

# 2018 UNIVERSITY EVALUATION: Oregon State University



*Oregon State Cascades*

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## INTRODUCTION

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This report is guided by Oregon Revised Statute 352.061, as revised by SB 54 (2017), 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 section 61 once every two years. The purpose of this report is to evaluate Oregon State University's contribution to State objectives for higher education as articulated in statute and in the HECC Strategic Plan 2016-20 ([https://www.oregon.gov/HigherEd/Documents/HECC/Reports-and-Presentations/HECC-StrategicPlan\\_2016.pdf](https://www.oregon.gov/HigherEd/Documents/HECC/Reports-and-Presentations/HECC-StrategicPlan_2016.pdf)). The report relies on a combination of accreditation reports, self-assessment conducted by the university on criteria jointly developed with the HECC, and state and federal data. This is OSU's third evaluation and as such, it builds on the descriptive benchmarks identified in the 2016 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 Oregon State University Board of Trustees has operated since its formation in 2013-14. The form and content of subsequent evaluations will continue to 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, Oregon State University, and Portland State University. The University of Oregon, Portland State University and Oregon State University governing boards were appointed at the same time. It also established a process for the other four 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 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.

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

## **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, the 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 statute, the structure of the evaluation, and the process for the evaluation. As a result of these conversations, an evaluation framework was developed as a tool to assist in the evaluation process.

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

During each evaluation report cycle, the framework template is populated with data from the HECC Research Office and then verified by university offices for institutional research and data. All data included in this report 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 HECC 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, post-Oregon University System, governance model.

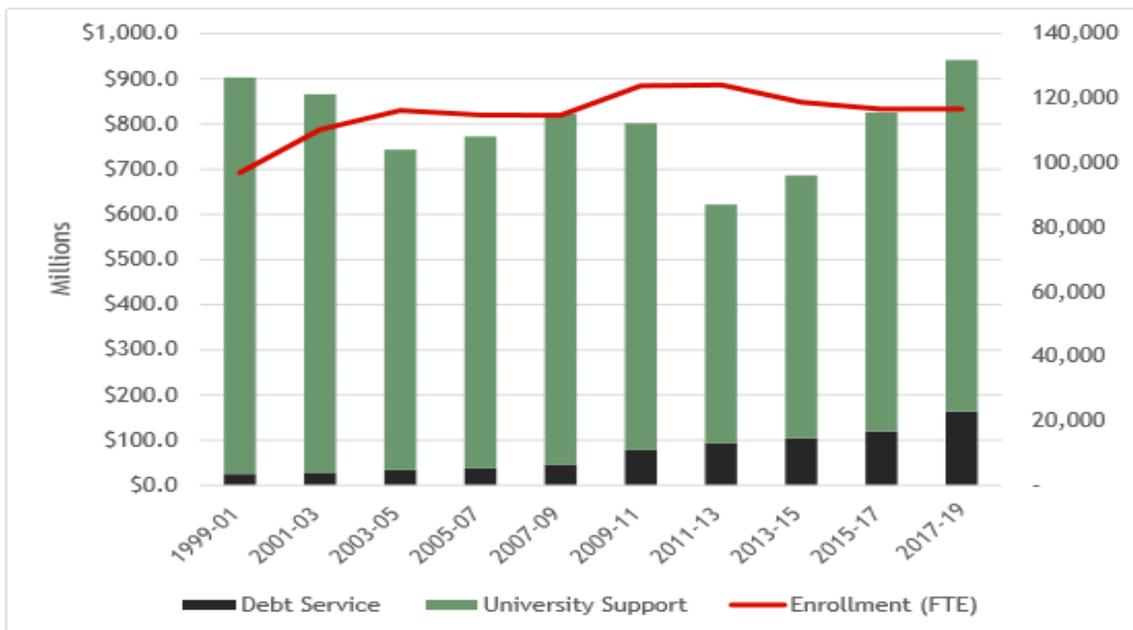
This report is focused on the legislative charge and the HECC’s primary areas of emphasis as indicated in its Strategic Plan. This report is not a comprehensive evaluation. It reflects the narrower scope of legislative issues of interest, incorporating findings from accreditation studies where there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



*Notes: Projected Enrollment, Statewide Public Services and Sports Lottery excluded. Data Source: OUS IR. 2013 Fact Book, p. 114, SCARF enrollment data, HECC BRS 2015-16, 2016-17, and 2017-18*

### 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 are no longer mandated to offer the same scope and value for each of the employee benefits referenced in the statute, but are still required to participate in a shared administrative arrangement for the provision of the benefits.

### **Local Conditions and Mission:**

Oregon State University (OSU) is one of the three largest public universities in the State with a long history of excellence in preparing students in a comprehensive array of academic and professional fields. ORS 350.075 and 350.085 require the HECC to review and approve public university mission statements. At its June 11, 2015 meeting the HECC reviewed and approved the University's mission statement. The mission, vision, goals, and core themes of OSU are reproduced here:

#### **MISSION:**

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

#### **VISION:**

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

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

#### **GOALS:**

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

As part of its self-study for the seven-year review, OSU revised its Core Themes to better reflect its focus in the past seven years. The themes below are the updated version.

#### **CORE THEMES:**

1. Undergraduate Education

- a. Provide broad and continuing access to undergraduate university degrees for the people of Oregon and beyond.
- b. Provide rigorous and effective undergraduate degree programs.
- c. Provide a supportive and healthy learning environment beyond the classroom for student success and leadership development at all levels.
- d. Use faculty research and scholarship to enrich the undergraduate curriculum.

## 2. Research and Graduate Education

- a. Create and maintain a diverse research and scholarship environment that consistently achieves high impacts.
- b. Attract, retain and support high quality and diverse students for graduate programs.
- c. Provide high quality training to support graduate students' degree completion and prepare them for post-graduation opportunities.

## 3. Outreach and Engagement

- Extend transformative educational experiences to learners, communities and organizations using means beyond traditional classroom-based instruction.
- Increase collaboration with communities and stakeholders to build and sustain mutually beneficial and reciprocal relationships to advance learning, research and engagement opportunities.
- Increase the impact of OSU's outreach and engagement activities on economic development, student achievements and success, and quality of life throughout Oregon and beyond

At the end of 2018, OSU completed and approved a new Strategic Plan (SP 4.0) which will guide the university for the next five years. The vision and goals were revised; however, the goals retain a focus on undergraduate education, graduate education, research, and outreach and engagement. The new plan adds a new goal toward improving a culture of belonging, collaboration and innovation.

## ACCREDITATION

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

Oregon State University last had its accreditation re-affirmed in 2011. The Self -Assessment Reports prepared by OSU and the subsequent reports issued by the NWCCU were submitted for this evaluation. Copies of documents may be reviewed at: <https://leadership.oregonstate.edu/provost/7-year-institutional-accreditation-cycle>.

In its 2014 mid-cycle Peer Review Report NWCCU reported on recommendations from the 2012 Year One and Ad Hoc Peer Evaluation Reports. The 2014 Report acknowledged that OSU has a clearly stated definition of mission fulfillment; each of the University's Core Themes has clearly defined objectives and indicators of achievement, with learning outcomes data appropriately incorporated into various indicators of achievement. The Report also found that OSU's assessment efforts in graduate and undergraduate education were developing and maturing with appropriate professional development support for faculty members working on assessment. The Report concluded that OSU was focusing on building a strong institutional assessment program in the interest of program improvement and called for demonstration that mature assessment processes are in place throughout all educational programs in a future accreditation review. The Report also commended OSU for:

1. Fundraising, particularly its extraordinarily successful capital campaign, and its wise investment of those funds in accommodating the needs of a rapidly growing student population.
2. Recruitment and support of a diverse student body through a variety of approaches including a holistic approach to admissions, the construction and opening of cultural centers, and migrant student support programs.

OSU is on track with its seven- year cycle of accreditation process and approvals by the NWCCU. The next cycle will be conducted in Spring 2019. OSU is currently preparing materials for submission to the NWCCU.

