

PENNSTATE



# **Budget and Strategic Planning**

*University Faculty Senate  
October 21, 2008*

# Goals for 2008-09 Budget



- **Maintain high quality educational experience**
- **Keep tuition increases at lowest possible level**



# Budget Priorities



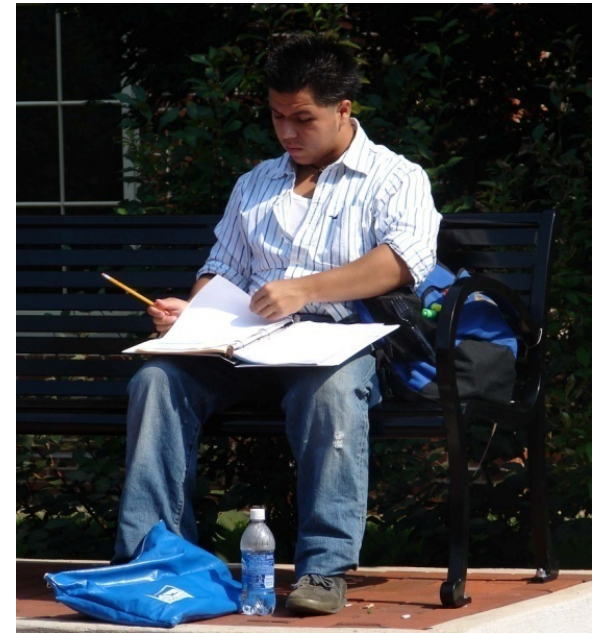
- **Salary adjustments**
- **Increased benefits costs**
- **Maintaining and improving facilities**
- **Strategic investments**
- **Internal budget recycling**



# Resources



- **State Appropriation**
- **Tuition and fees**
- **Non-tuition income**



# 2008-09 One Percent Increase Modules (E&G Budget)



<b>Salaries and Related Benefits</b>	<b>\$8 549 000</b>
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<b>Appropriation</b>	<b>\$2 640 000</b>
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<b>Tuition</b>	<b>\$7 824 000</b>
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# 2008-09 State Appropriation

