

Position Control as a Best Practice

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ABSTRACT

Position budgeting (also known as “Position Control”) is the foundation of sound budgeting and its’ strict adherence is essential for forecasting labor dollars at any point in time during the academic year. The reasoning behind the creation of this best practice was to establish a mechanism for budgeting which demonstrates consistency and provides a controlled environment. With regard to the position budgeting practices of Saint Xavier University, it was found that the practices of controlling positions across the institution were undocumented, inconsistent, not well communicated, ineffective, and not controlled from a central point. Recommendations were to improve the process and centrally control all permanent positions including defining each step of the hiring process by; confirming the permanent budget dollars, approving the position posting through the completion of a Personnel Action Form (HR form), recognition that the budget was correct, instillation of a temporary manual position control environment, and the implementation of an automated position control environment.

INTRODUCTION OF THE ORGANIZATION

As Chicago's oldest Catholic institution, Saint Xavier University was founded by the Sisters of Mercy in 1846. Early visions of the University were geared toward the education women and the poor. However, the University's current population has developed into a student body that mirrors the 21st century workforce. The current vision which is University's Catholic and Mercy Identity Statement serves two purposes. First, it describes how a Saint Xavier University education is informed by these traditions and identities; and second, it sets forth how the University aspires to be Catholic and Mercy in all areas of its academic and communal life.

Saint Xavier University is a Catholic and Mercy institution because its sponsors, the Sisters of Mercy, hold certain "reserved powers" consonant with their church and civil responsibilities for the University. These "reserved powers" are outlined in the University's articles and bylaws, and with limited exceptions, are exercised on behalf of the Sisters of Mercy by the Conference for Mercy Higher Education. It is through this governance relationship with the Sisters of Mercy that Saint Xavier University is recognized by the Roman Catholic Church as a Catholic institution and ministry.

As a Mercy university, Catholic higher education at Saint Xavier University is not solely about promoting an individual's search for truth, or even an awareness of God's love as it is manifest in all of creation. Saint Xavier University encourages students to engage in learning that benefits not only the individual learner but also the broader society. This type of action on behalf of human dignity and the common good derives from both the ethic of Gospel service and the spirituality of Catherine McAuley, the founder of the Sisters of Mercy. It is an ethos grounded in theology of the Incarnation and the Paschal Mystery and expressed through the corporal and spiritual works of mercy.

Saint Xavier University serves a population of nearly 4,400 undergraduate and graduate students; it is situated within the top 20 of most economically diverse institutions in the Midwest. Nearly 50% of our undergraduate students are federal PELL recipients. Nearly 60% of our population is still first generation college students. The undergraduate population reflects the demographic of the 21st Century: 50% report their race as white, 27% report their race or ethnicity as Hispanic, and 15% report their race or ethnicity as African American.

Our students enjoy a selection of 43 undergraduate programs and 25 graduate programs offered through the College of Arts and Sciences, School of Education, School of Nursing and the Graham School of Management. Additionally, our School for Continuing and Professional Studies features programs and services tailored to the unique needs and experiences of adult learners. The University also sponsors enrichment opportunities, including, international education, religion and public discourse, campus program development and several on-campus clinics. Through these collective academic offerings, Saint Xavier University strives to provide its learning community with a solid foundation in liberal arts and professional education, establishing well-rounded members of society.

STATEMENT (RESTATEMENT) OF THE PROBLEM/INITIATIVE

Position control is an essential function of an operation as the salary and benefit components constitute upwards of 60% of an institution's budget. Position control or position budgeting is used to; ensure all permanent positions are fully funded, track faculty salary and funding sources, understand the total cost of salary and benefit costs per employee, as well as assist in forecasting and in planning for compensation updates and changes.

