

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

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# Vision of the Mission

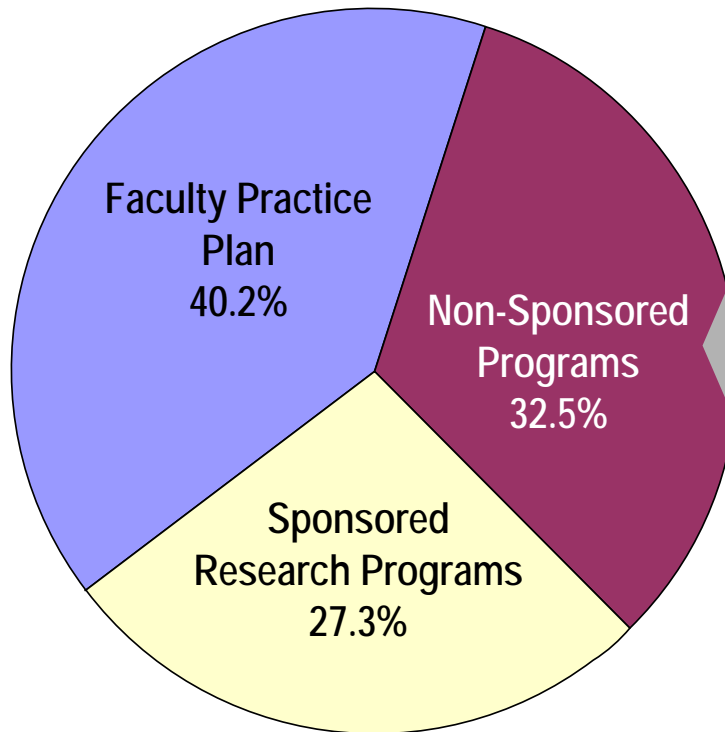
- Education: a mark of distinction
  - Strong interdisciplinary programs
  - Meeting the health workforce needs of MN
  - Share new knowledge/use e-tools
- Research: a talent magnet
  - Competing for top funding and faculty
  - National recognition in focused programs and for relations with business
- 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



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\*

	<u>2007-08</u>	<u>2008-09</u>
<b>Request</b>	\$58,900,000	\$64,500,000
<b>Actual</b>	<u>\$67,447,000</u>	<u>\$14,310,000</u>
<b>Difference</b>	\$ 8,547,000	(\$50,190,000)

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Biennial Math	=	Request	\$182,300,000
		Actual	<u>\$149,204,000</u>
		<b>Difference</b>	<b>(\$ 33,096,000)</b>

\*Excludes \$25,000,000 onetime U/Mayo Partnership

# FY2007-08 Resources Supporting New Investments\*

## Resources

New State Appropriations	\$67,647,000
Student Tuition & Fee	\$20,274,560
Other Institutional Resources	\$11,688,747
University Internal Reallocations	<u>\$12,824,473</u>
<b>Total Resources</b>	<b>\$112,434,780</b>

\*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

- |   |                 |
|---|-----------------|
| <b>Core Services and Support Total</b>                | <b>\$ 12.8M</b> |
| • 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)

<b>Investment Category</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>Total</b>
Research	3.0	4.2	5.1	12.3
Faculty	2.3	5.1	5.1	12.5
Programs	2.6	4.0	7.0	13.6
Infrastructure	1.0	2.7	6.3	10.0
<b>TOTALS</b>	<b>8.9</b>	<b>16.0</b>	<b>23.5</b>	<b>48.4</b>

# 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.