

IT SERVICE INVESTMENT BOARD

January 24, 2023

UNIVERSITY *of* WASHINGTON



Agenda

- **Call to Order / Introductions (Anind Dey)**
- **Technology Recharge Fee (TRF) (Alissa Mahar)**
- **Future of IT Governance (Jim Phelps)**
 - Examples at other institutions
 - Current funding paths
 - IT governance scenarios
- **Wrap up (Andreas Bohman)**

Appendix: Future of IT Governance (reference slides)

Technology Recharge Fee (TRF)

Alissa Mahar
Associate Vice President, UW-IT Operations

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Technology Recharge Fee (TRF) Advisory Committee

Alissa Mahar, UW Information Technology, **Co-Chair**

Linda Rose Nelson, College of Arts & Sciences, **Co-Chair**

Vicki Anderson-Ellis, School of Social Work

Maureen (Mo) Broom, UW Medicine

Jason Campbell, Planning & Budgeting

Kelly Campbell, Evans School of Public Policy & Governance

Bill Fritz, UW Tacoma

David C. Green, School of Medicine

Vincent Lau, UW Finance

Amy Stutesman, UW Bothell

Barbara Wingerson, UW Facilities



TRF Advisory Committee Charge

The TRF Advisory Committee is a subcommittee of the Service Investment Board

The TRF Advisory Committee is charged with providing in-depth analysis and consultation in support of the annual TRF review. The committee is comprised of administrators representing academic and administrative units, as well as UW Medical Centers.

Also provides analysis, identifies issues and makes recommendations on

- Cost to provide basic services
- TRF allocation methodology

Technology Recharge Fee

- > The Technology Recharge Fee (TRF) was established in 2010 to provide a sustainable long-term funding model for critical information technology services at the UW.
- > The fee is a per capita rate paid by all UW academic and administrative units to supplement existing central funds, which pay for the [basic services](#).

TRF = 23% of UW-IT Operating Budget



TRF Process

Technology Recharge Fee

Nov/Dec 2022

TRF Meetings

Review financials, discuss impacts, determine TRF recommendation

January 2023

Service Investment Board (SIB) Review
TRF Proposal, SIB Recommendation

February 2023

Provost Review
In time for FY24 budget process

July 2023

Rate Effective
New rate for FY24



Current Environment: Rising Costs

- > Microsoft software licensing costs increases
 - Original plan was for affected populations (contractors, unpaid faculty, etc) to either downgrade to A1 licenses or pay for A3/A5 licenses
 - We have determined that A1 licenses introduce unacceptable levels of risk, degrades our overall service model, and delivers a poor customer experience.
- > Staff merit and benefits increase (FY23 & FY24)
- > Steep increases in technology equipment costs



Funding Gap

| Expense | FY23 | FY24 | Total TRF Cost Increase |
|----------------------------------------|------------------|------------------|--------------------------------|
| Microsoft (Count & Price Increase) | 600,000 | 1,900,000 | 2,500,000 |
| Other Non-Labor Operations Increases | 0 | 300,000 | 300,000 |
| Salary & Benefit Increases (FY24 – 4%) | 800,000 | 400,000 | 1,200,000 |
| Technology Recharge Fee | 1,400,000 | 2,600,000 | 4,000,000 |



