statewide economic impact is unique, as OSU has a physical presence and operations in each of Oregon’s 36 counties

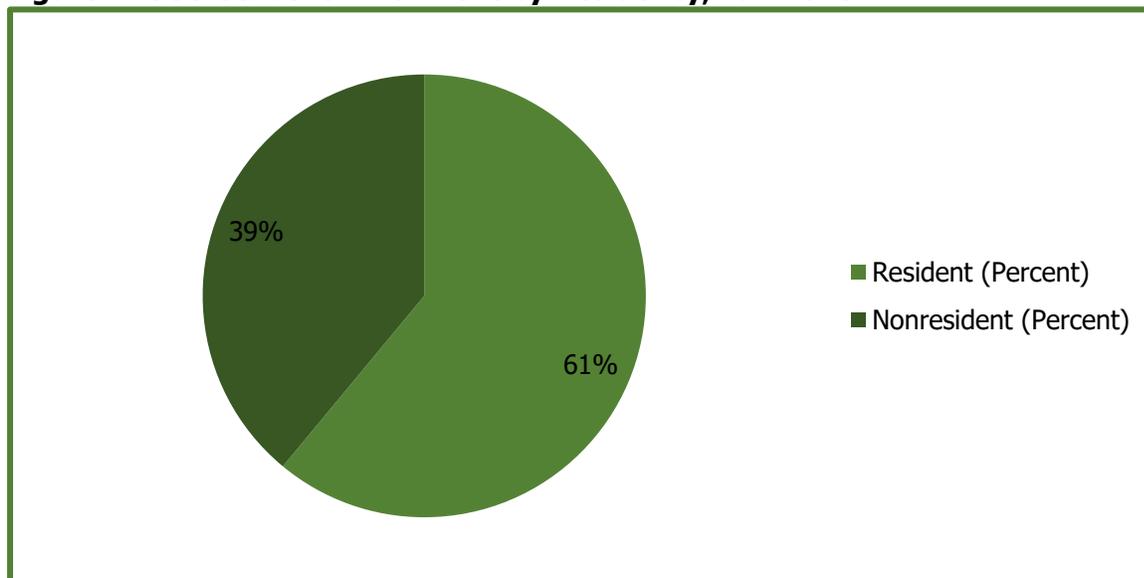
The total does not include other significant community influences to the state, regional and national economies, including the contributions by university graduates or the benefits of OSU research, such as improved varieties of wheat and other crops used by Oregon farmers; spinoff companies that have major economic impacts; and scholarship that has improved public health and environmental stewardship. Nor does it reflect the impact of OSU's 35 Extension Service Locations, its 10 Agricultural Experiment Stations and 7 Forest Research Laboratory sites. Additionally, substantial contributions are made by students, faculty and staff to the civic vitality of their communities.

STUDENT SUCCESS AND ACCESS

Nationally, enrollment in higher education has generally declined since its peak during the Great Recession. Oregon sees a similar pattern with some variation across institutions, particularly in the enrollment and completion rates for low income, minority, and rural students. Oregon State University has been an exception, since it has seen continuous enrollment growth since 1997. This report is focused on tracking trends in enrollment and completion outcomes.

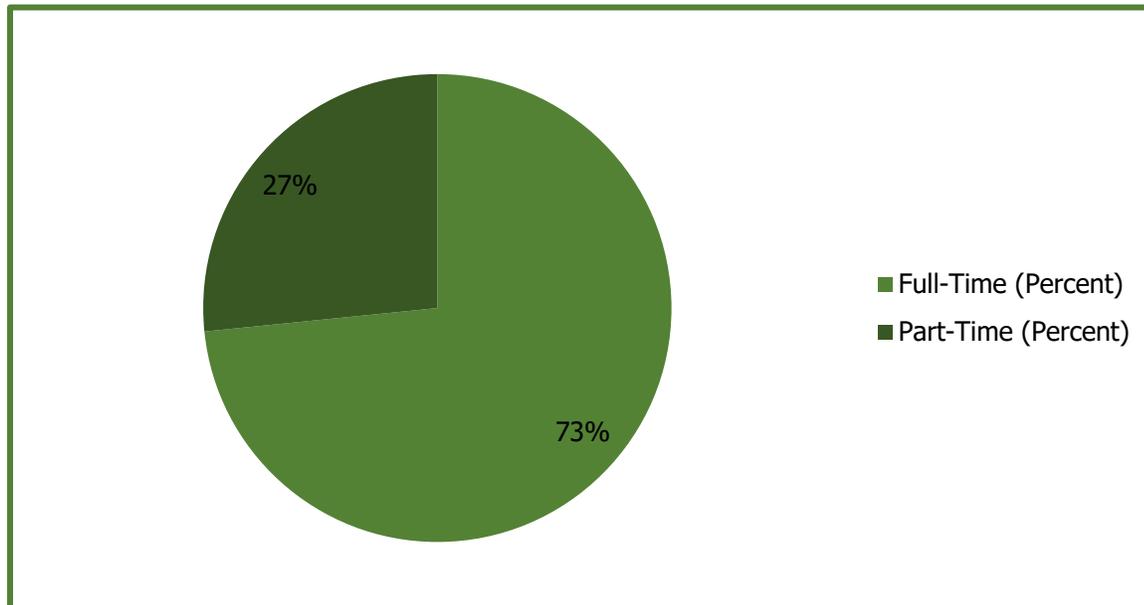
As described by Figures 2 and 3, the majority of OSU students (all enrollments including online) are resident (61%), and the majority (73.4%) also attend full-time. In Fall 2016, 74.2% of degree seeking undergraduates at the Corvallis campus were Oregon residents.

