

2020 UNIVERSITY EVALUATION: Portland State University



Portland State University Photo

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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 2020 report is to evaluate the contributions of Portland State University (PSU) 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 PSU's fourth evaluation, and as such, it builds on the descriptive benchmarks identified in the 2018 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 PSU's Board of Trustees has operated since its inception. 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 (2014) and Senate Bill 80 (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) requires that the HECC's evaluations of universities include:

- a) A report on the university's achievement of outcomes, measures of progress, goals and targets;
- 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); and,

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 the provision 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, 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 and compacts, and the principles stated in this section.

This year the HECC evaluated three universities: Oregon State University, Portland State University, and the University of Oregon.

EVALUATION PROCESS

In an effort to approach the first evaluation cycle in a collaborative manner, the HECC formed a work group comprising university provosts, the Inter-Institutional Faculty Senate, Oregon Education Investment Board staff, 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 process. After final review and consideration of stakeholder feedback, the HECC adopted the framework on September 10, 2015.

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.

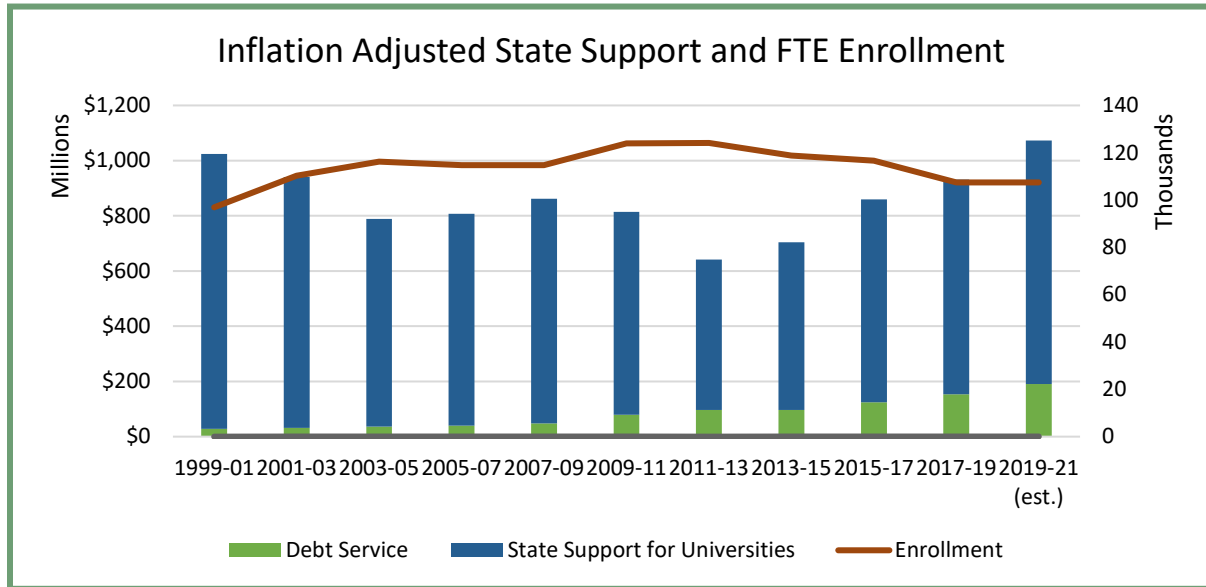
This report is focused on the legislative charge and the HECC’s primary areas of emphasis as indicated in its Strategic Plan. This report is not a comprehensive evaluation. It reflects the narrower scope of legislative issues of interest, incorporating findings from accreditation studies where there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



Source: HECC (2020: *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

Portland State University (PSU) is a dynamic public urban university that supports partnerships between the university and the city that create community-based learning experiences for students and teaching and research opportunities for faculty. As Oregon’s public urban university, PSU provides educational opportunities to students who are demographically, financially, and academically diverse. In 2015 PSU conducted an in-depth process involving over 3,800 faculty, student, staff, and community stakeholders that resulted in a new mission statement and a new strategic plan for 2016-2020. ORS 350.075 and 350.085 require the HECC to review and approve public university mission statements. The Board of Trustees approved the new mission statement in December, 2015, followed by the HECC in April, 2016, and the NWCCU (Northwest Commission on Colleges and Universities) in July, 2016 (PSU Year One Self-Study).

VISION:

Portland State University leads the way to an equitable and sustainable future through academic excellence, urban engagement, and expanding opportunity for all.

MISSION:

- We serve and sustain a vibrant urban region through our creativity, collective knowledge and expertise.
- We are dedicated to collaborative learning, innovative research, sustainability, and community engagement.
- We educate a diverse community of lifelong learners.
- Our research and teaching have global impact.

The 2016-2020 Strategic Plan identifies five (5) goals which, with the attendant metrics, measure how PSU will execute its vision and mission (PSU Year One Self-Study). These goals include:

1. Elevate Student Success.
2. Advance Excellence in Teaching and Research.
3. Extend Our Leadership in Community Engagement.
4. Expand Our Commitment to Equity.
5. Innovate for Long Term Sustainability.

These goals, which also serve as the core themes for accreditation, are discussed and incorporated in relevant sections of this report.

ACCREDITATION

A comprehensive assessment and review of academic and institutional quality is available from the NWCCU that accredits PSU 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 is also addressed through accreditation. Reviews are structured as a cyclical process of continuous improvement. NWCCU accreditation occurs on a seven-year cycle that consists of four parts: Annual Reports each year; Mid-Cycle self-review and peer review in the third year; Policies, Regulations, and Financial Review (PRFR) in sixth year; and Evaluation of Institutional Effectiveness (EIE) self-review and peer review in the seventh year.

This section draws on the relevant parts of these NWCCU reports that are of interest to the Legislature and in alignment with the HECC Strategic Plan. Portland State University was last re-affirmed for accreditation in fall 2015 through 2022. The Year Seven Self-Assessment Report prepared by PSU as well

as the 2015 NWCCU letter of re-affirmation may be reviewed at: <https://www.pdx.edu/academic-affairs/accreditation-assessment-academic-program-review#accreditation>

PSU submitted its Mid-Cycle Self-Report in August 2018. The corresponding NWCCU Mid-Cycle Peer Evaluation Report reviewed PSU's progression from the Year-One Self-Evaluation to the Mid-Cycle Self Report to assess PSU's readiness for its comprehensive Year Seven Self-Study due in fall 2022. Evaluators noted that expectations had not yet been met for one outstanding recommendation (Recommendation 2) from the previous Year Seven evaluation conducted in 2015.

Recommendation 2 "The Assessment Table and interviews indicated that Portland State University does not yet regularly and comprehensively assess all student program learning outcomes for undergraduate and graduate programs (Standard 4.A.3). Additionally, graduate program student learning outcomes were not published for all graduate programs (Standard 2.C.2). The Commission recommends that the assessment of student learning outcomes be systematically accelerated such that continuous improvement resulting from assessment leads to enhancement of student achievement and to a meaningful evaluation of mission fulfillment (Standards 2.C.2, 4.A.3, and 4.B)."

The evaluators noted that PSU has been working to address assessment protocols and processes for a number of years and are "confident that the university and its new leadership are working collaboratively and energetically to build assessment buy-in as well as infrastructure and capacity to move the institution forward in pursuit of mission fulfillment and sustainability" (p.4). The Office of Institutional Research and Planning has partnered with the Office of Academic Affairs to ensure accurate, consistent and usable data collection.

The Report acknowledged that the revised AAU process PSU has undertaken for graduate program review should be an effective way to monitor assessment progress and to maintain momentum and urged the university to engage in consistent follow up to make sure programs do not fall behind (p.6). The Report also noted that PSU has much work to do to have a successful Year Seven Evaluation and suggested that it would be beneficial to clarify the policies related to and the process of accountability for assessment at PSU in such a way that the process is robust to leadership changes.

NWCCU required that PSU submit an Ad Hoc Report in fall 2019 to address the concerns (Mid-Cycle Response Letter from NWCCU 2018). PSU submitted the Ad Hoc report as requested. NWCCU accepted the report and required that PSU continue to work on Recommendation 2 under a "needs improvement" recommendation, with another Ad Hoc report due in fall 2021.

Effective January 1, 2020, the NWCCU adopted revisions to the Standards for Accreditation and evaluation cycle. As part of its 2020 [Standards for Accreditation](#) and [Eligibility Requirements](#) NWCCU declared its commitment to the use of disaggregated data- and evidence-informed continuous improvements to help promote student achievement and close equity gaps.

