

Technology Recharge Fee Advisory Committee

October 23, 2012

Meeting #2

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

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

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

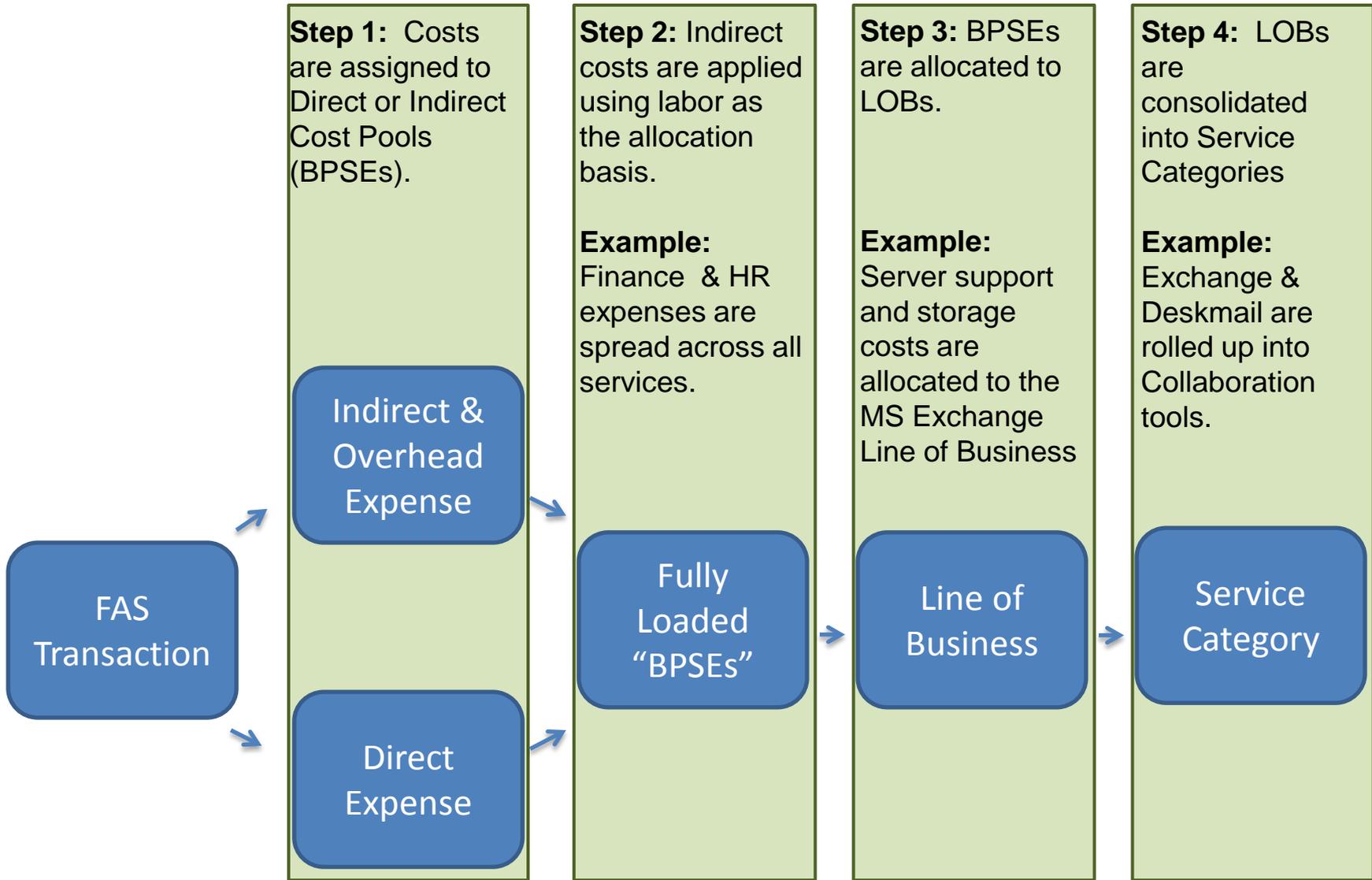
Key Decision Points

- 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

UW-IT Cost Allocation Methodology



Review Steps of TRF Process

See Handout

UW-IT FY14 TRF Projections #2
 Budgeted Expenses by Line of Business (LOB)
 Version # 1 - Original TRF Methodology