The University originally operated in an environment where functions of position control existed but were not well refined, integrated, centrally controlled or automated. Without a solid system in place the symptoms of a deeper problem prevailed. Attempts to forecast positions by salary dollars existed at a high level, but it was difficult as the detail was not globally communicated or centrally controlled. In addition, positions were person oriented and the reporting of budget dollars for salary lines consisted of extracting data from the integrated system based upon current year payroll activity. Once a vacancy in a position carried over into a future fiscal year, budget dollars were theoretically lost since a person was no longer being paid through the payroll system. At that point vacant positions existed solely in the recollection of the hiring manager and in a personnel file in Human Resources (HR).

As the needs of the University continuously evolve to support the ever changing need of the student base, so does the need to hire personnel that demonstrate talent and specific expertise in a given area. These facts coupled with our continued dedication to increase efficiencies lead to positions which were reconstructed in function and supported from a variety of different or outdated funding sources. A multitude of position changes over time disoriented budget dollars and intended head count. Identifying funding sources and tracking and controlling hiring costs were practices that were managed, but without being centrally controlled and documented these

functions had a larger disconnect to the budget. Not only did time and turnover cause some knowledge to lapse with regard to funding sources but there was a perpetual misunderstanding of which positions were approved and included in the current year's budget since static detail for the budget did not exist. Finally, the budgeting process of consolidating position detail from system reporting tools and from individual knowledge recalled university wide caused the support for the high level budget to inexplicably shift at each attempt to report on salary lines. Simply put, the budget never seemed to be fixed; reporting variances between budget and actual were ever changing; departments questioned the validity of the budgets. These issues needed to stop. More control and reliability needed to be added to our systems so that proper planning and forecasting could be accomplished.

DESIGN

Developing into a position controlled environment required new resources the University did not have in place. An add-on module to our ERP system was required since the end goal is to have a final automated position control process. In addition to this capital purchase, a new position was created and filled by the University to develop, implement, and centrally manage position control in various stages.

The University partnered with Ellucian (Datatel at the time), to design a three year infrastructure plan in an effort to support the needs of the University. Out of the recommendations from Ellucian was an investment opportunity for the Position Budgeting module at a reduced price due to the fact that the current module was still in its original basic form. The current module is in the process of being developed into a more robust package over the course of the next few years. This was an attractive approach as the cost of the license to enable the module was just under \$17,000 with a slight increase of \$3,000 in annual maintenance costs. Licensing this module early (prior to enhancements) allowed us to be grandfathered to the fully enhanced package with minimal additional cost to us. Implementation of position control included soft costs as well as the budget ramifications of support staff and capital expenditures. The soft costs cannot be easily tied to dollars but are implied with any major process improvement, but clearly include time and effort for staff and administrators.

Achieving a position control environment required breaking the project down into three main phases and creating a project plan in order to meet all of the major milestones. A cross functional team consisting of representatives from the budget office, the payroll office, human resources and IT was created to implement the plan. Each member of the team would play an

integral role in moving the project forward while providing subject matter expertise from their respective area.

Phase one of the implementation required that the immediate focus of the team to create a manual position budget of all permanent university positions. In its infancy, this document would serve as the original position budget for the University. In the future it will be used to validate the automated solution for a defined period until system testing is complete. Once the manual document was complete, each departmental budget was vetted through senior management for each academic and non-academic area. Conducting these collaborative reviews ensured that we had accounted for all permanent positions. The reviews were designed to identify all of the positions that remained vacant from a prior year, and they revealed the history of how budgets for positions were pieced together by ending an old position in the HR module to create funding for a new position. In other words, the manual budget told a story that was never before documented in one place. Also during the vetting process, information of the new centralized process was shared with key stakeholders. The major change in the new process affected the paper flow of all personnel action forms. The new requirement is that once a personnel action form receives final department level approval it is required to be routed through the budget office for both budget clearance and tracking in the manual position budget files. This process is performed before the HR Department and the CFO sign off on the personal action form.

