Strategic Asset Planning Guide

Purpose

The purpose of this document is to give the members of the university community tasked with multiyear budgetary planning, implementation, assessment, and/or oversight a common resource for understanding and utilizing strategic assets, complete with definitions, guidance, and a foundation for the campus to build out a consistent decision making methodology.

Background

Strategic budgeting is a rolling five-year process focused on allocating resources to advance strategic priorities, to preserve and invest in our institutional (strategic) assets, and to invest in the future with adequate contingency and reserves. Between August 2015 and November 2016 the University Resources & Planning Committee (URPC) has engaged in various activities to educate its members on the application of strategic budgeting concepts in HSU's budget planning process. In February 2016, the URPC adopted strategic budgeting principles and published a strategic budgeting overview document that incorporated these principles and also provided the initial strategic asset definitions. This document builds upon the initial strategic budgeting framework, provides the reader with a greater understanding of strategic assets, and provides guidance on how to make asset related decisions that bridge the principles of strategic planning with other institutional planning and assessment concepts.

HSU Strategic Plan Section As the Charter [http://strategicplan.humboldt.edu/]

The establishment of strategic asset guidelines is directly addressed in Goal 4 of HSU's 2015-2020 Strategic Plan:

Goal 4

Outcome 4.4 - Strategic campus resources (campus strategic budgeting assets) are maintained and sustained

Objective 4.4.1 - Identify and define strategic assets of the university as described in strategic budgeting

Understanding Strategic Assets

Assets in general accounting terms are defined as a resource of value that is owned by an organization. In strategic budgeting, assets are institutional assets that represent the core elements of the University that must be maintained and invested in to ensure they are sustained over time and do not become obsolete. Institutional assets become "strategic assets" through clear alignment of asset related planning and decision-making with the University's mission, vision, values, and strategic plan. Much like organisms in an ecosystem, strategic assets are interrelated components of a University. Decisions involving strategic assets must be thoughtfully conducted to ensure there is an understanding of the impact to the University and to the other asset categories. The following section outlines each strategic asset category and provides themes and considerations when evaluating, managing, and making decisions regarding each category.

Strategic Initiatives: (need to build out still)

Facilities: Facilities reflect the campus physical environment and are a visual representation of the campus' success in this area. Facilities provide the space for all University activities to occur and are a central and critical University resource. It is our collective responsibility to manage and steward or space and facilities well. When investing in campus facilities, a good rule of thumb is investing 2% of the current replacement value (CRV) on an annual basis to maintain and improve campus facilities. Multiple funding sources can be leveraged to reach the 2%.

- Themes: Infrastructure and topography are enables and limiters; innovative use of space and technology can save time and money in service delivery and can also foster collaboration and create connections
- Considerations: Decisions should take into account campus acreage, number of buildings, gross square footage, types of space, space utilization by space type, scheduling needs, average building age, facility condition index, current replacement value, deferred maintenance levels, and campus debt service ratios.

Equipment, including Information Technology (IT): This is a broad category of equipment, including IT, that is used to run the institution. Continuous replacement and changing of the information infrastructure requires a significant amount of funds on a regular basis.

- Themes: The need to align investment with the University's vision; the need for formalized renewal and reinvestment plans
- Considerations: Decisions between purchasing vs. leasing, cloud vs. campus-based equipment, cost of equipment, maintenance/service contracts, support needed, safety, level of specialization, utilization rates, student use - There are different approaches to accomplishing goals in this category that should be carefully considered.

Collections, including Library, Sciences, Arts: Scholarly collections in libraries and academic departments are important assets and need updates or maintenance on a periodic or regular schedule. Collections span a broad range from library collections, to art collections, to animal collections.

- Themes: Similar to equipment and IT assets, collections have ongoing renewal, maintenance and reinvestment needs
- Considerations: How to maintain knowledge of collections as personnel changes occur, decisions regarding how collections should evolve over time

Personnel: Human capital is a major campus resource - this is the productive element in the University. It has three components: faculty, staff and management. Personnel are essential to a successfully operating university and require support and renewal to ensure they keep pace with the changing higher education environment. In addition to personnel costs, additional funding must be invested to develop and grow personnel to fulfill the needs of the University and the University community.

- Themes: Investments in personnel reflect long-term commitments by the University, with knowledge renewal being a key component. This is especially acute in information technology where advancements and changes in the industry occur at a fast pace.
- Considerations: Staffing ratios, tenure density, diversity, surrounding community support, professional development plans, industry changes, changing student demands

Programs (Curricula): This is a key asset category but difficult to define. Curriculum is a multi-faceted asset that must consider a variety of factors. The idea is that funding should be set aside each year to thoroughly examine the curricula and to support faculty on curricular development.

