

# Foreword

*Spare no expense to save money on this one.*

—Samuel Goldwyn

The EDUCAUSE Center for Applied Research (ECAR) was launched on January 1, 2002, to create a body of research and analysis on important issues at the intersection of higher education and information technology. ECAR is fulfilling its mission through a program of biannual symposia and through the publication of

- ◆ biweekly research bulletins oriented to senior campus functional executives;
- ◆ detailed studies designed to identify trends, directions, and practices in an analytically robust fashion;
- ◆ case studies designed to showcase campus activities and to highlight effective practices, lessons learned, and other insights from the practical experience of campus leaders; and
- ◆ roadmaps that summarize the key findings of ECAR detailed studies for an executive readership.

Since ECAR's inception in 2002, six symposia have been held and more than 100 research publications have been issued. Today, more than 300 colleges and universities make ECAR research available to over 3,000 registered readers.

The EDUCAUSE Center for Applied Research remains a new and evolving ven-

ture. ECAR's success as a research center and a business enterprise depends in large measure on our reception with EDUCAUSE members and sponsors. Our members, as always, have shown great confidence in us and have shown their support by subscribing to ECAR despite the emergence of a tough economic climate for higher education starting in 2002. These members understand that particularly in tough times, investments in good research and analysis can save money in the long run.

ECAR has been especially fortunate to enjoy the support of an unparalleled group of sponsors. While Datatel, HP, Microsoft, Oracle, PeopleSoft, SunGard Collegis, and SunGard SCT provide significant financial resources to enable ECAR, they are more than financial sponsors. These companies truly believe that impartial applied research on critical issues in higher education makes for a more informed marketplace of both sellers and buyers. These firms are committed to understanding their customers and helping them make the most effective decisions related to their technologies and products. Most impressively, these sponsors understand deeply and respect the importance of intellectual independence in the marketplace of ideas.

## IT Funding in the Academy

George Bernard Shaw observed that the “lack of money is the root of all evil.” It is therefore no surprise that at a time when most states have slashed funding for higher education and endowment growth has slowed, IT funding heads the list of concerns for those completing the EDUCAUSE Current Issues Survey.

The problem of IT funding for higher education is perhaps more complex than Shaw might acknowledge. To wit: as higher education budgets have become increasingly constrained, IT has become more integral to the accomplishment of higher education’s purposes. As budgets dry up, the demand for greater network capacity, 24 × 7, at “five 9s” levels of reliability has risen. As budget increments and decrements continue to be passed along across the board, colleges and universities must now find ways to apply IT systemically and effectively to the core production functions of teaching and research. And as our attention shifts increasingly to technologies to support teaching and learning, we face the constantly rising costs of supporting trailing-edge legacy technologies that pose risks to our institutions, plus the costs of maintaining and upgrading core enterprise applications whose funding appetites are paced by external regulation, vendor schedules, and other uncontrollable factors.

The fact is that higher education IT enterprises have become not only indispensable but also large. Managing the funding of these enterprises is commensurately complex. Today, CIOs and their executive colleagues must make consequential choices between building or buying, contracting or hiring, outsourcing or insourcing, leasing or buying. We must unlock the complex psychological relationships that balance the need to recover costs with the need to cre-

ate incentives that foster the “right” institutional patterns of resource consumption and conservation. We must decide who pays and balance that with an understanding of who *can* pay, and even who *should* pay. We must establish investment portfolios that will simultaneously pull our institutions into the future, deliver applications and services that keep us competitive and responsive today, and prevent yesterday’s unwanted and aging technologies from mortgaging our future or simply breaking. And we must also be prepared to answer the question “what’s it worth?” when much of what we supply has assumed importance on a par with air, water, electricity, and other essentials of academic (if not biological) life.

Many people—within and without higher education—see IT as a bottomless pit. Campus officials can compute the revenues that will accrue to a new residence hall, apply a discount rate, and determine an economic rate of return. They can compute energy costs saved by building a campus cogeneration facility and similarly compute a return on such an investment. Many now argue that IT no longer distinguishes or differentiates institutions: IT investments are merely the table stakes of being a modern college or university.

Complex indeed. And controversial.

We designed this ECAR study to illuminate current IT-related financial management practices in higher education, describe the state of the practice in this critical area, and identify funding practices that appear to contribute to the IT operation’s overall efficacy. This ECAR study continues to expand the developing ECAR analytical arsenal and includes a literature review, a major survey of IT leaders, an unprecedented survey of higher education business and financial leaders, case visits to several institutions, and interviews with 13 IT leaders and financial or business officers. In all, almost 550

U.S. and Canadian colleges and universities participated in this research.

### **Important Contributions**

*Information Technology Funding in Higher Education* is the final ECAR research study of 2004. It is the result of 10 months of leadership and intensive effort by ECAR Fellow Philip J. Goldstein.

In February 2004, we sent a survey on this topic to nearly 1,500 EDUCAUSE primary representatives. Four hundred eighty-two institutions in the United States and Canada completed this survey, and their responses form the study's backbone. We also interviewed CIOs and other leaders at 11 institutions to gain a deeper understanding of issues such as funding processes, the relationship of fixed and variable IT costs, and how the CIO and business cases influence IT funding in higher education. To illuminate this topic further, ECAR enlisted the support of the National Association of College and University Business Officers (NACUBO), which graciously agreed to deploy a companion survey to its members. Business officers from 386 colleges and universities responded to this call. This gave us unprecedented potential to better un-

derstand the perspectives of two key campus stakeholders in the outcomes and process of IT investment decision making. We wish to thank the hundreds of individuals who took the time to respond to our surveys. The willingness to share information to benefit all is a wonderful and distinguishing characteristic of those who work in higher education.

More specifically, Kris Hafner of the University of California System, Polley McClure of Cornell University, Jay Morley of NACUBO, David Smallen of Hamilton College, and Richard West of the California State University System helped shape our initial thinking on the research questions and hypotheses. ECAR fellows Robert Kvavik, Gail Salaway, Mark Nelson, and Toby Sitko provided invaluable advice, guidance, and mentoring throughout the research process. They are all truly remarkable colleagues that EDUCAUSE and higher education are lucky to have in their midst. A special debt of gratitude is owed to Matt Hamill and his colleagues at NACUBO for their assistance with the survey of chief business officers. Finally, nothing ECAR does would be possible without the wonderful support of the amazing EDUCAUSE staff.

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