HIGHER EDUCATION COORDINATING COMMISSION

2019 UNIVERSITY EVALUATION: Southern Oregon University

Source: State of Oregon

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INTRODUCTION

This report is guided by Oregon Revised Statute 352.061, which requires that the Higher Education Coordinating Commission (HECC) submit to the Legislative Assembly an evaluation of public universities listed in ORS 352.002. Each public university must be evaluated in the manner required by this section once every two years. The purpose of this 2019 report is to evaluate the contributions of Southern Oregon University (SOU) to State objectives for higher education as articulated in statute and in the HECC's Strategic Plan (https://www.oregon.gov/HigherEd/Documents/HECC/Reports-and-Presentations/HECC-StrategicPlan_2016.pdf). The Report relies on a combination of accreditation reports, self-assessments conducted by the university on criteria jointly developed with the HECC, and state and federal data. This is Southern Oregon University's third evaluation, and as such, it builds on the descriptive benchmarks identified in the 2017 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 SOU's Board of Trustees has operated since its formation in July 2015. 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 established individual governing boards at the University of Oregon (UO) and Portland State University. It also established a time frame for Oregon State University (OSU) to establish an individual governing board, which it subsequently did. House Bill 4018, enacted in 2014, and Senate Bill 80, enacted in 2015, authorized the establishment of independent governing boards at Western Oregon University (WOU), Southern Oregon University (SOU), Oregon Institute of Technology (OIT) and Eastern Oregon University (EOU) and abolished the Oregon University System. SB 270 and subsequent legislation required the Higher Education Coordinating Commission (HECC) to conduct an evaluation of the public universities. During the 2017 Legislative Session, the legislature amended ORS 352.061, requiring the HECC to evaluate each public university once every two years. The evaluation criteria 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).
c) An assessment of how well the establishment of a governing board at the university comports with the finding s set forth in ORS 352.025.

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.

This year the HECC evaluated the four technical and regional universities (TRUs): Western Oregon University, Southern Oregon University, Eastern Oregon University, and Oregon Institute of Technology.

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, 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.

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.

During each evaluation report cycle 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 are 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.

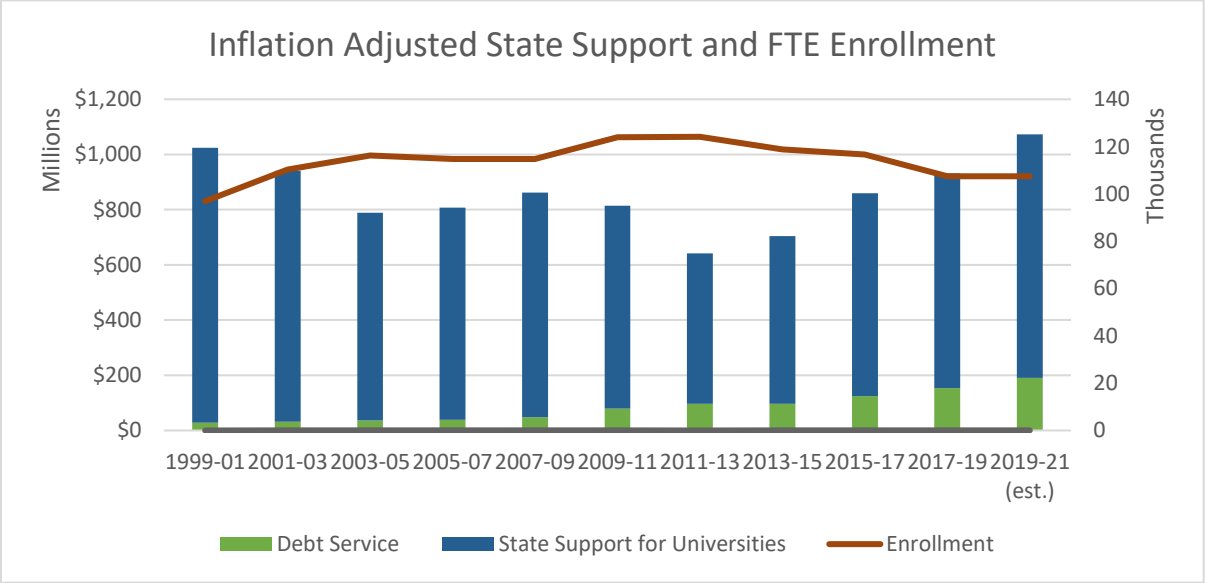
This report is focused on the legislative charge and the HECC's primary areas of emphasis as indicated in its Strategic Plan. This report is not a comprehensive evaluation. It reflects the narrower scope of legislative issues of interest, incorporating findings from accreditation studies where there is overlap.

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 a positive 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



Source: HECC (2019; *figures adjusted for inflation)

Governance Changes

Senate Bill 270 (2013) 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. After July 1, 2019 the universities were no longer

mandated to offer the same scope and value for each of the employee benefits referenced in the statute (ORS 352.129), but are still required to participate in a shared administrative arrangement for the provision of the benefits.

Local Conditions and Mission

Southern Oregon University (SOU) has provided outstanding educational opportunities to students for over 140 years. The Institution is a key partner with businesses, government organizations, and community partners as well as other educational institutions. Over the past several years, the University has faced significant challenges, including the changing profile of higher education in Oregon, reductions in state allocations, shifting student demographics, and evolving workforce opportunities. SOU declared retrenchment in 2013. Since then it has been guided by a holistic, intentional and realistic plan that articulates reductions in costs and increased efficiencies, but also creates opportunities to build programs and operating principles that should carry the institution into the next strategic planning process. SOU continues to adapt to the needs of the region and its students, and is committed to its mission and goals of preparing students for success in college and beyond. The HECC has approved one program since the last time SOU was evaluated in 2017: B.A./B.S. in Digital Cinema.

Liberal arts universities such as SOU have mission statements that describe high-level expectations for their students. Southern Oregon University strives to achieve a balance between providing a liberal arts education and meeting the professional and workforce needs of its region. These objectives are expressed in SOU's core themes and inform the indicators that are assessed to show the extent that their curriculum, academic programs, and support services address these themes.

The mission of SOU was originally approved by the State Board of Higher Education in 2008, consistent with its legal authority for higher education in the state of Oregon. Oregon Revised Statute 352.089(1), established in July, 2014, requires higher education governing boards to adopt a mission statement for the university and forward that statement to an office designated by the Higher Education Coordinating Commission for review. ORS 350.075 and 350.085 require the HECC to review and approve public university mission statements.

In January 2017, the SOU began a strategic planning process, including a revision of its mission and vision, which was approved by its Board of Trustees in November 2017 and approved by the HECC on January 11, 2018.

MISSION:

Southern Oregon University is a regionally-engaged learning community committed to being the educational provider of choice for learners throughout their lives.

> We inspire curiosity and creativity, compel critical thinking, foster discovery, and cultivate bold ideas and actions.
>
> We achieve student success, professional preparation, and civic engagement through service excellence, evolving technologies, and innovative curriculum.
>
> We foster access, equity, inclusion and diversity in thought and practice.
>
> We prepare our learners to be responsible, engaged citizens in our democracy.

We promote economic vitality, sustainability, cultural enrichment, and social well-being in our region, the state, the nation, and the world.

ECONOMIC AND COMMUNITY IMPACT

Southern Oregon University

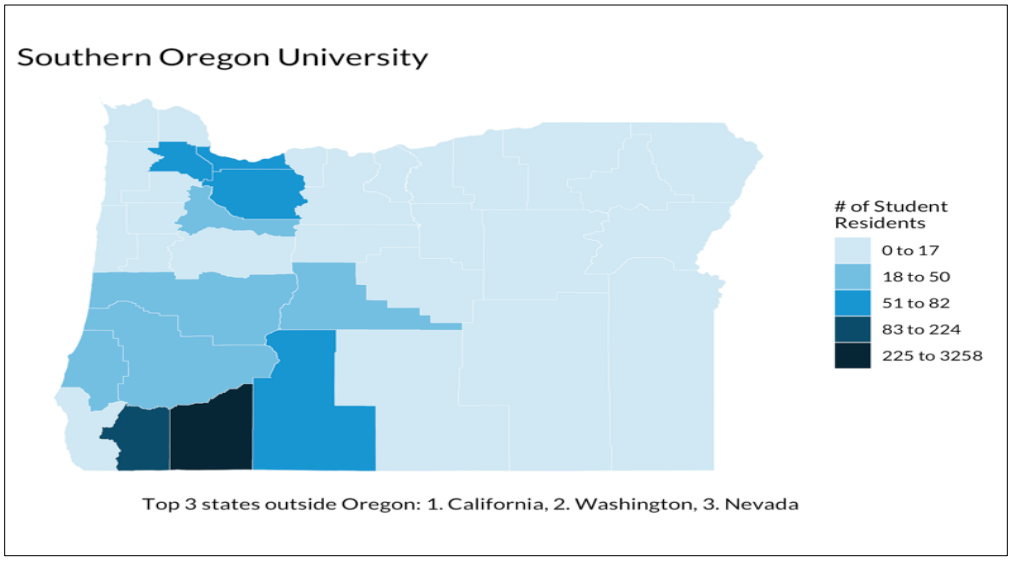
Summary provided by ECONorthwest Economic Contributions report (January 2020) commissioned jointly by EOU, OIT, SOU, and WOU.

