Senate Committee on Finance & Planning
Minutes of the Meeting
October 21, 2014

[These notes reflect discussion and debate at a meeting of a committee of the University of Minnesota Senate; none of the comments, conclusions or actions reported in these notes represent the views of, nor are they binding on, the Senate, the Administration or the Board of Regents.]

In these minutes: [Strategic planning for research, instructional and administrative technology needs; long-range technology planning and funding process]

PRESENT: Gary Cohen, chair; Dan Feeney, Fred Morrison, Jill Merriam, Kara Kersteter, Jennifer Gunn, David Fisher, Karen Seashore, Tracy Peters, Pam Wheelock, Karen Ho, Michael Korth, Samantha Jensen, Linc Kallsen, Catherine Fitch

REGRETS: Renee Cheng, Erik van Kuijk, Quinn Jurgens, Paul Olin, Richard Pfutzenreuter, Michael Korth

ABSENT: Laura Kalambokidis, Michael Volna

GUESTS: Scott Studham, vice president & CIO, Office of Information Technology; Brad Cohen, associate CIO, Office of Information Technology; Jeremy Todd, director, Academic Support Resources, Office of Classroom Management

Professor Cohen welcomed the committee.

1. Strategic planning for research, instructional and administrative technology needs

Cohen introduced Scott Studham, vice president & CIO, Office of Information Technology (OIT), who provided background on strategic planning for the University's technology needs. He noted that information technology (IT) is increasingly becoming a catalyst for change in many aspects of an institution's workings.

Studham presented an overview of budgeting and expenditures for IT resources, saying there are currently 1360 IT professionals in the University system, and total expenditures for IT are $221M. The largest areas of expenditures are user computing, application support, application development, and Enterprise computing and storage.

Studham said OIT wanted to create a unified culture of IT professionals across the University, work toward alignment with all units, and capitalize on collaboration opportunities to advance a coordinated business model.

OIT has identified five risk areas as it works to accomplish these objectives:

- An incomplete Enterprise upgrade would affect crucial business functions
- IT implications of e-learning trends

- Information security and development of processes to a national standards-driven approach
- Excessive focus on individual units to the detriment of the institution as a whole
- A culture resistant to change

Studham went on to discuss approaches in managing new technology fads. While the University wants to capitalize on opportunities for effective and innovative technology, it does not want to expend resources on technologies that may be disproportionately promoted. Certain technologies are tracked through this "hype cycle," which charts each technology through its maturation process. OIT tracks much of this information on hypecycle.umn.edu, which is crowd sourced by the IT community and interested academics.

Jeremy Todd, director, Academic Support Resources, Office of Classroom Management (OCM), added that the emergence of Center for Educational Innovation was a key part of advancing a coordinated business model, in which, for example, classroom management is coordinated with capital planning, facilities management, OCM, IT, instructional support services and other stakeholders to ensure faculty are successful in teaching spaces. Classroom space has increased from 315,000 square feet (sf) to 415,000 over the past ten years, with total classroom and laboratory space at 3.1M sf. However, funding has remained at the same level since 2005.

Vice president Wheelock said often classrooms and lab spaces are in buildings with infrastructure that is also equally lagging. She said this was symptomatic of larger problems with the institution's critical spaces. The challenge then is how to prioritize critical mission-driven spaces for reinvestment, and how those decisions are made appropriately and flexibly at a "local" level. Accordingly, these decisions must make sense in updating classrooms and in terms of how those updates affect the lifecycle of the building.

Cohen asked about progress in aligning services and being able to foresee needs. Studham emphasized the importance of timing of technology investments, saying that technology can shift dramatically in a short span of time. For example, this year there was a focus on improving video conferencing, and there have been notable improvements. He added that part of the long-term plan for alignment was a "one stop shop," a source for services offered by the Office of Classroom management, Office of Information Technology, instructional design, libraries, and so on.

