

2002-2003 Medicine

Section	Document Name
Fiscal Health	• Fiscal Health Report 2003-04

Mission

MISSION

It is the mission of the Indiana University School of Medicine to advance health in the State of Indiana and beyond by promoting innovation and excellence in education, research, and patient care.

Education

The School of Medicine strives to produce outstanding educators, physicians and scientists. We will do so by providing quality education to students, residents, post-doctoral trainees, practicing physicians and the public that integrates the latest research advances with the best clinical practices.

Research

The research mission of the Indiana University School of Medicine is to advance knowledge about health and behavior and to make discoveries leading to improved prevention and treatment of disease, including the education of caregivers and the delivery of health services. Research is the foundation of both medical education and clinical care.

Clinical Care

The School of Medicine will provide outstanding clinical care that incorporates the latest advances in scientific knowledge, to all of our patients and the citizens of the State of Indiana. The quality care we provide will be done in a manner that supports and advances education and research.

VISION

The Indiana University School of Medicine will be one of the nation's premier medical schools based on our education, scientific investigation, and health care delivery by 2005.

Goals and Objectives

- ▣ A. Adequate, appropriately allocated educational resources.
- ▣ B. Attract and support a better prepared and a more diverse student population.
- ▣ C. Become a Top Ten Medical School as measured by NIH Research Grant Awards.
- ▣ D. Conduct world-class research, scholarship, and creative activities relevant to Indianapolis, the state and beyond.
- ▣ E. Enhance civic activities, partnerships, and patient & client services.
- ▣ F. Enhance civic activities, partnerships, and patient and client services.
- ▣ G. Enhance infrastructure for scholarly activity.

- ▶ **H. Enhance Physical Infrastructure for scholarly activity.**
- ▶ **I. Enhance Student Learning and Success.**
- ▶ **J. Improve organizational or management policies, programs and procedures.**
- ▶ **K. Improve organizational or management policies, programs and procedures.**
- ▶ **L. Improve organizational or management policies, programs and procedures.**
- ▶ **M. Improve organizational or management policies, programs and procedures.**
- ▶ **N. Intensify commitment to the community.**
- ▶ **O. Provide effective professional and graduate programs and support for graduate students and post-doctoral fellows.**
- ▶ **P. Support and enhance effective teaching.**
- ▶ **Q. Support and enhance effective teaching.**

Fiscal Health

*** Fiscal health report for 2003-04 is attached as MS Excel Spreadsheet. ***

The School of Medicine continues to maintain tenuous fiscal health in 2002-03.

As reported in the 2001-02 annual planning and budget report, concern remains regarding the economic forecast for the State of Indiana and its potential impact on the School of Medicine, as well as the University as a whole. In 2001-02 \$1,273,003 of the current budget was returned to the University as part of the State budget deficit coverage plan. In July 2002, as part of 2002-03, an additional \$344,153 was returned to the University for this purpose. Additional current budget returns or base budget cuts will erode the School's ability to deliver top quality medical education to our students around the state.

General Fund Sources:

The strategic plan of the Indiana University School of Medicine (IUSM) that was completed in 1999 and that was accepted enthusiastically by the faculty as a whole, is to become one of the top ten public medical schools in the nation. As one measure of progress toward this goal, the fall 2002 fiscal analysis report shows projected *indirect cost recovery (ICR) revenues* for 2002-03 of \$32.5 million. This is 18.3% over 2001-02 actual ICR. It is also an average annual increase of 14.23% for the four year period represented by the fiscal health report (see pages 12-13), and a total increase of 56.9% for the four year period. In addition to being a measure of progress toward the Dean's goal, it is also reflective of the fact that the NIH budget doubled in the five year period ended October 31, 2002. It is anticipated that the NIH budget may grow at a more modest annual rate for the next few years, perhaps 3.0% to 3.5%. This will have a direct and corresponding impact on the growth of School's ICR revenues over the same period, unless we can dramatically increase our research laboratory space as well as our number of research focused faculty.