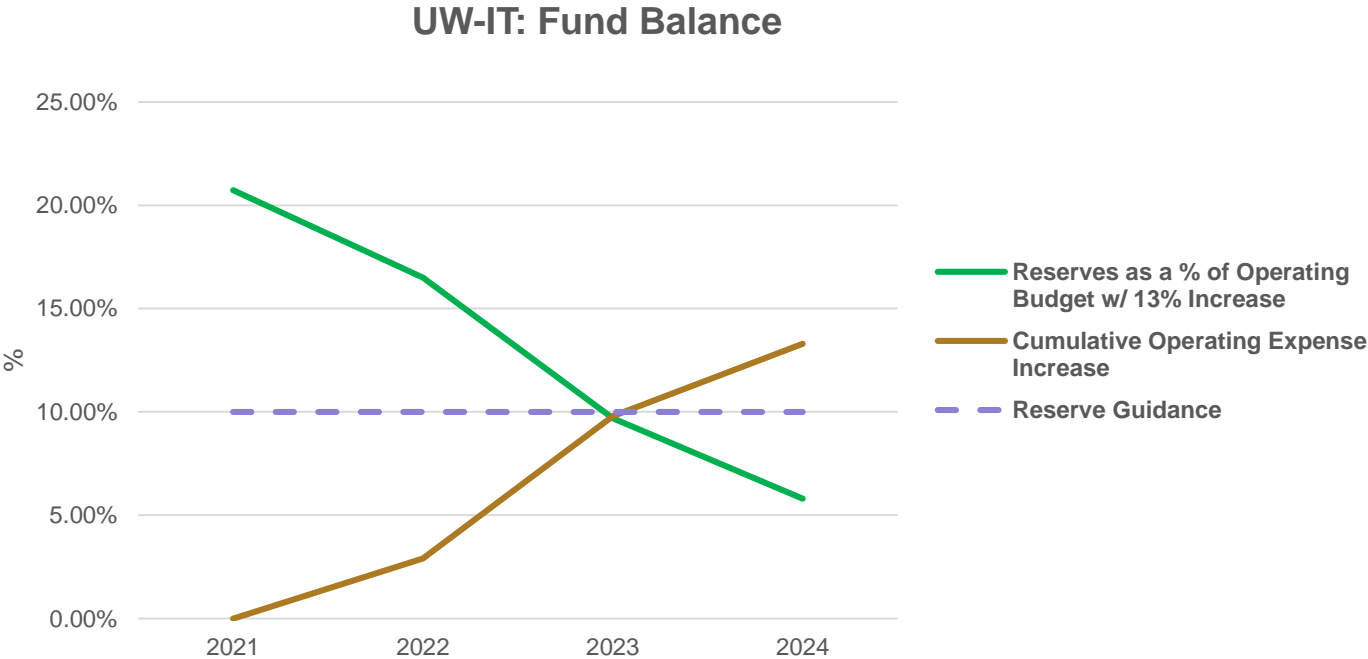
Rate Revenues

| | TRF Rate Increase Scenarios | | | |
|------------------------|-----------------------------|------------------|------------------|------------------|
| | 6% | 8% | 13% | 14.25% |
| FY23 TRF Revenue | 24,593,000 | 24,593,000 | 24,593,000 | 24,593,000 |
| TRF Rate Increase | 1,475,580 | 1,967,440 | 3,197,090 | 3,504,503 |
| 2% Head count Increase | 521,372 | 531,209 | 531,209 | 531,209 |
| FY24 TRF Revenue | 26,589,952 | 27,091,649 | 28,321,299 | 28,628,712 |
| Total Increase | 1,996,952 | 2,498,649 | 3,728,299 | 4,035,712 |



Current Environment: UW-IT Fund Balance

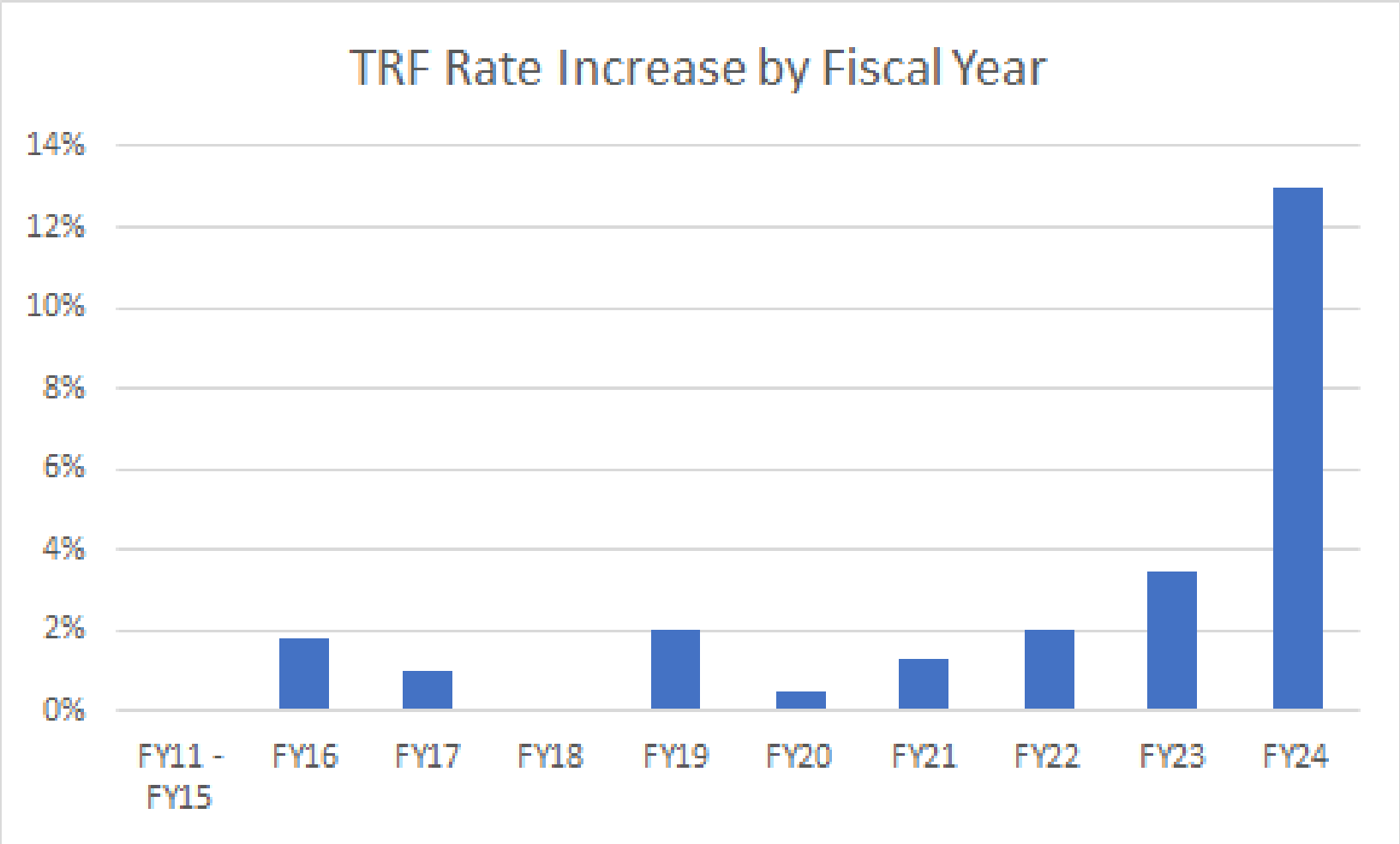
- > Since FY21 UW-IT has offset the need for rate increase by drawing down our fund balance.
- > In FY24, UW-IT fund balance levels will no longer be able to mitigate cost increase impacts on the TRF