The second phase of this project is the implementation of the original, basic Position Budgeting module. The goal for phase two is to be completely functional in the basic module before enhancements are rolled out by Ellucian. Prior to the implementation of this phase, a massive clean-up of data within the HR module of the ERP system took place. This clean-up was an all-inclusive task which involved approximately one hundred forty hours of time and effort

from several individuals within the HR and Payroll departments. Details of the clean-up included ending well over 2,000 old positions that were no longer used. The bulk of the old positions consisted of adjunct faculty and student worker positions which typically have the greatest degree of fluctuation considering that names and general ledger distributions continuously change. These positions generally are not tracked in a position control environment; however, it was important to us that all of the data in the system was clean and relevant. A secondary step was instilled which defines a process to maintain positions in the system (keeping the data clean) from that point forward. At the time of this document, the second major task in phase two is in process. A system requirement for Position Budgeting to interface with the HR module is that salary ranges must be in place with a minimum and maximum range (salary bands). Researching the salary range and adding the salary range in the HR system is the responsibility of the HR Department. The salary range is not the same thing as the budget for the position. A benefit to this requirement is that as a person is assigned to a position within the control environment, the system will not allow that person to be placed into a position if his/her offered wage is outside of the industry range identified in the system for that position. This is a control feature as salary ranges are input by someone other than the hiring manager or the budgeting department. The system will block the action and require senior management to get involved in the hiring process if they weren't already. Employees should be incentivized appropriately based upon their job description and duties and the industry standard in which they are employed, not based on the "person" going into the position.

In a parallel process during phase two, the team is also involved in Ellucian's Position Budgeting focus group which is a group comprised of several representatives from universities across the United States who use the same solution product. This group meets for a monthly web

conference which allows attending universities to be active participants in development decisions for the phase three final solution. This module, once completed, will be termed Position Management. We will be part of the “Beta site” to test the functionality of the enhanced module and to provide feedback where things like “reporting” is deficient or where the functionality is not where we want it.

Phase three of position budgeting for our University will occur once Ellucian finalizes the development of all position control features to the Position Budgeting solution. Once completed, the solution will offer both automated budgeting and ongoing position control functions from both an HR and Finance office perspective. The final phase will provide an intuitive user experience for each person in the institution who is responsible for the position budgeting process.

IMPLEMENTATION

The initial implementation of this project was dependent on the implementation team following a well laid out project plan. The project plan was essential in keeping the team on track and included milestones and due dates for review, testing and review again, all within the period of time included in the timeline. The team responsible for the implementation has limited capacity (time) to absorb a project of this magnitude in addition to daily responsibilities, so the coordination of these resources required careful planning to ensure tasks would be completed, therefore avoiding any internal conflict which would cost the University additional time and money.

Generating the current state position budget documents was a lengthy process that took several months to complete. We had to start somewhere. We decided on beginning with the best source document that we could find. This process began by utilizing the existing payroll reports to identify current employees (paid within the fiscal year). The current employees were translated into the position held and were referenced with a FTE (full time equivalency) level and annual salary or hourly wage calculated out over the FTE assigned to that position. The sum of the salary dollars for each department was reconciled to the budget that was already assigned to the respective department. These findings were reviewed by and discussed with the head of each area. This exercise was invaluable in discovering how the details of positions were previously tracked across the University. It also allowed for direct communication in gauging the comfort level of rolling out a new centralized process. As expected, some areas welcomed the change and immediately recognized the value of the document while others met the change with apprehension of the final outcome.

In preparation for phases two and three of this project, the implementation team utilized resources within other departments across the University as well as having performed benchmarking studies to validate the benefits of position control. Benchmarking was useful to further understand the processes other universities similar to ours had in place to arrive at a final product. An offsite visit was made to another local university to discuss their process for position control. This allowed us to compare and contrast a product that works for another university to the system we are implementing. This type of networking offered live examples of reconciliation and reporting methods used in position budgeting and is highly recommended if position budgeting is important to an institution. It was also imperative to fully comprehend the impact of data clean up and the installation of a new system module within an integrated organization such as Saint Xavier University. As the data clean-up occurred, clear communication was necessary since positions were being ended in the system, the HR department needed to ensure that individuals were not currently assigned to those positions and that the head of those departments did not intend to fill those positions. This was also a final validation to the manual position budget already in place.