State appropriations increased from \$72,374,614 in 2001-02 to \$74,036,047 in 2002-03. This increase includes \$1,582,923 of appropriation funding for associates and bachelors degree allied health sciences technology programs. These programs were transferred from the School of Allied Health Sciences to School of Medicine as part of the transition of the School of Allied Health Sciences to a graduate school. The programs that were transferred to IUSM departments were the Clinical Laboratory Sciences, Histotechnology, and Cytotechnology programs to the Department of Pathology, Paramedic Sciences to the Department of Emergency Medicine, Radiologic Sciences to the Department of Radiology, and Radiation Therapy to the Department of Radiation Oncology. The other major increase in appropriated funds was \$500,000 from the reallocation fund for 2002-03. These funds were used to implement aspects of IUSM's newly approved Information Technology Strategic Plan - specifically - creation of a Chief Information Officer position - a Chief Technology Officer position - a

technology, strategic planning, creation of a chief information officer position, a chief technology officer position, a database administrator, and a systems developer position. The purpose of these positions, as well as the I/T Strategic Plan, is to enhance the School's technology infrastructure in order to maximize the School's potential in achieving its educational, research, and service missions. Its purpose is also to make maximum use of the University's new information systems, meet the School's needs not otherwise met by University systems, and enable greater communication, cooperation, and efficiencies with our affiliated health partners.

Student fees increased from \$19,870,940 in 2000-01 to \$20,380,048 in 2001-02. This increase was primarily attributable to a 10.00% increase in medical student fees, since the number of medical students stays relatively constant. The total number of medical students enrolled for 2002-03 is 1,116, up from 1,084 the previous year. A 12.00% increase in medical student fees for 2002-03, along with inclusion of the allied health sciences undergraduate program student fees for the first time, results in projected student fee revenues of \$21,949,993. The increase in undergraduate credit hours in the 2002-2003 budget shown in the fiscal health report on page 12, reflects the transfer of the associates and bachelors degree allied health sciences technology programs to the School of Medicine from the School of Allied Health Sciences, as stated above. The drop in professional credit hours between budget and actual in 2001-2002, as well as the 2002-2003 budget, is due to a realignment of course credit hours among the various centers for medical education and the Indianapolis campus.

In 2001-02 Clarian Health Partners support (**Other Revenue**) contained the contractual amount of \$8 million committed to educational program support and, for the second straight year, included a \$2 million bonus payment based upon Clarian's overall financial performance for the previous year. These additional funds were earmarked to fund new chair recruitment commitments made by Dean Brater to several of the new department chairs, center/institute directors, and deans recruited in fiscal years 2001-02 and 2002-03.

General fund net operating margin for 2001-02 was negative for the first time in several years, reflecting a net use, or reduction, of fund balance. This net use of fund balance funded new chair recruitment packages, and equipment and furnishings costs related to new construction and renovation projects, such as the Van Nuys Medical Sciences Phase II renovation.

Sponsored Program Sources (Contracts and Grants):

Overall grant awards to IUSM increased from \$148,600,599 in 2000-01 to \$169,510,043 in 2001-02, an 11.7% increase from the previous year. This follows an 11.5% increase in awards from 1999-00 to 2000-01, and a 16% increase from 1998-99 to 1999-00. As indicated above in the discussion of indirect cost recovery income (ICR), it is anticipated that future NIH budgets will grow at a slower rate than in the past several years. However, in January 2003 two new research facilities, Research Institute II and the Biotechnology Research and Training Center, will open. These buildings total 220,948 gross square feet of space and contain 80,822 net square feet of research lab and research support space. Four additional research facilities, potentially totaling 900,000 gross square feet, have been included in the ten year capital improvement plan submitted by the University to the State Budget Agency as part of the 2003-05 Indiana University capital appropriation request. This additional research space will expand IUSM's total research capacity, enabling us to compete for additional research awards and, hopefully, continue to experience accelerated growth in contract and grant awards and ICR.

Practice Plan Support:

In FY 2001-02, funding of IUSM departmental programs from clinical practice activities was \$77,066,223, up 6.67% from the previous year's total of \$72,249,197. This reflects a continued commitment of the clinical departments to fund departmental activities.