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

**Table 1: Specialized Accredited Programs and Accrediting Body**

| <b>Unit</b>   | <b>Accrediting Body</b>   |
|---|---|
| Agricultural Sciences: Food Science & Technology                  | Institute of Food Technologists   |
| Agricultural Sciences: Rangeland Sciences                         | Society for Range Management  |
| Athletic Training   | Commission on the Accreditation of Athletic Training Education  |
| Biochemistry and Biophysics<br>Biochemistry and Molecular Biology | American Society for Biochemistry and Molecular Biology   |
| Business  | Association to Advance Collegiate Schools of Business   |
| Chemistry   | American Chemical Society   |
| Counseling  | Council for Accreditation for Counseling and Related Educational Programs<br><br>Oregon Teacher Standards and Practices Commission                              |
| Engineering   | Accreditation Board for Engineering and Technology<br><br>American Council for Construction Education (Computer Science)  |
| Forestry  | Society of American Foresters   |
| Forest Engineering  | Accreditation Board for Engineering and Technology<br><br>Society of American Foresters   |
| Renewable Materials   | Society of Wood Science and Technology  |
| Nutrition & Food Management                                       | The Accreditation Council for Education in Nutrition and Dietetics  |
| Pharmacy  | Accreditation Council for Pharmacy Education<br><br>American Society of Health-System Pharmacists and the American Pharmacists Association (Residency Programs) |
| Public Health   | Council on Education for Public Health  |

|  |   |
|--|---|
|  | Association of University Programs in Health Administration                                       |
| Public Policy  | National Association of Schools of Public Affairs and Administration                              |
| Teacher Education  | Council for the Accreditation of Educator Preparation; Teacher Standards and Practices Commission |
| Veterinary Medicine  | American Veterinary Medicine Association, Council on Education                                    |
| OSU Institutional Animal Care & Use Program  | Association for Assessment and Accreditation of Laboratory Animal Care, International             |
| OSU Child Development Center   | National Association for the Education of Young Children  |
| Oregon Veterinary Diagnostic Laboratory  | American Association of Veterinary Laboratory Diagnosticians                                      |
| Lois Bates Veterinary Teaching Hospital  | American Animal Hospital Association  |
| Counseling and Psychological Services  | International Association of Counseling Services, American Psychological Association              |
| Student Health Services  | Accreditation Association for Ambulatory Health Care  |
| Student Health Services Laboratory   | Commission on Office Laboratory Accreditation   |
| INTO Oregon State University Academic English Program  | Commission on English Language Program Accreditation  |
| Details: <a href="https://leadership.oregonstate.edu/provost/7-year-institutional-accreditation-cycle">https://leadership.oregonstate.edu/provost/7-year-institutional-accreditation-cycle</a> |   |

## ECONOMIC AND COMMUNITY IMPACT

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

Oregon State University's impact as a major internationally recognized public research university brings increasing and significant impact on Oregon's economy. In 2017, economists from ECONorthwest estimated that OSU's annual economic footprint was \$2.714 billion – and increase of 35 percent from 2011. Half of OSU's economic impact occurs outside of the Corvallis area and the university's activities in 2014 were responsible for 31,660 jobs statewide. OSU's statewide economic impact is unique, as OSU has a physical presence and operations in each of Oregon's 36 counties.

The total does not include other significant community influences to the state, regional and national economies, including the contributions by university graduates or the benefits of OSU research, such as improved varieties of wheat and other crops used by Oregon farmers; spinoff companies that have major economic impacts; and scholarship that has improved public health and environmental stewardship. Nor does it reflect the impact of OSU's 35 Extension Service Locations, its 13 Agricultural Experiment Stations and the Forest Research Laboratory (a research coordinating center for numerous sites and collaboratives). Additionally, substantial contributions are made by students, faculty and staff to the civic vitality of their communities.

## STUDENT ACCESS AND SUCCESS

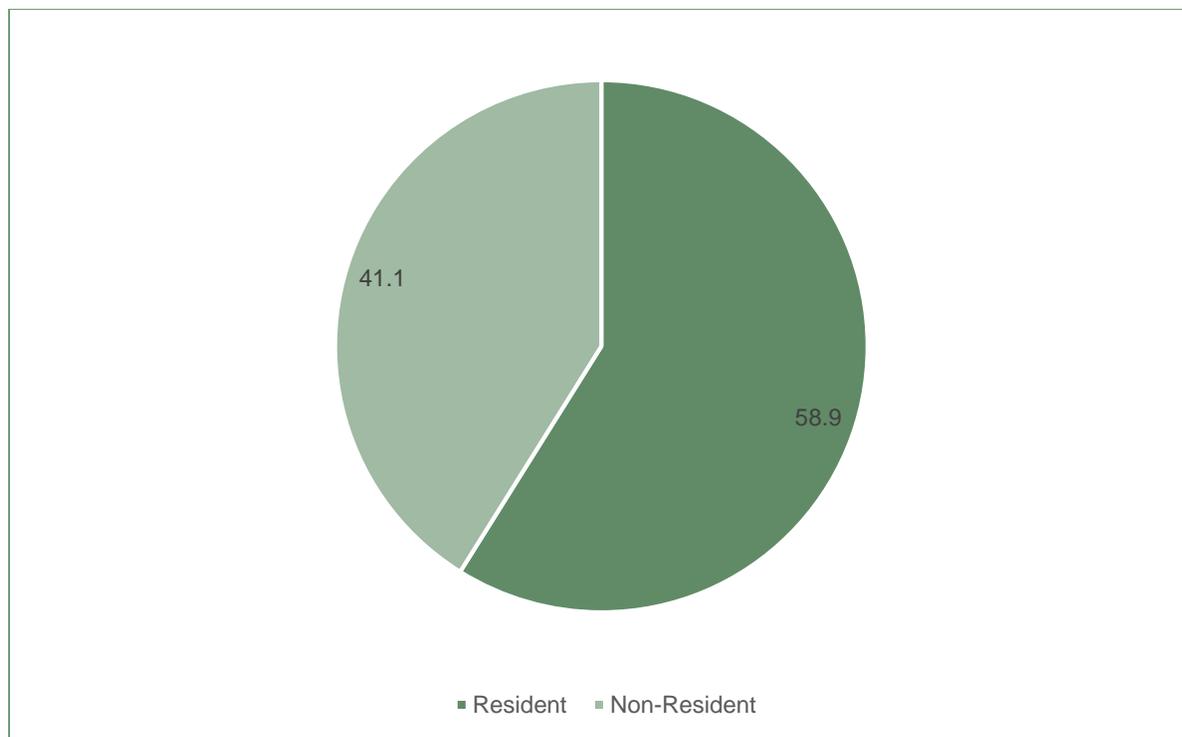
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Nationally, enrollment in higher education has generally declined since its peak during the Great Recession. Oregon sees a similar pattern with some variation across institutions, particularly in the enrollment and completion rates for low income, minority, and rural students. Oregon State University has been an exception, since it has seen continuous enrollment growth since 1996. This section is focused on tracking trends in enrollment and completion outcomes.

Generally this section describes overall enrollment figures and trends for Oregon State University as a whole. In some places, it distinguishes between Oregon State University (main campus) and Oregon State University-Cascades. The large majority of OSU “main campus” enrollment represents students attending the Corvallis campus, but it also includes on-line (or Ecampus), OSU programs at Eastern Oregon University, and other state, national and world-wide sites. Only OSU-Cascades enrollment is excluded.

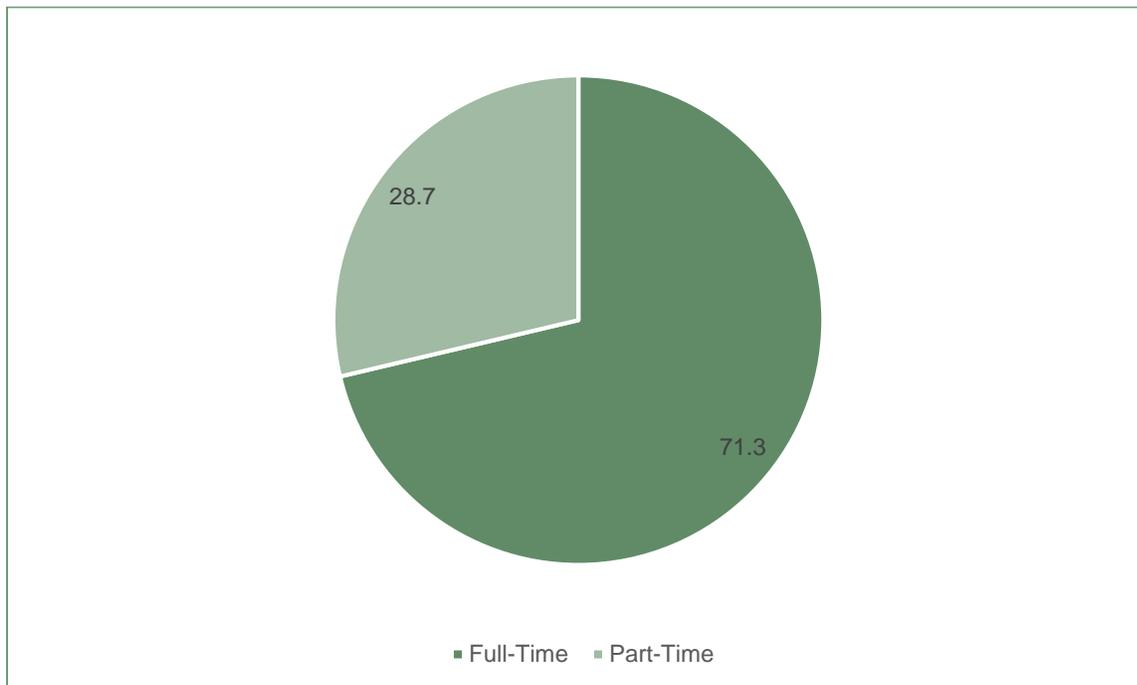
As described by Figures 2 and 3, the majority of OSU students (all enrollments including online) are resident (58.9%), and the majority (71.3%) also attend full-time. In fall 2018, 56.0% of main campus degree seeking undergraduates were Oregon residents.

