

IT Services FY10 Operating Budget Request

This document comprises the IT Services department operating budget request for FY10 along with specific responses to requested information. The following sections explain how the work of IT Services is aligned with Cabinet Strategic Guidance and summarizes stewardship over FY09 operating funds (reference to Attachment IV – FY09 Base Budget Detail).

Four operating increment requests are presented and discussed in Attachment V – FY10 Budget Increments. Finally, evaluation of increments (and decrements) during the past three fiscal years is presented in Appendix VI – Project/Initiative Evaluation (PBAC Spring 09).

Alignment with Strategic Planning/Guidance Documents

IT Services is responsible for maintaining university technology infrastructure (e.g., networks, telephone systems, data center computing services, major enterprise services) and technology-related services¹ supporting UAA's students, academic and research programs and administrative operations.

Technology infrastructure supporting UAA's "open access" mission include campus wired- and wireless network services that encourage high-performance/high-availability access to university resources by students, faculty, staff and university patrons. Campus wireless networks provide flexibility and on-demand connectivity encouraging collaboration, productivity and service to all. UAA's Voice over IP (VoIP) deployment in Anchorage and the current VoIP deployment at our community campuses has permitted us to create a Unified Communications environment for our campuses.

Unified Communications improves overall campus network performance and permits efficient implementation of major previously unfunded services such as our recently completed emergency notification system on the Anchorage campus. There is clear acknowledgement that connectivity between UAA's campuses is also critical to UAA's mission, priorities and role as public square.

As an organization with a clear supportive role in promoting UAA's mission and priorities, IT Services is committed to developing operational, environmentally sustainable and highly available technology. IT Services' eMedia Services group has played a key role in developing relationships with WICHE through leadership in the Internet Course Exchange (ICE) initiative. UAA's Technology Fellows program is a key IT Services initiative that builds capacity for faculty development, assistance and collaboration.

Finally, IT Services seeks to develop UAA's reputation as a technologically advanced teaching and learning environment. The extent to which this is successful, it will help the university attract and retain students, faculty and staff. It will also improve the visibility of UAA for those who never physically visit our campuses but depend upon electronic access to information, resources and instructional services.

Operating Narrative for FY09

IT Services currently offers to UAA students, faculty, staff and patrons 41 technology services in thirteen service line areas. In addition, we provide selected services to our colleagues at UAF and UAS under administrative or service level agreements.

¹ IT Call Center, Audio-Visual Services, Faculty Technology Center, Desktop Support.

Funding for IT Services is derived from a variety of sources including GF, revenue from recharge operations, fees, and indirect cost recovery. A summary of our FY09 base budget status is shown in Appendix IV. This summary reflects funding from GF sources, carry-forward from FY-08, Anchorage student technology fees, indirect and proceeds from the UA Network Access fees assessed Anchorage students. A portion of the funds referred to in the summary were unallocated, but intended for allocation to departments outside of IT Services, at the time the summary was prepared.

Throughout each year, IT Services aggressively manages available funds in order to cover shortfalls. This is handled by internal re-allocations based on intentional delays in hiring vacant position or by conscious decisions to avoid/discontinue services to avoid costs with the understanding that business risk may be increased.

IT Services has also invested 100% of the Network Access fees received by the Anchorage campus in our telecommunications recharge center. This allocation is completely consistent with the original intent of the fees. Supplementing the telecommunications recharge center with these fees permits us to maintain very attractive monthly telephone service and network connectivity costs for all Anchorage campus employees and programs.

IT Services operates between 50-68 engineering projects each fiscal year to which operating funds are allocated. It is not uncommon to see certain projects span fiscal years due to timing and resources. When this happens, IT Services' budget reflects unspent project funding as carry-forward. In the past several years, carry-forward in IT Services has moderated significantly. While it is our goal to manage our budgets to breakeven annually and to avoid operating deficits at all costs, the "stranding" of project funding across fiscal years creates the illusion of carry-forward which can sometimes be misleading.

