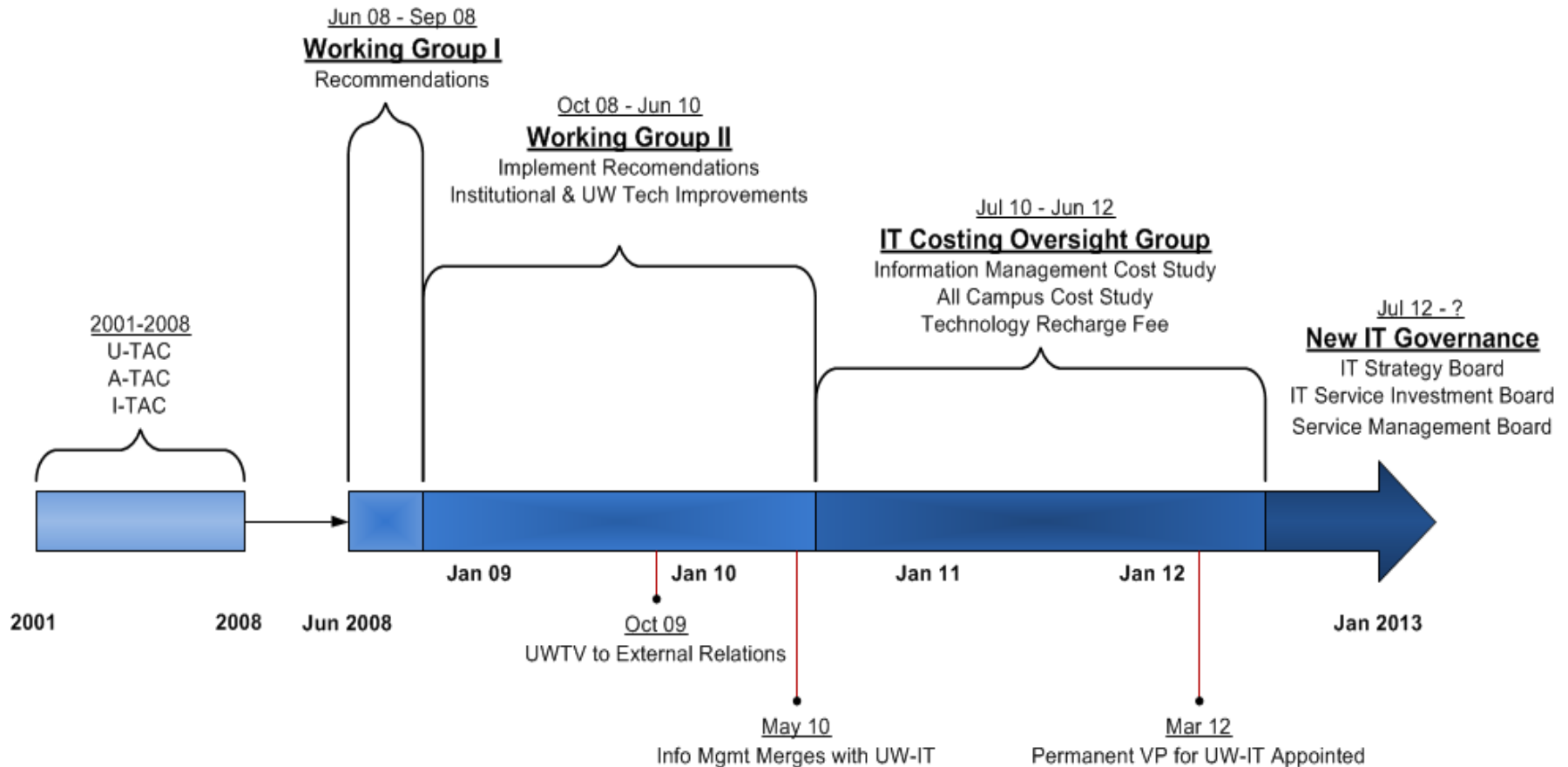# Technology Recharge Fee Advisory Committee