Figure 2: OSU Student Enrollment by Residency, Fall 2015



Source: HECC (2016)

Figure 3: OSU Student Enrollment by Full-Time/Part-Time Status, Fall 2015



Source: HECC (2016)

OSU students come from diverse backgrounds. Of the 30,592 students attending OSU in fall 2015, 4,140 students were from underrepresented minority populations, representing 13.5% of the total population. In addition, just under a third (28.8%) of OSU’s undergraduates were Pell Grant recipients.

In fall 2016, OSU enrolled 31,476 students, an increase of 2.9% from the previous fall. Non-resident enrollment grew by 5.7%, while resident enrollment grew by 1.1%. Of the Fall, 2016 enrollees, 6,014 were newly admitted undergraduates, compared to 5,787 newly admitted undergraduates the previous academic year. OSU’s overall increase in newly admitted undergraduates was driven by OSU’s Corvallis campus where a 4.2% increase offset a 6.2% decline at OSU’s Cascades campus.

While single year enrollment changes do not constitute a trend on their own, they are consistent with longer-term adjustments in the blend of resident and non-resident enrollment at OSU. Between 2005 and 2015, OSU’s non-resident student population grew 199%, compared to a 20% increase in resident students. Much of the growth in non-residents is due to significant expansion of online enrollments and increases in international students.

The number of underrepresented minority students enrolled at OSU continues to increase and is up almost 60% since 2010. OSU enrolled 4,376 underrepresented minority students in fall 2016, representing 13.9% of the total population. Growth occurred in every category by race/ethnicity in fall 2016 compared to fall 2015 except among American Indian/Alaska Native students; there were 7.5% fewer American Indian/Alaska Native students. This appears to be a trend in the three (academic) year aggregate as well; a downward trend in American Indian/Alaska Native students.

Table 4: OSU Headcount Enrollment by Race/Ethnicity, Fall 2014, 2015, and 2016

Race/ Ethnicity	Fall 2014	Fall 2015	Fall 2016	Change Fall 2015 to Fall 2016
Non-Resident Alien	3,206	3,372	3,577	205
American Indian/ Alaska Native	186	175	162	(13)

Asian	1,910	2,020	2,189	169
Black Non-Hispanic	399	411	423	12
Hispanic	2,165	2,411	2,629	218
Pacific Islander	99	82	85	3
Two or more races, Underrepresented Minorities	1,003	1,061	1,077	16
Two or more races, not Underrepresented Minorities	678	757	835	78
White Non-Hispanic	19,284	19,432	19,659	227
Unknown	936	871	840	(31)

Source: HECC (2016)

Different student populations do not perform and graduate at similar rates. Underrepresented minority students and Pell Grant recipients graduate at rates that are 2-13 percentage points less than the rate for the overall student population. The four and six-year graduation rate for OSU's First Time Freshmen who entered in fall 2009 are as follows:

Table 2: Four-Year and Six-Year Graduation Rate, First Time, Full Time Freshmen Entering OSU in Fall 2009

	Four-Year Graduation Rate	Six-Year Graduation Rate
All Students	33.8 %	68.3 %
Underrepresented Minorities	20.5 %	55.1 %
Pell Grant Recipients	28.0 %	66.1 %
Students retained at 4 years	38.9 %	4.4 %

Source: HECC (2016)

*OSU-Main campus only, OSU-Cascades had its first full-time freshman cohort in 2015

**Fall 2009 cohort is the latest year of available data. Includes students who completed at any Oregon public university.