1

2B

2A

3

LOB Name	FY13 Operating Budget	FY13 Perm - No IM Project	FY13 Perm - No Dept/BCP \$ 000s	TRF %	US %	SS %	Total %	TRF \$	US \$	SS \$	Total \$	Med %	Stu %	Carra %	Total TRF %	Medicine \$	Student \$	Campus \$	Total TRF \$
Accessible Technologies - Access Technology Center (ATC)	634,079	633,115	634,414	100%	0%	0%	100%	634,414	-	-	634,414	13%	59%	27%	100%	85,059	377,140	172,215	634,414
Accessible Technologies - DO-IT	165,053	165,062	165,389	100%	0%	0%	100%	165,389	-	-	165,389	13%	59%	27%	100%	22,175	98,319	44,896	165,389
Administrative Systems - Alumni and Advancement	768,778	762,871	-	-	-	-	-	-	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - Chemical Tracking System (EHS&S)	-	-	-	-	100%	0%	0%	100%	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - CSC Software	53,041	53,041	53,041	0%	0%	100%	100%	-	53,041	53,041	53,041	0%	0%	0%	0%	-	-	-	-
Administrative Systems - Database Services	1,210,685	1,284,948	1,090,292	100%	0%	0%	100%	1,090,292	-	-	1,090,292	33%	0%	67%	100%	360,469	-	729,823	1,090,292
Administrative Systems - Developer Tools	427,341	427,372	427,740	100%	0%	0%	100%	427,740	-	-	427,740	13%	59%	27%	100%	57,349	254,278	116,113	427,740
Administrative Systems - Document Imaging	570,449	148,655	-	-	100%	0%	0%	100%	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - EMC Storage Services	105,181	105,184	105,275	100%	0%	0%	100%	105,275	-	-	105,275	33%	0%	67%	100%	34,806	-	70,469	105,275
Administrative Systems - Enterprise Information and Integration Services	3,903,583	1,761,743	-	-	100%	0%	0%	100%	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - Facilities Services	406,430	388,151	-	-	100%	0%	0%	100%	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - Financial Program	5,965,456	3,096,697	-	-	100%	0%	0%	100%	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - HR/Payroll Program	3,620,734	1,752,645	-	-	100%	0%	0%	100%	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - IT Production Printing	640,293	640,311	640,958	100%	0%	0%	100%	640,958	-	-	640,958	33%	0%	67%	100%	211,912	-	429,046	640,958
Administrative Systems - MCP Services	4,480,758	2,622,606	2,308,773	100%	0%	0%	100%	2,308,773	-	-	2,308,773	33%	0%	67%	100%	763,320	-	1,545,453	2,308,773
Administrative Systems - Student Program	5,784,526	1,575,701	-	-	100%	0%	0%	100%	-	-	-	13%	59%	27%	100%	-	-	-	-
Administrative Systems - UW Administrative Business Systems Support	5,573,937	5,487,798	5,487,531	100%	0%	0%	100%	5,487,531	-	-	5,487,531	33%	0%	67%	100%	1,814,271	-	3,673,259	5,487,531
Backups and Mass Storage - Enterprise Tape Libraries	16,091	16,091	16,096	100%	0%	0%	100%	16,096	-	-	16,096	33%	0%	67%	100%	5,322	-	10,774	16,096
Backups and Mass Storage - SCSI Backup Services	31,069	31,069	31,071	0%	0%	100%	100%	-	-	31,071	31,071	0%	0%	0%	0%	-	-	-	-
Backups and Mass Storage - KARC Backup Services	101,907	101,908	101,939	100%	0%	0%	100%	101,939	-	-	101,939	33%	0%	67%	100%	33,703	-	68,236	101,939
Backups and Mass Storage - Research Storage	145,916	145,917	146,018	0%	0%	100%	100%	-	-	146,018	146,018	0%	0%	0%	0%	-	-	-	-
Backups and Mass Storage - SAN	87,478	87,400	87,475	100%	0%	0%	100%	87,475	-	-	87,475	33%	0%	67%	100%	28,921	-	58,554	87,475
Backups and Mass Storage - TSM Backup Services	969,433	611,141	611,049	76%	0%	24%	100%	464,397	-	-	464,397	33%	0%	67%	100%	153,538	-	310,860	464,397
Cable Television - Cable TV	486,346	431,347	431,387	0%	0%	100%	100%	-	-	431,387	431,387	0%	0%	0%	0%	-	-	-	-
CBO - Chief Information Security Office (CISO)	2,803,530	1,896,175	1,899,150	0%	100%	0%	100%	-	1,899,150	-	1,899,150	0%	0%	0%	0%	-	-	-	-
Collaboration Tools - Cloud Services	558,348	558,375	559,333	100%	0%	0%	100%	559,333	-	-	559,333	13%	59%	27%	100%	74,993	332,506	151,834	559,333
Collaboration Tools - Enterprise Portals	471,745	471,802	472,085	100%	0%	0%	100%	472,085	-	-	472,085	13%	59%	27%	100%	63,295	280,640	128,150	472,085
