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Formulation and Execution of State or Local Government Budgets with Oracle Hyperion Public Sector Planning and Budgeting

A Powerful Tool for Public Sector Budgeting

Oracle Hyperion Public Sector Planning and Budgeting (Hyperion PSPB) provides a commercial off-the-shelf (COTS) solution for state and local governments and their respective agencies, departments or component units to formulate their budgets and accomplish the many tasks required for budget preparation.

Leveraging the multidimensional power of Oracle Essbase, legislative and executive branch Budget Offices, Department and Agency Managers, Project & Grant Managers, Program and Organization Managers and Budget Analysts can use the planning, forecasting and reporting capabilities of Hyperion PSPB to improve accuracy and eliminate the need to create and manage the numerous spreadsheets normally used in the budgeting process.

Budget preparation and analysis can be done using personalized web data entry forms or Microsoft Excel forms that leverage Oracle's Microsoft Office plug-in called Oracle Hyperion Smart View for Office. This provides the end user full Microsoft Excel functionality while using a secure, centralized database. Multiple staff can work on different parts of the same budget simultaneously with built-in security and a wizard to help guide preparers and analysts. User-defined electronic workflow seamlessly moves budget data throughout the process from budget planners to approvers with notifications and alerts based on defined business rules.

The multi-dimensional capability of Oracle Essbase enables users to view data in as many different ways (dimensions) as desired with a click of a button. There is no need to maintain worksheets with multiple tabs to obtain different views of the data for Time Periods, Entities, Object Classes / Accounts, Scenarios, Versions, Fiscal Years, Programs, Funds, etc. Users can change how they view the data with a simple mouse click and 'drag and drop' pivoting. This capability enhances the user's experience particularly when running ad-hoc queries on-line.

Hyperion PSPB provides bi-directional integration with source systems for packaged financial and HR systems. Actuals from an Agency's core financial systems can be uploaded to Hyperion PSPB and allotments developed that can be written back to the general ledger. Users can also upload actual payroll and staff data from their financial and payroll systems into Hyperion PSPB to seed the planning process and to compare plans with actual results.

Web based reports can be developed as can exception reports based on calendar events and routing. Graphical and text reports can be generated in various formats, including HTML, PDF and Microsoft Office (Excel, PowerPoint and Word).

Budget Formulation

Executive and Legislative Budget Offices

Budget offices can develop budget guidance and prepare standard formulas, rates and scenarios using turn-around Microsoft Excel templates. The templates can include thresholds and built-in edits that contain prior years' budgets and actuals for Department or Agency Managers to complete. Amounts forecasted and computed can be hot linked to supporting text justifications. Budget Managers can distinguish between annual, continuous or permanent appropriations. Hyperion PSPB can be used for

- Zero-Base Budgeting
- Target-Based Budgeting
- Performance-Based Budgeting
- Decision Package Preparation

Both executive and legislative branch budget processes and formats are fully supported. Budget document exhibits including items such as: Amounts Available for Obligation, Summary of Changes, Budget Authority by Activity or Program, Authorizing Legislation, Appropriations History Table, Budget Authority by Object, Salaries and Expenses, Detail of Full-Time Equivalent Employment (FTE), Detail of Positions, budget data by Performance Goals and supplemental budget data can all be developed entirely within Hyperion PSPB. Both the detail and summary level information is all contained within the system rather than in separate disconnected Microsoft Excel spreadsheets.