NWCCU Accreditation Standards (effective January 1, 2010 - December 31, 2019)

- Standard 1. Mission and Core Themes
- Standard 2. Resources and Capacity
- Standard 3. Planning and Implementation
- Standard 4. Effectiveness and Improvement
- Standard 5. Mission Fulfillment, Adaption, and Sustainability

NWCCU Accreditation Standards (effective January 1, 2020)

- Standard 1. Student Success and Institutional Mission and Effectiveness

Standard 2. Governance, Resources, and Capacity

PSU will begin the next cycle of accreditation with a Year Seven Self Study Report due to NWCCU in fall 2022.

Individual programs in PSU's professional schools and colleges (listed below) are accredited by professional organizations. A specialized accredited program list is available at:
<http://www.pdx.edu/academic-affairs/programmatic-accreditation>

- Undergraduate and graduate business programs
- Accounting program
- Teacher Education programs
- Counseling program
- Social work programs.
- Undergraduate programs in civil, computer, electrical, and mechanical engineering
- Computer Science Program.
- Speech and Hearing Sciences program
- Chemistry program
- Master of Urban and Regional Planning
- Master of Public Administration
- Master of Public Health
- Master of Public Administration (Health Administration)
- Master of Public Health (Health Management & Policy)
- Music program
- Theater program
- Master of Architecture program
- Undergraduate Health Studies program

Economic and Community Impact

Using a nationally-accepted methodology for calculating the economic impact of universities, PSU economic impact was over \$1.52 billion dollars in FY18.¹ PSU graduates have an enormous economic impact on the region, as around 66% of PSU resident graduates and 29% of non-resident graduates from the 2008-2009 cohort remain in Oregon, investing their energy, skills, talents, and tax dollars in the state.

PSU is also a top-ten employer, providing over 7,000 family wage jobs (762 employees have a Doctorate or other terminal degree) to employees who contributed \$14.2 million in employer-based taxes to pay for local and state services in FY18. According to the annual NAFSA Association of International Educators' report on student spending, international students who attended PSU in 2019-20 contributed \$59.8 million to the regional economy.

PSU is a major purchaser of goods and services, spending over \$200 million in FY18. In that year, two thirds of all purchases were from contracts with state and local vendors. PSU is creating more opportunities for Portland's minority, women and emerging small businesses (MWESB) through its new Equity in Public Contracting Policy. In FY18 they paid out nearly \$30 million to MWESB businesses. PSU's impact on the workforce is felt in every sector of Oregon's economy. Most of the state's largest businesses employ PSU alumni; Intel, for example, employs over 1,000 PSU graduates.

PSU's Research and Graduate Studies program also supports four centers with statewide and national impact:

- Center for Electron Microscopy and Nanofabrication (CEMN)
- Center for Interdisciplinary Mentoring Research (CIMR)
- Institute for Sustainable Solutions (ISS)
- Transportation Research and Education Center (TREC)

Recognized by U.S. News and World Report as one of America's most Innovative Universities, PSU's Center for Entrepreneurship is home to Oregon's Cleantech Challenge and InventOR: two programs that introduce inventive new student ideas to the market. Targeting Biosciences, Advanced Manufacturing, Healthcare, Construction, Technology and Software Development -- six of the business clusters called out in the Oregon Talent Assessment -- the Portland State Business Accelerator (PSBA) is incubating the next generation of new entrepreneurs.

PSBA Impact Data (2007-2019)

- 150 startups incubated (70% are still active)
- 17 PSU faculty business incubated
- 1,350+ PSU students engaged in Capstones, internships, and hired!
- Graduated + Resident companies have provided 2,000+ high wage jobs
- \$187M capital raised by PSBA companies
- \$114M+ revenue generated

PSU's national reputation as an innovative, engaged, urban-serving university continues to differentiate it from its competition in the increasingly crowded higher education market. Key partnerships with public, private and non-profit partners, including Intel, Daimler, PGE, City of Portland, Multnomah County, Oregon Health Sciences University (OHSU), Mercy Corps, and Oregon Museum of Science and Industry

¹ <https://www.pdx.edu/president/sites/g/files/znlchr756/files/2020-05/Economic-Impact-Report-2019.pdf>

(OMSI), provide students and faculty with outstanding opportunities to contribute to the physical, social, cultural, and economic development of the Portland metro region. In 2017 (the last year the count was completed) PSU students contributed 942,000 service hours, worth \$23 million to the local economy.

The PSBA is home to more than 20 active start-up companies (<https://www.pdx.edu/accelerator/companies>) in technology, bioscience, and clean-tech. Together, they have raised more private angel and venture capital in the last five years than any other accelerator in Oregon. The Business Accelerator speeds the success of high-growth companies by providing resources, connections, expertise, university support, and control of high-impact costs, all within an entrepreneurial community focused on growth. The PSBA impacts the regional economy in a variety of ways such as, jobs and employment; capital investment in PSBA companies; angel investing; and grants received.

A generally accepted methodology tells the impact story of Accelerators. According to the National Business Incubation Association (NBIA), for every \$1 of public investment made in NBIA member incubators, \$30 in tax revenue is generated in the local economy. Using this formula, we estimate the economic impact of the PSBA was \$15 million in 2020.

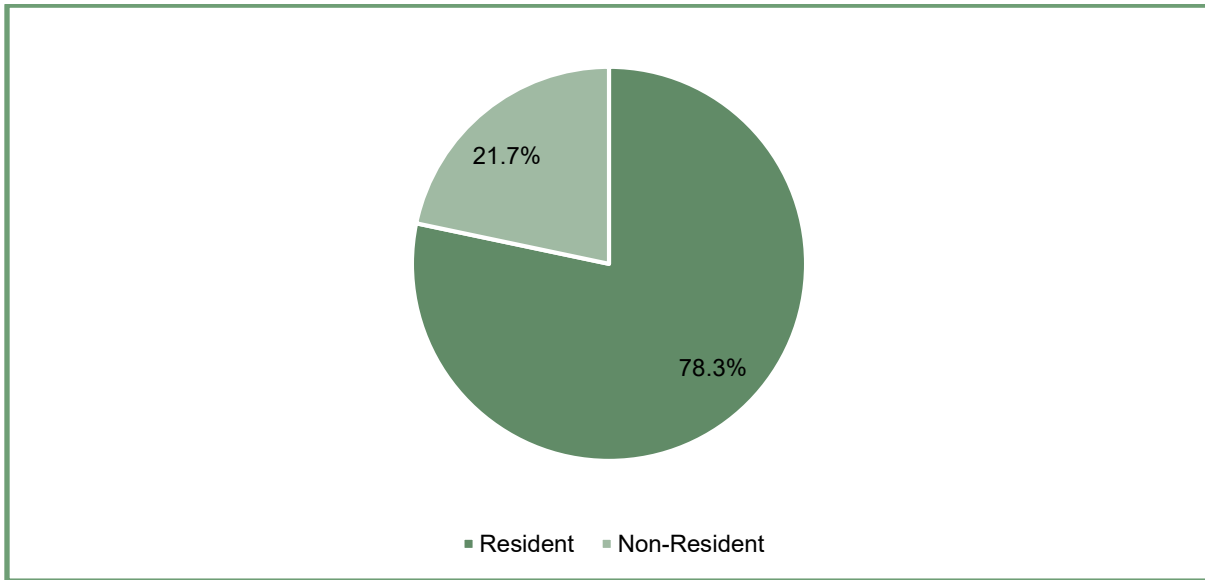
PSU planning and development activities have a significant impact on the region's planning, design, and architecture community. PSU partners with local firms on feasibility studies, environmental impact statements, architectural design, and construction. The University contributed \$23 million to the regional economy in FY13 through planning and real estate investments.

STUDENT SUCCESS AND ACCESS

Across the country, postsecondary enrollments declined 2.5 % in fall 2020, nearly twice the rate of enrollment decline reported in fall 2019.² Oregon experienced a similar pattern with some variation across universities, particularly in the enrollment of incoming freshman. This section is focused on tracking trends in enrollment and completion outcomes.

As detailed by Figures 3 and 4 during the 2019-2020 academic year the majority of PSU students (78.3%) were Oregon residents. The majority of PSU students (62.9%) also attended full-time.

