Finding the Money to Manage the Mission:
A Fiscal Year-End Wrap Up

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Vision of the Mission

• Education: a mark of distinction
  – Strong interdisciplinary programs
  – Meeting the health workforce needs of MN
  – Share new knowledge/use e-tools

• Research: a talent magnet
  – Competing for top funding and faculty
  – National recognition in focused programs and for relations with business

• Clinical sciences: a destination of choice
  – Practice expansion for all disciplines
  – Effective partnerships
  – Well-defined corridors of research and innovation
Financial Challenges

Existing Funding Sources of the Medical School Budget = $574 million (includes UMPhysicians)

Challenges:
- Reimbursement rates
- Practice margins minimal
- Competitive salaries

Faculty Practice Plan 40.2%
Non-Sponsored Programs 32.5%
Sponsored Research Programs 27.3%

State 8.6%
Tuition 4.5%
ICR 3.3%
Affiliated Hospitals 8.3%
Gifts and endowments 4.2%
All Other 3.6%

Challenges:
- Flat
- Top 2 in nation
- NIH dependent
- Resident stipends
- Flat

Challenge: Federal funding declining
## Legislative Outcome*

<table>
<thead>
<tr>
<th></th>
<th>2007-08</th>
<th>2008-09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Request</td>
<td>$58,900,000</td>
<td>$64,500,000</td>
</tr>
<tr>
<td>Actual</td>
<td>$67,447,000</td>
<td>$14,310,000</td>
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<tr>
<td>Difference</td>
<td>$8,547,000</td>
<td>($50,190,000)</td>
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</tbody>
</table>

Biennial Math = Request $182,300,000
Actual $149,204,000
Difference ($33,096,000)

*Excludes $25,000,000 onetime U/ Mayo Partnership
## FY2007-08 Resources Supporting New Investments*

<table>
<thead>
<tr>
<th>Resources</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>New State Appropriations</td>
<td>$67,647,000</td>
</tr>
<tr>
<td>Student Tuition &amp; Fee</td>
<td>$20,274,560</td>
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<tr>
<td>Other Institutional Resources</td>
<td>$11,688,747</td>
</tr>
<tr>
<td>University Internal Reallocations</td>
<td>$12,824,473</td>
</tr>
<tr>
<td><strong>Total Resources</strong></td>
<td><strong>$112,434,780</strong></td>
</tr>
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</table>

*Excludes $25,000,000 onetime U/ Mayo Partnership*
New O&M Impact in AHC

Total New Appropriation to be Allocated
$62,447,000 ($5M held for FY08-09)

Amount Allocated to Schools/Programs in the Academic Health Center
$24,730,000

A 36% targeted investment in the health sciences
Examples of Targeted AHC Funding

• Compensation Support
  – All AHC schools $4.4M

• Global Leadership Training/New Positions
  – School of Public Health $514,000

• Specialist Faculty/Equipment
  – School of Dentistry $497,000

• Investment in Equine Center and Diagnostic Lab
  – College of Veterinary Medicine $1.5M
Examples of Targeted AHC Funding

• Institute for Therapeutics Discovery and Delivery
  – College of Pharmacy $300,000

• DNP Faculty/Hartford Center Support
  – School of Nursing $350,000

• Program Support for CAIMH and MED 2010
  – Medical School $350,000
Additional AHC Funding

Core Services and Support Total $ 12.8M
- Inst. For Translational Neuroscience $ 1.2M
- Research Support
  - (RAR, Trials Program, CTM, Corridors) $ 2.7M
- Interdisciplinary Education Initiatives
  - CIPE, Sim Center, Services $ 1M
- U-Wide Initiatives $ 4.2M
  - Health Informatics, CAHP, U Learning Platform Pilot
### Strategic Compact Investments in AHC: New State Dollars (millions)

<table>
<thead>
<tr>
<th>Investment Category</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research</td>
<td>3.0</td>
<td>4.2</td>
<td>5.1</td>
<td>12.3</td>
</tr>
<tr>
<td>Faculty</td>
<td>2.3</td>
<td>5.1</td>
<td>5.1</td>
<td>12.5</td>
</tr>
<tr>
<td>Programs</td>
<td>2.6</td>
<td>4.0</td>
<td>7.0</td>
<td>13.6</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1.0</td>
<td>2.7</td>
<td>6.3</td>
<td>10.0</td>
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<tr>
<td><strong>TOTALS</strong></td>
<td><strong>8.9</strong></td>
<td><strong>16.0</strong></td>
<td><strong>23.5</strong></td>
<td><strong>48.4</strong></td>
</tr>
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</table>
Additional State Investment in the University-Mayo Partnership

- 2003 $ 2.0M*
- 2005 $ 15.0M
- 2005 Facility in Rochester $ 21.7M
- 2006 $ 15.0M
- 2007-2008 $ 25.0M
- Beyond 2008 $ 8.0M R

* Matched by $1M each from U & Mayo
Facilities Update
Research Facilities

• **Legislature did not pass Research Facilities Authority this session**
  – Plan is to repackage for next session

• **717 Delaware on track**
  – 30% complete, remainder done by 10/07

• **Medical Biosciences Building**
  – Plan nearly complete, groundbreaking in Fall ’07

• **CMRR next in line**
Facilities Investments of $290M in the Last Five Years

- Molecular and Cellular Biology $ 80.0M
- McGuire Translational Research $ 37.5M
- 717 Delaware $ 36.5M
- Medical Biosciences Building $ 67.5M
- Educational Facilities $ 17.0M
- Life Sciences/Pharmacy Duluth $ 8.0M
- Dental Simulation Lab $ 9.0M
- Public Health Educational Facilities $ 2.0M
- Equine Center $ 14.0M
- Vet Med Clinical Renovations $ 6.0M
- Vet Med Avian BSL3 $ 2.5M
- Research Lab and Office Renovations $ 10.0M
Fairview Partnership Facilities Renewal: Children’s Hospital

- Groundbreaking scheduled Dec. 2007
- Schematics and building plans circulating
- Financial resources for Phase I acquired ($175M)
Fairview Partnership Facilities Renewal: Ambulatory Care Center

• Location finalized
• Agreement reached on overall financial model
• Fundraising has begun
• Seeking state funding for portion dedicated to teaching/research
• Hopefully into final design this Fall
Challenges Ahead

• Getting the Medical School into the top 20 and helping the University move into the top 3 public research universities
  - Developing the research space
  - Recruiting the faculty

• State Workforce Needs
  - Removing federally designated underserved areas
  - Developing Center for Allied Health Programs
  - Potential for New Medical School

• Continued Pressure on All Funding Sources
• Strengthening the partnership with Fairview in the marketplace
• Staying true to our mission and continuing to make all investments strategic
Funding the Future

• Targeted state request for Medical School
• Continued strategic investments via the compact process—interdisciplinary, interprofessional and interscholastic activities are a priority
• Success in philanthropy
• Success in the marketplace of health
• Organizing to eliminate duplication or replication
• Internal reallocation into strategic growth areas
Strategy for The Future

• We must create our future.
• We must stay true to mission.
• We must work together for our future to be successful.