



ECAR : IT Funding In Higher Education

EDUCAUSE 2004



We surveyed

- 482 EDUCAUSE members
- 386 NACUBO representatives
- 62 CIO/CFO pairs

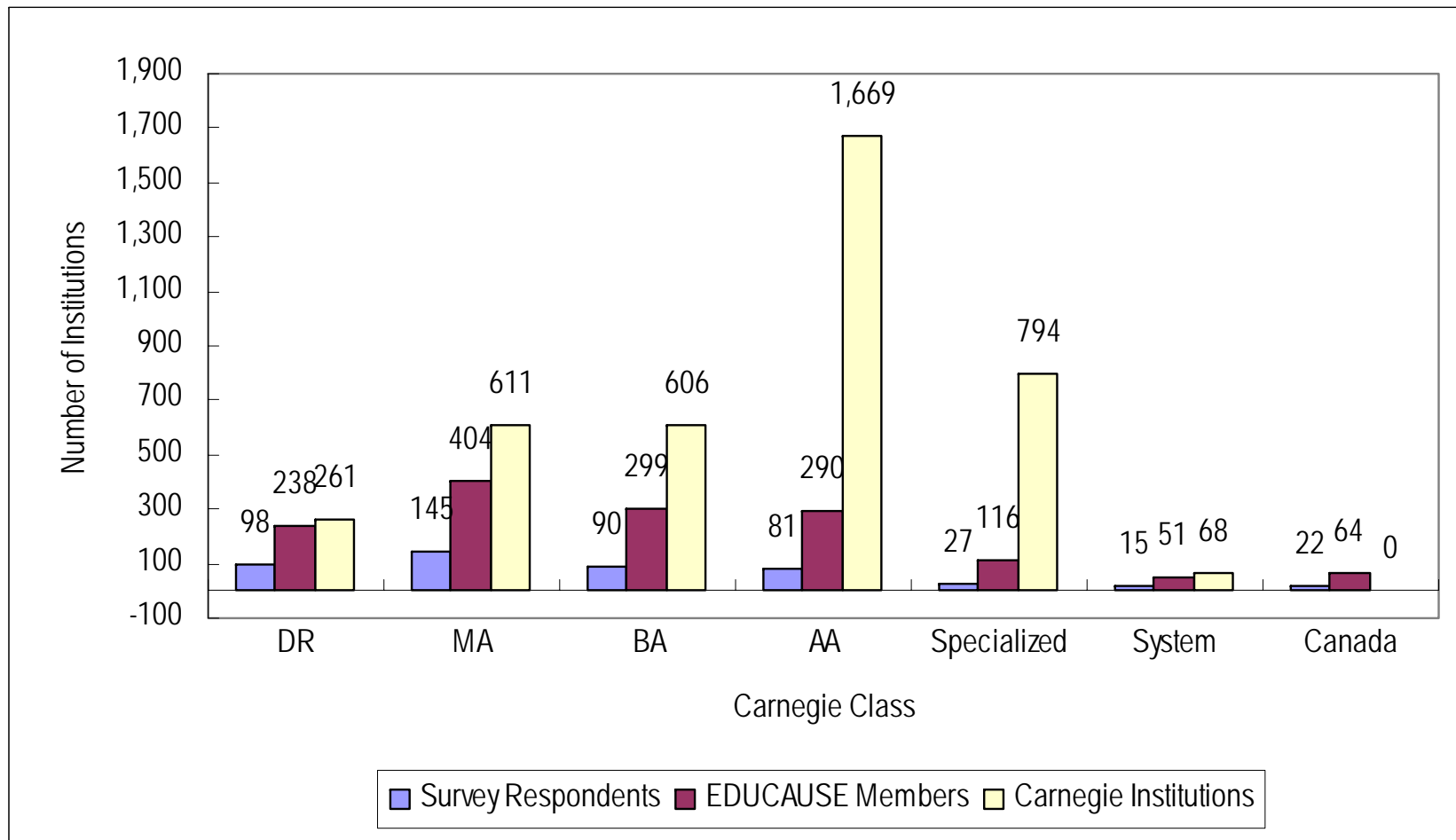


We Asked About

- Magnitude and direction of IT funding
- IT costs and cost drivers
- IT investment decision-making
- Charge-backs and student fees
- Cost containment and revenue growth strategies
- Effective IT financial practices