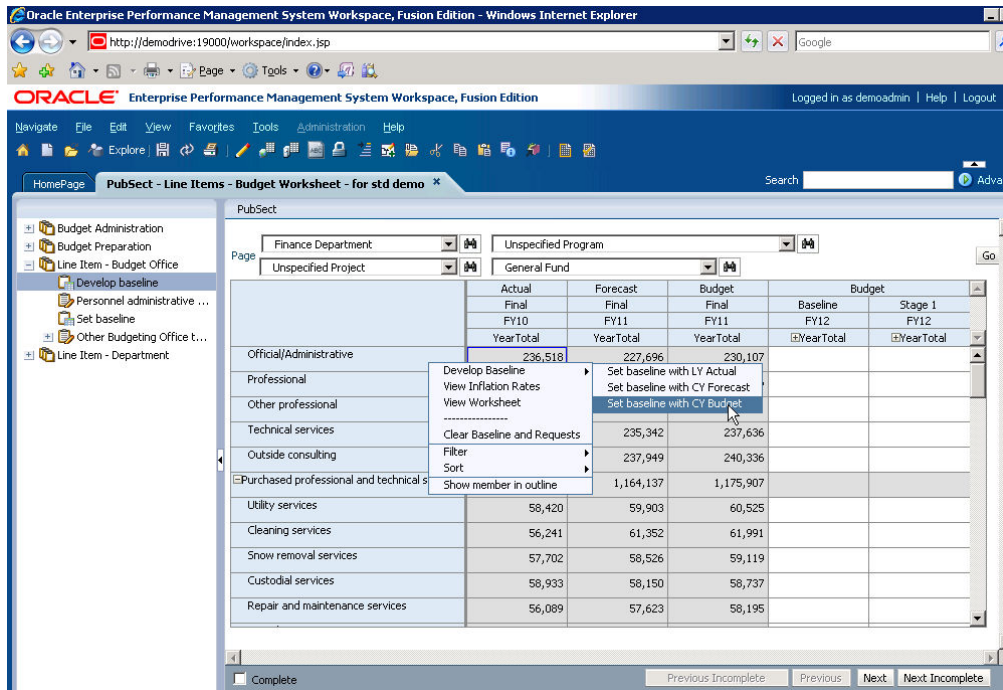


Figure 1 – Target Based Budgeting

Electronic Workflow

Hyperion PSPB provides a powerful workflow and plan management framework that supports a range of budgetary processes – from the simple to the very complex including e-mail notifications, alerts, and task lists—that empower users to easily track and communicate the progress of plans and budgets. Approval paths can be specified for each part of the budget, so when the budget is submitted, the system can automatically identify the next approver. Plan promotion paths can be made conditional on meeting certain criteria. For example if the expenditure for travel is budgeted to be more than 5% of the overall budget, the system could require that a certain official(s) approve this plan prior to further progressing. All of the above processes can also be performed in conjunction with what-if analysis and scenario testing that allows users to compare and contrast multiple scenarios prior to promoting the selected scenario for approval up the management chain.

Instead of using email with attachments, program and organization managers are notified via alerts that budget guidance has been provided. Managers simply sign in to the system for access and commence work on their funding request. A task list and calendar with due dates can also be included. The Budget Office can also manage all tasks using an overall Agency calendar of due dates and can automatically monitor the completion of tasks. If an Organization is late in providing its schedules and justifications, the system automatically alerts all affected parties.

