Technology Recharge Fee
Advisory Committee

September 28, 2012
Agenda

• Introductions
• Governance Background
• IT Service Investment Board & TRF Advisory Committee – Charge & Scope
• TRF – Background & Current State
• TRF – Issues to Explore
• Next Steps
UW Information Technology
Governance – IT Oversight/Investments

Jun 08 - Sep 08
Working Group I
Recommendations

Oct 08 - Jun 10
Working Group II
Implement Recommendations
Institutional & UW Tech Improvements

Jul 10 - Jun 12
IT Costing Oversight Group
Information Management Cost Study
All Campus Cost Study
Technology Recharge Fee

Jul 12 - ?
New IT Governance
IT Strategy Board
IT Service Investment Board
Service Management Board

2001-2008
U-TAC
A-TAC
I-TAC

Jan 09
Jan 10
Jan 11
Jan 12
Jan 2013

Oct 09
UWTV to External Relations

May 10
Info Mgmt Merges with UW-IT

Mar 12
Permanent VP for UW-IT Appointed
Governance Background

• 2008-2009
  – Working Groups I and II oversee IT cost study by consultant
  – Endorse new funding model including Technology Recharge Fee allocated on an employee per capita basis

• 2010
  – UW Technology and OIM merge to become UW-IT
  – Criteria/methodology for Technology Recharge fee established by Rate Implementation Team
  – Technology Recharge Fee implemented
  – New rates for self-sustaining services established

• 2010-2012
  – IT Costing Oversight structure formed, oversees IM Cost Study, All Campus Cost Study, and TRF review
IT Service Investment Board Charge/Purpose

• Review services provided by UW Information Technology (UW-IT)
• Conduct an annual review and assessment of the Technology Recharge Fee (TRF) and recommend changes as needed
• Prioritize major UW-IT projects that enhance or add IT services and make recommendations about investments
IT Service Investment Board

Scope

• All services provided by UW-IT, including services currently not covered through the TRF, such as Information Management and self-sustaining services.

• Major projects that support or enhance those services, that deprecate existing services or that implement new services.
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 Advisory Committee

Scope

• Provide analysis, identify issues, and make recommendations on all components of the TRF
  – Evaluation of the services to be covered
  – Costs to provide those services
  – Allocation methodology
  – Whether to integrate Information Management and its support of core administrative business systems
# TRF Annual Review Timeline

<table>
<thead>
<tr>
<th>Month</th>
<th>TRF Advisory Committee</th>
<th>IT Service Investment Board</th>
</tr>
</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>
</tr>
<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>
</tr>
<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>
</tr>
</tbody>
</table>
UW Information Technology

Services, Budget, & Cost Model
UW-IT Budget by Category

- Administrative Business Systems: 32%
- Networks (Voice & Data): 30%
- IT Infrastructure (Servers & Storage): 11%
- Collaborative Tools: 8%
- Security & Access Management: 5%
- Regional Networks: 6%
- Other: 2%
- Teaching & Learning: 6%
UNIVERSITY of WASHINGTON

UW-IT Primary Funding Sources
Annual Permanent Budget - $93.6M

- TRF & University Support: $50.1M
- IM: $22.5M
- Self Sustaining: $21.0M

Expenses: $50.1M
GOF/DOF: $31.8M
TRF Funds: $18.3M
**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.
Technology Recharge Fee

Background & Current State
TRF Background

Working Group II: Development of a Sustainable Service and Business Model

• Provides a stable foundation to support UW’s critical technology needs
• A per capita fee based on critical services
• Rational, transparent and sustainable

Replaced a model

• Primarily based on monthly phone line charges
• Became unsustainable as technology evolved
TRF Background

• Implementation Committee (TRIM) - 2011
  – Developed current TRF model – which services to include & per capita allocation methodology

• TRF Implemented – July 1, 2011
  – $52.68 mo – UW Academic & Administrative Units
  – $53.43 mo – UW Medical Centers
TRF Background

• IT Cost Oversight Group  2010-11
   – Recommendation to maintain existing rate/methodology for FY 12

• IT Cost Oversight Group  2011-12
   – Recommendation to maintain existing rate/methodology for FY 13

• New Governance established  2012-13
   – IT Service Investment Board with TRF Advisory Committee
Review Current Technology
Recharge Fee Process
Foundation of Current Process

• Established general principles
• Confirmed three funding profiles
• Determined who and how to count
• Formed criteria of how to treat auxiliaries
• Developed GOF/DOF allocation methodology
Foundation of Current Process

**General Principles**

- 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
Who is Currently Counted
# Foundation of Current Process

## Who is Included in 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>Paid Employees</td>
<td>Headcount Regardless of FTE</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>
## Foundation of Current Process

### 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&lt;br&gt;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&lt;br&gt;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&lt;br&gt;Use is comparable to other students</td>
<td>Exclude</td>
<td>~4,000</td>
</tr>
</tbody>
</table>
Current Rules for Allocation of GOF/DOF Funds
Foundation of Current Process

