

MEMORANDUM

Date: March 10, 2023
To: Cabinet and other Direct Reports to the President
From: Taylor Randall, President
Cathy Anderson, CFO
Subject: 2023-24 Operating Budget Guidelines

Last week the State Legislature completed its 2023 General Session, appropriating considerable funds for the upcoming fiscal year. The University received ongoing funding for compensation increases, including health care benefit increases for state-funded employees. We also received performance funding for important institutional strategic initiatives. A list of other funds received and key bills passed is attached.

As you are aware, the Governor called for a tuition rate freeze this year, and the Board of Higher Education directed institutions not to submit general increases. We are honoring a zero percent tuition increase for FY2024. For more details, the link below is to the University Truth in Tuition meeting and explains in detail tuition and general student fees strategy. <https://www.youtube.com/watch?v=1hbCcti8WU8>

Because the Legislature usually funds 75% of compensation increases and we typically fund the remaining 25% with tuition revenue, the tuition freeze this year impacts our ability to fully fund the 8.75% approved by the Legislature. In recognizing this situation, the Legislature appropriated additional money to offset the tuition freeze. While not the full 25%, the additional money is greatly appreciated to help fund generous compensation increases this year.

We will distribute funding equivalent to a 5.5 percent aggregate increase for merit and equity for employees paid from state funds. A portion of the funds we will receive must be retained centrally to cover the related benefits costs. We will distribute the remaining portion for you to distribute at your discretion, to use for equity funding during the budget process.

We recognize there are equity and market issues across campus. Salary increases should be used to address equity, retention, and merit. We began this effort last year, recognizing that this would be a multi-year effort with not enough resources to address issues in any one year. Please analyze where there are equity and market issues that need to be addressed, paying considerable attention to those earning \$50,000 or less as you look at equity issues.

Please follow these instructions for administering 2023-24 budgets in your areas:

Compensation

These general guidelines are established for granting salary increases:

Faculty and staff supported by state funds. The expectation is that these employees may receive a salary increase considering performance, market, good business practice, and the availability of funds. Individual increases in excess of 10 percent will require written justification and subsequent approval.

Faculty or staff supported primarily or solely by endowment incomes, auxiliary income, or research funds. The expectation is that these employees may receive a salary increase considering performance, market, good business practice, and the availability of funds. Individual increases in excess of 10 percent will require written justification and subsequent approval.

Faculty or staff supported primarily or solely by clinical income. The expectation is that these employees may receive a salary increase considering performance, market good business practice, and the availability of funds. Individual increases in excess of 10 percent will require written justification and subsequent approval.

Each of you has the ultimate responsibility for salary decisions made by people who report to you. Please exercise careful oversight and consultation in allowing reallocations from vacant positions. Leaders should not reallocate funds that would result in units for which they are responsible going into a budget deficit situation or that would exacerbate an existing deficit situation.

Salary Adjustment Procedures (Including Non-State Funded Accounts). It is the general policy (Policy 5-401) of the University to consider salary increases for staff only once each year during the cycle for budget implementation on July 1. Requests for salary increases outside this annual review are subject to the off-cycle provision of the policy and associated guidelines.

Other Funding Allocations

Funding provided by the Legislature for specific purposes will be allocated as specified. Please coordinate with Sandy Hughes, Director of Budget, if you have any questions.

Final Thoughts

The Legislative commitment to our faculty and staff was evident this year. Please communicate to our employees that we value their continued efforts and see their hard work each day. While we recognize that the increased amount of funding is not sufficient to provide every faculty and staff member with the compensation they would like to see, we are also cognizant of the delicate balance we must strike to provide high-quality, yet affordable education to our students.

Thank you for your daily efforts to imagine, inspire, innovate, and impact our great community of learners across campus as One U.



2023 General Legislative Session Funding Results

One-time Funding

- \$108M John and Marcia Price Computing and Engineering Building
- \$2.3M O&M for the Price Computing Building ([SB102](#) & [SB2](#) lines 3976 & 3978)
- \$100M Fort Douglas Property Transfer ([SB2](#), line 2037)
- \$25M University of Utah West Valley Hospital (ARPA funding, [SB2](#), line 2065)
- \$7,365,700 Performance funding ([HB3](#))
- \$6M Supplemental Funding for the HMHI Crisis Receiving Center ([SB2](#), line 2062)
- \$4M Long Covid Clinic (ARPA funds, [SB2](#), line 2025)
- \$1M Infrastructure improvements at the Thomas S. Monson Center ([SB2](#), line 892)
- \$1M Huntsman Cancer Institute Utah County facility ([SB2](#), line 3828)
- \$175K Formerly Incarcerated Laser Treatment Services ([SB3](#))
- \$125K Family Friendly Workplace Study ([SB3](#), line 3815)
- \$100K Women Legislators of Utah History project ([HB3](#))

Ongoing and One-Time Funding

- Portion of \$1.167M ongoing, \$931K one-time for the Behavioral Workforce Initiative ([SB2](#), line 2290)
- \$786K ongoing, \$50K one-time for WSU-UU Rocky Mountain Center Pathways ([SB2](#), item 122)

Ongoing Funding

- 8.75% approved compensation rate increase, plus additional funding to help offset a portion of healthcare cost increases ([HB8](#))
- \$1,775,600 Air Ambulance Medicaid Rate increase ([SB2](#), [SB3](#))
- \$650K Center for Medical Cannabis Research ([HB230](#))
- \$750K University of Utah - West High School Clinic ([SB3](#), line 3818)
- \$778,900 for Dual Immersion program development funding ([HB161](#))
- \$200K Law School Refugee Clinic ([SB3](#))
- Portion of \$4.5M Targeted Workforce Development – Computer Science Program Expansion ([SB3](#), item 405)
- Portion of \$4.5M Targeted Workforce Development - Healthcare ([SB3](#), item 405)
- Hospital assessment intent language ([SB3](#))

Bonding Approval - Total: \$789,498,000 ([SB297](#))

- \$382,400,000 First Year Housing project
- \$214,600,000 West Village Family / Graduate Student Housing, Phase 2
- \$116,300,000 Campus Parking Structure
- \$76,198,000 John and Marcia Price Computing and Engineering Building to bridge timing of private donations for the project