

Office of the Vice President for Finance

The Office of the Vice President for Finance (VPF) works to advance MIT's mission by supporting thoughtful stewardship and effective deployment of the Institute's financial resources.

In FY2020, VPF focused its efforts in areas detailed below and engaged with campus leadership to address Institute-wide financial implications of the COVID-19 pandemic.

Realigning Organizational Structure and Taking on a New Team

In July 2019, Kathleen McGrath was promoted to Director of Financial Operations, following Gerard O'Toole's retirement. In this role, McGrath oversees HR/payroll, travel and card services, merchant services, and the teams engaged in the full buying and paying cycle—Procurement Operations and Accounts Payable.

In August, two teams—Administrative Services and Operations (ASO) and Financial Systems—moved to VPF headquarters, alongside the Practice and Process Improvement (PPI) team. Karon McCollin of the PPI team was promoted to manager of financial systems, overseeing a team of four business systems analysts and reporting directly to the vice president.

In October, the Office of Insurance joined VPF. Led by Director of Insurance Sandy Mitchell, this four-member team works with MIT departments, labs, and centers (DLCs) and the wider community to protect the Institute against the risk of financial loss due to property and casualty-related occurrences. Its work and services intersect with many of VPF's established responsibilities, and this change strengthens these collaborations going forward.

Responding to the COVID-19 Pandemic

VPF assembled and implemented a comprehensive, proactive financial framework to marshal and protect the Institute's resources as MIT responded to the unfolding COVID-19 health crisis by closing its campus, ramping down research, and transitioning students to online learning and staff to remote work.

- In collaboration with the provost and with guidance from the president, VPF reformulated MIT's already completed budget for FY2021, reducing planned endowment payout and budgetary spending as part of a multi-year framework for addressing the macroeconomic and structural implications of the pandemic. In turn, working with the acting deputy executive vice president, adjusted budgets for administrative units and supported the provost as needed in connection with re-budgeting in academic units.
- VPF immediately carried out necessary steps to bolster Institute liquidity by drawing down \$250 million from MIT's already established line of credit and pursued executive committee approval to accelerate \$350 million in envisioned capital plan taxable borrowing to further enhance liquidity while taking advantage of the current interest rate environment. Additionally, VPF converted \$200 million previously invested in the Institute's unitized investment pool to more liquid holdings.

- VPF was directly involved in a range of decisions to deploy and protect Institute resources in response to the pandemic, including: defining new pay categories to help the Institute continue to charge campus and Lincoln Laboratory research salaries to federal funding even with constrained operations; providing financial support through May 2020 for dining, child care, and fitness contract workers; setting a temporary pay rate at 1.25% of the normal rate for hourly workers whose job requires them to perform their jobs on campus; and adapting sick pay and other absence policies.
- Played a leading role in creating and delivering presentations on financial strategy and action steps to the executive committee of the Corporation, Academic Council, and Senior Team Meeting, often partnering with the provost and the MIT Investment Management Company (MITIMCo) president.
- The office maintained seamless business continuity in shifting to full-time remote work, facilitated by preexisting protocols for staff to work remotely one day per week. VPF held regular senior leadership meetings and generated regular reporting on key business metrics and activities.

The office has also made major contributions, in partnership with a range of units, to key campus initiatives responding to the pandemic:

- VPF Strategic Sourcing and Contracts (SSC) team, in collaboration with MIT Facilities, MIT Medical, Information Systems and Technology (IS&T), the Office of the General Counsel (OGC), the Office of the President, and others:
 - Provided rapid procurement and contracting support to purchase personal protective equipment (PPE) from global suppliers to meet the needs of MIT and the Commonwealth of Massachusetts.
 - Coordinated terms and conditions for fabrication services related to mass manufacture of disposable face shields designed by [Project Manus and led by Professor Martin Culpepper](#).
 - Procured supplies for the Sean Collier Care Center, a fully licensed, 75-bed, on-campus facility for (non-ICU) COVID-19 patients from the MIT community and from the broader Cambridge community.
 - Negotiated new software agreements with platforms Zoom, Slack, and Panopto to enable remote learning and work as well as [MIT's 2020 \(virtual\) Commencement](#).
 - Secured COVID-19 testing services for fall 2020 semester.
- In preparation for phase one of the research ramp-up on June 15, 2020, VPF teams launched the MIT COVID-19 store on Buy-to-Pay (B2P) to provide items such as PPE and cleaning supplies. Items are stocked on campus and delivered by MIT Mail Services and are available at no charge to individual DLCs. VPF Financial Systems developed a Smartsheet solution to track sourcing efforts, manage inventory, and report metrics.