CIO Survey Respondents





Headlines

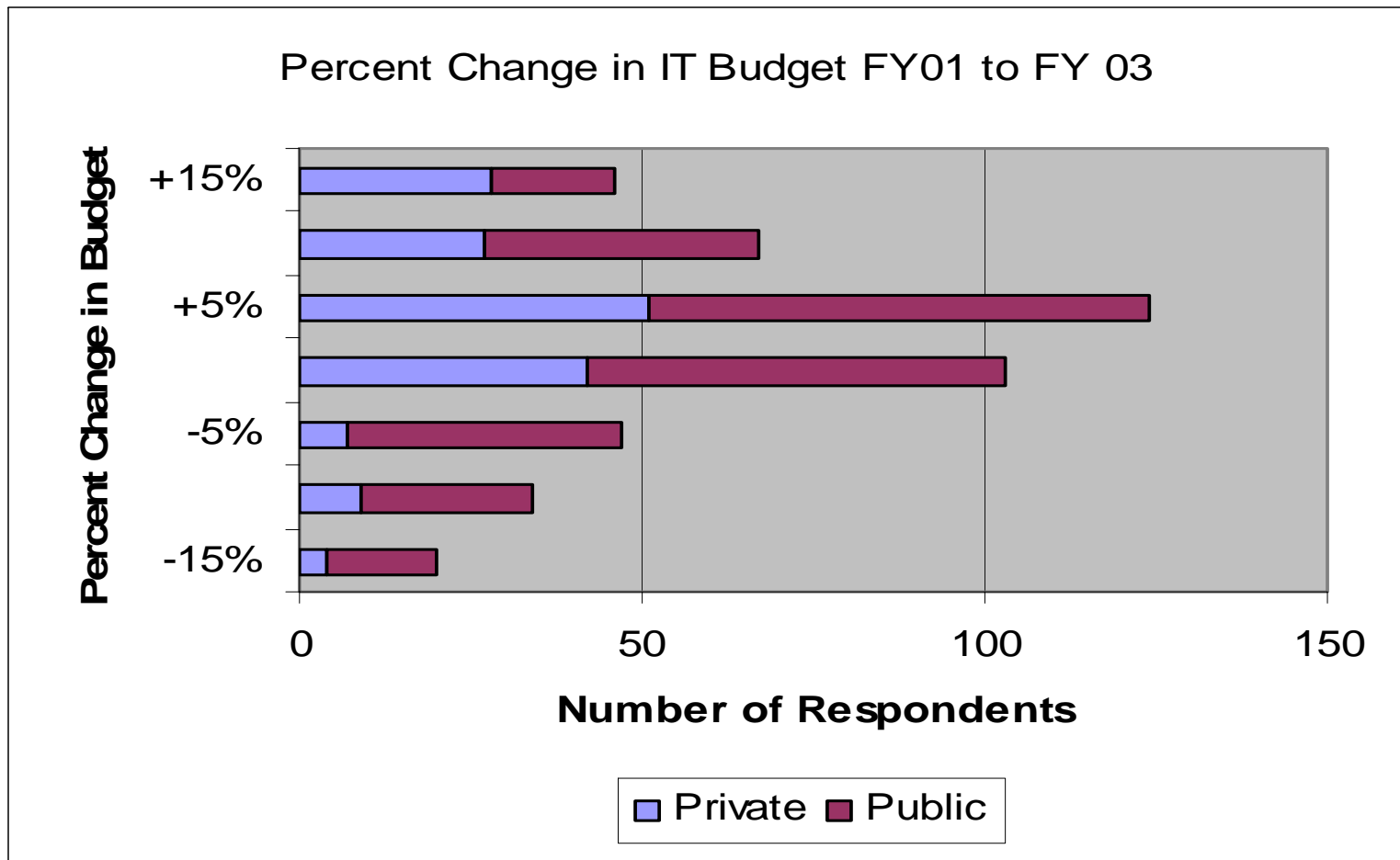
- IT budgets are facing cuts, but are holding their share of the institutional budget.
- Public institutions are substantially more pessimistic about their IT funding.
- Technology maintenance is increasingly consuming the budget.
- Funding flexibility and discretion is important, but few have it.
- Future funding may not be sufficient to maintain existing technologies and meet new needs.
- No dominant cost containment strategy and new revenue opportunities are marginal.

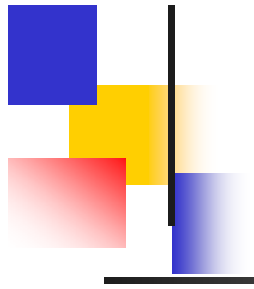


IT Funding Trends and Issues



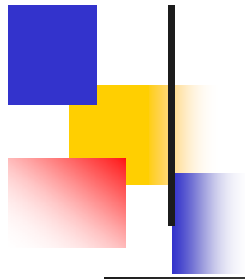
Budgets grew for some...