*From FY21 to FY23 the average TRF Increase was 2.3%



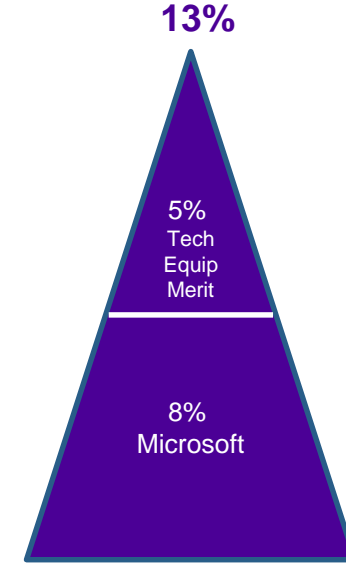
TRF Rate Increase History



TRF Impact

- > TRF recommends a **13% increase to address costs for basic services**

| | Current Rate | FY24 Rate |
|---------------------------|--------------|-----------|
| Academic & Administrative | \$61.52 | \$69.52 |
| Medical Centers | \$55.08 | \$62.24 |



- > Atypical for the TRF to increase by this amount (**0-3.5% since 2011**)
- > Increases have been limited in the past through use of UW-IT reserves
- > UW-IT is no longer in a financial position to absorb the gap in funding
- > 13% TRF increase doesn't cover the entire cost of the Microsoft licensing increase
 - 14.25% is needed to fully fund that increase
- > The 13% increase ensures the continuation of current service level



QUESTIONS DISCUSSION RECOMMENDATION



Future of IT Governance

Jim Phelps

Director, Enterprise Architecture and Strategy, UW-IT

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Reimagining IT Governance in the 2022-23 Cycle

IT Strategy Board

October 2022

Vision & Scope
(Why & What)

December 2022

Plan the Change Effort
(How)



February 2023

Check In
Input on design of future IT Governance

April 2023

Endorse
Final review of proposed changes for 2023-24

IT Governance Working Group

IT Service Investment Board

IT Service Management Board



IT Strategy Board: *Why make changes now?*

- > Govern Workday (and related core business systems) to maximize the UW's investment and meet needs across the UW.
- > Mitigate increasing cybersecurity threats and risk from un-governed IT decisions and growing complexity.
- > Take opportunities to standardize and create shared solutions, to reduce complexity and increase compliance.
- > Increase transparency in how governance works now across all domains; clarify decision-making authority.



IT Strategy Board: *What should a new governance model improve?*

- > Ground IT investment decisions in UW strategic outcomes and common challenges.
- > Clarify IT investment decision-making scope and authority.
- > Create transparency of scope, roles and responsibilities across the various governance groups (IT, Data, etc.).
- > Make governance groups easier to navigate and less cumbersome - provide a single point-of-contact.
- > Governance should drive standardization in technology and practices.



IT Governance Scenarios

Purpose

Clarify the scope of future IT governance through examples. In each scenario:

- > What might the UW *need* from IT governance to increase value or reduce risk?
- > What might the UW *feasibly* accomplish through IT governance?