**Figure 2: OSU Student Enrollment by Residency, Fall 2017**



Source: HECC (2018)

**Figure 3: OSU Student Enrollment by Full-Time/Part-Time Status, Fall 2017**



Source: HECC (2018)

OSU students come from diverse backgrounds. Of the 32,100 students attending OSU in fall 2017, 4,661 students were from underrepresented minority populations, representing 14.5% of the total population. In addition, just under a third (27.6%) of OSU's undergraduates were Pell Grant recipients during the 2017-18 academic year.

In fall 2018, OSU enrolled 32,245 students, an increase of 0.5% from the previous fall. Non-resident enrollment grew by 4.4%, while resident enrollment decreased by 2.3%. Of the fall 2018 new degree seeking undergraduates 6,092 were from main campus, an increase of 216 over the 5876 from the prior fall (3.7% increase). This was mainly driven by a 12.2% increase in on-line degree seeking admits (+111), although Corvallis campus saw a 1.7% increase (+83). OSU Cascades had the largest percent increase (32%) going from 253 to 334 new degree seeking undergraduates.

While single year enrollment changes do not constitute a trend on their own, they are consistent with longer-term adjustments in the blend of resident and non-resident enrollment at OSU. Between 2008 and 2018, OSU's non-resident student population grew 173.7%, compared to a 16.9% increase in resident students. Much of the growth in non-residents is due to significant expansion of online enrollments and increases in international students.

The number of underrepresented minority students enrolled at OSU continues to increase and is up almost 54.8% since 2012. OSU enrolled 4,833 underrepresented minority students in fall 2018, representing 15.0% of the total population. Growth occurred in every category by race/ethnicity in fall 2018 compared to fall 2017 except among American Indian/Alaska Native, non-resident aliens, Asian, and Pacific Islander students. There

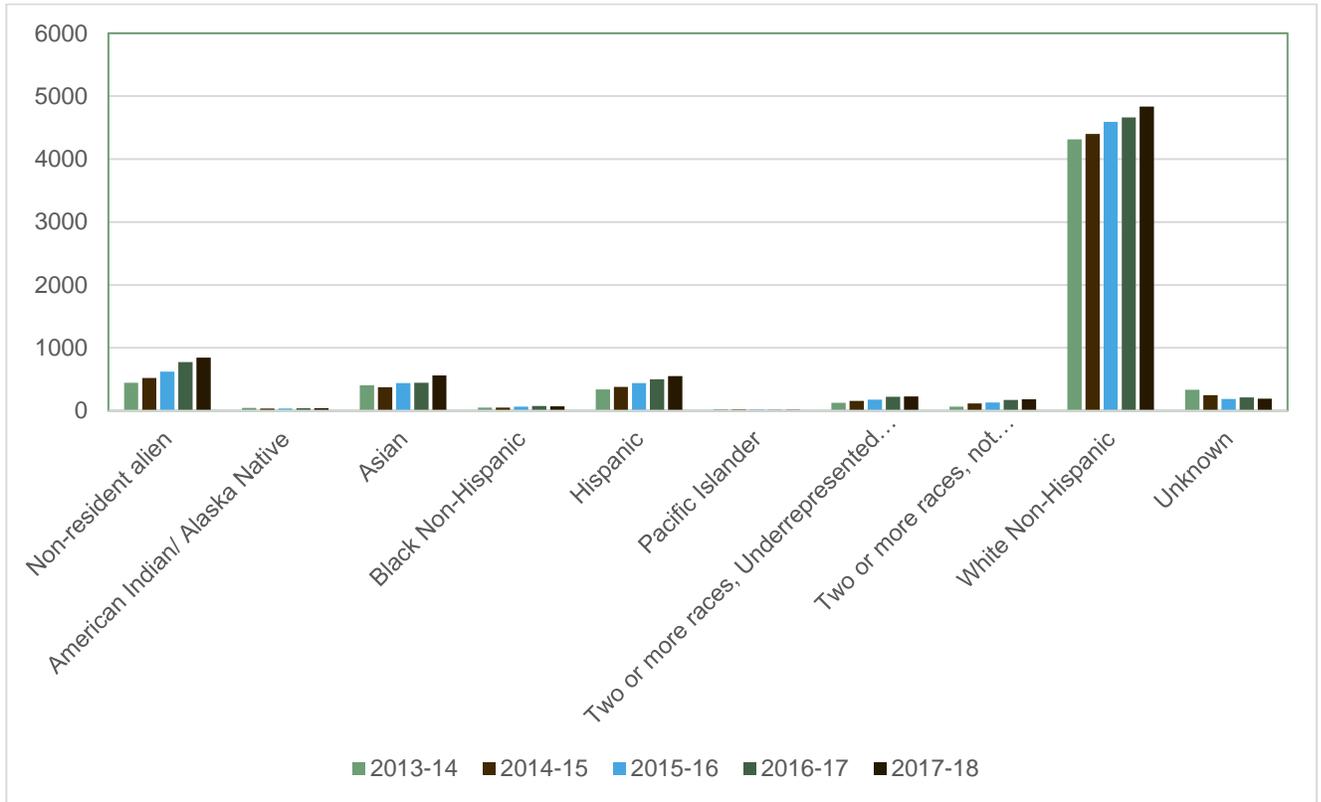
appears to be a positive, upward trend in the four (academic) year aggregate in every category except for students who identify as American Indian/Alaska Native, Pacific Islander, or unknown.

**Table 2: OSU Headcount Enrollment by Race/Ethnicity, 2015, 2016, 2017 and 2018**

| <b>Race/Ethnicity</b>                   | <b>Fall 2015</b> | <b>Fall 2016</b> | <b>Fall 2017</b> | <b>Fall 2018</b> | <b>Change Fall 2017-Fall 2018</b> |
|---|------------------|------------------|------------------|------------------|-----------------------------------|
| Non-Resident Alien                      | 3,372            | 3,577            | 3,616            | 3,505            | (111)                             |
| American Indian/Alaska Native           | 175              | 162              | 172              | 165              | (7)                               |
| Asian                                   | 2,020            | 2,189            | 2,276            | 2,272            | (4)                               |
| Black Non-Hispanic                      | 411              | 423              | 426              | 442              | 16                                |
| Hispanic                                | 2,411            | 2,629            | 2,870            | 3,000            | 130                               |
| Pacific Islander                        | 82               | 85               | 83               | 76               | (7)                               |
| Two or more races, Underrepresented     | 1,061            | 1,077            | 1,110            | 1,150            | 40                                |
| Two or more races, not underrepresented | 757              | 835              | 913              | 965              | 53                                |
| White Non-Hispanic                      | 19,432           | 19,659           | 19,818           | 19,841           | 23                                |
| Unknown                                 | 871              | 840              | 817              | 829              | 12                                |

Source: HECC (2018)

**Figure 4: OSU Completion by Race/Ethnicity**



Different student populations do not perform and graduate at similar rates. Underrepresented minority students and Pell Grant recipients graduate at rates that are 5-11 percentage points less than the rate for the overall student population. The four and six-year graduation rate for OSU’s First Time Freshmen who entered in fall 2011 are as follows:

**Table 3: Four-Year and Six-Year Graduation Rate, First Time, Full Time Freshmen Entering OSU in Fall 2011**

|                             | <b>Four-Year Graduation Rate</b> | <b>Six-Year Graduation Rate</b> |
|-----------------------------|----------------------------------|---------------------------------|
| All Students                | 34.20%                           | 68.20%                          |
| Underrepresented Minorities | 25.40%                           | 57.90%                          |
| Pell Grant Recipients       | 28.40%                           | 63.80%                          |

Source: HECC (2018)

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

\*\*Fall 2011 cohort is the latest year of available data.

