



CITEC

SUSTAINABILITY AND
GOVERNANCE



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I. Executive Summary

The Central IT Executive Commission (CITEC) at The University of Texas at Austin was asked to convene over several months in order to serve as an advisory group to conduct a thorough evaluation of the Information Technology Services (ITS) services. The commission also was asked to identify goals that would serve to better align long-term budgetary strategies in support of the university's research and educational mission.

CITEC's goals – or charges – included the following:

- Determine which IT services will be maintained by central IT (e.g., common good, service centers) and establish clear guidance for future IT services resulting from growth, evolution, etc.:
 - Develop standards around how service rates are established and communicated
 - Develop standards for federated IT operations
- Develop a sustainability model for central IT to ensure budget and resources exist to effectively support and operate all central IT service offerings
- Provide recommendations to strengthen the effectiveness of existing governance of central IT
- Identify immediate opportunities for savings in central IT service offerings

While identifying opportunities for savings and exploring all avenues for cost efficiencies was a priority, the committee's role was not simply to cut costs, but to determine where ITS investment makes the most sense for the mission of the university. The commission offered recommendations for subsidies to be utilized, where applicable, as a strategy for the university's common good or to incentivize future behavior toward achieving security and efficiency as a foundational starting point.

With a goal to understand the campus IT community's concerns, and numerous stakeholders' general mistrust on how or why some or all of the recommendations were made, CITEC members kept an open mind. The commission held town halls, updated its website with current reports, promoted a feedback forum through the use of Qualtrics, met individually with service owners, and held meetings with various stakeholder groups while familiarizing itself with each of the service offerings. Campus engagement included:

- **Meetings** with various focus and stakeholder groups to gather input and feedback about services of interest to the groups
- **Town halls to engage** with a broad cross-section of the university community
- **Website feedback form** – <https://citec.financials.utexas.edu/share> – to receive specific input, such as concerns, input, and ideas from the university community

In this report, CITEC focuses on its second and third charges – providing overall principles relating to the sustainability and governance for IT at UT-Austin. While recognizing that UT has a number of organizations that could be considered “Central IT,” for purposes of this document and for peer comparisons, when referring to “Central IT” in the UT context, CITEC is referring to the ITS organization. With regards to sustainability, CITEC examined the funding model within UT and peers, and notes possible changes in how services are evaluated and funded, and our relative funding level versus peers. In governance, CITEC is satisfied with the overall structure of governance, but makes a number of recommendations regarding the

operation of this governance structure which it believes can dramatically improve the effectiveness of governance and campus satisfaction with the process.

II. Sustainability Principles

The third charge entrusted to CITEC was to “develop a sustainability model for central IT to ensure budget and resources exist to effectively support and operate all central IT service offerings.” In this section we provide observations and principles about how an IT organization can be sustained. CITEC does not propose specific models for ITS and defers to the CIO to define specific details based upon our suggested principles.

1. Approach to Discussing Sustainability

Questions raised when discussing a new, updated sustainability model for the university included:

- What type of funding model should be established?
- What considerations should be made regarding the Core Data Charge (also referred to as a “head tax”)?
- What processes should be in place to approve projects and accurately identify and track costs from project inception through sustainment?

CITEC also considered that IT has become a ubiquitous part of daily life and a key component of ensuring that the university can continue to fulfill its obligations to be a leader in teaching, research, and service. In the same way it is assumed the lights will turn on when a switch is flipped, IT has become an integral and seamless part of our daily routine and in its best form works in the background without disruption. Technology changes rapidly, and time and effort is required to maintain, upkeep, and upgrade technology. The commission discussed the importance of the university embracing and strategically deciding which tools to invest in, how often, and at what cost. While the commission discussed the need to use every dollar invested in IT as efficiently as possible, finding sufficient resources to maintain a certain standard of service within IT is considered critical to UT being a leading public university.

2. Recommendations for Building a Sustainable Model

In considering how a sustainable model should be built, CITEC researched and discussed peer funding levels, decisions about how services should recover costs (i.e., via user fees or central funds), the merits of central versus federated models, and the general context at the university around supporting and sustaining the IT budget at any level. These sections provide discussion and recommendations around each of these points.

