

PENNSTATE



# **BUDGET AND STRATEGIC PLANNING**

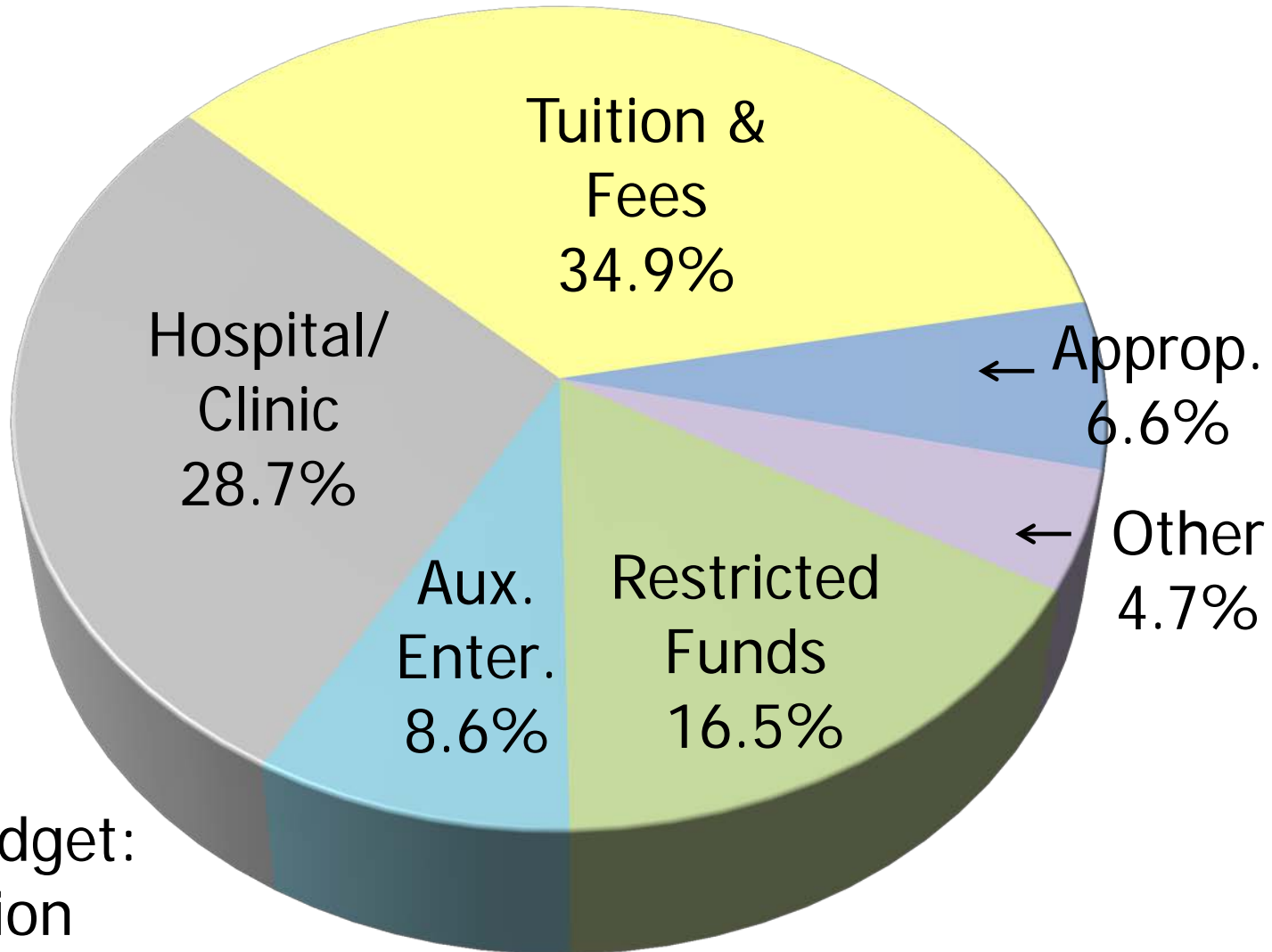
***Rodney A. Erickson  
University Faculty Senate  
August 30, 2011***