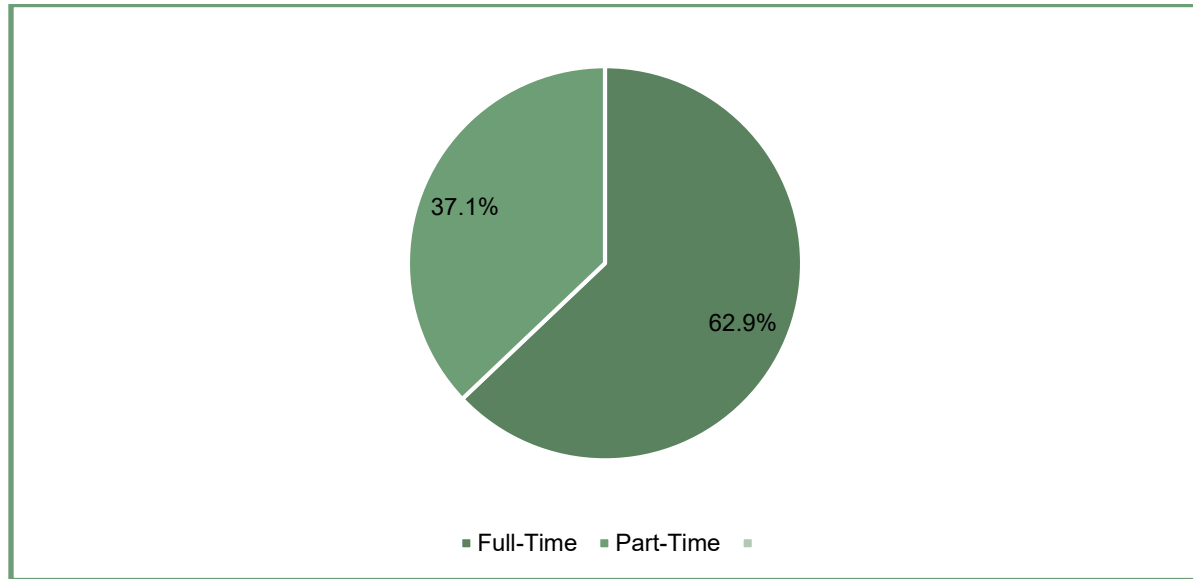
Figure 3: PSU Student Enrollment by Residency, 2019-2020



Source: HECC (2020)

² <https://www.insidehighered.com/news/2020/12/17/final-fall-enrollment-numbers-show-pandemics-full-impact>

Figure 4: PSU Student Enrollment by Full-Time/Part-Time Status, 2019-20



Source: HECC (2020)

PSU has experienced steady, incremental decreases in enrolled over the last decade. The most significant declines occurred over the last five years, with the largest year-over-year decline between 2019 and 2020 of 7.8%. PSU enrolled 23,979 students in fall 2020, a sharp decrease from the year before (2019, 26,020) and has experienced an enrollment decrease of 15.9% since fall 2010.

PSU's overall enrollment decline has concentrated among non-resident students over the last five years, which declined 12.9% between fall 2019 and fall 2020. Resident enrollment had a slight decrease of 0.8% between 2018 and 2019. Additionally, the Fall 2019 and Fall 2020 year-to-year trend for newly admitted undergraduates sharply declined by 10.0%, largely due to COVID-19 trends at the state and national level.

While single year enrollment changes do not constitute a trend on their own, and the culmination of winter and spring term of 2019-20 and fall 2020 numbers were affected by extemporaneous circumstances, they are generally consistent with longer term enrollment patterns at PSU. During this evaluation period (two-years), PSU's total enrollment decreased each year for both resident and non-resident students.

PSU students come from diverse backgrounds and the university continues to see significant and consistent growth in underrepresented minority students since 2011. In fall 2020, PSU enrolled fewer under-represented minority students than the year before, however the decrease was only 0.3% compared to much larger enrollment decreases across the student body. This is impressive. Furthermore, as a percentage of the total student population, under-represented minority students represented 24.2% of the total student body—the highest rate among the universities evaluated this period.

Table 1: PSU Headcount Enrollment by Ethnicity, Fall Terms 2017, 2018, 2019, and 2020

Race/Ethnicity	Fall 2017	Fall 2018	Fall 2019	Fall 2020	Change Fall 2019 to Fall 2020
Non-Resident Alien	2,057	1,918	1,775	1,327	(448)
American Indian/ Alaska Native	269	291	264	234	(30)
Asian	2,286	2,115	2,141	1,995	(146)
Black Non-Hispanic	896	906	870	838	(32)
Hispanic	3,288	3,542	3,605	3,737	132
Pacific Islander	153	156	134	126	(8)
Two or more races, Underrepresented Minorities	1,004	1,026	945	863	(82)
Two or more races, not Underrepresented Minorities	612	593	583	555	(28)
White Non-Hispanic	15,241	14,495	13,445	12,150	(1,295)
³ Unknown	1,472	1,337	2,258	2,154	(104)

Source: HECC (2020)

Irrespective of state and national trends, Hispanic students are the only ethnic group whose enrollment increased year-over-year and continues an upward trend, a trend that has been evident for several years. Comparatively, there is a downward trend in enrollment among all other ethnic groups.

³ Large increase driven by high school dual credit students, with unreliable race/ethnicity data reported.

The four and six-year graduation rates for PSU First Time Freshmen who entered in the fall term of 2013 are as follows:

Table 2: Four-Year and Six-Year Graduation Rate, First Time, Full Time Freshmen Entering PSU in Fall 2013

	Four- Year Graduation Rate	Six-Year Graduation Rate
All Students	23.3%	51.6%
Underrepresented Minorities	22.1%	47.2%
Pell Grant Recipients	19.2%	50.9%

Source: HECC (2020)

In fall 2019, 38.9% of PSU’s students were Pell Grant recipients, compared to 39.0% in fall 2018.

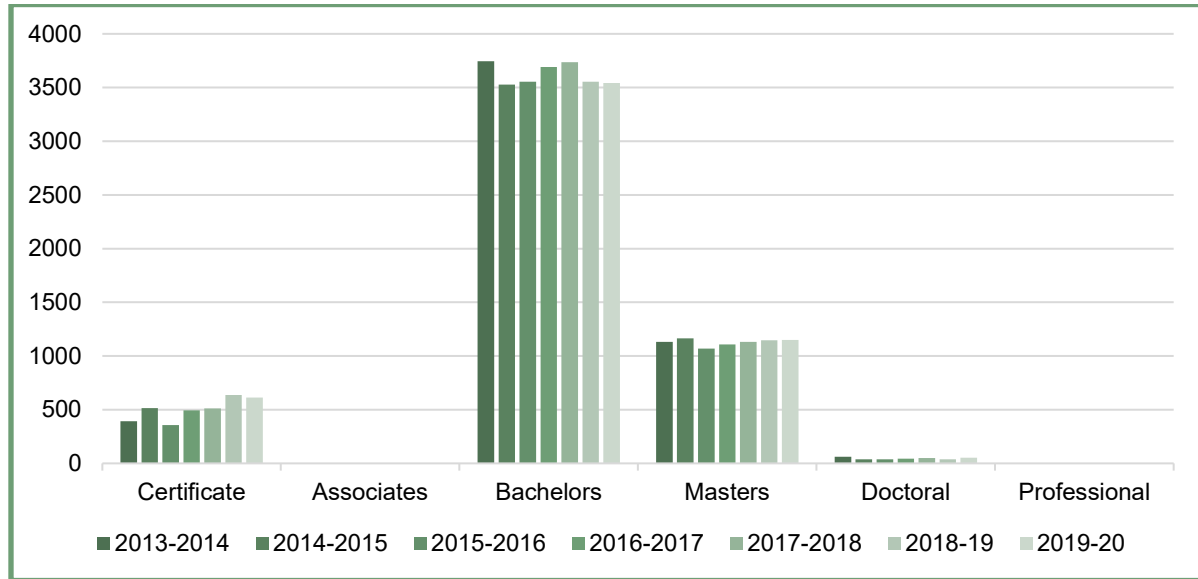
The number of resident completions by award type generally increased since PSU’s last evaluation. Bachelor’s degrees are by far the greatest student completion count by award type and is the only category that decreased since the last evaluation cycle. PSU does not offer associate or professional degrees.

Table 3: PSU Resident Student Completions by Award Type

	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-19	2019-20
Certificate	392	516	357	493	512	637	613
Associates	-	-	-	-	-	-	-
Bachelors	3,746	3,528	3,555	3,692	3,737	3,554	3,541
Masters	1,131	1,165	1,068	1,108	1,132	1,146	1,148
Doctoral	61	39	38	44	50	37	53
Professional	-	-	-	-	-	-	-

Source: HECC (2020)

Figure 5: PSU Resident Student Completions by Award Type



Source: HECC (2020)

