

2015 UNIVERSITY EVALUATION: Portland State University



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INTRODUCTION

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. In addition, the bill required the Higher Education Coordinating Commission (HECC) to conduct an evaluation 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 report on the university's achievement of outcomes, measures of progress, goals and targets as described in the university's achievement compact with the Oregon Education Investment Board;
- An assessment of the university's progress toward achieving the mission of all education beyond high school as described in ORS 351.009 (the "40-40-20" goal); and
- An assessment as to how well the establishment of a governing board at the university comports with the findings set forth in ORS 352.025.

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:

- Provide transparency, public accountability and support for the university.
- Are close to and closely focused on the individual university.
- Do not negatively impact public universities that do not have governing boards.
- Lead to greater access and affordability for Oregon residents and do not disadvantage Oregon students, relative to out-of-state students.
- Act in the best interests of both the university and the State of Oregon, as a whole.
- Promote the academic success of students in support of the mission of all education beyond high school, as described in ORS 351.009 (the "40-40-20" goal).

In addition, the statute notes four additional Legislative findings:

- Even with universities with governing boards, there are economy-of-scale benefits to having a coordinated university system.
- Even with universities with governing boards, services may continue to be shared among universities.
- 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 Legislative Assembly has a responsibility to monitor the success of governing boards at fulfilling their missions, their compacts and the principles stated in this section.

EVALUATION PROCESS

In an effort to approach the evaluation in a collaborative manner, the HECC formed a work group comprised of university provosts, the Interinstitutional Faculty Senate, Oregon Education Investment Board (now known as the Chief Education Office) staff, HECC staff, HECC Commissioner Kirby Dyess, and other university faculty and staff. The workgroup began meeting in February 2015, with a focus on understanding the purpose and scope of the evaluation as defined in statutes, the structure of the evaluation, and the process for the evaluation. As a result of these conversations, an evaluation framework was developed as a tool to assist in the evaluation process. There are other ways in which universities are evaluated, the most important of which is accreditation. This report is focused on the legislative charge, not a comprehensive evaluation. It reflects the narrower scope of legislative issues of interest, incorporating findings from accreditation studies where there is overlap.

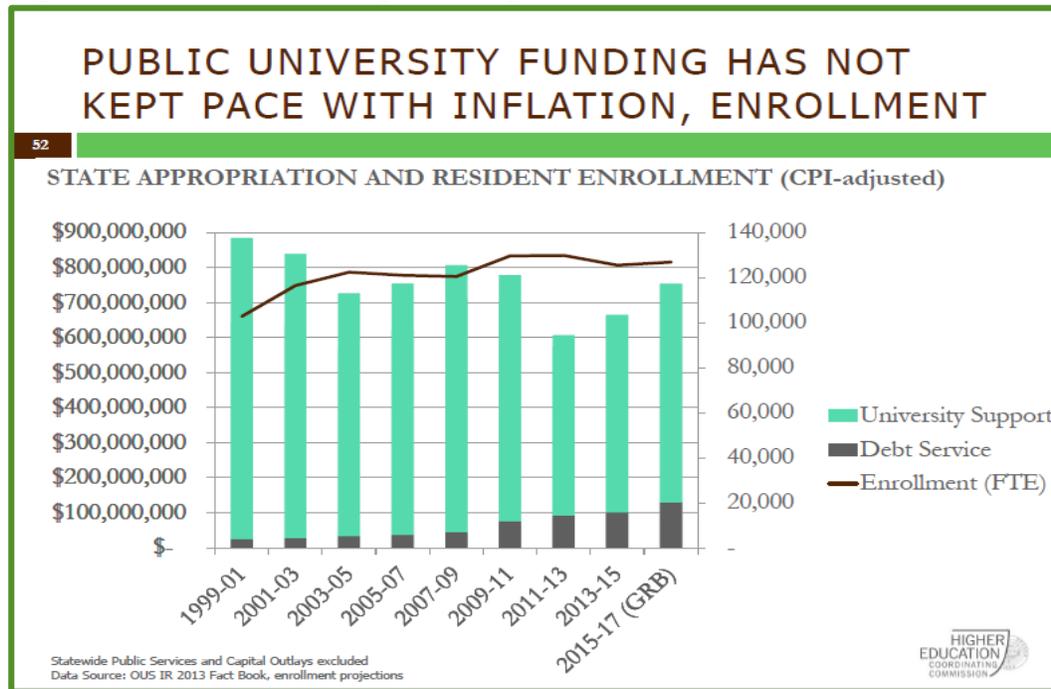
During its development, the framework was shared with various groups such as university presidents, university faculty senates and others to seek feedback and input on the framework. The framework was revised based on input and suggestions and three categories were identified as organizers. These included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

STATEWIDE CONTEXT

Funding History

Over the past several biennia, state funding for public universities has not kept pace with enrollment or inflation. While recent investments have moved the needle in the right direction, additional funding is necessary to support institutions as they work to increase the graduation and completion rates for a growing diverse population.

Figure 1: Public University Funding



Governance Changes

Senate Bill 270 outlines the benefits that are to be achieved from having public universities with governing boards that are transparent, closely aligned with the university’s mission and that “act in the best interest of both the university and state of Oregon as a whole.” In addition, the Legislature found that there are benefits to having economies of scale and as such, universities were granted the ability to continue participation in shared service models. It is important to note that all public universities are required to participate in group health insurance, a select set of group retirement plans, and collective bargaining through July 1, 2019 per ORS 352.129.

Local Conditions and Mission

Portland State University 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, Portland State University provides educational opportunities to students who are demographically, financially and academically diverse. The Board of Trustees reaffirmed and approved the university mission statement on June 26, 2014. The reaffirmed university mission statement was forward to the HECC and approved by the HECC on June 11, 2015. PSU recently completed a strategic planning process. The process included revision of the university’s mission statement. The plan and mission statement were approved by the PSU Board of Trustees on December 10, 2015, and will be reviewed by the HECC for consideration and approval. The university approved mission statement, which includes vision and values, reads as follows:

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.