With regard to the practice funds' negative fund balance reflected on the fiscal health report (see pages 12-13), this fund as stated includes both IUSM departmental practice plan funded activities and activities reimbursed by IUSM's affiliated healthcare institutions. Most notable is the reimbursement from Clarian, Wishard, and the VA Hospital for House Staff Officers', or residents', compensation. This activity is invoiced on a current month basis, and accounts receivable are established monthly. The fund balance excludes accounts receivable.

Philanthropy:

The IU School of Medicine received \$28,301,011.27 in philanthropic gifts during 2001-02. They came from 9,872 donors to benefit the School's research, education, and clinical service efforts. Planned gift commitments of over \$5.3 million were also received during this fiscal year. Endowments for five new chairs and professorships were approved by President Brand for participation in the Faculty Endowment Match Program, with pledges totaling \$5 million. These were the Wesley P. Martin Professorship in Alzheimer's Education, the Martin Chair in Alzheimer's Research, the Luella McWhirter Martin Professorship in Clinical Alzheimer's Research, the H.H. Gregg Senior Chair in Oncology, and the E. Dale and Susan Habegger Chair in Surgery. The Martin Chair and Professorships were the generous gift of Wesley P. Martin and the H.H. Gregg Senior Chair in Oncology is the second faculty endowment funded by H.H. Gregg, Inc. In addition to these extremely generous gifts, five new endowed scholarships and eight new research endowments were established through the generosity of donors to the School of Medicine.

Facilities Projects:

In FY 2001-02 renovation continued on phase II of the Van Nuys Medical Sciences building, a \$30 million project funded by the State of Indiana. This phase is scheduled for completion in December 2003. Phase III of the Van Nuys Medical Sciences building renovation is included in the ten year capital improvement plan submitted by the University to the State Budget Agency. This will be the final phase of this project, renovating all remaining existing spaces in the building at an estimated cost of \$22.725 million. Although this project was included in the campus's ten year capital improvement plan, it was excluded from the University's actual capital request for the 2003-05 biennium. This could have negative consequences on IUSM's ability to recruit and retain top tier research faculty, particularly in the basic sciences.

Construction continued on Research Institute II, the 134,658 gross square foot facility located between the Van Nuys Medical Sciences building and Wishard Memorial Hospital. This \$27 million facility, on track to open in January 2003, will contain 50,777 net assignable square feet of research laboratories and research support space. Funding for this facility came largely from philanthropic sources. This building will house the Stark Neurosciences Research Institute, as well as the Walther Cancer Institute, the Department of Medicine's Division of Nephrology, and several advanced imaging research programs of the Department of Radiology.

The \$26 million Biotechnology Research and Training Center (BRTC) is also on track to open in January 2003. This 86,290 gross square foot facility is located off the main campus near the corner of 16th Street and Stadium Drive. It will contain 30,045 of net assignable square feet of research laboratories and research support space and will house several of the Indiana Genomics Initiative (INGEN) core research programs. \$15.566 million of IUSM gift and other non-general funds were expended to build this facility, with the balance being provided as a lease purchase arrangement with the Indiana University Foundation.

The new Terre Haute Center for Medical Education building, which will be jointly owned by Indiana University, Indiana State University, and Union Hospital, is scheduled for completion in January 2003. The IUSM share of this new construction project (\$2.5 million), was funded by a state capital appropriation. This building will house most of the program space of the School's Terre Haute Center for Medical Education. Some center space will be retained in the existing ISU facility. Also housed in this space will be ISU's Nursing School and auditorium and teaching facilities for Union Hospital.

IUSM's South Bend Center for Medical Education is also slated for a new center facility. The new building will be located just across from the entrance to the Notre Dame campus and will house IUSM and Notre Dame programs. The IUSM share of the construction costs will be \$10,500,000, of a total planned cost of \$17 million. State capital appropriations were awarded in the 2001-03 biennium for this facility. This project is currently still in the design phase. The Northwest Center for Medical Education was also awarded state capital appropriations for a new facility on the IU Northwest campus in Gary. This facility will house both School of Medicine and other IUNW programs. This project too is still in the design phase.

Reallocation Plan

Other Question(s)