a. ITS Funding vs. Peers

A first attempt at studying the sustainability of IT operations at the university involved researching the budgets at comparable peers to understand how UT might compare. These comparisons are notoriously difficult, as universities use different service models (e.g., more centralized versus more distributed), different accounting models, and even differing definitions of “IT” when defining a core IT budget (for instance – is the cost of building, acquiring, or operating student information services included in the IT cost or business systems cost?). While these complications make it difficult to use specific dollar levels at specific peers as “definitive” guides, using a large enough sample of relatively comparable universities across a large enough

sample of metrics is suitable to at least give a general idea of the magnitude of the required investment. In CITEC's analysis, the dataset from the 2014 EDUCAUSE CIO survey was used as input to the analysis. A group of 13 peer institutions (plus UT) was used as the basis of comparison – these 14 were selected on the basis of being (a) roughly equivalent to UT in the sense of being Research-1, public institutions at significant scale, (b) reporting roughly the same level of (de)centralization in the IT organizations on each campus, and (c) reporting a complete dataset that allowed comparison across all metrics. For the purpose of this comparison, we used UT's **actual** budget allocation to ITS as the comparable investment (at the time UT reported to the survey, the accounting issues with regard to the ITS budget were not yet known – our analysis used the actual values as known today). For UT, the budget for ITS (only) was used as the “Central IT” budget, which may leave out functions that are included in Central IT at some of our peers. The set of peer institutions used in the analysis were:

- Georgia Institute of Technology
- Indiana University-Bloomington
- Rutgers, The State University of New Jersey
- Texas A&M University
- The Ohio State University
- The Pennsylvania State University
- University of Illinois at Urbana-Champaign
- University of Maryland
- University of Michigan-Ann Arbor
- University of Minnesota
- University of North Carolina at Chapel Hill
- University of Texas at Austin
- University of Virginia
- University of Washington

The set of metrics considered was:

- Central IT Budget versus Peer Institution
- Percent of total budget spent on IT versus Peer Institutions
- Central IT Spending per Dollar of research expenditure
- Central IT Spending per Student FTE
- Central IT Spending per Employee FTE

The conclusion of this analysis was that UT ranked last in all but one metric (IT spending per research dollar was 12th out of 14), and often by significant margins. The University's investment was between 36-55 percent of the **average** value of this group of peers. Universities in the survey data with comparable investment levels according to these metrics were mostly smaller universities that would not qualify as R-1 institutions. CITEC believes that to maintain UT's standing as a university of the first tier, a future IT finance model needs to include metrics that account for annual growth and competitiveness with peers. CITEC recommends appointing another group to gather and analyze data to determine which formulas to be used for future

algorithms and financial modeling. It was also recommended that the analysis include key considerations of other growth projections across the university, such as Facilities' forecast for campus growth.

b. Fee-for-Service vs Centrally-Funded Strategy

When considering the funding model for a new service, fee-for-service should be used to incentivize behavior rather than be based off of usage alone. For example, desktop support is ubiquitously needed, but this was recommended to be funded as a fee-for-service. The use of central funds should be considered when there is a risk to the university. Other questions that the CITEC committee asked when evaluating the service array can be asked for all new services going forward, such as the following:

- Should this service exist?
- Who consumes it/benefits from it?
- What are the security/compliance requirements?
- Who should pay for it? What is the rationale for this? Should it be offered centrally?
- Are we happy with the quality of this service? What can we say about the qualities we desire?
- Are we spending an appropriate amount on it?
- How should we implement it?

c. Defined Processes

Processes to start a new service, add new features to an existing service, or maintenance of an existing service (considered operations) should be defined and agreed to, and individuals should be held accountable to adhering to the agreements. For example, the university should not allow an IT project to increase scope with a one-time infusion of funds without a plan for ongoing sustainment. As another example, when interfacing with units, clear and written service-level agreements should be established if they are not already. (Reference the Governance section in the latter half of this report for additional detail with regard to defining processes.)

d. Challenges Today

- i. **Increase Trust.** Trust needs to be rebuilt on campus and across colleges, schools, and units' (CSUs) leaders who are allocating funds and Central IT. At the same time, a hybrid model is valued – specialties within the units requiring unique IT support should be maintained.
- ii. **Increase Financial Understanding.** There is a lack of clarity on how IT spend is allocated by service across units. The University needs to understand to some approximation total IT budget.
- iii. **Increase Communication.** Communications between units and ITS may be optimally managed and done. CITEC recommended the potential creation of an IT communications/customer satisfaction team whose purpose is to:
 - Define level of expectation and mechanism
 - Conduct (every other year) IT surveys requesting feedback for satisfaction
 - Engage campus units in forums or IT@UT type of expo where people come together to share ideas, showcase services, and build a website where feedback is accepted

- In addition to the Communications/Customer Satisfaction team, ITS directors formally meet with tech deans and business owners

e. ITS Core Data Charge

ITS implements a Core Data Charge per full-time employee (FTE) that applies to employees paid on certain types of accounts. CITEC finds that in general the implementation of this charge is not well-understood, causes substantial confusion, and is generally viewed as being arbitrary and outdated. In exchange for this significant ill will, it provides a relatively small fraction of the budget, providing funding for around 5% of ITS services.