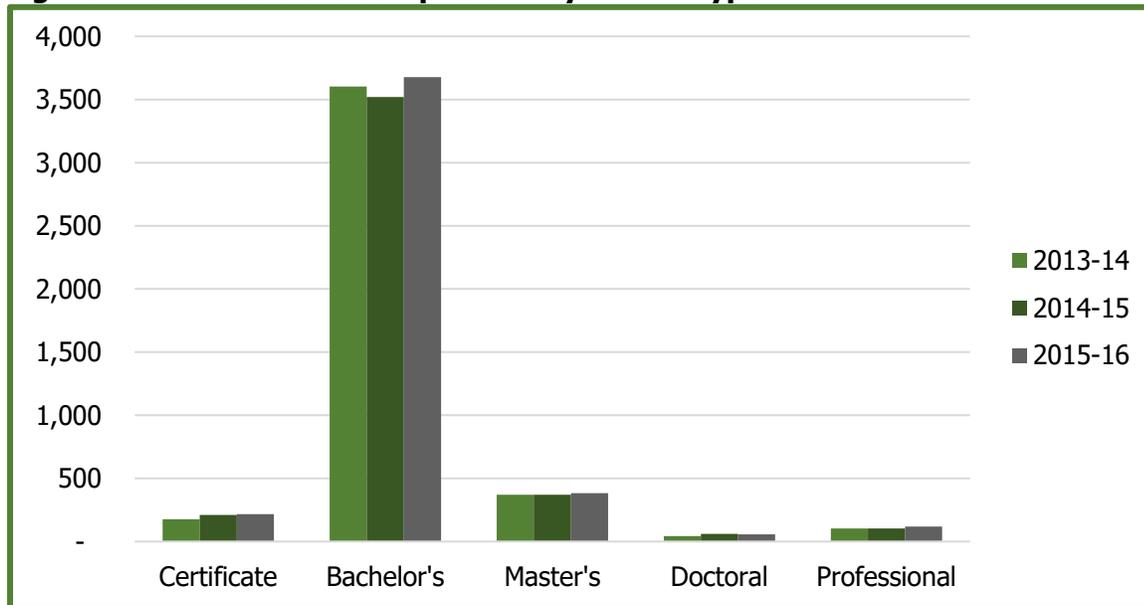
OSU's number of resident completions increased by 6.6% from 2015 to 2016. That increase was in every award type except at the doctoral level. The increase in professional degrees (15.5%) was particularly notable. Compared to the 2013-14 academic year, OSU's number of resident completions by award type increased in every category in the 2015-16 academic year. The greatest number of completions are awarded at the bachelor's degree level. OSU does not offer associate's degrees.

Table 4: OSU Resident Student Completions by Award Type

	2013-14	2014-15	2015-16
Certificate	176	211	217
Associate's	-	-	-
Bachelor's	3,603	3,520	3,677
Master's	371	370	383
Doctoral	43	61	57
Professional	104	103	119

Source: HECC (2016)

Figure 4: OSU Resident Completions by Award Type



Source: HECC (2016)

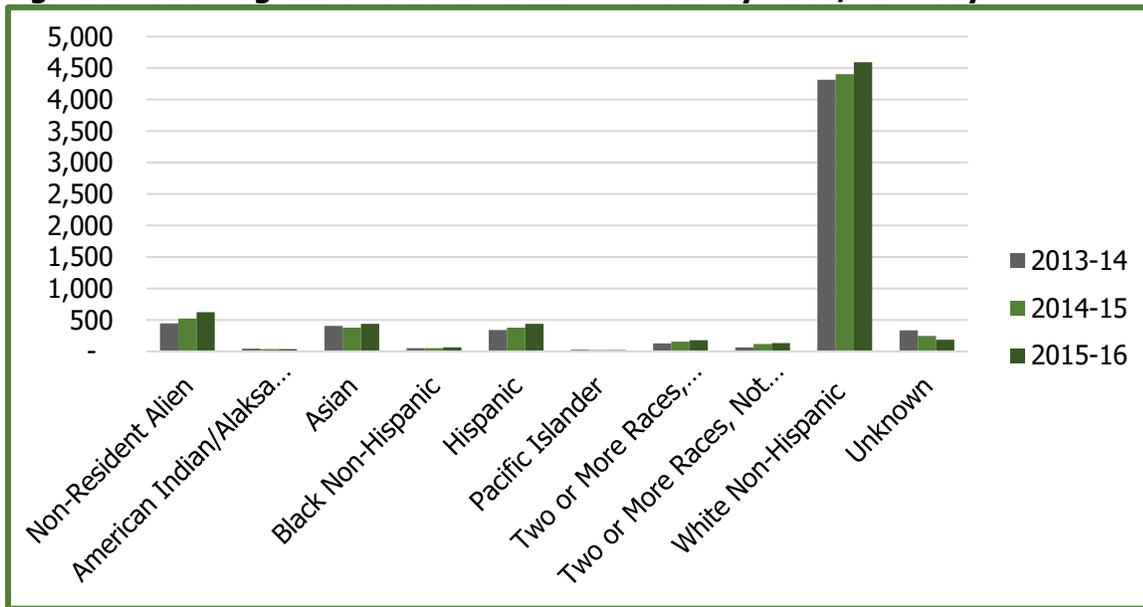
Although underrepresented students are consistently at the most adverse end of the spectrum, OSU is making year over year increases in the total number of underrepresented students who earn degrees. In the 2015-16 academic year, the improvement in the number of underrepresented minority graduates was particularly noticeable for African American students (25%) and for Hispanic students (15.5%). American Indian/Alaskan Natives and Pacific Islander student completers remained essentially flat.

