

2016 UNIVERSITY EVALUATION: Southern Oregon University



2016 UNIVERSITY EVALUATION: SOUTHERN OREGON UNIVERSITY

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INTRODUCTION

This report 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 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 the second annual report and as such it is a benchmark document that is formative in scope. It 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 (SB 270) (2013) established individual governing boards at the University of Oregon and Portland State University. 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.

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.

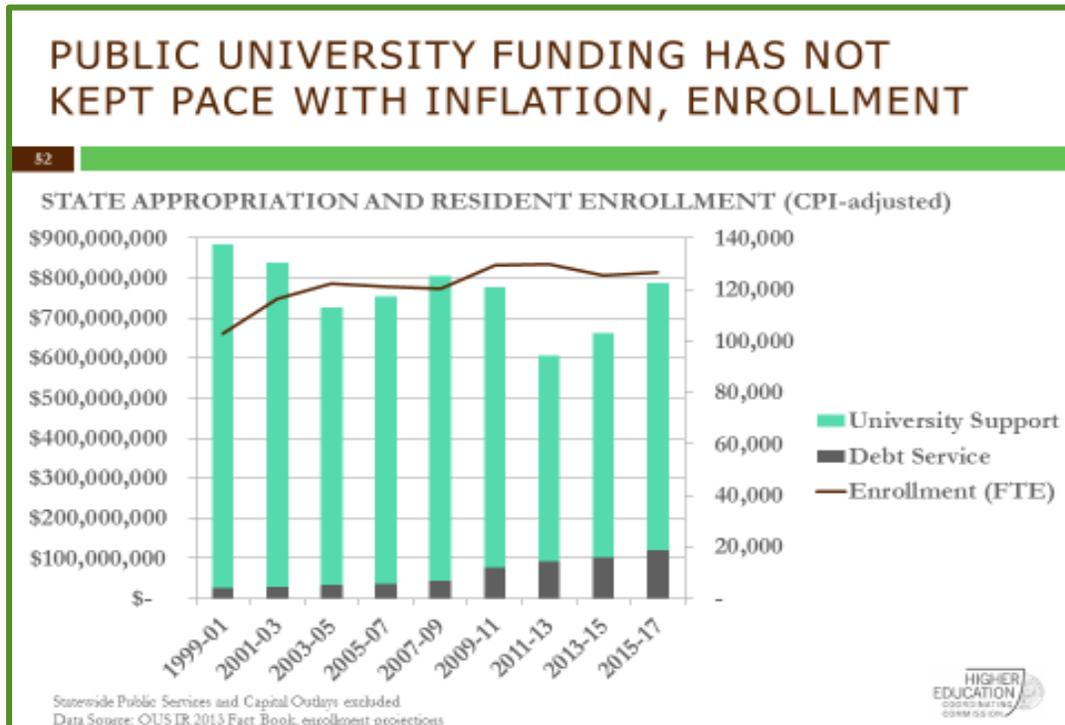
This report is focused on the legislative charge and the HECC's primary areas of emphasis as indicated in its Strategic Plan. This report is not a comprehensive evaluation. It reflects the narrower scope of legislative issues of interest, incorporating findings from accreditation studies where there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

This section is informed by Southern Oregon University’s Year Seven Report to the NWCCU submitted in September 2016 (SOU Year Seven Report to NWCCU Sept 19 2016.pdf).

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 their students, and committed to their mission and goals of preparing students for success in college and beyond.

Southern Oregon University's strong background in liberal arts bolsters a comprehensive curriculum that interweaves a high-quality liberal arts education into its diverse selection of degree programs. Major offerings are available in the social sciences, humanities, STEM fields, arts, and professional programs of business and education.

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 the Higher Education Coordinating Commission. ORS 350.075 and 350.085 require the HECC to review and approve public university mission statements.

The current mission and commitments of SOU were considered by the HECC in December 2015, during the presentation of SOU's Interim Progress Report and are reproduced here:

MISSION:

Southern Oregon University is an inclusive campus community dedicated to student success, intellectual growth, and responsible global citizenship.

COMMITMENTS:

Southern Oregon University is committed to a challenging and practical liberal arts education centered on student learning, accessibility, and civic engagement; academic programs, partnerships, public service, outreach, sustainable practices, and economic development activities that address regional needs such as health and human services, business, and education; and outstanding programs that draw on and enrich our unique arts community and bioregion.