VALUES

- We promote access, inclusion, and equity as pillars of excellence.
- We commit to curiosity, collaboration, stewardship, and sustainability.
- We strive for excellence and innovation that solves problems.

OVERALL EVALUATION

This report focuses on the areas of interest identified by the Legislature and is not intended to be a comprehensive evaluation of Portland State University. A more comprehensive assessment and review of academic and institutional quality is available from the Northwest Commission on Colleges and Universities (NWCCU), which accredits 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 which has available the necessary resources to achieve its stated purposes through appropriate educational programs, is substantially doing so, and gives reasonable evidence that it will continue to do so in the foreseeable future. Institutional integrity is also addressed through accreditation. This section draws on some relevant parts of NWCCU reports, supplemented with information on economic and community impact (identified from PSU sources). Other components of NWCCU reports are incorporated elsewhere, as appropriate.

Portland State University was reviewed in 2012 through the NWCCU Year 3 evaluation process. In 2015, PSU completed the final year of the 7-year accreditation cycle; a review team visited the campus in October. The NWCCU report on the findings of this review will be available during January, 2016. Evaluation materials for PSU are available at: <http://www.pdx.edu/academic-affairs/institutional-accreditation-materials>.

The 2012 NWCCU Year 3 (Resources and Capacity) evaluation resulted in reaffirmation of accreditation. The evaluation team report contained four commendations:

1. The university was deeply engaged with the community and connected to the city of Portland. It was clear that the city of Portland is enriched by the presence of Portland State University and the efforts of its students, faculty and staff. Portland State University was deeply committed to its mission of “enhancing the intellectual, social, cultural and economic qualities of urban life,” and the mission was widely understood and embraced by faculty, staff and administration.
2. Assessment to support genuine and meaningful collaboration between student affairs and academic affairs was evident at Portland State University. The results included programs like the Last Mile initiative to graduate returning students. The commitment to student success was visible and valued by the institution.
3. The education of Portland State University students was enriched through numerous connections to the community including a community-based capstone experience required of undergraduates. Portland State University was commended for putting knowledge in service of the city.
4. Portland State University’s commitment to sustainability was evident its curriculum, research efforts, green construction, facility master plan and other sustainable practices. Portland State University’s urban setting, research expertise and community partnerships provided a unique opportunity to make an enduring and recognized contribution that advances sustainable practices.

The report also contained three recommendations:

1. While the university had identified core themes, objectives, and indicators of achievement, the evaluation committee found that levels of mission fulfillment had not been defined for all indicators. In other instances, the level of mission fulfillment had been defined, but the threshold level of mission fulfillment did not appear to lead to meaningful improvement. The evaluation committee recommended that indicators of achievement be better aligned with clearly defined and meaningful levels of mission fulfillment.
2. While the review of tenure-track faculty was conducted through a well-defined process, the review of faculty who had attained tenure was uneven. The evaluation committee recommended that policies and practices regarding post-tenure review be strengthened to make certain that all faculty are evaluated in a regular, systematic, substantive, and collegial manner at least once within every five-year period of service.
3. The evaluation team found that, while under development, Portland State University did not have a fully-functioning program review cycle that included all academic programs. It recommended that Portland State University act to implement an effective system for the review of academic programs to make certain that the expected program learning outcomes for all programs are communicated, that undergraduate programs demonstrate a coherent design with appropriate breadth, depth, and sequencing and that graduate programs demonstrate greater depth of study and increased demands.

It should be noted that PSU had satisfied all three recommendations prior to the 2015 NWCCU Year 7 review.

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>

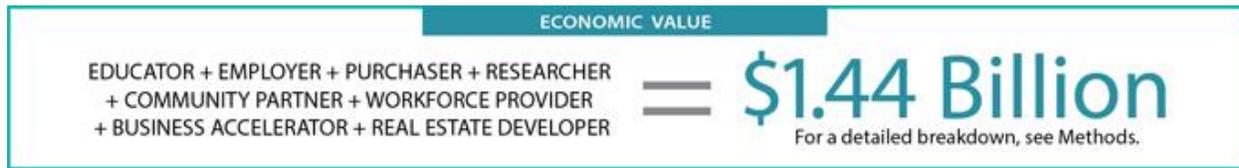
- Undergraduate and graduate business programs
- Accounting program
- Teacher Education programs
- Counseling program
- Social work programs.
- Undergraduate programs in civil, computer, electrical, and mechanical
- Computer Science Program.
- Speech and Hearing Sciences program
- Chemistry program
-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

- School of Music
- Theater programs
- Master of Architecture degree
- BA/BS in Health Studies

Economic and Community Impact

Using a nationally-accepted methodology for calculating the economic impact of universities, PSU calculated its economic impact in FY13 to be \$1.44 billion dollars (<http://www.pdx.edu/partnerships/psu-numbers>).

Figure 2: PSU Economic and Community Impact



Portland State University is a top choice for students attending Oregon's universities. In fall 2014 it enrolled 29,452 students. In 2013, it graduated 6,074 students, the largest class in Oregon's history. PSU graduates have an enormous economic impact on the region as 67% of PSU graduates remain in Oregon investing their energy, skills, talents and tax dollars in the state.

PSU is a major purchaser of goods and services, spending \$169 million in FY13. In that same year, half of this spending was from contracts with local vendors - providing a significant boost to the regional economy. 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. Academic and professional programs also provide a broad range of continuing education and professional development opportunities for individuals who want to obtain new skills and credentials.

PSU works closely with business and civic partners to move great ideas from the university to the marketplace. The Portland State Business Accelerator (PSBA) plays a key role in Portland's entrepreneurial eco-system by providing students and faculty with a range of opportunities to conceive, develop, and pitch new business ideas and commercialize new technology. In addition to high tech entrepreneurship, PSU's Business Outreach Program (BOP) assists small, locally owned businesses with business planning, product development and market expansion.