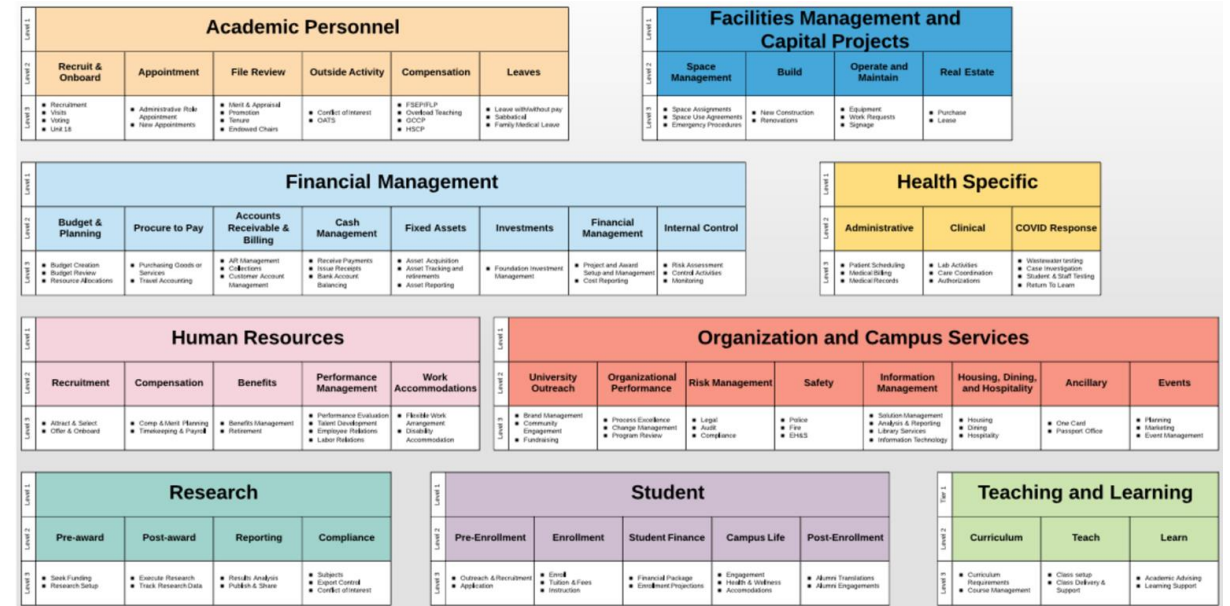
Modes of IT governance

Consider multiple ways for IT governance to work:

- > **Review:** IT governance can review, assess, and make decisions about proposals brought forward
- > **Planning:** IT governance can translate UW strategic needs into IT strategies, initiatives, or service roadmaps
- > **Self-governance:** IT governance can help teams self-govern their decisions about IT projects, solutions, and services

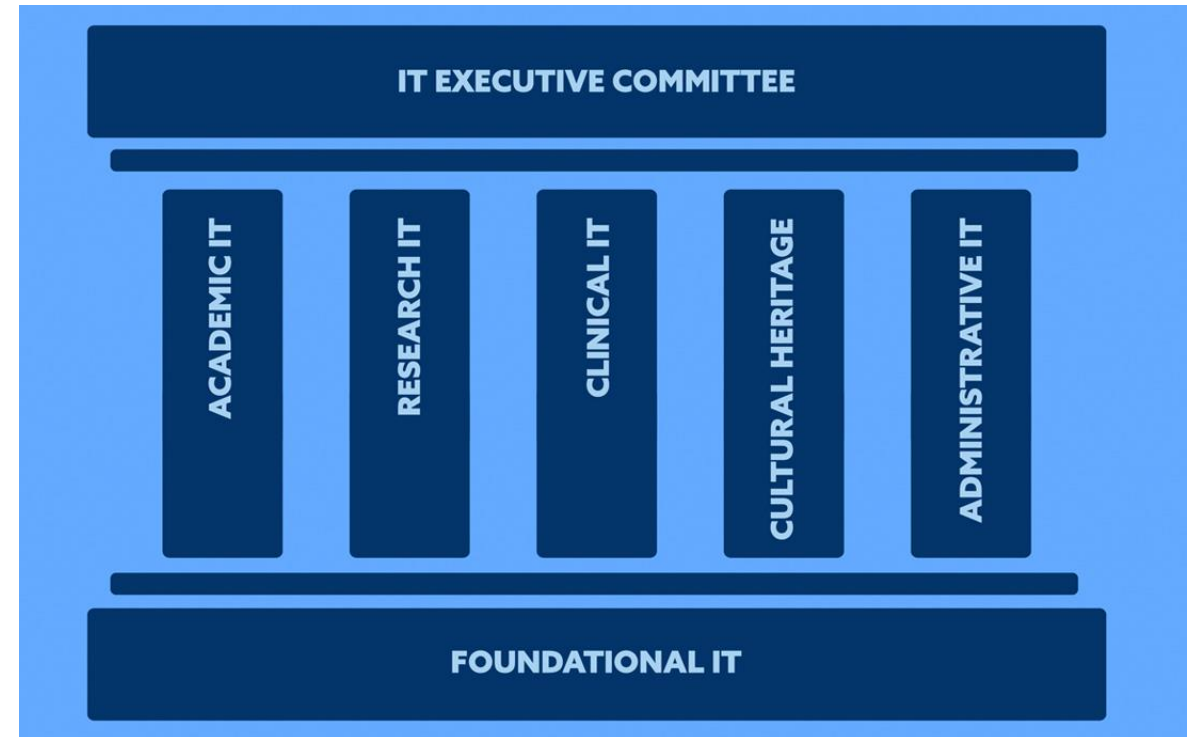
Example: UC San Diego

- > As part of a long-term core systems roadmap, developed process maps for all major business processes
- > Processes are linked to IT solutions
- > When new IT solutions are proposed, governance evaluates what is needed in the relevant process area
- > Benefits:
 - Less redundant IT investment; better use of existing investments
 - Better shared understanding of university business processes and how they are supported



Example: Yale University

- > Business stakeholders lead IT governance in domain-oriented pillars (committees)
- > Each pillar recommends IT investments for the whole university within its domain
- > An executive committee merges the recommendations and brings them into the university's annual budget process
- > Includes funding the one-time cost as well as ongoing costs of services
- > Benefits:
 - Single clear path for prioritizing investment in new shared services
 - Transparent link to larger existing budgeting process



Paying for an IT service (current state)