Collaboration Tools - UW Directories	25,685	25,686	25,732	100%	0%	0%	100%	25,732	-	-	25,732	13%	59%	27%	100%	3,450	15,297	6,985	25,732
Collaboration Tools - UW Email	1,093,120	1,093,730	1,089,082	93%	0%	7%	100%	1,012,846	-	-	1,012,846	13%	59%	27%	100%	135,798	602,106	274,943	1,012,846
Collaboration Tools - UW Email - Exchange	523,133	523,163	523,922	50%	0%	50%	100%	261,961	-	-	261,961	13%	59%	27%	100%	35,123	155,728	71,111	261,961
Collaboration Tools - UW Events Calendar	256,173	256,223	255,972	100%	0%	0%	100%	255,972	-	-	255,972	13%	59%	27%	100%	34,320	152,167	69,485	255,972
Collaboration Tools - Web Hosting	637,772	638,191	632,765	100%	0%	0%	100%	632,765	-	-	632,765	13%	59%	27%	100%	84,838	376,159	171,768	632,765
Collaboration Tools - Web Publishing - SharePoint	116,134	116,149	116,178	92%	0%	0%	100%	106,484	-	-	106,484	13%	59%	27%	100%	14,277	63,802	28,906	106,484
Collaboration Tools - Web Publishing - SharePoint	113,701	113,705	113,825	50%	0%	50%	100%	56,912	-	-	56,912	0%	0%	100%	100%	-	-	-	56,912
Data Center and Facilities - Data Center	3,688,593	3,538,632	3,540,041	0%	50%	50%	100%	-	1,770,021	1,770,021	3,540,041	0%	0%	0%	0%	-	-	-	-
Data Networks - Communication Infrastructure Engineering	565,887	565,913	566,856	100%	0%	0%	100%	566,856	-	-	566,856	13%	59%	27%	100%	76,001	336,978	153,876	566,856
Data Networks - Data Moves/Installs/Change	479,726	479,749	480,599	0%	0%	100%	100%	-	-	480,599	480,599	0%	0%	0%	0%	-	-	-	-
Data Networks - Internet Connectivity	1,185,875	1,185,875	1,185,875	100%	0%	0%	100%	1,185,875	-	-	1,185,875	13%	59%	27%	100%	158,997	704,966	321,912	1,185,875
Data Networks - Internet2 Contract	95,395	95,395	95,395	0%	0%	100%	100%	-	-	95,395	95,395	0%	0%	0%	0%	-	-	-	-
Data Networks - Mobile Technology	282,109	282,119	282,496	0%	0%	100%	100%	-	-	282,496	282,496	13%	59%	27%	100%	-	-	-	-
Data Networks - Off Campus High Speed Connectivity	1,132,776	1,132,780	1,132,902	0%	0%	100%	100%	-	-	1,132,902	1,132,902	0%	0%	0%	0%	-	-	-	-
Data Networks - UW Medicine Network Connectivity Services	4,193,187	4,193,261	4,195,930	0%	0%	100%	100%	-	-	4,195,930	4,195,930	0%	0%	0%	0%	-	-	-	-
Data Networks - UW Network Connectivity Services	11,474,740	11,455,208	11,464,167	90%	0%	10%	100%	10,317,750	-	-	11,464,167	0%	69%	31%	100%	-	7,083,276	5,234,475	10,317,750
Emergency Preparedness - Crisis Communications	79,000	79,000	79,000	100%	0%	0%	100%	79,000	-	-	79,000	13%	59%	27%	100%	10,056	44,585	20,359	79,000
Emergency Preparedness - UW Emergency Response Tools	1,227,786	1,227,283	1,215,185	100%	0%	0%	100%	1,215,185	-	-	1,215,185	13%	59%	27%	100%	162,928	722,390	529,869	1,215,185
Identity and Access Management - Access Management	754,996	755,133	755,300	100%	0%	0%	100%	755,300	-	-	755,300	13%	59%	27%	100%	101,267	443,002	205,030	755,300
Identity and Access Management - Accounts and Passwords	1,113,746	1,114,000	1,113,000	100%	0%	0%	100%	1,113,000	-	-	1,113,000	13%	59%	27%	100%	149,226	661,644	302,130	1,113,000
Identity and Access Management - UW Windows Infrastructure	814,120	814,208	815,126	100%	0%	0%	100%	815,126	-	-	815,126	13%	59%	27%	100%	109,288	484,567	221,270	815,126
IT Consulting - Consulting - Academic Services	23,686	23,687	23,731	0%	0%	100%	100%	-	-	23,731	23,731	0%	0%	0%	0%	-	-	-	-
IT Consulting - Consulting - CBO	-	-	-	-	0%	0%	100%	100%	-	-	-	0%	0%	0%	0%	-	-	-	-
IT Consulting - Consulting - Computing Infrastructure	22,561	22,562	22,606	0%	0%	100%	100%	-	-	22,606	22,606	0%	0%	0%	0%	-	-	-	-
IT Consulting - Consulting - CS/OVP	-	-	-	-	0%	0%	100%	100%	-	-	-	0%	0%	0%	0%	-	-	-	-
IT Consulting - Consulting - Customer Service and Support	27	27	27	0%	0%	100%	100%	-	-	27	27	0%	0%	0%	0%	-	-	-	-
IT Consulting - Consulting - IM	463,500	436,308	-	-	0%	0%	100%	100%	-	-	-	0%	0%	0%	0%	-	-	-	-
IT Consulting - Consulting - IT Services and Strategic Sourcing	-	-	-	-	0%	0%	100%	100%	-	-	-	0%	0%	0%	0%	-	-	-	-
IT Consulting - Consulting - NOT	93,121	93,120	93,305	0%	0%	100%	100%	-	-	93,305	93,305	0%	0%	0%	0%	-	-	-	-