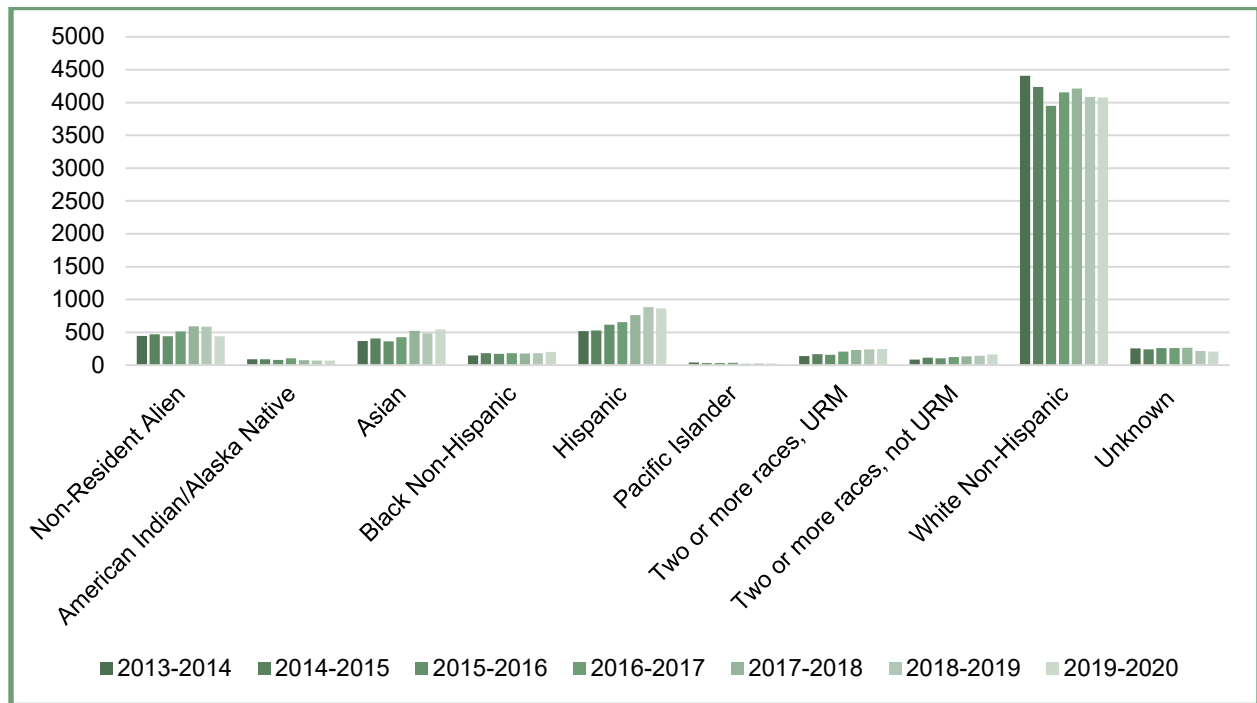
The six-year graduation rate for all students at PSU has decreased slightly from 52.7% in 2018 to 51.6% in 2020. While graduation rates for underrepresented minority students continue to lag the institutional rate by nearly 4.5 percentage points for the most recent cohort, PSU is making year-over-year increases in the number of degrees awarded to underrepresented students overall; that figure has increased by 11.4 % to 1,412 students since PSU’s last evaluation and is the highest in recent history of the university.

Table 4: PSU Completions by Race/Ethnicity

	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019- 2020
Non-Resident Alien	443	469	442	513	591	585	438
American Indian/Alaska Native	91	87	79	105	76	68	71
Asian	366	406	362	427	524	486	542
Black Non-Hispanic	150	183	171	181	178	181	203
Hispanic	518	529	614	654	764	886	863
Pacific Islander	43	30	29	37	21	28	28
Two or more races, URM	138	166	157	207	229	241	247
Two or more races, not URM	85	112	106	123	135	142	160
White Non-Hispanic	4,406	4,236	3,950	4,155	4,211	4,087	4,076
Unknown	254	239	261	259	263	218	208

Source: (HECC 2020)

Figure 6: PSU Completions by Race/Ethnicity



Source: HECC (2020)

In order to be supportive and responsive to its diverse student population, PSU has established resource centers where students can seek academic or personal assistance. These centers include the Disability Resource Center, La Casa Latina, Multicultural Center, Native American Student and Community Center, Queer Resource Center, Resource Center for Students with Children, Veterans Resource Center, Women’s Resource Center, a new Asian/Pacific Islander Student Center, and a new Black Student Resource Center.

PSU also has a successful Last Mile initiative that seeks out students who have dropped out within a term or two of graduating primarily for financial reasons and provides them economic resources and scholarships to complete their degrees. To date the program has assisted over 500 students in earning degrees (<http://www.pdx.edu/insidepsu/last-mile>).

AFFORDABILITY

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

Many students and prospective students at Portland State University (PSU), 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. According to a 2020 SHEEO report, as of the end of FY19, only nine states, including Oregon, have met pre-recession per student funding levels for higher education.⁴

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 fund the remaining one-third. This is almost the reverse of the student experience a generation ago. Partly as a result of state funding cuts, resident undergraduate tuition and fees at Portland State University increased 41.8% in the last 10 years, including increases of 5.2% and 5.6% in 2019-20 and 2020-21 respectively.⁵ In 2020-21, tuition increased by 4.9% and fees increased by 9.4%.⁶ Resident graduate students have faced similar increases.

Students, however, do have access to financial aid at Portland State University. In addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Portland State University students benefit from PSU's significant commitment of institutional resources to scholarships, remissions, and tuition discounts. In the 2019-20 academic year, PSU recorded \$11,659,523 in resident tuition remissions (8.4% of resident gross tuition charges), which is a 3.2% increase over the prior year. The year prior, the 2018-19 academic year, PSU recorded \$11,298,253 in resident tuition remissions (8.2% of resident gross tuition charges).

Portland State University also engages in a number of targeted programs designed to increase access and completion among targeted populations.⁷ For example, PSUs "Four Years Free" and "Transfers Finish Free" programs provide any additional tuition and mandatory fees after all scholarships are applied for new or transfer students who are Pell-eligible, enroll full-time, and apply with GPAs above certain thresholds.

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, textbooks, and supplies. Portland State University estimates the average student budget for living expenses annually – \$17,519 for the 2020-21 academic year⁸ – exceeds resident tuition and fees of \$10,112.

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

⁴ https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY19_Report.pdf

⁵ Source: <https://www.pdx.edu/student-finance/tuition> 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 Portland State will pay \$8,471 in tuition and \$1,641 in fees for a total of \$10,112.

⁷ <https://www.pdx.edu/student-finance/>

⁸ Source: <https://www.pdx.edu/student-finance/tuition/undergraduate>

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 PSU scorecard for the 2018-19 academic year,⁹ 67% of PSU's students seeking a bachelor's degree, who asked for financial aid, were unable to meet expenses with expected resources, family contributions, student earnings and grant aid, compared to a statewide average of 67%.¹⁰ Average earnings among bachelor's degree recipients five years after graduation were \$46,576, compared to a statewide average of \$47,994. The average debt among graduates was \$21,969, compared to a statewide average of \$22,273 and 47% of PSU students had federally supported loans, identical to the statewide average of 47%. According to the College Scorecard, during the 2018-19 academic year, 46% of students received Pell Grants.¹¹

ACADEMIC QUALITY AND RESEARCH

The HECC relies on four key areas to track academic quality and research at each institution: regular external accreditation reviews to assess each institution's progress in meeting its stated mission, vision and goals; evidence of regular academic program review to improve quality; regular faculty evaluation and opportunities for professional development; and institutional reports of research activity evidenced by research expenditures. Research contributions are also reflected in economic impact and collaborations both discussed elsewhere in this report.

In 2014, the HECC adopted a new formula for distributing state resources to public universities that incentivizes growth in enrollment and graduation outcomes. A required review of the formula after five years was initiated in 2020 with revisions due for adoption in the next legislative cycle. In partnership with all public universities, the HECC leverages collaboration with organizations such as the State Higher Education Executive Officers Association (SHEEO) and the Association of American Colleges and Universities (AAC&U) to pursue promising initiatives to develop nationally normed outcomes to assess and track student learning and post-graduation success.

The NWCCU Year Seven Evaluation report (2015) commended PSU for the enrichment students receive through numerous connections to the community, including a community-based capstone experience required of undergraduates. Assessment of capstone courses lead to continuous improvement led by faculty and in alignment with the university's learning goals. The evaluation committee also commended PSU's use of innovative approaches to curricular development and student success, including the ReThink PSU initiative, the advising portal and the Last Mile initiative that identifies undergraduate students who have dropped out within a term or two of completing a degree because of curricular or financial problems and encourages them to return and complete. Subsequent evaluation NWCCU reports have flagged PSU's continued need to be more rigorous in learning outcomes assessment for undergraduate and graduate programs. (See p. 6 Accreditation section in this report).

PSU has clearly defined processes for academic program review and approval (<http://www.pdx.edu/academic-affairs/academic-program-review>). Faculty evaluation and professional development are fundamental to sustaining academic quality. PSU has clearly defined processes for evaluating faculty including for promotion and post tenure review (<http://www.pdx.edu/academic-affairs/promotion-and-tenure-information>).