Chronic lack of available technical resources for project work, having a higher percentage of available PCN's filled, and the pressure to re-allocate available funds to increased operating costs will cause IT Services to pull back our schedule of project work. This trend will result in IT Services generating a much lower year-end carry-forward in FY09.

FY10 Budget Increment Requests

IT Services is making four requests for operating budget increments in FY10: (1) Fixed Operating Cost Increase Relief - \$75,000, (2) Information Security Officer - \$125,000, (3) Classroom Technology Lifecycle Replacement - \$35,000, and (4) Telecommunications Recharge Subsidy - \$80,000. These requests are shown in priority order and are fully explained in Appendix V and presume stability in FY09 base budget funding.

Project/Initiative Evaluation

Appendix VI provides explanation of the operating budget increments received by IT Services in FY07, FY08 and FY09.

Attachment IV – FY09 Base Budget Detail

Major Budget Unit: Information Technology*

	Expenditures:	Adjusted Budget	Year to Date Activity	Projected Exp to Year End	Total YTD and Projections	Budget Variance
1000	Salaries/Ben	2,877,975	1,547,334	1,205,844	2,753,178	124,797
2000	Travel	49,000	16,526	27,908	44,434	4,566
3000	Contr Svcs	1,245,476	656,462	241,942	898,404	347,072
4000	Commdty	1,324,862	239,308	368,521	607,829	717,033
4500	Resale				-	-
5000	Equipment	349,035	178,164	289,480	467,644	(118,609)
6000	Fin Aid				-	-
7000	Overhead				-	-
8000	Misc	76,150	592,776	659,054	1,251,830	(1,175,680)
	Total Expenditures	5,922,498	3,230,570	2,792,749	6,023,319	(100,821)

	Revenues:	Adjusted Budget	Year to Date Activity	Projected Exp to Year End	Total YTD and Projections	Budget Variance
9100	Tuition				-	-
9150	Lab Fees	1,608,044	1,766,597	(43,882)	1,722,715	(114,671)
9210	Gen Fund	3,679,237	3,679,237		3,679,237	-
9700	Aux Receipts				-	-
9801	Interest Income				-	-
9802	Overhead	80,000	49,476	30,524	80,000	-
9900	Intra Agency Rcpt	88,193	89,867	(1,665)	88,202	(9)
9960	CIP Receipts				-	-
	Other 93/94/95/98	467,024	458,685	8,339	467,024	-
	Total Revenues	5,922,498	6,043,862	(6,684)	6,037,178	(114,680)

Net Surplus/(Deficit)	13,859
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*Does not include recharge centers.

Appendix V – FY10 Budget Increments

1. Fixed Operating Cost Increase Relief (\$75,000)
 - 1.1 Request Description. This request seeks an operating increment to offset cost increases that IT Services has incurred over the past three years associated with hardware and software maintenance agreements, software licensing, professional services, other recurring operating costs and one-time funding of hardware/software that had recurring maintenance or operating costs. Hardware, software and other technology infrastructure associated with these cost increases provide service to UAA’s students, employees and patrons.
 - 1.2 Strategic Purpose. This request directly strengthens our ability to operate and maintain crucial technology infrastructure and services that are used daily by instructional and administrative users. This supports “Excellence in teaching, learning, research and creative expression” and the university’s role as public square in UAA 2017 by making our technology infrastructure sustainable and highly available.
 - 1.3 Operational Focus. This request fills a gap between available funding and ever-increasing operating costs. It is not associated with new investment but rather maintaining existing investments.
 - 1.4 FY10 GF/NGF Request. \$75,000 in permanent base funding.
 - 1.5 Operational Expense. Funds will be used to offset fixed operating cost increases incurred over the past three fiscal years.
 - 1.6 Department/Program Investment. Coverage for these cost increases have been covered consistently through internal department reallocation over the past ten years. Reallocation has resulted in deferral of needed maintenance, assumption of unreasonable business risk and added responsibilities for already over-subscribed staff. This request will ease these organizational problems.
 - 1.7 Collaboration. There is no direct collaboration associated with this request.
 - 1.8 UA SWS Performance Measures.
 - 1.9 Other Output Measures. It will stabilize technology infrastructure and permit the University to perform routine upgrades to major systems, maintain equipment and software a in timely and efficient manner. This will improve sustainability of infrastructure supporting instruction and administrative support.
 - 1.10 Productivity and Efficiency. See Section 1.9.
 - 1.11 Effectiveness and Quality. See Section 1.9.
 - 1.12 Sustainability. See Section 1.9.
 - 1.13 Priority Ranking. This is the #1 priority for this budget unit in FY10.