# 2011-12 Budget Priorities



- **Respond to a \$68 million reduction in funding from the Commonwealth**
- **Aggressively identify expense reductions and moderate other spending priorities**
- **Keeps tuition increases at lowest possible level**

# 2011-12 Total Institutional Budget - Income



Total Budget:  
\$4.1 billion

# 2011-12 Total Institutional Budget

(\$000's)



2010-11 Total Budget

\$4 012 363

University Changes

32 715

Hershey Medical  
Center Changes

76 549

2011-12 Total

\$4 121 627

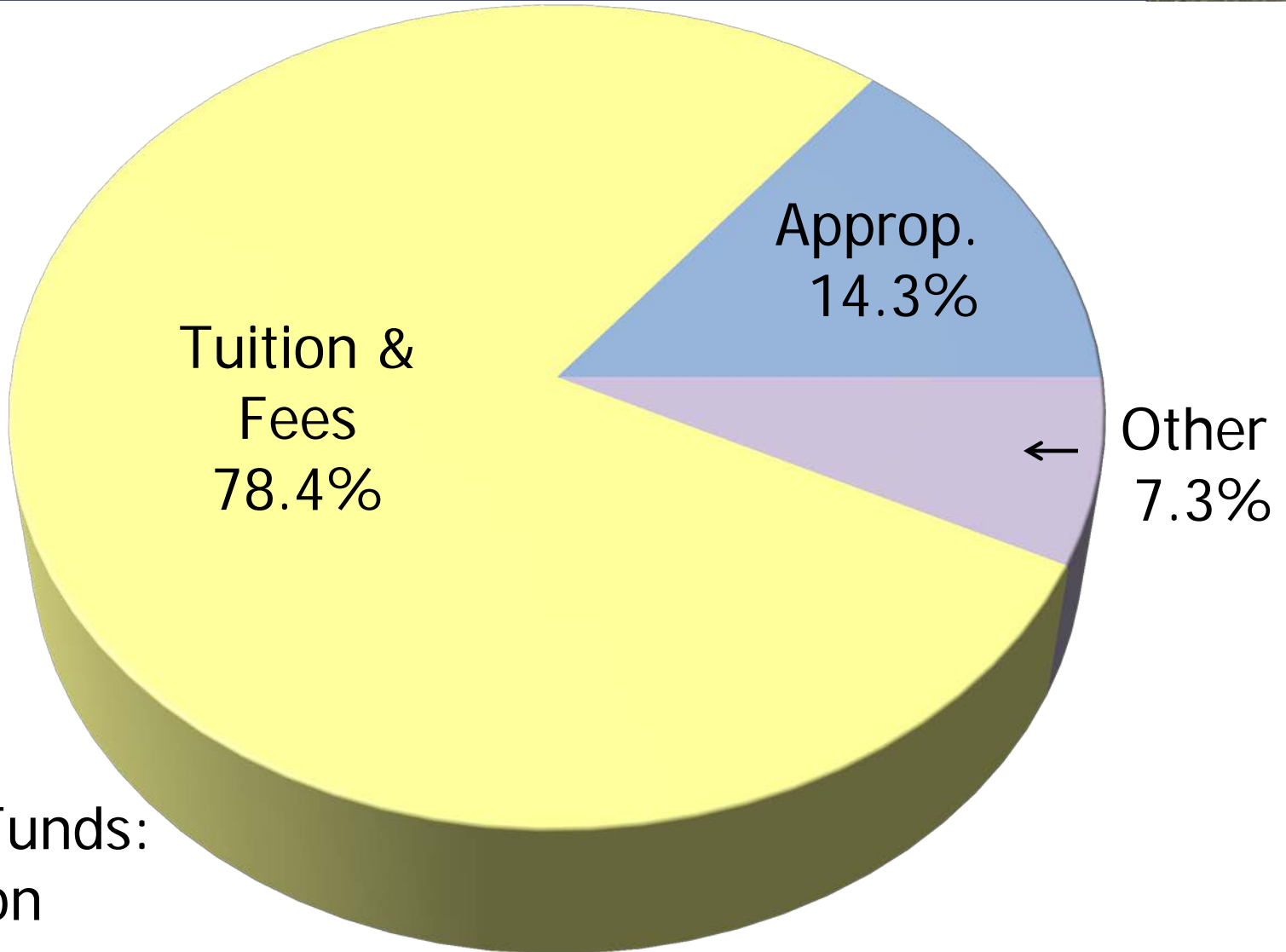
# General Funds Budget Components



- Educational and General (E&G)
- Agricultural Research
- Cooperative Extension
- College of Medicine
- Penn College