- > **Initially, how will we pay for the transition (implementation or expansion)?**
 - Flexibility in existing budget
 - Maybe a PRF proposal
- > **How will we pay for ongoing operation of the ongoing service?**
 - Savings from retiring/reducing other services
 - Maybe fee for service
 - Maybe out of TRF or other taxes
- > **How will we pay for growth over time?**
 - Future efficiencies or savings
 - Maybe fee for service scales with usage

Funding paths for IT services

Proposed service change

A need to establish a new service or expand an existing service, including any of:

Initial transition costs

Ongoing operating costs

Growth over time

Flexibility in existing budgets

- Efficiency gains, carryovers, vacancies, etc.
- Retirement of other services

Provost Reinvestment Fund (PRF)

- Typically one-time funding
- Side-by-side with all other (non-IT) proposals

Technology Recharge Fee (TRF)

- UW-IT only; for a fixed set of shared services
- Sometimes adjusts over time

HR/Payroll & Finance Fees

- UW-IT only; specific to Workday
- May adjust over time?

Chargebacks (fee for service)

- For services that scale linearly with usage
- Such services also have initial & retirement costs

Grants

- External grants for services that support, e.g., sponsored research

Currently,
no unified governance
decision-making over
these paths

Changes often require
decisions about >1
funding path

Scenario A

In 2025, several UW units are requesting that UW-IT establish a new shared service that they and others could utilize. Funding is not identified yet.

- > Should future IT governance have a role in this?
 - Can governance approve/prevent/redirect this project? If so, what would be considered?
 - What other role might governance play?
 - > Would governance prioritize these kinds of services?
 - > Would governance identify the appropriate way of funding these kinds of services?

Scenario B

In 2025, a UW unit is requesting funding from the Provost to implement an IT solution for \$5 million, not yet funded.

- > Should future IT governance have a role in this?
 - Can governance approve/prevent/redirect this project? If so, what would be considered?
 - What other role might governance play?
 - > Would governance prioritize these kinds of services?
 - > Would governance identify the appropriate way of funding these kinds of services?

Scenario C

In 2025, a UW unit is initiating a project to implement an IT solution for \$5 million, already funded in the unit's budget.

- > Should future IT governance have a role in this?
 - Can governance approve/prevent/redirect this project? If so, what would be considered?
 - What other role might governance play?
 - > Would governance redirect the funding of these kinds of services (say out of the department and to another unit e.g. Central HR, etc.)?

Proposed Next Steps

- > Next Board meeting:
 - March 2023: Check In - Input on design of future IT Governance
- > If you are willing to spend more time:
 - We will reach out to you and/or your delegates to learn more about your goals for IT governance