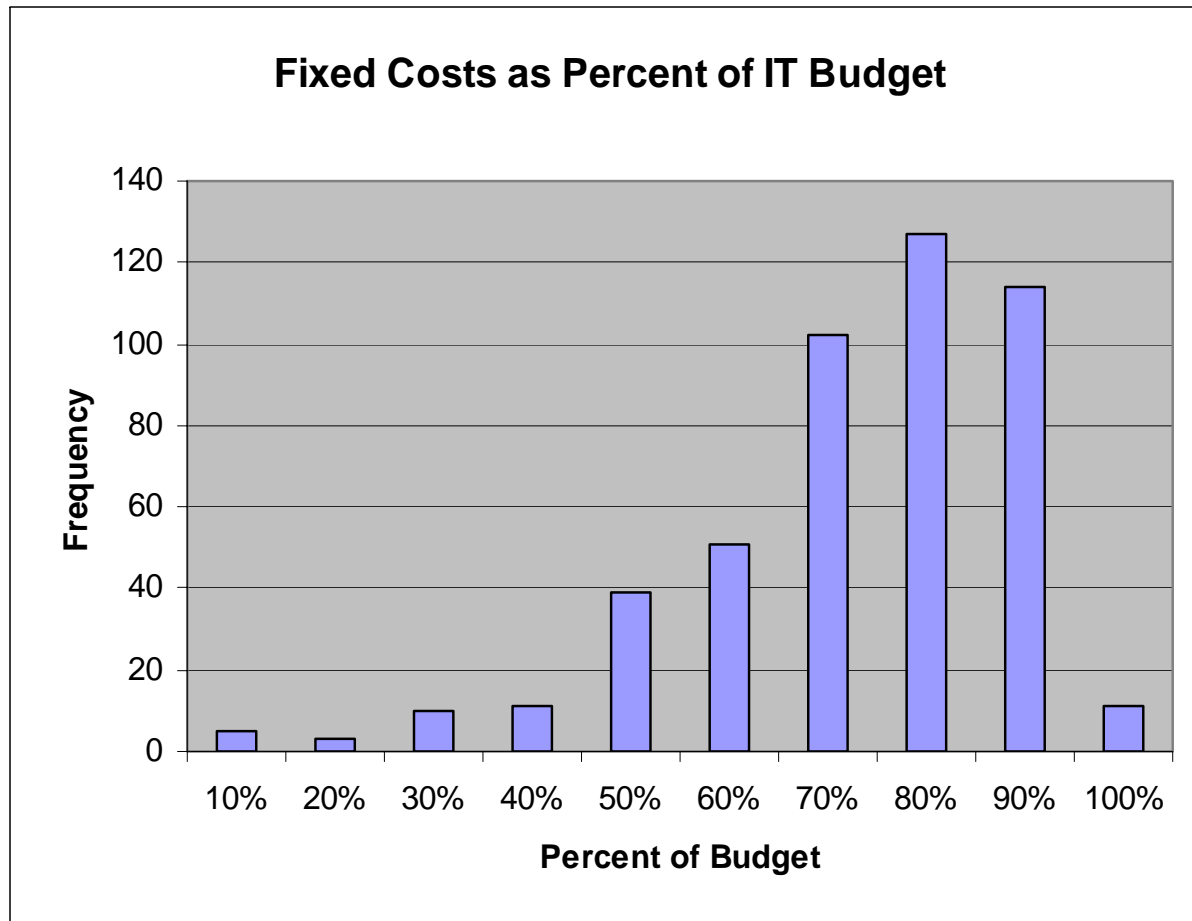


...but are facing increased pressure to decline.

- 80% report that IT budgets are maintaining their share of institutional budgets.
- 40% of respondents expect their budget to decline or stay flat next year.
- 24% expect level of one-time investment to be in decline over the next 3 years.



