

January 17, 2013

Ana Mari Cauce
Provost and Executive Vice President
University of Washington
Box 351237

Dear Provost Cauce:

According to its charge, the IT Service Investment Board (Board) recommends that UW Information Technology (UW-IT) maintain the current methodology for the Technology Recharge Fee (TRF) for Fiscal Years 2014 and 2015 with the following adjustments:

- Include the following services, previously designated as University Support Services, as part of the basic bundle of services funded by the TRF: Office of the Chief Information Security Officer, data centers, and student learning centers. This change does include funding for these additional services, but due to how these costs are allocated to per capita groups, the TRF rate will be slightly impacted
- Exempt UW Medicine from the costs of supporting the Student Database System (SDB)

With these adjustments, the proposed TRF rates for FY 2014 will be:

- \$54.50 per month per capita for all academic and administrative units
 - This represents a 3.5 percent increase over the current rate of \$52.68
- \$50.00 per month per capita for the Medical Centers
 - This represents a 7.1 percent decrease over the current rate of \$53.43

The Board will conduct a review of the FY 2015 rate next year using this consistent methodology to provide due diligence in reviewing costs and to accommodate any changes in total costs or service levels.

The Board's recommendation reflects the advice of the Technology Recharge Fee Advisory Committee, which was charged with supporting the Board in its annual TRF review by providing in-depth analysis and counsel.

The Board's recommendation came after a thoughtful review and discussion of three main issues:

- Whether student costs should be allocated to academic units based on ABB
- Whether to include Information Management in the model
- If Information Management were included in the model, whether some portion of UW-IT's state appropriation (GOF) should be allocated to UW Medicine

The Board acknowledged that the current model of allocating student costs is not ideal, but was not prepared to allocate student costs directly to the academic units. The Board asked that the entire issue of the TRF, including student costs, be included in future discussions of University policy regarding ABB, specifically whether costs now covered by the TRF should be included as part of ABB. The Board is concerned that many of the issues with which it is wrestling are exacerbated by ABB implementation choices and a lack of understanding about those choices across campus. Thus, further discussion about and transparency with regard to policy decisions, specifically what is and is not included in ABB, will be helpful to the Board and to campus generally. The Board is hopeful that this discussion can begin immediately so that there is plenty of time to further analyze the implications for IT prior to decision deadlines for the next biennium.

In terms of further specifics about the Board's deliberations, the Board did not believe that Information Management should be included in the TRF rate without an offsetting GOF allocation. However, because the Board did not want to set a precedent by allocating a portion of GOF to UW Medicine, it decided not to include Information Management at this time.

The recommended TRF rates for FY 2014 do not include any budget increases for UW-IT, and reflect only a recalibration of how costs are aggregated and allocated to UW units. UW-IT continues to be challenged by budget reductions, rising costs, and increasing demand for services. Through good stewardship of resources and careful strategic planning, UW-IT has been able to maintain a consistent level of basic service to the UW community without recommending an overall increase to the TRF base.

As part of its deliberations, the Board also reviewed three proposals for investment opportunities:

- Enhancing Information Security and Privacy
- 40G Campus Research and Science Network
- Cyber-Infrastructure Support

The Board agreed that all three initiatives were important, but did not consider it the right time to increase the Technology Recharge Fee to support them. Instead it endorsed moving forward with a request to the Provost for funding the proposals as part of UW Information Technology's annual budget discussion.

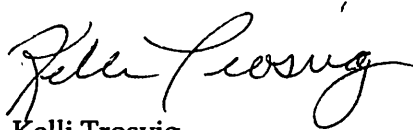
In addition to conducting the annual TRF review, the Service Investment Board will provide guidance to UW-IT on setting service priorities for the University. This includes reviewing and making recommendations on adding, changing, or removing UW-IT services, and prioritizing major UW-IT projects that enhance or add to those services.

We believe the Board's recommendation on the TRF rate and methodology will provide UW Information Technology with the continued financial stability needed to deliver vital services to the UW community while minimizing further financial costs to UW units.

Sincerely,



Kellye Testy
Dean, School of Law
Chair, IT Service Investment Board



Kelli Trosvig
Vice President for UW Information Technology
and CIO