

**Student Success and Quality**

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Good afternoon. I am pleased to report to you that with respect to the performance metrics in Oregon State University's strategic plan and our financial operations, the state of the university remains strong. At the same time, we experienced an important "wake-up" call last year regarding negative experiences of students and colleagues in the university community.

Let me begin by highlighting some major accomplishments of the past year that should be a source of pride for each of us. Then, I will discuss three topics to focus on in the year ahead: the Student Success Initiative, the financial opportunities and challenges we face as a university, and specific steps to create a community based on inclusive excellence and social justice that celebrates our diversity as our surest path to excellence in all we do.

As a consequence of student enrollment growth over the last seven years in Corvallis, at the OSU-Cascades Campus and through Ecampus, we have exceeded most of the degree targets set for 2017-18 in Strategic Plan 3.0. While figures will not be official until the fourth week of fall quarter, current estimates suggest that 6,231 bachelor's degrees were awarded in 2015-16, which exceeds our SP3.0 goal of 6,000 degrees by 2017-18. At the OSU-Cascades campus, we awarded 364 degrees in 2015-16, exceeding the 2017-18 goal of 360. We set a goal to reach 3,000 degree-seeking students through Ecampus by 2017-18 in SP3.0 but reached a total of 3,591 in 2015-16.

The creative accomplishments of our faculty and students, a source of pride for many years, were one of the first attributes of OSU that caught my attention when I came here. Clearly, because much of our original and fundamental creative work in the arts, professions and elsewhere does not show up in immediate financial gains, our total research impact on society greatly exceeds dollars raised through research contracts and grants. In fact, we have launched a campaign this year to celebrate the arts and sciences called SPARK. Nonetheless, you may recall that our research grants and contract awards exceeded \$300 million for the first time last year. This year, our research grants and contracts have exceeded \$336 million. In addition, the ratio of our industry-sponsored research relative to total R&D expenditures reached 3.8% in FY16, already above the 3.6% we set as our goal for 2017-18 in SP3.0. Total R&D expenditures of \$262.7 million in 2015-16 are close to our goal of \$270 million by FY18. If it is possible to discern a dark cloud looming over our research productivity it is that many of our research laboratories and studios, workshops and rehearsal spaces are in dire need of repair, renovation and repurposing, and the financial path to meet our expanding research space needs is not obvious.

One of the surest indicators that alumni, friends and partners place great value on the work we do here at Oregon State University is the extent to which they contribute their own funds to support student scholarships and fellowships, hires of distinguished colleagues, funding for program initiatives and gifts to build or renovate amazing buildings and spaces here in Corvallis, at our OSU-Cascades campus in Bend, and at our emerging Marine Sciences Campus in Newport. I often tell people that while serving in a leadership position it is never good to startle yourself. In contrast, and in a very positive way, I think we were all quite startled by the success of the Campaign for OSU. We have a wonderful culture here in which we do not brag or posture. We get things done and let our accomplishments speak for themselves. Well, those who support us with their philanthropy definitely have been paying attention. They are impressed and they continue to invest in our future. Last year, with the university-wide fundraising campaign behind us, we set a goal of \$100-120 million for fundraising in 2015-16, compared to a goal of \$110 million for 2017-18 in the strategic plan. We actually raised \$122.8 million last year, and we have raised \$250 million

in the last two years. Quite clearly, you and our students and other colleagues are a good investment and people recognize that fact.

We are approaching our goals for 2017-18 in several dimensions, and we can reach them if we double down on our efforts. Our overall first-year retention rate has increased to 84.8%, and our six-year graduation rate for first-time, full-time freshmen has increased to 64.3%. Both are approaching our respective SP3.0 targets of 88% and 67%. Similarly, if we redouble our efforts we have a chance of raising our percentage of U.S. minority students from the current figure of 22.3% to our SP3.0 target of 25%. And our percentage of high-achieving Oregon high school graduates in our freshmen class of 48.3% exceeds our goal of 45% by 2017-18.

Nationally, concern about the financial viability of public and private colleges and universities continues to grow. Many for-profit colleges have closed or are in decline. Technological opportunities and challenges are cited as potentially disruptive to the sustainability of many institutions. Many on-line programs are experiencing flat or declining enrollments across the nation. Yet our own Ecampus continues to realize double-digit enrollment growth each year and is rated by U.S. News and World Report among the top ten programs nationally for the quality of its undergraduate program degree offerings.