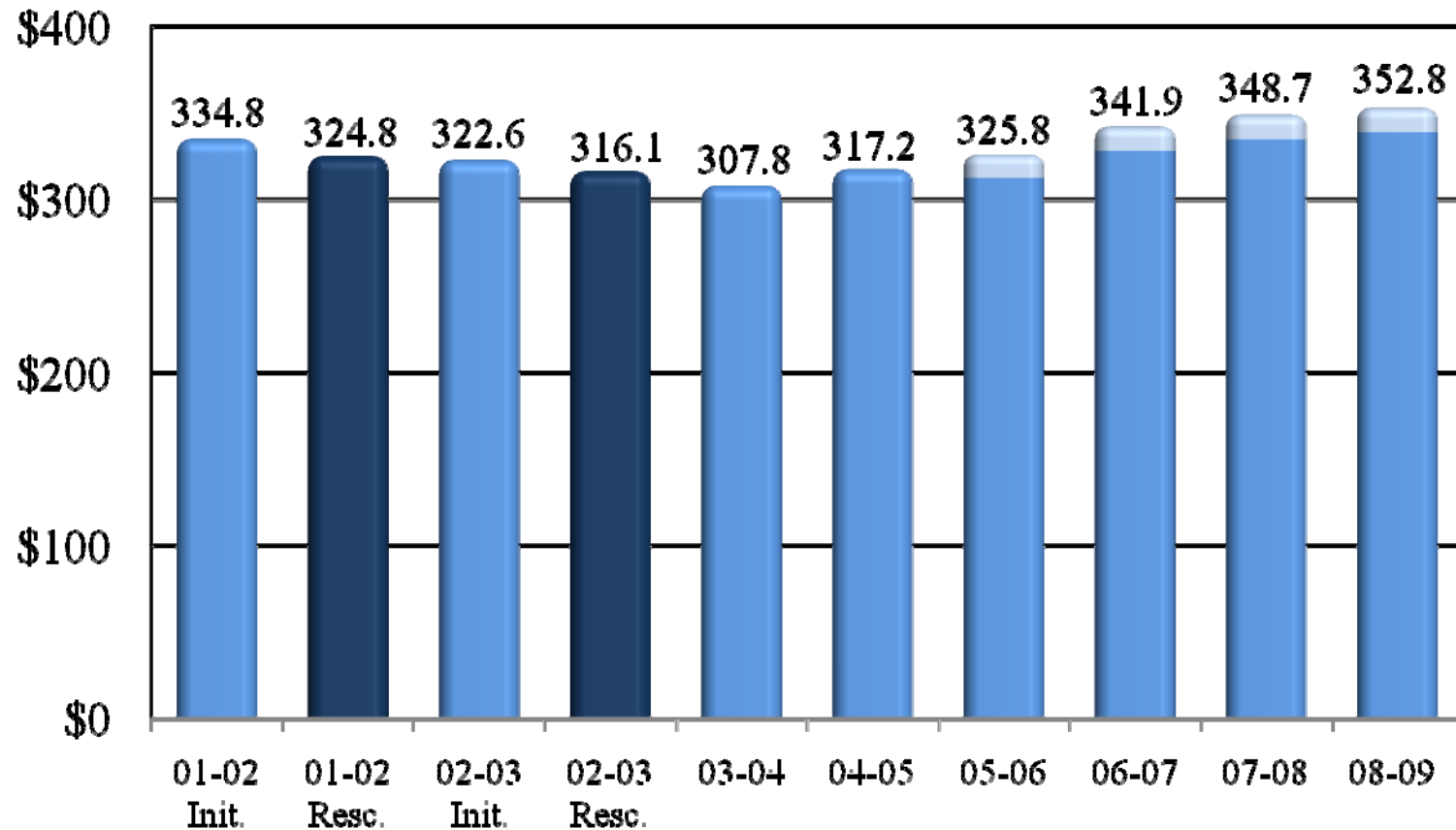


- **Educational and General – 1.5% increase**
- **Ag Research – no increase**
- **Cooperative Extension – no increase**
- **Penn College – 1.5% increase**
  
