Agenda

- Quick Review of Charge/Scope/Timeline
- TRF Foundation and Principles
- Overview of the 5 Steps of the TRF process and identify decision points
- Review decision points – Pros/Cons, areas of consensus, areas to explore further
- Identify Next Steps
TRF Advisory Committee Charge

• Support the IT Service Investment Board in its annual review and assessment of the Technology Recharge Fee by providing analysis, identifying issues, and making recommendations.
## TRF Annual Review Timeline

<table>
<thead>
<tr>
<th>Month</th>
<th>TRF Advisory Committee</th>
<th>IT Service Investment Board</th>
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</thead>
<tbody>
<tr>
<td>September</td>
<td><strong>Meeting 1: September 28</strong>&lt;br&gt;History, current model, identify issues</td>
<td></td>
</tr>
<tr>
<td>October</td>
<td><strong>Meeting 2: October 23</strong>&lt;br&gt;Review budget base, services, &amp; discuss methodology issues</td>
<td><strong>Meeting 1: October 9</strong>&lt;br&gt;Charge, Scope, TRF background and context</td>
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<tr>
<td>November</td>
<td><strong>Meeting 3: November 6</strong>&lt;br&gt;Review preliminary TRF rate and allocation model</td>
<td><strong>Meeting 2: November 13</strong>&lt;br&gt;UW-IT Funding, TRF investments, TRF issues</td>
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<tr>
<td>December</td>
<td><strong>Meeting 4: December 11</strong>&lt;br&gt;Review and make final TRF rate recommendation to Svc Investment Board</td>
<td><strong>Meeting 3: December 12</strong>&lt;br&gt;Review TRF Advisory Committee rate recommendations</td>
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Technology Recharge Fee
Foundation & Principles
TRF – General Principles

• Provides a stable foundation for UW’s critical technology needs
• Costs will be fully recovered
• Head count will be a proxy for use
• Results will be actionable
• Process will be transparent
• Simplicity should be maintained
• Administration should be easy
5 (Major) Steps of the TRF Process
5 Sequential Steps of TRF Process

1. Identify cost of services
2. Classify services as Basic Services, University Support Services, Self-Sustaining Services, and Information Management
3. Allocate Basic Services to Per Capita groups: Campus Employees, Medical Center Employees, and Students
4. Allocate GOF/DOF to Per Capita groups
5. Determine employee and student headcounts
Key Decision Points

A. How do we classify services, in particular should some University Support and IM services be included as Basic Services?

B. How are services applied to Per Capita Groups?

C. How do we allocate GOF/DOF?

D. How we determine per capita?
Review
Cost Allocation Methodology and Steps of TRF Process
Step 1: Costs are assigned to Direct or Indirect Cost Pools (BPSEs).

Step 2: Indirect costs are applied using labor as the allocation basis.

Example: Finance & HR expenses are spread across all services.

Step 3: BPSEs are allocated to LOBs.

Example: Server support and storage costs are allocated to the MS Exchange Line of Business.

Step 4: LOBs are consolidated into Service Categories.

Example: Exchange & Deskmail are rolled up into Collaboration tools.
Review Steps of TRF Process
See Handout
5 Steps and Key Decisions

1. Identify cost of services
2. Classify services
   A. Reclassify specific Univ Supported Svs?
   B. Bring Info Management into the TRF process?
3. Allocate Basic Services to Per Capita groups
   • Change current allocations?
4. Allocate GOF/DOF to Per Capita groups
   • Cost of students funded with GOF/DOF or spread to units?
5. Determine employee and student headcounts
   • Change how we count employees or students?
Step 1
Identifying Costs of Services
Step 1
Identifying Costs of Services

• Define & Cost 88 Services (Lines of Business)
• Categorize into 18 Service Categories

Note:

• Using current FY 13 permanent budget as a base for FY 14 costs
• Any new investments reviewed by Service Investment Board
Step 2
Classify Services as Basic Services, University Support Services, Self-Sustaining Services, or Information Management
## Step 2

### Classifying Services

<table>
<thead>
<tr>
<th>Service Groups</th>
<th>Question</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Basic Services</td>
<td>A. Should we maintain the original classification or change/update?</td>
</tr>
<tr>
<td>2. University Support</td>
<td></td>
</tr>
<tr>
<td>3. Self-Sustaining Svcs</td>
<td>B. Should we treat IM Core Admin Business System as a Basic Service?</td>
</tr>
</tbody>
</table>

*Information Mgmt not currently included*
Step 2 A
Background

• The WTC cost study classified certain LOBs as University Support Services
• Identified as institutional responsibilities
• Funded with GOF/DOF

Shall we revisit our service classification to more accurately reflect the current business model?
Step 2A - Background

University Supported Services

- PNWGP – Regional Networking (State Appropriation)
- University Support for UWTV/KEXP
- UW Technology Admin (Specific Exclusion per MAA)
- *Chief Information Security Office*
- *Data Center (50% University Support & 50% Self-Sustaining)*
- *LT Computing Centers*
- *LT Training & Workshops*
Reclassify specific University Support Svcs as Basic Svcs?