Table 5: OSU Degrees and Certificates Awarded by Race/Ethnicity

	2013-14	2014-15	2015-16
Non-resident alien	446	523	623
American Indian/ Alaska Native	45	38	37
Asian	405	377	439
Black Non-Hispanic	51	51	64
Hispanic	339	379	438
Pacific Islander	27	22	23
Two or more races, Underrepresented Minorities	129	156	178

Two or more races, not Underrepresented Minorities	66	117	133
White Non-Hispanic	4,314	4,402	4,591
Unknown	335	248	187

Figure 5: OSU Degrees and Certificates Awarded by Race/Ethnicity



Source: HECC (2016)

AFFORDABILITY

Among the factors that the HECC is required (under ORS 352.065 and 352.025(1)(d)) to evaluate for public universities is whether universities remain affordable for Oregon residents. The following constitutes our evaluation of Oregon State University's affordability.

Many students and prospective students at Oregon State University, 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 Oregon State University increased 83.7% in the last 10 years, including increases of 10.8% and 2.6% in 2015-16 and 2016-17

respectively.¹ Specifically, in 2016-17 tuition increased 2.1% and fees increased 5.0% for students at the Corvallis campus². Resident graduate students have faced similar increases.

Students, however, do have access to financial aid at Oregon State University. In addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Oregon State University students benefit from OSU's significant commitment of institutional resources to scholarships, remissions, and tuition discounts. In 2015, the most recent year for which data was available, the average financial aid award for Oregon State students was \$11,453.³

Tuition, however, tells only a part of the affordability story. The total cost of attendance for students includes significant expenses associated with housing, food, transportation, and textbooks. Oregon State University estimates the average student budget for living expenses annually -- \$15,138 for the 2016-17 academic year⁴ -- an amount which exceeds resident tuition.

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. Median earnings of federal loan recipients 10 years after first enrolling at OSU are \$46,000⁵. For OSU students who leave the university with federal loan debt, the median federally-backed debt load is \$23,000. According to the College Scorecard, 51% of undergraduate students at OSU borrowed from federally supported loans.

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 (AAUC) to pursue promising initiatives to develop nationally normed outcomes to assess and track student learning and post-graduation success.

¹ Source: <http://fa.oregonstate.edu/business-affairs/tuition-and-fee-information> as well as historical OUS tuition data.

² A full-time resident undergraduate student at Oregon State's Corvallis campus is expected to pay \$8,715 in tuition and \$1,651 in fees during the current academic year. Students at the Cascades campus are expected to pay \$8,400 in tuition and \$723 in fees.

³ Source: <https://bigfuture.collegeboard.org/college-university-search/oregon-state-university>

⁴ Source: http://financialaid.oregonstate.edu/review_costofattendance split between \$11,037 in room and board and \$4,101 in book and supplies/other personal expenses.

⁵ Source for earnings and debt load is the College Scorecard: <https://collegescorecard.ed.gov/>

The Year 3 Evaluation by the NWCCU noted that faculty at OSU exercise a primary role in the design, approval, and implementation of curriculum; and are involved in the assessment of student learning; and in the recruitment and selection of new faculty. This engagement in the design of programs, assessment of learning, and recruitment of faculty for teaching and research is directly correlated with the academic quality and research at OSU. Since December 2009, tenure line faculty have increased by 198; instructional faculty by 206, professional faculty by 244, research faculty by 102 and classified staff by 223.

Oregon State University has long had a rigorous process to approve new programs and courses. It also has guidelines and a master calendar for periodic review of academic programs every ten years. (see <http://oregonstate.edu/admin/aa/apaa/academic-programs/home>). The Faculty Senate President has expressed concerns to the Board of Trustees that in light of the new HECC budget model quality standards may be compromised as the model rewards institutions for students in seats and the number of students graduating.

OSU evaluates faculty using an identified faculty evaluation process (<http://oregonstate.edu/admin/aa/faculty-handbook-promotion-and-tenure-guidelines>). The University has established opportunities for professional development for faculty through various centers such as the Leadership Academy; The Difference, Power and Discrimination Program and the Center for Teaching and Learning Program.

As a result of the activities of the University's faculty, staff and students, Oregon State University ranked as Oregon's largest public research university with \$336 million external funding in fiscal year 2016. It has 11 colleges, 15 Agricultural Experiment Stations, 35 county Extension Offices, the Hatfield Marine Sciences Center in Newport and OSU-Cascades in Bend. OSU accounts for more than 60% of federal and private research funds awarded to Oregon public universities (2014). Private sector funding has increased 65% over the last 5 years (2009-14), reaching nearly \$36 million (SAR 2014, p.8- insert as footnote 7 Self-Assessment report). In 2012-13 it received \$7.7 million in licensing and royalty income. In 2015 it received over \$10.2 million.