Since 1994, the BOP has helped local small businesses, including emerging, minority and women-owned businesses, to achieve their potential while providing PSU business students the opportunity to work on real world business challenges. BOP provides consulting and technical support in the form of business strategy, marketing, human resources, accounting and other services. In 2012-13, 80 companies participated in BOP workshops, and another 50 companies were long-term clients receiving technical assistance from students and faculty advisors.

The PSBA is home to more than 30 start-up companies in technology, bioscience and clean-tech. Together, they have raised more private angel and venture capital in the last three 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. Although the PSBA impacts the regional economy in a variety of ways: jobs and employment; capital investment in PSBA companies; angel investing; grants received, etc. there is a generally accepted methodology for telling 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 \$10.2 million in 2012-13.

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 \$23m to the regional economy in FY13 through planning and real estate investments.

Portland State University's reputation as an 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, PGE, City of Portland, Multnomah County, Oregon Health Sciences University (OHSU), Mercy Corps, and Oregon Museum of Science and Industry (OMSI) provide students and faculty with outstanding opportunities to contribute to the physical, social, cultural, and economic development of the Portland metro region. In 2012-13, PSU counted 530 local partners providing a broad range of community-based learning opportunities to PSU students through community-based courses, senior Capstones, internships, and practices.

STUDENT ACCESS AND SUCCESS

There has been a general decline nationally in higher education enrollment. In Oregon, we see a similar pattern, with some variation across institutions, particularly in the enrollment and completion rates for low income, minority, and rural students. This report serves as a baseline for tracking future trends in enrollment and completion outcomes.

In fall 2014, PSU enrolled 28,241 students. The majority were Oregon residents and most students attended PSU full-time.

Figure 3: Student Enrollment by Full-Time/Part Time Status, 2014-2015¹

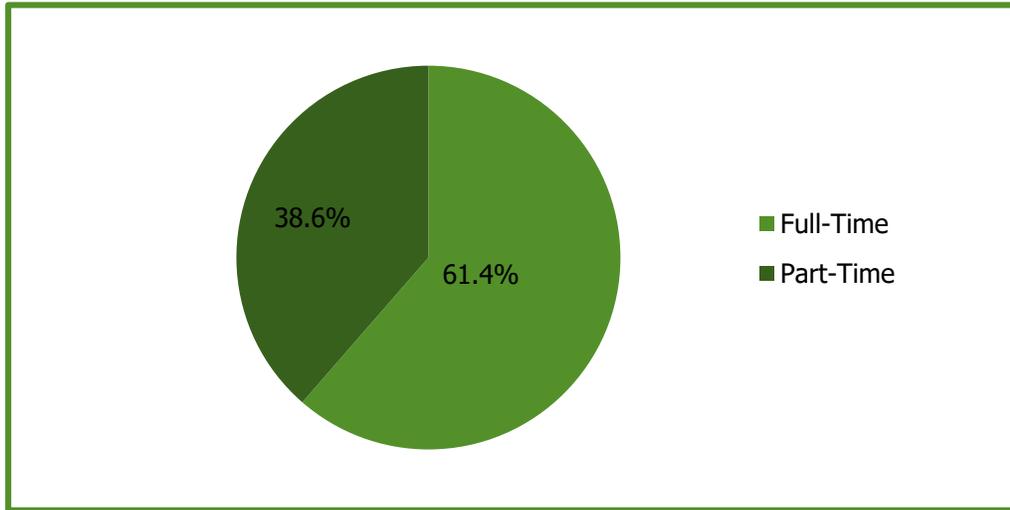
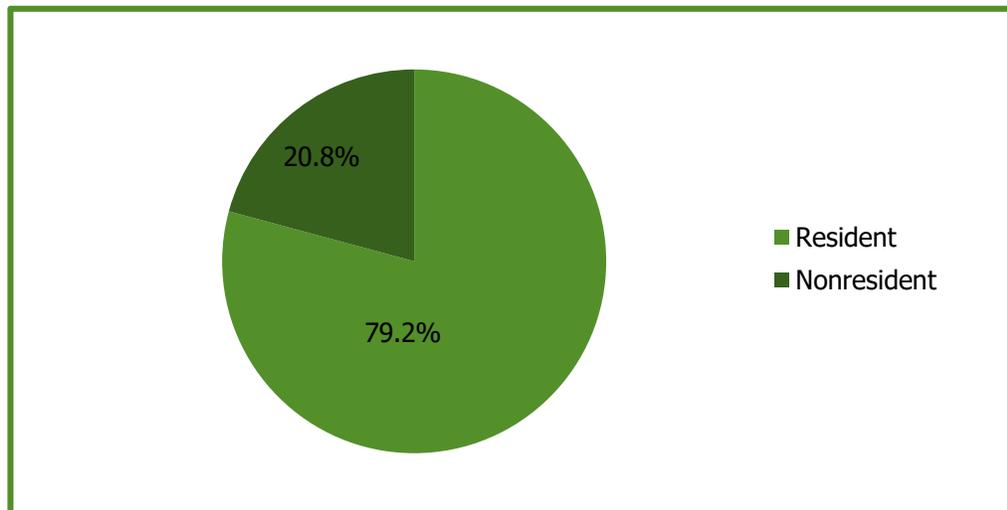


Figure 4: Student Enrollment by Residency, 2014-2015²



¹ HECC and SCARF Data

² HECC and SCARF Data

PSU students come from diverse backgrounds. Of the total 28,241 students enrolled, 4,892 were from underrepresented minority populations, representing 18.9% of the total population. In addition, 29.3% of PSU’s students were Pell Grant recipients.