- VPF provided support to DLCs by making operational changes to ensure MIT's insurance coverage included new COVID-related risks and worked with Professor of Mechanical Engineering Martin Culpepper, MIT's Environment, Health and Safety Office (EHS), and OGC to address risk and insurance coverage for research conducted in remote locations and for remote maker spaces.
- VPF worked with the Division of Student Life to establish protocols for refunds to students for dining and housing fees and reimbursement to MIT's fraternities, sororities, and independent living groups for foregone rent.
- VPF coordinated an initial analysis of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act with MIT's Washington, D.C. office and worked with MIT Emergency Management to engage a consultant with expertise on the Federal Emergency Management Agency (FEMA) reimbursement process.
- VPF's Office of Insurance identified and contracted with a provider of mental health services for MIT's international students who had returned home during the pandemic, in collaboration with MIT Medical's Student Mental Health Counseling team and MIT's Manager of International Safety and Security.
- VPF published [guidance on its website](#) on financial resources, services, policies, and processes that have been created or adapted specifically in response to COVID-19.
- VPF conducted outreach to encourage community members who receive paper paychecks to shift to direct deposit, resulting in a significant reduction in paper paychecks.
- VPF helped DLCs to facilitate contactless exchange of MIT property, reduce spending and waste of property, and repurpose items as the DLCs declutter their spaces to provide more space for socially distanced research.

Progress on Office Strategic Objectives

In FY2020, before and amid the pandemic, VPF continued to make progress on a collection of initiatives, as detailed below.

Modernization of business processes

- Investigating automation opportunities through use of robotic process automation (RPA) to handle high-volume repeatable tasks. VPF Financial Operations and Contracts teams (in collaboration with IS&T) completed a formal request for information (RFI), resulting in five proposals, narrowed to three vendors. These vendors are conducting a proof of concept on two key accounts payable processes—invoice processing and reimbursement processing—that will be completed in fall 2020. By automating high-volume transactional functions, accounts payable staff will be able to perform more value-added work, including working directly with the MIT community and providing training.
- Preparing to outsource HR/payroll fulfillment tasks, such as printing of paper paychecks and pay advices and provision of online access to W-2s and paystubs,

to Automatic Data Processing (ADP), in partnership with IS&T. This change will increase efficiency to better meet the needs of employees and students; enable a single-vendor solution for bank files, check printing, and online posting; enable multi-state paystub compliance; and support environmental sustainability by using less paper.

- Collaborating with IS&T on the Institute’s approach to examine the capabilities of SAP S4—the next generation of the enterprise resource planning system that integrates MIT’s financial systems—in advance of implementing for the campus, as well as providing oversight of campus financial support for the SAP S4 modernization initiative at Lincoln Laboratory.
- Collaborating with Resource Development, the Alumni Association, and IS&T to identify a new fundraising database product to replace the current donor records database.

Compliance Initiatives

- Working with MIT Human Resources to implement the Massachusetts Paid Family and Medical Leave Act (PFMLA), and with IS&T on related sick/family leave tracking system changes.
- After consultation with school assistant deans, issued policy clarifications, new protocols, and additional training for use of MIT credit cards (procurement card and travel card) to prevent personal and fraudulent use of cards. VPF added new controls to maintain the integrity of the Institute’s credit card programs in light of increasing audit and sponsor scrutiny and cases of fraud and misuse.