⁹ Source: <https://www.oregon.gov/highered/research/Documents/Snapshots/PSU-Snapshot.pdf>

¹⁰ Statewide averages from: <https://www.oregon.gov/highered/research/Documents/Snapshots/Univ-Snapshot.pdf>

¹¹ <https://collegescorecard.ed.gov/school/?209807-Portland-State-University>

PSU has made substantial commitments to faculty professional development. The University provides over \$1 million dollars in formally-funded faculty development opportunities, in addition to support provided by multiple offices and units. The amount of professional development funds available to faculty and staff increased in the latest AAUP/PSU Collective Bargaining Agreement (: https://www.pdx.edu/academic-affairs/sites/www.pdx.edu/academic-affairs/files/AAUP%20CBA%202015-2019_Final%20Draft%206-22-16%20w-signatures.pdf).

1. Faculty Orientation, Mentoring, and Diversity

The Office of Academic Affairs' New Faculty Orientation is an annual event offered to new full-time faculty (<http://www.pdx.edu/academic-affairs/new-faculty-orientation>).

The President's Diversity Mini-Grant (<https://www.pdx.edu/diversity/the-presidents-diversity-mini-grants-program>) is offered through the Office of Global Diversity & Inclusion and the Diversity Action Council (DAC) to promote a positive campus climate for diversity; support the development of diversity curriculum, enhance communications across race, gender, and other boundaries, and assist in the recruitment and retention of a diverse student body, faculty, staff, and administration. The President's Diversity Mini-Grant Program supports diversity activities that address these goals. Support may be requested for curricular development projects, campus events and programs, or diversity-related research, including but not limited to the evaluation of campus diversity programs.

1. Professional Development, Teaching and Innovation, Travel and Enhancement Awards.

- Faculty Education Fund provides support for tuition for part-time faculty enrolled in PSU courses (for funding available, see the Collective Bargaining Agreement with the PSUFA).
- The Professional Development Fund for Part-Time Faculty covers the cost of research, travel, and conference attendance related to responsibilities at the university (for funding available, see the Collective Bargaining Agreement with the PSUFA).
- The Office of Academic Innovation provides leadership and support for campus activities that explore and promote excellence in teaching and learning, innovative curricular technology use, and community-based learning, through consultations, learning groups, and workshops. Resources include a new faculty orientation series, writing workshops, support for online instruction, community engagement and in-class evaluations (<http://www.pdx.edu/oai/>).
- Individual Professional Development Accounts (IPDA) have been established for faculty to fund travel, professional development, and other job related expenses. Per the Collective Bargaining Agreement with the AAUP, specific funding amounts for tenured and tenure track faculty, non-tenure track faculty, and academic professionals are placed in IPDA accounts each year. Requests for use of IPDA funds is approved and administered at the college and department level. The implementation of IPDA replaces the previous Faculty Travel Award process.
- Faculty Enhancement Grants are administered by the Faculty Development Committee, which is appointed by the PSU Faculty Senate. The committee supports a broad range of professional development activities.

2. Research Support

- Research and Graduate Studies (formerly Research and Strategic Partnerships) offers a number of internal funding opportunities to assist with conference travel, new lines of research, and the development of proposals for external funding. In addition to these internal opportunities, departmental research administrators are available to connect faculty with grants and funding sources specific to their field (<http://www.pdx.edu/research/>).

RESEARCH ACTIVITY

Portland State’s external funding from research grants and agreements in FY19 totaled \$66.5 million in awards received. The value of grants and agreements increased to \$66.8 million in FY20 (award values fluctuate concurrent with biennial allotments for state-funded projects). Research expenditures, meanwhile, decreased during this time, reaching \$61.5 million in FY20.

Table 5: Sponsored Projects Activity FY16-18

	FY16	FY17	FY18	FY19	FY20
Total Awards Amount	\$70.6M	\$49.9M	\$63.0M	\$66.5M	\$68.8M
Total Expenditures	\$63.3M	\$61.7M	\$60.3M	\$65.3M	\$61.5M
Federal Expenditures	\$43.5M	\$42.6M	\$31.4M	\$45.1M	\$43.8M
Proposals Submitted	680	612	602	565	449

Between FY16 and FY20, technologies and services developed by PSU faculty and students and licensed to external organizations generated \$4.7 million in revenue. Outside entities entered into 123 unique license agreements to deploy or develop university-owned intellectual property, and the university was issued 60 patents.

Table 6: Technology Transfer

	FY16	FY17	FY18	FY19	FY20
Revenue	\$920K	\$803K	\$897K	\$693k	\$1.4M
Licenses Issued	44	27	14	16	22
Patents Issued	12	6	15	12	15

Start-up Companies Established	0	0	1	3	4
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In the past two years, PSU has focused efforts on expanding its research portfolio. Activities include:

- The launch of two new university-wide research centers
- The Homelessness Research and Action Collaborative
- The Digital Cities Testbed Center
- Joint PSU-OHSU seed funding grant to spur inter-institutional research collaborations
- PSU seed funding grant program supporting equipment purchasing, data collection, and scholarship in the humanities and creative arts
- D.C. Fellows Program, providing opportunities for a cohort of PSU faculty to travel to Washington D.C. to meet program directors at major funding agencies and grant-awarding foundations and institutions
- Grant writing workshops for faculty and graduate students
- President’s Career Research Award for faculty research excellence
- Research Week, an annual recognition of research excellence on campus

PSU continues to develop research collaborations with OSU, UO, OHSU, and other institutions, creating opportunities for faculty and students to engage in cutting-edge research in a variety of areas including health and sustainability-related fields, business, urban planning, engineering, the physical and life sciences, and social work. These collaborations capitalize on each institutions’ strengths. For example, PSU and OSU researchers collaborate on studying microplastic contamination along Oregon’s shores, reflecting the complementary nature of OSU’s sea-grant mission and PSU’s dedication to sustainability and environmental management. PSU houses the \$45 million Transportation Research and Education Center (TREC), one of five national centers funded by the U.S. Department of Transportation. UO is a partnering institution on a TREC pooled fund grant studying methods to modernize transit agencies’ fare payment systems. PSU researchers, meanwhile, make use of an OHSU microscopy suit located in the Robertson Life Science Building where their research has resulted in discoveries that may transform approaches to treating diseases like heart disease, Alzheimer’s, and macular degeneration. Concrete evidence of the major research universities working together is the recent signing of an MOU between PSU, UO, OSU, OHSU and OIT to allow access to core research facilities to faculty at all institutions using internal rates, effectively sharing research infrastructure across the state.

PSU’s ongoing partnerships with regional entities including the City of Portland, Portland Public Schools, Metro, and the Oregon Department of Environmental Quality provide additional opportunities to faculty and student to engage in research. For example, PSU researchers working in collaboration with Portland Public Schools are studying the effect of mindfulness on teaching and learning outcomes in kindergarten classrooms in Portland. PSU’s Community Environmental Services unit is working with Oregon DEQ to assess consumer, commercial, industrial and agricultural food waste across the state. In collaboration with Metro, PSU researchers are assessing the potential economic impacts of a proposed bus rapid transit system along Portland’s Powell Blvd.

PSU’s ties to its sister universities as well as regional partners also include innovation, economic development, and entrepreneurship. This work includes the Innovation Quadrant (IQ). PSU, OHSU, OMSI, Portland Community College, and the City of Portland are collaborating to establish and create programming and career pathways to support this vision for a thriving metro area.

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,

PSU engages in a number of collaborative initiatives with other universities and partners, as indicated below (P indicates Participation, N/P indicates Non-Participation):

Table 7: Portland State University Collaborative Initiatives Participation

Other University Collaborations	University Response (Participant/Non-participant)
Public University Councils	
Presidents Council	P
Provosts Council	P
Vice Presidents for Finance and Administration (VPFAs)	P
General Counsels (GCs)	P
Public Information Officers (PIOs)	P
Legislative Advisory Council (LAC)	P
Cooperative Contracting(<i>note: taking part in State contracts</i>)	N/P
Capital Construction Services	N/P
OWAN	N/P
NERO Network	P
RAIN	N/P
Orbis Cascade Alliance	P
ONAMI	P
OHSU/PSU Strategic Partnership	P

The increase of funded research at PSU continues and its 30 research centers and institutes are working to find solutions to the challenges that matter most to its community. For example, PSU’s two latest centers focus on Digital Cities and Homelessness. PSU scholars continue to partner with colleagues from other Oregon universities in three state-wide Signature Research Centers: OTRADI, ONAMI and VertueLab.

In partnership with the City of Portland, Oregon Health and Science University (OHSU) and others, PSU is building the University District, while meeting regional goals for retail and commercial development, transit planning, housing and small business development. Since its 2014 impact report, PSU has spent \$142 million on the renovation of three campus buildings: the Karl Miller Center, Peter Stott Center/Viking Pavilion and Neuberger Hall. In 2019, they begin construction of the \$70 million dollar Fourth and Montgomery Building in partnership with Oregon Health Sciences University, Portland

Community College and the City of Portland. This state-of-the-art facility continues a tradition of collaborative development and will host the PSU College of Education; the PSU-OHSU School of Public Health; Portland Community College's Dental Program; and the City of Portland's Bureau of Planning and Sustainability.

