To fully understand our budgetary situation, here is a quick overview of our recent past. Since recovering from the budget over-run in the late 90’s, Information Services has built up an emergency carry over fund as insurance against future uncertainty. To balance FY09, a large portion of our fund was used to balance the annual IS budget and pay our debt service on a required Banner hardware upgrade. Using our carry over funds mitigated the need to lay off staff and reduce core services. The following provides a more detailed picture of our strategy going forward:

**FY10 Budget at a glance:** Information Services needed to use $683,124 in carryover funds to fund basic core FY10 operations. The use of carryover funds allowed IS to avoid major staff and service reductions, while the University sorted out bigger campus-wide IT considerations. We currently plan to give notice to two 1099 positions in network engineering to pay for critical system upgrades requiring E&G funds. Not having an annual capital budget or equipment reserve (exception service centers) makes it very difficult to plan and implement upgrades and often has resulted in deferring much needed maintenance and equipment replacement.

Here is a short summary that documents our FY10 strategy:

- $400,000 - Annual Banner hardware debt service payment
- $115,724 – November 2008 recurring base budget reduction
- $133,240 – March 2009 recurring base budget reduction
- $343,488 – FY09 budget used this amount from FY08 carryover funds. This amount continued forward as a part of the FY10 shortfall, and a part of the $683,124 draw on carryover funds.
- $90,672 – New or additional funding required to meet basic FY10 operations in Information Services. Increased costs related to needs such as: software licensing; maintenance; iN2 dues and bandwidth. We have earmarked $87,000 in furlough savings to offset these increased expenses.

**Unanticipated Business Center Impact:** With the transfer of staff and budget to the Business Center (UABC), we ended up with an anomaly that resulted in a negative financial impact on IS, creating a need for additional funds, which is part of the financial picture noted above.

Here is a short overview of the anomaly and the financial impact:

- $454,404 was the budget transferred from Information Services [JIS 006] to UABC [Business Center]. This was to be a net-zero transaction, but as we discovered later, IS [JIS006] lost $133,000 in revenue generated by the staff in administration, as their time and effort was billed to Auxiliary Operations, Designated Operations and Service Centers. In hindsight the transfer of resources should have been $321,404 [Budget from IS - JIS006], with the remainder of personnel costs coming from ongoing charges to the services centers, etc. The end result was an additional need for more funds to cover the shortfall.

**FY11 Budget: Initial Perspective:** As we look to the FY11 budget we have major challenges. If we maintain the current service levels we will be short at least $700,000. If we use all the remaining carryover funds and hold back $400,000 for Banner debt service, we will be about $400,000 short of meeting our budget requirements for FY11. The original plan for the Banner hardware upgrade included funding support from the University which did not materialize due to constraints on the overall university budget.

**Recommendations From Vice Provost/CIO:** (limited discussion with leadership team)

Given the FY11 fiscal picture for Information Services, we will need to cover the $400,000 shortfall by reducing the number of developers in Enterprise Computing and Central Web Services. We were not able to fill 5 vacancies in the Web during the past year which has put stress and pressure on the remaining staff. We will have to restructure the Central Web with less focus on development and focus on operations, maintenance and support. We will continue with the Degree Audit System but recommend we use existing E&G funded development staff to avoid layoffs and reduce our staffing level dedicated to maintenance and development projects. We will focus on Banner release upgrades and focus only on required changes.

Considering this gets us through FY11, any further reductions will require reductions to all remaining E&G funded areas. This will be very challenging as we have no “soft” functions left that we can easily eliminate or curtail at this point.