2. Information Security Officer - ISO (\$125,000)
 - 2.1 Request Description. This request is for one badly needed new position within IT Services that is focused on monitoring and managing information technology security within UAA. A similar position has been proposed multiple times since 2002. IT security has become a tremendous issue at institutions of higher education nationwide as they attempt to manage and circumvent global attacks on university computers and networks. UAA records over 162,000 electronic intrusion attempts on a daily basis and must divide security management and policy development across at least six individual

engineering and manager positions already over-subscribed. In our external IT security audit performed by Coalfire Systems, Inc. in July, the lack of a defined Information Security Officer was noted as a serious deficiency. Many of the security recommendations that were made in this audit were the result of a lack of resources being devoted to security matters. Without this position, UAA will find it difficult to stay in front of security incidents that have increased significantly over the past five years. IT Services currently does not have any other position related to IT security.

- 2.2 Strategic Purpose. The need for focused IT security resources was recognized and has been present since 2002. Attempts to collaborate within the UA System to create a position at each MAU failed several years running. An IT security audit performed in July 2008 based upon President Hamilton's request at each MAU found UAA's security preparedness to be lacking in that IT Services did not employ a designated position with responsibility for information security (i.e., an Information Security Officer). This request would fund creation of a single new position with clear responsibility for covering the University's efforts in monitoring, surveillance, management and threat remediation.
- 2.3 Operational Focus. Funds will be used exclusively to create a new Information Security Officer (ISO) position.
- 2.4 FY10 GF/NGF Request. \$125,000 in permanent base funding.
- 2.5 Operational Expense. See Section 2.4.
- 2.6 Department/Program Investment. IT Services has attempted to spread IT security management responsibilities across several existing engineering and management staff over the past five years. This approach has been difficult as these individuals are already over-subscribed due to thin staffing levels. If funded, the ISO would continue to work with incumbent staff but have clear focus on UAA's security interests.
- 2.7 Collaboration. UAA collaborates with UAF, UAS and UA Statewide on security matters to the extent possible. Certain types of IT security threats are handled through collaboration (e.g., RIAA/DMCA complaints and formal complaints received by the UA System). However, each MAU must have identified resources regionally to focus on and address our multi-campus needs.
- 2.8 UA SWS Performance Measures.
- 2.9 Other Output Measures. This position will permit UAA to reduce the number of compromised systems, reduce network penetrations, increase the enforcement of IT security at UAA campuses, and develop/refine UAA IT security policies.
- 2.10 Productivity and Efficiency. Adding this position will permit incumbent staff to better focus on their primary responsibilities associated with network and systems engineering, network/systems operations, and IT management.
- 2.11 Effectiveness and Quality. See Section 2.9.
- 2.12 Sustainability.
- 2.13 Priority Ranking. This is the #2 priority for this budget unit in FY10.

3. Classroom Technology Lifecycle Replacement (\$35,000)

- 3.1 Request Description. This request outlines an equipment refresh program for general use classrooms and instructional video conferencing located in the Anchorage metropolitan area supporting the Anchorage campus. General use classrooms are in use for up to 15 hours per day. Instructional video conferencing equipment supports up to 40 hours of instruction per week.