PATHWAYS

Transfer student success is a key area of focus both in Oregon and nationally. The statutes outlining goals for transfer student success and cooperation between Oregon's higher education sectors (ORS 350.395, 350.400, 350.404, 350.412, and 348.470) are the framework for HECC's continued partnership with the 7 public universities and 17 community colleges. 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 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 (AAOT) degree, for example), research that resulted from House Bill 2525 (2015) and the subsequent HB 2998 (2017) report 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. Public universities are working with community colleges to improve advising and information on career pathways to reduce the excess number of community college credits taken. Moreover, despite the best efforts of advisors, faculty, and administrators, some students who complete statewide degrees such as the AAOT are ill-served with excess credit if they transfer into certain majors. Major requirements at the university level change, which can hinder community college students and advisors in effective degree planning.

The passage of HB 2998 in 2017 required the HECC to work closely with both public universities and community colleges to create a new framework for statewide transfer, a Core Transfer Map (CTM) of at least 30 credit hours of general education (formerly known as the Foundational Curricula), and a process for the creation of Major Transfer Maps (MTMs) in major fields of study to aid transfer students in moving smoothly into university study, with fewer lost or excess credits.

Public university and college faculty, registrars, institutional researchers, advisors, and administrators have been advisors and participants to the HB 2998 implementation process, adding insight and value to the newly created Major Transfer Maps and continuing to work closely with HECC staff and other institutions to move this work forward. Additionally, PSU has been an active participant in statewide projects such as the statewide Oregon Transfer and Articulation Committee (OTAC), which oversees and maintains the statewide transfer degrees.

Related to transfer student success, college credit in high school, or accelerated learning, has also benefited from enhanced statewide collaboration amongst Oregon's public universities and 17 community colleges in 2018-19 and 2019-20. The HECC convened Oversight Committee for High School Based College Credit Partnerships and the Advanced Placement and International Baccalaureate Policy Workgroup both have support and representation from PSU. Implementing 340.310, OAR 715-017-0005, and SB 207(2017)/SB 160(2019) the groups ensure that college credit earned in high school is transferrable and supports student pathways to postsecondary degrees and certificates.

State approval of high school based college credit partnership programs promotes transparency, educational equity, and comprehensive advising so that students may access, earn, and transfer these

credits smoothly. State approval, through peer review, confirms that a college course taught on campus and the course taught in a high school are essentially the same, and treated the same when transferred. When another institution does not adhere to the State's expectations for credit transfer HECC staff facilitates dialogue between institutions and/or departments to resolve concerns. HECC staff have support at all levels at institutions as we work on resolving concerns. As a result of these conversations, Universities have achieved transfer alignment as expected by the state statutes and standards. Western Oregon University and Oregon State University achieved this alignment in 2019 and credits are transferring as they were intended to. HECC staff will continue to work with all institutions whenever concerns come to light.

In 2019-2020, the mapping of higher education credit articulated for Advanced Placement (AP) and International Baccalaureate (IB) exams was coordinated and published by HECC and advised by the AP/IB Policy Workgroup. This process led to a more transparent and better aligned articulations list, with the expectation that over time articulations will become increasingly similar among community colleges, comprehensive regional universities and larger research universities. Several important factors contributed to Oregon's statewide policy re-design, including action by the Oregon Legislature, advancement of Oregon's Transfer Agreements, and increased focus on transparency for students around course articulations in the K-12 – postsecondary transition. The AP/IB Statewide Course Credit Policy now provides full transparency with course articulations available at community colleges and public universities. In the online table, a student can find out how a particular AP exam subject and score articulates to all 24 public postsecondary institutions in Oregon as well as to which core transfer map content area that articulation applies. The AP/IB Statewide Course Credit Policy serves as a reference point to compare and align course articulations for specific subjects and exams, as well as inclusion in the Core and Major Transfer Maps.

GRADUATE EDUCATION

Portland State's Graduate School currently oversees 21 doctoral programs, 91 master's programs, and 52 graduate certificate programs. In 2019, the Graduate School lead the effort to launch Slate as the new university-wide admissions and CRM platform and worked with administration and the creative agency 160/90 to develop the graduate **“Go For” sub-brand** of the University Embolden campaign. In 2020, the development of a Key Performance Indicators dashboard for graduate programs was also launched as was a new marketing and recruitment campaign for online programs in partnership with EAB.

In 2015, PSU and UO entered into an agreement to allow “Joint Campus” graduate enrollment. The former Oregon University System (OUS) first created the “Joint Campus” in the 1960s to allow graduate students at UO, OSU, and PSU to access courses at the three universities by registering and paying tuition at their home campus. The registrars on each campus worked together to arrange the course registrations, and the financial services offices ensure a financial settle up on a quarterly basis. This new “Joint Campus” agreement will allow students to access a broader range of courses, while maintaining registration at their home campus for the purposes of financial aid and degree requirements. (OSU elected not to participate in this effort because of low demand for PSU courses from their students).

SHARED ADMINISTRATIVE SERVICES

Pursuant to ORS 352.129 and following the convening of the Workgroup on University Shared Services established by the 2013 Legislature, the seven public universities created the University Shared Services Enterprise (USSE), a service center hosted by Oregon State University. USSE offers a fee for service model for many back office functions previously offered by the 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, group retirement plans and collective bargaining. The UO serves fiduciary for all of the former Oregon University System retirement plans, and hosts the Oregon Public Universities Retirement Plans ("OPURP") shared-services organization. All seven public universities participate in OPURP via shared-services agreement.

Portland State 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 (Participant / Non-participant)
University Shared Services Enterprise (USSE, hosted by OSU)	
Financial Reporting	N/P ~ \$250K
Capital Asset Accounting (currently only OIT)	N/P
Payroll & Tax Processing (includes relationship w PEBB, PERS/Federal retirement*)	P
Collective Bargaining *	P
Information Technology/5th Site ¹	N/P
Treasury Management Services:	
Compliance Legacy Debt Services-Post Issuance Tax	P ~ substantial campus involvement still required ~ \$100K
Legacy Debt Services-Debt Accounting	P ~ substantial campus involvement still required ~ \$100K
Non-Legacy Debt Services	P ~ substantial campus involvement still required ~ \$100K
Bank Reconciliations (and other ancillary banking services) ²	N/P
Endowment Services	N/P
Other Miscellaneous Statements of Work:	
Provosts Council Administrative Support	P
Legislative Fiscal Impact Statement Support	P
Risk Management Analyst (TRUs only)	N/P
Public University Fund Administration ³	P ~ substantial campus involvement still required ~ \$100K
Eastern 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
Notes:	
<i>*All public universities are required to participate in group health insurance, a select set of group retirement plans, and collective bargaining through July 1, 2019 per ORS 352.129</i>	

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 OSU. 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 OSU, continue to participate in these mandated services.

PSU participates in all mandatory shared services, as well as in many non-mandatory services. However, PSU does not participate in bank reconciliation, financial reporting, and endowment services. One of these services was managed by PSU internally previous to the dissolution of OUS, and for the others, PSU has determined that it is better economically or functionally to conduct the work in-house. Further, PSU has augmented services it currently purchases from USSE with internal staff capacity.

The continued participation of PSU and other institutions in non-mandatory shared services helps USSE reach the economies of scale necessary for it to be cost competitive and to lower the overall cost to all participating institutions. The continued participation by the large institutions will be important to maintaining an advantage for all participating public universities.

FINANCIAL HEALTH ASSESSMENT

This section of Oregon State 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

FINANCIAL RATIOS SUMMARY

These calculations might differ slightly from those reported by the institution to their own board.

Ratio	FY20	FY19	FY18	FY17	Benchmark
Primary Reserve Ratio	0.17	0.18	0.15	0.17	>0.4
Viability Ratio	0.45	0.43	0.35	0.35	>1.0
Return on Net Assets	4.0%	15.9%	2.7%	16.9%	>6%
Net Operating Revenues	(2.6%)	0.8%	(3.9%)	1.1%	>4%
Composite Financial Index	1.03	2.48	0.66	2.51	N/A
Adjusted CFI*	2.79	3.24	2.14	5.80	>3.0
*adjusted to remove pension and OPEB related liabilities					

PRIMARY RESERVE RATIO

Are resources sufficient and flexible enough to support the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$91,855	\$85,976	\$102,522	\$98,925
University/Foundation	\$31,486/\$60,369	\$17,772/\$68,204	\$29,609/\$72,913	\$25,937/\$72,988
Expenses	\$543,840	\$568,512	\$569,354	\$578,322
Calculated Ratio	0.17	0.15	0.18	0.17

PSU's primary reserve ratio was relatively steady from FY17 to FY20, although at a level well below the established benchmark. Overall, PSU's expendable net assets increased 7.7% from FY17 to FY20, largely due to a substantial increase from FY18 to FY19 resulting from a \$9M decrease in pension expenses. In FY20, PSU's expendable net assets decreased slightly due to the completion of capital projects and associated spending. Overall, PSU's primary reserve ratio equates to just over two months' worth of expenses, which puts them at some risk if revenues were to decline.