- Themes: Program development is fluid and ever changing. New concepts, discoveries and societal changes influence the necessary outcomes. Encouragement and investment in these advances are necessary to keep current and relevant as individual programs and an institution.
- Considerations: Student success and learning outcomes, academic quality, academic freedom, capacity, complexity, time to degree, support structures, student demand, diversification, and methods of delivery

Students: Students are the reason HSU exists and asset related decisions should maintain a student centered focus. As students are at the center of many University decisions, the student asset category has been narrowed down to focus only on direct investments made in students. Examples include scholarships/grants and employing student assistants.

- Themes: Cost of education drives access to opportunities during and after the degree completion.
- Considerations: Fee and tuition policies, impact to recruitment and retention efforts, investments to other strategic asset categories defining the sustainability of student success for the institution

Brand: The University's "brand" is an intangible asset that involves its core mission and promise to its audiences. Brand equity can be enhanced and protected through various tactics, such as: offering specific customer experiences that serve to reinforce the brand; managing issues that could harm the institution's reputation; conducting various types of communications and outreach to existing and desired audiences; creating specific programs or projects specifically to showcase the brand; and ensuring the brand is central to campus decision-making.

- Themes: Our brand reflects the success or failure in other categories
- Considerations: How decisions in other categories impact brand and likewise, how brand related decisions can advance other categories

Consumables: This category represents short term purchases, such as insurance, service contracts, utilities, and supplies. While there is more flexibility with this category, many consumables reflect reoccurring costs to the University.

Contingency/Emergency: A base-budgeted percent of the expenditure budget each year. (Protects against raiding other budget categories to fund true emergencies.) Funds not spent should go into a reserve fund.

Reserves: Unspent contingency should be diverted into reserves every year. Reserves should include operating reserve, deferred maintenance reserve, and a capital improvement fund (university match for new capital improvements as required by the CSU).
Considerations: Purpose and charter of reserve accounts must define the use patterns. Mandated levels should be maintained. Surplus over mandated levels should be governed by best use practices to foster investment into the institution.

Linkages to the Strategic Planning Foundation and the Integrated Assessment, Planning and Budgeting Process (IAPBP)

Strategic asset planning in HSU fits into the continuum of planning starting from the institutional accreditation requirements and the institutional strategic plan, to the multi year strategic planning and budgeting. In this continuum the Integrated Assessment, Planning, and Budgeting Process that links the daily activities of each department to the overall vision of the institution by virtue of continuous assessment and evidence based decision making. The IAPB process is a key part in how the strategic assets are taken into consideration when evaluating resource opportunities or threats to resources for any part of the institution. The schema on the next page illustrates this fit.