TAKEAWAYS, NEXT STEPS



Andreas Bohman
Vice President for UW-IT and CIO

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QUESTIONS AND DISCUSSION

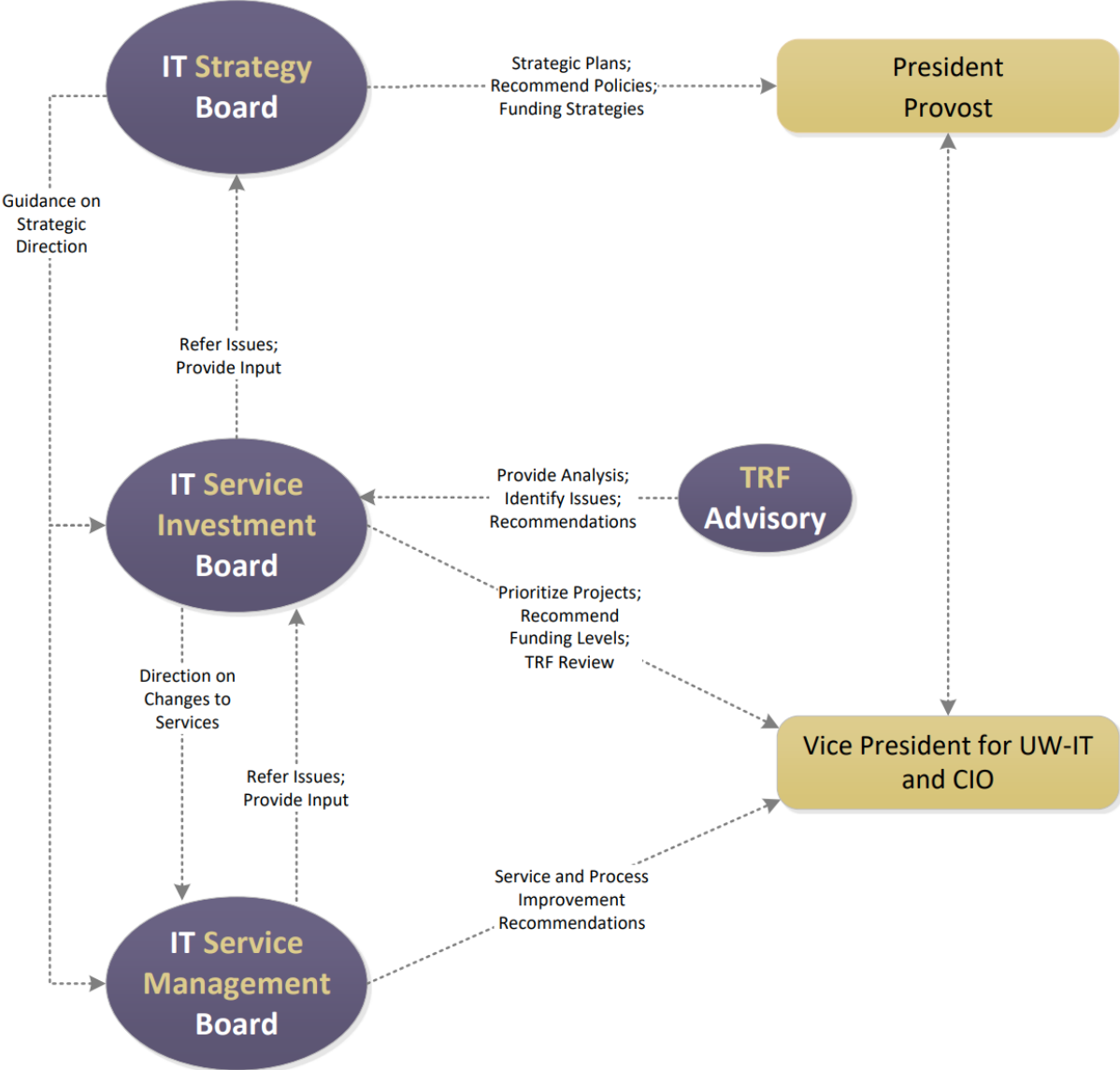
Appendix: Future of IT Governance

Andreas Bohman
Vice President for UW-IT and CIO

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IT Governance Boards



Reimagining IT Governance

*Draft materials
for discussion*

Vision

Information Technology enables the UW mission and accelerates innovation and discovery. Technology itself is not the outcome.

Why reimagine IT governance?

The needs of the UW should drive information technology decision-making across the institution; IT Governance should be the vehicle for the UW to drive these decisions.

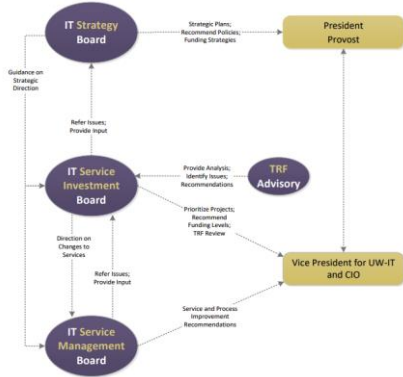
Current State: IT-related governance at the UW

Washington State OCIO

Oversight of [UW Enterprise IT Projects](#), tracked on behalf of the UW by UW-IT's governance structure

UW-IT

Three tiers with 4 [boards](#) plus groups specific to divisions or services (e.g., ITAC)



Bothell & Tacoma

Bothell Technology Advisory Committee
Tacoma Campus Technology Committee

Computing Directors

[Forum](#) for communication on strategic IT issues

UWA IT Providers

30+ IT providers in campuses, schools, colleges, and other units, each with IT governance structures

Example:

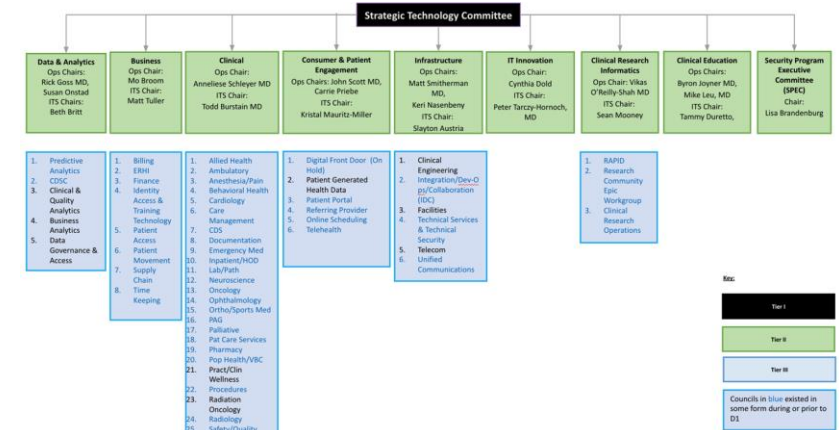
- Workday Governance (ISC)

Security, Privacy & Risk

CISO's Security Advisory Board
Enterprise Risk Management
Privacy Office

UWM IT Governance Partnership

Three tiers with 60+ groups by line of business/function



UW Finance Transformation

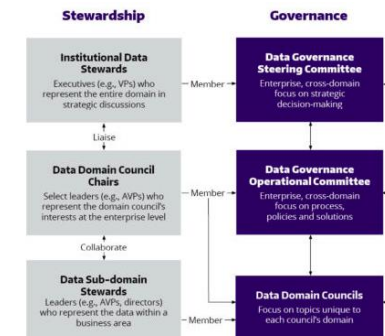
Several program-specific governance [groups](#)

