Budget and Finance Briefing

School of Medicine Dean’s Office Professional Development Series

Tools for Success

November 29, 2012

Jeff Parker, MS, CPA
Vice Chancellor for Administration and Finance
Total Budget: $1.4 Billion

Largest Auxiliaries:
- GME – Resident Program (Anschutz)
- Extended Studies Programs (Denver)
- Hemophilia Pharmacy (Anschutz)
- 100s of Lab Services (Anschutz)
- Parking (Both)

University Physicians Inc (UPI):
- 2,000 Clinical Faculty
- 34,737 In-Patient Discharges*
- 1.1 Million Out-Patient Visits*
- $43.2 Million – Indigent Care
  * University and Children’s Hospitals

Dental Clinics:
- 66,000 patient visits
- $9 million in patient revenue
- $3.1 million - Indigent Care

Academics:
- 13 Schools/Colleges
- 134 Degree Programs
- 17,965 Students (Fall 2012)
- 34% Minority UG (Denver Campus)
- 4,590 Degrees Awarded (2011):
  - 2,034 Undergraduate
  - 2,109 Graduate
  - 447 First Professional

Sponsored Programs:
- 2,100 Awards
- 1,100 Prin. Investigators
- 65% Federal (51% NIH)
- 22% Non-Federal
University of Colorado Denver | Anschutz Medical Campus
FY 12-13 Budget

Total Budget Amount $1.4 Billion

- **Tobacco**
  - $13.9M (1%)
- **State Appropriation**
  - $70.7M (5%)
- **Tuition and Fees**
  - $210M (14%)
- **Other/FA**
  - $94M (7%)
- **Restricted**
  - $380M (26%)
- **Auxiliary Activities**
  - $209M (14%)
- **UPI**
  - $487M (33%)

Instruction Budget:
- 29% State
- 71% Tuition

**Total Budget Amount:**

$1.4 Billion
University of Colorado Denver Campus Budget FY12-13
Total Budget Amount $240 Million

- State Appropriation: $20.6M (9%)
- Resident Tuition: $81.9M (34%)
- Nonresident Tuition: $43.1M (18%)
- Grants: $36.7M (15%)
- Gifts: $8.3M (3%)
- Student Fees: $11.6M (5%)
- Other/F&A: $9.2M (4%)
- Auxiliary Activities: $28.9M (12%)
- Grants: $36.7M (15%)

Instruction Budget:
- 13% State
- 87% Tuition
University of Colorado Anschutz Medical Campus
FY 12-13 Budget

Total Budget Amount $1.2 Billion

- State Appropriation: $50.0M (4%)
- Tobacco: $13.9M (1%)
- Tuition/Fees: $73.2M (6%)
- Other /F&A: $85.0M (7%)
- Gifts: $31.7M (2%)
- Grants/ Contracts: $303.5M (25%)
- Auxiliary: $180.3M (15%)
- UPI: $487.1M (40%)

Instruction Budget:
- 47% State/Tobacco
- 53% Tuition
Current Funds - Funding History - By CU Campus

- **State Approp**
- **Tobacco**
- **Tuition & Fees**
- **F&A**
- **Other Unrestricted**
- **Auxiliary**
- **UPI**
- **Restricted**

