

Contact: Patrice Sayre

UI HEALTH CARE SALARY POLICY FOR FY 2019

Action Requested:

Approve the UI Health Care salary policy for FY-2019 as follows:

- Departments are authorized to provide an average increase of up to 1% for all faculty and non-organized P&S staff, to be distributed based on performance and available funding. Pay adjustments would be effective July 1, 2018.
- Department chairs and senior health care leadership will forego a July 1 pay adjustment.
- Staff under the AFSCME collective bargaining agreement will receive a 1% pay adjustment on July 1.
- SEIU staff will receive a 2% pay adjustment on July 1.

Background and Analysis:

Over the past year, UI Health Care has been open about the financial challenges it is facing. In response, every area of the enterprise has been working hard to reduce expenses, improve efficiencies and find new ways to generate revenue. Because of this hard work, we are likely to meet our UIHC fiscal year budget goal of a 2.5 percent operating margin—a goal we missed in FY17.

As we look ahead to FY19, we know our challenges will be harder. There is increased uncertainty about the level of reimbursement at both the state and federal levels—our best estimates for payment reductions are now in the range of \$20-\$30 million per year. Costs for drugs are up 7% and other non-salary expenses continue to climb. While we're caring for a record number of patients, the margins per case are lower.

For these reasons, we need to continue to hold down costs. As such, we believe it is prudent for the FY19 budget year to allow departments to provide an overall 1% average increase for all faculty and non-organized P&S staff, to be distributed based on performance and available funding. Any such raises will be effective July 1, 2018, reflected on the August 1 paycheck. Department chairs and senior health care leadership will not receive a July 1 raise.

Our goal continues to be to build a strong, sustainable destination academic medical center that continues to attract the best people and leads major advances in prevention, treatment, and education. To do that, we will continue to grow to help us be more sustainable. Together, we will achieve this goal, thanks to the hard work and commitment of our superb faculty and staff.