OSU is the State's land grant university and is only one of two universities in the U.S. to also have Sea Grant, Space Grant and Sun Grant designations. OSU is the only university in Oregon to hold both the Carnegie Foundation's top designation for research institutions and its prestigious Community Engagement classification.

COLLABORATION

There are a number of joint administrative, academic and governance efforts to maintain collaboration across institutions. 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. Oregon State University engages in a number of collaborative initiatives with other universities and partners, as indicated below (*P* indicates Participation, *N/P* indicates Non-Participation):

Table 6: Oregon State University Collaborative Initiatives Participation

Other University Collaborations	University Response
Public University Councils:	P
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
Board of Trustees Secretaries	P
Cooperative Contracting	No formal structure, but we include cooperative language in master contracts that would allow other public universities to participate
Capital Construction Services	N/P – Performed in-house by OSU staff (even while under OUS)
OWAN	P
NERO Network	P
RAIN	P
Orbis Cascade Alliance	P
ONAMI	P
Other	P

OSU is an active partner in the following collaborations:

- Dual Partnership Programs: <http://oregonstate.edu/partnerships/dpp-contacts>
- Oregon Forest Science Complex – partnership with UO
 - <http://oregonstate.edu/ua/ncs/archives/2015/jul/legislature-approves-bonding-oregon-forest-science-complex>
 - <https://around.uoregon.edu/content/uo-partners-osu-new-center-sustainable-wood-products>
- Oregon Medical Physics Program with OHSU: <http://ne.oregonstate.edu/oregon-medical-physics-program>
- OSU Agriculture and Natural Resource Program at EOU: <http://agsci.oregonstate.edu/agprogrameou/about>
- Collaborative Life Sciences Building, Portland – OHSU, PSU:
- <http://pharmacy.oregonstate.edu/life-portland>
- <http://www.ohsu.edu/xd/about/vision/collaborative-science-building.cfm>

PATHWAYS

One area of collaboration that is of some concern, both in Oregon and nationally is student transfer success.

The statutes outlining goals for transfer student success and cooperation between Oregon’s higher education sectors (ORS 341.430 & ORS 348.470) are the framework for HECC’s continued partnership with the seven public universities. Recent policy discussions between the institutions and HECC give 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), we face a growing concern 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. Statewide, community college transfer students graduate with more “excess” credits than their direct entry counterparts. And despite the best efforts of advisors, faculty, and administrators, some students who complete statewide degrees such as the AAOT are ill-served if they transfer into certain majors. Credit requirements at the university level often change without notice, which can hinder community college students and advisors in effective degree planning.

Statewide, 42 percent of students entered who entered an Oregon public university in Fall 2015 did so from a community college or other transfer institution. [HECC Office of Research and Data, “University Student Data” <http://www.oregon.gov/highered/research/Pages/student-data-univ.aspx>]. Oregon State University in that same period enrolled 33.6 percent of its students as transfers.

Table 7: Admitted Undergraduate Enrollment by Entry Pathway Fall Fourth Week Enrollment, 2015

Institution	Undergrad first time freshman		Undergrad Transfer		Total Admitted Undergraduate enrollment*
	N	%	N	%	
EOU	1,038	37.8%	1,706	62.2%	2,744
OIT	1,270	38.1%	2,063	61.9%	3,333
OSU	14,594	66.4%	7,379	33.6%	21,973
OSU-CASC	53	6.4%	772	93.6%	825
PSU	6,337	34.5%	12,019	65.5%	18,356
SOU	2,353	54.4%	1,971	45.6%	4,324

UO	15,777	78.8%	4,255	21.2%	20,032
WOU	2,989	63.6%	1,711	36.4%	4,700
Total	44,411	58.2%	31,876	41.8%	76,287

* Excludes graduate enrollment, non-admitted undergraduate enrollment, and post-baccalaureate enrollment.

OSU’s signature pathway program is its Dual Partnership Program (DPP) – a dual enrollment initiative for area community college students to transfer efficiently to Oregon State. OSU’s Academic Success Center (ASC) under the Division of Undergraduate Studies, in an effort to advance student success, has engaged in several new initiatives aimed at supporting transfer students. ASC collaborates with Enrollment Management’s transfer and Degree Partnership Program student services staff as well as others (i.e. Veteran’s Services, New Student Programs) to identify and address transfer student needs. Two new initiatives are the Welcome Week Transfer Center and development of a new Transfer Transition and Success course. OSU maintains a very transparent transfer application process online that includes both official and unofficial evaluations of student credits for admission and application toward a degree.

SHARED ADMINISTRATIVE SERVICES

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 back office functions previously offered by the Chancellor’s Office. ORS 352.129 mandates participation by the independent universities in certain services offered by USSE until July 1, 2019. These mandated services include group health insurance, a select set of group retirement plans and collective bargaining. All universities, including OSU continue to participate in these mandated services.