**FY 01: $655.0 Million**

- **FY01**
  - 12%
  - 27%
  - 6%
  - 21%
  - 22%
  - 29%

- **FY13**
  - 4%
  - 38%
  - 6%
  - 22%
  - 29%
  - 23%

**FY 13: $1.3 Billion**

- **FY01**
  - 13%
  - 3%
  - 7%
  - 14%
  - 25%
  - 36%

- **FY13**
  - 4%
  - 6%
  - 6%
  - 15%
  - 40%
  - 27%

**FY 01: $542.7 Million**

- **FY01**
  - 13%
  - 3%
  - 7%
  - 14%
  - 25%
  - 36%

- **FY13**
  - 4%
  - 6%
  - 6%
  - 15%
  - 40%
  - 27%

**FY 13: $1.3 Billion**

- **FY01**
  - 25%
  - 32%
  - 1%
  - 13%
  - 12%
  - 24%

- **FY13**
  - 9%
  - 57%
  - 1%
  - 1%
  - 12%
  - 19%

**FY 01: $127.4 Million**

- **FY01**
  - 25%
  - 32%
  - 1%
  - 13%
  - 12%
  - 24%

- **FY13**
  - 9%
  - 57%
  - 1%
  - 1%
  - 12%
  - 19%

**FY 13: $240.3 Million**

- **FY01**
  - 32%
  - 29%
  - 19%
  - 23%
  - 21%
  - 15%

- **FY13**
  - 10%
  - 47%
  - 19%
  - 23%
  - 21%
  - 15%

**FY 01: $65.4 Million**

- **FY01**
  - 32%
  - 29%
  - 19%
  - 23%
  - 21%
  - 15%

- **FY13**
  - 10%
  - 47%
  - 19%
  - 23%
  - 21%
  - 15%

**FY 13: $166.0 Million**

**budgeted**

F&A - Facilities and Administration
State Funding per Resident Student FTE Change from FY 2002-03 to FY 2011-12

- University of Colorado - Anschutz Medical Campus (with Tobacco MSA Funding)
  - $15,484

- University of Colorado - Anschutz Medical Campus (w/o Tobacco Funding)
  - $19,931

- Other Institutions Except for Anschutz Medical Campus (includes gaming)
  - $1,696

Notes/Sources: FY 2002-03 funding from original appropriation from HB 02-1420 before mid-year cuts. FY 2011-12 is original appropriation from SB 11-209 and FY 11-12 CU Regent Retreat Budget Notebook. Student FTE from FY 2010-11 CDHE Student FTE Report.
## Tuition Comparison
Professional Programs to National Norms

MD, DDS, and PharmD Degree Programs

<table>
<thead>
<tr>
<th>Program</th>
<th>FY 2001</th>
<th>FY 2012</th>
<th>Change Multiplier</th>
<th>Public Universities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
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<td>Peer Mean</td>
</tr>
<tr>
<td>Doctor of Medicine (MD) (1st year)</td>
<td>$11,506</td>
<td>$29,984</td>
<td>2.5 X</td>
<td>$24,257</td>
</tr>
<tr>
<td>Doctor of Dental Surgery (DDS) (1st year)</td>
<td>$7,555</td>
<td>$24,886</td>
<td>3.2 X</td>
<td>$25,618</td>
</tr>
<tr>
<td>Doctor of Pharmacy (PharmD) (1st year)</td>
<td>$8,114</td>
<td>$20,910</td>
<td>2.4 X</td>
<td>$16,914</td>
</tr>
</tbody>
</table>
Total Budget
$118,876,296

State General Fund [1] $63,962,138 5%
Facilities & Administration $48,871,433 4%
Miscellaneous Revenue $6,042,725 <1%
Tuition and Fees $73,215,922 6%
SDM Clinic $1,733,400 <1%
UPI $487,074,846 40%
Auxiliary $180,308,129 15%
Sponsored Programs & Gifts $335,261,517 27%

School of Medicine
School of Dental Medicine
College of Nursing
Graduate School
School of Pharmacy
Public Health
Academic Affairs
Central Administration

Facilities and Administration Policy $28,382,541 2%

[1] Includes $13,923,200 Tobacco Funds

= Centralized Budget
## Schools Statistics and FY 12 Budgets

<table>
<thead>
<tr>
<th>Degree Seeking Students</th>
<th>Medicine</th>
<th>Pharmacy</th>
<th>Dental Med</th>
<th>Nursing</th>
<th>Public Health</th>
<th>Graduate School</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Degree Certificates</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>MD</td>
<td>Allied Health</td>
<td>PharmD</td>
<td>DDS</td>
<td>MS</td>
<td>BS</td>
</tr>
<tr>
<td></td>
<td>635</td>
<td>337</td>
<td>828</td>
<td>310</td>
<td>52</td>
<td>409</td>
</tr>
<tr>
<td>Faculty</td>
<td>3,588</td>
<td>139</td>
<td>125</td>
<td>140</td>
<td>184</td>
<td>0</td>
</tr>
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</table>