The Core Data Charge was originally developed to fill a gap in the ITS budget. Departments with central funding received a permanent/recurring budget cut, and those funds were reallocated to ITS. Self-funded departments were charged per FTE. The charge amount has increased nominally throughout the years, from \$480 to \$530/FTE. Today, departments are charged per FTE that is appointed on their non-centrally-funded-fringe accounts. This charge has not been updated with the rising costs and demands of technology and covers a fraction (5%) of what is needed to operate ITS.

CITEC recommends the following:

1. Ensure we are compliant with regard to our indirect cost agreements with the federal government. Research accounts may or may not be being charged for this (employees on research accounts may or may not be covered by it), and charging for basic IT for employees in an IDC-covered account may not be an allowable charge under HHS rules. No IDC recovery flows directly to ITS – for compliance purposes, some of ITS’s core budget may need to come from IDC recovery (this does not imply an increase necessarily, just an accounting maneuver).
2. The Core Data Charge needs to be redefined and updated to align with an overall IT campus-wide strategy. Is the complexity of the mechanism worth it if it generates just 5%? If the new charge is still to exist, it should be sufficiently priced to meet ever-changing daily needs and the future’s forecasted needs – and the rationale and expense should be aligned with core-funded FTEs, and reporting on this should be part of overall budget reporting.

f. Cyber Security

There is extra cost to ensuring services are secure, and the university should fund this expenditure centrally where possible – there is substantial institutional risk in letting individual units of labs (under)fund this activity on their own.

III. Governance

Effective governance is positive, essential, and centers on the processes for making and implementing decisions going forward. It does not aim to make “correct” decisions, but seeking to discover the best possible process for making these decisions to enhance the university’s research and educational missions. The fourth charge – listed above – entrusted to CITEC was to “provide recommendations to strengthen the effectiveness of existing governance for central IT.”

1. Approach to Discussing Governance

CITEC understands that providing ideas for a solid governance framework also includes campus inclusiveness (encouraging feedback from stakeholders) which would make the best use of the people, resources, and time to ensure the best possible results for the university going forward and for governance to be set up for success as CITEC completes its review. The commission also discussed the following questions:

- Who is responsible for leading? A non-ITS entity leading the governance effort is essential to future success.
- Do we have the right type of representatives in governance?
- What are the current needs regarding governance?
- What types of interactions should occur between governance and units?
- What process should be in place to identify a budget before a project is initiated, capital funds are released, and a check-in process to keep tabs?

The following framework was used as a brainstorm exercise:

- What is the core issue?
- What were the downstream effects that resulted directly from the issue?
- What are our mitigation strategies to combat the root cause, and indirectly, the downstream effects? These became CITEC’s recommendations.

2. Recommendations for Governance

CITEC believes that the problems that have occurred in governance are not necessarily the result of the existing committee structure, but rather in the way that those committees are constituted and operated. CITEC therefore recommends the following principles be followed in the governance structure moving forward, to improve transparency and accountability.

a. Number of Governance Members

- Issue: IT governance groups were overpopulated, probably to achieve “representation” goals. Governance became overrepresented for feedback on large projects.
- Downstream effects: With large committees where many in the room had no direct stake or expertise in the issues being discussed, these meetings could devolve into sessions of “passive listening” rather than active governance.

- Recommendation(s): Populate IT governance groups with as few people as possible to achieve the goals of the group – suggest 7-8 members. Need key stakeholders who can represent the overall institution, not their own constituencies. Responsibilities and membership of subcommittees should be defined. Ensure that the governing committees properly reflect campus constituents who are accountable for decisions that are made at the institutional level. Governance groups should speak for campus and be accessible to all of campus as the persons to whom everyone in a CSU knows to contact with questions or ideas. ITS should have a voice in the meetings, but not be the dominant voice, or control the votes.

b. Meeting Expectations

- Issue: Meetings were not productive because topics were not clearly defined, and for agenda items it was unclear what was being asked – was the topic informational, seeking input/advise/feedback, seeking consent as a recommendation, seeking approval, seeking enforcement, etc.
- Downstream effects: General confusion by governance participants.
- Recommendation(s): Clearly define the reason for topics and the outcomes to be achieved. Foster organization and accountability through written agendas noting reasons for topic in advance, meeting materials in advance, minutes with decisions afterwards.