OSU continues to participate in nearly every service provided by the USSE except those designed specifically for the Technical and Regional Universities (TRUs). OSU is deeply engaged with and benefits from the services provided by USSE. In the transition from an integrated university system to a decentralized set of independent institutions, OSU hired several (excluding USSE) former Chancellor’s Office Finance and Administration employees to build out and strengthen its internal finance capacity. These former Chancellor’s Office employees have acted as a resource to USSE and other institutions as well as the HECC during the transition process. Table 7 below summarizes shared services. (*P* indicates Participation)

Table 7: Share Administrative Services

Provider	University Response
University Shared Services Enterprise (USSE, hosted by OSU)	

Financial Reporting	P
Capital Asset Accounting (currently only OIT)	N/P – Performed in-house by OSU staff (even under OUS)
Payroll & Tax Processing (includes relationship w PEBB, PERS/Federal retirement)	P
Collective Bargaining	P
Information Technology/5th Site	N/P (This service dedicated to TRUs)
Treasury Management Services:	
Legacy Debt Services-Post Issuance Tax Compliance	P
Legacy Debt Services-Debt Accounting	P
Non-Legacy Debt Services	P
Bank Reconciliations (and other ancillary banking services)	P
Endowment Services	N/P – Effective FY16, services provided by OSU Foundation**
Other Miscellaneous Statements of Work:	
Provosts Council Administrative Support	P
Legislative Fiscal Impact Statement Support	P
Risk Management Analyst (TRUs only)	N/P (This service dedicated to TRUs)
Public University Fund Administration ³	P
University of Oregon	
Retirement Plans *	
Legacy 401(a) Plan	P
Legacy 403(b) Plan	P
Optional Retirement Plan (ORP)	P
Tax-Deferred Investment (TDI) Plan	P
SRP Plan	P
Public University Risk Management and Insurance Trust (Risk Management)	P
Notes:	
<p><i>*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</i></p> <p><i>** Analysis of moving endowment management from USSE Treasury Services to the OSU Foundation was provided to the OSU Board of Trustees Finance and Administration Committee. The Committee approved the transfer at its March 18, 2015 meeting after considering multiple components needed for a comprehensive analysis, including amounts to be provided by the Foundation to the University for strategic investments and the Foundation's 30-year investment return history.</i></p>	

The two large institutions which continue broad participation in non-mandatory services provided by USSE, Oregon State University and Portland State University, contribute to maintaining the economies of scale which

drive down the per unit cost to all participating universities. The Vice President for Finance and Administration at OSU served as the first chair of the Vice President for Finance and Administration (VPFA) Council and the University Shared Services Enterprise (USSE) Oversight Committee, both of which include all seven VPFA's. The Public Universities Risk Management and Insurance Trust (PURMIT) chairmanship has been assumed by the OSU Chief Risk Officer after being led by WOU's VPFA during its startup phase. By anchoring these groups, OSU signaled its commitment to these efforts and helped to ensure continuity of services through the first phase of the governance transition process.

FINANCIAL METRICS

This section of Oregon State University’s evaluation includes an overview of key high-level financial ratios which are viewed as “industry standard” metrics for understanding the strength of a public institution’s balance sheet and its operating performance. These ratios cannot be viewed in isolation from each other, or as a single snapshot in time, but as a continually unfolding story. Like any entity, Oregon State University’s ability to fulfill its mission is dependent on its long-term financial health. The financial ratios 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.

Standard benchmarks for each ratio are presented alongside calculated ratios for the institutions. These benchmarks are for demonstration purposes only. It is important to recognize the best comparison in assessing financial stability for an institution may not be peer institutions or national benchmarks, but may be a comparison to the institution itself over time.

In some cases, the effort of tracking institutional financial stability through ratios is complicated by changes in accounting standards and practices. For example, effective in the 2014-15 fiscal year, Governmental Accounting Standards Board (GASB) Statement No. 68 attempts to improve pension-related accounting and financial reporting. This change in the presentation of pension-related financial information impacts several of the ratios used in this evaluation. As such, the ratios are presented in two different ways: inclusive of the impacts of GASB 68 and exclusive of those impacts. The former will show significant changes in ratios from 2013-14 to 2014-15, as only 2014-15 and more recent fiscal year ratios are impacted as a result of GASB 68.

The following narrative will focus on the ratios that exclude GASB 68, as it allows for a longer-term view of the institution’s financial performance. Future evaluations are likely to focus on ratios that include GASB 68 since a longer, three-year comparison will be possible. For internal purposes, OSU intends to focus on ratios without the GASB 68 impact as a more meaningful measurement of operations and financial position over which the University has influence.