Under-represented minority students graduate at lower rates than the total student population. Pell Grant recipients graduate at substantially lower rates. The graduation rate for PSU First-Time, Full-Time Freshmen who entered PSU in the fall term of 2008 was as follows:

Table 1: PSU Four-Year Graduation Rate³

Four-Year Graduation Rate:	Percent (%)
All Students	17.5
Underrepresented Minorities	16.4
Pell Grant Recipients	13.1
Students retained at 4 years	36.5

Table 2: PSU Six-Year Graduation Rate⁴

Six-Year Graduation Rate:	Percent (%)
All Students	44.7
Underrepresented Minorities	41.2
Pell Grant Recipients	42.3
Students retained at 6 years	8.8

The headcount and FTE enrollment for newly admitted undergraduates has remained relatively flat from fall 2014 to fall 2015. It is too soon to comment on any trends but the composition of resident to non-resident seems to be shifting. In fall 2015, 83 fewer resident students matriculated at PSU and 301 more non-resident students were admitted to campus. This represented a drop of approximately 2.3% of residents and an increase of 25.0% non-resident students.⁵

Portland State University enrolled 362 more minority students in 2015 than in 2014. Of these 194 were of Hispanic origin, 65 were Asian, and 10 were African American. It registered 20 fewer American Indian/Alaskan Native students, and 4 fewer Native Hawaiian or Pacific Island students, two populations that saw declines in all but two universities.

³ SCARF Data

⁴ SCARF Data

⁵ In fall 2006 PSU had a headcount enrollment of 24,284 students, of whom 87% were residents and 13% were non-residents.

Table 3: PSU Enrollment by Race/ Ethnicity

Race/ Ethnicity	2013-2014	2014-2015
Non-Resident Alien	443	469
American Indian/ Alaska Native	91	87
Asian	366	406
Black (Non-Hispanic)	150	183
Hispanic	518	529
Pacific Islander	43	30
Two or more races	223	278
White (Non-Hispanic)	4,406	4,236
Unknown	254	239

Table 4: PSU Resident Student Completions by Award Type

	Certificate	Bachelor's	Master's	Doctoral	Professional
2013-14	392	3,746	1,131	61	392
2014-15	516	3,528	1,165	39	516

Figure 5: PSU Resident Student Completions by Award Type

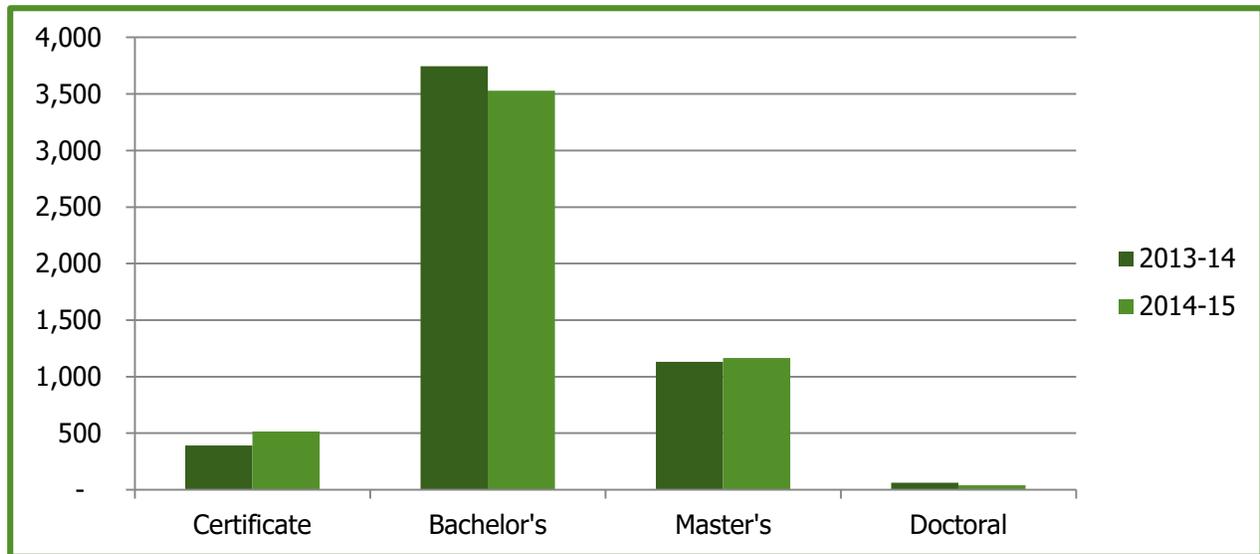
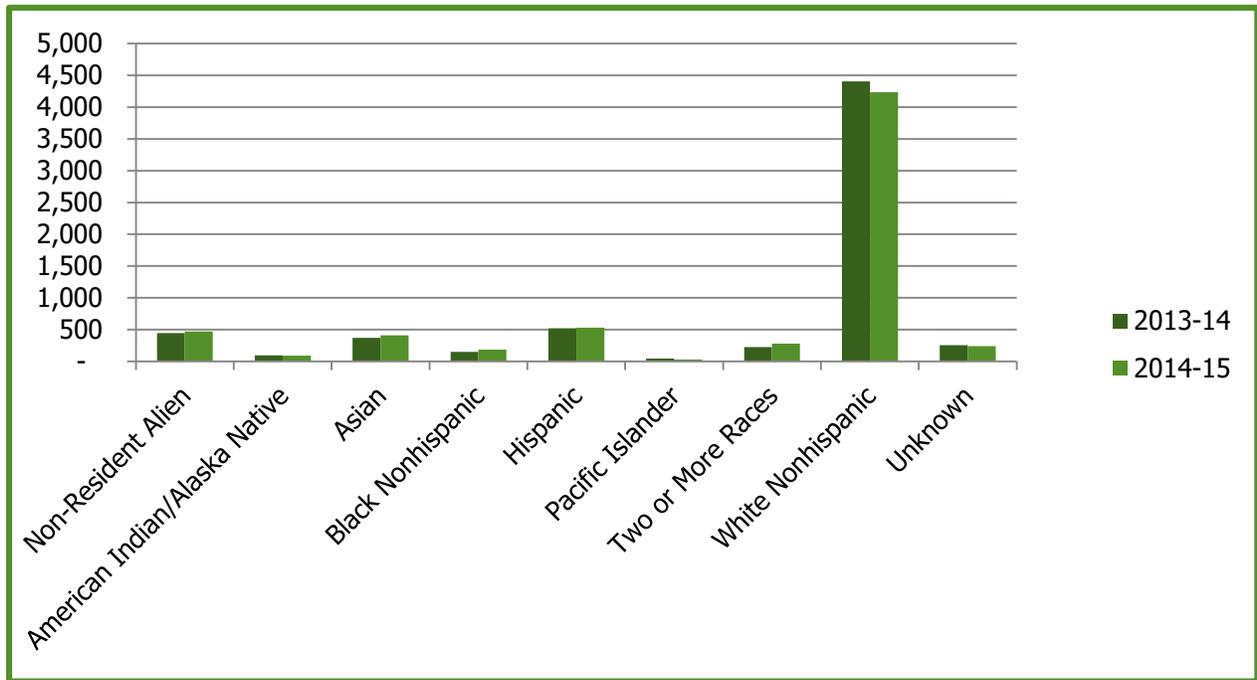


