

**CHANCELLOR'S NARRATIVE  
LSU HEALTH SCIENCES CENTER-NEW ORLEANS  
2005-06 OPERATING BUDGET**

The Fiscal Year 2005-2006 appropriation for the LSU Health Sciences Center-New Orleans Campus is \$192,757,635, \$1,969,046 more than the revised operating budget for Fiscal Year 2004-2005. Significant highlights of the operating budget include:

- \$.6 million was allocated for faculty salary increases.
- \$.9 million was allocated for 2005-2006 classified merit increases and the annualization of 2004-2005 classified merit increases.
- \$2.3 million was allocated for increases in employee contributions to health insurance and retirement.
- A \$750,000 line item appropriation for faculty recruitment was allocated and internally dedicated to the School of Public Health and the School of Allied Health Professions. Most of the funding was allocated to Public Health with a smaller portion allocated to Allied Health. This was further enhanced by \$1,000,000 that was appropriated for faculty recruitment in Fiscal Year 2003-2004 and was reallocated in its entirety to the School of Public Health to recruit additional faculty. Continued funding is needed to meet accreditation requirements.
- A portion of the additional revenue from tuition increases was allocated to offset the impact of inflation on library acquisitions. Approximately \$280,000 was shifted from the capital outlay appropriation to general appropriations for library and scientific acquisitions.
- \$17,645,669 was appropriated from tobacco tax revenues dedicated to the Louisiana Cancer Research Center, a decrease of \$204,331, as a result of a downward estimate of recurring tax revenues in Fiscal Year 2005-2006 by the Revenue Estimating Conference.

There are areas of continued concern:

- Funding for faculty recruitment remains considerably short of the \$14 million four year proposal approved by the Board of Supervisors beginning in Fiscal Year 2003-2004.
- Funding was eliminated for the Center of Development and Learning and the programs the center supports for students with learning difficulties.
- Utility expenses have been level for the past two fiscal years. We cannot expect the same good fortune with oil and natural gas prices at historically high levels.

- We were unable to provide any significant salary increases needed to retain faculty and provide incentives for excellence.