Based in Ashland with an additional satellite campus in downtown Medford, Southern Oregon University (SOU) is an important driver of the regional economy in Southern Oregon. The university consists of seven Academic Divisions: Oregon Center for the Arts, STEM, Education/Health & Leadership, Business/Communication & the Environment, Social Sciences, Humanities & Culture, and Undergraduate Studies. A satellite campus of Oregon Health Science University is also located on the main campus of SOU.

SOU has the most affordable tuition of any four-year public university in Oregon. Students pay 44 percent less than the state average tuition for publicly funded institutions.[1] This provides an important benefit to students once they begin their careers. Based on the U.S. Department of Education's College Scorecard, SOU average annual enrollment costs to graduate salary ratio is the lowest in the state among reported institutions (23 cents per dollar earned), with graduates earning slightly less than the national average salary of $47,060.[†]

The University offers 37 degree programs offered within the seven Academic Divisions. Most SOU students come from counties closest to where the university's campuses are located (Jackson and Josephine).

Exhibit 1. SOU Student Origin by County

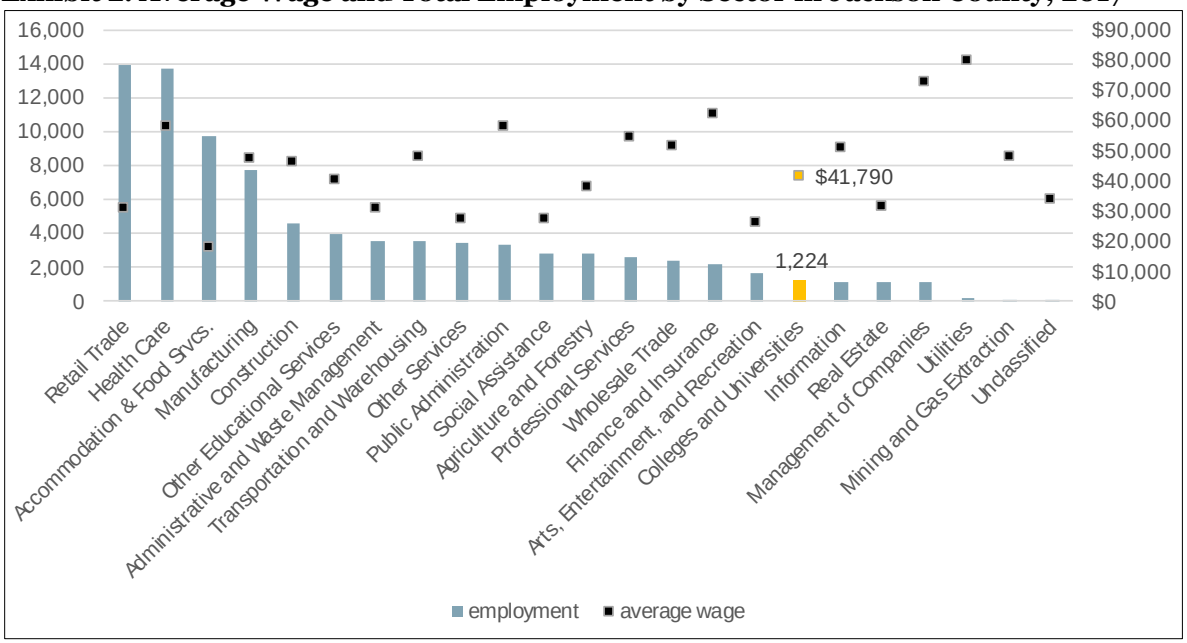


[1] U.S. Department of Education College Score Card.
[†] SOU has identified the need to verify these data to confirm consistency between National Center for Educational Statistics (NCES), The College Scorecard, and SOU Financial Aid data.

Southern Oregon's place within the county

As with other TRUs in Oregon, the college and university sector plays an important role in the regional economy. According to the Quarterly Census of Employment and Wages, the sector is the fifteenth largest in Jackson County with 1,224 employees, and falls in the middle of the spectrum for pay, averaging $41,790 per year. This indicates that the college and university employment sector is an important source of middle-income jobs in the county. Exhibit 2 illustrates the employment and average pay by sector in Jackson County.

Exhibit 2. Average Wage and Total Employment by Sector in Jackson County, 2017



Source: ECONorthwest using QCEW data

SOU Contributes to a Robust Job Sector

Of the 1,224 jobs in the Colleges and Universities sector, 63 percent of those are direct SOU operations jobs. During the 2017-2018 academic year, SOU operations supported 775 direct jobs, which includes salaried professors and administrators. These jobs paid on average about $79,259 in salaries and benefits and produced $92.7 million in economic output.

Exhibit 3. Operational, Student, and Visitor Contributions of Southern Oregon

Type of Impact	Output	Labor Income	Jobs
Jackson County			
Direct	$92,726,595	$61,426,422	775
Indirect	$19,499,912	$11,364,705	156
Induced	$170,224,461	$69,256,288	1,215
Total	$282,450,969	$142,047,415	2,146

Note: Operations contributions include student and visitor spending for ease of reporting
Source: ECONorthwest using inputs from TRU and the IMPLAN model

Renovation and Upgrades Further Support the Region

Capital spending on SOU's main campus supported additional economic activities. Ongoing construction projects such as the Britt Seismic Renovation, the Student Health, and Wellness lobby remodel project and boiler replacement went to support 154 direct construction jobs in 2018, paying on average $65,676 in wages and benefits and contributing $29.9 million in direct economic output to the region.

Exhibit 4. Construction Contributions of Southern Oregon

Type of Impact	Output	Labor Income	Jobs
Jackson County			
Direct	$0	$0	0
Indirect	40,332,300	13,508,287	218
Induced	10,296,749	3,750,261	78
Total	$50,629,049	$17,258,548	296

Source: ECONorthwest using inputs from TRU and the IMPLAN model

Student and Visitor Spending

SOU enrolled 5,475 undergraduates in 2017 who on average spent $15,144 on non-tuition expenses such as housing, food, and entertainment.[2] Combined this spending injected $82.9 million into the local economy. Additionally, the university attracted 73,722 visitors to the campus to either visit students or attend other campus activities. Such visitors spent about $6 million in Jackson County on food, lodging, and entertainment.[3]

ACCREDITATION

This report is formative and focuses on the areas of interest identified by the Legislature and in alignment with the HECC's Strategic Plan. It is not intended to be a comprehensive evaluation of Southern Oregon University. SOU complies with the requirement that it undertake comprehensive assessment and review of academic and institutional quality per standards maintained by the Northwest Commission on Colleges and Universities (NWCCU), which accredits SOU and other universities in the region. 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 ongoing submission of institutional data and periodic self-evaluation and peer review processes. An accredited college or university is one that has been found to have the necessary resources available to achieve its stated purposes through appropriate educational programs, and to be substantially doing so, and which provides reasonable evidence that it will continue to do so in the foreseeable future. Institutional integrity also is addressed through accreditation. Reviews are structured as a cyclical process of continuous improvement.

Southern Oregon University has evolved as an institution of higher education in the Rogue Valley for more than one hundred years. In 1895 it became Southern Oregon State Normal School and was named Southern Oregon College in 1956. As a member of the Oregon University System it was re-named Southern

[2] Southern Oregon University Cost of Attendance.
[3] The 2017 Oregon Travel Impacts report produced by Dean Runyan Associates estimated that visitors in the state spent on average $82 per day. ECONorthwest applied this to estimate total visitor spending for each university.

Oregon University in 1997. SOU offers baccalaureate degrees in the liberal arts, sciences and several professional fields. It also provides a selected number of masters-level graduate programs as well as educational programs that serve the needs of the local and regional community. Southern Oregon University has recently partnered with other higher education institutions to help achieve its outreach mission, including as a member of the Southern Oregon Higher Education Consortium (SOHEC).

In February 2017, SOU was reaffirmed for accreditation by NWCCU following its Year Seven Self-Evaluation (*Mission Fulfillment and Sustainability*). The following information is drawn from the NWCCU Report.

NWCCU commended faculty and staff for supporting students and student success; SOU for its proactive efforts to address sexual assault; and the SOU community for maintaining morale and "surmounting recent challenges," including changes in leadership, the reorganization of the Oregon University System, and changes to funding structure and capital construction and physical plant infrastructure.

In affirming accreditation, NWCCU requested that the university address five (5) recommendations:

1. SOU will review its definition of mission fulfillment and planning for definition of mission fulfillment.

2. SOU will revise objectives and indicators for core themes to include both graduate and undergraduate programs.

3. SOU will develop a plan to provide adequate funding to its library, ensuring that it supports educational programs in both graduate and undergraduate studies.

4. In its development of a new strategic plan, SOU will ensure that core themes are consistent with its strategic plan, and align with and contribute to achievement of the goals or intended outcomes of the respective programs and services offered by the institution. NWCCU also required that SOU ensure that core themes, and any subsequent changes to them, be approved by its board of trustees, consistent with Eligibility Requirement 3.

5. SOU will continue to expand the use of assessment data and document assessment processes and results, with particular attention to utilizing assessment data to inform institutional improvement of academic and learning support programs and practices that lead to enhancement of student learning achievement (i.e. "closing the loop"). SOU is also advised to ensure that assessment occurs in both undergraduate and graduate programs.