Figure 6: PSU Completions by Race/ Ethnicity



COLLABORATION

RESEARCH

PSU's research collaborations with OSU, UO, and OHSU overlap with their strongest programs. PSU hosts the approximately \$30M Transportation Research and Education Center (TREC), one of five funded by the U.S. Department of Transportation. UO receives about \$180K/year from TREC. OHSU similarly hosts an approximately \$20M National Science Foundation -funded Coastal Margin Center, of which PSU receives approximately \$100K/year. EXITO, PSU's largest federal grant, includes a major sub-award to OHSU. Smaller scale collaborations also tend to be in strategic areas. Several joint PSU-OSU awards in environmental sciences reflect the complementary nature of OSU's land-grant mission and PSU's status as Oregon's urban-serving university. OHSU and PSU researchers partner in biology, chemistry, psychology, math, computer science, engineering, and social work, among others.

The new OHSU-PSU joint School of Public Health is poised to take these interactions to a new level, as did the 2014 opening of the Collaborative Life Sciences Building. PSU-OHSU ties also include training and economic development. Data Science represents the largest new collaborative research and economic development possibility among all four universities, as documented in a new legislatively funded report from Battelle's Technology Practices Partnership. The institutional vice presidents for research presented this opportunity to the HECC in April and are prepared to provide an update in fall 2016.

PATHWAYS

One area of collaboration that is of some concern, both in Oregon and nationally is student transfer success. The statewide Transfer Student Bill of Rights and Responsibilities (ORS 341.430) provides a statutory framework for HECC's continued partnership with institutions around transfer student success. A recent update to that statute (HB 2525) gives this sustained work a renewed focus: more and better statewide data on transfer student outcomes and potential statewide solutions where persistent barriers exist.

Although Oregon has good state level policies and processes to ensure that students retain credits earned upon transfer from community college to university (the Associate of Arts Oregon Transfer degree, for example), we face a growing concern that community college transfer students on the whole often face challenges in completing an intended major, which result in excess accumulated credits, increased tuition costs, and debt.

National research and local knowledge here in Oregon suggest that streamlining vertical transfer requires both state policy coordination and local institutional initiative. At the state level, HECC has recently rescinded an Oregon Administrative Rule (OAR 589.006-0100 (10)) that prohibited community colleges from offering traditional academic major fields of study. Removal of this legal barrier should allow community colleges and universities to enter into well-defined Major Related Pathway agreements that will give students a better roadmap to degree completion. Other dual or co-enrollment models are already in place that open or accelerate the transition from community college to university. HECC is currently convening a workgroup pursuant to House Bill 2525, to generate recommendations for broadening the pathways from community college to university.

In 2014-15, PSU facilitated enhanced inter-institutional collaboration and a degree map development plan for sustainable faculty-to-faculty ties among high schools, colleges and universities. In collaboration with Portland Community College, Mount Hood Community College, and Multnomah and Washington County School Districts, PSU identified pathways in 10 specific discipline areas that have common math requirements: Biology, Business Administration, Chemistry, Child & Family Studies, Computer Science, Criminology & Criminal Justice, English, Health Studies, Psychology, and Social Work. The resulting professional learning community (PLC) reviewed degree requirements for Math within majors and compared these requirements across the 10 disciplines. At the end of March 2015, the professional learning community of faculty and academic advisors completed 12 transfer articulation degree maps, working closely to formalize the degree maps through PSU's articulation agreements process. The Undergraduate Persistence Project is focusing on creating a transfer articulation specialist who works entirely on developing new transfer pathways and streamlining systems for incoming transfer students and enhancing the PSU transfer website. PSU will continue to develop transfer articulation degree maps with community college partners.

Also, as a result of a grant received from the HECC, Portland State University embarked on an exciting partnership to support underserved students as they prepare for college called the Oregon Metro Connects All Students to College Consortium.

GRADUATE EDUCATION

Portland State University and the UO are preparing an agreement to allow Joint Campus graduate enrollment. The former Oregon University System first created the "Joint Campus" in the 1960s to allow graduate students at UO, OSU, and Portland State University to access courses at the three universities by registering and paying tuition at their home campus. The registrars on each campus will work together to arrange the course registrations and the financial services offices will 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 has elected not to participate in this new Joint Campus because of low demand at this time for PSU courses from their students.