September 28, 2012

Agenda

- Introductions

- Governance Background

- IT Service Investment Board & TRF Advisory Committee – Charge & Scope

- TRF – Background & Current State
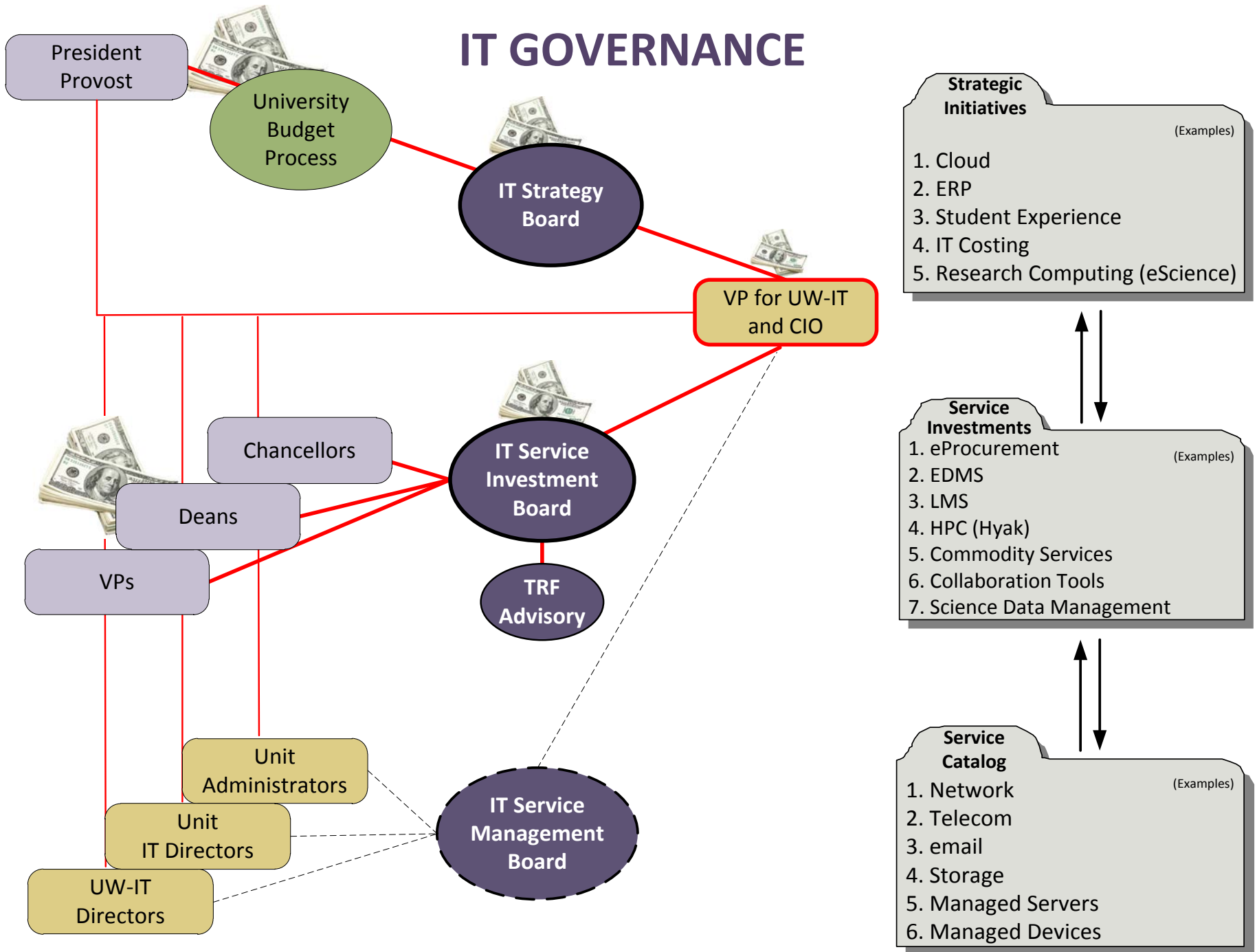
- TRF – Issues to Explore

- Next Steps

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UW Information Technology
Governance – IT Oversight/Investments

Jun 08 - Sep 08
Working Group I
Recommendations

Oct 08 - Jun 10
Working Group II
Implement Recomendations
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

2001   2008   Jun 2008   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 GOVERNANCE

President Provost

University Budget Process

IT Strategy Board

VP for UW-IT and CIO

Chancellors

IT Service Investment Board

Deans

VPs

TRF Advisory

Unit Administrators

Unit IT Directors

IT Service Management Board

UW-IT Directors

Strategic Initiatives

(Examples)

1. Cloud
2. ERP
3. Student Experience
4. IT Costing
5. Research Computing (eScience)

Service Investments

(Examples)

1. eProcurement
2. EDMS
3. LMS
4. HPC (Hyak)
5. Commodity Services
6. Collaboration Tools
7. Science Data Management