OVERALL EVALUATION

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's retrenchment process is supervised and evaluated by a separate process under the HECC. A more comprehensive assessment and review of academic and institutional quality is available from the Northwest Commission on Colleges and Universities (NWCCU), which accredits SOU 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 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. This section draws on the relevant parts of NWCCU reports, supplemented with information on economic and community impact (identified from SOU sources). Other components of NWCCU reports are incorporated elsewhere, as appropriate.

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 Oregon University in 1997. SOU offers baccalaureate degrees in the liberal arts, sciences and several professional fields. It also provides a selected number of graduate programs as well as educational programs that serve the needs of the local and regional community. In more recent times, Southern Oregon University has partnered with other higher education institutions to help achieve its outreach mission, including its association with Rogue Community College.

SOU submitted its Year One Self-Evaluation to NWCCU in 2011, and was commended for the significant strides it had made in finalizing the mission statement and using it to guide planning at the institutional level, in academic areas and in student affairs and fundraising. SOU was also commended for strengthening its financial position by increasing its reserve by 12% by the end of the 2010-11 fiscal year. In that round NWCCU also recommended that SOU establish a university wide minimum standard for evaluating adjunct faculty at least once every five years. In a subsequent report to NWCCU, SOU addressed that recommendation with a requirement that all adjunct faculty be evaluated every three years or after 45 ELUs whichever is sooner.

On completion of the Year Three Evaluation in 2013, SOU received two recommendations from NWCCU. The first required that SOU finalize its policy on intellectual property in conjunction with the Oregon University System; and the second required that SOU finalize its policy for Credit for Prior Experiential Learning. Both were required for SOU to be in compliance with the appropriate standards for accreditation with NWCCU. Both recommendations were addressed within the required timeframe.

SOU was last affirmed for accreditation by NWCCU in January 2014, following its Year Three Evaluation (Resources and Capacity).

SOU submitted its Year Seven Evaluation Report to the NWCCU in fall 2016, and hosted an evaluation committee site visit in October 2016. The NWCCU response is still pending.

Individual programs in SOU are accredited by professional organizations.

- 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)
- 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)

ECONOMIC AND COMMUNITY IMPACT

SOU is a key partner with businesses, government organizations, and community partners as well as other educational institutions. This assessment of SOU's economic impact on the regional economies of Josephine and Jackson, is informed by an analysis conducted by the Southern Oregon University Research Center (SOURCE) and documented in the report titled *The Economic Impact of Southern Oregon University* available here <https://inside.sou.edu/assets/ir/docs/SOURCE - Economic Impact of SOU Oct 2015.pdf>.

Southern Oregon University is responsible for generating \$210 million in annual economic activity and 1,789 jobs in the State of Oregon. Much of that economic impact is felt inside the Jackson and Josephine county region, amounting to \$195 million output per year and the contribution of 1,767 jobs to the regional economy.

In terms of household incomes and business profits, SOU's annual activities generate \$115 million in wages, salaries and profits per year among Oregon businesses and households. In Jackson and Josephine Counties alone, SOU's operation leads to the generation of \$107 million per year in wages, salaries and profits.

These activities are the total effective demand that SOU brings to its surrounding economy and triggers further economic activity in the economy. Five main components of this effective demand on the economy are: SOU's payroll, recurring operations spending, construction spending, and the spending by SOU students and visitors to SOU events. In the same order, these amounts in 2014 came to \$52.7 million (payroll), \$12.8 million (operations), \$4.1 million (construction), \$30 million (student spending) and \$5.6 million (visitor spending).