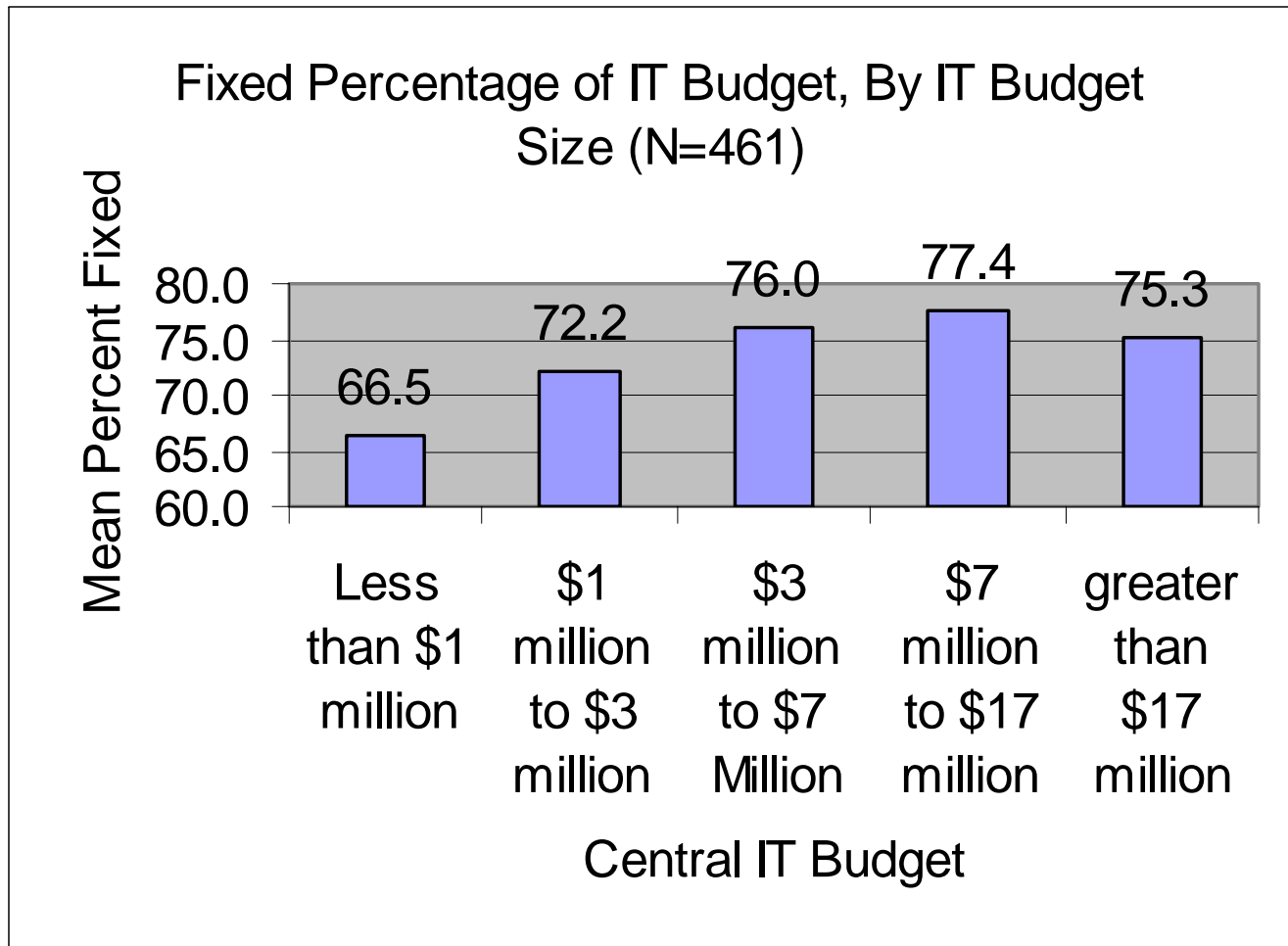
IT budgets are relatively fixed.

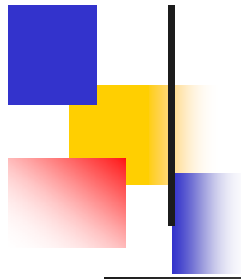


- 58% value increased flexibility
- 15% are pursuing an explicit strategy to gain it



IT budgets are relatively fixed





IT budgets are relatively fixed.

Carnegie	Mean Percent Fixed
AA	69.3%
BA	70.6%
MA	74.8%
DR	78.7%
Specialized	63.7%