In December 2017 SOU submitted its Year One Self-Evaluation (including revised core themes, objectives, and indicators) and, as requested by NWCCU, that submission included an Ad Hoc Report to address recommendations (1) and (2) from the Year Seven 2016 evaluation. Recommendations (3), (4) and (5) were addressed as an addendum to the Year Three/Mid-Cycle Report, submitted in September 2019 and were approved during NWCCU's January 2020 commission meeting.

The following SOU programs are accredited by external accrediting bodies:

- Business (Accreditation Council for Business Schools and Programs
- Chemistry (American Chemical Society)
- Music (National Association of Schools of Music)

- Clinical Mental Health Counseling Program (Council for Accreditation of Counseling and Related Educational Programs)
- Education (Oregon Teacher Standards and Practices Commission)
- Environmental Education (North American Association for Environmental Education)

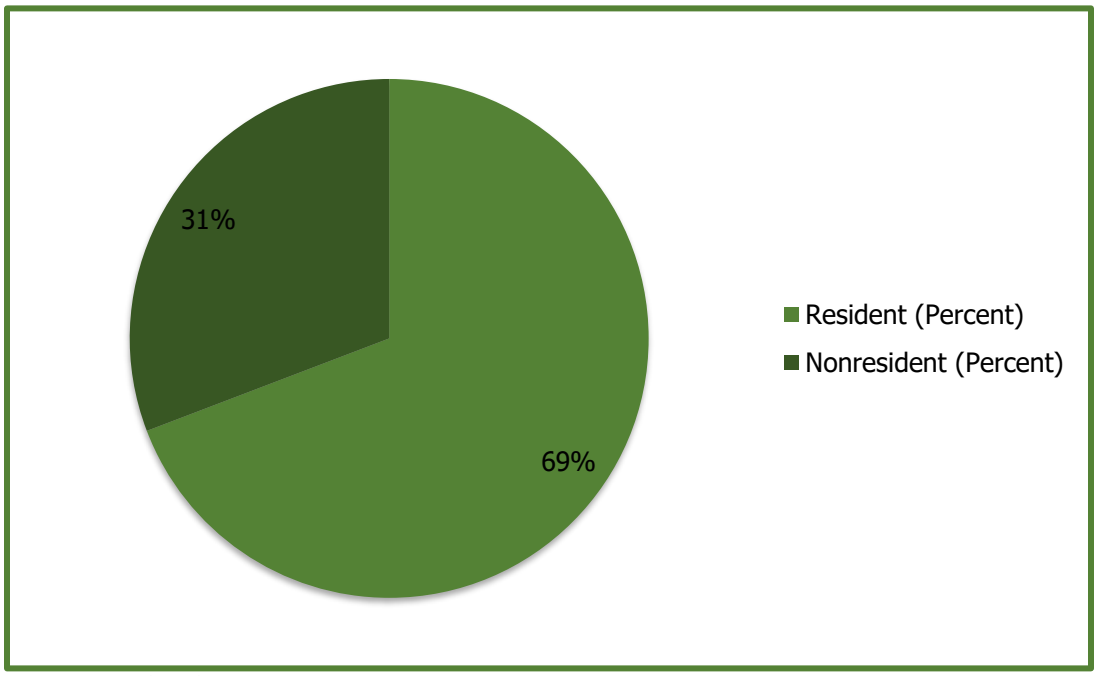
STUDENT ACCESS AND SUCCESS

Nationally, Fall 2019 saw college enrollment decreases for the ninth consecutive year, according to recent data from the National Student Clearinghouse Research Center.[4] Oregon has a similar pattern with some variation across institutions. This section of the report is focused on tracking trends in enrollment and completion outcomes.

As described by Figures 2 and 3, the majority of SOU students (69.2%) are resident, and the majority (57.3%) also attend full-time.

SOU enrollment has had a relatively gradual decline over the last six years. In the most recent year (Fall 2018 to Fall 2019) headcount enrollment decreased from 6,119 to 5,966, or -2.5%. During this year, non-resident enrollment decreased by 8.4% while resident enrollment increased by 0.1 percent. Overall, student FTE decreased from Fall 2018 to Fall 2019 by 4.1 percent.

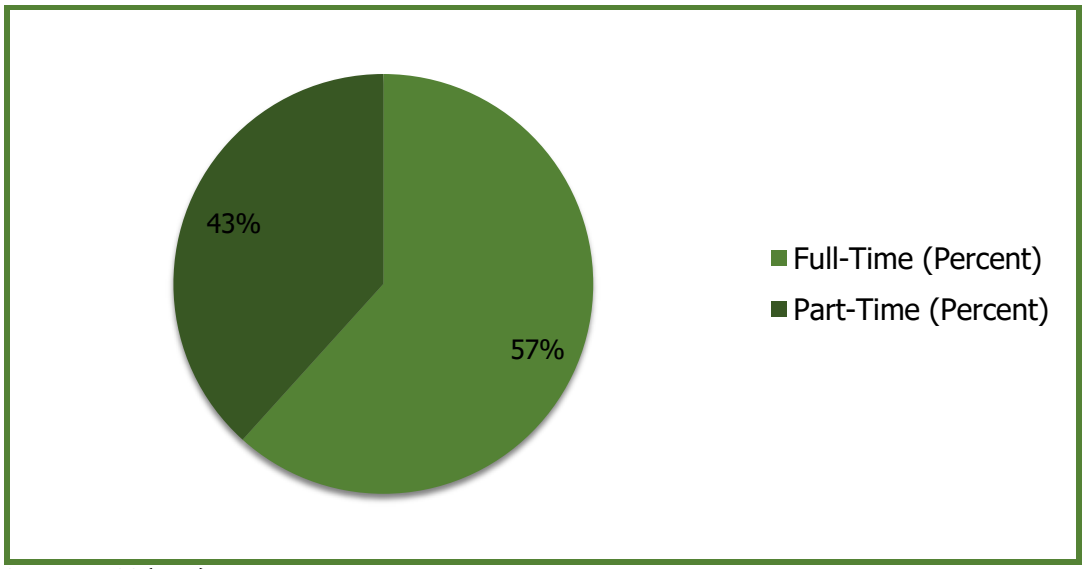
Figure 2: SOU Student Enrollment by Residency, 2018-2019



Source: HECC (2019)

[4] https://nscresearchcenter.org/wp-content/uploads/CTEE_Report_Fall_2019.pdf

Figure 3: SOU Student Enrollment by Full-Time/Part-Time Status, 2018-19



Source: HECC (2019)

In Fall 2019, SOU enrolled 5,966 students. Of those, 1,095 were newly admitted undergraduates, compared to 1,107 newly admitted undergraduates in the previous academic year. While single year enrollment changes do not constitute a trend on their own, they are generally consistent with longer term enrollment patterns at SOU.

SOU's enrollment of underrepresented students has been steadily increasing year-over-year, representing an 81.6% growth since 2010. SOU's total enrollment has increased 17.4% since Fall, 2008, but is down 11.5% from its post-recession peak in 2011. Growth since 2008 has been driven by non-resident students, who are up almost 55.5% over that time period. Resident student enrollment peaked in 2011 and, despite a 16.8% decline from 2011 to 2019, remains 6.7% higher today than in 2008. In Fall, 2019 resident students account for roughly 69% of SOU's student body. SOU awarded 3.3% fewer degrees in 2018-19 than the prior year. The most recent six-year graduation rate is 44.9% for Pell Grant recipients, 41.0% for underrepresented minority students, and 48.8% for all students. SOU is steadily increasing the number of degrees awarded to underrepresented minority students.

SOU students come from diverse backgrounds. In Fall 2019, 19.6% of SOU's total enrollment came from underrepresented student populations. Over time, SOU has seen large enrollment increases among Hispanic students and students who identify as being of two or more races. In addition, 36.9% of SOU's total student population are Pell Grant recipients.

Table 1: SOU 4th Week Headcount Enrollment by Race/Ethnicity

Race/ Ethnicity	Fall 2016	Fall 2017	Fall 2018	Fall 2019	Change Fall 2018 to Fall 2019
Non-Resident Alien	162	153	119	116	-3
American Indian/ Alaska Native	70	65	100	95	-5
Asian	123	123	137	167	30
Black Non-Hispanic	111	108	122	111	-11
Hispanic	531	554	648	658	10
Pacific Islander	32	37	56	61	5
Two or more races, Underrepresented Minorities	274	286	253	243	-10
Two or more races, not Underrepresented Minorities	77	71	69	71	2
White Non-Hispanic	2,953	3,001	3,630	3,499	-131
Unknown	1,755	1,741	985	945	-40

Source: HECC (2019)

Different student populations graduate at different rates. Underrepresented minority students and Pell Grant recipients graduate at rates that are, on average, four to eight percentage points less than the rate for the overall student population, although these gaps appear to increase at the six year rate between the overall student population and underrepresented minority students.
The four and six-year graduation rate for SOU First Time Freshmen who entered in the Fall term of 2012 is as follows:

Table 2: Four-Year and Six-Year Graduation Rate, First Time, Full Time Freshmen Entering Fall 2012

	Four-Year Graduation Rate	Six-Year Graduation Rate
All Students	24.2 %	48.8 %
Underrepresented Minorities	13.9 %	41.0 %
Pell Grant Recipients	21.6 %	44.9 %

Source: HECC (2019)
*Fall 2012 cohort is the latest year of available data. Includes students who completed at any Oregon public university.