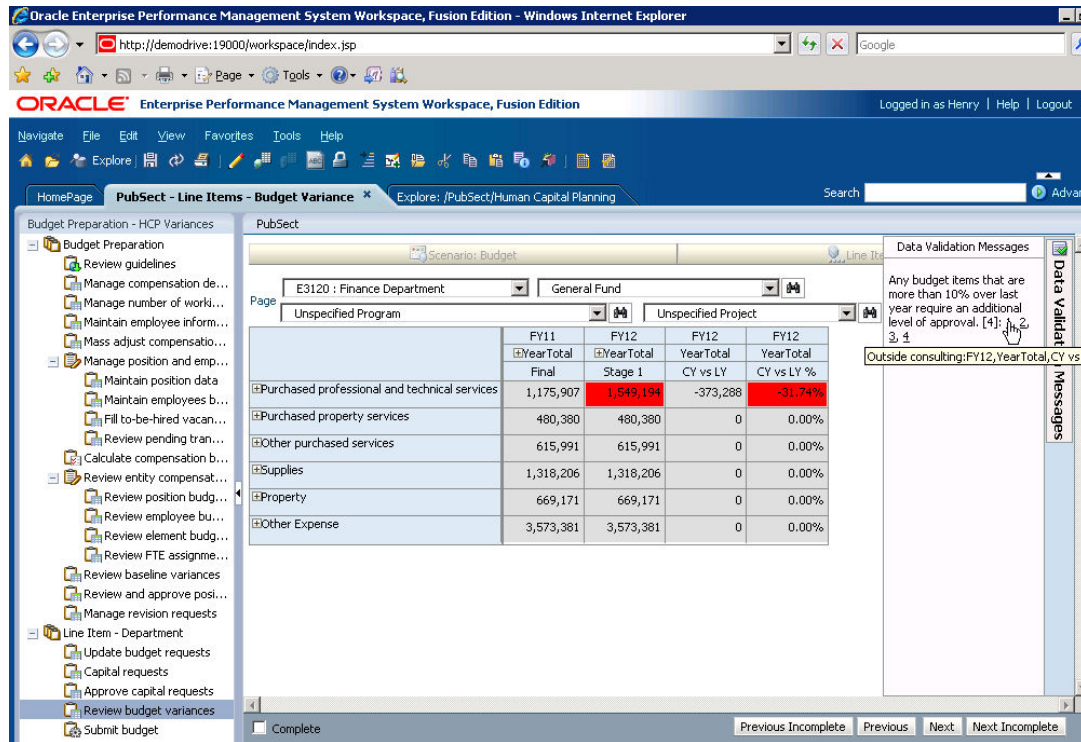


Figure 2 – Workflow (Alert - Budget Validation Message)

Preparation of Budget Documents

Hyperion PSPB permits preparation and management of all aspects of the executive or legislative Budget Documents whether budget books, budget bills or other formal documents. Formatted textual justifications in Microsoft Word as well as schedules and graphs can all be shown on a page and in a single document with user defined sections and subsections. A table of contents and support for page numbering, bookmarks, start/ end pages, chapter start/end pages, graphic/text overlays, cross references and document splitting are provided.

The Budget Book output can be either a PDF format and/or a deployable HTML web site. Budget Book pages developed by Activity, Department or Agency can be consolidated into a single document with version control through content management. Additionally, the Budget Book can be re-used in future years as the basis for a new Budget Book. Hyperion PSPB provides a flexible, secure, centralized, web-based repository that manages all phases of the content life cycle: from creation and approval to publishing, searching, expiration, and archival or disposal.

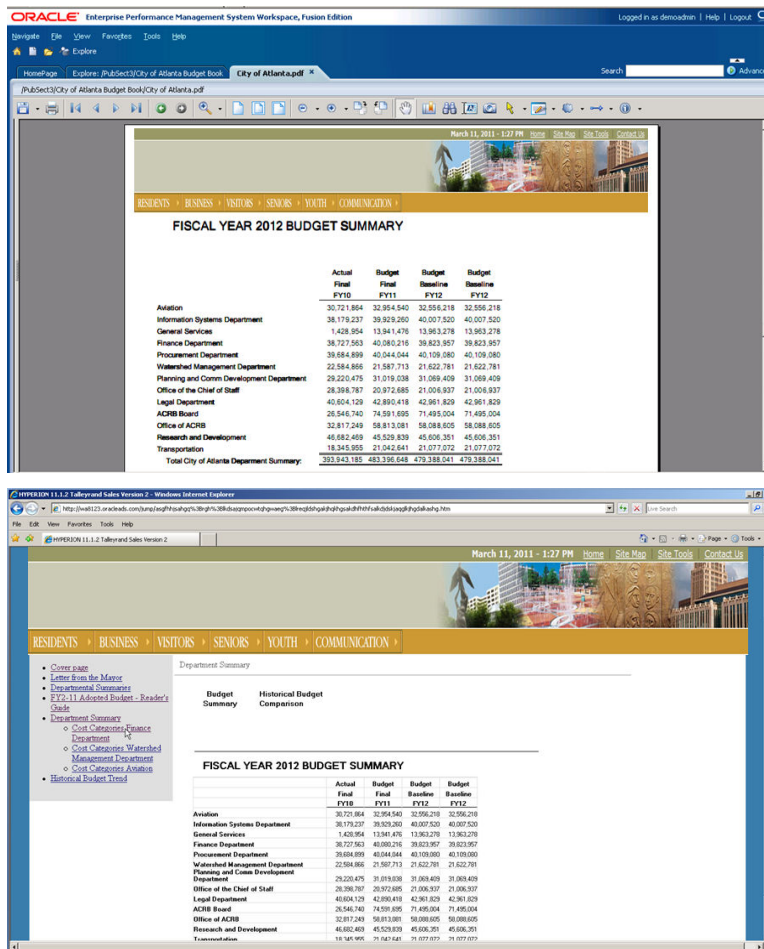


Figure 3 – Budget Book Documents (PDF & HTML) created by Hyperion PSPB

Together all of these capabilities minimize the time and effort to prepare the Budget Book document and reduce errors, with one additional significant benefit. Since all schedules and graphs in the Budget Book are developed in Hyperion PSPB, when changes are needed, the new amounts/numbers are made to the original planning schedules, controlled by version, and the new amounts/numbers are automatically updated in the schedules and graphs in the Budget Book as well as to any of the amounts/numbers included in the justification paragraphs. There is no need to worry that base line schedules are not in sync with the revised budget request.