In spring 2015 and again this past summer, Moody's Rating Service gave Oregon State University an Aa3 rating, which is considered quite strong. The one caution we received was a need to increase our liquidity so that we could respond as nimbly as possible to any rapidly changing future market conditions. So, we increased our liquidity as reflected by increasing our consolidated ending fund balance from 9.7% in FY15 to 13.4% in FY16. Absent state budget cuts in Oregon, we should reach 15.3% in FY18.

The OSU Board of Trustees has selected a number of financial indicators to monitor and ensure that we remain fiscally sound. We have shifted the target range and midpoint for fund balances from 5% to 15% and centered on 10%, as was set by the Oregon University System Board some years ago, to 10% to 20% and centered on 15%.

## **Student Success and Quality**

Given that we have hired many new colleagues, and changed our governance structure in the last three years, it is instructive to review why we strive for excellence and how we measure it. We strive to be excellent in everything we do because we know that the more exceptional our graduates, research and creative work and outreach and engagement efforts are, the more positive and powerful our impact will be on those we serve. Excellence is not an abstraction to those of us at Oregon State.

For years we talked about a goal of being considered among the top ten land-grant universities in America. We are not playing the ratings game or seeking bragging rights about our programs. We began the strategic planning process by asking ourselves which universities we considered to be the best 10 land-grant institutions in the country based on performance characteristics that reflect our goals and values. We committed ourselves to be among the best for substantive reasons. Programmatically, we placed our bets on advancing the science of sustainable Earth eco-systems, improving human health and wellness, and promoting economic growth and social progress in Oregon and the nation so as to maximize our contributions and relevance to a better future for all.

I have attached an appendix to the written version of this talk titled: Quality Measures-Oregon State University that provides metrics for Oregon State University and our aspirational peers. The first section of the table provides some context. The challenge is daunting. Our resident tuition is lower; we are less selective in admissions; our enrollment is significantly lower at both the undergraduate and graduate

levels; and we have a higher percentage of Pell eligible students than the average of our aspirational peers.

To be at the average performance level of our aspirational peers, we would have to raise our first-year retention rate from 84.8% to 93.9%; our four-year graduation rate from 32.3% to 60.1% and our six-year graduation rate from 64.3% to 83.8%. We would also have to raise our percentage of historically under-represented tenured/tenure track faculty from 7.4% to 7.8% and our percentage of historically under-represented students from 9.9% to 12.6%. The percentage of international students on the Corvallis campus is 13.3% compared to the peer average of 14.5% and our SP3.0 goal of 15% by 2017-18.

Most of our aspirational peers have academic medical centers. For example, Ohio State has six colleges in the health sciences. Academic medical centers typically account for half of the funded research grants and contracts in these peer universities. So, it is somewhat understandable that our research expenditures per tenured/tenure track faculty FTE of \$270,751 is well below the average figure for our peers of \$424,622. Our licensing revenue varies substantially year to year, but our most recent licensing revenue figure of \$5.1 million compares to the peer average of \$19.4 million. Our FY15 figure was \$10.3 million. As these comparisons of performance relative to our aspirational peers reflects, our goal to be among the top-ten land-grant universities reflects our commitment to high performance in areas that are central to our mission and values.

In my State of the University address in Portland last February, I challenged each of us to join a new Student Success Initiative. Our specific goals are to raise Oregon State's six-year undergraduate graduation rate for all groups of students from 64.3% to 70% by 2020 and to raise the first-year retention rate for all students from 84.8% to 90%. At present, the first-year retention rate achievement gap is 4.7%, which we should be able to close. But, the undergraduate six-year graduation rate achievement gap is 10.4%. We have not reduced that gap significantly in the last five years. Fortunately, we have a leadership team in place and a plan to help us achieve these goals.

Through our engagement in the University Innovation Alliance – a partnership with 10 leading public research universities -- we have developed strategies, including the use of predictive analytic tools to improve student advising. Our Vice Provost and Dean of Undergraduate Studies, Susana Rivera-Mills, has assembled a team including our UIA Fellow, Alex Aljets, to work closely with UIA partners to identify policies and practices at partner universities that have proven effective in closing achievement gaps and raising retention and completion rates. Under the direction of Dean Rivera-Mills, we are increasing the number of academic advisors; improving the quality of information available to advisors and students; and working with faculty to redesign courses that divert students from completing their degrees. We are creating templates for pathways to degree completion that are college and program specific.