**Pro**
- More accurately reflects current model
- No change to cost or TRF recovery

**Con**
- Results in a cost shift in the per capita allocation
- Less protection of services due to change in TRF
Step 2 B

Bring Info Mgmt into the TRF Process?

- Information Management is not included in the TRF model.
- Currently funded by GOF/DOF
- OIM merged with UW Tech in Spring 2010, after WTC cost study
- Modernization projects, funded by Provost would not be included

Should we bring both services and funding into the TRF process?
Step 2 B - Background

Currently included as a Basic Service

- Admin Business Systems – Labor & Non-Labor (Hardware, Software, Licenses) to support the infrastructure including Unisys mainframe, servers, disk and tape storage, etc.

Currently not included as a Basic Service (and not in TRF model)

- Support for the Admin Business Systems – Labor & Non-Labor (some software & licenses)
- UW-IT Overhead not allocated

Note: Subsequent to the merger of UW Tech and IM to become UW-IT, reorganizations have resulted in complex costing relationships
Step 2B - Background

Information Management – Services

- Finance Program (FIN, EIO, MyFD, BGT)
- HR/Payroll Program (HEPPS, OPAS, OWLS)
- Student Program (SDB)
- Enterprise Information and Integration Svcs (Data Warehouse)
- Facilities Services
- Alumni & Advancement
- Chemical Tracking System (EH&S)

Modernization efforts including HR/Payroll Replacement, eFECS, Kuali Student, Document Imaging, MyPlan are funded separately by the Provost as specific projects.
Step 2 B
Bring Info Mgmt into the TRF process?

**Pro**

- More accurately reflects total cost of Admin Business Systems by including both infrastructure & programming costs
- Costs shared more equitably across per capita groups

**Con**

- Results in a cost shift in the per capita allocation
Step 3
Allocate Basic Services to Per Capita Groups
Step 3
How are Svcs applied to Per Capita Groups?

**Per Capita Groups**
1. All Campus - Employees
2. Students
3. Medical Ctr Employees

**Question**
- Should we maintain the original allocations?
- Should we review by specific category?
Step 3 - Background

Services excluded from Campus Employees
• Self-Sustaining Services

Services excluded from Student per capita
• Administrative Business Systems
• Telecommunication Infrastructure
• Self-Sustaining Services

Services excluded from Medical Centers
• UW Network Connectivity (Separate agreement)
• Telecommunications Infrastructure (Pays full Telephone rate)
• Self-Sustaining Services
Step 3
Should we maintain current allocation?

**Pro**
- Balances students’ use of technology

**Con**
- Does not distribute a share of Administrative Business Systems cost to students
Step 4
Allocate GOF/DOF to Per Capita Groups
Step 4
How do we allocate GOF/DOF?

Current GOF/DOF allocation methodology:
• 1st to University Support
• 2nd to cost of Students
• Bal to Campus Employees
• 0 to Medical Ctrs

Question
• Do we continue to fund cost of Students with GOF/DOF?
• If not, should we allocate cost of Students to units based on ABB methodology?
### Step 4 Background

**GOF/DOF Allocation**

<table>
<thead>
<tr>
<th></th>
<th>Campus</th>
<th>Medical Centers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Faculty and Staff Costs</strong></td>
<td>[Arrow Diagram]</td>
<td></td>
</tr>
<tr>
<td><strong>Student Costs</strong></td>
<td>[Arrow Diagram]</td>
<td></td>
</tr>
<tr>
<td><strong>GOF/DOF Allocation</strong></td>
<td></td>
<td>[Black Box]</td>
</tr>
</tbody>
</table>
Step 4 – Background

**Auxiliaries**

- Auxiliaries are units or budgets that provide services to internal & external customers
- Over 2,800 auxiliary budgets – in almost every Campus/College/School
- Auxiliaries contribute to the DOF pool through institutional overhead
  - Exception: Medical Centers/Consolidated Laundry
Step 4 - Background

Cost of Students

• Use 4 Quarter average of student count (UW Fact Book)

• Cost of Basic Services (with exclusions for Admin Business Systems & Telecom) are allocated to students based on % share of total student and employee headcounts

• Total amount attributable to students is then funded first with GOF/DOF

ABB Allocation methodology is now available to use for allocation of cost of students to academic units
Step 4
Should we allocate cost of Students to units?