- 3.2 Strategic Purpose. UAA has invested one-time funds in 65 general use classrooms over the past five years. Classrooms are equipped with various levels of technology defined by Tier I, II, III and IV classifications. Basic (i.e., Tier I) technology has been installed in 53 classrooms. The remaining 12 supported classrooms are equipped with various levels of “smart classroom” technology (Tiers II, III, and IV). This request specifically speaks to the UAA 2017 vision of “excellence in teaching, learning, research and creative expression”.
 - 3.3 Operational Focus. Acquisition of original equipment to support these 65 classrooms came solely from one-time reallocations without any provision for either operational support or lifecycle replacement. Funding this request will enable IT Services to specifically address both requirements. Experience with vendors and standardization on common technology over the past five years has enabled IT Services to reduce cost of supporting lifecycle support for these 65 classrooms to an extremely attractive, affordable cost.
 - 3.4 FY10 GF/NGF Request. \$35,000 in permanent base funding will permit IT Services to replacement and maintenance of existing equipment over a five-year lifecycle.
 - 3.5 Operational Expense. See Section 3.4.
 - 3.6 Department/Program Investment. IT Services’ Audio-Visual Support group has the technical resources to support this effort. This request will be solely for equipment and repair – no labor is requested.
 - 3.7 Collaboration. IT Services staff work closely with both UAS and UAF colleagues on video-conference collaboration. We also work closely with UA Statewide on coordinating operational issues, sharing of operational best practices and coordination of equipment standards.
 - 3.8 UA SWS Performance Measures.
 - 3.9 Other Output Measures. It will permit UAA to maintain adequate classroom technology currently in place in 65 identified general use classrooms. Addition of new classrooms is certainly possible but would be considered out-of-scope here.
 - 3.10 Productivity and Efficiency. See Section 3.9.
 - 3.11 Effectiveness and Quality. See Section 3.9.
 - 3.12 Sustainability. See Section 3.9.
 - 3.13 Priority Ranking. This is the #3 priority for this budget unit in FY10.
4. Telecommunications Recharge Subsidy (\$80,000)
- 4.1 Request Description. At the conclusion of migrating the Anchorage metropolitan area facilities to Voice over IP (VoIP), IT Services rolled the GF allocation it had historically received for network services support (\$516,000) into the recharge center as a permanent subsidy and began including all wired network connections deployed in the area as chargeable within the recharge center. Since then, the amount of the subsidy plus the amount of the Network Access fee subsidy has enabled IT Services to keep monthly rates for wired network connections fully covered through subsidy. Increases in operating costs plus recurring costs incurred as a result of one-time funding (e.g., UAA’s emergency notification system) have raised recharge center costs to a level that rates for both telephone service as well as network service must be increased. While telephone rate increases are rare but not unheard of, increasing the monthly charges for wired network connections will result in users throughout Anchorage to begin receiving monthly bills for these services beginning in July. As an option to this billing

process, this request seeks additional supplemental funding from the operating budget to continue to maintain monthly network connection charges beneath a threshold that would require user billing.

- 4.2 Strategic Purpose. This request will effectively permit IT Services to continue to provide wired network connectivity to all Anchorage users without having to bill individually departments for the connections associated with their organizations. While billing users for wired network connectivity may be inevitable in the next couple of years it would be very useful to avoid having to implement billing at this point given the cost-to-implement and the labor resources required to do the monthly billing. In the event that this request is not funded, billing for wired network connectivity will be required in July.
- 4.3 Operational Focus.
- 4.4 FY10 GF/NGF Request. \$80,000 in permanent base funding. 100% of this amount will be placed into the Anchorage Telecommunications Recharge center.
- 4.5 Operational Expense. See Section 4.4.
- 4.6 Department/Program Investment. IT Services currently provides operational oversight for the Telecommunications Recharge center and will continue to do so.
- 4.7 Collaboration. There is no collaboration with organizations outside of IT Services.
- 4.8 UA SWS Performance Measures.
- 4.9 Other Output Measures. Funding this request will recover operating costs that have been incurred for unfunded operating mandates and will avoid monthly billing of users for wired network connections.
- 4.10 Productivity and Efficiency. Funding this request will reduce costs associated with labor and time required to implement and operate monthly billing for wired network connections.
- 4.11 Effectiveness and Quality. See Section 4.9.
- 4.12 Sustainability.
- 4.13 Priority Ranking. This is the #4 priority for this budget unit in FY10.