Workday Guardrails

Reference architecture process

UW Data Governance

Three tiers of data domain councils plus task forces

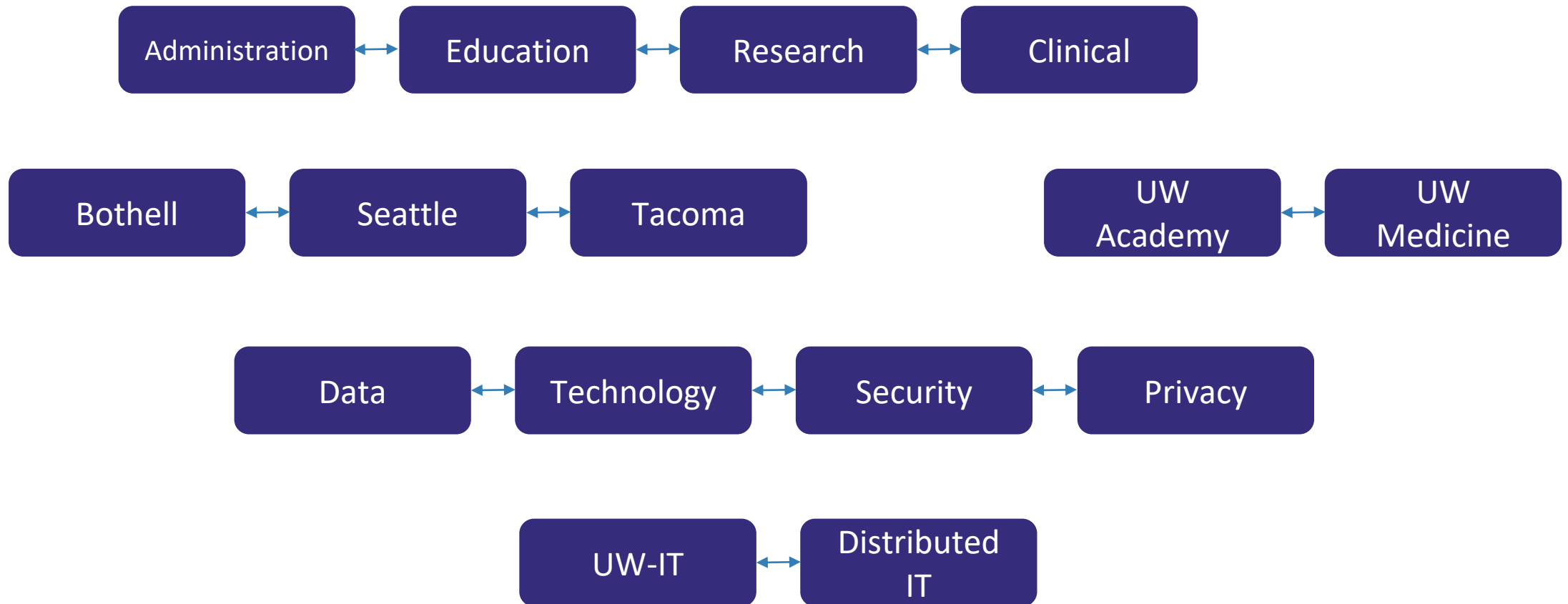


Additional Groups

UW councils and committees related to IT, and external groups.

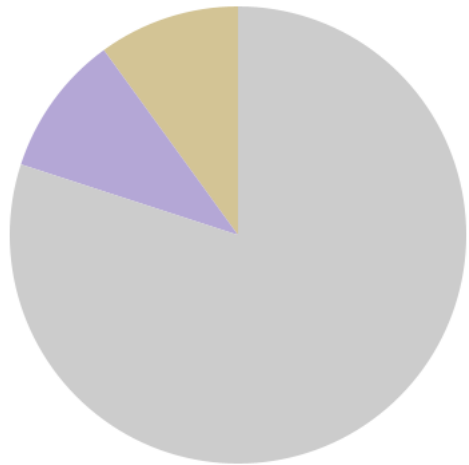
Scoping IT governance

- > What areas should IT governance connect up?
- > How might we drive decisions & action between these areas?

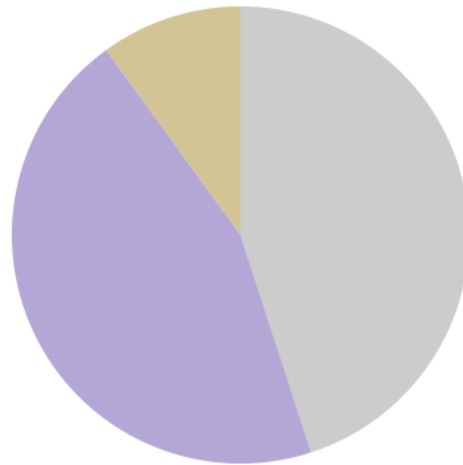
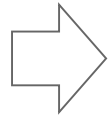


Adjusting the focus & maturity of IT governance

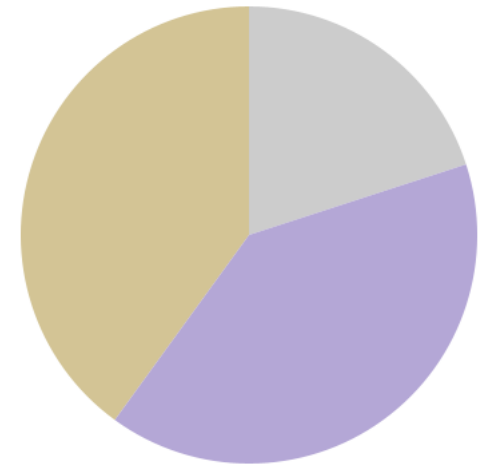
- **Track** major IT projects to mitigate risk & assure success
- **Rationalize** existing/proposed IT services to reduce costs & increase benefits
- **Roadmap** & execute future IT services based on business needs