### Funding

<table>
<thead>
<tr>
<th></th>
<th>Medicine</th>
<th>Pharmacy</th>
<th>Dental Med</th>
<th>Nursing</th>
<th>Public Health</th>
<th>Graduate School</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriation*</td>
<td>$14,564,572</td>
<td>$2,166,718</td>
<td>$3,733,863</td>
<td>$2,592,480</td>
<td>$810,474</td>
<td>$2,194,100</td>
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<tr>
<td>Tuition &amp; Fees</td>
<td>$26,979,099</td>
<td>$14,830,354</td>
<td>$9,431,552</td>
<td>$8,045,444</td>
<td>$3,722,744</td>
<td>$1,255,666</td>
</tr>
<tr>
<td>UPI &amp; Other Clinical Practice Plans</td>
<td>$418,138,982</td>
<td>$5,161,919</td>
<td>$633,603</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research</td>
<td>$263,016,127</td>
<td>$15,282,453</td>
<td>$4,069,722</td>
<td>$4,472,084</td>
<td>$20,625,253</td>
<td>$97,484</td>
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<tr>
<td>Auxiliary/Other</td>
<td>$116,786,069</td>
<td>$9,779,065</td>
<td>$12,082,153</td>
<td>$2,490,551</td>
<td>$475,085</td>
<td>$334,245</td>
</tr>
<tr>
<td>Total</td>
<td>$839,484,849</td>
<td>$42,058,590</td>
<td>$34,479,209</td>
<td>$18,234,162</td>
<td>$25,633,556</td>
<td>$3,881,495</td>
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*State appropriation includes Tobacco
State Funding Overview
State of Colorado General Fund Revenue Outlook

from Colorado Legislative Council

Drop in revenue of **12.9%** between FY 2007-08 and FY 2008-09 and a drop of **4.3%** between FY 2008-09 and FY 2009-10

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Billions of Dollars</th>
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<tbody>
<tr>
<td>FY 00-01</td>
<td>$6.6</td>
</tr>
<tr>
<td>FY 01-02</td>
<td>$5.5</td>
</tr>
<tr>
<td>FY 02-03</td>
<td>$5.5</td>
</tr>
<tr>
<td>FY 03-04</td>
<td>$5.8</td>
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<tr>
<td>FY 04-05</td>
<td>$6.1</td>
</tr>
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<td>FY 05-06</td>
<td>$7.0</td>
</tr>
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<td>FY 06-07</td>
<td>$7.5</td>
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<tr>
<td>FY 07-08</td>
<td>$7.7</td>
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<tr>
<td>FY 08-09</td>
<td>$6.7</td>
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<tr>
<td>FY 09-10</td>
<td>$6.5</td>
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<tr>
<td>FY 10-11</td>
<td>$7.1</td>
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<tr>
<td>FY 11-12</td>
<td>$7.1</td>
</tr>
<tr>
<td>FY 12-13</td>
<td>$7.6</td>
</tr>
</tbody>
</table>
General Fund Remaining After Medicaid and K-12 Growth

Source: University of Denver Center for Colorado’s Economic Future
Projected General Fund Available for CU
Constant FY 2010 Dollars
Assuming DU Study Results and Current Proportion of General Fund

Millions

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>$209</td>
</tr>
<tr>
<td>FY11</td>
<td>$192</td>
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<tr>
<td>FY12</td>
<td>$146</td>
</tr>
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<td>FY13</td>
<td>$95</td>
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<td>FY14</td>
<td>$99</td>
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<td>FY15</td>
<td>$94</td>
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<td>FY16</td>
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<td>FY17</td>
<td>$84</td>
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<td>FY18</td>
<td>$94</td>
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<td>FY19</td>
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<td>FY20</td>
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<td>FY21</td>
<td>$73</td>
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<td>FY22</td>
<td>$70</td>
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<td>FY23</td>
<td>$62</td>
</tr>
<tr>
<td>FY24</td>
<td>$54</td>
</tr>
<tr>
<td>FY25</td>
<td>$49</td>
</tr>
</tbody>
</table>
State Support Adjusted for Inflation and Enrollment