Modifications to Budget Requests

Hyperion PSPB streamlines the work involved in analyzing the impact of executive or legislative branch modifications to budget requests. Proposed changes can be made to the original schedules in Hyperion PSPB used to formulate the budget request, and the changes automatically flow down to all parts of the budget including the Budget Book. The multi-dimensional capability of Hyperion PSPB enables users to readily see the impact of changes to budget amounts and performance goals as well as

the dollar effects of FTE changes and vice versa. Various schedules including Estimates of Budget Authority and Outlays, Object Classification Schedules, Employment Data, etc. for each budget account are readily available from the system.

Program and Organization Managers

Budgets can be built throughout a Department or Agency from the bottom up and budget justifications can be developed in Microsoft Word with exhibits, schedules and graphs directly incorporated from Hyperion PSPB instead of creating these separately, thereby eliminating potential mistakes and the need to maintain different spreadsheets.

Forecasts of salaries and benefits can be developed by individual, position and FTE.

Strategic plans can be developed with goals and associated performance measures.

Performance based budgets can be prepared and tied to the Agency's strategic plan and the Organization's portion of a performance accountability report (PAR). What-if scenarios can be readily executed using varying levels of performance metrics and differing goals to see the impact on funds requested and vice versa, an essential capability when applying reduced amounts from a change to the budget request.

Position and Employee Budgeting

One of the unique aspects of Hyperion PSPB is the capability to budget by position and/or employee, associating existing and to be hired employees to existing and new positions, managing the allocation of various sources of funding to position level budgets and efficiently managing future dated changes.

It supports the import of baseline data from HR systems and an ability to modify this data as part of the budgeting process. In addition, Hyperion PSPB supports a variety of salary and non-salary components of compensation including step based, rate based and value based computations of salary. Moreover, it fully supports future dated changes to position and employee data through a flexible scenario / version methodology that allows for the evaluation of several decision and service packages prior to budget finalization.

Since Hyperion PSPB can link with Agency and entity-wide payroll and HR systems, actual payroll information such as headcount and payroll details can be downloaded to the manager's plan as a starting point. New staff requested can be fully costed by position and grade. In addition, both common, as well as unique, FTE support costs such as laptops, training, etc. for each position can be applied automatically.

Hyperion PSPB makes headcount, salary, and compensation planning fast and efficient across the entire organization.