Appendix VI – Project/Initiative Evaluation

In the past three fiscal years, the IT Services department has received both operating budget increments as well as reductions. Table 1 summarizes these:

Budget Increment/decrement	FY07	FY08	FY09
1. <u>IT Web Services</u>	\$80,000		
2. <u>IT Fixed Costs</u>		\$107,000	\$52,000
3. <u>Budget Reductions:</u>			
3.1 UAA reductions		(75,000)	(35,479)
3.2 Statewide reductions			(140,609)
Net Increment/decrement	\$80,000	\$32,000	(\$124,088)

Table 1. IT Services Operating Budget Increments/decrements

The net effect of these changes to the operating budget over this 3-year period is a budget reduction of \$12,088. With this context, the following sections summarize the impact of Items #1 and #2 above.

1. IT Web Services

- 1.1 Objective. This request sought funding for both labor and non-labor costs required to expand use and operation of UAA’s content management system (CMS). Success here would mean that UAA’s organizations managing websites would migrate their content to the institution’s CMS which would improve consistency of content, format and branding. It would also reduce costs of operation and improve stability and performance.
- 1.2 Accomplishments. Creation of standard branding for UAA web page templates with common structural and navigation elements. Since July 2006, 75 departments and organizations have moved their web content to the CMS. Over 5,700 web pages have been created with over 11,000 documents being uploaded to the CMS since 2007.
- 1.3 Impact. Rapid adoption of CMS enabled UAA to rapidly build and update web pages and content. This also resulted in a reduction of discrete web servers being operated on UAA campuses as users moved content to the CMS. Migration of UAA web content to a consistent and structured web hosting environment created by the CMS permitted UAA’s University Advancement organization to work cooperatively with campus organizations to consolidate and refine the University’s branding.
- 1.4 Expected Future Outcomes. Due to the cumulative reduction in operating budget, resources devoted to this effort have been severely impacted. Our engineering staff have taken on additional workload in an attempt to support the demand that has been stimulated by this initiative but that is not sustainable any longer.
- 1.5 Extent Offset by Reductions. Cumulative budget reductions have eliminated our ability to plan for part-time and temporary positions and non-labor required to meet this objective.

2. IT Fixed Costs

- 2.1 Objective. Over the past ten years, IT Services has observed consistent annual increases for services such as equipment maintenance, software licensing, professional services and other recurring operating costs. With the exception of relief for annual employee benefit increases and isolated one-time funding allocations for specific projects, the IT Services operating budget has attempted to absorb annual fixed cost increases over much of the past decade. This request sought to reinstate a portion of budget lost to these chronic increases.
- 2.2 Accomplishments. FY08 increment was offset by a corresponding UAA budget reduction. Similarly, an FY09 increment was offset by a significant UAA and Statewide imposed budget reductions. The objective has not been realized.
- 2.3 Impact. IT Services' continues to reduce services, delay or postpone hiring of vacant positions and cancel certain maintenance that significantly increases business risk associated with unplanned outages of major university technology infrastructure.
- 2.4 Expected Future Outcomes. Expected continued pressure on already strained operating budget. Placement of unreasonable demands on existing staff to cover responsibilities associated with forced vacant positions.
- 2.5 Extent Offset by Reductions. Overall reductions have exceeded all increments received under this request.