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Actual Appropriation</th>
<th>FY 03 Appropriation adjusted for CPI</th>
<th>FY 03 Appropriation adjusted for Enrollment</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2003</td>
<td>$226</td>
<td>$264</td>
<td>$276</td>
</tr>
<tr>
<td>FY 2004</td>
<td>$146</td>
<td></td>
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<tr>
<td>FY 2005</td>
<td>$326</td>
<td></td>
<td></td>
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<tr>
<td>FY 2006</td>
<td>$264</td>
<td></td>
<td></td>
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<tr>
<td>FY 2007</td>
<td>$276</td>
<td></td>
<td></td>
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<tr>
<td>FY 2008</td>
<td>$0</td>
<td></td>
<td></td>
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<tr>
<td>FY 2009</td>
<td>$50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY 2010</td>
<td>$100</td>
<td></td>
<td></td>
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<tr>
<td>FY 2011</td>
<td>$150</td>
<td></td>
<td></td>
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<tr>
<td>FY 2012 est</td>
<td>$200</td>
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</tr>
</tbody>
</table>

Millions

Fiscal Years: FY 2003 to FY 2012 est
Denver Campus Budget Balancing Measures

• Combined total budget reduction from State funding cuts - $12.3M general fund

• ARRA backfill 100% in FY09 and FY10 partially in FY11, none in FY12

• Actions taken to date include:
  - 36.5 positions eliminated for $2.8M
  - Operating reductions and reorganizations of $3.4M
  - Revenue enhancements of $6.1M
Anschutz Campus Budget Balancing Measures

• $21 million in total budget reduction from state funding cuts
  – $16.9M general fund and $4.1M tobacco
• ARRA backfill 100% in FY09 and FY10 partially in FY11, none in FY12
• Actions taken to date include:
  – 77 positions eliminated for $6.1M
  – Operating reductions and reorganizations of $6.7M
  – Revenue enhancements of $4.2M
  – Bridge Funding of $4M
Federal Funding Outlook
Sequestration

• Passed as part of 2011 Budget Control Act

• Requires automatic, across the board, cuts to federal budget (beginning Jan. 1, 2013) with annual statutory spending caps through 2021
  – Unless Congress and President agree on budget plan
Sequestration

• 2013 = $109.4 billion mandated cuts in discretionary spending
  – $54.7B from defense (9.5% cut)
  – $54.7B from non-defense discretionary (8.4% cut)
  – 8% cut in mandatory programs other than Medicaid
    • VA benefits, Social Security, Pell Grants, etc.
  – 2% cut in Medicare provider payments
Sequestration

Impact to Academic Medical Centers

• NIH expected to lose 8.2%
  – $2.5 billion
  – ~2,300 grants

• Medicare providers = 2% cut

• DOD research = 9.5% cut

• USDA, DOE, NSF = 1,650 fewer grants
Current NIH Funding Profile

• Average grant = $414k/year for 4.3 years
• ~50 institutions receive 70% grant award dollars
• ~20% of PI’s get 50% of grant award dollars
• Grant success rate has dropped from ~30% in 2003 to 20% in 2010
  – Even lower in some institutes
NIH Award Proposal Options

1. Do nothing
   – As NIH budget declines, let success rates decline as well

2. Reduce or limit award size
   – $13.5 million ($25k per grant)

3. Limit number of awards to a single PI
   – $650,000–$13.2 million

4. Limit the total funds awarded to a single PI
   – Currently greater than $5.6 million

5. Limit PI salaries

6. What if Top 30 are only 30?
Anschutz Medical Campus Funding Strategies

Base/State Funding:
- Legislative
- University
- Clinical affiliates
- University Physicians Inc.
- Branch medical campus

Sponsored Funding:
- Shift towards private sponsorships/partnerships
- Industry Clinical Trials/CRO-CTO model
- Ramp-up Tech Transfer (devices vs. drugs)
- Hiring Plan
- Bridge Funding
Questions ???