# 2011-12 General Funds Budget - Income (Excluding Hershey and Penn College)



General Funds:  
\$1.7 billion

# Penn State's 2011-12 State Appropriation



- Finalized on June 30 at \$279 million, 19.6 percent below prior year level (reduction of \$68 million)
- Now equal to 1995 levels when University was serving 19,000 fewer students

# E&G Expense Changes



- **Suspension of normal salary increase program**
- **Moderation in cost increases for employee health insurances**
- **Scaled back funding for facilities and for strategic initiatives**
- **Nearly \$30 million of budget reductions and other targeted expense cuts**

# Percentage Increases in Lower Division Tuition Rates



## University Commonwealth Park Campuses

Resident

4.9%

2.9%

Non-Resident

3.5%

2.9%

Aggregate increase of 3.8%

# Agricultural Research and Cooperative Extension

(\$000's)



## Appropriation Changes:

Agricultural Research

Cooperative Extension

Total

\$ (4 798)

(5 696)

\$ (10,494)

# College of Agricultural Sciences - Action Plan



- **Future of Ag. Research & Cooperative Extension important to Penn State**
- **Senior administration working closely with Dean on short and long-term strategies**
- **Voluntary retirement program completed**
- **Reduction of additional positions necessary**

# 2011-12 Budget College of Medicine

## The M.S. Hershey Medical Center (\$000's)



### College of Medicine:

General Funds	\$ 108 192
Restricted/Auxiliary Funds	<u>93 990</u>
Total College	202 182
M.S. Hershey Medical Center	<u>1 181 958</u>
Total	\$1 384 140

# Summary of Changes General Funds Budget

(\$000's)



**Educational & General**  
**Agricultural Research**  
**Cooperative Extension**  
**College of Medicine**  
**Penn College**  
**Total**

<b>\$19 857</b>
<b>(4 798)</b>
<b>(5 696)</b>
<b>7 131</b>
<b>(1 717)</b>
<hr/>
<b>\$14 777</b>



**Second-year  
Implementation of the  
2009-10 through 2013-14  
Strategic Plan  
*Priorities for Excellence***

# Recap of Strategic Planning Goals



- **Enhance Student Success**
- **Advance Excellence and Research Prominence**
- **Realize Potential as a Global University**
- **Maintain Access and Affordability and Enhance Diversity**
- **Serve the Commonwealth and Beyond**
- **Use Technology to Expand Access and Opportunities**
- **Control Costs and Generate Efficiencies**

# Strategy Implementation Matrix



- **Assigns Leadership Responsibility to Key Administrators or Groups**
- **Identifies Projected Start Dates**
- **Identifies Selected Performance Measures**
- **Indicates Fiscal Impacts**

<http://strategicplan.psu.edu/StrategyImplementationMatrix.pdf>



PENNSTATE



## Planning and Institutional Assessment

### Progress and Performance

[Home](#) | [Continuous Quality Improvement](#) | [Planning Research and Assessment](#) | [Strategic Planning](#)

#### Introduction

*Progress and Performance* includes information about annual progress on Penn State's University-level [strategic plan](#) and performance data previously included in Penn State's [Strategic Indicators](#) reports. To measure progress toward goals and to answer the question, "How well are we doing?" Penn State has since 1999 tracked and published strategic performance indicators.

Penn State has progressed through several strategic planning cycles since 1999 and the University has revised the set of strategic performance indicators to reflect the goals and strategies of each strategic plan. While some indicators remain consistent from cycle to cycle, some indicators are removed and other new indicators are defined.

