Major PBB Principles

- **We must have a balanced budget.** The PSU Board of Trustees require we have a balanced university budget. For FY15 (our first year of PBB) OAA used a strategy of combined revenue enhancements ($3M) and expenditure budget reductions ($2.4M) to balance our FY14 E&G $5.4M deficit.

- **SEM (Strategic Enrollment Management) plans are the building blocks of the OAA budget.** Each revenue-generating unit in OAA prepares a SEM plan. Each SEM plan outlines anticipated enrollment changes related to student success, retention, and demand. In the budget planning process, revenue-generating units identify the resources needed for growth or the commensurate decrease in budgets associated with enrollment declines. Each school/college must have valid rationale to support their assumptions.

- **Impacts on other units matter.** Programmatic changes, growth, or decline in one area can affect another. PBB allows for identifying when for example, a major in one department adds a requirement of a course in another department/college. We examine what those are, assess their impact, and make decisions accordingly.

- **Subsequent year’s expenditure budgets need to take into account multiple factors.** A school’s/college’s expenditure budget does not increase or decrease each year by the exact dollar amount it exceeded, or if it did not meet its prior year revenue requirement. Schools/colleges can expect to see increases or decreases in budgets based on performance; however, other principles are also taken into account. Past performance requirements (revenue targets and expenditure budgets) are examined in the context of past, current and future considerations. We consider impact on student success, quality of curriculum, support of unfunded research, and ability for future revenue generation.

- **OAA revenue supporters are expected to continue to find efficiencies.** OAA revenue-supporter include the Provost’s Office, Library, Office of Academic Innovation, Office of Graduate Studies and Office of International Affairs. Revenue supporter FY16 E&G budgets, with the exception of the Library, will be flat other than the +3% received by all units to cover increased personnel costs.

- **No funds are “Swept.”** Schools/colleges retain their salary savings and any other carry-forward funds. These funds are used as one-time investments by the colleges and for a contingency fund if needed to cover shortfalls in revenue requirements. This allows for better management of funds in the school/college, but also means there is not a central pool of funds to draw from for one-time requests or if revenue requirements are not met.

- **All for one and one for all.** There are subventions (subsidies) built into the model, and units support one another. For instance, revenue from CLAS provides support to the other colleges. However, CLAS’s revenue is predicted to be flat in FY15 and to have a slight decline in FY16, while other school/colleges have and anticipate generating additional revenue. The growth of others has made it possible to mitigate commensurate decreases in the CLAS expenditure budget.