

Dear colleagues,

At its November meeting, the Board of Regents approved a FY19 operating budget that includes decisions that will impact you, and I want to share the rationale behind those decisions as well as the measures the university is taking to mitigate the impacts.

As you know, the state is facing serious fiscal challenges and that has a direct impact on the amount of funding the university receives. The university has seen a 16 percent cut in state funding since FY14, a cumulative impact of \$145 million. We've done our best to minimize the impacts, but the reality is that positions, programs, and services continue to be reduced. Staff and faculty are taking on additional assignments and we've had to make tough decisions about our priorities.

Even as we ask you to take on more responsibility, we also are asking for your patience. As approved by the Board of Regents, the FY19 budget does not include funding for salary increases. Although necessary, this decision does not reflect the high value that we put on our faculty and staff. As such, we are implementing additional changes that will benefit our employees.

- **Annual leave cash-in expansion:** Changes to our annual leave cash-in policy now allow all employees, regardless of grade, to cash-in 40 hours of annual leave once per fiscal year, and we have lifted the restriction requiring the use of annual leave prior to utilizing the cash-in program. While it is extremely important to find work-life balance, we recognize that this is not always possible, and want to support those personal decisions.
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- **Annual leave cap date extended to June:** The date of the cap for annual leave hours has been extended from January 31 to June 30 to match the fiscal year tracking period for leave accrual. The change will make it easier for employees to understand how close they are to the 240 hour cap, if they will potentially lose hours at the end of the tracking period (June 30) and how many hours they will have available for the start of the new fiscal year (July 1).
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- **Extension of Personal Holiday Leave:** Starting in FY18, exempt employees will join non-exempt employees in receiving a personal leave day, in order to provide equity and recognize the hard work and service of employees at every level of the organization.
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- **Compensation Equity Study:** We are going to conduct a study to compare our salary and benefits to the external market and an analysis using internal metrics (such as years of service, race, gender, and specific discipline) to ensure that university employees are receiving equitable/competitive pay within our budgetary parameters.

Regardless of whether the state funds our budget request, we are focused on increasing the cost effectiveness of the university and reinvesting those savings into our programs and people.

Through continuous process improvements and major automation initiatives, increased private giving, enrollment campaigns and investment in competitive research, the university will overcome our challenges and lead the way to a sustainable future. I look forward to the time when we are in a position to make compensation adjustments that reflect your true value to the university.

Thank you for your hard work and commitment to the university.

Jim Johnsen