[Priorities for Excellence: The Penn State Strategic Plan 2009-10 through 2013-14](#) identifies seven goals and related University-wide strategies, targeted for implementation over the first three years of the plan. Penn State has also identified a set of strategic performance indicators to reflect the goals and strategies described in that plan. Those goals, strategies, and strategic performance indicators are listed in the "[Strategy Implementation Matrix](#)" that accompanies the strategic plan. See "[Implementing the Plan and Measuring Progress](#)" for a description of how strategic performance indicators are used in the

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**Submit your ideas for effectiveness and efficiencies at Penn State**

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# Year 2 Strategies



## ➤ **Goal 1. Enhance Student Success**

- 1.4 Encourage Better Advising and Student Ownership of Education
- 1.6 Assist Students to Explore Ethical Issues in Their Professional and Personal Lives

## ➤ **Goal 2. Advance Academic Excellence and Research Prominence**

- 2.2 Foster Research, Instruction, and Outreach in Emerging, Interdisciplinary Fields of Great Societal Importance

# Year 2 Strategies, continued



## ➤ **Goal 3. Realize Penn State's Potential as a Global University**

- 3.2 Build International Partnerships at Home and Abroad
- 3.3 Expand Opportunities for Education Abroad and International Visiting Scholars
- 3.4 Infuse International Topics and Experiences into Instruction

# Year 2 Strategies, continued



## ➤ Goal 4. Maintain Access/Affordability and Enhance Diversity

- 4.2 Invest Selectively in Capital Improvements and Student Services at the Campuses
- 4.3 Allocate Additional Funds from Tuition for Need-Based Student Aid
- 4.5 Build on the *Framework to Foster Diversity*

# Year 2 Strategies, continued



## ➤ **Goal 5. Serve the People of the Commonwealth and Beyond**

- 5.1 Deliver More PSU Programming Using Technology and Media
- 5.2 Consolidate Specialized Services at Regional and Campus Sites
- 5.5 Create a More Entrepreneurial Approach to Service Delivery

# Year 2 Strategies, continued



- **Goal 6. Use Technology to Expand Access and Opportunities**
  - 6.2 Invest in Robust/Flexible IT Infrastructure for Teaching, Research and Administration
  - 6.3 Re-Balance Centralized/Dispersed Facilities/Services for Greater Efficiency and Effectiveness