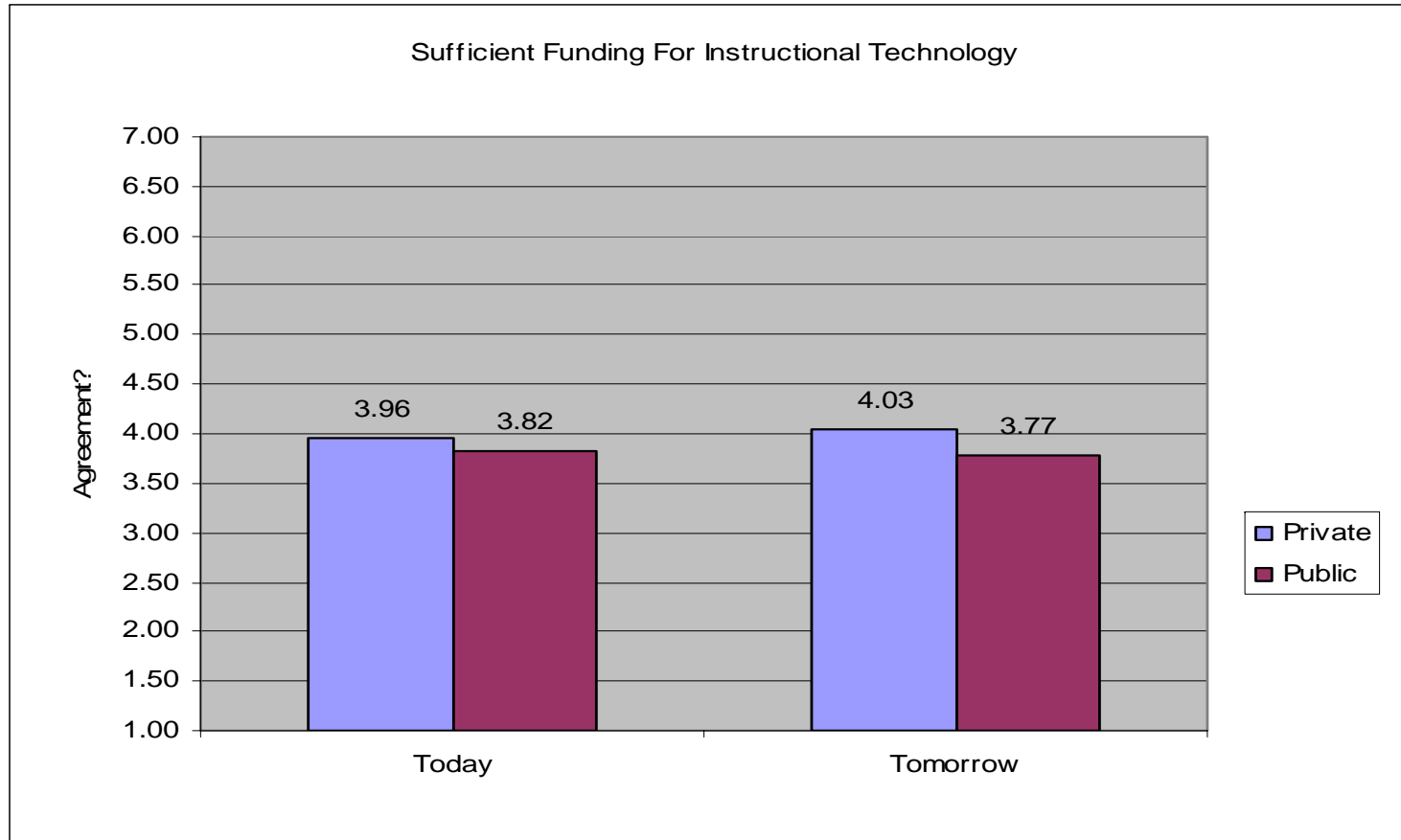
Respondents are concerned about funding the future.

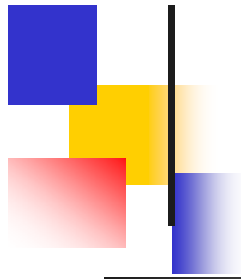
	<i>Meet Strategic Objectives</i>		<i>Keep Pace with Advancements</i>	
	<i>Mean</i>	<i>Std. Deviation</i>	<i>Mean</i>	<i>Std. Deviation</i>
Administrative Computing	4.1	1.499	4.03	1.389
Academic/Research Computing	3.85	1.258	3.78	1.255
Data Communications	4.38	1.341	4.19	1.297
Instructional Technology	3.86	1.339	3.86	1.32

1 = very strongly disagree, 4- neutral, 7 very strongly agree



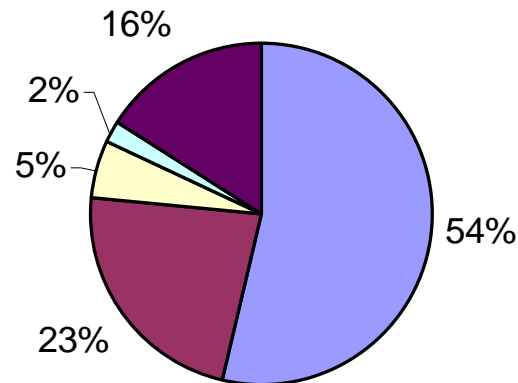
Funding instructional technology, Public vs. Private





Deferred Maintenance – An emerging problem?

Funding Technology Maintenance



- separate annual budget request
- included in project budget
- funds automatically set aside..
- formula
- other



Deferred Maintenance – An emerging problem?

- 40% fund upgrades from existing technology budget
- 11% have funds reserved for upgrades
- 64% don't believe the base IT budget increases sufficiently to maintain new technology
- 14% are not keeping pace with upgrades to vended software.



