Marshall University Information Technology Council

Procedure ITP-17

Marshall University Information Technology Cost Recovery Procedure

1. General Information

1.1. Scope:

This procedure applies to all University employees, including those on the regional campuses and associated units.

1.2. Statutory References:

1.3. Passage Date:

November 6, 2015

1.4. Effective Date:

November 6, 2015

1.5. History:

1.6. Revision Date:

August 19, 2019

1.7. Purpose:

To establish a procedure for the rational, fair and efficient cost recovery of selected Information Technology services.

1.8. Rationale:

As Information Technology is increasingly integrated into the academic, business, and administrative facets of Marshall University, it becomes increasingly consequential for the campus to understand, at least roughly, how much information technology costs the campus, and how it is funded. This issue continues to be complicated due to the expanding of the traditional campus to remote facilities and uniquely funded agencies that are part of the Marshall University family (RTI, RCBI, MUSOM, grants, etc.). In recent years, the University has devoted a great deal of effort towards understanding the University-wide Total Cost of Ownership (TCO) intended to improve the efficiencies and management of IT costs at the campus and device level.

There is little precedent at the University for tracking IT spending, and few explicit lines for IT within departmental and unit budgets. Marshall has been very successful in moving the entire University from a mixed to a more common standard IT platform. The recommendations of the IT Strategic Plan stress that the campus focus on providing

universal access to core software image
universal access to the campus network
universal access to the Internet
universal access to computing and core enterprise applications
universal access to telecommunications services
It has become imperative that all universities have an understanding of the need, costs, current funding methods, and replacement cycles for equipment, software and technical support. This information can assist the University as it sets IT priorities in future budget cycles, and can help the campus plan for the technological developments of the coming years. Because many IT costs are not captured by traditional accounting methods, a process for gathering those costs must be multi- faceted. Some aspects overlap, but do so with the objective of getting a more thorough understanding of IT costs and funding.

Regardless of how they are budgeted, IT costs must be paid. Most schools offer some computing services at no cost to the individual or unit and some that are charged back to users and units. Levying fees to users on an individual or departmental basis may yield a different demand and expectation of IT services than when costs are borne by a central budget. Quantity and quality, degree of centralization, and administrative complexity of services are major variables in determining funding. These issues are specifically illustrated through a case study of the formulation of a new budget and cost accounting model for core IT resources.

Central funding, typically for some service considered basic and crucial to an institution, can lead service consumers to think a service is “free.” When a service should be centrally or non-centrally funded is a complex issue that depends on an institution’s history and culture, as well as economic factors and the service in question. Moving from central to non-central funding may be seen by some as unfair cost shifting. A centrally funded service at least has the appearance to individuals of being “free.” If central funding is decreased or removed and chargeback begins, then something that was at least “free” suddenly must be paid for by individual ordepartmental funds, even if absolute costs to the institution decrease. The Higher Education Policy Commission has continued to push many statewide and campus financial decisions to be based on “free market economy forces”.

This procedure governs cost accounting standards and institutional charge backs for selected Information Technology services. There are many external pressures that have forced a review to identify costs for services and distributing these to client departments. This has led to a formal rate calculation to support the costs distributed to other departments. The campus data network costing model was one of the first services to be assessed and was established many years ago. This was followed by cost recovery of printing services. Recently all West Virginia Higher Education institutions were levied charges for their Internet Service and Wide Area Network costs. Additionally, a common core software image must be financed to support our common needs. These changes led us to review and revise the model for IT charges.

This model distributes selected resource costs to devices. This cost accounting must be done and results provided to facilities budget managers in time for setting the upcoming year's budget. Previously, the model was too loose, had lots of grandfathered deals, and there was no defensible rationale for the amount of the fee. We account for replacement costs even though most institutions have not built these costs into annual operating budgets. There is a certain amount of overhead that is necessary to provide network services to a college campus regardless of the size of that network.

Beginning with fiscal year 2016 the Budget Office has implemented a zero-based budget (a method of budgeting in which all expenses must be justified for each new period) for core departments at Marshall University MU ORG list. With this change core departments will have certain IT charges funded centrally and non-core departments will continue to pay for all IT charges as defined in this procedure.

2. Procedure

This procedure defines the services targeted for cost recovery, the cost recovery process, and the rate setting methodology. Where costs can be specifically identified as belonging to an organization those costs will be billed directly to the organization. However, where total costs need to be allocated by some method a charge unit will be chosen, a rate established, and the costs allocated to an organization based on the number of units "owned" by the organization. The current price list is published on the Information Technology web page.

2.1. Cost recovery services include:

2.1.1. Central Printing done on IT maintained equipment

2.1.2. Connection to the MUNet (Marshall University's data network)

2.1.3. Maintenance of the connections to the MUNet

2.1.4. Telephone Service

2.1.5. Long Distance Service

2.1.6. Paging Service

2.1.7. Cell Phone Service

2.1.8. Special contracted telecommunications and networking services

2.1.9. Workstation Client licenses

2.1.10. Internet Access

2.1.11. Technical support for College or Departmental computing facilities not designated as University computing facilities

2.1.12. Technical assistance not covered under the computing services supported products procedure

2.1.13. Distance Education Classroom use

2.2. Calculation of rates:

Where a specific invoice cannot be mapped to a department for payment, the calculation of rates to provide for general cost recovery will involve the following steps:

2.2.1. Identification and annual review (by financial affairs) of costs allocated to the Cost Center (Total Cost).

2.2.2. Identify a charge unit, i.e., phone set, workstation, network port, etc. (Units).

2.2.3. Inventory and verify counts and ownership of charge units (Total Count).

2.2.4. Set rate so that the recovery is sufficient to cover costs (Rate).

2.2.5. Total Recovery = Total Count of Units X Rate and should slightly exceed Total Costs.

3. Responsibilities for Interpretation

The responsibility for Interpretation of this procedure resides with the Chief Information Officer.