SHARED ADMINISTRATIVE SERVICES

Portland State also engages collaboratively in a number of administrative services with other universities and partners, as indicated in the table below. P = participation; NP= non-participation:

Table 4: Shared Services

Provider	University Response
University Shared Services Enterprise (USSE, hosted by OSU)	
Financial Reporting	N/P
Capital Asset Accounting (currently only OIT)	N/P
Payroll & Tax Processing (includes relationship w PEBB, PERS/Federal retirement*)	P
Collective Bargaining *	P
Information Technology/5 th Site ¹	N/P
Treasury Management Services:	
Legacy Debt Services-Post Issuance Tax Compliance	P
Legacy Debt Services-Debt Accounting	P –
Non-Legacy Debt Services	P –
Bank Reconciliations (and other ancillary banking services) ²	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
University of Oregon	
Retirement Plans *	
Legacy 401(a) Plan	P
Legacy 403(b) Plan	P
Optional Retirement Plan (ORP)	P
Tax-Deferred Investment (TDI) Plan	P
SRP Plan	P
Public University Risk Management and Insurance Trust (Risk Management)	P

There are also a number of joint efforts to maintain collaboration across institutions. Please see below:

Table 5: Portland State University Collaborative Initiatives Participation

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

Stemming from the passage of SB 270 and the University Shared Services Workgroup of 2013, and subsequent legislation found in ORS 352.129 the seven public universities created the University Shared Services Enterprise, a service center hosted by Oregon State University. USSE offers a fee for service model for many back office functions previously offered by the Chancellor’s Office. ORS 352.129 mandates participation by the independent universities in certain services offered by USSE until July 1, 2019. These mandated services include group health insurance, a select set of group retirement plans and collective bargaining. All universities, including the OSU continue to participate in these mandated services.

PSU continues to participate in all mandatory shared services as well as many non-mandatory services. However, PSU does not participate in bank reconciliation, financial reporting and endowment services. One of these services PSU managed internally previous to the dissolution of OUS. As for the others, PSU has determined that it is better economically or functionally to conduct the work in-house. Further, PSU has augmented services which 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 lower the overall cost to all participating institution. The continued participation by those large institutions which do participate will be integral to maintaining this advantage for all participating public universities.

ACADEMIC QUALITY AND RESEARCH

The introduction of a new state budget model which incentivizes growth in enrollment and graduation outcomes has triggered concerns across various sectors that the pursuit of economic sustainability may adversely affect academic quality and research. Institutions may be tempted to lower standards in order to recruit and graduate more students. In light of this concern, there is interest in sustaining rigorous academic quality across all institutions. In partnership with all public universities, the HECC relies on regular external accreditation reviews, and collaborative partnerships with organizations such as the State Higher Education Executive Officers Association (HEEO) and the Association of American Colleges and Universities (AACU) to pursue promising initiatives to develop nationally normed outcomes to assess and track student learning and post-graduation success.

Portland State University is a dynamic public urban university, widely regarded as a national leader in higher education. Beginning in the early 1990s the University defined and embraced its identity as an innovative and engaged institution. Its location in the heart of downtown Portland, Oregon, supports partnerships between the university and the city that create community-based learning experiences for students and teaching and research opportunities for faculty.

The NWCCU Year 3 Evaluation report commended PSU for the enrichment students receive through numerous connections to the community including a community-based capstone experience required of undergraduates. The evaluation committee also commended PSU's commitment to sustainability which was evident in its curriculum, research efforts, green construction, facility master plan and other sustainable practices. PSU has clearly defined processes for academic program review and approval (see: <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 (see: <http://www.pdx.edu/academic-affairs/promotion-and-tenure-information> and accompanied by a review schedule (see [http://www.pdx.edu/academic-affairs/sites/www.pdx.edu/academic-affairs/files/Deadlines for Academic Personnel 3-3-2015%20\(2\).pdf](http://www.pdx.edu/academic-affairs/sites/www.pdx.edu/academic-affairs/files/Deadlines%20for%20Academic%20Personnel%203-3-2015%20(2).pdf)).

PSU has substantial commitments to faculty professional development. The university provides over one million dollars in central, formally-funded faculty development opportunities to support services through multiple offices and units.

1. Faculty Orientation, Mentoring and Diversity

- The Office of Academic Affairs' New Faculty Orientation is an annual event offered to new full-time faculty: see <http://www.pdx.edu/academic-affairs/> .
- The Faculty Mentoring Program is available to support participants through a structured one-year program, developed to promote program objectives and provide guidance (see <http://www.pdx.edu/diversity/>).
- The President's Diversity Mini-Grant 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.

- The Office of Global Diversity and Inclusion (OGDI) also administers the Diversity Incentive Fund, providing up to \$100,000 is provided annually to assist colleges in attracting talented faculty of color to PSU. The OGDI vice president awards up to \$30,000 for the first three years of employment at the request of the deans and provost, generally on a first come first served basis. The monies are to help with start-up packages, and a special emphasis is on utilizing the three-year division of dollars to assist these faculties in their scholarship on the path to tenure

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

- Faculty Education Fund provides support for tuition when part-time faculty enrolled in Portland State University courses. Funding available: per 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. Funding available: per 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/>
- Faculty Travel Awards are administered by the Faculty Development Committee appointed by the Faculty Senate.
- Faculty Enhancement Grants are administered by the Faculty Development Committee appointed by the Faculty Senate. The Committee supports a broad range of professional development activities

3. Research Support

- The Office of Research and Strategic Partnerships offer 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. See <http://www.pdx.edu/research/>

RESEARCH ACTIVITY

Partnerships with other higher education institutions in the region, such as OHSU, and with public and private organizations, such as the Portland Development Commission and Portland General Electric, create 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 and social work. Connections with the city's arts community enables students to learn from professional artists in a thriving urban environment, while the joint emphasis of Portland State University and the City of Portland on sustainable urban futures provides a laboratory for applied research on transportation and energy alternatives, as well as the development of social structures to support green environments.