Cost Containment and Revenue Growth



Little confidence in “corporate” cost containment strategies

- 17% agree outsourcing can provide IT services at a lower cost
- 13% think the use of external software development firms is critical to cost containment
- 20% believe their institutions will be more likely to pursue shared services



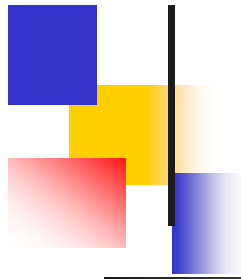
Cost containment strategies – Evaluated vs. Implemented

Considered

<i>Cost Containment Strategy</i>	<i>Percent</i>
Consortia or shared purchases	56.2%
Minimize supported technologies	47.7%
Across the board cuts	46.5%
Shared technology implementation	37.1%
Use open source	33.0%

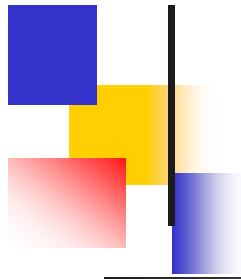
Likely to Implement

<i>Cost Containment Strategy</i>	<i>Percent</i>
Across the board cuts	41.1%
Consortia or shared purchases	38.6%
Minimize supported technologies	34.4%
Cut renewal & replacement	27.2%
Use open source	21.6%



Institutions are cultivating new sources of revenue.

<i>New Revenue Sources</i>	<i>Selected</i>
Grants	64.3%
Fundraising	41.7%
Increase Student Fees	35.1%
Corporate Partnerships	34.4%
Expand Use of Charge-backs	14.1%
Other	12.7%
Provide Services Externally	10.4%
Technology Transfer	5.6%
Provide Products Externally	2.7%

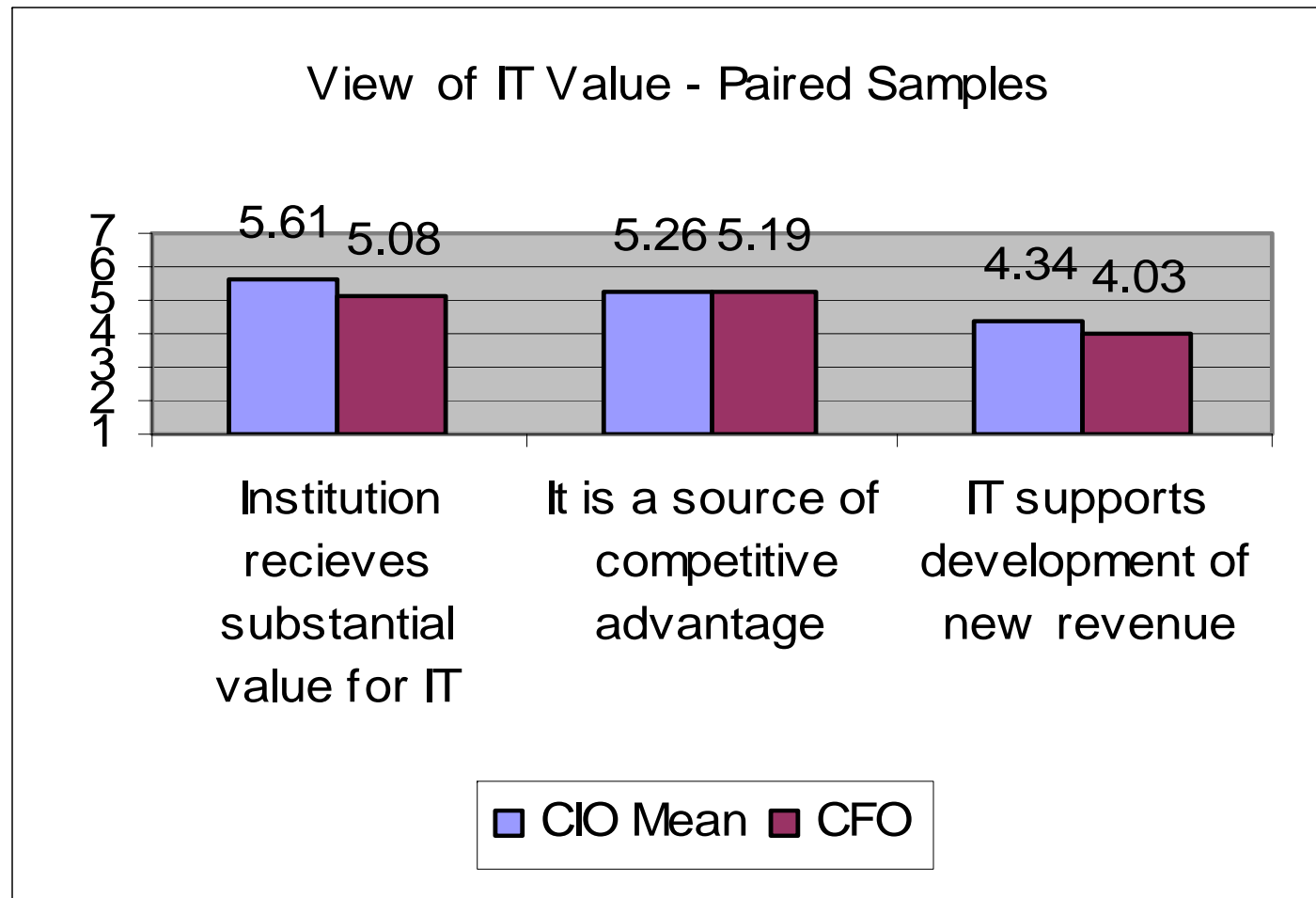


CIOs and CBOs

- CIOs and CBOs generally agree about everything,
 - except money!
- Both feel that technology creates value.
- Both see strengths and weaknesses in IT investment decisions.
- CBOs are generally more confident that IT is adequately funded.