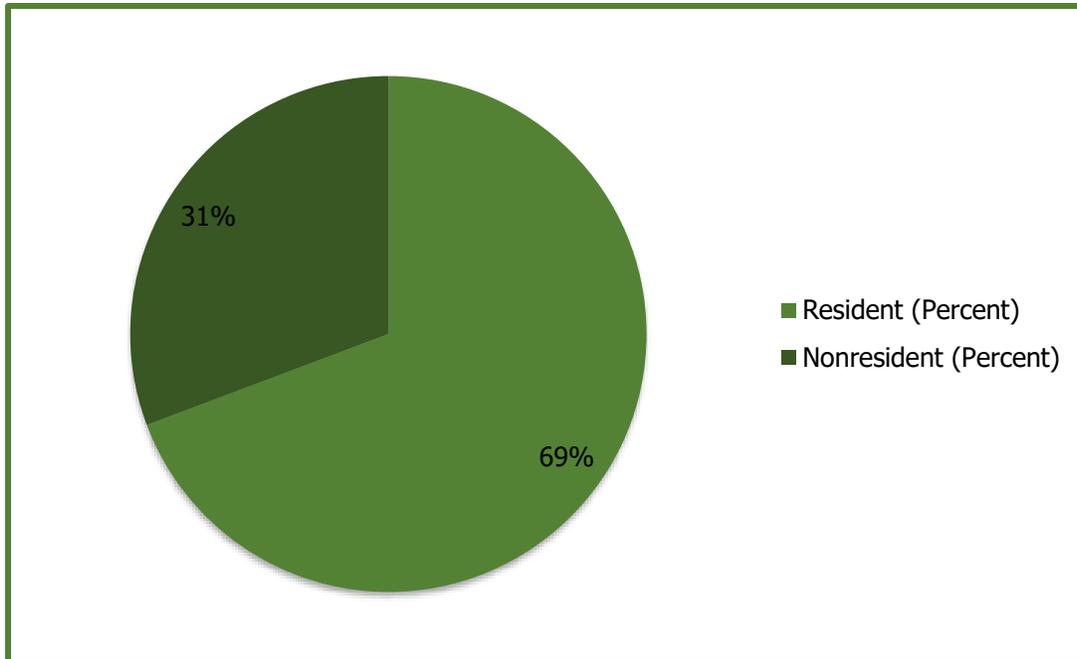
Altogether in 2014, SOU's total effective demand on the economy was \$105.4 million. While some of this expenditure left the State of Oregon, most of SOU's expenditures are directed toward businesses inside Oregon and Jackson and Josephine Counties. Approximately \$98.9 million was spent inside the state, and \$95.5 million spent inside Jackson and Josephine Counties.

STUDENT ACCESS AND SUCCESS

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. This section of the report is focused on tracking trends in enrollment and completion outcomes.

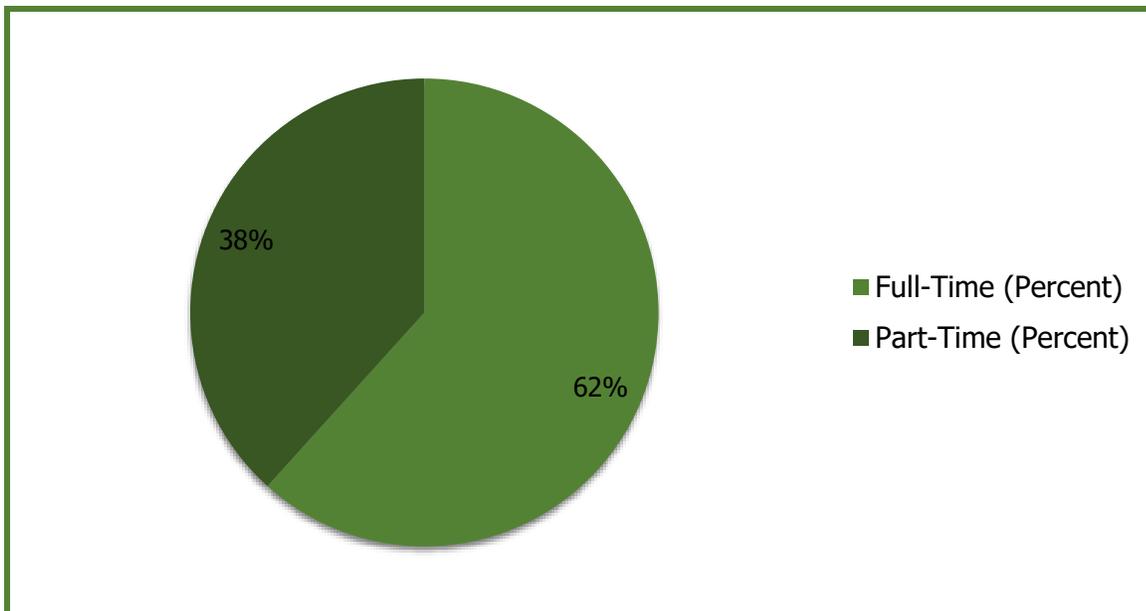
As described by Figures 2 and 3, the majority of SOU students (69.3%) are resident, and the majority (62%) also attend full-time.