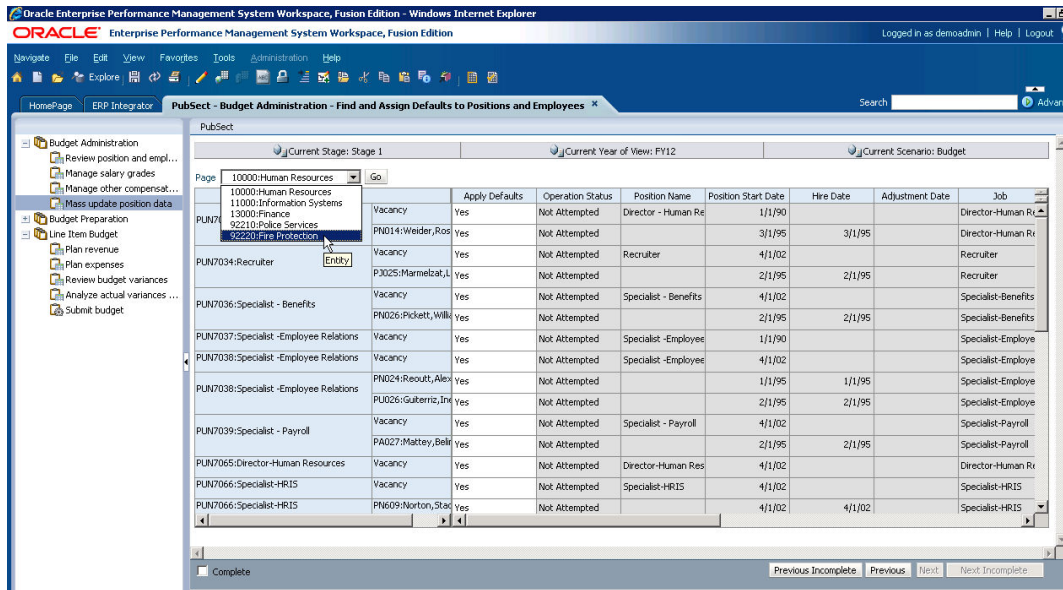


Figure 4 – Pre-Built Workforce Planning Web form

The pre-built functionality and best practices that are ready to use right out of the box, simplifies the planning of workforce and workforce related expenses, such as bonuses, fringe benefits, overtime and merit increases. By automatically and seamlessly linking workforce expense plans, Hyperion PSPB delivers accurate and real-time awareness of the business impact of workforce decisions on the overall expense plans. Working Capital Fund budgets can also be prepared and allocated to servicing components.

Budget Execution

Hyperion PSPB can produce much of the data needed to support management of the final budget after it is adopted. Electronic allotments and allowances for distribution to Program and Organization Managers and uploading to the financial system can be developed. Mid-year adjustments with capability to “Sweep” funds and re-program them with “to” and “from” checks and balances can be accomplished. Tracking expenses against available funds is a major responsibility of managers throughout an Agency. Hyperion PSPB provides a host of capabilities to assist.

Operating Plans Dashboard

Hyperion PSPB permits managers to develop operating plans by organization, program and object class as well as by month, quarter and even down to the week or day. The dashboard feature allows them to see graphically how they are performing against predetermined measures. Actual commitments, obligations and expenditures can be uploaded from the Agency’s core financial system and compared against operating plans. Many jurisdictions use allotments or allocations to manage expenditures of appropriated funds. These tools are an integral part of the Hyperion PSPB solution.

In addition, Hyperion PSPB can be linked to the Agency's financial system with the capability provided to drill-through to the source detail.

Today, in many Organizations, budget analysts and administrative officers need to continuously reconcile the financial records they maintain on spreadsheets and in other systems with data recorded in their financial system. The Status of Funds reported by Finance, while a useful tool for accountants, does not provide managers with all of the information they need to make fully informed spending decisions. Since this report is based on obligations and expenditures recorded in the Agency's official ledgers, it does not take into consideration expenditures that a manager plans to make later in the year, or would like to make should funds free up.

Hyperion PSPB can provide a placeholder for these planned expenditures to ensure that these funds are not inadvertently used. Dashboards and reports can be developed to show the information on budgeted, committed, obligated and expended amounts per the Status of Funds from Finance with planned expenditures subtracted to arrive at funds available for managers to use.

Salaries are a significant cost item in most government Agencies. Throughout the year, managers can connect to the Agency's payroll system and forecast payroll costs to ensure that budgeted funds for this object class are in line with expected costs. In addition, capability to do payroll modeling is available.

Extensive support for XBRL

Oracle Hyperion Disclosure Management, a complimentary solution to Hyperion PSPB solution enables creation and validation of XBRL reports for debt management, grants management or any other type of Financial-based government reporting. XBRL improves the efficiency, accuracy and transparency of reporting and information exchange. The key to the power of XBRL is the concept of a taxonomy, or metadata model. The taxonomy not only tags the data but also defines structure to the information being exchanged, business rules that operate on the information, and a framework for easily creating new taxonomies by extending existing ones.

Summary

Hyperion PSPB with its multi-dimensional engine, built-in workforce planning, electronic workflow, capability to prepare the "Budget Book," along with content management and business intelligence integration brings today's modern technological advances to every facet of the budget process for Departments or Agencies, the executive and legislative Budget Offices, Program Managers and Organization Managers. Moreover, since the entire organization can use a single solution with security at all levels, the Department or Agency's strategic plan and performance accountability reports can all be prepared using these same capabilities and integrated with the Agency's detailed operational budget.



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