Allocation of GOF/DOF

• Allocated to University Supported Services
• Allocated to support basic services for students
  – Subset of services (ex. no Admin Bus Sys)
• Balance to support basic services for employees
Foundation of Current Process

**Auxiliaries - Issues**

- 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
Foundation of Current Process

Rules for Auxiliaries

• Do not apply GOF/DOF to Medical Centers and Consolidated Laundry
• All other auxiliaries treat like rest of campus and apply GOF/DOF
<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></td>
<td></td>
</tr>
<tr>
<td><strong>Student Costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GOF/DOF Allocation</strong></td>
<td></td>
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Current Funding Profiles
Current Process

Current Funding Profiles

1. Basic Service Bundle
   - A charge for common services based on per capita

2. University Supported Services
   - Services paid by the University

3. Self Sustaining Services
   - A charge for services based on usage
Basic Bundles of Services
Basic Bundle of Services

- Accessible Technologies
- Accounts & Passwords
- Admin Systems Infrastructure
- Basic Backup & Storage
- Basic Data Networks
- Email, Calendaring & Collaboration Tools
- Campus Software Licensing
- Teaching & Learning Tools
- Tech Emergency Preparedness
- Telecom Infrastructure
- UW Enterprise Portal
- Web Publishing
University Supported Services
University Supported Services
Services Provided Without Charge, Paid for by the University
Excluded from Service Bundle

• UW Technology Administration (Specific Exclusions per MAA)
• PNWGP – Regional Networking – Gigapop (State Appropriation)
• Support for UWTV/KEXP
  • Chief Information Security Officer
  • Data Center (50% Univ Support & 50% Self-Sustaining)
• LT Computing Centers
• LT Training & Workshops
Self Sustaining Services
Self Sustaining Services

A Charge for Services Based on Use
Excluded from Service Bundle

- Cable TV
- Call Center Solutions
- Computer Repair
- Consulting Services
- Data Moves Installs Changes
- Enhanced Email
- Long Distance
- Managed Desktop
- Managed Servers
- Enhanced Network Services
- Pager

- Server Co-Location
- Enhanced Storage
- Teleconferencing
- Telephone Service & Telephone Sets (not covered as infrastructure)
- Videoconference Facilities
- Voice Moves Installs Changes
- Web Publishing - SharePoint
- Smartphone Support
Current Technology Recharge Fee
TRF Current Rates
(FY 11, FY 12, & FY 13)

Campus Rate $52.68 mo*
Medical Center Rate $53.43 mo**

*Supplements existing GOF/DOF resources for Basic Services
**No GOF/DOF subsidy and separate billing for Network & Telecom
• Telephone Rates reduced from $25.80 to $4.10
• Allocated on an employee per capita basis, with cost of students covered by GOF/DOF
• Information Management is not included
## Impact of Current Approach – FY 13

<table>
<thead>
<tr>
<th>Unit</th>
<th>Headcount</th>
<th>Current Amount</th>
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<tbody>
<tr>
<td>Arts and Sciences</td>
<td>1,850</td>
<td>$1,169,180</td>
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<tr>
<td>College of the Environment</td>
<td>732</td>
<td>$462,583</td>
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<tr>
<td>Engineering</td>
<td>691</td>
<td>$436,665</td>
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<tr>
<td>Medical Centers</td>
<td>9,575</td>
<td>$6,139,107</td>
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<tr>
<td>School of Medicine</td>
<td>7,322</td>
<td>$4,628,676</td>
</tr>
<tr>
<td>School of Law</td>
<td>192</td>
<td>$121,217</td>
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<tr>
<td>UW Tacoma</td>
<td>404</td>
<td>$255,551</td>
</tr>
<tr>
<td>UW Finance and Facilities</td>
<td>1,321</td>
<td>$834,767</td>
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**Empl Rate/Campus: $52.68  Empl Rate/Med Ctr: $53.43**

<table>
<thead>
<tr>
<th>Type</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Admin</td>
<td>$2,995,016</td>
</tr>
<tr>
<td>Academic</td>
<td>$4,631,520</td>
</tr>
<tr>
<td>Medicine</td>
<td>$10,767,783</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$18,394,319</td>
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Unit savings from reduced phone rate: $7,057,302
Identify Areas to Review
Identify Issues to Review

• Employee Per Capita
  – Validate assumptions on how we count

• Treatment of Students
  – Allocating service categories to students
  – Allocating Student Costs
    • Currently funded by GOF/DOF
    • Explore impact of ABB on allocation methodology

• Service Bundles – review composition/mix

• Treatment of IM core administrative systems
Other Issue to Tackle?

• ______________________________________

• ______________________________________

• ______________________________________
TRF Advisory Committee

Next Steps

• Deep dive into the funding model
• Discussion and review of issues
• Analysis & review
• Provide TRF rate recommendation to the Service Investment Board

Next Meeting – October 23rd
Questions & Discussion