Resilience in Resource Management: Strategic Budgeting and SIMBA

Academic Leadership Forum
April 15, 2020
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)
Strategic Budget Task Force

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.
Strategic Budget Task Force

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
Strategic Budget Task Force

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.

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**Budget Executive Committee**

- **Budgeting Approach**
- **Multi-Year Planning**
- **Salary & Job Classification**
- **Capital Planning**
Budgeting Approach

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

March 2 – 6, 2020
Receive FY 2020 – 2021 Budget Submission Workbook

March 30-31, 2020
FO Retreat Breakout Sessions

April 30, 2020
FY 2020 – 2021 Budget Submission Workbooks Due

March 16, 18, 20, 2020
In person training and support

April – May 2020
Meetings with Budget Analysts and FO

May – June 2020
Budget Executive Meetings

PennState
Salary and Job Classification

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

Mar - June

July 1, 2020 – all new job postings follow new process

May - Sept

Review all current job postings and remove Fixed Term language where appropriate

Apr 2020 – June 2021

Develop a process to evaluate fixed term appointments each month and transition to standing where appropriate

Apr 2020 – June 2021

Faculty sub-working group begins April, 2020

Staff

Faculty
Multi-Year Planning

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

- **Discovery and Planning**
  - SIMBA go live
  - July 1, 2020

- **Socialization and Approval**
  - Executive Team

- **Implementation and Socialization**

2021

- **July 1, 2021**
  - Year 1 of Multi-Year Budget in SIMBA
Capital Planning

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?

- SIMBA
- Budgeting
- Purchasing
- SERS
- Financial Aid
- Resource Optimization
- Multi-Year Budgeting
- Strategic Plan
- Capital Plan
- Staff
- Student Government
- Promotion & Tenure
- Faculty Senate
- Faculty
- Commonwealth Campuses
- World Campus
- Academic Freedom
- Research Culture
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