Figure 2: SOU Student Enrollment by Residency, Fall 2015



Source: HECC (2016)

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



Source: HECC (2016)

In Fall 2016, SOU enrolled 6,088 students, down 2.0% from the prior year. Of those, 1,265 were newly admitted undergraduates, compared to 1,398 newly admitted undergraduates in the previous academic year.

The enrollment decline was concentrated entirely among resident students; non-resident enrollment increased very slightly.

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 Fall 2016 headcount enrollment is 9.8% below Fall 2011, although its full time equivalent (FTE) enrollment dropped only 2.2% (-0.4% annually) over the same five-year period. SOU has seen steady increases in nonresident enrollment (+16.0%) over these 5 years which have helped maintain enrollment numbers overall. Overall, SOU's enrollment decreased by 127 students, or -2.4% between 2015 and 2016.

SOU students come from diverse backgrounds. In Fall 2015, 17.5% of SOU's total enrollment came from underrepresented student populations, categories that exclude both Asian and multi-racial populations. Over time, SOU has seen enrollment increases among Hispanic students and students who identify as being of two or more races. In addition, 31.1% of SOU's total student population are Pell Grant recipients but of those who are eligible to receive a Pell Grant the amount rises to 43.7%.

Table 1: SOU 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	150	159	162	3
American Indian/ Alaska Native	71	75	70	(5)
Asian	124	134	123	(11)
Black Non-Hispanic	116	125	111	(14)
Hispanic	478	523	531	8
Pacific Islander	26	29	32	3
Two or more races, Underrepresented Minorities	208	265	274	9
Two or more races, not Underrepresented Minorities	64	69	77	8
White Non-Hispanic	3,252	3,087	2,953	(134)
Unknown	1,712	1,749	1,755	6

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 1-7 percentage points less than the rate for the overall student population, although these gaps appear to disappear for the six year rates. The four and six-year graduation rate for SOU First Time Freshmen who entered in the fall term of 2009 is as follows:

Table 3: Four-Year and Six-Year Graduation Rate, First Time, Full Time Freshmen Entering SOU in Fall 2009

	Four-Year Graduation Rate	Six-Year Graduation Rate
All Students	21.6 %	46.2 %
Underrepresented Minorities	15.1 %	46.6 %
Pell Grant Recipients	20.4 %	47.3 %

Source: HECC (2016)

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

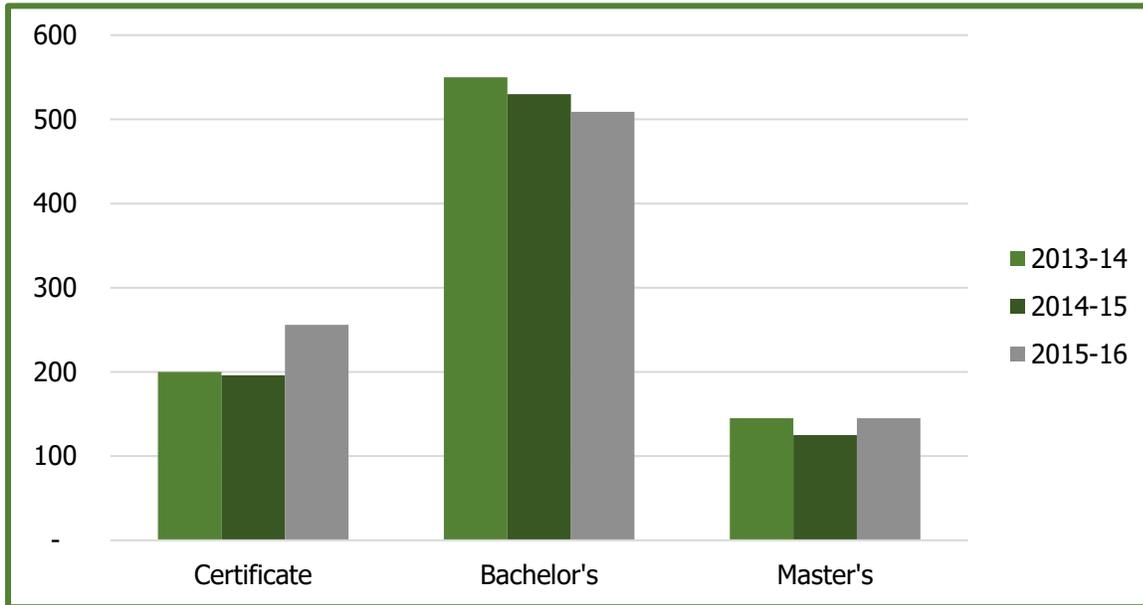
The total number of degrees awarded since 2010 has remained steady. SOU's number of resident completions by award type saw gains in master's degrees and certificates, but declines in bachelor's degrees. In the 2015-16 academic year compared to the 2014-15 academic year; there were about 30.6% more certificate's, 3.9% fewer bachelor's degrees, and 16% more master's degrees. No associate's degrees, doctoral degrees, and professional degrees were awarded because SOU does not offer those degree types.