Along those lines, I need each of you to determine how you can help us significantly increase the four-year graduation rate. At 32.3% our four-year graduation rate is almost half of the 60.1% average of our aspirational peers. The most effective way to reduce student and family debt would be to double our four-year graduation rate. Dean Rivera-Mills is working with deans in several colleges to adopt an "OSU Finish in 4" campaign and we need to have similar programs in every college that serves undergraduate students. We estimate that resident and non-resident undergraduate students could save \$53,000 and \$90,000, respectively, by graduating in four years instead of six. They would graduate with much less debt and be able to begin their careers two years sooner. In FY16, 40% of our students graduated with no debt. Students with debt had an average debt of just under \$26,000.

Our Vice Provost for Student Affairs, Susie Brubaker-Cole, is leading our collaborative effort with the OSU Foundation and others to bring additional resources to bear on student retention and graduation efforts. We will launch that campaign later this year. Major initiatives within her division this past year included the opening of the Survivor Advocacy and Resource Center, additional full time staff in student support

centers, including the Pride Center and the Etihad Cultural Center. And, this year, in collaboration with the Office of Financial Aid, emergency-targeted scholarships were provided to help undergraduate and graduate students in good academic standing to remain in school.

The state of Oregon's focus on achieving the 40-40-20 goal by 2025 is silent on the importance of advanced degrees at the masters and doctoral levels and silent on the relationships among undergraduate and graduate education, experiential learning, research and economic and social progress for Oregon, the nation and the world. Meanwhile we are lagging behind our strategic plan goals --and behind our aspirational peers-- on the relative size of our graduate education programs at Oregon State, along with degrees granted, licenses, patents and licensing revenue. We must take on these challenges at OSU, and we must encourage the Higher Education Coordinating Commission to establish state goals and to provide financial support for graduate education and research.

A topic that spans both our Student Success Initiative and our financial well-being is the condition of OSU's research space, facilities which are critical for the success of our research efforts and the quality of graduate and doctoral programs. I will work with Cindy Sagers Vice President for Research and colleagues across the university to improve the research infrastructure for faculty and students. Revitalizing our research infrastructure will benefit our faculty, students and the people of Oregon, the nation and the world through our discoveries, inventions and innovations.

Vice Provost and Graduate School Dean Jennifer Dennis is helping to enhance our capacity to retain graduate students through to degree completion. Actions taken by the Graduate School beginning last year include workshops, interventions, and mentoring programs for students at risk and the opening of the Graduate Student Success Center. An enhanced set of orientation programs attracted around 500 new graduate students last year.

These four leaders will work closely with the colleges, colleagues in the Faculty Senate and elsewhere, the OSU Foundation and the Provost to identify the programs, policies and resources needed to achieve our 2020 goals. Each of you can contribute to this effort.

In the first speech I ever gave at Oregon State, I said that we cannot realize our aspirations for this great university on the backs of students and their families through tuition increases alone. The Campaign for OSU played a major role in expanding our resource base. But, rising tuition and fees and accumulated debt are increasingly heavy burdens for students and their families. I hope you will now join me in doing all that we can to help each of our students realize their aspirations.

## **Financial Opportunities and Challenges**

As noted earlier, the university is in a strong financial position. We received an Aa3 rating from Moody's Rating Service in spring, 2015 and again in summer, 2016 and we have improved our consolidated ending fund balance from 9.7% in FY15 to 13.4% in FY16. Absent state budget cuts, we will have a consolidated ending fund balance of around 15.3% in FY18, even as we continue to provide annual salary increase packages around 3% per year and continue to increase the number of faculty and staff employed at the university. Our research grants and awards increased from \$309 million in FY15 to \$336 in FY16. As I said earlier, through fundraising we have raised more than \$250 million in total donor support in the last two years.

Heading into the legislative session, Oregon's public university presidents have agreed that we need at least an additional \$100 million in state funding for operations for a total of \$755 million for the upcoming 2017-19 biennium. This need arises from the fact that our current service level funding adjustment for the current biennium was too low and we will be faced with large increases in health benefit costs and pension

obligations that we do not control. Personnel costs account for 65% of our annual operating expenses. We are hopeful that the Higher Education Coordinating Commission will support a request for \$1 billion in overall operating funds for the state's universities.

The public university presidents also agreed on a top tier list of priority capital projects, including several projects that are important to OSU. My efforts moving forward will reflect the solidarity of the seven public university presidents for a comprehensive \$284 million capital investment package across all of the institutions. I have made a separate case for a funding package of \$69 million to continue to build the OSU-Cascades campus. I expect that request to be forwarded to Governor Brown and I am hopeful we can provide a compelling case for that funding.

