

MEMORANDUM

Date: March 15, 2025
To: Cabinet and Other Direct Reports to the President
From: Taylor Randall, President
Cathy Anderson, CFO
Subject: 2025-26 Operating Budget Guidelines

The State Legislature completed its 2025 General Session on March 7th, and you are all aware of their focus on higher education. I was proud to work closely with USHE and the legislature to represent the University of Utah and advocate for our institution. Please know I am committed to this great institution, and ensuring we continue to advance our vital societal missions to further knowledge, research, and societal impact.

Strategic Reinvestment

The legislature's desire to reallocate and reprioritize some funding at USHE institutions dominated the discussion about higher education this year. The legislature began this process by removing \$60 million from the degree-granting institutions' base budgets and transferring it to a specific reinvestment account at USHE. The amount removed from our base budget was \$19.6 million. HB 265, Higher Education Strategic Reinvestment, requires us to develop a strategic reinvestment plan in collaboration with the Board of Higher Education.

Our plan must be approved by the Board of Higher Education, the Higher Education Appropriations Subcommittee, and the Executive Appropriations Committee. We anticipate these reviews to be completed by the end of September. This does make our FY2026 budgeting, which occurs between now and June, more uncertain this year, since our final plan won't be approved until almost three months after the start of the fiscal year.

I will be working with my senior leadership team, along with your input, to thoughtfully develop our Strategic Reinvestment Plan over the coming months. You can read the plan framework outlined in the [bill](#). We anticipate receiving all of our \$19.6 million back from USHE, in accordance with our plan.

Compensation Increase

This year the University received ongoing funding for state-funded employees equal to a 2.5% compensation increase, a 5% increase for health care benefits, and 6.9% dental benefit increase. The legislature funds 75% of these increases and we typically fund the remaining 25% with tuition revenue. We continue to analyze and plan for potential tuition rate increases, which will ultimately need approval from the Utah Board of Higher

Education, scheduled to meet on March 27-28. Our revenue planning resulted in a proposed tuition increase between 1.75% and 5%, which was presented on March 5 during our Truth in Tuition hearing. Our Board of Trustees will meet to discuss and finalize our request on March 24.

Subject to tuition approval outcomes, we will distribute funding for a 2.5% salary increase, for employees paid from state funds for you to distribute at your discretion. We hold a portion of the appropriated funds centrally for salary-related benefits, for those who participate in the benefits pool.

We recognize there are equity and market issues across campus, and request that you consider using these funds to first address equity and merit in your unit. This has been a priority in recent years, recognizing that change will be a multi-year effort with not enough resources to address issues in any one year. Please pay considerable attention to those earning \$60,000 or less as you look at equity issues.

Budgeting Guidelines

Your budgets should reflect your goals that align with our strategic plan, Impact 2030. Impact 2030 focuses on three pillars: Student Success, Research & Innovation and Service to Community.

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. Do not reallocate funds that will result in your unit going into a budget deficit situation or that will 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.

Please follow these general guidelines for granting salary increases and administering 2025-26 budgets in your areas:

1. The expectation is that employees may receive a salary increase considering performance, market, good business practice, and the availability of funds.

2. Individual increases in excess of 4% will require written justification and subsequent approval and should have an identified and sustainable funding source to justify. These forms are submitted through EPM. If approved, these increases will be reflected in DMU by June 16th.
 - a. For equity requests, departments should provide comparable information for others in the department/division that hold the same job title as well as any relevant market data (e.g., HR data showing market comparisons).
 - b. For performance-based requests, departments should describe what factors were used to determine the proposed salary increase (e.g., additional duties or merit).
3. These guidelines are applicable to:
 - a. Faculty and staff supported by state funds
 - b. Faculty or staff supported primarily or solely by endowment incomes, auxiliary income, or research funds
 - c. Faculty or staff supported primarily or solely by clinical income

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

Despite challenges this year, we are grateful that the legislature invested in our staff and faculty with a compensation increase. We greatly value your leadership and know the importance of your work.

Please communicate to your 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 leaders and learners across campus as One U.