c. Roles and Responsibilities of Committee Chair

- Issue: Roles for participating parties and organizations are not well defined in governance or for campus IT organizations.
- Downstream effects: One stakeholder primarily drove the agenda. Governance was seen as a tool of ITS to endorse its agenda. Trust among all parties decreased when expectations were in conflict. ITS was viewed as overpresenting due to undefined roles (and lack of advisory groups for services).
- Recommendations(s):
 - Define roles, responsibilities, and limitations of chairs, members, and committees. Define whom a member is representing. Make that information readily available.
 - Better management and control by committee chairs. Chairs should be responsible for setting the meeting agenda in collaboration with stakeholders, rather than ITS. Chairs are responsible for establishing and holding committee to clear SLAs, written expectations, and agreements. Chairs will need to share information on a regular basis with chairs of other committees.
 - Support should be provided from staff outside the ITS organization (meeting minutes, supporting chairs).
 - Produce by-laws for committees with regard to voting procedures, recording of minutes, and engagement of the community. By-laws should include procedures to remove chairs or members if responsibilities are not being met.
 - Provide clarity at each meeting on whether committee is advisory or decision-making.

d. Roles and Responsibilities, Accountability – Engagement of Governance Members and Campus

- Issue: Accountability: members would vote and agree to items – later would claim they did not support or understand the item. Members didn't always communicate further in their representative role. Engagement: Appropriate engagement was lacking by a number of members.
- Downstream effects: No input in process (silent/absent). Unprepared. Predominantly playing role of critic. Predominantly playing role of advocate.
- Recommendation(s):
 - Timely published minutes for all committees. Non-anonymous published individual votes. More regular town halls or other feedback mechanisms where members present to community and solicit feedback. Members of committees must act as community representatives, not strictly as providing individual opinions. Members also have an obligation to report decisions and discussions back to their constituencies.
 - Regular governance communications to campus should take place, including progress reports and metrics. The support team can be responsible for sending out broader communications.
 - Governance needs to engage campus, create guidelines on how to do so. Selection of members by demonstrated productive engagement. Evaluation of governance members' engagement and follow through on commitments (e.g., sub-committee participation and products produced).
 - Process by which recommendations are vetted should be made clear. Use focus groups as a regular feedback mechanism so that needs are accurately interpreted from the field to IT organizations.
 - Avoid “committee fatigue” by rotating membership fairly regularly, and engaging additional members of the campus community to join the process.

e. Roles and Responsibilities – Funding Authority

- Issue: Disconnect between governance approval and funding commitment from leadership.
- Downstream effects: Projects were approved without clear funding authority. Priorities established without funding support.
- Recommendation(s):
 - Establish governance/leadership processes that includes cycles for concept approval and funding prioritization by leadership in a feedback cycle.
 - Rank/prioritize services and projects to inform leadership decisions based on campus need.
 - At SITAB level have an overall view of budget (including personnel costs of operations, as well as potential efficiencies gained) at least once a year. Include discussion about sunseting services.

f. Transparent Communication of the Central IT Budget and Actual Spending

- Issue: Units and campus at large do not feel they have a clear picture of how money is being spent.
- Downstream effects: Promotes a culture of suspicion that funding is not being used well.

- Recommendation(s):
 - Create a financial officer position within the ITS portfolio to be solely focused on ITS.
 - CIO/SITAB presents the “State of IT address” to the University Business Council. Include a financial report that would be vetted and approved by SITAB in order to reduce the chances of another budget deficit issue.
 - Initiatives funded with one-time funds must also have either an ongoing maintenance and support budget with recurring funds or a schedule to eliminate the initiative in the absence of recurring budgeted support.
- g. **Transparency in Why a Committee Member is Selected**
 - Issue: Members were placed on committees without committee members’ prior knowledge.
 - Downstream effects: Lack of understanding of selection process.
 - Recommendation(s): Discuss, define, and agree upon process to select and confirm committee members; make the procedures publicly available. Include a mechanism for interested parties to engage.

III. Conclusion

Throughout the process of several months of meetings, town halls, and numerous office hours held with service owners, CITEC worked its way through extensive, detailed background information as it reviewed extensive data for all service offerings represented in specific bundles. The commission was then able to fully vet and determine which IT services would be maintained by Central IT (e.g., common good, service centers), and provide recommendations to initiate steps toward establishing a sustainability model to ensure budgets and resources exist. Deliberations among the 14-member commission focused on the strategic needs of UT, and in the end, almost all reached mutual agreement on the recommendations as stated in this report. While it was an arduous and challenging task, the commission is grateful for the campus-wide support it has received, and appreciated the feedback from all viewpoints. Senior VP/CFO Bazzell will review all of CITEC’s recommendations – sustainability, governance, fast-track, ASMP TAI, and standard track service offerings – before a decision and/or approval is determined by executive leadership. **The final decisions for these recommendations will be determined by the university’s executive leadership (CFO, Provost, and President).** These approvals or decisions will be shared with campus following these developments.