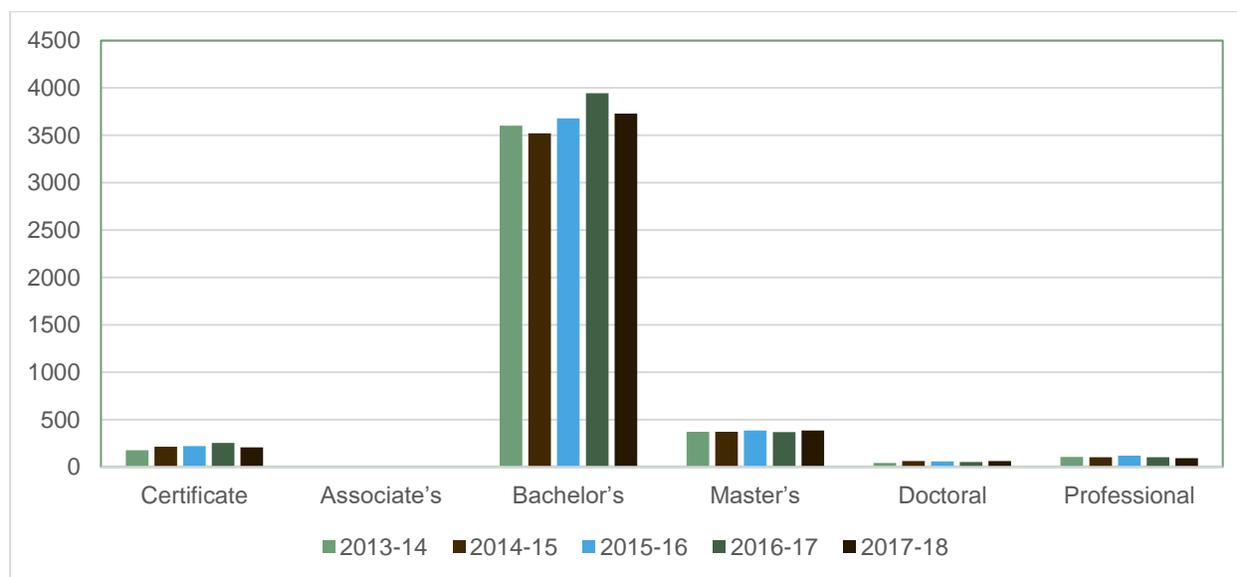
OSU's number of resident completions increased by 5.5% from 2016-17 to 2017-18 academic year. That increase was in every award type except at the master and doctoral levels. The increase in certificates (22.3%) was particularly notable. The greatest number of completions are awarded at the bachelor's degree level (3,943). OSU does not offer associate's degrees.

**Table 4: OSU Resident Student Completions by Award Type**

|              | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | 2017-2018 |
|--------------|-----------|-----------|-----------|-----------|-----------|
| Certificate  | 176       | 213       | 218       | 206       | 252       |
| Associate's  | -         | -         | -         | -         | -         |
| Bachelor's   | 3,603     | 3,520     | 3,679     | 3,730     | 3,943     |
| Master's     | 371       | 371       | 383       | 383       | 368       |
| Doctoral     | 43        | 61        | 57        | 61        | 53        |
| Professional | 104       | 103       | 119       | 93        | 102       |

Source: HECC (2018)

**Figure 5: OSU Resident Completions by Award Type**



Source: HECC (2018)

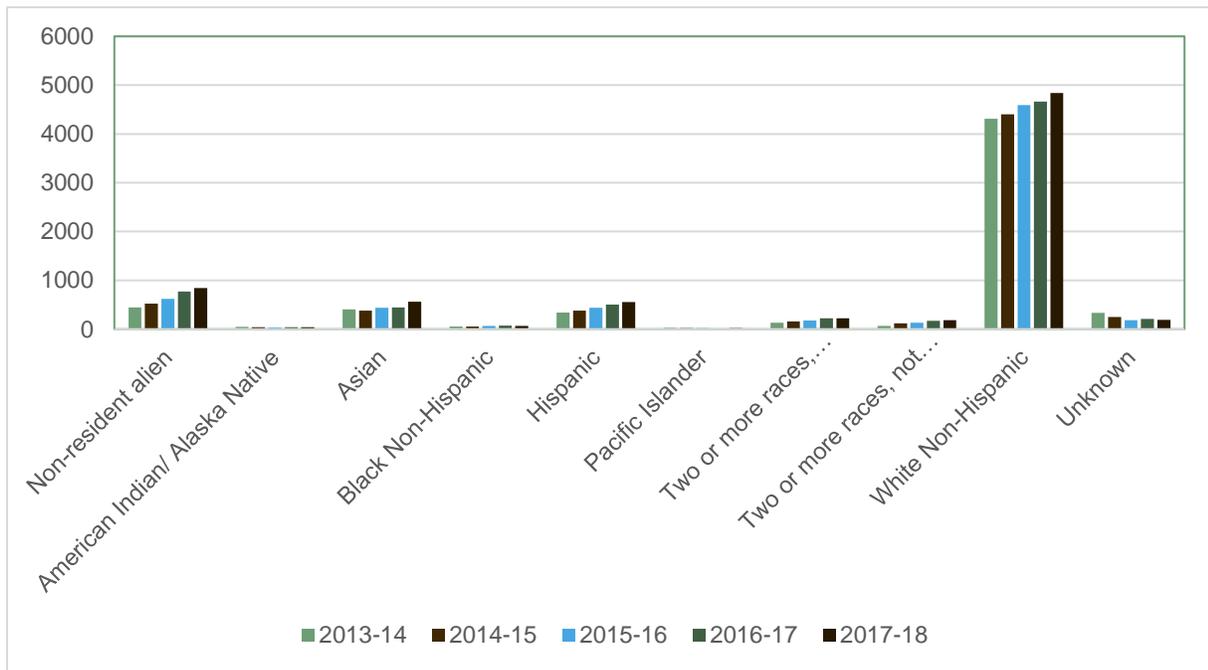
Although underrepresented students are consistently at the most adverse end of the spectrum, OSU is making year over year increases in the total number of underrepresented students who earn degrees. In the 2017-18 academic year, the improvement in the number of underrepresented minority graduates was particularly noticeable for Pacific Islander students (28.6%) and for Asian students (25.8%). All students saw completion rate increases except for African-American students and students who identify as unknown.

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

| Race/Ethnicity                          | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 |
|---|---------|---------|---------|---------|---------|
| Non-Resident Alien                      | 446     | 523     | 623     | 774     | 845     |
| American Indian/Alaska Native           | 45      | 38      | 37      | 39      | 40      |
| Asian                                   | 405     | 377     | 439     | 445     | 560     |
| Black Non-Hispanic                      | 51      | 51      | 64      | 75      | 69      |
| Hispanic                                | 339     | 379     | 438     | 501     | 554     |
| Pacific Islander                        | 27      | 22      | 23      | 14      | 18      |
| Two or more races, Underrepresented     | 129     | 156     | 178     | 222     | 226     |
| Two or more races, not underrepresented | 66      | 117     | 133     | 172     | 181     |
| White Non-Hispanic                      | 4,314   | 4,402   | 4,591   | 4,664   | 4,836   |
| Unknown                                 | 335     | 248     | 187     | 212     | 191     |

Source: HECC (2018)

**Figure 6: OSU Degrees and Certificates Awarded by Race/Ethnicity**



Source: HECC (2018)

## AFFORDABILITY

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Among the factors that the HECC is required to determine (under ORS 352.065 and 352.025(1)(d)) is whether universities remain affordable for Oregon residents.

