

Office of Budget Operations

The Office of Budget Operations (OBO) supports core Institute goals by providing tools and knowledge to promote effective use of MIT resources. The office manages the yearly budget cycle, which includes publication of the annual *Budget Book*, the end of year *Report of Financial Results*, and quarterly management analyses. It is the office of record for the General Institute Budget and manages the locally developed NIMBUS budget system database. The Office serves a diverse client base of MIT leadership and individual units, and in all efforts strives to promote dialogue for effective resource allocation and management.

In FY2006, the Institute budget totaled \$2.1 billion in revenues and expenses across all categories of funds, including the General Institute Budget, sponsored research, auxiliary activities, and designated funds, the latter controlled largely by departments, labs, and centers (DLCs).

Accomplishments

OBO continued to advance its understanding of clients' businesses, with the goals of improving business models, developing information for strategic purposes, and providing clarity and transparency in resource allocation and management. This year, in particular, we worked closely with the Office of the Provost and the Sloan School of Management in establishing a basis for independent assessment and analysis of the school's tuition and revenue-sharing model.

A low-cost program to implement new, more stable architecture in the NIMBUS budget system and align it with current MIT technology was implemented successfully. An informal survey of community users indicated a high level of satisfaction with the refreshed system, enabling us to feel confident about both system stability and user support.

A process for streamlining and automating closing procedures with DLCs was introduced into the NIMBUS system in the FY2006 close cycle. The new process saves time for the Office and its clients in the critically condensed closing period.

OBO introduced a new department website in conjunction with the inauguration of the refreshed budget system. The new site includes current budget submission guidelines and systems tutorials as well as information about budget and budget office processes to aid DLCs and administrative units during budget preparation and submission; it will be expanded as we proceed with training and procedures documentation plans.

During the past year, OBO began an informal discovery process, evaluating the Hyperion tool for near-term use in its position budgeting process and potential longer-term use in budgeting and business intelligence. OBO participated in an Institute-level team for research forecasting and modeling and continued collaboration with the Office of Finance in implementing the Hyperion-based capital planning and budgeting system.

Administrative Initiatives

A shared services program between the Audit Division and OBO concluded at the end of the year when the Audit Division moved to a new location in building NE49. The two groups, which were in adjacent offices, had shared administrative assistance and IT support services for the last two years. OBO is investigating options for continuing shared services with other local groups.

Future Plans

OBO continues to pursue goals to leverage information and technology in support of MIT client and service objectives. Major goals for the coming year involve process, systems, and service improvements.

Implementation of a new, streamlined budget cycle for administrative areas in FY2008 will allow units to create better proposals in a shorter period of time. The new process will add value, allow for pre-proposal dialog, set realistic expectations for the fiscal year, and provide an opportunity to work together across administrative areas. A key change is the introduction of individual unit strategy sessions with the executive vice president prior to submission. These discussions should provide a mutual understanding of expectations and availability of resources and enable units to write more feasible, focused proposals. The condensed FY2008 cycle is one month shorter than in the past; future cycles may be reduced by an additional month.

A position budgeting system, introduced in FY2004 in collaboration with Human Resources and the administrative community, established a system of managed baseline salary and full-time-equivalent (FTE) budgets for administrative and support units. The system, which combines information from the HR Position Administration Database with local unit knowledge, enables regular monitoring of salary and FTE budgets and allows variances to be explained on a position-by-position basis. The availability of data from the new HR/Payroll system, combined with the introduction of Hyperion software at MIT, provides an opportunity to migrate this process from a spreadsheet-based system to a business intelligence platform. OBO intends to complete the migration and begin testing the new interface with key clients during the coming fiscal year.

Over the past several years, OBO clients have expressed an interest in gaining a deeper understanding of the relationship between DLC-level and Institute-level budgets and the value of their efforts in managing MIT's resources. In addition, community surveys have pointed to the lack of budget courses in MIT's current training roster. During the coming year, OBO plans to develop an educational program to foster good budget practices and create broader understanding of the MIT budget process at the unit level.

The successful activity of the Office of Budget Operations depends upon client service and close working relationships. We plan, again, to use these as a basis to deepen understanding of our clients' businesses and business processes to know how to best serve them and the Institute.

Personnel Information

A new budget officer, Joy Matos, joined OBO at the end of the fiscal year, replacing a staff member who had transferred to another area of MIT. Among other qualifications, she is an adjunct member of the faculty of Quincy College and has the background and skills necessary to further our education and training goals.

The office director continues to serve on the Advisory Board of the MIT Museum.

Margaret Warner

Director

More information about the Office of Budget Operations can be found at <http://web.mit.edu/budget/>.