PSU's external funding from research grants and agreements increased significantly over the past ten years, from \$32M in 2004 to a high of \$66M in FY 2012, tapering slightly in FY 2013 to \$59M. This growth was amplified in the late 2000s by an influx of funding from a few large awards and the American Recovery and Reinvestment Act (ARRA).

While this source of one-time funding has tended to inflate sponsored project expenditures in the near term, PSU's base of funding from external sponsors from grants and contracts continues to grow steadily, to nearly \$54M in the fiscal year ending June 30, 2013. This represented an increase of 66% in research expenditures over the past 10 years.

BOARD OF TRUSTEES

The Board of Trustees at each public university and their respective constituents are early in the process of developing effective working relationships. Based on input that the Commission has received from university constituents, areas that all Boards should be attentive to include: timing and access, for example not scheduling meetings during exams, or when classes are not in session; and encouraging feedback by making an effort to allow non-board members to weigh in early on in the meetings rather than having to sit out the whole meeting.

The Board of Trustees has met at least quarterly since it was appointed, with regular meetings on September 11, 2014; December 11, 2014; March 12, 2015; June 11, 2015; September 10, 2015; and December 10, 2015. In addition, the Board has convened special meetings, as necessary. The list of all full Board meetings, as well as the schedule for future meetings, can be found at <http://www.pdx.edu/board/board-meetings>. PSU's Board of Trustees schedules 30 minutes at the beginning of each regular Board meeting for open comments from members of the PSU community and from the public. The Board recently conducted a survey seeking input from University constituents regarding the timing of Board meetings.

The Board provides public notice of its agenda and meetings. It has adopted a policy that the Board's regularly quarterly meetings will be held in September, December, March and June of each year, with the meetings for each fiscal year scheduled and posted by July 1 of each year. The policy can be found at <http://www.pdx.edu/sites/www.pdx.edu.board/files/Organizational%20Policies%20-%20APPROVED%20-%20Board%20Calendar.pdf>. 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 <http://www.pdx.edu/board/sign-up-for-board-notices>. All such notices are also posted on the Board's webpage. The notices and agendas for all previous meetings can be found at <http://www.pdx.edu/board/board-meetings>.

The Board of Trustees adopted bylaws on January 30, 2014. The bylaws are available at <http://www.pdx.edu/sites/www.pdx.edu.board/files/Bylaws%20-%20APPROVED.pdf>. The bylaws 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 <http://www.pdx.edu/sites/www.pdx.edu.board/files/Bylaws%20-%20APPROVED.pdf>.) The Board posts its notices, agendas, meeting materials and minutes at <http://www.pdx.edu/board/board-meetings>. Board committees also post their notices, agendas, meeting materials and minutes (see <http://www.pdx.edu/board/board-committees>).

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 <http://www.pdx.edu/sites/www.pdx.edu.board/files/Organizational%20Policies%20-%20APPROVED%20-%20Responsibilities%20of%20Individual%20Trustees.pdf>.

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.

The Board adopted an Internal Audit Charter on December 11, 2014, 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

<http://www.pdx.edu/sites/www.pdx.edu.board/files/Internal%20Audit%20Charter.pdf>. Internal Audit reports to the Executive and Audit Committee on a regular basis.

The Board held a retreat in November 2015 to build on its first year of experience. The Board retained an expert from the Association of Governing Boards to assist with this process. This is the beginning of an ongoing practice of reflection and self-assessment and consideration of best practices.

The Board of Trustees adopted a policy outlining the process for establishing tuition, fees and fines on December 11, 2014. The policy can be found at <http://www.pdx.edu/sites/www.pdx.edu.board/files/Tuition%20Fees%20&%20Fines%20Policy%20-%202011%2019%2014%20clean-final.pdf>. The policy provides for the participation of enrolled students and the recognized student government as required by ORS 352.102.

The Board of Trustees adopted a policy that the President is to be reviewed by the Board annually (see: http://www.pdx.edu/board/sites/www.pdx.edu.board/files/Presidential%20Evaluation%20-%20SW%207_17_15.pdf). The most recent evaluation of the President was concluded during the Board meeting on September 10, 2015.

The Board of Trustees approved a new University mission statement on December 10, 2015. <http://www.pdx.edu/president/stategic-planning>.

Significant changes to academic programs are forward to the HECC as required by statute and HECC 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

<http://www.pdx.edu/sites/www.pdx.edu.board/files/5.%20Authority%20fo%20Academic%20Program%20Approval%206-26-14.pdf>.

In the past year, the Committee has approved the following new degree programs, which have been forward to the HECC:

- Master of Arts/Master of Science in Early Childhood Education
- Master of Science in Public Policy
- Professional Science Master in Environment and Management
- Bachelor of Science in Quantitative Economics
- Bachelor of Arts/Bachelor of Science in Applied Health and Fitness
- Bachelor of Fine Arts in Creative Writing

The University continues to take and hold real property in the name of the State of Oregon as required by statute.

FINANCIAL METRICS

Table 6: PSU Financial Metrics

	FY 2013	FY 2014	FY 2015
Viability Ratio	35.5%	37.5%	35.9%
Primary Reserve Ratio	19.5%	19.4%	17.7%
Net Operating Revenues Ratio	-9.75%	-5.89%	3.30%
Return on Net Assets Ratio	-5.16%	3.79%	20.90%
Debt Burden Ratio	4.55%	4.75%	4.87%
Debt Burden Ratio (Rating)	N/A	A1	A1
		(Negative Outlook)	(Stable Outlook)

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

For the past three years PSU has maintained a viability ratio significantly below the 1:1 level. This level, though not an absolute threshold establishing the long-term viability of the institution, is a benchmark which demarcates relative strength and sufficient fiscal space for the institution to invest in programs where necessary. At the close of FY 15 PSU had a viability ratio of 35.9%, an amount which is relatively unchanged since FY 13. A viability ratio at this level should cause some concern to institutional leadership and increase monitoring. This is particularly true with the anticipation of additional article XI-F(1) (institution financed) debt scheduled to be issued during FY 16. PSU, excluding its component units, maintains a current ratio of 1.37:1, greater than 1:1, which indicates sufficient short-term liquidity to manage its ongoing obligations. However, PSU has seen a significant reduction in its current ratio, largely due to shrinkage in cash and cash equivalents and net receivables on a year-over-year basis. PSU’s debt burden ratio has steadily increased, and will likely continue to increase with increased as debt payments associated with pending bond issuances come due. Moody’s, a credit rating agency, has rated PSU debt below the “high range.” PSU’s rating however has improved from A1 with a negative credit outlook to A1 with a stable credit outlook. Moody’s specifically cites improving cash flow expectations for FY 16 in its forward guidance.