Table 4: SOU Resident Student Completions by Award Type

	2013-14	2014-15	2015-16
Certificate	200	196	256
Associate's	-	-	-
Bachelor's	550	530	509
Master's	145	125	145
Doctoral	-	-	-
Professional	-	-	-

Source: HECC (2016)

Figure 4: SOU Resident Student Completions by Award Type



Source: HECC (2016)

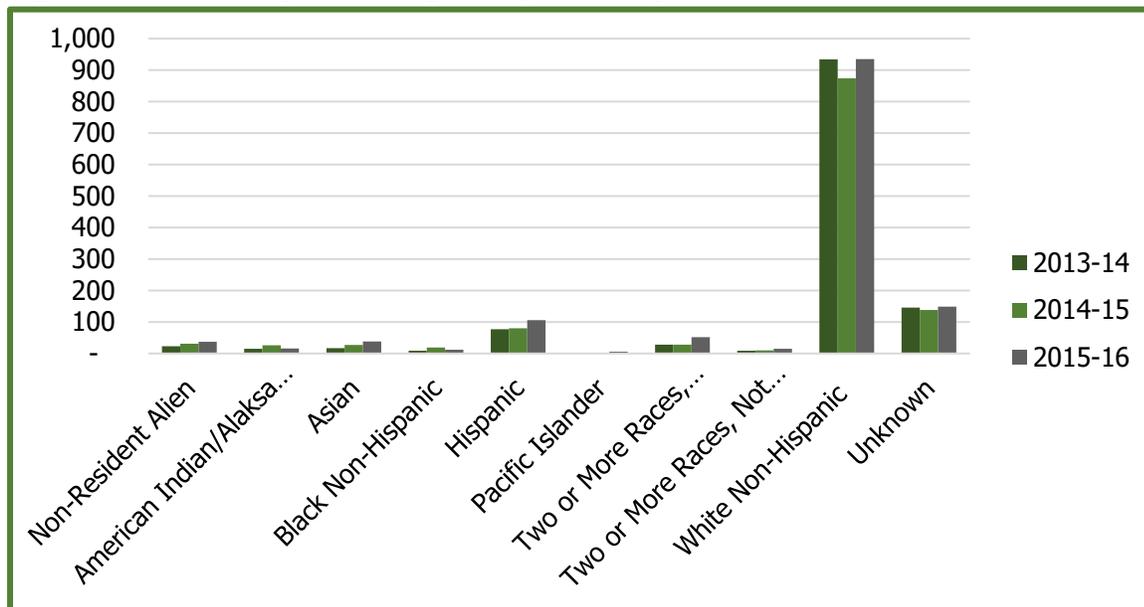
It is noteworthy that the number of degrees awarded to underrepresented minorities has been on the rise over the last three academic year cycles, from 140 in 2013-14 to 165 in 2014-15 and 207 for 2015-16. That growth seems focused around Hispanic students and students who identify as being of two or more races. White Non-Hispanic students also saw gains in the number of degrees awarded from 2015 to 2016, an increase of 7%.

Table 5: SOU Completions by Race/Ethnicity

Source: HECC (2016)

	2013-14	2014-15	2015-16
Non-resident alien	23	31	37
American Indian/ Alaska Native	15	26	16
Asian	17	27	38
Black Non-Hispanic	9	19	12
Hispanic	77	80	106
Pacific Islander	2	2	6
Two or more races, Underrepresented Minorities	28	28	52
Two or more races, not Underrepresented Minorities	9	10	15
White Non-Hispanic	934	874	935
Unknown	146	138	149

Figure 5: SOU Completions by Race/Ethnicity



AFFORDABILITY

Among the factors that the HECC is required (under ORS 352.065 and 352.025(1)(d)) 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, 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 Southern Oregon University increased 62.9% in the last 10 years, including increases of 5.5% and 4.6% in 2015-16 and 2016-17 respectively.¹ In 2016-17, tuition increased 3% and fees 11.8%². Resident graduate students have faced similar increases.