Our progress in building a four-year campus in Central Oregon is characterized by 15 years of both significant strides --and faltering steps. Over the last two years, we have developed the imperative for a four-year campus located in Bend. We have created the opportunity for a dialogue over the next year with the Central Oregon community, the HECC, the Governor and the legislature regarding the state's role in expanding higher education services to one of the nation's most underserved regions. Without a high degree of advocacy and activism, our request for \$69 million to enable the preparation of the 46-acre OSU-Cascades campus site for development and to provide for the construction of two student-focused buildings will fall by the wayside. We must develop and implement an effective and rigorous campaign in support of OSU-Cascades expansion. Otherwise, we will likely see marginal investments, resulting in no increase in the level of services delivered to the students who comprise part of the population of the state's fastest growing region. The investment that we seek for OSU-Cascades will benefit Central Oregon, all Oregonians and the state's overall economy.

As you may know, an initiative has been placed on the November ballot to raise the minimum corporate income tax paid by businesses with gross annual sales that exceed \$25 million. Depending on the outcome of this vote the state may be able to manage the pension fund cost problem and meet other needs or be required to make budget cuts. Clearly, making funding predictions in this environment is difficult.

Nonetheless, we developed a 10-year business forecast for the university last year. And this year for planning purposes, we will develop a 10-year physical capital forecast as a companion piece. As with our strategic plan, the long-term business and physical capital forecasts will both be re-examined and adjusted each year as facts become available.

## **A Community Committed to Inclusive Excellence and Social Justice**

Led by several courageous students, we had a "speak-out" session last November and it served as a wake-up call for me and many others by indicating that the community we describe in our statements of purpose and values is not matched by the community experienced by many among us. At the time I acknowledged that business as usual is not acceptable and we re-dedicated ourselves to create an OSU community committed to inclusive excellence and social justice and that celebrates and deepens its diversity as the most effective path to the excellence we seek.

In terms of specific actions, we have begun a regular series of community town halls for me and others to listen to the issues and concerns of students, staff and faculty. We reconstituted the University Leadership Council on Equity, Inclusion and Social Justice, which advises the Chief Diversity Officer and me regarding community needs. The new council includes a substantial increase in student membership. We have launched a nation-wide search for a permanent Chief Diversity Officer and will utilize a position description developed by the council. The Office of Equity and Inclusion has been replaced by two separate offices. One office will be led by the new Chief Diversity Officer and is designated as the Office of Institutional Diversity. The second office is the Office of Equal Opportunity and Access, which will focus on improving

the processing of Title IX and other federal, state and university civil rights and equal opportunity policies and laws. We also will conduct a search to find a permanent director for this office.

These matters are at the core of all that we hope to accomplish as a university. Our efforts to achieve our goals for the Student Success Initiative cannot succeed if we cannot create a supportive and safe community for everyone here. The community experiences of students and colleagues have a profound impact on their ability to be successful. And, clearly, we have not done enough to date. We must provide a supportive and safe environment within which each of us at OSU can realize our potential for learning and creativity. We will build on these initiatives and devote additional resources to match my promise at the "speak-out" to address concerns directly, be accountable and not accept business as usual.

## **Conclusion**

I hope that the events here on campus and throughout our society have influenced your thinking about student success and your role in this community. Even as we have achieved exceptional success in fundraising to help us realize our aspirations for this great university, the weight of the financial burden resting on the backs of students and their families has increased. We must rededicate ourselves to help each of our students realize his or her aspirations. The Student Success Initiative is not about getting better ratings or rankings by being able to boast of higher retention and graduation rates. It is about improving our performance in providing every student with a degree and the skills necessary to have a fulfilling life of accomplishment and service to others.

After the "speak-out", some faculty expressed the desire to bring the discussion up in class but they did not do so for fear of offending someone. So, by saying nothing they sent an unintended negative message to students who needed to hear from them. I know that every one of you loves learning and loves sharing what you learn with others. You care deeply for your students and are thrilled by their accomplishments. So, tell them that. Tell your students that if you say or do anything that offends them, you want them to tell you so you can do your best going forward. No student would complain about you telling them that you care about their learning and their success in life.

I ask each of you to find a way to engage in the Student Success Initiative. It can be by redesigning a course or taking time to tell students when they do well how proud you are of them, or asking about their career plans and offering any advice you think would be helpful to them. Also, take a moment at the beginning of each new course or public address to tell people why you do the work you do, and how much you care that they find the same joy and passion in a life of learning that you have found. Perhaps you can help a student figure out a course schedule or career plan or how to apply for a critical loan or scholarship. Determine what you can do that makes an "OSU Finish in 4" Campaign more than just a slogan.

Each of us is a part of this community and each of us should find a way to make it a better place for ourselves and others. No effort is too small. Making no personal effort is inexcusable.