Service Catalog

(Examples)

1. Network
2. Telecom
3. email
4. Storage
5. Managed Servers
6. Managed Devices

08.08.12

IT Governance

IT Strategy Board

Thomas Baillie
School of Pharmacy
Chair

Thomas Daniel
Biology

Gerald Baldasty
Academic and Student Affairs

Paul Jenny
Office of Planning & Budgeting

James Fine
UW Medicine

Edward Lazowska
Computer Science & Engineering

Mary Lindstrom
Office of Research

John Slattery
School of Medicine

Kellye Testy
School of Law

Kelli Trosvig
UW Information Technology

IT Service Investment Board

Kellye Testy
School of Law
Chair

David Anderson
Health Sciences Administration

Susan Astley
Epidemiology & Pediatrics
Chair – Faculty Senate

Susan Camber
Financial Management

Walt Dryfoos
University Advancement

Vikram Jandhyala
College of Engineering

Mary Fran Joseph
UW School of Medicine

Stephen Majeski
College of Arts & Sciences

Harlan Patterson
UW Tacoma

Liz Shirley
UW Medicine

Gary Quarfoth
Office of Planning & Budgeting

Kelli Trosvig
UW Information Technology

TRF Advisory Committee

Bill Ferris
UW Information Technology
Co-Chair

Tom Sparks
College of Engineering
Co-Chair

Cristi Chapman
Management Accounting & Analysis

David Green
School of Medicine

Amy Floit
Office of Planning & Budgeting

Jonathan Franklin
School of Law

Paul Ishizuka
UW Medicine

Linda Rose Nelson
College of Arts & Sciences

IT Service Management Board

Scott Barker
Information School
Chair

Mark Baratta
College of Built Environments

Kate Bouchard
Foster School of Business

John Drew
Graduate School

Jean Garber
School of Dentistry

Brad Greer
UW Information Technology

Erik Lundberg
UW Information Technology

Linda Rose Nelson
College of Arts & Sciences

Gary Pedersen
Chemistry

Barb Prentiss
School of Medicine

Roland Rivera
UW Information Technology

Bill Shirey
UW Information Technology

Tom Sparks
College of Engineering

Tammy Stockton
UW Information Technology

Betsy Tippens
UW Bothell

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.

W

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 it's support of core administrative business systems
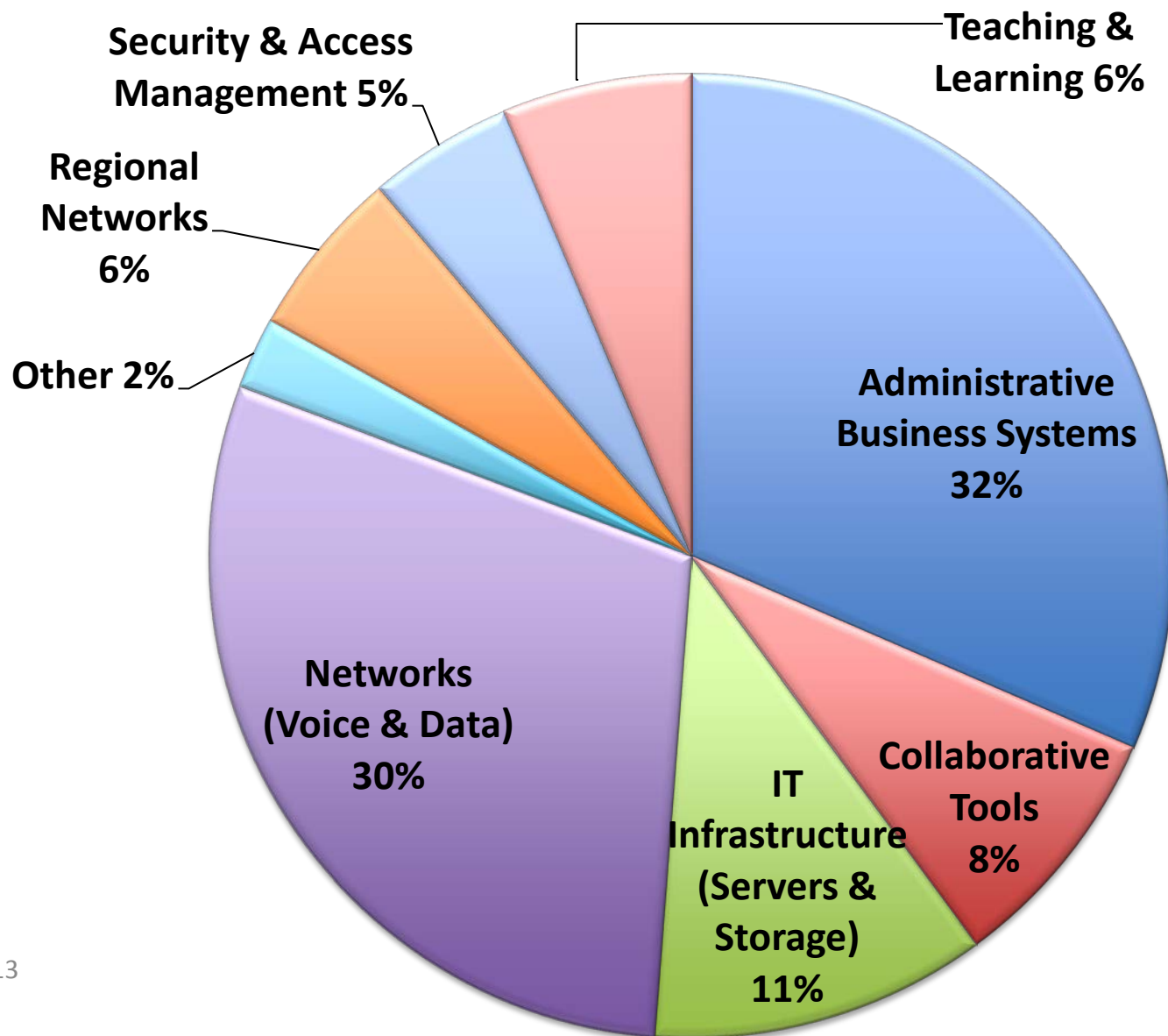
TRF Annual Review Timeline