In a theme consistent with that seen in the viability ratio, PSU has a relatively low, and declining, primary reserve ratio, which indicates a constrained fiscal position and limits the institution’s ability to respond to unforeseen events. An increased primary reserve ratio would help ensure sufficient financial flexibility exists to manage through any unexpected setbacks including adverse changes in enrollment, reductions in state support or unexpected decreases in revenue or increases in expenses. PSU’s FY 15 primary reserve ratio of 17.7 is less

than half of the 0.40 level generally seen as advisable to maximize institutional flexibility, invest in strategic initiatives, self-fund working capital needs, and, importantly, to weather unforeseen events. The relative stability of this measure within a tight band ranging from 19.5% (FY 13) to 17.7% (FY15) indicates a persistent condition. However, PSU has shown significant control over the period by decreasing its total operating expenses and maintaining relatively flat interest expenses. PSU's growth in expenses stems largely from component units (the PSU Foundation).

Over the past two years PSU has moved from a net operating loss in 2013 and 2014 to net operating gain in 2015. PSU has increased its net operating revenues ratio from of -9.75% to a gain of 3.30% from the close of FY13 to FY15, respectively. This is primarily due to reductions in total operating expenses, increases in net tuition, auxiliary and government revenues. No institution can manage long-term net operating losses (or net operating revenues ratio), but public and non-profit universities are also expected to deploy resources to accomplish their mission. Given PSU's relatively anemic primary reserve ratio, several years of continued positive growth in net operating revenues ratio would help strengthen the fiscal position of the institution and truncate downside risk associated with unexpected negative shocks.

The return on net assets calculation is a function of the beginning net assets of the institution. Two major changes occurred during the previous fiscal year, which, when combined, cause this ratio to be incomparable to prior years. The first is a reduction in long-term debt as General Fund article XI-G, article XI-Q and COP debt, as well as lottery bonds, were shifted off of PSU's balance sheet to the State of Oregon's due to the reorganization of the former Oregon University System. The second is the impact of pension liability accounting changes related to GASB No. 68. Both have material effects on the calculation of the return on net assets ratio, and will continue to impact comparisons until all prior years are show the impact of these changes. It is important to note that absent these extraordinary changes PSU reported a significant increase in net position. Much of that increase is due to decreases in operating expenses and increases in government appropriations and capital grants and gifts. This is a positive sign for PSU.

AFFORDABILITY

Among the legislative findings that the HECC is required to evaluate annually is that the State will benefit from having public universities with governing boards that “lead to greater access and affordability for Oregon residents...” (ORS 352.025).

Many students and prospective students at Portland State University, like their counterparts at other universities around the state and nationwide, continue to face significant challenges related to access and affordability. Partly as a result of state funding cuts, resident undergraduate tuition and fees at Portland State University has risen 63.8% in the last 10 years, including a decrease of .3% and an increase of 4.2% in 2014 and 2015, respectively. Resident graduate students have faced similar increases.⁶

Tuition, however, tells only a small part of the affordability story. The total cost of attendance for students include significant expenses associated with housing, food, transportation, and textbooks. PSU’s estimate of the amount an average student would need to budget for living expenses annually – \$16,443 in 2014 -- actually exceeds resident tuition.⁷ On the other side of the coin, in addition to need-based federal and state financial aid programs (Pell and the Oregon Opportunity Grant), Portland State University students benefit from the PSU’s significant commitment of institutional resources to scholarships, remissions, and tuition discounts. In 2014, PSU dedicated \$9.5 million dollars of its total tuition revenue to scholarships, remissions, and discounts for all students. On an average per student basis, these institutional programs had the effect of reducing resident tuition by \$580.94. Once all institutional, state, and federal resources are considered, the average PSU resident student in 2014 faced a net total cost of attendance of \$14,145.⁸

While it is natural to view affordability primarily in terms of the student’s direct cost associated with their enrollment, a larger perspective takes into account whether the student completes his or her degree, does so in a reasonable period of time, and has earning potential commensurate with the debts that might have been incurred. As noted earlier in this report, PSU resident students have four-year graduation rates of 17.5% and six-year graduation rates of 44.7%. On average, their earnings 10 years after beginning school are \$42,800.⁹

Of PSU students who leave the university with debt, their average debt load is \$24,569.¹⁰

⁶ Source: OUS Historical Tuition Data and <https://www.pdx.edu/finaid/know-the-cost>

⁷ Source: <https://www.pdx.edu/finaid/cost-attendance-breakdown> broken down into \$11,349 for room and board, \$2,028 for book/supplies and \$3,066 for other personal expenses.

⁸ Source, College Scorecard: <https://collegescorecard.ed.gov/school/?209807-Portland-State-University>

⁹ Source, College Scorecard: <https://collegescorecard.ed.gov/school/?209807-Portland-State-University>

¹⁰ Source, College Scorecard: <https://collegescorecard.ed.gov/school/?209807-Portland-State-University>

CONCLUSION

- Opening statement about this evaluation as a pilot/benchmark
- Key positive highlights from accreditation
- Enrollment and completion data by categories (HECC interest in equity)
- HECC interest in academic quality
- Interest in continued collaboration