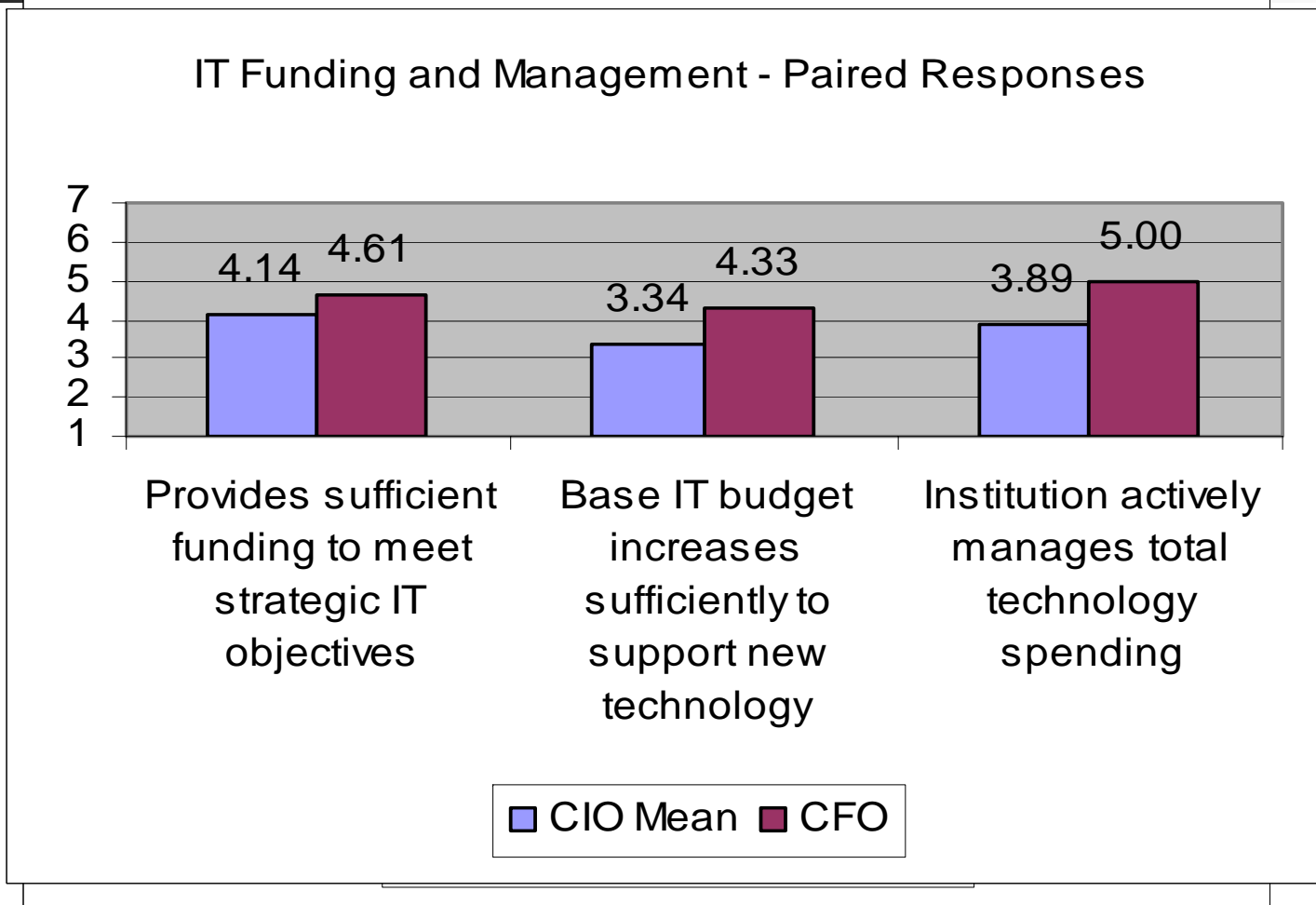


Similar views of IT Value



1 = very strongly disagree, 4- neutral, 7 very strongly agree

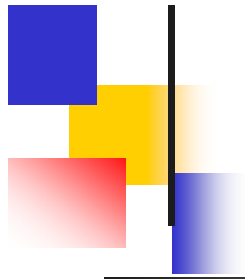
Differing views of funding and financial management.