Many students and prospective students at Oregon State University, like their counterparts at other universities around the state and nationwide, continue to face significant challenges related to access and affordability. Public defunding of higher education is a national trend that is shifting a majority of the burden of paying for a college education to students and their families. That shift has been particularly acute in Oregon in recent years. Partly as a result of state funding cuts, resident undergraduate tuition and fees for Oregon State University's on-campus programs (on-line programs have a different fee structure) increased 81.2% in the last 10 years, including increases of 4.2% and 3.8% for on-campus and 7.1% and 3.9% at OSU-Cascades, in 2017-18 and 2018-19 respectively.<sup>1</sup> In 2018-19, main on-campus tuition increased 4.0% and fees increased 3.1% while at OSU-Cascades tuition increased 4.1% and fees increased 2.4%.<sup>2</sup> Resident graduate students have faced similar increases.

Students, however, do have access to financial aid at Oregon State University. In addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Oregon State University students benefit from OSU's significant commitment of institutional resources to scholarships, remissions, and tuition discounts. In the 2017-18 academic year, OSU recorded \$39,918,755 in remissions (9.8% of all tuition charged<sup>3</sup>) and in the year prior, 2016-17, OSU recorded \$37,680,269 in remissions (9.7% of all tuition charged).

Oregon State University operates several additional scholarship programs designed to increase student access and affordability. On November 1, 2018, Oregon State launched a new "ScholarDollars" portal to provide easy access for OSU incoming/prospective/current students to scholarships at OSU.<sup>4</sup> Among these scholarships are several targeted to underserved populations based on income and other key factors. Overall, OSU provides access to nearly \$50 million in scholarships annually (many of which are externally funded and therefore not included in the remissions total above). However, despite these considerable efforts, in 2016-17, 68% of resident students were unable to meet expenses with expected resources: family contributions, student earnings, and grant aid.<sup>5</sup>

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<sup>1</sup> Source: <https://fa.oregonstate.edu/business-affairs/tuition-and-fee-information> as well as historical OUS tuition data. Defined to include full-time resident base tuition and all mandatory fees (including incidental fees).

<sup>2</sup> A full-time resident undergraduate student (taking 45 credits per year or 15 credits for each of three terms) will pay \$9,435 in tuition and \$1,776 in fees for a total of \$11,211 at the main Corvallis campus and a similar student at the Cascades campus will pay \$9,120 in tuition and \$1,038 in fees for a total of \$10,158.

<sup>3</sup> OS is not able to disaggregate resident versus non-resident remissions so this is an overall total of remissions compared to tuition charged.

<sup>4</sup> Source: <https://oregonstate.academicworks.com/>

<sup>5</sup> Source: <https://www.oregon.gov/highered/research/Documents/Snapshots/OSU-Snapshot.pdf>

Tuition tells only a part of the affordability story. The total cost of attendance for students includes significant expenses associated with housing, food, transportation, and textbooks. Oregon State University estimates the average student budget for living expenses annually – \$15,726 for on-campus in the 2018-19 academic year<sup>6</sup> – an amount that exceeds resident tuition and fees.

OSU's University Housing and Dining Office has taken steps to mitigate some of these living expenses via efforts such as economy triple rooms, reduced meal plans and "Make Cents" meals that significantly reduce costs (an estimated average \$3,500 reduction in room and board cost, compared to the total Financial Aid estimate of \$11,904).

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. On average, the earnings of federal loan recipients 10 years after beginning school at OSU are \$49,600.<sup>7</sup> Among Oregon State University undergraduate degree recipients who graduate the university with federal loan debt, their average federally-backed debt load is \$23,393. According to the College Scorecard, in the 2016-17 academic year, 47% of OSU students had federally supported loans and 28% received Pell Grants.

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<sup>6</sup> Source: <https://financialaid.oregonstate.edu/cost-attendance>

<sup>7</sup> Source for earnings, Pell grant information and debt load is the College Scorecard: <https://collegescorecard.ed.gov/>

## ACADEMIC QUALITY AND RESEARCH

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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. While no evidence has emerged that the new formula has resulted in the lowering of academic quality standards at Oregon public universities, the HECC remains sensitive to this concern and continues to be vigilant about sustaining rigorous academic quality at all public universities. In partnership with all public universities, the HECC leverages collaborative partnerships 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 Year 3 Evaluation by the NWCCU noted that faculty at OSU exercise a primary role in the design, approval, and implementation of curriculum; and are involved in the assessment of student learning; and in the recruitment and selection of new faculty. This engagement in the design of programs, assessment of learning, and recruitment of faculty for teaching and research is directly correlated with the academic quality and research at OSU. Since November 2009, tenure line, fixed term and instructional faculty have increased by 488 (+32%), professional faculty by 727 (+60%), and classified staff by 381 (+30%).

Oregon State University has long had a rigorous process to approve new programs and courses. It also has guidelines and a master calendar for periodic review of academic programs every ten years. (See <http://oregonstate.edu/admin/aa/apaa/academic-programs/home>).

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

As a result of the activities of the University's faculty, staff and students, Oregon State University ranked as Oregon's largest public research university with \$381.6 million external funding (including multi-year contracts) for academic year 2017-18. It has 11 colleges, 13 Agricultural Experiment Stations and the Forest Research Laboratory (several sites and collaboratives), 35 county offices of OSU Extension Services, the Hatfield Marine Sciences Center in Newport, OSU-Cascades in Bend and the newly opened Portland Center. OSU accounts for more than 65% of federal and private research funds awarded to Oregon public universities

(FY 2018). Private sector funding has increased 45% over the last 9 years (2009-18), reaching \$31.4 million.<sup>8</sup> In 2012-13, OSU received \$6.3 million in licensing and royalty income. In 2018, it received over \$4.4 million.

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

## COLLABORATION

There are a number of joint administrative, academic and governance efforts to maintain collaboration across institutions. Faculty at all public universities are represented at the Inter-Institutional Faculty Senate (IFS) that is made up of elected senate representatives from each institution. The IFS serves as a voice for all faculties of these institutions in matters of system wide university concern. Oregon State University engages in a number of collaborative initiatives with other universities and partners, as indicated below (P indicates Participation, N/P indicates Non-Participation):

**Table 6: OSU Collaborative Initiatives Participation**

| <b>Other University Collaborations</b>                 | <b>University Response</b>   |
|--|--|
| Public University Councils:                            | P  |
| Presidents Council                                     | P  |
| Provosts Council                                       | P  |
| Vice Presidents for Finance and Administration (VPFAs) | P  |
| General Counsels (GCs)                                 | P  |
| Public Information Officers (PIOs)                     | P  |
| Legislative Advisory Council (LAC)                     | P  |
| Board of Trustees Secretaries                          | P  |
| Cooperative Contracting                                | No formal structure, but we include cooperative language in master contracts that would allow other public universities to participate |
| Capital Construction Services                          | N/P- Performed in house by OSU staff (even while under OUS)  |
| OWAN   | P  |

<sup>8</sup> Source: SAR 2014,7 Self-Assessment report, p.8

|                        |   |
|------------------------|---|
| NERO Network           | P |
| RAIN                   | P |
| Orbis Cascade Alliance | P |
| ONAMI                  | P |
| Other                  | P |

**Table 7: Oregon State University Collaborations: Other Oregon Education Entities**

| <b>Program</b>  | <b>Partner(s)</b>  | <b>Details</b>  |
|---|--|---|
| <b>Degree Partnership Program</b>   | All Oregon community colleges and three community colleges in Hawaii | Allows students to enroll jointly in the community college partner institution and OSU, providing a clear and affordable pathway to an OSU credential. <a href="https://partnerships.oregonstate.edu/">https://partnerships.oregonstate.edu/</a>  |
| <b>Transfer Student Support Program (Gateway)</b>                                 | Portland Community College   | To assist community college students with completing an associate’s degree and transferring to a four-year institution without a loss of credits, OSU is piloting a program that includes a physical “Student Success Coach” presence at the community college. The pilot has started with Portland Community College, and has potential to expand to additional interested community college partners. <a href="https://gateway.oregonstate.edu/">https://gateway.oregonstate.edu/</a>   |
| <b>OSU Agriculture &amp; Natural Resource Program @ Eastern Oregon University</b> | Eastern Oregon University  | Students in eastern Oregon and beyond may take classes at EOU and earn an OSU undergraduate degree majoring in agricultural sciences, crop and soil science or rangeland sciences, as well as six possible minors. Students are admitted to both OSU and EOU. <a href="https://agsci.oregonstate.edu/osu-agriculture-and-natural-resource-program-eou">https://agsci.oregonstate.edu/osu-agriculture-and-natural-resource-program-eou</a>   |
| <b>College of Pharmacy, Doctor of Pharmacy (PharmD)</b>                           | Oregon Health and Science University                                 | Students spend two years at OSU in Corvallis building a foundation in pharmaceutical sciences, one year at OHSU in Portland building skills in pharmacy practice and clinical pharmacy, and one year around the state in various practice settings, including OHSU—on campus and at three locations within the OHSU Campus for Rural Health (Coos Bay, La Grande, Klamath Falls). College of Pharmacy faculty participate in the teaching mission of OHSU by providing lectures in the OHSU schools of Medicine, Dentistry, and Nursing, and in the OHSU/PSU School of Public Health. Both faculty and students in the College of Pharmacy participate in the patient-care mission of OHSU by serving as drug experts during rounds with medical teams on several services within the OHSU Hospital and outpatient clinics. College |