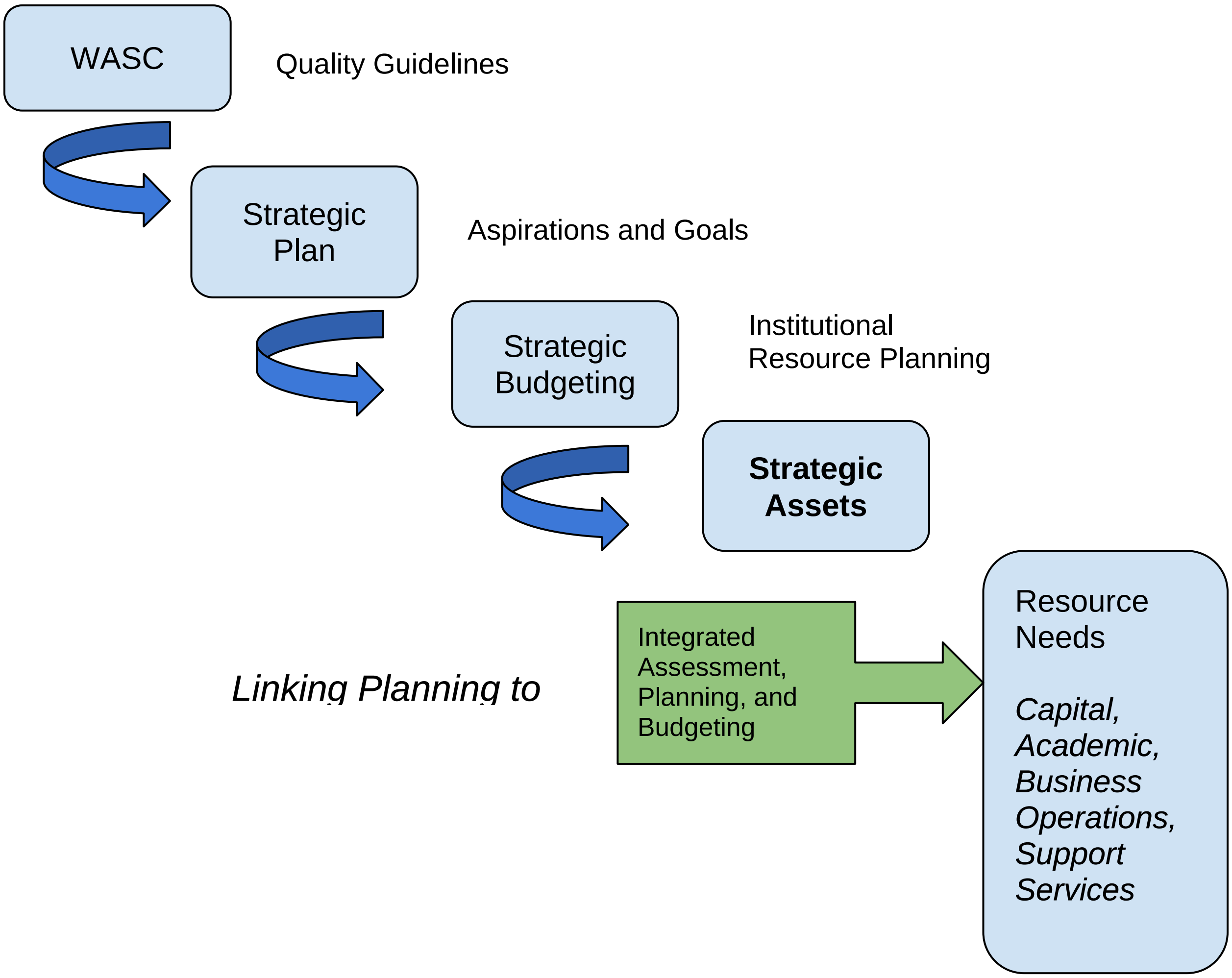

Figure 1: Strategic Assets and How They Fit into the Strategic Planning Foundation

Decision Making Guidelines for Evaluating Budget Planning Actions that Involve Strategic Assets

1. What strategic asset(s) does the proposed action affect?
2. How does the proposed action change the affected strategic asset(s)? Expansionary, reductionary, or neutral?
3. Would the affected strategic asset(s) be strengthened or weakened as a result of the projected action? Why? What evidence can be presented to reach that conclusion?
4. Would the resulting changes to strategic asset(s) after the implementation is complete be in alignment with strategic planning and budgeting?
5. If no, stop and redesign the proposed action, or reject the proposed action.
6. If yes, explain what the resulting changes of the affected strategic asset(s) mean to the fulfillment of the strategic goals of the institution. Develop metrics to evaluate the changes. Describe what evidence may support this conclusion.

Resources (will add hyperlinks)

Strategic Budgeting Overview
Dennis Jones Articles:
Strategic Plan Blueprint

- HSU Strategic Plan Objectives Related to Strategic Asset Planning [http://strategicplan.humboldt.edu/]
  - **Goal 4**
    Sub Outcome 4.1A
    - *Objective 4.1A.1*
    - *Objective 4.1A.2*
    - *Objective 4.1A.3*

    Sub Outcome 4.1B
    - *Objective 4.1B.1*
    - *Objective 4.1B.2*
    - *Objective 4.1B.3*

    Sub Outcome 4.1C
    - *Objective 4.1C.1*

    Sub Outcome 4.1D
    - *Objective 4.1D.1*

    Sub Outcome 4.2A
    - *Objective 4.2A.1*
    - *Objective 4.2A.4*

    Sub Outcome 4.2B
    - *Objective 4.2B.1*
    - *Objective 4.2B.2*

    Sub Outcome 4.3B
    - *Objective 4.3B.1*

    Sub Outcome 4.3C
    - *Objective 4.3C.1*

    Sub Outcome 4.4B
    - *Objective 4.4B.1*
    - *Objective 4.4B.2*
    - *Objective 4.4B.3*
    - *Objective 4.4B.4*

    Sub Outcome 4.4C
    - *Objective 4.4C.1*

    Sub Outcome 4.4D
    - *Objective 4.4D.1*