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Effective Practices

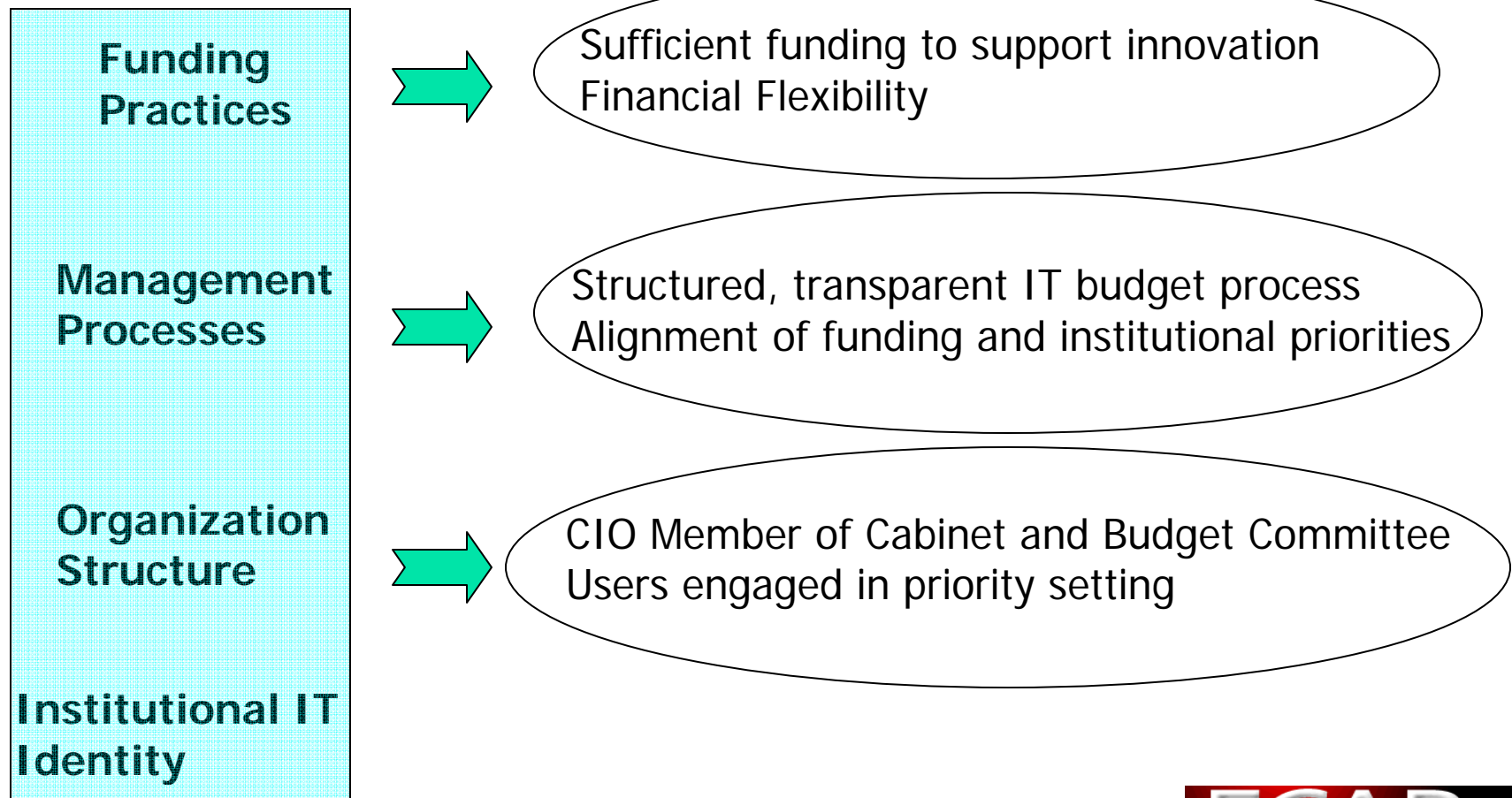


Effective Practices – Analytical Framework





Success Drivers





Effective Practices – Success Drivers

Practice	Percent of Respondents
Sr. IT leader member of the Cabinet	44.6%
Sr. IT leader member of budget committee	45.7%
Adequate funds to research and experiment with new technology	19.8%
Adequate funds to respond to new user needs	22.0%
IT budget process aligns IT priorities with institutional priorities	77.0%
IT budget process responds to changing environment	58.4%
IT budget process based on set of well understood management principles	45.8%
Senior level advisory group prioritizes IT projects	33.6%



What it all means?

- Success drivers are alignment, flexible funding, support for innovation, and transparency.
- Two unacceptable choices:
 - A deferred maintenance problem for IT
 - Or, limit future innovation in teaching and research technology.
- We need to better make the case for funding.
- We need to push harder to find successful cost containment strategies.