

BUDGET PRIORITIES LSU HEALTH SCIENCES CENTER IN NEW ORLEANS 2019-20 OPERATING BUDGET

The Fiscal Year 2019-20 appropriation for the LSU Health Sciences Center in New Orleans Campus (LSUHSC-NO) is \$148.5 million. This represents a net increase of \$4.1 million in comparison to the final appropriation of \$144.4 million for Fiscal Year 2018-19. It should be noted, however, that actual revenue received in FY 2018-19 was only \$143.7 million, a shortage of approximately \$713 thousand. The shortage consisted of \$226 thousand in Statutory Dedicated SELF funds and \$487 thousand in fees and self-generated funds. The LSUHSC-NO's FY 2019-20 appropriation was increased in large part due to approximately \$3.2 million in estimated fees and self-generated revenue mainly attributable to the Fall 2019 tuition increases approved in January 2019, in addition to an increase in State General Fund revenue of approximately \$900 thousand to address unfunded mandated cost increases.

LSUHSC-NO Spending Priorities in FY 2019-2020:

Salary Adjustments

Civil Service Market Adjustments:

Pursuant to changes in the civil service rules, annual performance adjustments/Merit increases were abolished effective July 1, 2018 and instead all eligible classified employees receive an annual increase in accordance with the new Market Adjustment Rule (CSR 6.32). Effective July 15th of each fiscal year, eligible classified employees receive a market adjustment. A market adjustment is an adjustment to an employee's base pay based upon the employee's position within his/her pay range.

In order to be eligible for a market adjustment, a classified employee must have been employed (at a state entity) six months preceding the disbursement date of July 15th of each year. The following employees shall not be eligible for market adjustments:

- Any classified employee who received an overall performance evaluation of Needs Improvement/Unsuccessful on their last official performance evaluation.
- When Actually Employed (WAE) employees.

Eligible classified employees will receive a base pay increase through a market adjustment annually on July 15th. The Percentage amount granted to an employee will be determined by identifying where their current hourly rate falls within his/her pay range. Eligibility percentages are below:

Hourly Rate at	Hourly Rate above 1 st	Hourly Rate above the	Hourly Rate above 3 rd
Minimum up to 1 st	Quartile up to the	Midpoint up to the 3 rd	Quartile up to the
Quartile	Midpoint	Quartile	Maximum
4%	3%	2%	2%

Faculty Promotion and Tenure Adjustments:

Effective July 1, 2019, the Health Sciences Center granted salary increases for faculty who have earned promotions in rank. Increases range between 5% and 12%.

Targeted Merit Adjustments:

Effective July 1, 2019, the Health Sciences Center granted salary increases for targeted meritorious performance for various employees as requested by the Chancellor, Deans or Vice Chancellor.

Cost of Living Adjustments:

As a preeminent leader in health care education, the Health Sciences Center recognizes that its employees are one of its primary assets and its principal source of competitive advantage. To this end, the Chancellor and leadership of the Health Sciences Center, upon approval of the FY 2019-20 Operating Budget by the Board of Supervisors, will provide a University-Wide Cost of Living Adjustment (COLA) to all eligible employees effective October 1, 2019. This increase will be centrally funded in FY 2019-20 by non-appropriated revenue to the extent in which external grants and contracts are not able to sustain this fiscal year and subsequently funded by the various schools and departments beginning in FY 2020-21 with both appropriated and non-appropriated revenue. The cost of the COLA is estimated as follows for FY 2019-20 and beyond:

Total Base Salary	FY 2019-20 Increase with Benefits	Annualized Increase With Benefits
\$131,015,070	\$4,215,410	\$5,620,549

Because leadership is well aware of the State's fiscal condition, our University has placed an emphasis on creating and enhancing alternative sources of funding:

- LSUHSC-NO continues to seek new and/or expanded relationships with private and not-for-profit health care entities. We anticipate increases in revenue from clinical contracts this fiscal year.
- LSUHSC-NO will receive capital outlay appropriations and other self generated funds to repurpose the LSU Interim Hospital for the purpose of enhancing the LSUHSC-NO footprint including the construction and operation of a Center for Advanced Learning and Simulation.
- LSUHSC-NO continues to explore new and innovative public-private partnerships to maximize revenue and utilize the transferred buildings including parking in support of repurposed buildings, housing for residents, students, and faculty, and clinics in support of Graduate Medical Education.

The University also continues to focus on:

- Advancing a learning environment of excellence
- Enhancing the quality of educational programs
- Growing our reputation as a national leader in biomedical research
- Improving access and quality of care to citizens, while promoting disease prevention and health awareness
- Building strong community partner relationships