Studham went on to discuss the Enterprise System Upgrade (ESUP). He said it was being done out of necessity, as the University must make regular updates to meet regulatory requirements. These updates are contained in bundles from Oracle, which parts of the aging system can no longer handle. Thus, the University would not be able to stay compliant with tax codes without timely upgrades.

The current target date for the ESUP launch is February 13, 2015, and the transition will take about a week. The upgrade will go live for all systems and during that week, the current environment will be in a “read only” mode. After ESUP goes live, OIT will be staffed 24/7 to offer immediate assistance during the transition.

Studham said the $83.5M budget for ESUP is currently tracking slightly under forecast. This includes a $1.7M contingency fund for “hypercare” during the stabilization period after system launch which will focus on customer support, data integrity, and system stability.

2. Long-range technology planning and funding process

Studham continued with an overview of OIT’s annual planning process cycle. It begins in the spring of each year, at which time associate CIOs meet with all associate deans across the institution to determine areas of focus for IT. In the summer months, OIT meets with deans, vice presidents and Faculty Consultative Committee (FCC) to narrow down these areas. Once determined, the areas are funded in fall, and in winter the projects begin to be executed. This year areas of focus included video conferencing and ESUP.

Studham discussed the funding strategy for ESUP. Cohen asked how much of the $83M for ESUP came out of Enterprise tax revenues and how much out of cost pools. Studham and Kallsen said 100% came out of Enterprise tax revenues, and Kallsen referenced the FY16 budget instructions as follows:

> 4. Enterprise System Assessment:
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> The Enterprise Assessment is a systematic method of assessing units a fee to pay for the development, implementation, maintenance and replacement of institutional business systems. The assessment is charged to individual fund-deptID-programs through the general ledger allocation process. This monthly process applies a set percentage against certain salary expenditures in specific funds. A general ledger journal entry is then posted to the actual general ledger. The Enterprise System Assessment rate was 1.75% for FY14 and FY15, and will continue at 1.75% for FY16 and beyond. This is necessary to cover the costs of the Enterprise System Upgrade Project over a reasonable timeframe, as well as longer-range strategies to address enterprise systems requirements.
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> The following assumptions should be built into the FY16 budget plans at this time:
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> · Assessment rate of 1.75% of projected FY16 salaries
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> · Assessment occurs near the end of an accounting period based on actual salary expenses in that period.
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> Both debits and credits to salaries are included in the assessment calculation.

Cohen asked if this was a typical way of funding such system upgrades at institutions of higher education, considering all the unknowns that are difficult to anticipate. He wondered if there was a better way. Kallsen said that the benefits of this model are that it is stable and predictable. The committee agreed that this and other related questions might be more appropriate for vice president and CFO Pfutzenreuter.

Studham went on to highlight three pilot programs OIT has underway, noting the programs were launched to address the unique needs of each situation.

One example is the College of Design (CDes). It does not need a fulltime active directory administrator, and OIT has four. Clay Kimber, OIT, was moved from CDes to OIT, then assigned back to CDes to continue with the same duties. This results in a 15% per year cost savings over two years. Kathy Witherow, director, CDes Dean's Office, said they were still in evaluation mode, but they were only experiencing positive benefits with the arrangement and it had been a very smooth transition.

In another situation, the College of Liberal Arts (CLA) had a large help desk staff. When it experienced a budget shortfall, it was decided that it would use the central IT services for its help desk, rather than a local staff. In the Law School, the IT director vacated the position, and the school was unable to fund a similar position with the same expertise, so a joint position was established. Studham reiterated that the pilots were experiments that would end in January, but could be reversed at anytime if they proved ineffective.

Cohen thanked Studham for the information, and noted OIT's responsiveness and ability to anticipate events, and said rigid organizational structures have been effectively shaken up to accomplish significant results.

In conclusion, Cohen noted that Russell Luepker would chair the next meeting, and the committee needed to discuss whether to make official statements to Pfutzenreuter or FCC about the issues discussed, with regard to budget forecasting or the Enterprise tax.

Hearing no further business, Professor Cohen adjourned the meeting.

Mary Jo Pehl
University Senate Office