|   |  |  |
|---|--|--|
|   |  | faculty are also involved in leadership positions in the OHSU Interprofessional Education program, and many College faculty have joint appointments at OSU and OHSU. The Dean of Pharmacy serves on the councils of deans at both OSU and OHSU.  |
| <b>Tallwood Design Institute (TDI)</b>                | University of Oregon   | OSU's colleges of Forestry and Engineering and UO's College of Design collaborate in research, educational programming, and public engagement focused on the advancement of structural wood products and mass timber design. <a href="http://tallwoodinstitute.org/">http://tallwoodinstitute.org/</a>   |
| <b>Robertson Collaborative Life Sciences Building</b> | Oregon Health and Science University, Portland State University  | OHSU, OSU and PSU jointly operate the Robertson CLSB. The building was purpose built for collaboration through an original ownership agreement between OHSU & the Oregon University System and an investment of \$110M in state-paid bonds, \$175M in OHSU funds and \$10M in funding from TriMet. OSU directly occupies 16k square feet of the 650k square foot facility. OSU's space includes offices, classrooms and laboratories used to deliver the Portland component of the Pharmacy degree program. Other degree programs, including a hybrid-delivery MBA, have utilized classroom space and the building serves as a place for some research collaborations. |
| <b>Oregon Manufacturing Innovation Center (OMIC)</b>  | Oregon Institute of Technology, Portland State University  | OMIC is led by a consortium of members from industry, higher education and government working in partnership to develop new tools, techniques, and technologies to address metals manufacturing challenges through applied research, advanced technical training, and general workforce development. <a href="https://www.omic.us/">https://www.omic.us/</a>   |
| <b>Open Campus</b>                                    | Oregon community colleges: Portland, Tillamook Bay, Chemeketa, Central Oregon, Clatsop, Klamath, Blue Mountain, Columbia Gorge | Credit and non-credit classes and programs developed and offered in collaboration with Oregon community college and K-12 partners, with the aim of meeting specific community needs in college and career readiness, degree completion, and economic and community development. <a href="http://opencampus.oregonstate.edu/">http://opencampus.oregonstate.edu/</a>  |
| <b>Juntos</b>   | Oregon community colleges, K-12 partners, and Southern Oregon University   | In partnership with Oregon community college and K-12 partners, the Juntos program provides families with culturally-responsive knowledge, skills, and resources to prevent youth from dropping out of high school and encourages families to work together to gain access to college. <a href="http://opencampus.oregonstate.edu/programs/juntos/">http://opencampus.oregonstate.edu/programs/juntos/</a>   |
| <b>Outdoor School</b>                                 | K-12 school systems and education service districts  | Oregon State University works in collaboration with schools, partners, and communities to provide statewide Outdoor School program for all of Oregon's 5 <sup>th</sup> and 6 <sup>th</sup> graders. <a href="https://extension.oregonstate.edu/outdoor-school">https://extension.oregonstate.edu/outdoor-school</a>  |

## 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 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. OSU is working with community colleges to improve advising and information on career pathways to reduce the excess number of community college credits taken. And 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 can change without notice, which can hinder community college students and advisors in effective degree planning.

Statewide, 40.5% of students who entered an Oregon public university in fall 2017 did so from a community college or other transfer institution. [HECC Office of Research and Data, “University Student Data” <http://www.oregon.gov/highered/research/Pages/student-data-univ.aspx>]. Oregon State University in that same period enrolled 37.1 % of its students as transfers.

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 Foundational Curriculum of at least 30 credit hours, and a process for the creation of Unified Statewide Transfer Agreements (USTA) in major fields of study to aid transfer students in moving smoothly into university study, with fewer lost or excess credits.

OSU faculty and administrators have been advisors and participants to the HB 2998 implementation process, adding insight and value to the newly created foundational curriculum and continuing to work closely with HECC staff and other institutions to move this work forward. They participated in the development and submission of a 2018 legislative report on the topic.<sup>9</sup> Additionally, Oregon State University 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.

OSU’s signature pathway program is its Degree Partnership Program (DPP) – a dual enrollment initiative for area community college students to transfer efficiently to Oregon State. OSU’s Academic Success Center (ASC) within the Office of Academic Achievement, has engaged in several new initiatives aimed at supporting transfer students. ASC collaborates with Enrollment Management’s transfer and Degree Partnership Program student services staff as well as others (i.e. Veteran’s Services, New Student Programs) to identify and address transfer student needs. Two new initiatives are the Welcome Week Transfer Center and development of a new

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<sup>9</sup> Source: [HB 2998 \(2017\) “Post-Secondary Student Transfer”](#)

Transfer Transition and Success course. OSU maintains a transparent transfer online application process that includes both official and unofficial evaluations of student credits for admission and application toward a degree.

OSU continues to look for innovative transfer solutions that will be a fit in Oregon, and implemented in partnership with community colleges. One pilot program, “OSU Gateway Transfer” is looking at options for student success and support. The pilot places a success coach from OSU on the community college campus, to work directly with students interested in transferring. This coach is able to help ensure students are completing their associate’s degree and not taking unnecessary additional credits before transferring to OSU.

OSU has been implementing the Juntos program in rural communities for the past six years. With over 3,500 Latinx family members completing the curriculum, the Juntos program still has 100% high school graduation and 92% college-going rates. The future of the program will include culturally responsive curricula for first generation Latinx students and families, and a robust evaluation plan to ensure continued success.

## SHARED ADMINISTRATIVE SERVICES

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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, a select set of group retirement plans and collective bargaining. All universities, including OSU continue to participate in these mandated services. As host, OSU provides office space (3,801 sq. ft.) and related utilities, as well as business services in support of USSE operations free of charge.

OSU continues to participate in nearly every service provided by the USSE except those designed specifically for the Technical and Regional Universities (TRUs). OSU engages with and benefits from the services provided by USSE. During the transition from an integrated university system to a decentralized set of independent institutions, OSU hired former OUS Chancellor's Office Finance and Administration employees. Many of these newly hired OSU employees have been loaned to USSE to allow continued service to the Oregon public universities and support for the HECC. A few have been assigned to build out OSU internal financial capacity that was formerly handled by the university system office.

**Table 8: Shared Administrative Services**

| <b>Provider</b>  | <b>University Response</b>   |
|--|--|
| <b>University Shared Services Enterprise (USSE, hosted by OSU)</b>               |  |
| Financial Reporting (including Legislative Fiscal Impact Statement Reporting)    | P  |
| Capital Asset Accounting (currently only OIT)                                    | N/P – Performed in-house by OSU staff (even under OUS)   |
| Payroll & Tax Processing (includes relationship w PEBB, PERS/Federal retirement) | P  |
| Collective Bargaining  | P (OSU is recent participant in an Academic Relations service, separate from SEIU Collective Bargaining) |
| Information Technology   | N/P (This service dedicated to TRUs)   |
| <b>Treasury Management Services:</b>   |  |
| Legacy Debt Services-Post Issuance Tax Compliance                                | P  |
| Legacy Debt Services-Debt Accounting   | P  |
| Non-Legacy Debt Services   | P  |
| Bank Reconciliations (and other ancillary banking services)                      | P  |
| Endowment Services   | N/P – Effective FY16, services provided by OSU Foundation**  |
| <b>Other Miscellaneous Statements of Work:</b>                                   |  |
| Provosts Council Administrative Support  | P (service no longer provided by USSE)   |
| Legislative Fiscal Impact Statement Support                                      | P  |
| Public University Fund Administration  | P  |
| <b>University of Oregon</b>  |  |

|  |  |
|--|--|
| Retirement Plans *   | P  |
| Legacy 401(a) Plan   | N/P (This Plan was terminated in August 2017 with final distribution payment of interest earnings in July 2018.) |
| Legacy 403(b) Plan   | P  |
| Optional Retirement Plan (ORP)   | P  |
| Tax-Deferred Investment (TDI) Plan   | P  |
| SRP Plan   | P  |
| <b>Public University Risk Management and Insurance Trust (Risk Management)</b> | P  |

Notes:

\*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

\*\* Analysis of moving endowment management from USSE Treasury Services to the OSU Foundation was provided to the OSU Board of Trustees Finance and Administration Committee. The Committee approved the transfer at its March 18, 2015 meeting after considering multiple components needed for a comprehensive analysis, including amounts to be provided by the Foundation to the University for strategic investments and the Foundation's 30-year investment return history.