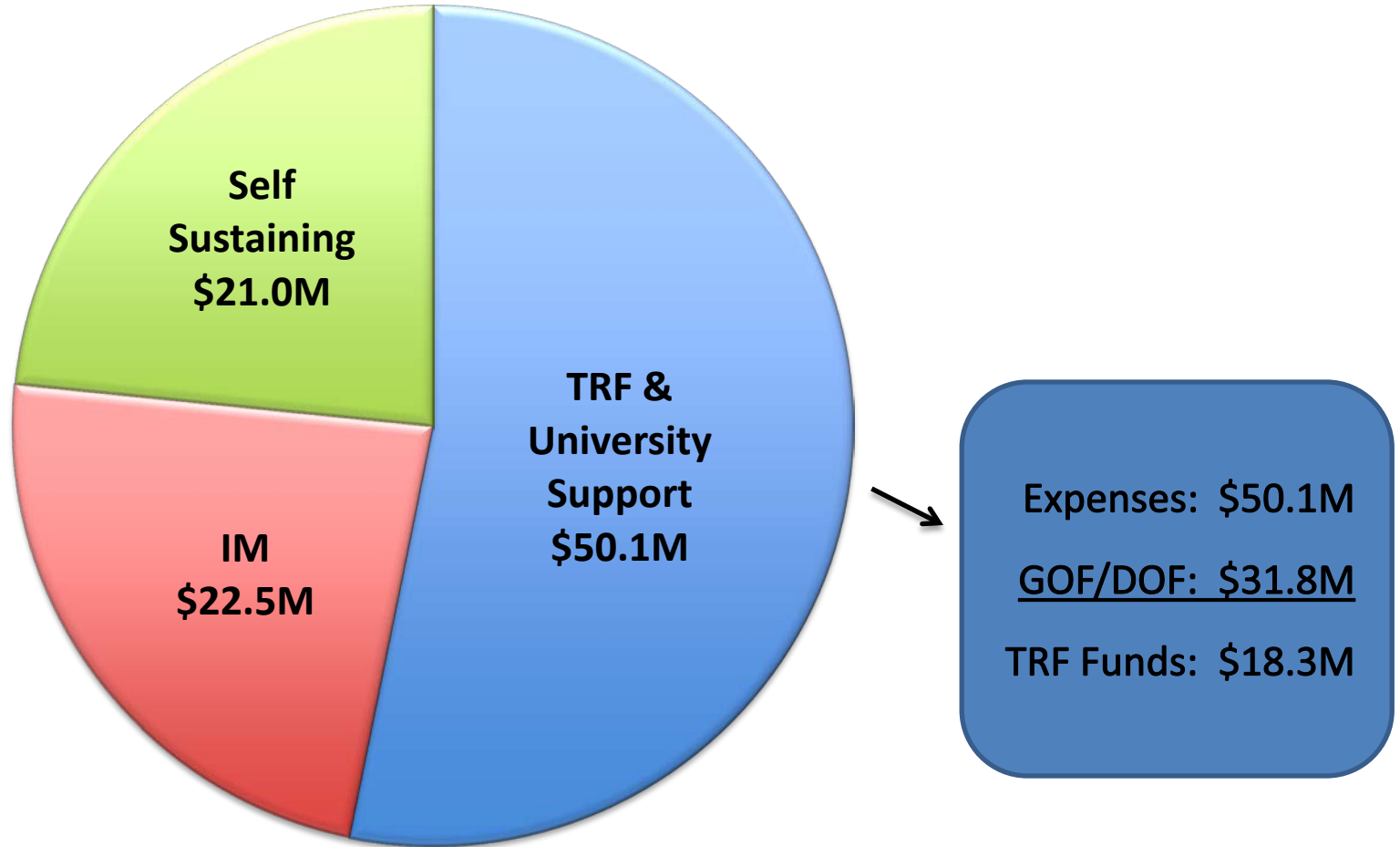| Month	TRF Advisory Committee	IT Service Investment Board
September	**Meeting 1: September 28** History, current model, identify issues	
October	**Meeting 2**: **October 23** Review budget base, services, & discuss methodology issues	**Meeting 1**: **October 9** Charge, Scope, TRF background and context
November	**Meeting 3**: **November 6** Review preliminary TRF rate and allocation model	**Meeting 2**: **November 13** UW-IT Funding, TRF investments, TRF issues
December	**Meeting 4**: **December 11** Review and make final TRF rate recommendation to Svc Investment Board	**Meeting 3**: **December 12** Review TRF Advisory Committee rate recommendations