VIABILITY RATIO

Are debt resources managed strategically to advance the mission?

Amounts in \$ Thousands	2017	2018	2019	2020
Expendable Net Assets	\$91,855	\$85,976	\$102,522	\$98,925
Total Long-Term Debt	\$265,020	\$247,472	\$239,001	\$221,572
Calculated Ratio	0.35	0.35	0.43	0.45

PSU's viability ratio has increased substantially over the past three years, from 0.35 in FY18 to 0.45 in FY20. This increase was due largely both to the \$9M decrease in pension expense in FY19 as well as an \$18M drop in long-term debt in FY20 due to the retirement of some long-term bonds. Despite this improvement, at this point, PSU could cover just forty-five cents of every dollar owed with currently available assets. As a result, PSU should strongly consider limiting new debt until this picture improves.

RETURN ON NET ASSETS RATIO

Does asset performance and management support the strategic direction?

Amounts in \$ Thousands	2017	2018	2019	2020
Total Change in Net Position	\$67,987	\$12,419	\$75,704	\$22,315
Total Beginning Net Position	\$401,586	\$465,136	\$477,555	\$553,259
Calculated Ratio	16.9%	2.7%	15.9%	4.0%

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. PSU's performance on this ratio was well above the benchmark in FY17 and FY19 and dropped to about half the benchmark for FY18 and was just below the benchmark in FY20. These swings were due primarily to the completion of large capital projects in fiscal years 17 and 19, which increased PSU's net position. In FY20, PSU saw an increase due to completion in capital projects that was offset by depreciation and increased capital spending. The volatility in this ratio, albeit at a relatively strong level, indicates that PSU may have some additional resources to invest should this trend continue.

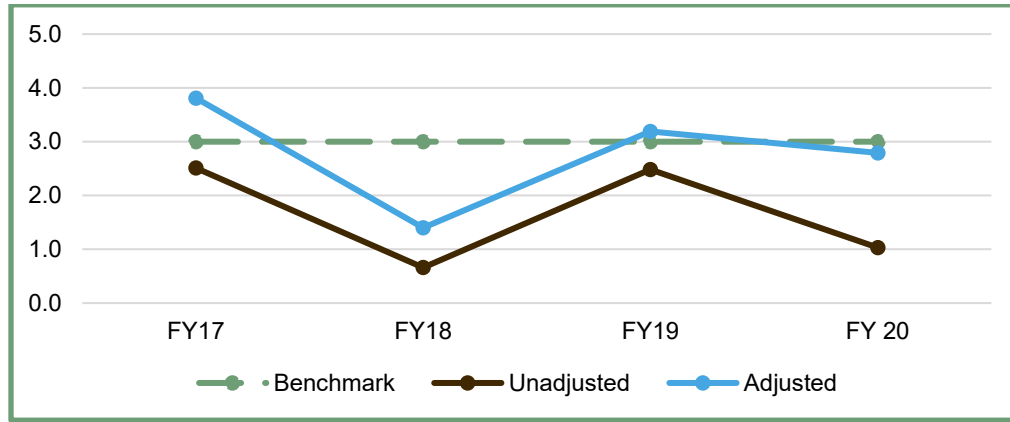
NET OPERATING REVENUES RATIO

Do operating results indicate the institution is living within available resources?

Amounts in \$ Thousands	2017	2018	2019	2020
Net Operating Income	\$5,859	(\$21,345)	\$4,867	(14,459)
Total Operating Revenues	\$554,980	\$554,132	\$578,400	\$563,962
Calculated Ratio	1.1%	(3.9%)	0.8%	(2.6%)

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. PSU's net operating revenues ratio was just above zero in fiscal years 17 and 19 and slightly negative in FY18 and FY20. The negative ratio in FY20 was largely due to a combination of decreased enrollment (which has been a trend for the past several years) combined with a substantial loss in auxiliary revenues due to the pandemic, which is likely to be larger in the current fiscal year due to the continuing inability to operate auxiliary services at anywhere close to normal levels. This negative ratio indicates PSU 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.

FIGURE 7: COMPOSITE FINANCIAL INDEX



RATIO ANALYSIS SUMMARY

Overall, PSU’s finances have been largely stable despite some drops in FY18 and FY20. PSU had an unadjusted CFI of near 3.0 in two of the four years examined in this report, indicating that its finances are in a relatively strong position and that it is not likely to be unable to meet its fiduciary responsibilities in the near term. However, should enrollment continue to decline, or auxiliary services continue to be impacted to the same extent in future years as they are currently due to pandemic related restrictions, PSU may face potential longer-term financial issues but is relatively well positioned in the short to mid-term to weather financial stresses.

FIGURE 8: PSU – GENERAL FUND FINANCIAL DATA

	FY2017	FY2018	FY2019	FY2020
Revenues				
Gross tuition and fees	234,982,158	240,681,375	240,674,823	233,173,571
Less fee remissions	(20,530,674)	(22,737,697)	(21,100,540)	(20,535,846)
Net tuition	214,451,484	217,943,679	219,574,284	212,637,725
State operating appropriations	86,595,683	93,205,018	96,604,069	104,835,509
State debt service appropriations	2,240,976	2,182,248	2,182,248	2,182,248
Indirect cost recovery	10,584,033	10,925,243	11,621,777	11,086,809
All other	12,383,047	10,815,053	19,411,451	15,613,029
Total revenues	326,255,223	335,071,241	349,393,829	346,355,320
Expenses				
Salary & Wages	169,430,156	174,978,679	179,464,327	179,116,546
Benefits: Health	28,185,526	28,758,037	28,919,047	29,227,897
Benefits: Retirement	29,523,363	34,430,801	35,538,750	39,892,115
Benefits: Other	20,348,376	21,044,659	20,693,209	22,572,384
Supplies & Services	60,062,149	62,441,001	62,942,625	59,977,155
Capital Expenditures	1,783,871	1,481,927	1,973,124	1,476,974
Institutional Student Aid	263,973	317,413	710,650	945,554
Net Fund Transfers	4,291,693	2,790,392	1,391,201	2,188,249
Total expenses	313,889,106	326,242,909	331,632,933	335,396,874
Net Income (Loss)	12,366,117	8,828,332	17,760,896	10,958,446
As a % of Revenue	4%	3%	5%	3%
Fund Balance Information				
Beginning Fund Balance	55,096,681	67,462,798	76,291,130	94,052,026
Ending Fund Balance	67,462,798	76,291,130	94,052,026	105,010,472
Balance as a % of Revenue	21%	23%	27%	30%
Months of Operating Balance	2.5	2.7	3.2	3.6
Additional Information				
% of Revenue that is Tuition	66%	65%	63%	61%
Remission Rate	9%	9%	9%	9%
Wages and Benefits as % of Total:	79%	79%	80%	81%

BOARD OF TRUSTEES

Governing Board Focus Area	Evaluation Question	Supporting Narrative (documentation may include links to materials on board website)
Transparency (ORS 352.025(1)(a))	Board meets at least quarterly. ORS 352.076(6).	The Board of Trustees meets at least quarterly. Regular meetings were held on October 10, 2019; January 23, 2020; April 9, 2020; June 18, 2020. In addition, special meetings were held on May 27, 2020; August 20, 2020. The list of all full Board meetings, as well as the schedule for future meetings, can be found at https://www.pdx.edu/board/board-meetings
	Board provides public notice of agenda and meetings. ORS 352.025(1)(a).	The Board of Trustees has adopted a policy that the Board's regularly quarterly meetings will be held each year, with the meetings for each fiscal year scheduled and posted by July 1 of each year. The policy can be found at https://drive.google.com/file/d/17xbgGoWCHkBg4nw_XUGqYx6uNJrlzsf/view . Official notices of all Board and Board committee meetings are sent by email to all persons who sign up for electronic receipt of Board notices, generally approximately a week prior to a meeting, with a link to the agenda and materials. The sign-up for Board notices can be found at https://docs.google.com/forms/d/e/1FAIpQLSf31MdD_OEVrUEOfScSbn9OEU_xuQA_QXOGMfOZ-4D83xvPg/viewform . All such notices are also posted on the Board's webpage. The notices and agendas for all previous meetings can be found at https://www.pdx.edu/board/board-meetings
	The Board operates in a transparent manner and in compliance with Public Meetings and Public Records laws. ORS 352.025(1)(a).	The Board of Trustees has adopted bylaws that clearly state that all public meetings of the Board are to be conducted in compliance with the Public Meetings Law. (See Article V of the bylaws at https://www.pdx.edu/board/bylaws-board). The Board posts its notices, agendas, meeting materials and minutes at https://www.pdx.edu/board/board-meetings . Board committees also post their notices, agendas, meeting materials and minutes (see https://www.pdx.edu/board/academic-and-student-affairs-committee ; https://www.pdx.edu/board/executive-and-audit-committee ; https://www.pdx.edu/board/finance-and-administration-committee ; https://www.pdx.edu/board/special-committee-campus-public-safety).
	The Board has adopted	The Board of Trustees adopted bylaws on January 30, 2014. A minor modification to the bylaws was approved on March 31, 2016. The bylaws are available at https://www.pdx.edu/board/bylaws-board .