Students have access to financial aid at Southern Oregon University. 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.

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. Southern Oregon

¹ Source: <https://inside.sou.edu/enrollment/tuitionandfees.html> as well as historical OUS tuition data.

² A full-time resident undergraduate student will be expected to pay \$6,813 in tuition and \$1,710 in fees during the current academic year.

University estimates the average student budget for living expenses annually to be \$17,007 for the 2016-17 academic year³ – 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 their 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 SOU are \$36,800.⁴ For SOU students who leave the university with federal loan debt, the median federally-backed debt load is \$23,334. According to the College Scorecard, 48% of undergraduate students at SOU borrowed from federally supported loans.

ACADEMIC QUALITY

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 (program chair, division director, university curriculum committee or graduate council, and faculty senate) before they are presented to the SOU Board of Trustees, then the Oregon Universities' Provosts Council for evaluation and recommendation, and then to the Higher Education Coordinating Commission. Procedures and guidelines are available at:

<https://inside.sou.edu/provost/curriculum.html>

Description, charge and composition of Faculty Senate Committees are found in the Bylaws of the SOU Faculty Constitution (specifically, section 1.32).

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.

³ Source: <https://inside.sou.edu/enrollment/financial-aid/budgets/index.html> split between \$12,756 in room and board and \$4,251 in book and supplies/other personal expenses.

⁴ Source for earnings and debt load is the College Scorecard: <https://collegescorecard.ed.gov/>

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 is currently in the process of implementing 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 processes for faculty evaluation. 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. Each full-time professional faculty member at SOU with an ongoing appointment is allocated a certain sum per PDA guidelines.

2. Professional Development Grants

The 2015-2108 Collective Bargaining Agreement allocates an additional \$126 000 for annual Professional Development Grants for which faculty may apply 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."

3. Ongoing professional development: The Center for Instructional Support

SOU's Center for Instructional Support 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, CIS also implements programming for faculty, including new, adjunct and other faculty orientation.

In 2015-16, CIS worked with the Provost's office to implement the Curriculum Design Academy. CDA is a year-long professional development program for teams of faculty and program chairs, and includes stipends and funds for programs, course and curriculum design workshops, and collaboration around course design, assessment and outcomes. CDA is slated to continue through 2016-17.

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 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 PIOs)
Legislative Advisory Council (LAC)	P
Cooperative Contracting (<i>note: taking part in State contracts</i>)	P (limited to an agreement between PSU and SOU for high level review of contracts)
Capital Construction Services	P
OWAN	N/P
NERO Network	P
RAIN	N/P
Orbis Cascade Alliance	P
ONAMI	P

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 & Science University's School of Nursing in Ashland. There are three pathways offered to OHSU students to complete their Bachelor of

Science with a major in nursing: i) the Oregon Consortium for Nursing Education or OCNE, ii) a three-year undergraduate nursing program, iii) and an accelerated Bachelor for those with an undergraduate degree in another field and an associate degree in nursing from an OCNE community college.

STAFF TUITION BENEFIT

Employees and their dependents at Southern Oregon University can participate in reduced tuition among all the Oregon public universities. Additionally, SOU has extended its staff rate to employees only of Rogue Community College (Grants Pass/Medford area), and Klamath Community College (Klamath Falls).

TRANSFER ARTICULATION AGREEMENTS

SOU has very detailed transfer articulation agreements with 12 community colleges in Oregon covering 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, 42 percent of students entered who entered an Oregon public university in Fall 2015 did so from a community college or other transfer institution.⁵ Southern Oregon University (SOU) enrolled 45 percent of its students as transfers in that same period.

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

⁵ HECC Office of Research and Data, "University Student Data"
<http://www.oregon.gov/highered/research/Pages/student-data-univ.aspx>

particular major. For example, SOU and RCC hold an annual Articulation Retreat which brings together faculty and staff counterparts from both institutions to discuss curriculum and policy changes and/or requirements, and to explore ways in which this important partnership can be enhanced.

