



UNIVERSITY OF MINNESOTA

Medical School

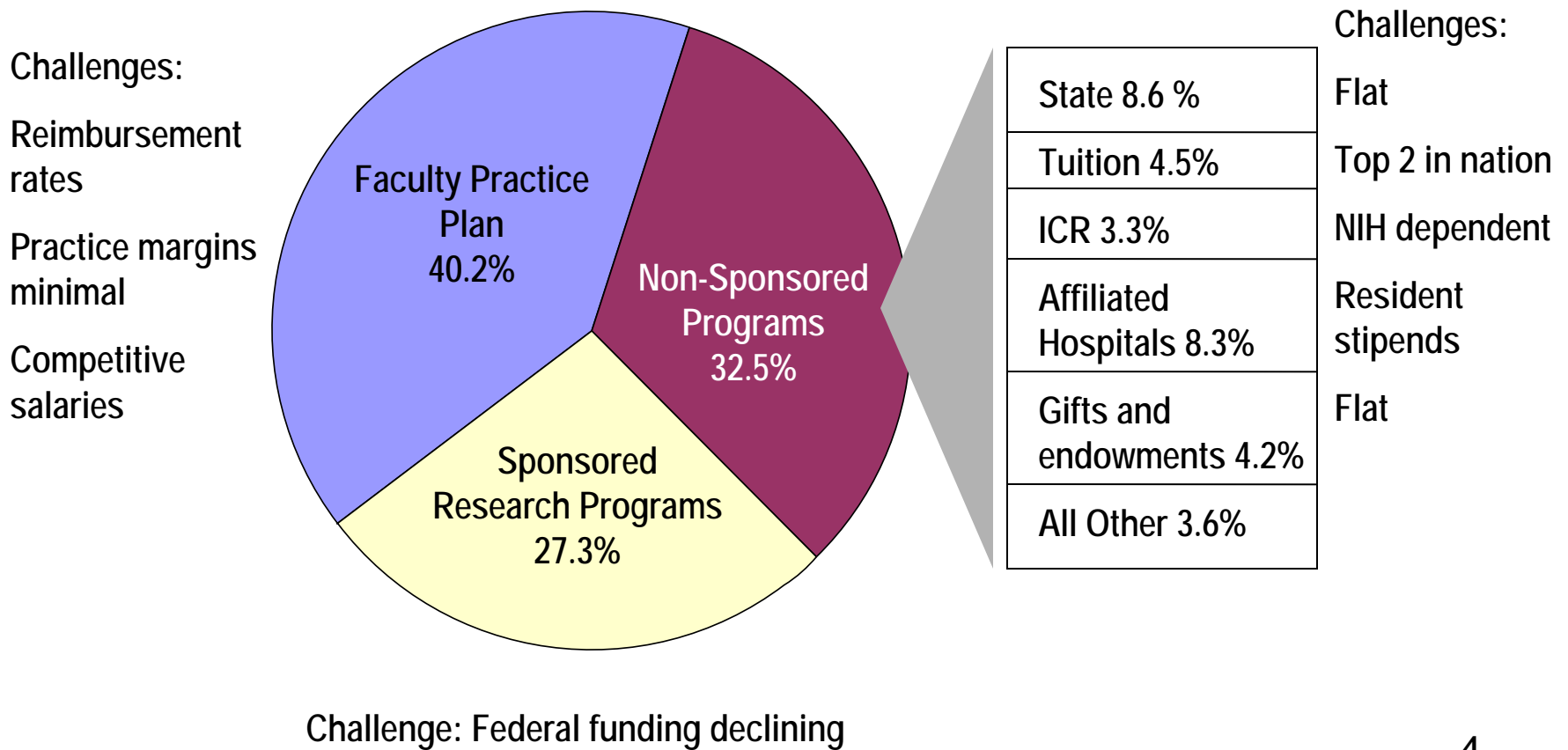
The Medical School

Follow-Up Session with
President Bruininks
18 December 2007

Medical School Goals

- Move into the Top 20 of Medical Schools through innovative research excellence in the targeted areas of neuroscience, infectious disease and immunology, diabetes, cardiovascular and pulmonary medicine, and cancer.
- Be a national leader in innovative medical education, providing learner-centered education for patient-centered care.
- Provide exemplary clinical care delivery by collaborating with faculty and partner hospitals to continually improve excellence and educate students to seek ways to improve care outcomes.