# Year 2 Strategies, continued



## ➤ Goal 7. Control Costs and Generate Additional Efficiencies

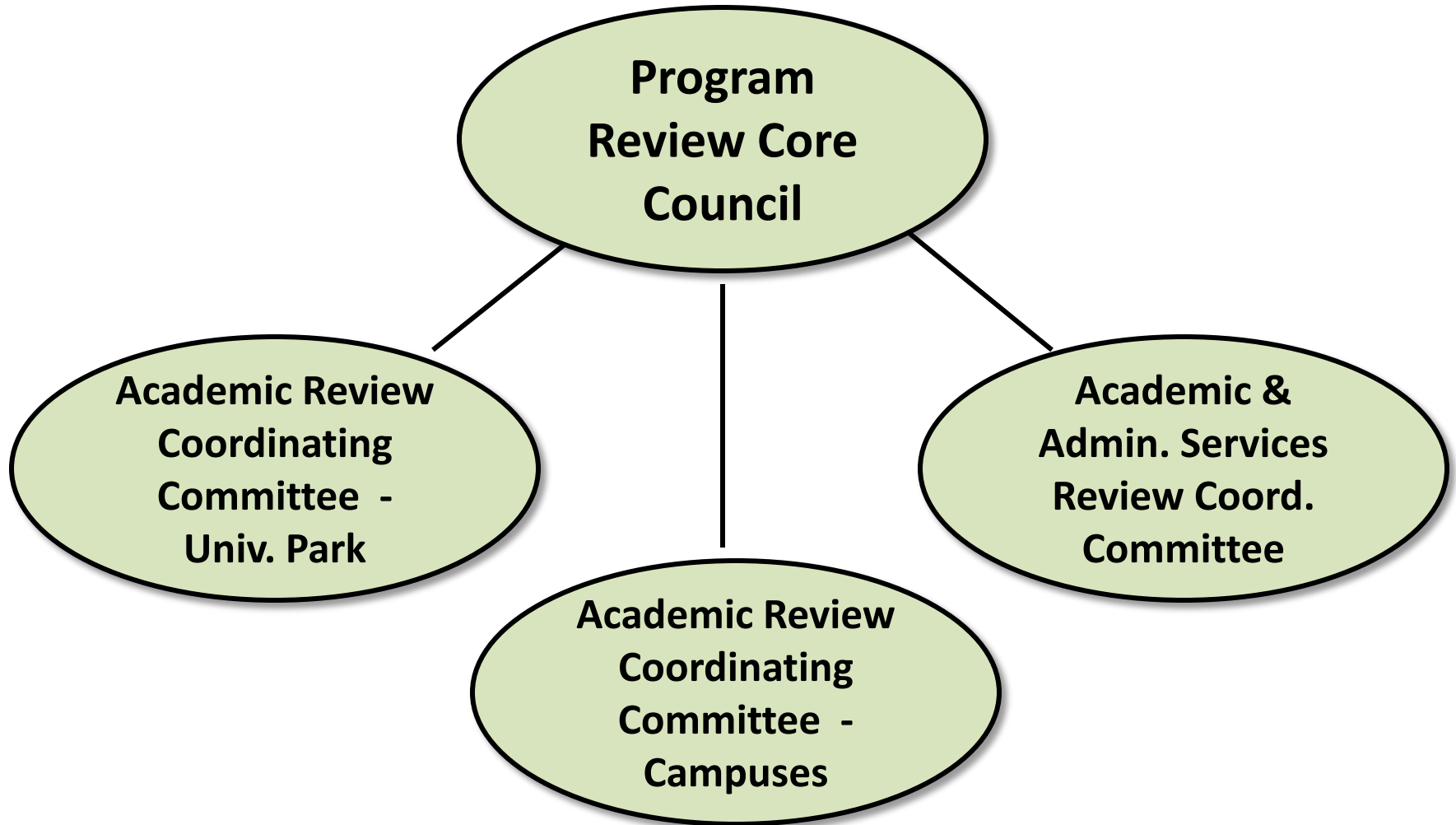
- 7.4 Develop Frameworks for Greater Budgeting and Staffing Flexibility
- 7.5 Modify Recycling and Introduce Investment Models for New Initiatives
- 7.6 Cap University Allocations to Outreach (2010-11)

## Goal 2: Advance Academic Excellence and Research Prominence



- **Strategy 2.4 : Consolidate Academic and Administrative Programs through Targeted Reviews**

# Review Coordinating Committees



# Status of Academic Program Review and Actions by Colleges



- **Eliminate or merge degree programs**
- **Eliminate or merge academic departments**
- **Place academic programs on “watch list”**
- **Strengthen partnership between faculty and Outreach programming**

# Opportunities for Cost Savings



- **Reduction in under-enrolled sections**
- **Shared infrastructure and services**
- **Rationalization/redeployment of faculty resources**
- **Reduce graduate student numbers in some fields**

# Opportunities for Cost Savings – Commonwealth Campuses



- **Dissolution/consolidation of selected associate degrees at 10 campuses**
- **Replace some underperforming baccalaureate degrees**
- **Greater sharing of personnel within regions**
- **Re-calibrating base support for altered missions**

# Opportunities for Cost Savings – Policy Changes



- **Faculty and Staff Benefits Programs**
  - Health benefits program changes
  - Elimination of tuition benefits for non-PSU institutions

# Opportunities for Cost Savings – Operations and Services



## ➤ Finance & Business Service Functions

- Operating efficiencies in Physical Plant
- Energy savings initiatives
- Strategic procurement services
- Additional overhead recovery from auxiliaries
- Streamlining travel services

# Opportunities for Revenue Enhancement



- **Develop more Integrated Undergraduate/ Graduate Programs**
- **Provide more World Campus programming**
- **Develop an improved summer schedule**
- **Develop pricing model for some programs in Cooperative Extension**



## Next Steps

- **Distribute remaining letters with Core Council recommendations**
- **Focus on re-balancing, redistribution of core services (IT, HR, Career Services, Continuing Education, etc.)**



## Next Steps

- **Continue with Year 3 implementation of Strategic Plan**
- **Continue to publish information about annual progress and annual performance data**
- **[www.psu.edu/president/cqi/progress/index.htm](http://www.psu.edu/president/cqi/progress/index.htm)**