Today

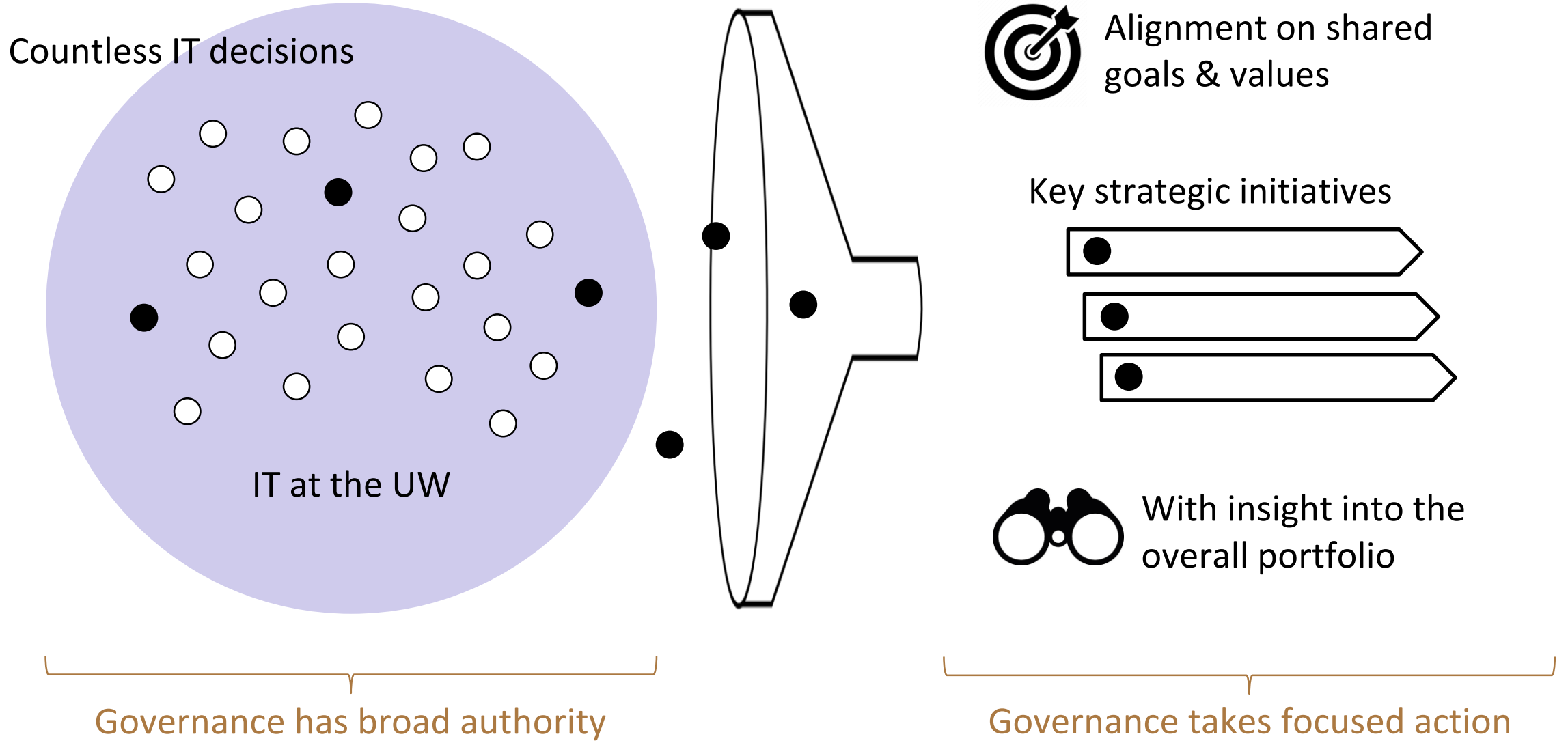


Mid Term



Long Term

Broad authority and focused action

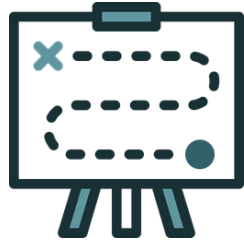


What should IT governance look like in 5-10 years?

Investment

- § IT investments are driven by institutional outcomes
- § IT roadmaps for these outcomes are shared, prioritized, and resourced

Desired Outcomes

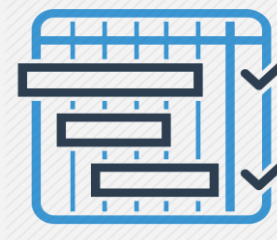


Prioritized Roadmaps

Projects

- IT projects are well planned for success, value, and risk mitigation
- Paths for innovative projects as well as highly managed projects

Resources



Well-managed projects

Value

- Technology enables student success, research, and the UW mission
- The UW has the right IT services at the right time at the right cost with well-managed risk

IT Services



Enabling the UW mission