

**CHANCELLOR'S NARRATIVE
LSU HEALTH SCIENCES CENTER IN NEW ORLEANS
2012-13 OPERATING BUDGET**

The Fiscal Year 2012-2013 appropriation for the LSU Health Sciences Center in New Orleans Campus is \$170,446,263. Factoring in unfunded mandates, this represents a reduction of over \$12.0 million in relative dollars from the original operating budget for Fiscal Year 2011-2012. Our plan for meeting those reductions was submitted to the Systems Office last month.

Threats

- Reductions to the Health Care Services Division (HCSD) operating budget as a result of the reduction in federal matching funds for Medicaid. Those reductions impact contracts we have with the HCSD for graduate medical education, medical direction and clinical services. The scope of these reductions is not known at this time.
- Reductions at the federal level in research support, Medicaid and Medicare.

Mechanisms for Coping with Threats

- Revenue Generation
 - Emphasis on creating and enhancing alternative sources of funding by generating funds from sponsored research, patient care services, additional overhead support from private patient care contracts, and billing and collection efficiencies. Of necessity, we are seeking expanded relationships and affiliations with private and not for profit health care entities.
- Cost Containment
 - As was the case in previous fiscal years, salary increases, with faculty promotions in rank being the notable exception, are not generally being granted.
 - New hires are limited to critical needs, particularly in the areas of direct patient care and sponsored research.
 - We continue to curtail expenditures for travel, professional services and acquisitions as much as possible.
 - We are placing increased emphasis on identifying opportunities to improve and reduce costs for “back office” functions and processes.