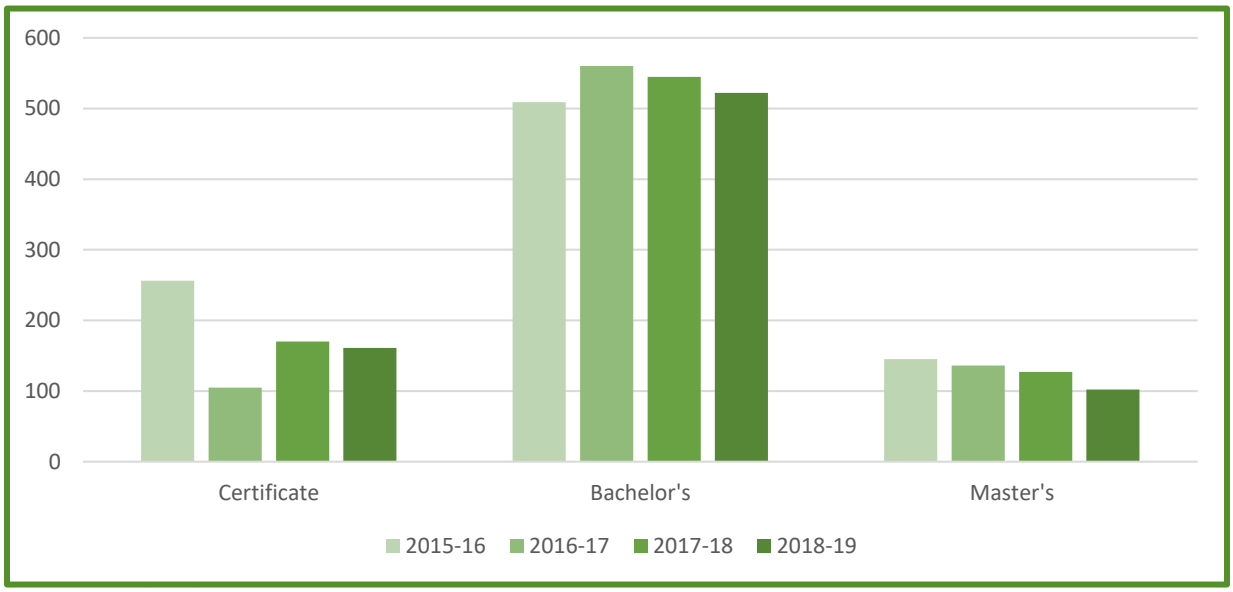
SOU's number of resident completions by award type saw measurable decreases over the last two-years. No associate's degrees, doctoral degrees, and professional degrees were awarded because SOU does not offer those degree types.

Table 3: SOU Resident Student Completions by Award Type

	2015-16	2016-17	2017-18	2018-19
Certificate	256	105	170	161
Associate's	-	-	-	-
Bachelor's	509	560	545	522
Master's	145	136	127	102
Doctoral	-	-	-	-
Professional	-	-	-	-

Source: HECC (2019)

Figure 4: SOU Resident Student Completions by Award Type



Source: HECC (2019)

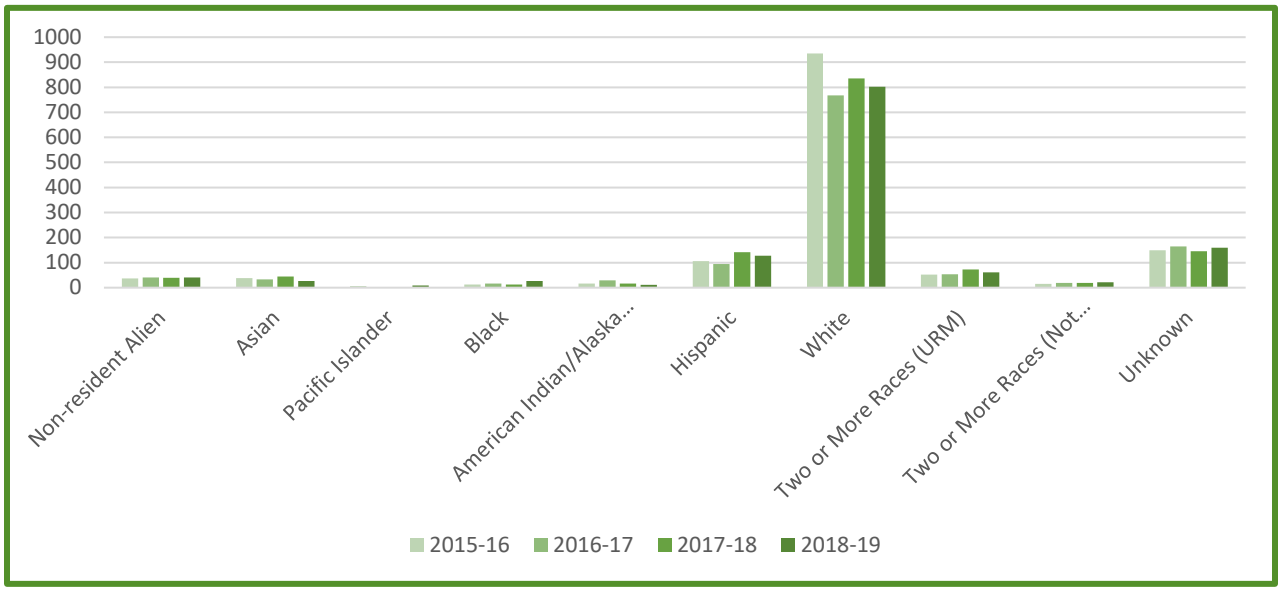
Table 4: SOU Completions by Race/Ethnicity

	2015-16	2016-17	2017-18	2018-19
Non-resident Alien	37	41	39	41
Asian	38	33	44	27
Pacific Islander	6	1	1	9
Black	12	17	13	26
American Indian/Alaska Native	16	29	17	11
Hispanic	106	94	141	127
White	935	768	835	802
Two or more races, Underrepresented Minorities	52	54	73	61
Two or more races, not Underrepresented Minorities	15	19	19	21
Unknown	149	164	146	159

Source: HECC (2019)

It is noteworthy that the number of degrees awarded to underrepresented minorities has been on the rise over the last three academic year cycles, from 131 in 2013-14 to 155 in 2014-15 to 192 in 2015-16, and 195 in 2016-17. That growth seems focused around Hispanic students and students who identify as being of two or more races. White Non-Hispanic students fell from 935 in 2015-16 to 768 in 2016-17, a decrease of 18 percent.

Figure 5: SOU Completions by Race/Ethnicity



Source: HECC (2019)

Lastly, each public university has made a deliberate effort to award tuition waivers to foster youth. Below is a breakdown of Foster Youth Tuition Waivers granted at each public university:

Table 5: Foster Youth Enrollment by Tuition Waiver

	EOU		OIT		OSU		PSU		SOU		UO		WOU	
	Number of students	Number of waivers	Number of students	Number of waivers	Number of students	Number of waivers	Number of students	Number of waivers	Number of students	Number of waivers	Number of students	Number of waivers	Number of students	Number of waivers
2012-13					7	26	11	29			7	23	7	9
2013-14					15	54	25	88			13	29	12	35
2014-15	1	3	2	5	7	21	21	59			2	7	3	11
2015-16	6	16			6	19	19	63			1	4	3	8
2016-17	2	4					13	50			6	17	4	12
2017-18	2	5			2	6	17	59	3	8	6	17	5	16

Source: HECC (2019)

AFFORDABILITY

Among the factors that the HECC is required to evaluate is whether universities remain affordable for Oregon residents. The following constitutes our evaluation of Southern Oregon University's affordability.

Many students and prospective students at Southern Oregon University (SOU), 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. Only six states have met pre-recession funding levels for higher education. When considering state educational appropriations per FTE adjusted for inflation, Oregon is one of the states that has not returned to pre-recession funding of public higher education.

That shift has been particularly acute in Oregon in recent years. Net tuition and fee revenue represents two-thirds of total educational and general (E&G) revenue for the state's universities. This means students are paying the majority of the cost of their education while the state and institution funds the remaining one third. This is almost the reverse of the student experience a generation ago. Partly as a result of state funding cuts, PERS and PEBB funding mandates, resident undergraduate tuition and fees at Southern Oregon University increased 83.3% in the last 10 years, including increases of 3.5% and 9.0% in 2018-19 and 2019-20 respectively.[5] Specifically in 2019-20 tuition increased 9.9% and fees increased 5.3%.[6] Resident graduate students have faced similar increases. This is compared to a 5.47% average increase in resident, undergraduate tuition and fees across all institutions for the current year.

Students, however, do have access to financial aid at Southern Oregon University. Including tuition remissions funds, SOU awarded over $34 million in federal, state, and institutional financial aid in AY 18-19. In addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Southern Oregon University students benefit from SOU's significant commitment of institutional resources to scholarships, remissions, and tuition discounts. In the 2018-19 academic year, SOU recorded $2,546,435 in resident tuition remissions (12.3% of resident gross tuition charges), which is a 14.2% decrease over the prior year. The year prior, the 2017-18 academic year, SOU recorded $2,970,369 in resident tuition remissions (15.2% of resident gross tuition charges). To increase effectiveness of tuition remissions, SOU has contracted with a national firm to leverage remission awards to better meet students' financial needs. The leveraged aid also right-sizes the tuition remission offered to avoid under-awarding (where students don't enroll because of lack of funds) or over-awarding (where SOU might provide more than what is needed). For the Fall 2020 term, SOU has re-engineered remission funding to meet financial need and incentivize student to enroll.