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

## FINANCIAL METRICS

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

Standard benchmarks for each ratio are presented alongside calculated ratios for the institution. 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.

OSU engages in extensive stress testing with its board. Specifically, OSU has provided a 10-year business forecast to their board that projects the impact on financial metrics of changes in tuition rates or other revenue sources. In addition, OSU provides regular stress testing based on evaluating the impacts of different scenarios on Education and General Funds (E&G) fund balance. This allows OSU's Board to more fully consider and plan for the future impacts of its budgetary decisions.

OSU's Board adopted eight financial metrics to monitor the university's financial health at its March 2015 meeting. The five financial ratios presented here are included in the eight financial metrics monitored by the board. OSU engaged its financial advisors, Public Financial Management, Inc., to analyze peer data from universities that share an Aa3 credit rating and provide guidance in proposing operating ranges for the eight financial metrics. The Finance & Administrative Committee adopted operating ranges at its June 2, 2016 meeting. The Board's ranges for the five ratios presented below are shown for reference.

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 (FY 15), Governmental Accounting Standards Board (GASB) Statement No. 68, as amended by GASB Statement No. 71, attempts to improve pension-related accounting and financial reporting. This change in the presentation of pension-related

financial information impacts all of the ratios used in this evaluation. In addition, beginning in the 2017-18 fiscal year, GASB Statement No. 75 was implemented regarding accounting and reporting of other postemployment benefits, most notably health care, although its impact was far less than GASB 68's. As such, the ratios are presented in two different ways: inclusive of the impacts of GASB 68, 71, and 75 and exclusive of those impacts.

The following narrative focuses on the five financial ratios requested by the HECC with the impacts of GASB 68/71/75 as appropriate along with OSU's established benchmarks. Ratios without GASB 68/71/75 are presented for reference at the end of this section:

| OREGON STATE UNIVERSITY RATIOS WITH GASB 68/71/75 |        |        |        |           |               |
|---|--------|--------|--------|-----------|---------------|
| Ratio   | FY 16  | FY 17  | FY 18  | Benchmark | OSU Benchmark |
| <b>Viability Ratio</b>                            | 76.20% | 74.20% | 59.00% | >125%     | 75%-125%      |
| <b>Primary Reserve Ratio</b>                      | 26.80% | 27.80% | 25.50% | >40%      | 35%-65%       |
| <b>Net Operating Revenues Ratio</b>               | -9.10% | -1.80% | -3.50% | >4%       | 0%-6%         |
| <b>Return on Net Assets Ratio</b>                 | -1.00% | 4.20%  | 3.50%  | >6%       | 0%-8%         |
| <b>Debt Burden Ratio</b>                          | 3.10%  | 3.20%  | 3.50%  | <5%       | 2.5%-6.5%     |

The viability ratio measures one of the most basic elements of financial health: expendable net assets available to cover debt should the institution need to immediately settle its obligations. Ideally, an institution would have enough expendable resources immediately available to more than cover debt. OSU's viability ratio has declined from FY 16-18 and is well short of this capability. Creation of additional debt could slow progress in improving this metric and, therefore, should be carefully considered and monitored by the institution.

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. OSU's primary reserve ratio has been very stable from FY 16-18, although well short of the benchmark. Although it is a positive sign that OSU's primary reserve ratio is stable, the fact that it is so far from the benchmark could result in limited flexibility to make strategic operating investments or to fully fund operations.

The net operating revenues ratio indicates whether total operating activities for the fiscal year generated a surplus or created a deficit. It attempts to demonstrate whether an institution is living within its available resources. OSU's net operating revenues ratio has increased since FY 16, although OSU has posted an operating loss every year. Although these losses are not particularly large, continuing negative operating revenues ratios may indicate that an 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. OSU has shown an increase in this ratio since FY 16 and although it is slightly short of the benchmark, these increases indicate that OSU may have increasing financial flexibility should this trend continue.

Debt burden ratio demonstrates two factors: the extent to which an institution has used borrowed funds to finance its mission; and the relative cost of institutional borrowing to total operating expenditures. OSU's debt burden ratio is well below the standard benchmark of 5% over the last three years. This indicates that debt is not being overly relied upon to finance OSU activities and that the cost of debt is at a manageable level.

Additional monitoring of Oregon State University's financial health is conducted by Moody's Investors Service (Moody's). On December 21, 2018, Moody's published an update to credit analysis on Oregon State University. The Aa3 stable rating outlook reflects Moody's expectation for relatively stable operating cash flow margins in the 6-8% range, stable to growing liquidity, and growing net tuition revenue and wealth to support future capital plans.

The ratios presented in the table below reflect financial statements excluding the impact of GASB 68/71/75. This table is provided for reference:

| OREGON STATE UNIVERSITY RATIOS WITHOUT GASB 68/71/75 (GASB 75 only in FY 18) |         |         |        |           |
|--|---------|---------|--------|-----------|
| Ratio  | FY 16   | FY 17   | FY 18  | Benchmark |
| <b>Viability Ratio</b>   | 104.30% | 109.50% | 96.40% | >125%     |
| <b>Primary Reserve Ratio</b>   | 40.00%  | 42.60%  | 42.80% | >40%      |
| <b>Net Operating Revenues Ratio</b>  | -0.70%  | 1.50%   | -0.80% | >4%       |
| <b>Return on Net Assets Ratio</b>  | 5.70%   | 6.60%   | 5.30%  | >6%       |
| <b>Debt Burden Ratio</b>   | 3.40%   | 3.30%   | 3.60%  | <5%       |

## BOARD OF TRUSTEES

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The OSU Board of Trustees follows its responsibilities for transparency, accountability, engagement with the university's mission, coordination across the State, and meeting its obligation for real property holdings as set out by the Legislature.

The OSU Board of Trustees uses an extensive process for setting its annual meeting schedule to ensure access and transparency of its meetings. In setting the calendar each year, the Board Secretary works closely with the President's Office to identify potential committee and Board meeting dates that do not conflict with key times during the academic calendar such as final exams, "dead week" before exams, spring break and summer break, and major holidays. Proposed dates are vetted with the leadership of the Associated Students of OSU and the Associated Students of Cascades Campus to ensure they are comfortable with the proposed dates.

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

- January 19, 2018
- April 6, 2018
- April 16, 2018
- May 24, 2018
- June 1, 2018
- July 30, 2018
- October 26, 2018

Agendas and meeting locations and materials are posted on the Board's website in advance of each meeting at <http://leadership.oregonstate.edu/trustees/meetings>

The OSU Board of Trustees provides a public comment opportunity prior to Board action on any item. It also provides a general public comment period at each meeting. The President of the OSU Faculty Senate reports that he attends each quarterly meeting and provides a standing report at each board meeting sharing an update on faculty activities and faculty issues and concerns. Prior to October 2015, the President of the Associated Students of OSU (ASOSU) did not provide regular reports since he was the student trustee on the Board. With the transition to a new student trustee in October 2015, the ASOSU President started providing a report at each Board meeting. Since 2017, the president of the Associated Students of Cascades Campus has also

provided a standing report at each Board meeting.

In accordance with transparency and public accountability laws (ORS 352.025(1)(a)), the board publishes agendas and meeting locations in advance of each meeting. Notices of meetings are sent to members of the media and members of the public who have requested meeting notices. Notices are also included in the university's email newsfeed and in the student newspaper. In 2016, the Board also added an option for members of the public to listen to meetings via a toll-free number. In 2017, the Board added an option for members of the public to view a live stream video of meetings held at the Corvallis campus in the Memorial Union. Board meeting agendas and supporting materials are posted on the Board's webpage.