Strategic Procurement

- VPF created a new position on the SSC team to oversee the Small and Diverse Business Program, and appointed Emma Homstad as program coordinator. This program aims to increase MIT’s engagement with small businesses and those with historically underrepresented ownership to provide goods and services to the Institute. VPF supports this program by:
 - Ensuring small businesses and those owned by women, veterans, people of color, the LGBTQ+ community, and those with disabilities are engaged during the sourcing process.
 - Working with all suppliers to identify environmentally preferable products and services they can offer to our campus purchasers.
 - Conducting outreach to local business organizations, chambers of commerce, and national business enterprise associations to inform suppliers about opportunities to work with MIT.
 - Communicating to campus purchasers the value proposition of doing business with diverse and sustainable suppliers and offering resources to facilitate these transactions.

- In collaboration with OGC and MIT Human Resources, preparing to re-procure recordkeeper services (currently performed by Fidelity Investments) for MIT's Supplemental 401(k) Plan.
- Re-procuring external audit services (currently performed by PricewaterhouseCoopers).
- Deepening VPF's strategic partnership with Amazon and leveraging its relationships and capabilities with respect to supplier management to make the MIT procurement experience more integrated and efficient. Transitioned the Amazon catalog to a "punch-out" catalog in the B2P system, making shopping, ordering, receiving, and payment seamless for the Institute's Amazon purchasers.
- Adding two new commodities—photography and captions, transcripts, and subtitles—to VPF Supplier Search, an online resource of MIT's preferred and internal suppliers.
 - Signed 15 local photographers as preferred suppliers, providing MIT community with a wide range of services to meet increasing need for images—for websites, social media, electronic displays, and print materials.
 - SSC completed an initiative to add captions, transcripts, and subtitles as a new commodity and signed agreements with four captioning agencies. This effort was timed to support the MIT community to meet new guidelines on captioning and accessibility and address specific requirements as detailed in the settlement of a lawsuit brought by the National Association of the Deaf.

Enabling Global MIT

- Working with OGC, the Office of Associate Provost for International Activities, and several DLC partners, including the Sloan School of Management and the Abdul Latif Jameel Poverty Action Lab (J-PAL), on international engagements.
- Working with the associate provost for international activities to select a professional employment and payroll provider to enable the VPF global operations team to meet the increasing number of employee, student, and affiliate placements across the world, due to COVID-19.
- Facilitating positive evolution of business practices with global partners including adoption of the Coupa procurement system for the Singapore-MIT Alliance for Research and Technology and new accounting tools for the MIT Hong Kong Innovation Node in Kowloon Tong, Hong Kong.

Unpacking Complicated Issues to Find Solutions

- Participating on and staffing the Ad Hoc Committee to Review MIT Gift Processes, a committee of staff, faculty, and students, charged with reviewing MIT's current processes and policies for soliciting, processing, and accepting gifts and making recommendations that will facilitate efficient and transparent decision-making in this area.

- Implementing, staffing, and serving on the Interim Gift Acceptance Committee, which reviews relevant information before any reasonably significant gift is accepted by MIT.
- Deepened engagement with the offices of the chancellor, vice chancellor, vice president and dean for student life, vice president for campus services, acting deputy executive vice president, and provost on strategies to provide affordable, financially sustainable graduate housing.
- Collaborated with vice chancellor and staff to build a dataset on forms of graduate student support (tuition, stipends, medical premiums, housing subsidies) across all units and appointment types and delineating sources of internal and external support.
- Serving on a multi-department team of researchers and with the MIT Office of Sustainability (MITOS), VPF's Office of Insurance assisted with the modeling of MIT's exposure to storm events and the impact of water damage to the campus. The insurance office coordinates risk mitigation efforts with MIT Facilities and the Institute's property insurer.
- Partnering with MITOS, MIT Facilities, and EHS, the Property Office launched Rheaply, an online service that hosts a free reuse marketplace for lab and computer equipment, furniture, and supplies in October. Through June, MIT recognized \$48,000 in recaptured value/cost avoidance and diverted 1,287 pounds of waste through 750 items posted (on 422 individual listings), and 420 completed transactions.