Oregon State University Ratios (No GASB 68)				
Ratio	FY 14	FY 15	FY 16	Benchmark
Viability Ratio	107.70%	95.20%	104.30%	>125.00%
Primary Reserve Ratio	43.30%	41.90%	40.00%	>40.00%
Net Operating Revenues Ratio	-3.00%	-2.60%	-0.70%	>4.00%
Return on Net Assets Ratio	6.00%	4.70%	5.70%	>6.00%
Debt Burden Ratio	3.00%	3.00%	3.40%	<5.00%

The viability ratio measures one of the most basic elements of financial health: expendable net assets available to cover debt should the institution need to immediately settle its obligations. Ideally an institution would have enough expendable resources immediately available to more than cover debt. OSU’s viability ratio has shown some volatility but is above the 100% level, indicating the institution could settle its debt immediately, if needed.

OSU’s primary reserve ratio has been relatively stable in the past three years. The primary reserve ratio compares expendable net assets to total expenses, providing a snapshot of how long the institution could continue operations without the ability to generate revenues from those continuing operations. A trend analysis of the primary reserve ratio indicates whether an institution has increased its net worth in proportion to the rate of growth in its operating size. The stability in OSU’s primary reserve ratio from FY14 to FY16

suggests the institution is growing operating expenses and revenues at a similar pace. It has met the target benchmark for the measure in each of the past three years.

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. OSU's ratio has improved year-over-year but remained slightly negative in FY16, indicating the institution may not be developing capacity to create a stronger fund balance or to make strategic operating investments.

The return on net assets ratio demonstrates whether an institution is financially better off than in previous years. It shows an institution's total economic return. A positive return on net assets ratio means an institution is increasing its net assets and is likely to have increased financial flexibility and ability to invest in strategic priorities. A negative return on net assets ratio may indicate the opposite, unless the negative ratio is the result of strategic investment in strategies that will enhance net assets in the future. OSU's return on net assets improved year-over-year in FY16 suggesting the institution modestly improved its overall financial position. It is near the benchmark for the ratio.

Debt burden ratio demonstrates two factors: the extent to which an institution has used borrowed funds to finance its mission; and the relative cost of institutional borrowing to total operating expenditures. OSU's debt burden has been well below the benchmark for the past three years, a positive indicator that debt is not being overly relied upon to finance OSU activities and that the cost of debt is at a manageable level.

As explained earlier, several of the ratios presented are impacted by GASB 68. The ratios presented in the table below reflect financial statement figures compliant with GASB 68 for FY15 and FY16. FY14 is pre-GASB 68 and unadjusted. They are provided for informational purposes only.

Oregon State University Ratios (With GASB 68)				
Ratio	FY 14	FY 15	FY 16	Benchmark
Viability Ratio	107.70%	90.50%	76.20%	>125.00%
Primary Reserve Ratio	43.30%	42.00%	26.80%	>40.00%
Net Operating Revenues Ratio	-3.00%	2.30%	-9.10%	>4.00%
Return on Net Assets Ratio	6.00%	10.10%	-1.00%	>6.00%
Debt Burden Ratio	3.00%	3.20%	3.10%	<5.00%

BOARD OF TRUSTEES

The Boards of Trustees at each public university and their respective university constituents are continuing the process of developing effective working relationships. The Commission continues to recommend that the 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 OSU the Board of Trustees and faculty continue to work on joint understandings of appropriate access.

The OSU Board of Trustees provides a public comment opportunity prior to Board action any item. It also provides a general public comment period at each meeting. The Faculty Senate President reports that he attends each quarterly meeting and presents a summary of faculty issues and concerns. Prior to October 2015, the President of the Associated Students of OSU (ASOSU) did not provide regular reports since he was the student trustee on the Board. With the transition to a new student trustee in October 2015, the ASOSU President started providing a report at each Board meeting.

The OSU Board of Trustees follows its responsibilities for transparency, accountability, engagement with the university's mission, coordination across the State, and meeting its obligation for real property holdings as set out by the Legislature. The Board adopted bylaws on January 9, 2014. These are published on the Board's website: (see http://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/trustees/agendas-minutes/140109_adopted_osu_bylaws.pdf). The Board held regular meetings on October 16, 2016; January 29, 2016; March 31, 2016; and June 3, 2016. This excludes all committee meeting dates. In accordance with transparency and public accountability laws (ORS 352.025(1)(a)), it provides agendas and meeting locations with materials posted on the Board's website in advance of each meeting. Notices of meetings are sent to members of the media and members of the public who have requested meeting notices. They are also included in the university's email newsfeed and in the student newspaper. Meetings are publicized and open to the public. All meeting notices and supporting documents are available online. In 2016, the Board added the option for members of the public to listen to meetings via a toll-free number.