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

- Bylaws
- University Mission Statement
- Trustees Conflict of Interest and Recusal Policy
- Trustee Code of Ethics
- Responsibilities of Individual Trustees Policy
- Policies on Standing Committees, Conduct of Meetings, Board Officers, Board Calendar
- Charters for each of the three standing committees of the Board
- University Fraud, Waste, and Abuse Reporting Policy
- University Code of Ethics
- Delegation of Authority to the University
- Public University Fund Investment Policy
- University Internal Bank Policy
- University Investment Policy
- University Debt Policy
- Liquidity Management Policy
- Presidential Assessment Policy
- Trustee Recommendation Policy for At-large Positions
- Presidential Compensation Philosophy
- Ten-Year Business Forecast for OSU (2018-2028)
- Strategic Plan 4.0 (2019-2023)

The Board conducts an annual board self-assessment and adopts annual work plans for the Board and its committees. These work plans are linked to the Board's responsibilities in its bylaws and to committee charters. There is orientation for new trustees that covers all aspects of fiduciary responsibilities of the Board. There is an annual overview for all members, which covers Board and trustee responsibilities, public

meeting and records laws, ethics, and other selected topics.

The Board or its designated committee receive annual internal and external auditor reports and quarterly operating management, investment, endowment investment, and internal audit reports. The Board also approves the university's annual operating budget, biennial budget proposal, annual tuition rates and fees, issuance of general revenue bonds, and adjustments in presidential compensation. In 2018, the board approved the university's Ten-Year Business Forecast: a year 2030 visioning exercise to implement the university's 2019-2023 strategic plan (SP4.0). (Minutes and meeting materials available at <http://leadership.oregonstate.edu/trustees/meetings>).

On June 1, 2018, the Board reviewed and approved amendments to the university's process for determining tuition and fees. Amendments to the process were intended to provide more certainty for students and families in planning for tuition costs over multiple years of attendance at the university. Amendments to the process also incorporated changes necessary to implement House Bill 4141, adopted by the 2018 legislature.

The new law required public universities to establish an advisory body to advise the president of the university on recommendations to the governing board regarding resident tuition and mandatory enrollment fees. Oregon State has an extensive process for developing its tuition and fees, which includes a University Budget Committee (UBC), composed of faculty, staff and students, and a Student Budget Advisory Council (SBAC). Given these existing advisory committees, there were minimal changes needed to ensure alignment with the new statutory requirements.

The amended process is available at [https://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/180601\\_tuition\\_fee\\_process.pdf](https://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/180601_tuition_fee_process.pdf)

On May 29, 2015, the Board adopted a Presidential Assessment Policy that established the process for conducting annual and periodic comprehensive assessments of the president. On October 21, 2016, the Board adopted Presidential Search and Selection Guidelines.

The Board completed the FY18 presidential assessment at its October 26, 2018 meeting. The assessment is available at [https://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/tab\\_c\\_board\\_chair\\_rpt\\_fy2018\\_pres\\_assessment.pdf](https://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/tab_c_board_chair_rpt_fy2018_pres_assessment.pdf)

The Board adopted the university's mission statement on March 13, 2014, which was then forwarded to the HECC that granted approval on June 11, 2015. The approved mission statement is available at: [http://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/trustees/agendaminutes/140313\\_adopted\\_osu\\_mission\\_statement.pdf](http://leadership.oregonstate.edu/sites/leadership.oregonstate.edu/files/trustees/agendaminutes/140313_adopted_osu_mission_statement.pdf)

Oregon State University uses rigorous and transparent processes to review existing, and approve new programs and courses using a shared governance model. OSU has accessible guidelines for review and approval processes and a master calendar for periodic, external review of academic programs every 10 years including a follow-up progress report submitted three years after the program review. Oregon State met its 2018 benchmarks by completing rigorous reviews of all academic programs scheduled for review and by making assessments of all academic programs.

As required by statute, the Board forwarded significant changes in the university's academic programs to

HECC following Board approval. Programs forwarded to the HECC in 2018 are listed below:

- BS in Public Policy
- BS in Architectural Engineering
- MS in Business
- BS in Elementary Education

## CONCLUSION

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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 re-affirmed external accreditation for Oregon State University in 2011. NWCCU commended the University for significantly increasing its student population while only marginally increasing student to faculty and student to staff ratios; for the faculty's primary role in designing, approving and implementing the curriculum; and for the faculty's involvement in assessment of student learning and recruitment of new faculty. OSU is on track with its seven-year cycle of accreditation process and approvals by the NWCCU. The next cycle will be conducted in Spring 2019. OSU is currently preparing materials for submission to the NWCCU.

At least three strong trends emerge from a review of OSU's student data: growing enrollment, increasing diversity, and continuing achievement gaps for underrepresented minority and low-income students. In fall 2018, OSU enrolled 32,245 students, an increase of 0.5% from the previous fall. Non-resident enrollment grew by 4.4%, while resident enrollment decreased by 2.3%. Between 2008 and 2018, OSU's non-resident student population grew 173.3%, compared to a 16.9% increase in resident students. In 2017-18, 57% of OSU's students were Oregon residents compared to 75.8% in 2008. During a period of relatively small growth in Oregon high school graduates, OSU has experienced small increases in the number of Oregonians served while increasingly becoming a "university of choice" for out-of-state and international students.

The number of underrepresented minority students enrolled at OSU continues to increase and is up almost 54.8% since 2012. OSU enrolled 4,833 underrepresented minority students in fall 2018, representing 15.0% of the undergraduate population. Finally, OSU's number of resident completions increased by 5.5% from 2017 to 2018 and while 68.2% of OSU's undergraduates finish their degrees within six years, not all populations complete at similar rates. Underrepresented minority students and Pell Grant recipients graduate at rates that are 5-11 percentage points less than the rate for the overall student population.

Many students and prospective students at Oregon State University, like their counterparts at other universities around the state and nationwide, continue to face significant challenges related to access and affordability. Public defunding of higher education is a national trend that is shifting a majority of the burden of paying for a college education to students and their families. That shift has been particularly acute in Oregon in recent years. Partly as a result of state funding cuts, resident undergraduate tuition and fees at Oregon State University's main campus increased 81.2% in the last 10 years, including increases of 4.2% and 3.8% at their main campus and 7.1% and 3.9% at the Cascades campus in 2017-18 and 2018-19 respectively.<sup>10</sup> In 2018-19, tuition at their main campus increased 4.0% and fees increased 3.1% while at their Cascades campus tuition increased 4.1% and fees increased 2.4%.<sup>11</sup> Resident graduate students have faced similar increases. Among Oregon State University undergraduate degree recipients who leave the university with federal loan debt, their average federally backed debt load is \$23,393. According to the College Scorecard, in the 2016-17 academic year, 47% of all students had federally supported loans and 28% received Pell Grants.

Many students and prospective students at Oregon State University, like their counterparts at other universities around the state and nationwide, continue to face significant challenges related to access and affordability. Public defunding of higher education is a national trend that is shifting a majority of the burden of paying for a college education to students and their families. That shift has been particularly acute in Oregon in recent years. Partly as a result of state funding cuts, resident undergraduate tuition and fees for Oregon State University's on-campus programs (on-line programs have a different fee structure) increased 81.2% in the last 10 years, including increases of 4.2% and 3.8% for on-campus and 7.1% and 3.9% at OSU-Cascades, in 2017-18 and 2018-19 respectively.<sup>12</sup> In 2018-19, main on-campus tuition increased 4.0% and fees increased 3.1% while at OSU-Cascades tuition increased 4.1% and fees increased 2.4%.<sup>13</sup> Resident graduate students have faced similar increases.

In addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Oregon State University students benefit from OSU's significant commitment of institutional resources to scholarships, remissions, and tuition discounts. In the 2017-18 academic year, OSU recorded \$39,918,755 in remissions (9.8% of all tuition charged<sup>14</sup>) and in the year prior, 2016-17, OSU recorded \$37,680,269 in remissions (9.7% of all tuition charged).

As noted at the outset, this report constitutes a benchmark against which to evaluate OSU's progress in the coming years. It does not strive to be a comprehensive evaluation of this complex and multi-faceted university;

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10 Source: <https://fa.oregonstate.edu/business-affairs/tuition-and-fee-information> as well as historical OUS tuition data. Defined to include full-time resident base tuition and all mandatory fees (including incidental fees).

11 A full-time resident undergraduate student (taking 45 credits per year or 15 credits for each of three terms) will pay \$9,435 in tuition and \$1,776 in fees for a total of \$11,211 at the main Corvallis campus and a similar student at the Cascades campus will pay \$9,120 in tuition and \$1,038 in fees for a total of \$10,158.

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14 OSU is not able to disaggregate resident versus non-resident remissions so this is an overall total of remissions compared to tuition charged.

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.