Southern Oregon University also engages in a number of targeted programs designed to increase access and completion among targeted populations.[7] For example, SOU's "Raider Scholarship" provides up to $4,000 in annual scholarship to eligible students with a high school GPA of 3.75 or above (and certain SAT or ACT scores) based on financial need.

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. Southern Oregon University estimates the average student budget for living expenses annually – $18,285 for the 2019-20 academic year[8] – exceeds resident tuition and fees of $10,479. The total cost of attendance is $28,764 including tuition and fees plus living expenses.

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. According to the HECC's SOU scorecard for the 2017-18 academic year,[9] 55% of SOU's students were unable to meet expenses with expected resources, family contributions, and student earnings and grant aid, compared to a statewide average of 60%.[10] Average earnings among bachelor's

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[5] Source: https://inside.sou.edu/enrollment/tuitionandfees.html as well as historical OUS tuition data. Defined to include full-time resident base tuition and all mandatory fees (including incidental fees).
[6] A full-time resident undergraduate student (taking 45 credits per year or 15 credits for each of three terms) at Southern Oregon will pay $8,505 in tuition and $1,974 in fees for a total annual cost of $10,479.
[7] https://inside.sou.edu/enrollment/financial-aid/scholarships/index.html
[8] Source: https://inside.sou.edu/enrollment/financial-aid/budgets/index.html
[9] Source: https://www.oregon.gov/highered/research/Documents/Snapshots/SOU-Snapshot.pdf
[10] Statewide averages from: https://www.oregon.gov/highered/research/Documents/Snapshots/Statewide-Snapshot.pdf

degree recipients five years after graduation were $39,809, compared to a statewide average of $45,785. The average debt among graduates was $23,300, compared to a statewide average of $22,421 and 47% of SOU students had federally supported loans, the same as the statewide average of 47%. According to the College Scorecard, during the 2017-18 academic year, 32% of students received Pell Grants.[11]

ACADEMIC QUALITY AND RESEARCH

The introduction of a new state budget model that provides incentives for growth in enrollment and graduation outcomes has triggered concerns across various sectors that the pursuit of economic sustainability may adversely affect academic quality and research. A concern is that institutions might be tempted to lower standards in order 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 Colleges and Universities (AACU) to pursue promising initiatives to develop nationally-normed outcomes to assess and track student learning and post-graduation success.

SOU has clearly established processes, guidelines and oversight committees for curricular planning; program development and review and faculty evaluation.

Proposed degrees, programs, and certificates originate with faculty at the program level, and are then routed through several levels of approval: first, from program chair to division director, then to the university Curriculum Committee or Graduate Council (for graduate programs); then to the Faculty Senate. Following approval by the Faculty Senate, proposals are presented to the SOU Board of Trustees, the Oregon Public University Provosts Council for evaluation and recommendation, and then to the Higher Education Coordinating Commission for final approval. Procedures and guidelines are available at: https://inside.sou.edu/provost/curriculum.html

The Faculty Senate Curriculum Committee's charge is to "study existing curricula and consider all changes in curricula including degrees offered, degree requirements, and specific courses." The Curriculum Committee is comprised mainly of teaching faculty (6), and three ex officio administrative members, including the Registrar and the Associate Provost. Its charge is to review and approve all additions or deletions of undergraduate courses or programs, as well as changes to curricular structure (such as pre-requisites, electives, or credit hour requirements) and then submits their recommendations to the Faculty Senate for approval. The University Studies Committee (USC) reviews courses that are proposed for inclusion in general education. The Graduate Council (GC), another Faculty Senate committee, reviews additions, deletions, and changes to graduate-level programs and courses.

Description, charge and composition of Faculty Senate Committees are found in the Bylaws of the SOU Faculty Constitution (specifically, section 1.32). Materials delineating procedures for curricular change are found on the Provost's Office web site.

Academic Program Review:

In AY 2018-19, the Provost's office convened a working group consisting of academic faculty, several division directors and the Director of University Assessment to review approaches and practices to academic program review (APR). The recommendations of that group were presented to faculty

[11] https://collegescorecard.ed.gov/school/?210146-Southern_Oregon_University

governance and Division Directors and implemented in a pilot phase in Spring 2019. Three academic programs (Business Administration, Biology and Psychology) completed APRs, using a pilot template which identifies five main areas for review: program description/context, student learning experience, program appraisal and institutional support, faculty, and goals, aspirations and 21st century transformation. The template was carefully designed to complement, but not duplicate, the assessment reporting that programs already complete, focusing more specifically on programmatic efficacy, resources, and planning priorities relative to SOU's strategic plan. After assessing and revising the instrument, the APR process will be fully implemented in AY 19-20, with a rotating cycle of ten academic programs submitting reviews each year.

According to Section 5 of the Bylaws of the SOU Faculty Constitution, faculty members are evaluated through several means: (a) student evaluations; (b) annual evaluations completed by program chairs for faculty members on one-year fixed term appointments and term-by-term faculty upon completion of 3 years or 45 ELUS; (c) colleague evaluations for faculty holding tenure or extendable appointments.

Terms and procedures for faculty evaluations are outlined in sections 5.350-5.373 of the Faculty Senate Bylaws. A Program Chairs Manual with guidelines is published and provided on the Provost's web site and in the Collective Bargaining Agreement between the Association of Professors, Southern Oregon University (AP:SOU) and SOU.

Annually, each faculty member also completes a Faculty Professional Activities Report (FPAR), which includes review and self-evaluation of teaching effectiveness, scholarly activity, service activity, and goals for professional development in these and other areas (including administration for faculty with administrative responsibilities). SOU uses the Activity Insight software program for faculty reporting and evaluation procedures.

Faculty Professional Development:

Faculty evaluation and professional development are fundamental to sustaining academic quality. SOU has clearly defined opportunities for faculty development. These include:

1. Professional Development Accounts

   According to SOU's Collective Bargaining Agreement (Article 9, Section B), Professional Development Accounts (PDAs) are provided to support each full-time professorial and professional faculty member's development in the areas of teaching, scholarship, or service. Per the current (2018-2021) CBA, each full-time professional faculty member at SOU with an ongoing appointment is allocated $900 and each full-time professorial faculty member with an ongoing appointment is allocated $1,500. Approval for use of these funds is contingent upon the member demonstrating to the Chair how the proposed use of the funds support activities or goals described in the faculty member's approved annual Faculty Professional Activity Report. Examples of approved uses of PDA include: professional travel; the purchase of equipment, software, or other materials; use of consultants; release time for professional activities or summer stipends for scholarly activities; professional society dues, books, and journal subscriptions.

2. Professional Development Grants

   In addition to Professional Development Accounts, the SOU Collective Bargaining Agreement allocates additional funding for annual Professional Development Grants, which faculty may apply for via proposal submitted to the Faculty Development Committee. According to the CBA, "Priority

shall be given to proposals for substantive activities related to: course revision, assessment, improvement of teaching methodology and skills, updating faculty in their disciplinary fields, retraining faculty for new assignments, providing instructional resources, and developing interdisciplinary courses, scholarship, and academic conference travel." Proposals should be consistent with the faculty member's professional appointment, and may be evaluated by the Provost, in consultation with the Faculty Development Committee, for alignment with institutional priorities. The past two contracts have allocated roughly $150-165,000 for these grants, which are split across the three contract years.

3. Ongoing professional development: The Center for the Advancement of Teaching and Learning

Formerly the Center for Instructional Support (CIS), SOU's Center for the Advancement of Teaching and Learning (CATL) assists faculty members with professional development by providing resources, technology support, training and pedagogical assistance. In addition to ongoing and on-call services for faculty around teaching activities, CATL also implements programming for faculty, including new, adjunct and other faculty orientation.

In 2015-16, the Center worked with the Provost's office to implement the Curriculum Design Academy (CDA). Initially funded through Student Success Initiative monies provided by the legislature, CDA was designed to provide support for curriculum/course design, study and adoption of best teaching practices, and opportunities for collaboration to meet objectives of student success, retention and persistence, and completion for first-year, foundational or "gateway" courses with high percentages of D, F, I, E, or Withdrawal grades among students. In its first year, CDA was a year-long professional development program for teams of faculty and program chairs, including stipends and funds for programs, course and curriculum design workshops, and collaboration around course design, assessment and outcomes. CDA was re-designed in 2016-17 to provide more program and course-specific support, focusing more intensively on course components, including high-impact practices such as transparent assignment design, adoption of open educational resources, and intensive writing and critical thinking instructional strategies.

In its first year, program teams from Mathematics, Foreign Languages, Psychology and University Seminar participated in CDA, and introduced newly re-designed "gateway" courses in the 2016-17 academic schedule. In 2017, the new process and course design guidelines were used by the second CDA cohort (seven faculty members) to redesign/design eight courses according to the modified course design process. In addition, eight faculty participated in Transparent Assignment Design workshops and re-designed two assignments in each of their courses as part of SOU's participation in a national research study.

RESEARCH ACTIVITY

In 2017-18, SOU reported total research expenditures of approximately $681,000, and increase from the previous year. For 2018-19 SOU reported total research expenditures of approximately $463, 300.

