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FROM: Robert N. Pangborn *RNPangborn*
TO: Budget Executives of Strategic Planning Units
SUBJECT: Unit Strategic Planning Guidelines for 2014-15 through 2018-19

As you know, due to the press of issues facing the University it was decided to delay the normal strategic planning cycles (both for unit planning and University-level planning) by one year. By this memorandum, I am asking budget executives of Penn State's strategic planning units to develop strategic plans for the 2014-15 through 2018-19 cycle.

Penn State has had perhaps the most extensive institution-wide history in strategic management of any major university in U.S. higher education. Since the 1980s, Penn State has relied upon planning to strengthen its ability to make careful, informed choices and to allocate resources according to evidence, judgment, and strategic priorities. We remain committed to strategic planning and to the overarching vision, mission, values and goals as outlined in the University's current strategic plan, *Priorities for Excellence: The Penn State Strategic Plan 2009-10 through 2013-14*. And of course, in light of other circumstances, all of us at Penn State must now, more than ever, be especially mindful of matters of ethical conduct and integrity, and demonstrate the qualities of justice, equity, and honesty in all that we do.

While Penn State remains steadfast in its commitment to its core values and mission, planning must respond flexibly, intelligently, and realistically to change. In support of the recent strategic plan, the Academic Program and Administrative Services Review Core Council worked from 2009 through 2011, to thoroughly evaluate opportunities for cost reduction, efficiency and income generation at both the University and unit levels. The Core Council's reviews and recommendations identified more than \$25 million in savings and increased revenue from, for example, energy savings; additional overhead recovery from Auxiliary Enterprises; the replacement of mobile media technology services with fixed classroom technology; capping the subsidy to University Outreach; closing the Science, Technology and Society Program; cuts to Finance and Business units and other central administrative budgets; and eliminating a graduate study grant-in-aid for staff located away from University Park. More recently, the Budget Planning Task Force worked from 2012 through the spring of 2013 to fundamentally re-examine the University's budgeting strategies. Broad topics included possible re-missioning and/or restructuring of some Commonwealth campuses; devising new structures for tuition and fees; growing the World Campus and advancing the use of technology in resident instruction; exercising greater selectivity in research support; and establishing priorities and effective strategies for faculty recruitment and retention. In short, examination and considered action to enhance effectiveness have impacted decision-making at the University-level.

Later in the calendar year, President Erickson will appoint a University Strategic Planning Council, a group of about a dozen members. That Council will be charged with crafting the next University-level strategic plan and will, once again, draw extensively upon the unit-level plans as well as other resources in a broadly participative process.

The combination of top-down/bottom-up planning will remain a fundamental characteristic of strategic management at Penn State. Within common guidelines, each major planning unit defines its own planning approach, implementation strategies, and performance metrics. This hybrid technique has served the University well over the years; the unit-level planning process is valuable in its own right, and it provides a backbone for University-level planning.

The guidelines for the next set of unit-level plans should not be viewed as a rigid set of requirements; instead, they provide a common framework that allows different approaches, reflective of the mission, priorities, and organizational culture of each budget unit. With all of this in mind, please include the following elements in your unit's strategic plan for the years 2014-15 through 2018-19.

- 1. An articulated vision of your unit's future over the next five to ten years.** The vision should guide the unit's plans for concrete actions in the near- to mid-term, while providing a foundation for aspirations and directions over the longer term. Please identify functional areas and programming that could be enhanced and those that could be de-emphasized or eliminated in order to make way for new promising initiatives and activities. Your vision should incorporate an analysis of broad local and national or global forces that shape the environment in which your unit operates.
- 2. A discussion of specific strategies to achieve the vision.** As you consider future directions, you should address the implications and impact on current capacity in areas such as enrollments, staffing, budget, and space and facilities, as appropriate to your academic or support unit. Please discuss the current internal and external challenges that have been identified through data mining and evaluation, benchmarking, constituent feedback, market analysis, or other sources, and how they will be addressed. Also, please be explicit about cost reductions and/or resource generation ideas enabling the unit to shift resources toward higher priority activities or new initiatives.
- 3. For academic units: A discussion of plans, progress, and initiatives in learning outcomes assessment.** Please discuss your unit's program assessment process and actions (such as curricular change based on findings), especially for graduate and undergraduate programs not subject to national accreditation reviews. For undergraduate programs, the information should connect with the ongoing student outcomes assessment and improvement work being carried out in conjunction with the Assessment Coordination Committee of the Administrative Council on Undergraduate Education.