**Pro**
- Allocates costs of students to academic units

**Con**
- Results in a cost shift in the per capita allocation
- Allocates more costs to teaching, less to research and administration
- Increased administrative complexity
Step 5
Determine employee and student headcounts
Step 5
Determine employee and student headcounts

**Question**

1. Employees
   - Do we make changes to methodology of counting employees?

2. Students
   - Do we allocate cost of students to units per ABB methodology (in step 4)?
Step 5 - Background

Who is Included in Per Capita Counts

<table>
<thead>
<tr>
<th>Ref #</th>
<th>Issue</th>
<th>Criteria</th>
<th>Decision</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Paid Employees</td>
<td>Headcount Regardless of FTE Home Dept. in HEPPS 4 Qtr Midpoint Avg</td>
<td>Include</td>
<td>28,961</td>
</tr>
<tr>
<td>2</td>
<td>Low-tech Employees</td>
<td>Count is subjective Use of technology is changing</td>
<td>Include</td>
<td>~1,700</td>
</tr>
<tr>
<td>3</td>
<td>Off-Campus</td>
<td>Employees not tracked by location Varying levels of support</td>
<td>Include</td>
<td>Undetermined</td>
</tr>
</tbody>
</table>
## Step 5 - Background

### Who is Excluded from Count

<table>
<thead>
<tr>
<th>Ref #</th>
<th>Issue</th>
<th>Criteria</th>
<th>Decision</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hourly and Student Hourly employees</td>
<td>Many are event driven, Wide range in hours worked</td>
<td>Exclude</td>
<td>~850</td>
</tr>
<tr>
<td>2</td>
<td>Educational Outreach students</td>
<td>Contribute to DOF – institutional overhead, Many different types</td>
<td>Exclude</td>
<td>Varies depending on criteria</td>
</tr>
<tr>
<td>3</td>
<td>TAs, RAs, and Stipendees</td>
<td>Contribute to GOF - Tuition, Use is comparable to other students</td>
<td>Exclude</td>
<td>~4,000</td>
</tr>
</tbody>
</table>
Step 5
Do we change how we count Employees?

**Pro**
- Recognizes that not all employees use Basic Services equally

**Con**
- Many different exceptions – what criteria to use?
- Current systems cannot support
- Administrative complexity
Recap - 5 Steps and Key Decisions

1. Identify cost of services
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# Impact of Change to Current TRF

<table>
<thead>
<tr>
<th>Decision Point</th>
<th>Non Teaching Units</th>
<th>Medical Centers</th>
<th>Teaching Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2A Reclassify specific Univ Support Svcs to Basic Service</td>
<td>Decrease</td>
<td>Increase</td>
<td>Decrease</td>
</tr>
<tr>
<td>2B Include Information Mgmt</td>
<td>Decrease</td>
<td>Increase</td>
<td>Decrease</td>
</tr>
<tr>
<td>3 Changes of allocation of services to per capita groups</td>
<td>Varies</td>
<td>Varies</td>
<td>Varies</td>
</tr>
<tr>
<td>4 Allocate cost of students to Units</td>
<td>Decrease</td>
<td>No Change</td>
<td>Increase</td>
</tr>
<tr>
<td>5 Changes to Employee Count That reduces overall #</td>
<td>Varies</td>
<td>Varies</td>
<td>Varies</td>
</tr>
</tbody>
</table>
TRF Advisory Committee

Next Meeting

• Discussion and review of issues
• Analysis & review of alternatives

Next Meeting – November 6th
Questions & Discussion
Additional Information and Background
Scope Question
How does the STF impact the TRF?

• Student Technology Fee
  – Legislature approved fee – student control
  – Student governance process
  – Cannot be used for area deemed to be covered by tuition (ex. Labs – STF will pay for equip, not staff)
  – Have provided funding for MCLA, MyPlan, WiFi expansion (added on top of Basic Services)
Scope Question
How does the F&A Rate impact the TRF?

• F&A Rate
  – Expenditures are recorded:
    • Primarily in Administrative rate
    • Some Network infrastructure included in Facilities rate
  – Source of DOF for central funding to UW-IT

• Why can’t TRF be charged to grants?
  – Already included in Administrative component
  – Violation of our DS-2 - consistency principle
Scope Question
How does a Prior Period Bal impact the TRF?

UW-IT Use of Prior Period Balances

• Consistent with original Working Group principles - maintaining a reserve balance (they wanted higher TRF!)
• Reserve consistent with MAA and Self-Sustaining policies
• Helps maintain a consistent rate (less up & downs)
• Flexibility for new technologies and pilot programs
  – Student Learning - LMS, eTextbooks, etc
  – Microsoft Campus License Agreement
• Used for Contingencies
  – Potential use for FY 14 salary increases
  – Used for emergencies ($1.6M in FY 12 for UPS in 4545)