- **Total increase – 1.2% increase to \$338,375,000**

# Summary of State Appropriations 2001-02 through 2008-09

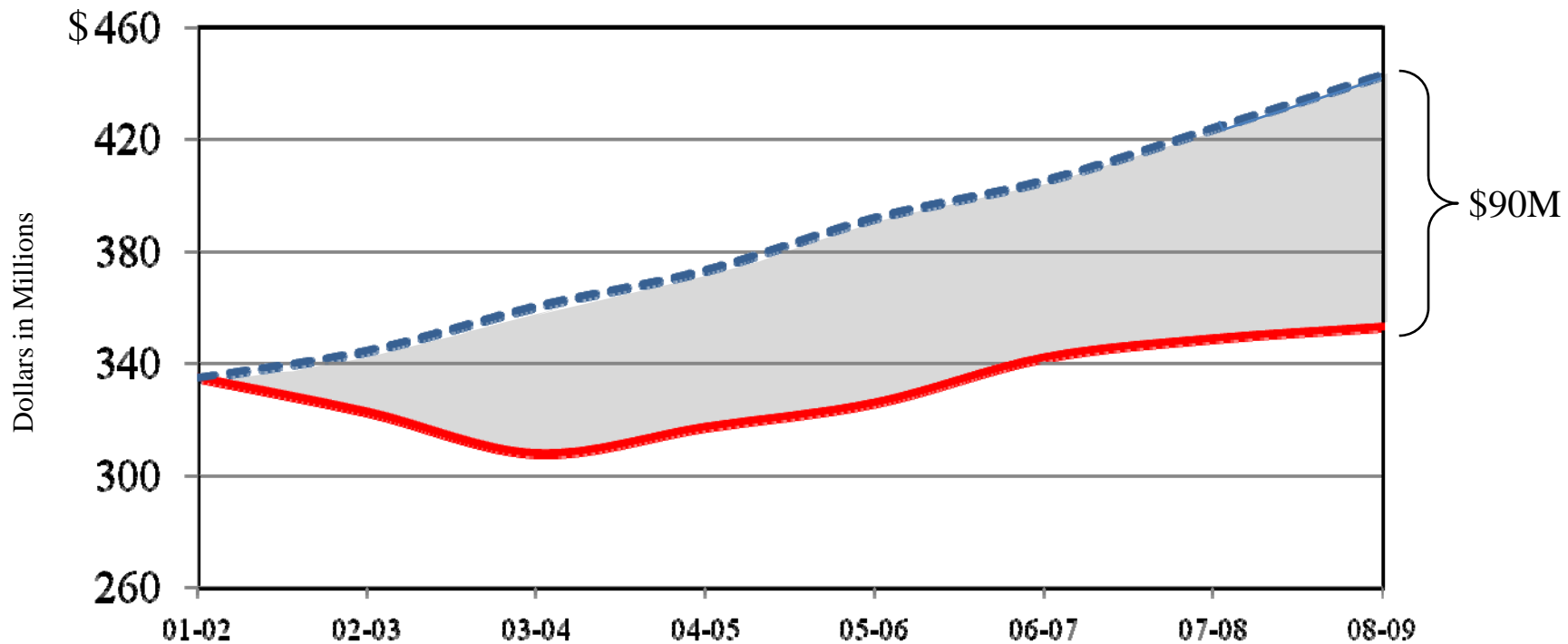


Dollars in  
Millions



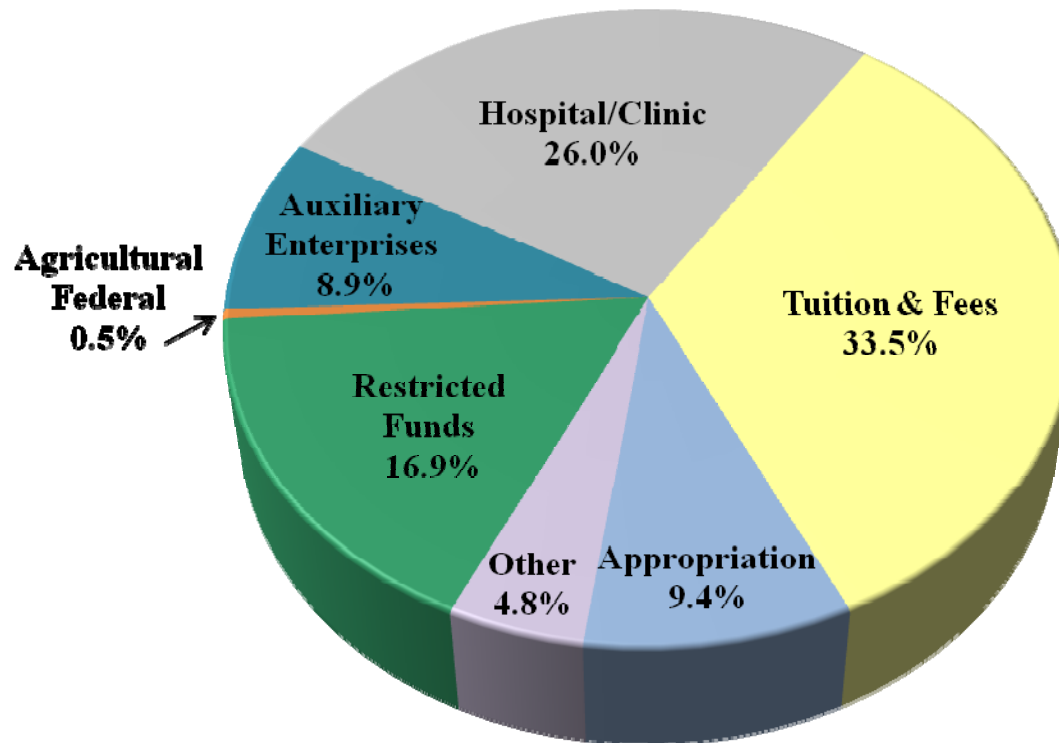
Note: The appropriation amounts since 2005-06 include state and federal medical assistance funding provided to the M.S. Hershey Medical Center through the Pennsylvania Department of Public Welfare.