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

Institution	Undergrad first time freshman		Undergrad Transfer		Total Admitted Undergrad 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.

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 8: 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/5 th 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)	(SOU understands this position 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 METRICS

This section of Southern Oregon 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, Southern Oregon 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.

Southern Oregon University Ratios (No GASB 68)				
Ratio	FY 14	FY 15	FY 16	Benchmark
Viability Ratio	31.00%	17.00%	38.00%	>125.00%
Primary Reserve Ratio	14.00%	11.00%	20.00%	>40.00%
Net Operating Revenues Ratio	-14.20%	-9.60%	-4.80%	>4.00%
Return on Net Assets Ratio	-9.70%	17.00%	105.00%	>6.00%
Debt Burden Ratio	2.50%	3.80%	4.00%	<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. While SOU’s viability ratio has improved over the past two years, it falls significantly short of this capability. Creation of additional debt could slow progress on this improving metric and, therefore, should be carefully considered and monitored by the institution.

SOU’s primary reserve ratio increased in FY16 from FY15. 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 increasing trend in SOU’s primary reserve ratio from FY15 to FY16 suggests the institution is growing operating expenses slower than revenues.

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 ratio has improved since FY14 but remained negative in FY16, indicating the institution does not currently have 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. While SOU shows a dramatic increase in its return on net assets ratio in FY16, that increase is primarily derived from accounting changes and doesn’t allow for comparison to prior years. Specifically, debt associated with Article XI-G, Article XI-Q, COPs, and lottery bonds were shifted off of SOU’s balance sheet to the State of Oregon due to the reorganization of the former Oregon University System, dramatically improving SOU’s return on net assets for FY16.

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. SOU’s debt burden ratio is well below the standard benchmark of 5% over the last two years. This indicates that debt is not being overly relied upon to finance SOU 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.

Southern Oregon University Ratios (With GASB 68)				
Ratio	FY 14	FY 15	FY 16	Benchmark
Viability Ratio	31.00%	29.00%	19.00%	>125.00%
Primary Reserve Ratio	14.00%	19.00%	9.00%	>40.00%
Net Operating Revenues Ratio	-14.20%	-2.00%	-14.70%	>4.00%
Return on Net Assets Ratio	-9.70%	32.40%	88.40%	>6.00%
Debt Burden Ratio	2.50%	4.10%	3.60%	<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 SOU, the Board of Trustees and faculty continue to work on joint understandings of appropriate access.

The Board of Trustees of Southern Oregon University held meetings on the following dates; asterisks note regular meetings. This list below excludes meetings of the full board that consisted of social events (2), interviews with candidates for university president (3), and all committee meetings (32).

- July 16, 2015
- July 17, 2015
- September 01, 2015
- September 18, 2015
- October 16, 2015*
- January 8, 2016
- January 22, 2016
- February 18, 2016
- April 15, 2016
- May 10, 2016
- June 06, 2016
- June 13, 2016
- June 17, 2016*

In compliance with ORS 352.025(1)(a) the board provides public notice of agenda and meetings in the following ways: public notice, agenda, and full meeting materials are posted in advance of each meeting on the SOU's governance website. Public notices of meetings, including agenda topics, are distributed directly to SOU employees, SOU students, as well as members of the public and the media (including those who request individual receipt).

Regular, special and emergency meetings of the board and its committees are duly noticed and held in compliance with public meetings and public records laws. All meetings are open to the public except for those portions allowed by law to be held in executive session. Materials for meetings are posted online and are available to the public at the time they are made available to trustees. Copies of the agenda are available in the meeting for members of the public. Regular meetings of the full board are live-streamed through the SOU website (see the website: sou.edu). Audio recordings of all meetings of the board and its committees are available upon request. Requests for recordings, documents and copies of meeting materials are honored and made available to requestors. The board office complies with public records requests in coordination with our public records office, led by SOU's general counsel, which processes these requests in compliance with public records laws. The board adopted bylaws on January 30, 2015 and can be found on the board's website: <http://governance.sou.edu/>

On January 30, 2015, the board adopted a policy outlining its delegated and retained 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 also adopts an annual internal audit plan to seek out and assess risks, improve internal control and risk management practices, and seek assurance regarding management's response to risks and compliance requirements.