	bylaws. ORS 352.076(5).	
Accountability (ORS 352.025(1)(a))	The Board demonstrates its accountability on behalf of the university and awareness of its mission and fiduciary duties.	<p>The Board of Trustees adopted a policy on January 20, 2014 outlining the responsibilities, obligations and expectations that the trustees have of each other and owe to the University. The policy notes that: “Those of us who have been chosen to serve as fiduciary trustees for a period of time – to safeguard the University’s assets and to foster its capacity to serve others – have a heightened obligation to the University and to each other. To serve on a university governing board is a significant responsibility.” The policy can be found at https://drive.google.com/file/d/1rwK8DNn9CiOudE8jvWp7CktVNdR_khXt/view.</p> <p>The Board and its committees receive regular reports on University finances, debt, enrollment, retention and graduation, and other priorities. The Board is responsible for approval and review of the University budget and for establishing tuition and fees on an annual basis. Further information about the activities of the Board and its committees can be found in the agendas, meeting materials and minutes from Board and committee meetings, all of which are available on the websites noted above.</p> <p>The Board adopted an Internal Audit Charter on December 11, 2014 and amended February 1, 2018, which states that the Director of Internal Audit is to functionally report to the Board’s Executive and Audit Committee. The Internal Audit Charter can be found at https://drive.google.com/file/d/1xFSQbhats3XUp3FUnHrBRvbHRumX4p78/view. Internal Audit reports to the Executive and Audit Committee on a regular basis.</p>
	The Board has established a process for determining tuition and mandatory enrollment fees that provides for participation	The Board of Trustees adopted a policy outlining the process for establishing tuition, fees and fines on December 11, 2014 and amended June 6, 2018. The policy can be found https://drive.google.com/file/d/1Udh5FAYqeIfW24XalZ1_AmsOgYW7WV3o/view . The policy provides for the participation of enrolled students and the recognized student government.

	<p>of enrolled students and the recognized student government of the university. ORS 352.102(2)</p>	
	<p>Board selects and regularly assess the university president. ORS 352.096.</p>	<p>The Board of Trustees adopted a policy that the President is to be reviewed by the Board annually. The policy can be found at https://drive.google.com/file/d/1QiDpCoWfOODRWPJine4knB4xa0DBoglj/view The most recent evaluation of the President was concluded during the Board meeting October 4, 2018, as the university had an interim president from May 2019 until April 2020 and a permanent president was appointed in May 2020.</p>
<p>Engagement in the University's Mission (ORS 352.025(1)(b))</p>	<p>The Board adopts the mission statement. ORS 352.089(2).</p>	<p>The Board of Trustees approved a new University mission statement developed through a campus-wide strategic planning process on December 10, 2015. The resolution approving the new mission statement can be found at: https://drive.google.com/open?id=1PgdrLQkXLi9KdboxesEMko-r1acLMvDOe</p>
<p>Coordination across the State of Oregon (ORS 352.025(1)(e))</p>	<p>The Board forwards the university's mission statement to the HECC. ORS 352.089(1).</p>	<p>The new University mission statement was forwarded to the HECC and approved by the HECC on April 14, 2016.</p>
	<p>The Board</p>	<p>Significant changes to academic programs are forward to the HECC as required by statute and HECC</p>

	forwards any significant change in the university's academic programs to HECC. ORS 352.089(1).	rules. The Board of Trustees has delegated to the Academic and Student Affairs Committee the authority to review and approve new academic programs prior to forwarding such requests to the HECC. The policy can be found at https://drive.google.com/file/d/1h6IDN8L98KZJRg6ngOcKNf7IOHlt1wIN/view
Real Property Holdings (ORS 352.025 (2)(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.	The University continues to take and hold real property in the name of the State of Oregon as required by statute.

Since July 1, 2015, the ASAC has approved the following new degree programs, which have been forwarded to the HECC:

- B.A. /B.S. in Applied Health & Fitness (2015)
- B.F.A. in Creative Writing (2015)
- Master of Public Policy (2015)
- P.S.M. in Environmental Science and Management (2015)
- B.A. /B.S. in Urban and Public Affairs (2016)
- B.A. /B.S. in Sexuality, Gender and Queer Studies (2017)
- B.A. /B.S. in Sonic Arts & Music Production (2017)
- B.A. /B.S. in Indigenous Nations Studies (2018)
- B.A. /B.S. in Special Education (2018)
- M.A. /M.S. in Non-Profit Leadership (2018)
- B.A. /B.S. in Cultural History of the Arts (2020)
- B.S. in Data Science (2020)
- M.S. in Emergency Management and Community Resilience (2020)
- M.S. in Applied Data Science for Business (2020)

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.

Portland State University was last re-affirmed for accreditation in fall 2015 through 2022 in accordance with the seven-year review cycle. PSU submitted its Mid-Cycle Self-Report in August 2018. Evaluators noted that expectations had not yet been met for one outstanding recommendation on assessment from the previous Year Seven Evaluation conducted in 2015. The Report suggested that it would be beneficial to clarify the policies related to and the process of accountability for assessment at PSU in such a way that the process is healthy enough to endure leadership changes. NWCCU required that PSU continue to work on assessment. PSU submitted an Ad Hoc report on this area in fall 2019. Another report is due fall 2021. PSU will begin the next cycle of accreditation with a Year Seven Self Study Report due to NWCCU in fall 2022.

Portland State University continues positively along its trend of increasing diversity and increasing numbers of degrees awarded to underrepresented students. During the 2019-2020 academic year the majority of PSU students (78.3%) were Oregon residents. The majority of PSU students (62.9%) also attended full-time. PSU enrolled 23,979 students in fall 2020, a sharp decrease from the year before (fall 2019, 26,020) and has experienced an enrollment decrease of 15.9% since fall 2010. Additionally, the year-to-year trend for newly admitted undergraduates sharply declined by 10.0%, largely due to COVID-19, which matches trends across the state and national level.

It is notable that in fall 2020, PSU enrolled fewer under-represented minority students than the year before, however the decrease was only 0.3% compared to much larger enrollment decreases across the student body. Furthermore, under-represented minority students represented 24.2% of the total student body during the fall of 2020—the highest rate among the universities evaluated this period. PSU is making year-over-year increases in the number of degrees awarded to underrepresented students: that figure has increased by 11.4% to 1,412 students since PSU's last evaluation and is the highest in recent history of the university.

According to a 2020 SHEEO report, as of the end of FY19, only nine states, including Oregon, have met pre-recession per student funding levels for higher education.¹² 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, resident undergraduate tuition and fees at Portland State University increased 41.8% in the last 10 years, including increases of 5.2% and 5.6% in 2019-20 and 2020-21 respectively.¹³ Resident graduate students have faced similar increases.

¹² https://shef.sheeo.org/wp-content/uploads/2020/04/SHEEO_SHEF_FY19_Report.pdf

¹³ Source: <https://www.pdx.edu/student-finance/tuition> as well as historical OUS tuition data. Defined to include full-time resident base tuition and all mandatory fees (including incidental fees).

In addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Portland State University students benefit from PSU's significant commitment of institutional resources to scholarships, remissions, and tuition discounts. In the 2019-20 academic year, PSU recorded \$11,659,523 in resident tuition remissions (8.4% of resident gross tuition charges), which is a 3.2% increase over the prior year. The year prior, the 2018-19 academic year, PSU recorded \$11,298,253 in resident tuition remissions (8.2% of resident gross tuition charges).

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. Portland State University estimates the average student budget for living expenses annually – \$17,519 for the 2020-21 academic year¹⁴ – exceeds resident tuition and fees of \$10,112. The average debt among graduates was \$21,969, compared to a statewide average of \$22,273 and 47% of PSU students had federally supported loans, identical to the statewide average.

As noted at the outset, this report is formative in evaluating PSU'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.

¹⁴ Source: <https://www.pdx.edu/student-finance/tuition/undergraduate>

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