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. In November 2018, the presidents of Southern Oregon University (SOU), Oregon Institute of Technology (Oregon Tech), Rogue Community College (RCC) and Klamath Community College (KCC) formed the Southern Oregon Higher Education Consortium (SOHEC), Oregon's first regional coalition of colleges and universities. Partners established the consortium to prompt discussion about what kinds of economic growth are needed in southern Oregon, what industries the institutions should help support or attract, and how higher education can best align to meet those needs. During the past year SOHEC has created a website, shared housing, explored collaborative academic programming, worked on developing dual admission, improved transfer and developed or implemented additional programs. In addition, SOU 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: Southern Oregon University 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 SOU's vacant PIO position was filled on Oct. 17, 2016. Expectations for position are the same as prior incumbent and include ongoing attendance in scheduled meetings of PIO Officers
Legislative Advisory Council (LAC)	P
Cooperative Contracting *(note: taking part in State contracts)*	P Limited to an agreement between PSU and SOU for high level review of contracts.
Capital Construction Services	P
OWAN	If "OWEN" network then this has been subsumed within NERO, if "OWAG" then NP since OWAG is a financial data warehouse used by USSE.
NERO Network	P
RAIN	N/A SOU understands this to be available only for UO and OSU.
Orbis Cascade Alliance	P

ONAMI	N/A SOU understands this to be available only for UO, OSU, PSU, and OHSU.
Other	SOU is a member of both the Medford Chamber of Commerce and the Medford Chamber Forum, Ashland Chamber of Commerce, Grants Pass Chamber of Commerce, Medford and Ashland Rotary Clubs, SOREDI, the Rogue Workforce Partnership (similar to RAIN). Additionally, they rent out SOU classroom space and office space to OHSU and PSU.

SHARED FACILITIES

1) Southern Oregon University entered into a facility sharing agreement with Rogue Community College upon completion of the capital construction project called the Higher Education (HEC) Building in 2008. The facility, located in Medford, includes teaching classrooms, specialty classrooms, presentation halls, and teaching computer labs. An example of cooperation and collaboration between two institutions, the HEC is a model of environmental stewardship having received the U.S. Green Building Council award's platinum certificate in the Leadership in Energy and Environmental Design (LEED) program, the first Platinum LEED building within Oregon public universities.
2) The Southern Oregon University campus includes the Oregon Health & Sciences University's School of Nursing in Ashland. Three pathways are offered to OHSU students to complete their bachelor of science with a major in nursing exist and include: 1.) the Oregon consortium for nursing education or OCNE, 2.) a three-year undergraduate nursing program, 3.) and an accelerated bachelor for those with an undergraduate degree in another field and as associate degree in nursing from an OCNE community college.

STAFF TUITION BENEFIT

Employees and their dependents at Southern Oregon University, Rogue Community College (Grants Pass/Medford area), and Klamath Community College (Klamath Falls) can all participate in a reduced tuition agreement between the three institutions, a program that was modeled after the original public university's staff tuition benefit.

TRANSFER ARTICULATION AGREEMENTS

Southern Oregon University has detailed transfer articulation agreements with 12 community colleges in Oregon and which include 39 different programs. Cooperating institutions include: Rogue Community College, Klamath Community College, Central Oregon Community College, Chemeketa Community College, Clackamas Community College, Clatsop Community College, Lane Community College, Linn-Benton Community College, Mount Hood Community College, Portland Community College, Southwestern Community College, and Umpqua Community College.

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 may apply credits earned upon transfer from community college to university (the Associate of Arts Oregon Transfer degree, for example), research resulting from House Bill 2525 (2015) revealed 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, 41 percent of students entered who entered an Oregon public university in Fall 2017 did so from a community college or other transfer institution.[12] Southern Oregon University enrolled 46 percent of its students as transfers in that same period.

The passage of House Bill 2998 during the 2017 legislative session required the Commission to work closely with both public universities and community colleges to create a new framework for statewide transfer, a Foundational Curriculum of at least thirty credit hours, and a process for the creation of Unified Statewide Transfer Agreements (USTA) in major fields of study to aid transfer students in moving more easily into university study, with fewer lost or excess credits.

SOU representatives have been advisors and participants to the HB 2998 implementation process, adding insight and value to the creation of a proposed foundational curriculum and addressing the policy questions that have been generated by the bill. Their participation on the newly created Oregon Transfer Articulation Committee (OTAC) was critical to the design of the Foundation Curriculum and USTAs both now rebranded as the Oregon Transfer Maps. SOU faculty and administrators actively contributed to the creation of three Major Transfer Maps (USTAs) created so far: Elementary Education, Biology and English Literature. For a more thorough update on the work accomplished so far please see House Bill 2998 (2017): Implementation Progress report (December 2019). [13]

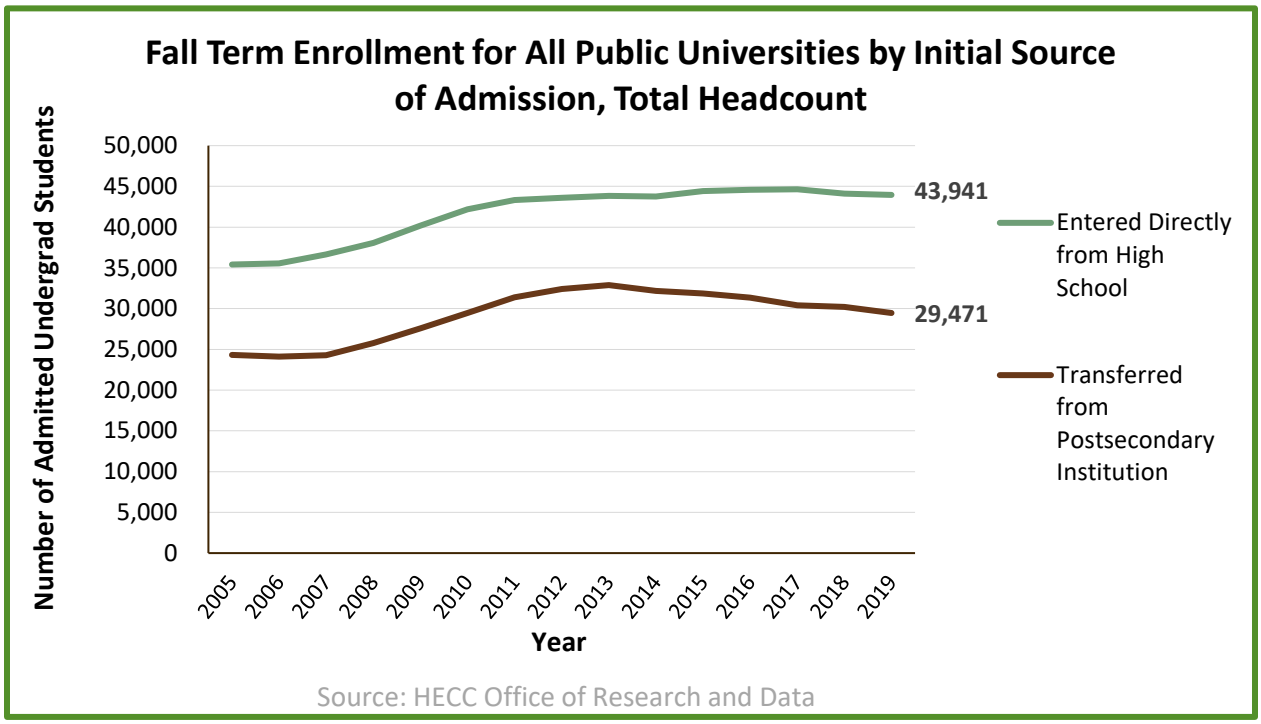
Southern Oregon University maintains all of its transfer articulation agreements and links to its online course equivalency guides as a resource for advisors and incoming or prospective students. To keep these agreements relevant, it must maintain close contact with its community college partners to guarantee that students who follow these guides will have met all lower division general education and be eligible for admission to a particular major. For example, the annual SOU-RCC articulation retreat will be expanded in 2020. SOU, RCC, OIT, and KCC will hold a combined annual Articulation Retreat as part of the newly formed Southern Oregon Higher Education Consortium (SOHEC) to bring together faculty and staff

[12] HECC Office of Research and Data, "University Student Data" http://www.oregon.gov/highered/research/Pages/student-data-univ.aspx

[13] https://www.oregon.gov/highered/about/Documents/Commission/COMMISSION/2019/12%20Dec%202019/11.3%20Postecondary%20Transfer%20Report%20Staff%20Summary%20and%20Report.pdf

counterparts from all institutions to discuss curriculum and policy changes and/or requirements, and to explore ways in which these important partnerships can be enhanced.

Figure 6: Fall Term Enrollment at All Public Oregon Universities



SHARED ADMINISTRATIVE SERVICES

Southern Oregon University also engages collaboratively in a number of administrative services with other universities and partners, as indicated in the table below. (P indicates participation; NP indicates)

Table 7: Shared Administrative Services

Provider	University Response
University Shared Services Enterprise (USSE, hosted by OSU)	
Financial Reporting	P
Capital Asset Accounting (currently only OIT)	N/P SOU occasionally utilized the services within the Capital Asset Accounting office when it was coordinated by the OUS. Upon dissolution of the system, SOU decided that these needs and duties would be subsumed internally. In fiscal year 2016 there has been approximately 0.1 FTE of a financial analyst's position that was dedicated to this increased effort.
Payroll & Tax Processing (includes relationship w PEBB, PERS/Federal retirement*)	P

Collective Bargaining *	P
Information Technology/5th Site	P
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)[2]	P
Endowment Services	P
Other Miscellaneous Statements of Work:	
Provosts Council Administrative Support	P
Legislative Fiscal Impact Statement Support	P
Risk Management Analyst (TRUs only)	N/A SOU understands this position within Shared Services to be non-existent.
Public University Fund Administration[3]	P
Southern Oregon University	
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

Stemming from the passage of SB 270 and the University Shared Services Workgroup of 2013, as well as subsequent legislation found in ORS 352.129, 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 OUS 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 SOU, continue to participate in these mandated services.