Once enveloped in phase three, our ERP system will have all final enhancements of position budgeting in place and will allow automated budgeting and an avenue for ongoing position control functions. One of the outcomes of a position budgeting system is forecasting how much will be spent vis-à-vis a department of school budget, but more importantly constant knowledge of salary savings relative to the budget. The converse is also true. With a position control (budgeting) system, reports can be generated that quickly identify variances in spend versus budget. Positive payroll variances (due to open positions, failed searches, phased retirements, etc., allow the university to either not spend those dollars or to either permanently or

temporarily use those available budget dollars to cover shortfalls (temporary) in another departmental line or another area of the University.

This implementation will require an onsite consultant from Ellucian to spend at least two full days overseeing the upgrade of the system and providing trouble shooting ideas and training to key stakeholders of the process. The enhancements will first be installed in the test environment of our ERP system. This will allow the implementation team to test the data within the system. Test scripts, or step by step instructions of the testing process will be developed and followed in an effort to ensure that the enhancements are ready to be incorporated into a live production environment. As system testing occurs, the manual position budgeting documents will serve as a basis of comparison for the automated data provided by the ERP system. The manual documents will continue to be updated for a period of at least six months to ensure the integrity of the new system. If no issues occur at that time, utilization of the manual files will cease and the transition to the automated solution will be finalized.

BENEFITS

Position Budgeting offers a complete solution to all factors that were negatively impacting the budgeting process related to identifying university positions. The vision for this tool solves the propensity to lose budget dollars as employee turnover occurs. Position budgeting is designed to track positions by either intended headcount or intended FTE thereby permanently preserving the budget for a position regardless of whether it is vacant or not. This holds true because the integrity of the intended headcount or intended FTE continues regardless of a vacancy. As the positions remain intact in the budget, salary and benefit dollars are visible for all positions. For reporting purposes, actual expenditures can be compared to the budget in a line by line, position by position format which allows salary forecasting with documented support to become a manageable task. High level executive reports can also be created so that, at a glance the department heads and other stakeholders (like the CFO and President) can quickly see if there are any budget issues associated with the position budgets versus actual charges hitting the general ledger. These are factors that will further ensure the credibility and reliability of the budget figures based on the fact that position budgeting supports management by ensuring all permanent positions are fully funded. The new process is centrally controlled (it has to be for data integrity purposes) by the Budget Office of the Vice President for Business and Finance. Monthly reports will be generated and sent out to the department heads for their review and comment on variances. Once these reports are generated, vetted and accepted by the customers of Business and Finance, the Office of Business and Finance will be recognized as a trusted partner within the organization.

The change in the process of personnel action form routing brought about an interrelated set of benefits which include; global standardization of salary expense classifications, assurance

of budget clearance for personnel actions and validation of budget levels. As personnel action forms are reviewed in the budget office, a review of the general ledger account distribution occurs in a continued effort to promote proper alignment of budget with actual expense. Proper and consistent classification of expenses leads to ease in understanding the costs of doing business and stronger controls in budgeting.

RETROSPECT

In retrospect it is important to consider your approach to communicating a new process. In the case of position budgeting, the functions must be centrally controlled for data integrity purposes. The implementation team and the finance department had a solid understanding of the purpose and benefits offered by position budgeting. However, to other academic and non-academic areas this type of change may have appeared to be a measure of stripping away responsibility. Therefore, clear communication, which includes not only all of the benefits of the new process, but also the assurances of the end goal, will paint a picture of where we were and where we want to be. This type of communication may take more time but it is worth the additional time in order to build a consensus.