

# Technology Recharge Fee

## Overview

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### Why do we need a new recharge fee?

- **Our current funding model is obsolete**
  - Dozens of universities across the country have found it no longer works to fund data networking, security, and other critical technology services through telephone charges—especially as desk phones are replaced by mobile devices and network use climbs.
- **The current rate does not cover the costs of services**
  - Despite a cost study in 2006 that showed actual costs of telecommunication and data network services to be \$40.05 per month per phone line, rates were only increased to \$25.80, where they remain today. This gap has contributed to significant operating deficits.
- **No rate change in four years, despite a tripling in demand**
  - Demand on the UW data network has almost tripled since 2006, with the growing use of wireless and new devices such as BlackBerry, iPhone, and Android—but there has been no rate increase to cover rising costs. Had UW Technology phased in the proposed rate increase in 2006, there would not be the large increase proposed today.
- **New services were added without recovering costs**
  - Essential services were added without sufficient additional funding. Examples included the wireless network on the Seattle campus, new Web-based courseware tools, functionality to increase UW NetID security, support of general access computer labs, and critical backup and storage for UW administrative systems.

### What process was used to determine the new recharge fee?

- **Oversight and input from presidentially appointed groups and individuals**
  - President Emmert appointed the UW Technology Working Group of senior UW leaders in 2008 to resolve financial and management problems within UW Technology. He also appointed a new Chief Operating Officer and Chief Financial Officer for the organization.
  - Under Working Group oversight, teams of representatives from across the University evaluated what core technology services should be delivered to the UW community and how they should be funded. They identified critical UW IT initiatives and recommended future technology investments.
- **An in-depth analysis by external consultants**
  - WTC, a firm experienced in higher education information technology costing, was hired to conduct an in-depth analysis and a peer review. They spent more than six months dissecting and costing out every aspect of UW Technology's services to develop the proposed new recharge fee.

## **What has UW Information Technology done to date to reduce costs?**

- **Reduced operating expenses from a high of \$87M per year to a current level of \$45.4M in a two-year period**
  - Eliminated 107 positions, which reduced staffing by 25%
  - Cut professional staff salaries by 4% for FY2010 (with mandatory two-week furloughs)
  - Froze equipment replacements and non-essential operating expenses
  - Renegotiated vendor contracts to lower rates
  - Reduced some self-sustaining operations
  - Transitioned out of non-essential services

## **Why raise rates now, in the midst of state budget cuts?**

- **Core IT services are at risk**
  - Deferred infrastructure maintenance puts the University at risk for outages of mission critical networking and computing services. (Cost: \$4.3 million over three years to address critical infrastructure maintenance needs.)
  - Deep cuts to engineering staff during previous layoffs have put networking, security, and other services in jeopardy. (Cost: \$1.7 million to appropriately increase and retrain staff.)
  - Mandatory benefits increases have not been recovered through the current rate. (Cost: \$1.2 million per year.)
- **The University needs to make investments in technology infrastructure**

Key investments include:

  - Building out basic geographic diversity for business continuity (\$463K)
  - Expanding cloud computing and improving the research portal (\$287K)
  - Extending Wi-Fi and mobile capabilities (\$788K)
  - Opening and operating the UW Tower Data Center (\$1.1M)
  - Enhancing security and privacy functions across the University (\$945K)

## **What else is UW Information Technology (UW-IT) doing to minimize rate increases?**

- **Developing lower cost ways to deliver services**
  - Examples include piloting student email with Google and Microsoft, developing plans to move faculty and staff email and calendaring to lower cost outside providers, reducing printing costs, and negotiating new mobile phone contracts.
- **Conducting ongoing reviews of services and rates**
  - UW-IT is committed to working with UW oversight groups to balance service levels with other University budget priorities by continually reviewing services, delivery models, priorities, expenditures, and rates in order to keep costs down for the University.

Note: The recharge fee does not include services provided by Information Management or other UW IT organizations.