Supporting Campus Infrastructure

- Collaborating with MIT Facilities, OGC, MIT Community Relations, and others to help complete the interim development agreement for the third-party-developed west campus graduate residence, which is being completed as part of the enabling work for the Volpe real estate project.
- Issued \$210 million tax-exempt bonds (Series P) to finance construction of the new [Vassar Street \(W46\)](#) undergraduate residence and renovation of [Burton Conner House \(W51\)](#) undergraduate residence hall.
- Issued \$650 million in taxable bonds (Series F and Series G) to finance ongoing capital plan activities.
- Working with MITIMCo and The Engine team on expansion of MIT's innovation and entrepreneurship space. Construction drawings for 730 and 750 Main Street neared completion in advance of securing building permits.

Strengthening Community Engagement and Services

VPF continued to engage with the community through a range of outreach projects—live presentations, vendor fairs, and expanded online offerings.

- Introduced the *VPF Forum*, a new community outreach program hosted by VPF Practice and Process Improvement to foster two-way dialogue with VPF teams and community members. The July forum focused on *Buying and Paying*

at MIT and included a demonstration on electronic invoicing. The December forum on *Travel Expensing* featured Concur Detect, a new tool that uses artificial intelligence to improve the workflow for reviewing travel expense reports, and a review of travel policies for international bookings. The May forum on *Strategic Sourcing and Contracts* was postponed due to the COVID-19 campus shutdown. Teams are exploring best ways to host future forums online.

- With MIT Institute Events, cosponsored the *Event Planning Expo and Vendor Fair* showcasing preferred and internal suppliers, including designers, photographers, printers, and representatives from local hotels and catering companies.
- Deployed an outreach campaign (through the *VPF Statement* and website) to highlight the full range of services VPF SSC provides by featuring community member stories from MIT.nano, the Koch Institute for Integrative Research, and Institute Events describing their specific experiences with the SSC team.
- Created and published the [Tax Guidance for Nonresident Aliens website](#) for international students, scholars, employees, and suppliers who receive compensation, stipends, or other payments from MIT. The site is the result of an 18-month collaboration among the International Students Office, the International Scholars Office, the Office of Graduate Education, Student Financial Services, and the VPF Tax and Global Operations, HR/Payroll, and Communications teams.
- Launched redesigned VPF website homepage in June with improved menus, navigation, and search functionality and options for users to customize the homepage to best fit their needs.

Evolving as an Organization

In addition to Kathleen McGrath's promotion to director of financial operations mentioned above, changes to the VPF leadership team are as follows:

- Paul Andersen was promoted to manager of travel and card services.
- In the Controllershship, Rachel Arons was named manager of accounts receivable and cashier services and integrated those teams and the collections team from sponsored accounting into one accounts receivable team. Brian Pierson was promoted to assistant manager of accounts receivable.
- Dale Twomey was promoted to manager of sponsored accounting, and Mike Hiekin was promoted to assistant manager.
- Tax and Global Operations separated into two teams, and Jodi Kessler was promoted to assistant director for Tax. Jahan Habib remains manager of global financial and accounting operations.
- The Office of the Recording Secretary appointed Cara Rowe as associate director, gift operations.
- On the Administrative Services and Operations team, VPF communications manager Jennifer Burke was promoted to senior communications manager, and Laurie Everett was promoted to senior communications officer.

Nico Lang, VPF human resources administrator, received the 2020 Collier Medal. A bridge-builder and caring citizen of our community, Ms. Lang is being recognized for her contributions to MIT that transcend the boundaries of her position at VPF. She is the first member of VPF to be awarded the Collier Medal.

The VPF sustainability team—Stefane Desmond, Dimana Macdonald, James Nutter, Johana Reyes, and Long Tran—were honored with an MIT Excellence Award in the Sustaining MIT category for 2020 for developing and implementing a sustainable workplace program across a broad spectrum of areas at VPF.