FINANCIAL HEALTH ASSESSMENT

This section of Southern Oregon University's evaluation includes an overview of key financial ratios commonly used to understand the strength of a public institution's financial position and its operating performance. This includes the composite financial index (CFI) which is a single number representing an overall assessment of the institution's financial health. These ratios should not be viewed in isolation and are best presented along with appropriate context.

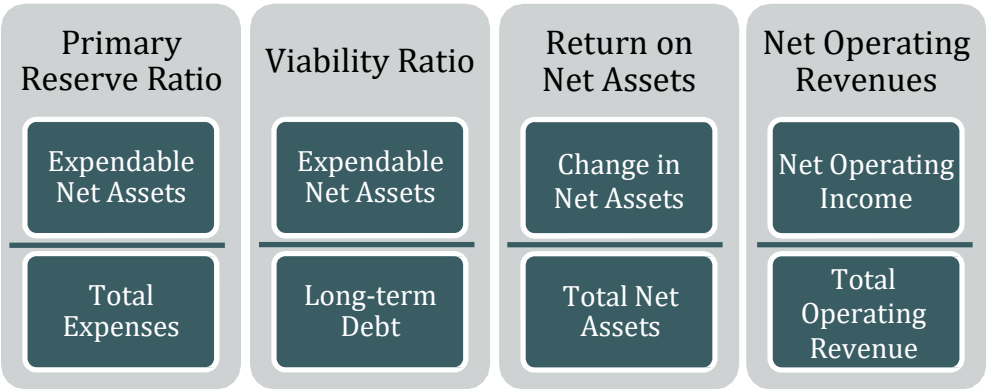
The overall financial health of an institution can be assessed via two dimensions of inquiry. First, is the institution financially capable of successfully carrying out its current programs? Second, is the institution able to carry out its intended programs well into the future? Along those two dimensions, four key financial questions need to be asked. A financial ratio is designed to measure the answer for each question.

1. Are debt resources managed strategically to advance the mission? – Viability Ratio
2. Are resources sufficient and flexible enough to support the mission? – Primary Reserve Ratio
3. Does asset performance and management support the strategic direction? – Return on Net Assets Ratio
4. Do operating results indicate the institution is living within available resources? – Net Operating Revenues Ratio

The results of the four primary ratios are then included in a weighted calculation to derive the CFI. In SOU's case, the overall trend for their CFI is negative, as they moved from a 1.25 in FY 17 to a level of -0.86 in FY 19. A CFI of 3.0 or higher is ideal and could allow for institutional innovation while a negative CFI would necessitate governing board intervention to ensure financial stability.

Changes in accounting practice can affect the calculations. For example, Governmental Accounting Standards Board (GASB) Statements No. 68, 71 and 75 attempt to improve financial reporting by accounting for pension-related and other postemployment benefit (OPEB) liabilities. The CFI is calculated with these liabilities and then adjusted to remove them. The impact of these statements was the reduction in expendable net assets leading to a reduction in both the primary reserve and viability ratios as well as higher benefits expense leading to a reduction in the net operating revenues ratio. In FY2019, pension and OPEB liabilities represent $34.6 million or 37% of total liabilities at SOU. The value of pension and OPEB liabilities is actuarially determined and subject to a number of assumptions driven by demographics and other factors.

Effective for FY2019, new guidance was issued by the Financial Accounting Standards Board (FASB) in Accounting Standards Update (ASU) 2016-14 (topic 958) which altered the categories of net assets presented for the foundations. Consequently, the calculation of expendable net assets was affected. Two ratios use the expendable net assets. The ratios are calculated using the following information.



The ratios calculated for SOU include the impact of GASB statements 68/71/75 and ASU 2016-14 and are listed below with a narrative discussion of each ratio. The CFI is calculated with pension and OPEB liabilities and also presented without them. Please note these ratios include foundation data and not just institutional resources.

SOUTHERN OREGON UNIVERSITY FINANCIAL RATIOS				
Ratio	**FY 19**	**FY 18**	**FY 17**	**Benchmark**
Viability Ratio	0.07	0.16	0.21	>1.0
Primary Reserve Ratio	0.03	0.08	0.10	>0.4
Net Operating Revenues Ratio	-9.3%	-3.7%	-4.1%	>4%
Return on Net Assets Ratio	2.9%	15.3%	11.2%	>6%
Composite Financial Index (CFI)	**-0.86**	**1.59**	**1.25**	**>3.0**
Adjusted CFI*	**1.17**	**3.53**	**4.24**	**>3.0**
*adjusted to remove pension and OPEB related liabilities and expenses.				

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. Expendable net assets are those resources that are readily available to the institution. They are not restricted physically like capital assets or legally like donor assets that are restricted for a specific purpose. Ideally, an institution would have enough expendable resources available to more than cover debt.

The value of total expendable net assets has declined 69.5% since FY17. As a result, SOU's viability ratio has declined from FY 17 to FY 19 to the point where the institution can only cover seven cents of every dollar owed for debt with expendable assets. This is primarily due to a combination of increasing expenses and declining revenues.

The primary reserve ratio compares expendable net assets to total expenses, providing a snapshot of how long the institution could continue operating without additional revenue. A decline in the primary reserve ratio indicates expenses are growing faster than revenues and certainly faster than the growth in expendable net assets.

SOU's primary reserve ratio has fallen substantially over the past three years and is now just above zero in FY19. A low primary reserve ratio indicates that available resources may be not sufficient or flexible enough to support the institution's mission. In SOU's case, they had less than half a month's worth of primary reserve at the end of the last fiscal year.

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. SOU's net operating revenues ratio has been increasingly negative the past three years even with sizable tuition increases. Continued negative operating revenues may indicate an institution does not have the capacity to develop a stronger fund balance or make strategic operating investments without the use of existing fund balance, expense reductions, or revenue enhancements.

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.

SOU's performance on this ratio had been positive, and above the benchmark in FY 17 and FY 18, but was slightly negative in FY 19 due to substantial expense increases coupled with revenue declines. If this ratio is negative in future years, it could limit SOU's financial flexibility going forward.

More contextual information will lead to a better understanding of the CFI with a discussion of some of the underlying factors that affect it. The first is SOU's enrollment trends, which have seen a decrease, mirroring most institutions in the state. FY19 saw a nearly 4% decline in enrollment, including the 2.5% decline in headcount between Fall 2018 and Fall 2019.

According to the strategic capital development plan, SOU's enrollment is expected to remain relatively flat over the next decade. However, SOU is projecting a growth in on-campus enrollment of 11% through 2029. As the strategic capital report states, "In order for SOU to achieve its on-campus enrollment target for 2029, under which it would enroll 1,646 additional on-campus FTEs, NCHEMS estimates that it would have to improve its recruitment and retention by about 10 percent across the board."

This is important because enrollment revenue from tuition and related fees accounts for roughly 61% of operating revenue. If enrollment continues to be a challenge, tuition revenue will be affected. If there are no offsetting reductions in operating expenses, then net operating revenues will remain negative and the difference would have to be financed with fund balance assets.

The table below includes current and projected revenue and expenditure data for SOU's general fund which covers educational and general operations. In FY 20, even with a 10% increase in undergraduate, resident tuition and a 5% decrease in supplies and services expense, total expenses will outpace total revenues. As a result, SOU's FY 20 budget reduces operating expenses by $2.4 million to enable reserves to stay at current levels.

Projected Educational & General (E&G) Fund Balance, FY2020					
	FY18 Actuals	**FY19 Actuals**	**FY20 Adopted**	**Variance**	
Enrollment Fees	36,760,407	37,365,398	39,993,986	2,628,588	7%
Govt Resources and Allocations	21,330,826	21,650,927	23,072,257	1,421,330	7%
Misc	2,362,825	3,013,282	2,950,000	(63,282)	-2%
Total Revenues	**60,454,058**	**62,029,607**	**66,016,243**	**3,986,636**	**6%**
Unclassified	23,897,446	25,030,691	26,610,896	1,580,205	6%
Classified	6,435,885	6,483,643	6,823,555	339,912	5%
Grad Assist	130,061	174,970	194,220	19,250	11%
Student Labor	1,209,454	1,265,599	1,421,054	155,455	12%
Benefits & OPE	17,101,915	17,389,876	20,330,889	2,941,013	17%
Total Labor	**48,774,761**	**50,344,779**	**55,380,614**	**5,035,835**	**10%**
Supplies and Services	9,295,512	11,732,089	11,115,582	(616,507)	-5%
Budgeted S&S and Labor Reductions			**(2,380,000)**		
				-	
Transfers In	136,406	1,180,948	130,142	(1,050,806)	-89%
Transfers Out	2,598,774	2,919,762	2,101,358	(818,404)	-28%
Total Expenditures	**60,532,641**	**63,815,682**	**66,087,412**	**4,651,730**	**4%**
Net Revenue	**(78,583)**	**(1,786,075)**	**(71,169)**	**(665,094)**	**-96%**
E&G Fund Balance	**7,137,838**	**5,351,763**	**5,280,594**	**(71,169)**	**-1%**
		8.6%	8.0%		

BOARD OF TRUSTEES

The Board of Trustees at each public university and their respective university constituents are continuing the process of developing working relationships. The Board of Trustees at Southern Oregon University maintains effective working relationships with its university constituents. These productive relationships with campus constituents are the result of intentional efforts of the board. The SOU Board of Trustees maintains standing items on its agenda for reports from and discussion with the university's Faculty Senate and the Associated Students of Southern Oregon University, the recognized governing bodies for these constituent groups. The SOU board encourages feedback during public comment, which is held at the beginning of each of its meetings, including committee meetings. From time to time, when the board conducts campus consultations on important university matters, only broad and diverse groups of constituents are engaged for consultation. The SOU board meets at least four times per year [352.076 (7)] and schedules its regular meetings at least two years in advance and publishes this schedule on its website. The Board of Trustees also live streams its regular board meetings for those unable to attend the in person.