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



Investments Needed to Achieve Goals

1. Investment in Facilities

- CMRR Research Expansion
- Heart Research Building
- Cancer Research Building
- Clinic facilities renewal
- Renovation of existing research space

2. Department Head Recruitments

3. Recruitment of Research-intensive Faculty

Need 53 faculty to return to 1994 level; need 175 to achieve Medical School and University goals

4. Competitive Faculty Salaries

5. Funding to Address Structural Imbalances

- GME Administration
- Graduate Student Stipends
- Budget Model Adjustments

Financial Challenges & Draft Solution Map

A) Base Structural Problem - \$11M Recurring

Medical School*	\$ 2M
University/State additional**	\$ 4M
Fairview	\$ 2M

* Through cost reductions and internal reallocations

** University added \$3M new recurring to Medical School in FY08

Financial Problem & Draft Solution Map

B) Investment Needs - \$600 Million/7 years outer bookend

NEED	PARTNER	INVESTMENT
Facilities	State	\$310M
New Chairs	University State Fairview UMPhysicians Philanthropy	\$192M
New Faculty	University State Fairview UMPhysicians Philanthropy	\$84M

Research Growth - Financial Model

- Revenue Side Assumptions
 - Ave. Fed. Grant Productivity \$400K
 - Ave. Non-Fed. Research Productivity \$100K
 - 7 Year Average Ramp Up to Full Productivity
 - F&A recovery assumed at current federally negotiated rate on federal grants only
- Model reflects above assumptions; revenue increases incrementally as productivity increases

Research Growth - Financial Model

- Expense Side Fully Loaded to Include
 - Salaries and fringe benefits
 - Direct research supplies and services @ 55% of salaries and fringe
 - Average start-up package \$750K (Basic PI) and \$1M (Clinical PI) paid over 4 years
 - Average annual capital cost / PI ~ \$100K
 - Average facilities operating cost / PI ~ \$66K
 - Average incremental central cost pool allocations ~ 10% of total expenditures
 - Model assumes annual inflation of 3.5%

