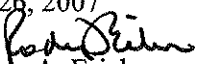




**Rodney A. Erickson**  
Executive Vice President  
and Provost of the University

(814) 865-2505  
FAX: (814) 863-8583  
E-mail: rae@psu.edu

The Pennsylvania State University  
201 Old Main  
University Park, PA 16802-1589

**DATE:** June 26, 2007  
**FROM:**   
Rodney A. Erickson  
**TO:** Budget Executives of Strategic Planning Units  
**RE:** Strategic Planning Guidelines for 2008/2009 through 2012/2013

The strategic planning process continues to evolve at Penn State as we strive to enhance excellence in a time of increased challenges and diminished resources. Changing demographics, rising costs, growing competition, declining state appropriations as a share of university budgets, and increasing national and state efforts to moderate tuition increases have come to characterize the environment in which we now operate. As we approach the end of the present three-year planning cycle, it is important to reaffirm our commitment both to strategic planning and assessment.

We also reaffirm our commitment to the six general goals outlined in the University's current strategic plan, "*Fulfilling the Promise: The Penn State Strategic Plan.*" However, recent discussions concerning the University's overall strategic plan call for some significant changes from the process that has occurred over the past ten years. First, the timeline for strategic planning needs to be lengthened again. The shorter time horizons of previous plans were meant to be more tactical in nature because of considerable uncertainties regarding Commonwealth and other funding sources; it is imperative that we now think more strategically about our University's priorities farther into the future. Second, it will be necessary and appropriate to broaden the range of involvement in the overall University planning process given the longer-term issues and future priorities that must be confronted. Third, representation of individual constituencies must be put aside in favor of the "greater University good" as we search for ways to not only maintain, but to enhance, excellence at Penn State in a future of increasingly scarce public resources in higher education.

This fall, President Spanier will appoint a University Strategic Planning Council, a group of about a dozen members. The Council will be charged with developing the University's overall strategic plan, drawing extensively on the various unit plans emerging from within the University, information about the external environments for Penn State and higher education, and a wealth of data and reports that are available from our own internal analyses and metrics.

President Spanier and I believe it will be a desirable part of the University-level strategic planning process to seek input from, and provide updates to, the Board of Trustees. It will be important to have the Board's support for, and concurrence with, our ultimate plan. Therefore, representatives from among the Trustees will serve on the University Strategic Planning Council to help develop our plan for the next five years and beyond.

Penn State has traditionally utilized a top-down/bottom-up strategic planning approach, with each major planning unit defining its own planning approach, strategy for implementation of changes within the unit, and identification of measures of performance. This approach has served us well over the years in identifying strategies, innovations, best practices, and critical concerns from the major budgetary units. This unit-level planning process is valuable in its own right, and will continue to be a backbone of the next phase of University strategic planning, which will incorporate elements of the units plans into the overall plan for Penn State. The guidelines for the next cycle of unit plans should not be viewed as a rigid set of requirements. How the goals are addressed and their progress measured will continue to vary because of differences in mission, priorities, and organizational culture among budget units.

We are extending the planning cycle from three years to five years to encourage more strategic thinking. I am requesting that you develop a five-year strategic plan for your unit for the academic years 2008-09, 2009-10, 2010-11, 2011-12, 2012-13 (the overall plan for Penn State, when completed, will begin with the 2009-10 academic year and continue through 2013-14). Please include the following elements in your unit's strategic plan:

1. **An articulated vision of where you see your unit's future in 5-10 years.** This vision should include an identification of those functional areas and types of programming that will be enhanced and those that will be less emphasized or eliminated in order to achieve the unit's vision within a context of limited financial and other resources. This vision for the future should incorporate an analysis of the overarching trends and forces that are shaping the environment in which your unit operates, nationally and locally.

2. **A discussion of specific strategies for achieving the vision.** As you consider future directions, you should address the implications and impact on current capacity in areas such as enrollments, staffing requirements, budgetary resources/flexibility, and space/facilities, as appropriate to your academic or support unit. Discuss the unit's current internal and external challenges that have been identified through benchmarking, constituent feedback, market analysis, and other assessment data, and how they will be addressed.

Be especially cognizant of major University initiatives and priorities that have implications for unit level planning. For example, units may wish to highlight interdisciplinary and cross-campus collaborations and efforts to reduce costs and improve efficiencies.

3. **(For Academic Units) A discussion of progress and initiatives in learning outcomes assessment.** Plans should include information regarding how academic assessment and efforts to review undergraduate and graduate degree programs will be accomplished, especially for those fields not subject to national accreditation reviews.

4. **Strategic performance indicators appropriate to unit level goals.** The University will continue to monitor strategic performance indicators at the university level. Units are encouraged to continue to collect data and utilize indicators appropriate to unit level goals and strategies.

5. **An indication of how elements of the *Framework to Foster Diversity* are incorporated into the unit's strategic plan.** Although diversity planning will continue to occur in a parallel planning process, units should take advantage of the opportunity to incorporate related elements of their goals and commitments regarding diversity into the larger context of the unit's future vision and strategies. Units should also incorporate other elements of climate that may be reflected in faculty and staff surveys as available.

**6. A five-year recycling plan that describes those adjustments that would be necessary for the unit to recycle centrally up to 1.0 % of its permanent operating budget each year.** Some continued central recycling will almost assuredly be necessary to balance the University's overall budget, providing for regular and competitive salary increases, improved facilities, and limited new strategic investments.

**7. Units should identify those centrally funded, jointly funded, and/or enrollment-growth-funded (in the case of Commonwealth Campuses and Great Valley) strategic investments that would have the greatest impact in helping to achieve the unit's articulated vision.** Units should consider three possible scenarios when making their requests: (1) the unit would have at its disposal strategic investment funds (in addition to the regularly provided general salary increase funds) over the next five years equal to approximately half of those funds that would be centrally recycled, and (2) the unit would have strategic investment funds equal to the total of those funds centrally recycled by the unit, and (3) the unit would have the equivalent of its centrally recycled funds plus an increment of strategic investment funds equal to approximately 5.0 percent of its current base budget. The last of these scenarios should provide units with the opportunity to think more boldly and creatively about how they could best position themselves for future success in an environment of more plentiful resources, recognizing that only a few units may, in the end, experience such increases. It should also be noted that the University's continuing goal is to shift relatively more of its resources to "core" instructional, research, and related support functions, and to operate administratively in the most efficient and streamlined manner possible while not adversely impacting mission critical support services.

Each unit is asked to submit to [psupia@psu.edu](mailto:psupia@psu.edu) electronically in PDF format, a five-year strategic plan to the Office of Planning and Institutional Assessment by July 1, 2008. Please refer questions to the Office at 863-8721 or email Louise Sandmeyer at [les1@psu.edu](mailto:les1@psu.edu). The Office of Planning and Institutional Assessment is available to consult with units and facilitate this process.

cc: Graham Spanier  
Stephen Curley  
Louise Sandmeyer  
Rachel Smith