# Total Appropriation Adjusted for Inflation



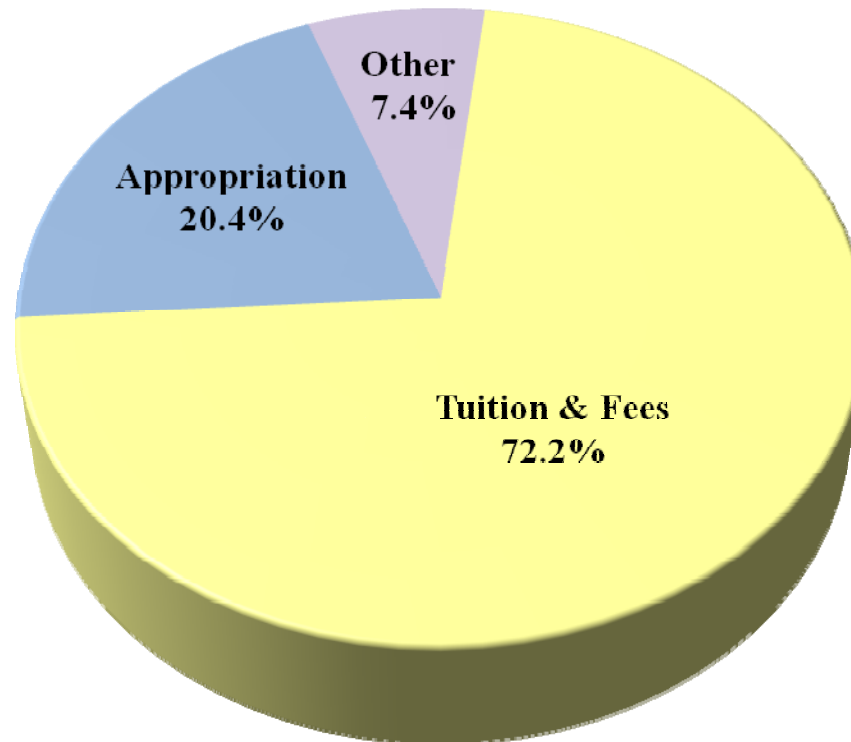
**Tuition reduction of approximately 8%, or \$1,150 per FTE student**

