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TO: Department Heads, Laboratory and Center Directors

FROM: Robert A. Brown *RB*

DATE: December 20, 2002

SUBJECT: Changes in Billing of Network Costs

I am writing to notify you of a change in the billing procedures for the costs of operating and maintaining the MIT data network. Effective July 1, 2003, MIT will no longer charge the monthly network fees billed by Information Systems (IS) to fund, research, and allocation accounts. These costs, which include the monthly fees charged by IS for IP addresses and private subnets, will be billed only to non-research accounts. Beginning with fiscal year 2004, network fees that have been previously charged to research and fund accounts will be reassigned to general accounts and the budgets for Departments, Labs and Centers (DLCs) will be adjusted to cover these charges.

In 1994, in response to a change in Federal regulations (i.e., OMB Circular A-21), MIT made a similar decision to prohibit the charging of local telephone costs (monthly basic service and local calls) to research accounts. Unlike local telephone charges, network fees are not explicitly prohibited as a direct cost to Federal research awards by A-21. However, we believe the accounting treatment of voice and data charges should be consistent despite this technicality in the regulations. Therefore, MIT will provide general funds to mitigate the impact of this change and to bring us into full compliance with Federal regulations.

The Institute will provide funding for recurring monthly network charges levied by IS that were previously charged to research, fund and allocation accounts. This includes the host fees/IP address for full-service network users and the monthly subnet fee assessed to units that operate a private network connected to the MIT backbone. There will be no other changes to the billing procedures for IS network fees. DLCs will continue to be responsible for funding the cost of other IS services, e.g. Tether accounts, TSM or back up service charges, and one-time charges for the installation and activation of a data jack, etc. A department, lab or center with a private subnet will continue to be responsible for the cost it incurs in operating and maintaining its network.

The Institute's ability to cover the cost of this change is predicated on the research community's willingness to act responsibly. IP addresses that are no longer in use should be terminated and new addresses should be added in a prudent manner, and only as needed.

A subsequent memo will be sent to the MIT community describing procedural issues and accounting details related to the implementation of this change. If you have any questions regarding this policy change please contact Julie Norris at 3-2492 or Jim Bruce at 3-3103.

RAB/cjh

Cc: Doreen Morris