



OFFICE OF THE CHANCELLOR

SCHOOL OF ALLIED HEALTH PROFESSIONS  
SCHOOL OF DENTISTRY  
SCHOOL OF GRADUATE STUDIES  
SCHOOL OF NURSING  
SCHOOL OF MEDICINE IN NEW ORLEANS  
SCHOOL OF PUBLIC HEALTH

## CHANCELLOR'S NARRATIVE LSU HEALTH SCIENCES CENTER IN NEW ORLEANS 2013-14 OPERATING BUDGET

The Fiscal Year 2013-14 appropriation for the LSU Health Sciences Center in New Orleans Campus is \$170,177,707. In absolute dollars, it is a reduction of about \$300,000 from our original budget in Fiscal Year 2012-2013. However, in relative terms, our funding for operational expenses has been reduced even further:

- The 2013-14 appropriation includes \$700,000 in line item funding for breast and cervical cancer screening. In 2012-2013 these activities were funded through restricted contracts. There is no net increase in funding.
- There is specific funding of \$1,173,215 for deferred maintenance for Fiscal Year 2013-14, which is badly needed, but cannot be used for general operating expenses.
- Our unfunded but mandated costs for employer contributions to health insurance and retirement are expected to increase at least \$3.6 million in FY 2013-2014.
- We provided a 4% equity compression increase to most other academic, unclassified, and classified staff effective June 1, 2013.
- We will provide a maximum of 4% merit increases to faculty effective October 1, 2013.

### Threats

- Continued increases in employer contributions to retirement and health insurance.
- The impact of sequestration on federal support for sponsored research.
- Uncertainty from the impact of the Affordable Care Act on reimbursements from all healthcare payers for patient care and graduate medical education.

### 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. We have sought and expanded relationships and affiliations with private and not-for -

profit health care entities. We anticipate about \$19.5 million in new clinical revenue from contracts this fiscal year.

- Cost Containment
  - 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 in the process of identifying and implementing expenditure reductions through consolidations of functions and efficiencies, particularly in administrative support.