UW Information Technology

Services, Budget, & Cost Model

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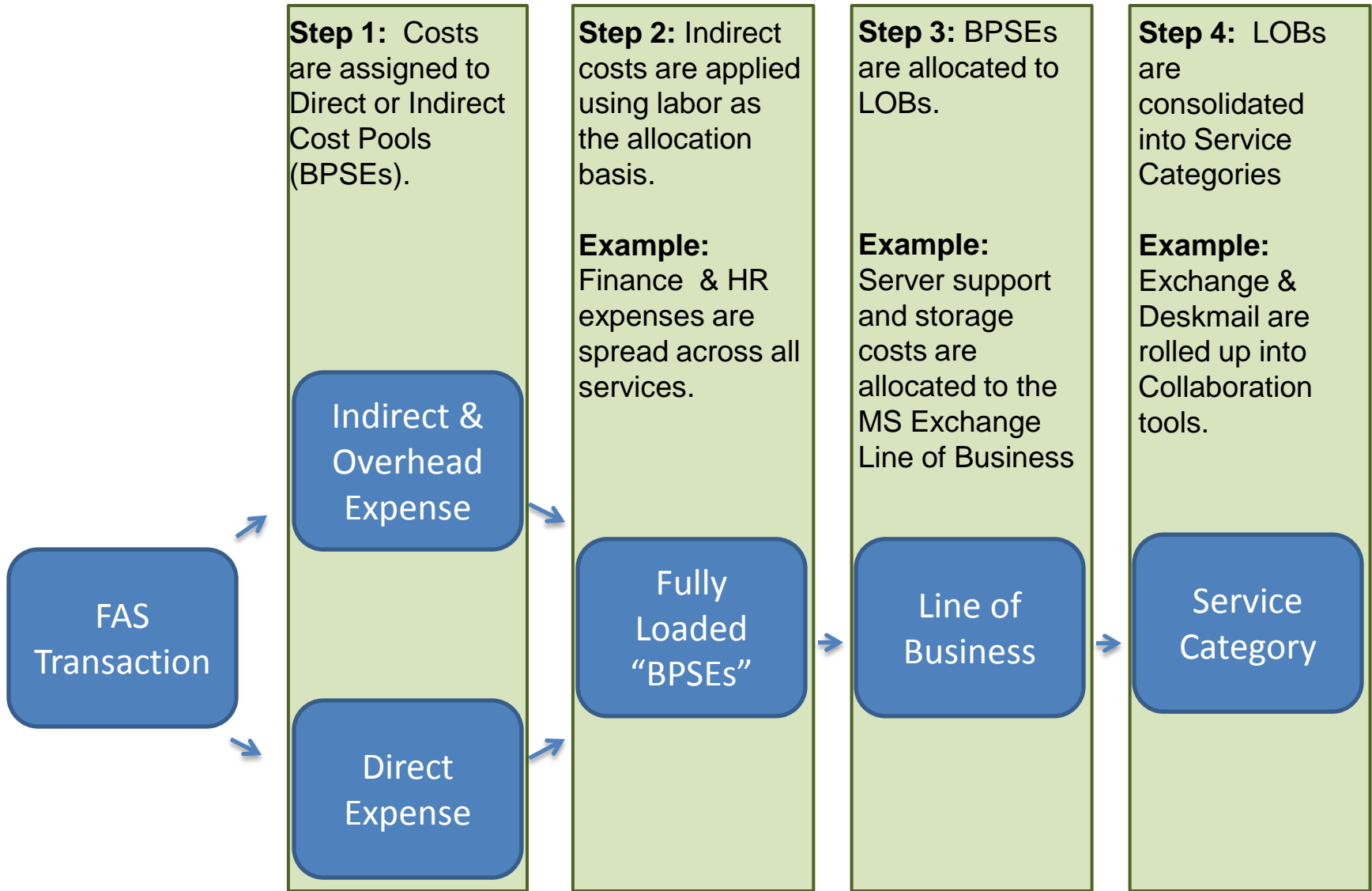
UW-IT Budget by Category

