

Resilience in Resource Management: Strategic Budgeting and SIMBA

Academic Leadership Forum
April 15, 2020



PennState

Overview

Formed in December 2018 by Nicholas Jones and David Gray

- **What was the mission of the Strategic Budget Task Force (SBTF)?**
 - Financial transparency
 - Access and affordability
 - Consistency in budgeting practices
 - Maximize resources
 - Meet stakeholder needs
 - Tools and capabilities (e.g. SIMBA)

SBTF Examined...

- Penn State's current budget processes
- Best practices at peer institutions
- Financial tools

Recommended Changes

- Use a multi-year budgeting method (five-year cycle) to:
 - Create opportunities for efficiencies
 - Fund strategic priorities
 - Align allocation of resources to fulfill the University's mission
- Create a centralized process to review the budget.
- Eliminate “permanent” and “temporary” categories in the Education and General budget.
- Allow carry-forward balances to roll into subsequent years and establish clear principles and categories.

Recommended Changes

- Why are these changes important?
 - Strategic vs. reactionary decisions
 - New technology that creates multi-year budget model
 - Greater financial transparency
 - Higher education funding landscape

Implementation & Working Groups

- The **Budget Executive Committee** oversees the implementation of the recommendations
- **Working Groups** develop the processes, policies, and technology necessary to implement the changes.

**Budget Executive
Committee**

**Budgeting
Approach**

**Multi-Year
Planning**

**Salary & Job
Classification**

Capital Planning



Working Group Charge

- **Co-chairs**

- Andrew Reisinger, University Budget Office
- Jeff Smith, Outreach and Online Education

- **Goal**

- Focus on specific approaches to budgeting that will be adopted by the University