# 2008-09 Total Budget - Income



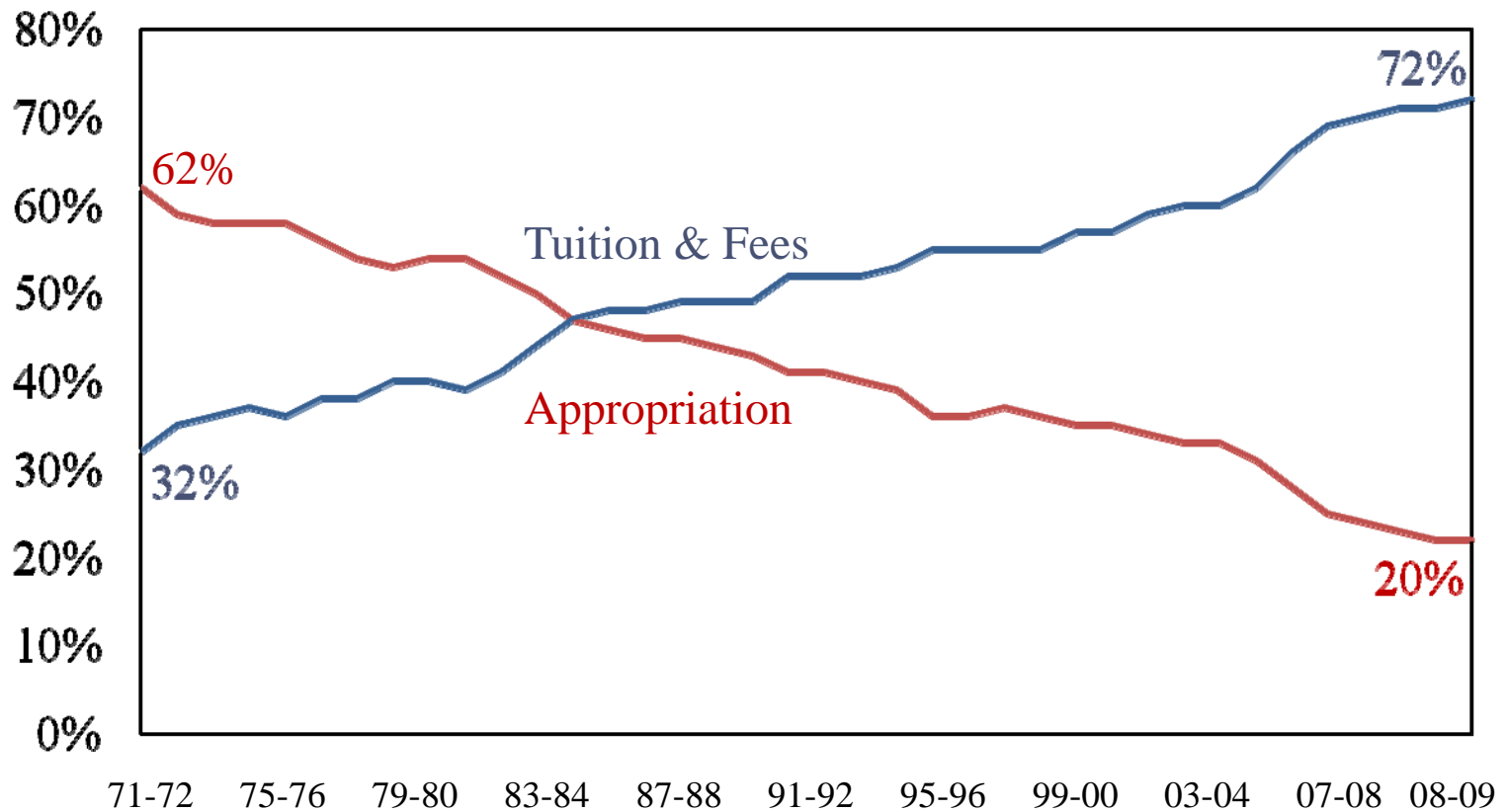
Total Budget -- \$3,607,444,000

# 2008-09 General Funds Budget – Income (Excluding Hershey and Penn College)



General Funds -- \$1,534,419,000

# Appropriation vs. Tuition and Fees as a Percent of the General Funds Budget



# Salary Increase Plan



- **2.0 percent pool for merit-based increases**
- **1.5 percent pool for President's Excellence Fund**
- **Total - \$29,875,000**



# Benefits and Other Insurances



## Benefits Cost Increases:

**Employee Health  
Insurances**

**\$ 13 876 000**

**Retirement &  
Social Security**

**2 492 000**

**Total**

**\$ 16 368 000**

**Property and Liability Insurance  
increase of \$918,000**

# Facilities and Maintenance



**Maintenance and operation  
of new or newly renovated  
facilities**

**\$ 2 620 000**

**Fuel and utilities**

**5 920 000**

**Capital Improvement Program**

**3 650 000**

**Deferred maintenance**

**2 000 000**

**Total**

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**\$14 190 000**

# Program Adjustments



**Strategic Initiatives**

**\$ 2 335 000**

**Other Program  
Commitments**

**5 469 000**

**Libraries & Information  
Technology**

**1 405 000**

**Need-Based Student Aid**

**1 090 000**

# Internal Budget Reductions



- **Internal budget reductions of \$7,244,000**
- **Non-tuition income of \$4,900,000**
- **Total - \$12,144,000**

**Total tuition increase avoided – 1.4 percent or  
\$170 per student**

# Percentage Increases in Lower Division Tuition



	<b>University Park</b>	<b>Commonwealth Campuses</b>
<b>Resident</b>	<b>5.9%</b>	<b>5.3%</b>
<b>Non-Resident</b>	<b>4.7%</b>	<b>5.3%</b>

# Agricultural Research



➤ <b>Income Changes:</b>	
<b>Appropriation</b>	<b>\$ (1 000)</b>
➤ <b>Expense Changes:</b>	
<b>Salary Adjustments</b>	<b>633 000</b>
<b>Benefits Costs</b>	<b>399 000</b>
<b>Program Changes</b>	<b><u>(1 033 000)</u></b>
➤ <b>Total Expense Changes</b>	<b>\$ (1 000)</b>

