



UTAH SYSTEM OF
HIGHER EDUCATION

MEMORANDUM

November 3, 2023

Fiscal Year 2024-25 USHE Operating Budget Recommendation — Compensation & Mandatory Cost Increases

Compensation

Faculty and staff are the backbone of the Utah System of Higher Education, and salary and benefits represent the single largest expenditure for USHE institutions. In order to reward performance and continue to attract world-class faculty and staff, the Commissioner recommends that USHE institutions be funded on par with state employees in salary and benefit adjustments provided by the state legislature. Exact increases will be determined during the 2024 legislative session; however, the funding required to support placeholder increases of 3.5% for salary, 7.2% for health insurance, and 0.9% for dental insurance are attached. The Commissioner further recommends that the Board request that the legislature fund compensation increases with 75% state funds for degree-granting institutions and 100% for technical colleges, leaving 25% to be covered by degree-granting institution dedicated credits. Historically, that 25% share has been primarily supported by tuition increases. The Commissioner also recommends that legislative compensation appropriations be characterized as discretionary increases, as opposed to cost-of-living adjustments, in order to maximize institutional flexibility for the deployment of these funds.

Mandatory Costs

Mandatory costs include rate increases for services and insurance provided by the state and charged to institutions through internal service fund (ISF) fees. These programs include general liability insurance, cyber liability insurance, property insurance, automotive insurance, aviation insurance, fleet motor pool access, and attorney general services. Exact increases will be determined during the 2024 legislative session; however, the state Division of Risk Management has communicated that because of nationwide mass claims events and continued capital project construction and value appreciation, the property insurance renewal for higher education is expected to require an additional \$20.5 million in FY 2025. This means that the property insurance renewal is preliminarily expected to account for roughly 85% of total mandatory cost increases for USHE institutions. The Commissioner recommends that the Board request that the legislature fund these ISF rate increase impacts with 75% state funds for degree-granting institutions and 100% for technical colleges, leaving 25% to be covered by degree-granting institution dedicated credits. Historically, that 25% share has been primarily supported by tuition increases. Other sources of mandatory cost increases include building operations and maintenance and institution requests for fuel and power costs. FY 2025 institutional operations and maintenance funding will be

considered in the FY 2025 capital budget recommendations, while institutions have typically self-funded fuel and power expenditures through efficiency savings. As such, the Commissioner does not recommend new incremental funding for institution fuel and power expenditures in FY 2025.

Commissioner's Recommendation

The Commissioner recommends that the Board request for USHE institutions to be funded on par with state employees and state agencies with respect to increases in compensation and mandatory costs in FY 2024-2025.

Attachment

Preliminary FY 2025 Compensation & Mandatory Cost Increase Impact Estimates

	Compensation (3.5% Discretionary Salary & 7.2% Health/0.9% Dental) (p)		Internal Service Funds (Liability, Cyber, Property, Auto, Aviation, Motor Pool, AG) (p)		Total		
Institution	State Funded	Institution Funded	State Funded	Institution Funded	State Funded	Institution Funded	Total
U of U	\$23,068,700	\$6,735,300	\$11,149,400	\$3,716,500	\$34,218,100	\$10,451,800	\$44,669,900
USU	\$11,297,700	\$2,821,900	\$2,035,300	\$678,400	\$13,333,000	\$3,500,300	\$16,833,300
WSU	\$5,047,400	\$1,663,100	\$876,200	\$292,100	\$5,923,600	\$1,955,200	\$7,878,800
SUU	\$3,201,000	\$1,064,300	\$1,552,200	\$517,400	\$4,753,200	\$1,581,700	\$6,334,900
Snow	\$1,381,000	\$411,400	\$519,900	\$173,300	\$1,900,900	\$584,700	\$2,485,600
UT	\$2,600,600	\$866,800	\$650,300	\$216,800	\$3,250,900	\$1,083,600	\$4,334,500
UVU	\$8,237,700	\$2,690,600	\$1,166,800	\$388,900	\$9,404,500	\$3,079,500	\$12,484,000
SLCC	\$4,926,400	\$1,505,800	\$558,100	\$186,000	\$5,484,500	\$1,691,800	\$7,176,300
Bridgerland Tech	\$729,400	\$0	\$121,800	\$0	\$851,200	\$0	\$851,200
Davis Tech	\$984,300	\$0	\$169,200	\$0	\$1,153,500	\$0	\$1,153,500
Dixie Tech	\$493,900	\$0	\$61,200	\$0	\$555,100	\$0	\$555,100
Mountainland Tech	\$1,044,000	\$0	\$119,900	\$0	\$1,163,900	\$0	\$1,163,900
Ogden-Weber Tech	\$667,400	\$0	\$242,200	\$0	\$909,600	\$0	\$909,600
Southwest Tech	\$280,100	\$0	\$46,800	\$0	\$326,900	\$0	\$326,900
Tooele Tech	\$300,500	\$0	\$34,000	\$0	\$334,500	\$0	\$334,500
Uintah Basin Tech	\$428,600	\$0	\$95,000	\$0	\$523,600	\$0	\$523,600
Board of Higher Ed	\$587,000	\$0	\$299,300	\$0	\$886,300	\$0	\$886,300
Total	\$65,275,700	\$17,759,200	\$19,697,700	\$6,169,400	\$84,973,300	\$23,928,600	\$108,901,900