

AHC Finance & Planning Committee
Minutes of the Meeting
December 20, 2001

These minutes reflect discussion and debate at a meeting of a committee of the AHC Assembly; none of the comments, conclusions, or actions reported in these minutes represent the views of, nor are they binding on, the Assembly, the Administration, or the Board of Regents.

PRESENT: Dan Feeney (chair), Carol Wells, Mike Speidel, Katie Dusenbery, Donna Brauer, Tim Church

REGRETS: Elizabeth Nunnally

GUESTS: Dr. Frank Cerra

Professor Feeney called the meeting to order and welcomed Dr. Frank Cerra, Senior Vice President for Health Sciences.

Dr. Cerra asked to meet with the Committee to talk about the how the money from the tobacco endowment is being used.

- The State created two endowments from its tobacco settlement payments to support health professional education:
 - 1) The Medical Education Endowment, established in 1999 was operational in 2000; 2) AHC Education Endowment was established in 2001 and operational in 2002.
- The Medical Education Endowment initially will fund the Medical School's core educational programs, maintaining current student enrollment.
- As it grows, it will help to hire new physician-scientists in strategic areas to rebuild the Medical School faculty.
- As it approaches full funding, the endowment will allow significant expansion of nursing, pharmacy, medical technology, and rural dentistry programs, to relieve workforce shortages.
- Support the clinical training of health professionals.
- AHC Endowment was created to support health professional education programs and interdisciplinary academic initiatives at the AHC.

The endowment will be funded by tobacco settlement payments the state will receive in January 2002 and January 2003.
- The state estimates the payments will total approximately \$343 million. The AHC will receive quarterly payments equaling 5% of the market value of the endowment, beginning in April 2002.
- The state estimates the AHC will receive \$5.6 million in FY 2002, \$14.5 million in FY 2003, and \$17.5 million in FY 2004, when the endowment is fully funded. The amount of money the AHC will actually receive is subject to the tobacco sales and profitability of tobacco companies, and the performance of the state's investments in the stock and bond markets.
- Achieving these ends is dependent on the planned payments into this endowment starting January 2002, and on sufficient funding of the University.

Next, Dr. Cerra spent some time talking with Committee members about the importance of developing grass roots awareness plan to inform the public about the importance of a strong University – a strong Academic Health Center. The Legislators need to hear from their voters that they believe it is important. It is also essential to draw in the voters of the greater range of suburbs to help “fight the fight” all over again. There must be a University-wide effort to present the University's agenda. When asked about the biennial request, Dr. Cerra noted that the capital budget would move ahead because it is part of bonding bill and that provides for an economic stimulus.

At this point, Committee members moved on to a discuss:

- Space issues – just about every school in the AHC is “space locked.”
- Budget issues facing the AHC
IMG – the Committee intends to spend time reviewing data and IMG models.
- Increase to base on faculty salaries:
in some departments salary increases are not going to the base salary but rather as a salary increment. Dr. Cerra indicated that he is looking into this to determine the magnitude of the problem today. From his perspective, the tenured faculty have an expectation that the salary guaranteed to tenure has a raise attached to it of some proportion.
There is the same expectation, according to the Tenure Code, that the institution must give the tenured faculty the opportunity to do research as well. There should be an incentive or benefit for those faculty who are productive and/or recognized by their peers. Part of the problem is that the salary guidelines do not address how much of the 3% pool of money (2001) earmarked for faculty salary increases should go to the base salary as a condition of employment. Dr. Cerra asked the Committee to think about developing principles with respect to how to “set the meter” for applying increases to the base salary. Hopefully, guidelines will be developed before the salary instructions come out in 2002.
- Dr. Cerra talked about the academic plans that each school/college is expected to submit to him. About 40% of the faculty in the AHC schools/colleges are non-tenured. What should the ratio of tenure to non-tenure faculty be? It is Dr. Cerra’s view that when it comes to educational matters within a school, it the tenured faculty who must prevail. He also believes that it is necessary for non-tenured faculty to have a voice in governance of the school/college.

The report on the Financial Status of Internal Service Organizations (ISO) in the Evolving Academic Health Center (AHC) Research Infrastructure Funding Model will be ready to be distributed after a clarification is inserted about where ISO’s might be situated in the AHC. One member inquired if there was an ISO registration or a list of all ISOs as well as a definition of what an ISO is. Committee members asked Beth Nunnally for the information and she indicated she would get it to them.

The January 3 meeting was cancelled.

Hearing no further business, Professor Feeney adjourned the meeting at 6:00 p.m.

Vickie Courtney
University Senate