MEMORANDUM

From: Katrina Spencer, Associate Vice President of Finance and Budget Director
To: University of Chicago Unit Finance Leaders
Date: December 3, 2019
Subject: FY21 IT Allocation

I. Purpose and Background

The purpose of this memorandum is to provide University of Chicago unit financial leadership and management teams with background and guidance regarding the rollout of the IT allocation in FY21. As mentioned in the fall 2018 and spring 2019 budget meetings, an allocation of central IT support costs to units will be part of FY21 budgets. Information Technology Services (IT Services) provides tools and services that support the mission of the entire University. Restructuring and streamlining the methods used for allocating the cost of providing these tools and services will increase transparency and consistency for units. The University Budget Office has been working closely with IT Services to determine the base of service costs to be allocated to units, the method for allocating those costs, and the actual financial impact of the allocation on the unit.

II. Allocation Base

IT Services has conducted a review of its service lines and determined which services will be converted into the IT allocation base versus which services will continue to be billed directly to the units as recharge and which services will be billed as “fee for service”. Most services supported by IT Services will fall under the IT allocation. A small number of services for which demand and costs are closely aligned (such as desktop support) will continue to billed as recharge and “fee for service” focuses on services that experience fluctuations in demand (such as bulk printing). Please refer to the attached ITS Service Descriptions and FAQs for further detail. For all services which were categorized into the IT allocation base, an analysis was conducted of actual expenses incurred by IT Services to deliver these services over a three-year period (FY17-FY19). An average of those three years of actual expenses establishes the base for the IT allocation.

III. Allocation Method

Several methods for allocating this established base were considered, including staff FTEs, faculty FTEs, a combination of the two, student enrollments, research base, and fundraising base, among others. Ultimately, a combination of all FTEs (faculty, staff, academic, postdoc, temp, and academic temp; note that student worker and seasonal FTEs are excluded from all FTEs) and student enrollments were deemed to be the most significant and clearest drivers of total IT service costs. An analysis was done of all IT service lines categorized as part of the IT allocation base to determine whether these services uniquely supported a student population or a more general population. This analysis indicates that 87% of all service lines in the IT allocation support a general population and
13% uniquely serve students. These analyses form the allocation method which was used to distribute the IT allocation base to University academic and administrative units. FTE data pulled from Workday in November 2019 was used to determine each unit’s FTE base. Total FTE base was weighted at 87% in the distribution calculation. Autumn Quarter 2019 census data was used to determine graduate and non-degree seeking student enrollment by unit and student progress units from the College tuition allocation course report was used to determine undergraduate student enrollment by unit. The resulting total student base was weighted at 13% in the distribution calculation.

IV. Unit Impact of IT Allocation

As announced previously and detailed in the recently distributed FY21 target adjustments document, the actual financial impact of this new IT allocation policy will be 1.5% of the unit’s base. Each unit will be allocated the full cost of its share of the total IT allocation, based on the method described in Section III of this memo. The Budget Office will process the full transaction annually in the first quarter of the fiscal year. The incremental financial impact to the unit in FY21 will be capped at 1.5%, as achieved through the target adjustments (see the enclosed materials for the unit-specific calculation).

V. IT Allocation in FY22 and Beyond

Following the fiscal year end close, the Budget Office and IT Services will conduct an analysis of the most recent three-year period of actual IT Services expenses in order to closely gauge year over year changes to the cost of delivering IT Services’ service lines. The total IT allocation base (as described in Section II of this memo) will be updated and communicated to units along with all other budget guidance at the end of January each year.

VI. Further Communication

IT Services and the Budget Office will jointly be hosting “open sessions” in December and January in order to walk units through the methodology and approach described in this memo, as well as answer any questions units may have. In the meantime, if you have questions please contact your budget analyst or email the Budget Office at budgetoffice@uchicago.edu.

Attachments:
Unit-specific IT allocation schedule
FAQs
IT Allocation brochure
Information Technology Services 2020-2021 Service Catalog