



# Higher Education Institutions: FP&A leads to Institutional Resiliency



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## Introduction

Sustained headwinds in 2023 continue to make budgeting a challenge for every industry. Higher education institutions are no exception. Budget season is around the corner and institutions face the loss of governmental funding due to the pandemic, inflation, and ongoing soft enrollment trends.

Financial planning and analysis (FP&A) can be a time-consuming, highly manual task for institutions. Even in an age where technology can streamline manual processes, many institutions still use cumbersome and error-prone Excel spreadsheets. If colleges and universities wish to weather this storm, they will need to become more agile to quickly pivot and address budgetary changes.

Let's break down the steps you can take to plan ahead for shifts in the economy and improve your planning and analysis to become an agile and resilient institution.





# Tackling FP&A Challenges Specific to Higher Education Institutions



## Tackling FP&A Challenges Specific to Higher Education Institutions

Many higher education institutions struggle with FP&A because they lack the right processes and technology to support them. The right technology can make budgeting, planning, forecasting, reporting, and analysis easier, more accurate, and more efficient. When you rely on manual reporting, strategic planning, enrollment, and revenue and position planning can be challenging. Additionally, program profitability analysis and other cost control measures are difficult and labor-intensive.

Challenges specific to higher education institutions include:

- Prolific use of spreadsheets throughout the planning process, from position planning to enrollment planning and operating expense planning, can impact decision-making and profitability. This is compounded when there are multiple stakeholders relying on data in the spreadsheet. Sharing spreadsheets via email can result in broken or deleted formulas as they are passed from budget owner to budget approver. Because proper planning is key to institutional success, decisions made using spreadsheets are at risk for using incorrect data due to changed formulas or broken links.



- Lack of technology to streamline processes. The right technology in place can simplify FP&A processes and act as a single source of truth (SSoT) for stakeholders. A single platform that caters to analysis and planning will make analysis and decision-making easier and more accurate.
- Risks associated with data security and protecting data integrity that can lead to incorrect planning of costs. How can you ensure that the data you are using is up to date so that every stakeholder is using the same data for analysis? Without integrated and centralized data sources, it is difficult to get a complete view into all areas of your institution.

Effective cost, revenue, and profitability management requires a foundation of understanding, awareness of the problem, and the ability to act based on your data. There are some measures that you can take today to increase your institution's resiliency.

### Why Spreadsheets No Longer Work for FP&A

- Lack of agility with time- and labor-intensive manual review and consolidation
- Higher margin for error as formulas can break or be deleted during sharing
- Difficult month-end, board, and other reporting
- Hinders the data analysis needed for sound decision-making



# 5 Paths to Institutional Resiliency

Global trading  
transfers

# 5 Paths to Institutional Resiliency

There are several ways that you can increase the resiliency of your institution that center around accurate planning.

## 1. Scenario Planning

Scenario planning is a strategic planning model that helps you look at different possibilities and trends to help reduce errors. By looking at different scenarios, you can avoid under- and over-predictions of costs associated with positions, student services and programs.

Trends are particularly important in scenario planning. You'll need to look at situations such as:

- Continuing enrollment declines
- A tight labor market and the cost of vacant positions
- The impact of inflation on the cost of student services and facilities
- Uncertainty that may be associated with unpredictable events such as a pandemic

Looking at possible scenarios can help you understand the potential challenges, warning signs, and even opportunities, such as new program creation.

You can easily pivot from one outcome to another with scenario planning and 'what-if' analysis so you can make better decisions.

## 2. Collaboration

Collaboration between stakeholders across your institution is important to ensure that all budget owners have a SSoT in terms of workflows, data entry, and forecasting.

To be resilient, every budget owner needs to be working with the same version of a report or template versus multiple versions to ensure accurate data.

Collaboration among stakeholders also builds trust, encourages group problem-solving, and helps multiple departments and programs across campus become more efficient, thereby increasing productivity and profitability.



## 3. Position Planning

Given that people costs make up the largest portion of operating expenses for most institutions, an accurate workforce plan is fundamental to good institutional fiscal health.

Most institutions start with position control planning for regular faculty and staff positions. Ideally, this plan is informed by the budgeted enrollment by each program. There are several items to consider, including:

- Begin position planning with last year's positions to help inform current needs
- Link position planning to enrollment planning



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- Use vacancy trends to plan for future staffing gaps
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- Automate the personnel planning process with employee drivers for tax and other benefit calculations

The bottom line is that in the face of global staffing shortages, accurate position planning and execution is a priority for every institution.


#### 4. Cost Analysis and Planning

An agile process to analyze operating expenses and manage budgeted expenses can maximize financial health across an institution. Increasing the accuracy and frequency of in-depth analysis of actual operating expenses against budgeted expenses helps to identify trends, potential roadblocks, and tracks financial performance in real-time.