In academic year 2017-18, the Board of Trustees of Southern Oregon University held meetings on the following dates. This excludes committee meetings.

- September 29, 2017
- October 20, 2017
- January 19, 2018
- March 16, 2018
- June 22, 2018

In 2018-19, the Board of Trustees of Southern Oregon University met at least four times per year, with meetings on the following dates. This excludes committee meetings.

- September 28, 2018
- October 19, 2018
- January 18, 2019
- March 22 2019
- May 16, 2019
- June 21, 2019

In the interest of transparency, public accountability and support for the university, the board provides public notice of agenda and meetings, including meeting materials, for all meetings of the board and its committees in accordance with Oregon Public Records and Meetings Laws (OPRML). These notices are distributed directly to SOU students, faculty, and staff; members of the public and the media (including those who request individual receipt).

The board also provides public notice of agenda and meetings, including meeting materials, to the general public on the board's website: governance.sou.edu.

Materials for meetings are posted on the board's website (governance.sou.edu) and are available online to the public at the time they are made available to trustees, seven days in advance of the meeting. Copies of the agenda also are available onsite at the meeting for members of the public. The meeting materials are broadcast to the boardroom audience to view during meetings.

Additionally, regular meetings of the full Board of Trustees are live-streamed through the sou.edu/video website, which is indicated on the public notice. Meeting minutes are available online on the board's website: governance.sou.edu. Audio recordings of all public meetings of the board and its committees also are maintained. Requests for recordings, documents and copies of meeting materials are honored and made available to requestors, in compliance with OPRML.

On January 30, 2015, the board adopted a policy outlining its retained and delegated authorities for budget; tuition and fees; business and administrative affairs; transactions; academic affairs; and gifts of a certain size, scope, length, or obligation. The board reviewed and updated this policy on January 18, 2019.

The board monitors academic quality of the institution through regular reports during the accreditation cycle and through direct participation in applicable accreditation visits to SOU from NWCCU. The board regularly requests and receives information and reports on the academic affairs of the institution.

The board maintains a consistent focus on the short-term and long-term health of the institution. The full board and/or appropriate committees of the board regularly review, receive reports and/or make decisions on university operations such as academic programs, finances, treasury activity, business services; investment activity; capital projects, facilities; internal audit; external audit; academic affairs; accreditation, student affairs; enrollment services, financial aid, athletics, various reports, various state and federal regulations pertaining to the university, and university priorities as detailed and monitored in

SOU's Strategic Plan. The board monitors, provides guidance on, and adopts a budget for the university; establishes tuition and fees; and approves debt instruments and bonds or other transactions in accordance with state law.

In 2016, the board hired an internal auditor to provide independent, objective assurance and consulting services to add value, support accountability, and improve operations through a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, internal controls, and governance processes. The internal auditor is a Certified Public Accountant who is also a Certified Internal Auditor of the Institute of Internal Auditors, which is the only such credential that is accepted worldwide. The board adopts an annual internal audit plan to seek assurance regarding the adequacy and effectiveness of management's governance, risk management and control processes including annual assessments of management's control environment and management's control of fraud risk; and to improve compliance, internal controls, and overall enterprise risk management practices. The internal auditor also monitors SOU's fraud, waste, and abuse hotline and performs independent investigations. Operationally, the internal auditor reports directly to the Board of Trustees, exclusive of management.

To ensure mission fulfillment, the board regularly monitors progress of the institution's strategic plan and reviews detailed qualitative and quantitative strategic plan reports in January and June of each year.

Regarding its own operations, the board performs periodic reviews and updates its own governing documents including bylaws and policies to ensure the currency of these documents. The board also holds strategic retreats and annually approves an evaluation tool to assess its own operations and effectiveness, in accordance with governance best practices. On April 15, 2016, in its "Resolution: Process for Establishing Tuition and Fees," the board established such a process. The Board of Trustees reviewed and updated SOU's Process for Establishing Tuition and Fees on January 20, 2019. The process can be found on the board's website.

The board hired a president for the university, Dr. Linda Schott, on June 13, 2016. On January 20, 2017, the board adopted a new policy on the "evaluation of the university president;" the board reviewed and updated this policy on June 21, 2019. In accordance with this policy, the board assesses the university president annually, during its evaluation of the university president. On June 21, 2019, the board voted to renew the university president's contract.

The board adopted a mission statement on November 16, 2017. The board forwarded the university's mission statement to the HECC following the board's action on November 16, 2017. The HECC reviewed this mission statement on January 11, 2018.

There were no significant changes in the university's academic programs in AY 17-18. Following the board's approval, the AY 18-19 program change forwarded to HECC was for a new bachelor's degree in Digital Cinema, which the HECC approved on April 11, 2019.

Southern Oregon University complies with ORS 352.025(2)(c). Additionally, all new contracts and legal transactions are reviewed by the university's legal counsel to ensure compliance. SOU has not acquired title to additional real property since July 1, 2015.

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. 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.

SOU is fully accredited by the Northwest Commission on Colleges and Universities (NWCCU). It was last affirmed in 2017 for accreditation following its Year Seven (Mission Fulfillment and Sustainability) evaluation. The Year One report on core themes, objectives and indicators was submitted in January 2018. It included an ad hoc report to address recommendations for assessment of their previously defined core themes made during the Year Seven evaluation. The Year Three report, submitted in September 2019 and approved during NWCCU's January 2020 commission meeting, focused on ensuring continuous integration of core themes with ongoing assessment activities.

SOU's Fall 2019 enrollment is the lowest it has been in a decade. Total headcount is up 17.4% since 2008, but is down 11.5% from its post-recession peak in 2011. SOU's enrollment of underrepresented students has steadily increased, representing an 81.6% growth since 2010 and a 14.8% growth since 2015. Enrollment increases since 2017 have been driven by resident students. Total student enrollment, however, has declined 7.4% since 2010. Resident students account for roughly 70% of SOU's student body. The number of degrees awarded annually has declined by 3.3% between the 2017-18 and 2018-19 academic year; however, the number of bachelor degrees awarded in 2018 is the highest it has been since 2013. The most recent six-year graduation rate is 44.9% for Pell Grant recipients, 41.0% for underrepresented minority students, and 48.8% for all students, a record high. SOU is steadily increasing the number of degrees awarded to underrepresented minority students and in 2018 awarded 245 degrees to such students — the most since 2011.

Partly as a result of state funding cuts, PERS and PEBB funding mandates, resident undergraduate tuition and fees at Southern Oregon University increased 83.3% in the last 10 years, including increases of 3.5% and 9.0% in 2018-19 and 2019-20 respectively.[14] Specifically in 2019-20 tuition increased 9.9% and fees increased 5.3%.[15] Resident graduate students have faced similar increases. This is compared to a 5.47% average increase in resident, undergraduate tuition and fees across all public universities for the current year.

Including tuition remissions funds, SOU awarded over $34 million in federal, state, and institutional financial aid in AY 18-19. In addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Southern Oregon University students benefit from SOU's significant commitment of institutional resources to scholarships, remissions, and tuition discounts.

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[14] Source: https://inside.sou.edu/enrollment/tuitionandfees.html as well as historical OUS tuition data. Defined to include full-time resident base tuition and all mandatory fees (including incidental fees).

[15] A full-time resident undergraduate student (taking 45 credits per year or 15 credits for each of three terms) at Southern Oregon will pay $8,505 in tuition and $1,974 in fees for a total annual cost of $10,479.

The total cost of attendance for students includes significant expenses associated with housing, food, transportation, and textbooks. Southern Oregon University estimates the average student budget for living expenses annually – $18,285 for the 2019-20 academic year[16] – exceeds resident tuition and fees of $10,479. The total cost of attendance is $28,764 including tuition and fees plus living expenses.

Overall, SOU faces a challenging financial future with limited flexibility. Given declining enrollment and increasing expenses, the need remains clear to further reengineer the institution to identify opportunities while preserving academic quality. Hopefully the proposed 4% cut in spending and Presidential Task Force on Financial Sustainability will allow SOU to make some much needed headway.

As noted at the outset, this report describes performance in several areas that are of particular importance to the HECC and to the State of Oregon. 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.

[16] Source: https://inside.sou.edu/enrollment/financial-aid/budgets/index.html

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