Ann E. Warner-Harvey and Nico Lang continued VPF's partnership with the city of Cambridge, Office of Workforce Development, and hired a city resident for a short-term assignment at VPF via the city's Cambridge Works program. He worked with VPF accounts payable, learned to use VPF's B2P platform, took a customer service role at the VPF financial services desk, and has since gone on to full-time employment at a real estate management company in Cambridge.

To share in the Institute's commitment to addressing the crisis of systemic racism, VPF took steps toward effecting positive change within its organization. Nico Lang, VPF human resources administrator, conducted confidential, one-on-one conversations with members of the VPF community to hear their thoughts and perspectives on race, equity, and inclusion at VPF and MIT. Based on the input Ms. Lang heard in her conversations, coupled with research into best practices, VPF determined key areas of focus for overcoming bias, unfair processes, and other barriers to diversity and inclusion. The themes helped to inform a framework for deliberate and prompt action, including reexamining and refining hiring practices to ensure the consideration of a wider diversity of candidates; fostering career paths for all employees and ensuring equal opportunities for advancement; and providing training on how societal bias impacts us all and how to engage office colleagues productively and respectfully.

Key metrics highlighting core work of VPF's business units in FY2020 include:

- Administering annual payroll of \$1.59 billion; processing 686,887 payments to 22,941 individuals.
- Processing more than \$1.40 billion in payments on 380,421 invoices.
- Processing 46,124 travel expense reports while overseeing administration of 4,338 MIT travel cards and 3,943 procurement cards.
- Invoicing, collecting, and reporting on \$694 million in campus sponsored research revenue (49% federal, 51% industrial, corporate, and subcontracts), managing more than 3,700 unique sponsored research accounts.
- Directly collecting and processing \$2.9 billion in revenue via wires, checks, and internal transfers.
- Supporting 141 campus merchants in securely collecting \$52.9 million (via 351,852 transactions) in credit card payments to MIT.
- Recording 14,492 gifts and pledge payments to MIT, valued at more than \$505 million, and recording 711 pledges valued at more than \$317 million.
- Processing 38,915 journal vouchers.

- Introducing three new training offerings (online and in person), held 12 in-person training sessions (pre-COVID), and revised seven online training courses.
- Transitioning ~ 12,000 invoices/year from manual processing to cXML (automated) processing
- Tagging and accounting for 5,613 new pieces of equipment, valued at \$80 million.
- Completing the biennial inventory cycle and recording more than 58,000 pieces of equipment valued at \$850 million in 121 campus buildings and off-campus sites.
- Filing 818 tax forms, including the Institute's IRS Forms 990 and 990-T, multiple state tax filings, and international tax forms.
- Orchestrating the overall Institute budget encompassing \$4.0 billion in budgeted expenditures.
- Managing submission of 310 departmental budgets and processing 2,850 budget change transactions.
- Negotiating and providing advisory services on approximately 1,232 distinct strategic complex commercial agreements that provide purchasing benefits to the MIT community and enable streamlined transactions.
- Facilitating approximately 26 complex competitive bid solicitations for supplies and services for various DLCs across the Institute.
- Facilitating financial and operational processes in 33 countries in support of activities across the Institute.
- Managing negotiation and placement of 30+ insurance policies and annual budget for insurance-related purposes in excess of \$13 million. Actively managed 75 claims encompassing property, automobile, and liability claims.
- Reviewing more than 75 contracts, providing input on insurance and indemnification issues.
- Coordinating with facilities and other teams to provide funding for \$399 million in capital plan and other large building project spending.
- Executing the annual process of closing the Institute's finances, including overseeing publication of the annual report of the treasurer.
- Preparing and submitting annual reports/filings for the Institute's Uniform Guidance Report (report and audit of the Institute's annual expenditures of federal awards) and benefit plan financial statements and Form 5500s (as required under the Employee Retirement Income Security Act (ERISA), for the Defined Benefit Pension Plan, 401(k) Plan, and Retiree Welfare Benefit Plan).
- Preparing and submitting payroll and accounts payable year-end tax forms.
- Publishing the annual budget book and internal report of financial results.
- Publishing the annual report of sponsored research activity (known as the brown book).

Glen Shor
Vice President for Finance