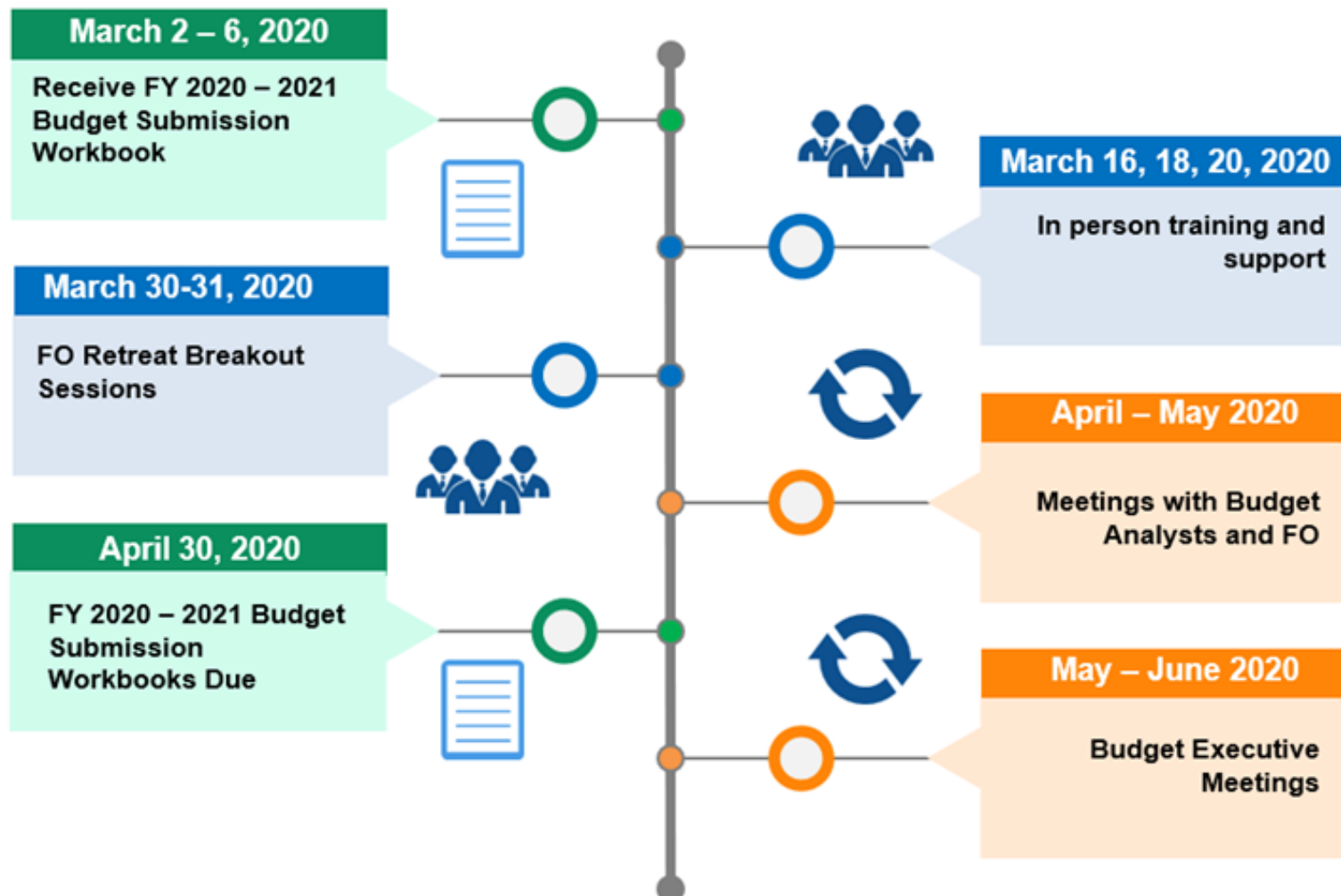
- **Recommendations to Address**

- Budgeting all funds
- Permanent and temporary budgets
- Carry-forward funds
- Fringe benefits



Budgeting Approach

FY 20-21 Budget Process Timeline



Working Group Charge

- **Co-chairs**
 - Greg Stoner, Human Resources
 - David Rose, Auxiliary & Business Services
- **Goal**
 - Focus on human resource policy and process changes such as standing vs. fixed term positions, job classifications, etc.
- **Recommendations to Address**
 - Salary budget allocation and job classifications

Salary and Job Classification

Timeline



Working Group Charge

- **Co-chairs**

- Patti Cochrane, Commonwealth Campuses
- Kurt Kissinger, Finance & Business

- **Goal**

- Focus on policies and processes to adopt a five-year budget planning process for the University and its many sub-units.

- **Recommendations to Address**

- Multi-year budgeting
- All funds (E&G auxiliary, gifts, endowment income, sponsored research)

Multi-Year Planning

Timeline



Working Group Charge

- **Co-chairs**

- Sue Wiedemer, Office of Corporate Controller
- T. Mark Miller, Office of Physical Plant

