



When Your Finances are at Risk, Your Mission is at Risk

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Colleges and universities are facing increasing pressure from both sides of the financial equation: revenues and expenses. Higher education institutions can modernize budgeting and planning processes to help ensure long-term fiscal stability.

The disruption brought on by the COVID-19 pandemic, combined with a decline in public funding, enrollment and tuition, has impacted revenues and expenses. At the same time, people, infrastructure and technology expenses are rising, not to mention the costs associated with improving the student experience.

And yet another challenge has entered the picture in the wake of the pandemic: An increasing number of students are realizing that they may not need, or want, the on-campus experience — and they're considering alternative options.

Your institution does not have to fight this uphill battle alone, though. It is possible to respond in a way that sets you up for financial resilience in the face of change while still fulfilling your mission.

From Reactive to Proactive: Budgeting and Planning to Advance Mission

Despite the clear shift currently taking place in higher education, many institutions are nevertheless preserving the traditional modes of doing business by applying short-term solutions to current problems, such as implementing across-the-board but unsustainable budget cuts.

Colleges and universities will be better positioned for the future by facing these changes and making strategic choices about where to invest and where possibly to divest to remain competitive — and viable — in a post-COVID-19 world.

Leaders need to access and analyze timely, accurate data related to mission-critical issues, such as enrollment, recruiting, hiring, faculty and staff administration, faculty-to-student ratios, and more.

Not an easy feat when working with the types of obstacles most institutions confront today. Yet, the right cloud technology can bring all of these data into one view, enabling leaders to align strategy, priorities, mission and resources. Such technology can also uncover inefficiencies and expose issues that leadership can address before they become critical threats.

Only then can an institution shift to proactive, agile budgeting and planning.

Operational decisions impact financial decisions. Operational metrics such as key performance indicators (KPIs) need to become part of the budgeting process. For example, take the goal of increasing enrollment. The operating expenses related to increasing enrollment may be greater than the revenue generated by the increase. An increase in enrollment should trigger a cascade of questions — for every increase in enrollment, how much do I need to spend on faculty, student support and infrastructure, and does this lead to an increase in housing and dining revenue and by how much? But it's difficult to know the answers without aligning all of the data in one place.

Additionally, a leading practice among successful higher education leaders is to revisit the approved budget frequently. When you see immediate shifts in enrollment, and understand all of the impacts of the shifts, you can be proactive and make real-time decisions. You can answer questions like how to manage the revenue generated by an increase in enrollment for one program — is it reinvested into that program, or shifted to build and support other efforts; what immediate needs can I address? By monitoring this information regularly, you can also understand if the change is a trend or an anomaly and adjust accordingly. Cloud technology can facilitate flexible budgeting strategies, so you can refresh your plan against the budget based on real-time data — a highly valuable tool to have in these uncertain and ever-changing times.

Align the Financial Plan to the Strategic Plan

Institutions typically have a five-to-10-year strategic plan, but they don't necessarily adopt a robust financial plan that enables it. Instead, they often fund their goals retroactively through endowments, grants and other revenue — and risk operating in the red.

For the mission to be sustainable over the long term, it's crucial to know how you're going to fund each goal in the strategic plan. Every time you spend or reduce a dollar, ask how that choice benefits the university's mission, because if the financials aren't strong, the mission is in jeopardy.

Consider another scenario as well: How might realistic financials inform your strategic plan? It's important to acknowledge when certain goals aren't going to be attainable because of an unexpected change in finances, such as the impact on enrollment and housing with the advent of COVID-19.

Leaders should ask themselves and all relevant stakeholders the following questions:

1. How will the institution be impacted if we don't align the strategic plan to the financial plan?
2. How are we advancing our mission, and will we need to consider making changes to it based on our current and future financial position?
3. What trade-offs might we need to make?

Choosing the Right Technology

To analyze the data and provide leadership with accurate financial plans, forecasts and reporting, your administrative staff members need tools that enable them to easily access all the information they need — tools with modern and sophisticated capabilities that transcend a spreadsheet.

[According to a study](#) conducted by The Tambellini Group, one of the biggest budgeting and planning challenges for most colleges and universities is reliance on manual processes, which involves coordination of spreadsheets across multiple departments and, in turn, puts data integrity at risk.

The Tambellini study further highlights:

[Adaptive Insights](#) [now called Workday Adaptive Planning] supports budgeting, forecasting, reporting, and analytics for any size institution,

and it was “founded on the belief that people are at the center of business planning and that planning and decision-making solutions should be intuitive enough for the direct involvement of businesspeople.” Unlike legacy financial planning tools, Adaptive Insights distributes the planning process beyond core finance superusers and IT to the relevant business users in a collaborative process.

When considering the technology you need, start with the end in mind. Make a list of the questions you want to answer and the metrics and KPIs that affect them.

Look for a planning and budgeting technology system that:

- Enables all the data to be easily captured in one place and organized and modeled in a way that paints a financial picture about where the institution is and where it is going.
- Integrates easily with major higher education source systems (student information, finance, human resources).
- Ensures real-time access and easy modeling capabilities for enhanced transparency, visibility and agility.
- Provides the ability to create and run multiple scenario models.
- Is designed with end users in mind to ensure usability; if it is complicated, it is not going to get used.

Moving this information out of spreadsheets — which may exist on only one employee’s computer — is the first step to providing greater visibility and accountability across the institution. Your institution is going to continue to evolve, so everyone, including leaders, needs to be able to see what they thought would happen, what’s actually happening and what they project for the future.

This modernized approach — viewing mission and finances as interdependent and mutually informed — is a key step in positioning your institution to keep up with constant change. The right cloud technology for budgeting and planning combined with a thoughtful and well-planned implementation will help your institution continue to thrive.

For more information, visit:

[huronconsultinggroup.com/expertise/
digital-technology-analytics-education](https://huronconsultinggroup.com/expertise/digital-technology-analytics-education)

Key Takeaways

Think differently.

The concept of running your institution as a business is not at odds with fulfilling your nonprofit mission.

Plan differently.

Plan proactively with hard data and with the future in mind so that you can advance your mission.

Act differently.

The technology to modernize your budgeting and planning processes is available to you, and you can make the shift faster than you think.



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