The board maintains a consistent focus on the short-term and long-term health of the institution. The full board and appropriate committees of the board receive regular reports and/or make decisions on the university's finances, treasury activity, business services, investment activity, capital projects, facilities, internal audit, external audit, academic affairs, student affairs, and university priorities. The board monitors, provides

guidance on, and adopts the operating and capital budgets for the university, establishes tuition and fees, and approves debt instruments and bonds in accordance with the board's Statement on "Delegation of Authority."

In March 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 management's risk management, internal control and governance processes. The internal auditor monitors SOU's fraud, waste and abuse hotline and performs investigations. Regarding its own operations, the board holds strategic retreats and has established a feedback mechanism to assess its own operations and effectiveness, in accordance with governance best practices.

In its "Resolution: Process for Establishing Tuition and Fees," the board adopted such a process on April 15, 2016. This can be found on the board's governance website: <http://governance.sou.edu/>

The Oregon University System (OUS) hired an interim president for SOU in 2014. After the system chancellor assessed former president, Roy Saigo in 2015, the executive and audit committee of SOU's board reviewed this assessment on July 28, 2015. Former President Saigo announced his retirement to the board in October 2015 and retired in 2016; thus, a formal assessment was not performed in 2016. The board selected a new president for the university on June 13, 2016. The board will begin conducting regular, annual assessments of the president following the 2016-17 academic year.

The University's current mission statement was approved by the OUS and Oregon State Board of Higher Education in February 2008. SOU's Board of Trustees received and acknowledged the mission upon assumption of its role in 2015 and will formally assume responsibility to consider and approve any revision or change when the mission is next reviewed and/or revised. Upon consideration and approval of revisions or change, the board will forward the university's mission statement to the HECC.

Significant changes in SOU's academic programs were forwarded to the HECC following approval by the board, provost's council, and president's council. The AY 15-16 change included one new bachelor of music degree program, which HECC approved on April 14, 2016.

Concerning legal title to all real property, 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 any real property since July 1, 2015. Due to the number of properties controlled by the university, individual properties are not listed herein.

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.

The Northwest Commission on Colleges and Universities (NWCCU) last affirmed accreditation for SOU in January 2014 when SOU completed the Year Three evaluation. SOU submitted its Year Seven Evaluation Report in 2016, and hosted a visit from NWCCU. The result of that review is still pending.

While SOU's fall 2016 headcount enrollment is 9.8% below fall 2011, FTE has dropped by only 2.2% over the same time period. It should be noted that this decline translates to a -0.4% annual average percent change, indicating that year-over-year enrollment trends at SOU have been relatively flat for the last 5 years. There have been steady increases in nonresident enrollment (+16.0%) which have helped maintain enrollment numbers overall but nonresident students represent less than a third of the SOU student body overall. Compared with the previous year, Fall 2016 saw a 2.4% overall enrollment decline. Resident enrollment was down 3.1%, while non-resident enrollment increased very slightly.

SOU has been making progress in the enrollment of underrepresented students. In Fall 2015, 17.5% of total enrollment came from underrepresented student populations, and 28% of SOU's students were Pell Grant recipients. The number of undergraduate degrees awarded over the last three years has been declining slightly. SOU however, has been moving the needle in the right direction with equity across groups for six-year graduation rates. Pell Grant recipients and underrepresented minority students matched, or were slightly better than the institutional average. SOU is making year-over-year increases in the number of degrees awarded to underrepresented minority students as well, with growth from 140 in 2013-14 to 207 in 2015-16.

Partly as a result of state funding cuts, resident undergraduate tuition and fees at the SOU increased 62.9% in the last 10 years, including increases of 5.5% and 4.6% in 2015-16 and 2016-17 respectively. The total cost of attendance for students includes significant expenses associated with housing, food, transportation, and textbooks. Southern Oregon University estimates the average student budget for living expenses annually -- \$17,007 for the 2016-17 academic year -- an amount which exceeds resident tuition.

In addition to need-based federal and state financial aid programs (Pell Grants and the Oregon Opportunity Grant), SOU students benefit from significant commitment of institutional resources to scholarships, remissions, and tuition discounts. Of SOU graduates who leave the university with federal loan debt, their average federally-backed debt load is \$23,334. According to the College Scorecard, 48% of all students have federally supported loans.

As noted at the outset, this report constitutes a benchmark against which to evaluate SOU'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.