- **Goal**

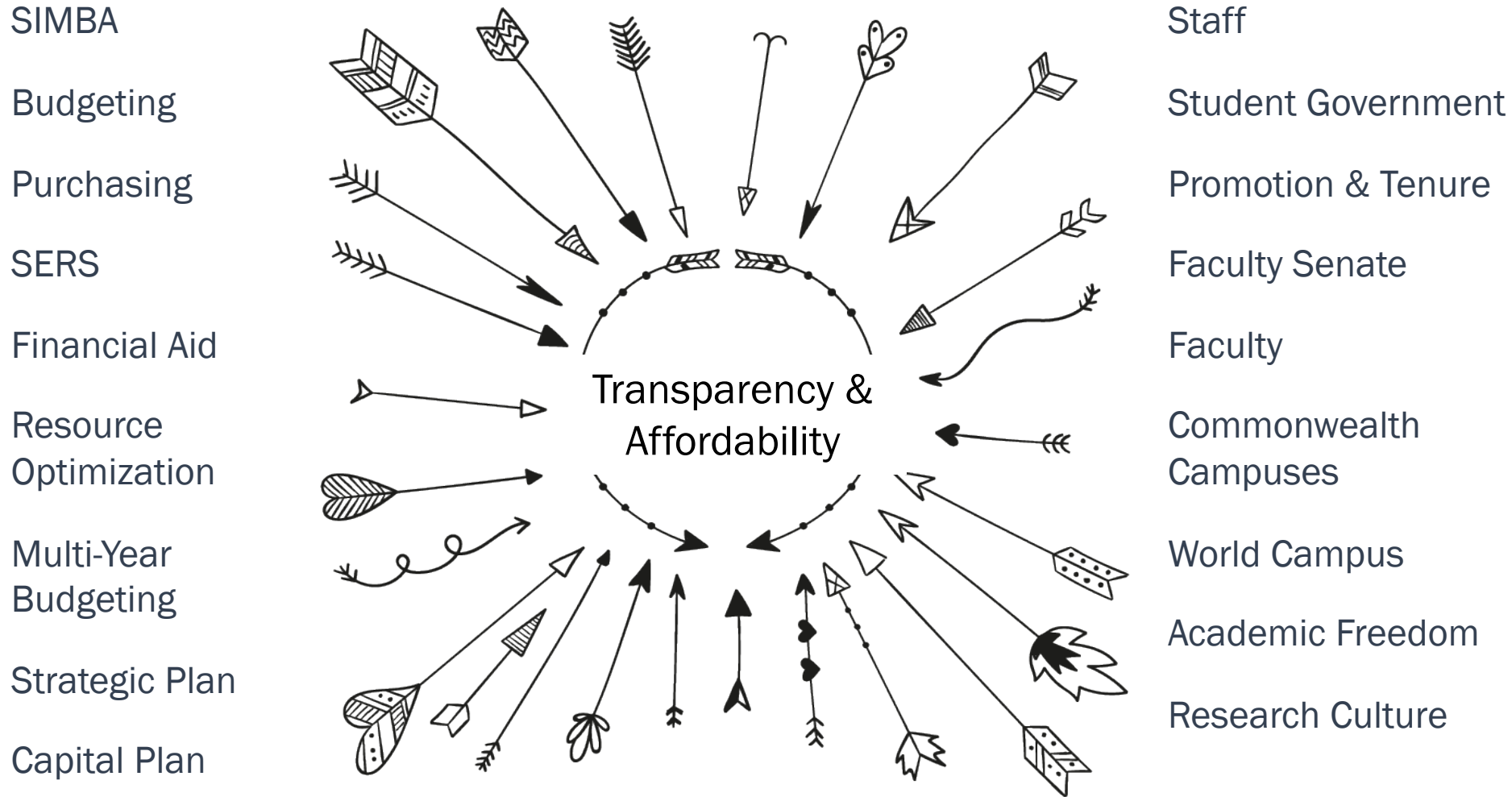
- Focus on aligning the capital planning approach to the new budgeting approach.

- **Recommendations to Address**

- Capital plan development
- The intersection of operating and capital costs

Organizational Change

How can these changes support you?

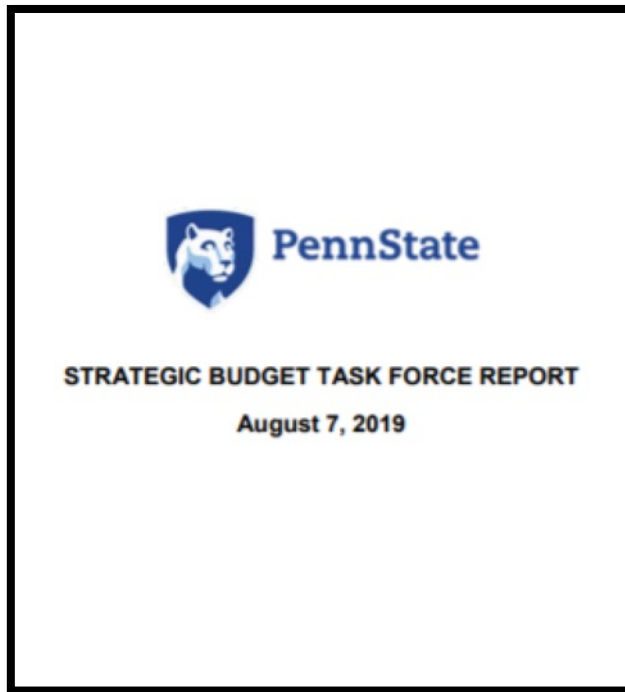


COVID-19 and the Importance of Resiliency

- What has COVID-19 taught us about having a reactive budgeting approach and our resiliency?
 - Potential outcome scenario planning in crisis
 - Burden and strain on administrators
 - Enrollment modeling
 - Major priorities put on hold
- What if resiliency were our standard operating procedure?
 - Scenarios planned in advance
 - More nimble and adaptable to external changes
 - Less time to enact changes = less time to recover

Additional Information

Budget.psu.edu/StrategicBudgeting



QUESTIONS