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

Service Groups

1. Basic Services
2. University Support
3. Self-Sustaining Svcs

*Information Mgmt not currently included

Question

- A. Should we maintain the original classification or change/update?
- B. Should we treat IM Core Admin Business System as a Basic Service?

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*

Step 2 A

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:

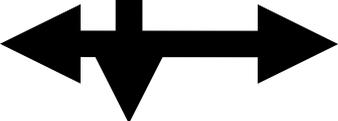
- 1st to University Support
- 2nd to cost of Students
- Bal to Campus Employees
- 0 to Medical Ctrs

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

	<i>Campus</i>	<i>Medical Centers</i>
<i>Faculty and Staff Costs</i>		
<i>Student Costs</i>		
	<i>GOF/DOF Allocation</i>	

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

Ref #	Issue	Criteria	Decision	Number
1	Paid Employees	Headcount Regardless of FTE Home Dept. in HEPPS 4 Qtr Midpoint Avg	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

Step 5 - Background

Who is Excluded from Count

Re f #	<i>Issue</i>	<i>Criteria</i>	<i>Decision</i>	<i>Number</i>
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

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
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?
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Impact of Change to Current TRF

	Decision Point	Non Teaching Units	Medical Centers	Teaching Units
2A	Reclassify specific Univ Support Svcs to Basic Service	Decrease	Increase	Decrease
2B	Include Information Mgmt	Decrease	Increase	Decrease
3	Changes of allocation of services to per capita groups	Varies	Varies	Varies
4	Allocate cost of students to Units	Decrease	No Change	Increase
5	Changes to Employee Count That reduces overall #	Varies	Varies	Varies

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)