# Cooperative Extension



➤ <b>Income Changes:</b>		
<b>Appropriation</b>	<b>\$</b>	<b>0</b>
➤ <b>Expense Changes:</b>		
<b>Salary Adjustments</b>		<b>657 000</b>
<b>Benefits Costs</b>		<b>518 000</b>
<b>Program Changes</b>		<b>(1 175 000)</b>
		<hr/>
➤ <b>Total Expense Changes</b>	<b>\$</b>	<b>0</b>

# Summary of Changes General Funds Budget



**Educational & General**

**Agricultural Research**

**Cooperative Extension**

**College of Medicine**

**Penn College**

**Total**

**\$ 77 451 000**

**(1 000)**

**0**

**2 722 000**

**6 310 000**

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**\$ 86 482 000**

# Update: Commonwealth of Pennsylvania



- **Revenue collections are below projections through August**
- **\$200 million of appropriation placed in budgetary reserve**
- **Includes 4.25% of each non-preferred appropriation**

# Impact on Penn State's 2008-09 Appropriations



## Nearly \$15 million:

- **\$11.4 million – Educational and General appropriation**
  - **\$5.4 million from 0.75 % temporary recycling from units**
  - **\$6 million from central reserves**
- **\$2.4 million – Ag Research and Cooperative Ext.**
- **\$600,000 – Penn College**

## It Could Get Worse



- **General Fund Revenue collections are \$164 million below estimate in September**
- **Year-to-date shortfall in Commonwealth revenue collections is \$281 million**
- **Budget executives are asked to be conservative**
- **Caution should extend to both temporary and permanent funding commitments for 2009-10**

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# 2009-10 Appropriation Request

[www.budget.psu.edu/President/  
AppropRequest200910/default.asp](http://www.budget.psu.edu/President/AppropRequest200910/default.asp)



# Strategic Planning Update

# University Strategic Planning Council Members, pg. 1



Rod Erickson, Chair

Michael Adewumi, Vice Provost for International Programs

Dan Alexander, Undergraduate student, Arch. Engineering

Marianne Alexander, Board of Trustees

Ingrid Blood, Professor of Comm. Sciences and Disorders, Chair of University Faculty Senate

James Broadhurst, Board of Trustees

Melanie Doebler, Penn State Public Broadcasting

Yvonne Gaudelius, Assistant Vice President and Assoc. Dean for Undergraduate Education

Lynda Goldstein, Associate Professor, English and Women's Studies, Penn State Wilkes-Barre

Kevin Grigsby, Penn State College of Medicine and Hershey Medical Center

Dan Hagen, Professor of Animal Science, College of Agricultural Sciences

# University Strategic Planning Council Members, pg. 2



Sam Hayes, Jr., Board of Trustees

Don Heller, Director, Center for the Study of Higher Education, Professor of Education

Al Horvath, Vice President for Finance and Business

Dan Larson, Dean, Eberly College of Science

Anita McDonald, Chancellor, Penn State DuBois

Eva Pell, Senior VP for Research and Dean of the Graduate School

Steve Peterson, Professor of Politics and Public Affairs, Penn State Harrisburg

Victoria Sanchez, Assistant Vice Provost for Educational Equity

Karen Thole, Professor and Dept. Head, Mechanical and Nuclear Engineering, College of Engineering

Gene Tyworth, Dept. Chair and Professor of Supply Chain Management, Smeal College of Business

# University Strategic Planning Council Charge



Think strategically

Seek input from others

What do we hope to accomplish in 5 years?

What strategies do we need to achieve our goals?

Where should Penn State be in 10 to 20 years?

# Task Forces



- **Achieving Academic Excellence**
- **Ensuring Student Success**
- **Land Grant Mission**
- **Campus Missions**
- **Internationalizing Penn State**
- **Information Resources, Technologies and Services**
- **Resource Management and Revenue Enhancement**

# Unit Plans



- **Contain common themes (sustainability, energy, entrepreneurship, STEM, internationalization, health, medical breakthroughs)**
- **Emphasis on increasing online presence, learning assessment, undergraduate research, graduate education and graduate student support, student recruitment**
- **Many options for spending additional resources**

# Next Steps



- **Produce draft University-wide strategic plan by mid-January 2009**
- **Receive feedback from stakeholders – Spring 2009**
- **Finalize plan**
- **Launch new strategic plan – 2009-2010 academic year**