Inflation and supply chain disruptions impact the operations of every institution. Analyzing your data from multiple angles helps to determine opportunities for additional efficiencies. You can use this data for informed decision-making and take a proactive approach to your future versus reacting.

#### 5. Use of Technology


You may not even be aware that technology exists to help streamline your institution and drive efficiency. Technology can help you to make decisions quickly and confidently, and better manage the costs and resiliency of your institution.



Understanding the profitability of each program and maximizing enrollments while minimizing costs and risk are paramount to longevity in higher education. As we mentioned earlier, manual processes and spreadsheets limit visibility and agility because they are difficult to manage and update on a regular basis.

The use of technology to increase resiliency in higher education institutions can:

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- Centralize your workflows that facilitate the planning process by using only one data-entry template for all departments and programs
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- Centralize modeling to reduce or eliminate overly complex spreadsheets
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- Run different scenarios to assess various potential outcomes
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- Combine historical data with budget data to easily plan for the future
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- Involve stakeholders in the planning process for higher accuracy
- 
- Report and analyze data at a higher cadence so you can see trends, roadblocks, and financial performance in real-time
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- Bring data together from all sources to minimize switching between systems
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- Create dashboards customized by stakeholder that visualize the key performance metrics of their specific department or program

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- Integrate data sources for a complete view across of all areas of your institution, including:
    - Operating Expense Planning and Analysis
    - Position / Personnel Expense Planning and Analysis
    - Strategic Initiative Planning and Analysis
    - Tuition and Other Revenue Planning and Analysis
      - Enrollment
      - Room and Board
      - Financial Aid and Scholarships
    - Fund Planning and Analysis
    - Grant Planning and Analysis
    - Capital Projects Planning and Analysis
    - Financial Reporting and Analysis

Institutional effectiveness can be measured by how well an organization works together to foster continuous improvement, strong financial health, and support the institution's mission. Financial planning and analysis, which involves developing and managing an institution's enrollment, personnel, and other expenses while ensuring financial viability, is key to addressing this challenge head on.

As colleges and universities continue to readjust their planning processes to be more fiscally responsible, the need for a corporate performance management platform, like Prophix for Higher Education, becomes paramount to institutional resiliency.





# What's Ahead for Higher Education Institutions



## What's Ahead for Higher Education Institutions

There are several challenges and opportunities ahead for higher education institutions coming out of a challenging few years. With the loss of Higher Education Emergency Relief Funding, rising inflation, and ongoing enrollment volatility, effective action is paramount to both your institution's mission and its financial health.

In January, Kaufman, Hall and Associates brought together leaders from three major rating agencies to discuss the insights of the 2023 outlooks by Fitch Ratings, Moody's Investors Service, and S&P Global Ratings. The two points of [discussion](#) were the end of pandemic-related relief funding and the uncertainty of government support to institutions. This loss of funding means that institutions will grapple even more with budget gaps.

Rising inflation will hit higher education institutions especially hard according to an [article](#) in The James G. Martin Center for Academic Renewal. The cost of goods and services increasing over the course of the school year is challenging as tuition rates are set at the start of the year. Additionally, tuition increases are difficult for students to manage in the face of challenging economic times. Another key consideration is the continuing volatility of enrollment.



## Benefits of Using a Technology Solution to Increase Resiliency

- Standardize your processes across campus
- Streamline your FP&A and financial close activities
- Standardize your data and workflows
- Increase stakeholder productivity
- Self-serve capabilities for stakeholders, departments, and programs across campus
- Increase efficiency
- Have a single source of truth (SSoT) to drive your decision-making
- Improve business agility to make decisions faster
- Increase financial health

According to data from the [Stay Informed](#) report series by National Student Clearinghouse Research Center, undergraduate enrollment fell by about 4 percent nationwide over the last two years. This was felt across all sectors and was spread across all demographic characteristics. The biggest hit was felt by four-year institutions, including highly selective private and public institutions.

Innovative technology platforms will be a critical investment to help accelerate cost analysis, optimize budget management, and reduce the need for spreadsheets and manual tasks. An FP&A process can help improve resiliency. Stakeholders across your institution can work together to foster collaboration and make data-informed decisions that impact your financial health. The right technology will help you plan for tomorrow, today, so you can minimize risk and impact the long-term success of your institution.

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## Ready to get started?

See how you can improve your agility and resiliency with Prophix.

[Try it now](#)

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# About Prophix®

Ambitious finance leaders rely on Prophix® to plan smarter, move faster, and lead with greater control. Prophix One™, a Financial Performance Platform, connects planning, budgeting, forecasting, reporting, reconciliation, and consolidation in one unified experience.

With a complete suite of scalable solutions, AI-powered automation, and data you can trust, Prophix helps teams eliminate manual work, improve accuracy, and deliver insights that drive business results. Backed by nearly 40 years of experience, more than 3,000 active customers partner with Prophix to simplify complexity and stay ready for what's next. [www.prophix.com](http://www.prophix.com)

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