Teaching & Learning 6%

Security & Access Management 5%

Regional Networks 6%

Other 2%

Administrative Business Systems 32%

Networks (Voice & Data) 30%

IT Infrastructure (Servers & Storage) 11%

Collaborative Tools 8%

13

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

Self Sustaining $21.0M

IM $22.5M

TRF & University Support $50.1M

Expenses: $50.1M

GOF/DOF: $31.8M

TRF Funds: $18.3M

UW-IT Cost Allocation Methodology

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.

FAS Transaction

Indirect & Overhead Expense

Direct Expense

Fully Loaded "BPSEs"

Line of Business

Service Category

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Technology Recharge Fee Background & Current State

W

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

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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

Ref #	Issue	Criteria	Decision	Number
1	Paid Employees	Headcount Regardless of FTE	Include	28,961
2	Low-tech Employees	Count is subjective Use of technology is changing	Include	~1,700
3	Off-Campus	Employees not tracked by location Varying levels of support	Include	Undetermined

Foundation of Current Process

Who is Excluded from Count

Ref #	Issue	Criteria	Decision	Number
1	Hourly and Student Hourly employees	Many are event driven Wide range in hours worked	Exclude	~850
2	Educational Outreach students	Contribute to DOF – institutional overhead Many different types	Exclude	Varies depending on criteria
3	TAs, RAs, and Stipendees	Contribute to GOF - Tuition Use is comparable to other students	Exclude	~4,000

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

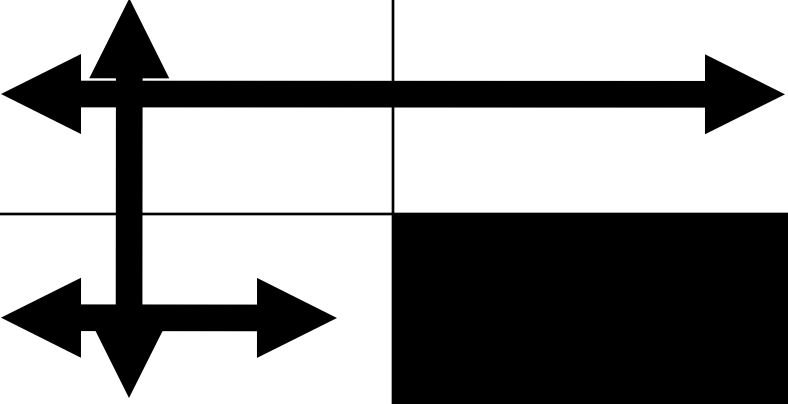# Foundation of Current Process

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

GOF/DOF Allocation

	Campus	*Medical Centers*
Faculty and Staff Costs		
Student Costs		
	GOF/DOF Allocation	

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

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

Sample of Units

TRF Summary	
Type	**Amount**
Admin	$2,995,016
Academic	$4,631,520
Medicine	$10,767,783
TOTAL	**$18,394,319**

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