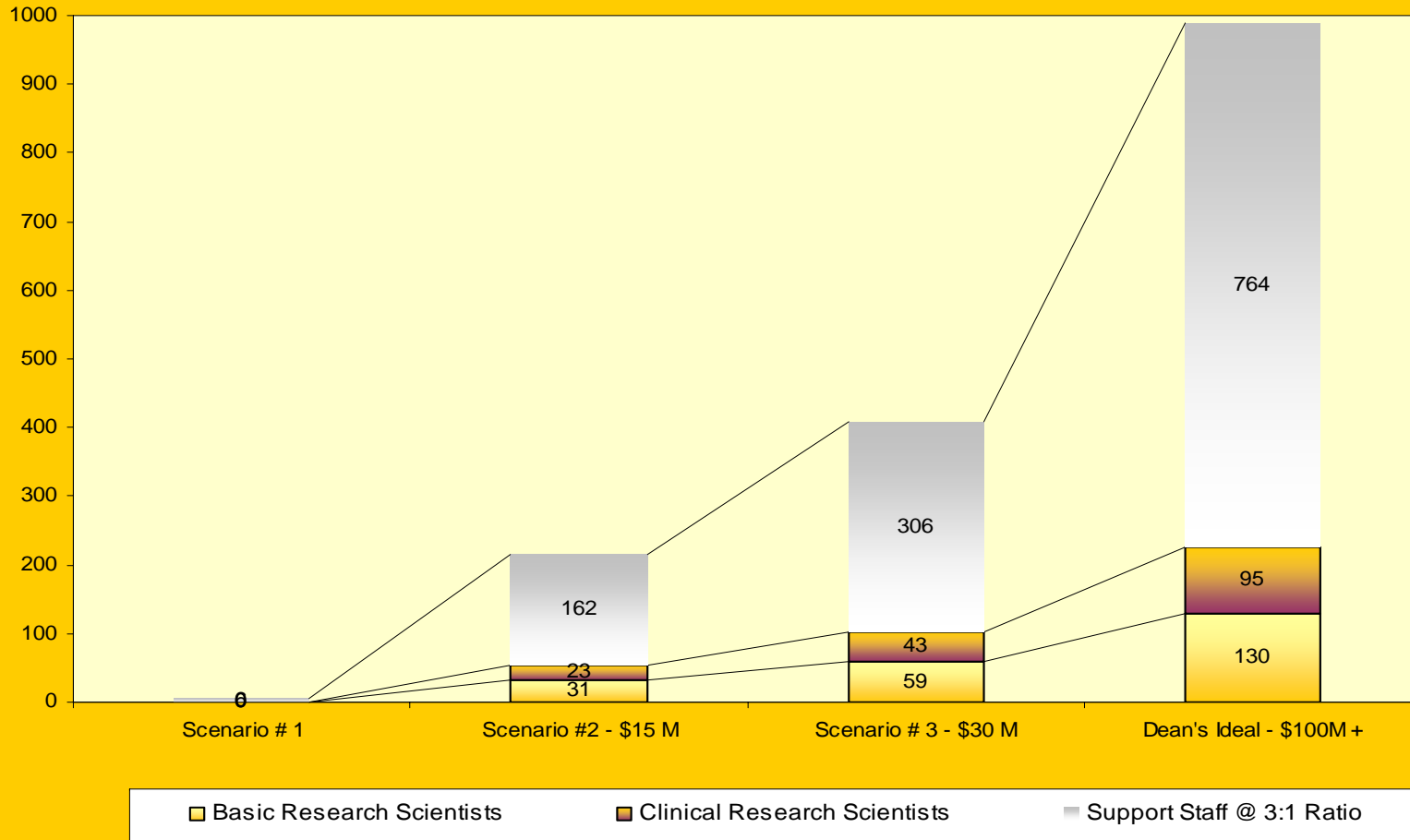
Research Growth - Financial Model

Potential Incremental Funding Strategies

- University internal reallocation of existing O&M
- New state special for Medical School
- New annual philanthropy dollars
- New practice plan academic support
- Key Assumptions
 - Medical School baseline ~ \$8 M structural issue previously resolved
 - “Facilities Authority” initiative successful around bonding of capital facilities needed to support increased PI hires

Research Growth Model Funding Comparisons

O&M Reallocation	\$ 0 M	\$ 2 M	\$ 4 M	Estimate
Facilities Authority	Unsuccessful	Successful	Successful	Annual
New State Special	\$ 0 M	\$ 10 M	\$ 20 M	Resources
Practice Plan	\$ 1.25 M	\$ 1.25 M	\$ 2.5 M	
Philanthropy	\$ 2.0 M	\$ 2.0 M	\$ 4.0 M	\$ 100 M+



Moving to Top 20: Fundamental Changes

- Maximize the use of present resources in a relentless focus on improving research productivity and stature
- Create transformational change in the relationships between the Medical School, UMP and FHS
- Invest in research facilities and research infrastructure, particularly in the clinical departments
- Undertake a major recruitment in research intensive faculty

The Primary Care Opportunity: 2008 Legislative Session

- The Legislature is likely to make primary care workforce a major agenda item
- We are prepared with:
 - A report on AHC workforce production
 - A report on Primary Care needs and our approach to those needs
- The Legislature has asked for the cost of increasing class size by 40 medical students with incentives to careers in primary care