Since the Board's inception, it has established foundational governance documents to ensure fiscal responsibility and stability, to safeguard institutional resources, to assess its own operations and effectiveness, and to follow governance practices. To meet its fiduciary duties and consistent with best practices, the Board adopted the following:

- Bylaws
- University Mission Statement
- Trustees Conflict of Interest and Recusal Policy
- Trustee Code of Ethics
- Responsibilities of Individual Trustees Policy
- Policies on Standing Committees, Conduct of Meetings, Board Officers, Board Calendar
- Charters for each of the three standing committees of the Board
- University Fraud, Waste, and Abuse Reporting Policy
- University Code of Ethics
- Delegation of Authority to the University

- Public University Fund Investment Policy
- University Internal Bank Policy
- University Investment Policy
- University Debt Policy
- Presidential Assessment Policy

The Board or its designated committee received annual internal and external auditor reports and quarterly operating management, investment, endowment investment, and internal audit reports. (Minutes and meeting materials available at <http://leadership.oregonstate.edu/trustees/meetings>) The Board has also provided strategic direction on the development of a 10-year business forecast to implement the university's strategic plan. This has been in development over the last two years. Another responsibility is for the Board to review and approve new academic programs, recommending them for ultimate approval by HECC.

The Board conducted an annual board self-assessment and adopted annual work plans for the Boards and its committee linked to the Board's responsibilities in its bylaws and to committee charters. There is orientation for new trustees that covers all aspects of fiduciary responsibilities of the Board. There is an annual overview for all members, which covers Board and trustee responsibilities, public meeting and records laws, ethics, and other selected topics.

The Board also approved the university's annual operating budget, biennial budget proposal, annual tuition rates and fees, issuance of general revenue bonds, and a n adjustment in presidential compensation. (Minutes and meeting materials available online: <http://leadership.oregonstate.edu/trustees/meetings>)

On January 16, 2015, the Board adopted a resolution establishing the process for determining tuition and fees. Under the established process, the president consults with recognized student government bodies and enrolled students and reports to the Board the nature and outcomes of his consultation with students, including any significant disagreements. The resolution is available at:
http://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/trustees/agendas-minutes/resolution_15-01_tuition_fees_process.pdf

On May 29, 2015 the Board adopted a Presidential Assessment Policy that established the process for conducting annual and periodic comprehensive assessments of the president. The Board completed the FY15 presidential assessment at its October 16, 2015 meeting and will complete a comprehensive FY16 presidential assessment at its October 21, 2016 meeting. The Presidential Assessment Policy is available at:
http://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/trustees/agendasminutes/150529_adapted_presidential_assessment_policy.pdf

The Board adopted the university's mission statement on March 13, 2014, which was then forwarded to the HECC which granted approval on June 11, 2015. The approved mission statement is available at:
http://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/trustees/agendaminutes/140313_adapted_osu_mission_statement.pdf

The Board forwarded significant changes in the university's academic programs to HECC following Board approval. To date, this includes

- M.S., M. Eng., and PhD in Robotics
- B.A., B.S. in Religious Studies
- B.A., B.S. in Hospitality Management at OSU-Cascades
- May 2015: PhD in Women, Gender, Sexuality Studies

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 on 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 re-affirmed external accreditation for Oregon State University in 2011. NWCCU commended the University for significantly increasing its student population while only marginally increasing student to faculty and student to staff ratios; for the faculty's primary role in designing, approving and implementing the curriculum; and for the faculty's involvement in assessment of student learning and recruitment of new faculty.

At least three strong trends emerge from a review of OSU's student data: growing enrollment, increasing diversity, and continuing achievement gaps for underrepresented minority and low-income students. In fall 2016, OSU enrolled 31,476 students, an increase of 2.9% from the previous fall. Non-resident enrollment grew by 5.7%, while resident enrollment grew by 1.1%. Between 2005 and 2015, OSU's non-resident student population grew 199%, compared to a 20% increase in resident students. In 2015-16, 61% of OSU's students were Oregon residents, essentially the same as the previous year, but down from 70% five years earlier. The number of underrepresented minority students enrolled at OSU continues to increase and is up almost 60% since 2010. OSU enrolled 4,376 underrepresented minority students in fall 2016, representing 13.9% of the undergraduate population. Finally, OSU's number of resident completions increased by 6.6% from 2015 to 2016 and while 68.3% of OSU's undergraduates finish their degrees within six years, not all populations complete at similar rates. Underrepresented minority students and Pell Grant recipients graduate at rates that are 2-13 percentage points less than the rate for the overall student population.

Partly as a result of state funding cuts, resident undergraduate tuition and fees at Oregon State University increased 83.7% in the last 10 years, including increases of 10.8% and 2.6% in 2015-16 and 2016-17 respectively. The total cost of attendance for students includes significant expenses associated with housing, food, transportation, and textbooks. Oregon State University estimates the average student budget for living expenses annually -- \$15,138 for the 2016-17 academic year -- an amount which exceeds resident tuition. In addition to need-based federal and state financial aid programs (Pell Grant and the Oregon Opportunity Grant), students at OSU benefit from significant support from university resources. In 2015, the most recent year for which data was available, the average financial aid award for Oregon State students was \$11,453.

As noted at the outset, this report constitutes a benchmark against which to evaluate OSU'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 will continue to consider modifications to this annual process and product in order to improve its usefulness to our universities and to the people of Oregon.