4. Strategic performance indicators structured around unit level goals. Penn State will continue to monitor strategic performance indicators at the University level. All units are encouraged to continue to collect and monitor performance data, using indicators appropriate to unit-level context, mission, and goals.

5. Diversity planning. Given the Core Council's recommendation to mainstream diversity planning into the overall strategic planning, please describe the progress the unit has made and the issues it continues to address by answering the following questions in relation to **each of the seven Challenges** (presented in the *Framework to Foster Diversity at Penn State 2010-15*) that have guided the University's diversity strategic planning.

- A. Taking into account the unit's and University's history with this Challenge, the targeted areas for improvement as they apply to your unit, and your unit's diversity and general strategic planning to date, what progress have you made toward this Challenge during the reporting period? What diversity efforts and initiatives are planned for the 2014-15 through 2018-19 planning cycle?
- B. What measures of success or strategic indicators gauge your progress toward this Challenge? What specific data in relation to these measures and indicators demonstrate your progress?
- C. Among the strategies you have employed to make progress with this Challenge, which specific approaches are considered your "signature" initiatives and which could be considered "best practices"? (Best practices are processes, programs, and procedures that most successfully lead to the unit's ability to reach the University's diversity goals and can be validated through measurable outcomes.) Describe these signature and/or best practice initiatives, the metrics by which their success is gauged, and the measurable outcomes.

Educational Equity's website provides much information about Penn State's core values for diversity, strategic indicators, and best practices (<http://equity.psu.edu/diversity-strategic-planning>). As noted there, "*Since the implementation of the initial Framework in 1998, Penn State has made considerable strides toward building a truly diverse, inclusive, and equitable institution and in establishing an infrastructure to facilitate effective diversity planning, implementation, and reporting processes. Fostering diversity must be recognized as being at the heart of our institutional viability and vitality, a core value of the academic mission, and a priority of the institution.*"

6. Core Council follow-up. Where relevant, please discuss how recommendations of the Academic Program and Administrative Services Review Core Council continue to factor into strategic management of the unit now and/or over the next several years. It will be especially helpful if anticipated actions or milestone accomplishments are presented in relation to target dates.

7. Information on practices that promote integrity and ethical behavior. Please describe the ways in which the unit, in the conduct of its programs and activities, demonstrably accomplishes adherence to high ethical standards. This may relate to the extension of existing practices and policies or by planning and implementing new initiatives – relating to curriculum, hiring, professional and/or student development programming, and so on – that are appropriate to the mission of the unit.

8. Discussion of how the unit is contributing toward Penn State’s goals for sustainability. Sustainability is being incorporated into the strategic planning process. Please describe the progress made and future plans, that align with the University’s efforts to integrate sustainability across all of its functions. Please consider questions such as the following, appropriate to the context of your unit. For example:

- A. What will be done to incorporate sustainability into teaching, research, and/or community outreach and engagement efforts?
- B. How will the unit address sustainability in operations? That may involve buildings, office spaces, labs, professional development, performance evaluation, and so on.
- C. How will planning integrate work toward sustainability across functions – e.g., using communities and campuses as "living labs" for conducting research on community sustainability solutions and/or as a teaching tool for courses?

As defined in the Penn State Sustainability Strategic Plan, *“Sustainability is the simultaneous pursuit of human health and happiness, environmental quality, and economic well-being for current and future generations. Penn State’s vision is a comprehensive integration of sustainability into the University’s research, teaching, and services that will prepare students, faculty and staff to be tomorrow’s sustainability leaders.”* The Sustainability Strategic Plan and many related resources are available through the Sustainability Institute, online at <http://sustainability.psu.edu>

9. Correlation of strategic initiatives to budget planning and adjustments. The Budget Planning Task Force has devoted considerable attention to the fundamental budget model(s) under which the University operates and the opportunities to realize new revenue and develop innovative income sources. The work is focused in part on reducing the dependency on annual recycling and creating greater incentives to develop new ideas and programs. Given the shifts in enrollment trends, research priorities and operational imperatives, there will continue to be a need for budget contraction in some units to support needed expansion in others.

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Each unit is asked to submit a five-year strategic plan to the Office of Planning and Institutional Assessment by July 1, 2014. The plan should be submitted electronically in PDF format to psupia@psu.edu. Please refer questions to OPIA at 863-8721 or email Michael Dooris at mjd1@psu.edu. OPIA is available to consult with units and facilitate this process. Likewise, the Office of Educational Equity is available to consult with units on diversity planning. And the Sustainability Institute's priority for this year is to facilitate individual units' integration of sustainability into their strategic planning.

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