

**CHANCELLOR'S NARRATIVE
LSU HEALTH SCIENCES CENTER-NEW ORLEANS
2004-2005 OPERATING BUDGET**

The Fiscal Year 2004-2005 appropriation for the LSU Health Sciences Center-New Orleans Campus is \$192,315,663, \$678,000 less than the revised operating budget for Fiscal Year 2003-2004. Significant highlights of the operating budget include:

- \$1.2 million was allocated for faculty salary increases.
- \$.9 million was allocated for 2004-2005 classified merit increases and the annualization of 2003-2004 classified merit increases.
- \$3.2 million was allocated for increases in employee contributions to health insurance and retirement.
- A \$500,000 line item appropriation for faculty recruitment was allocated and internally dedicated to the School of Public 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. The funding is needed to meet accreditation requirements.
- A portion of the additional revenue from tuition increases and increased enrollment was used to offset internal reallocations that were made in Fiscal Year 2003-2004 to replace funding that has been lost for library acquisitions from the library and scientific acquisitions pool. An additional \$44,097 that was appropriated for the same purpose in Fiscal Year 2004-2005 was allocated for library acquisitions.
- Appropriations from tobacco tax revenues dedicated to the Louisiana Cancer Research Center decreased \$4,530,840 due to non-recurring balances from Fiscal Year 2002-2003 and \$252,000 as a result of a downward estimate of recurring tax revenues in Fiscal Year 2004-2005 by the Revenue Estimating Conference.

There are areas of continued concern:

- Funding for faculty recruitment remains far short of the \$14 million four year proposal approved by the Board of Supervisors beginning in Fiscal Year 2003-2004.
- A reduction of \$575,000 to the Center of Development and Learning and the programs the center supports for students with learning difficulties.
- .A reduction of \$713,105 in funding for debt service for the Charity Nursing Dorm is a cause of concern as the renovation of the daycare and wellness portions of the

building will not be completed until last few months of the fiscal year and the anticipated income stream will be insufficient to pay debt service.

- Utilities expenses were approximately the same in Fiscal Year 2003-2004 as in Fiscal Year 2002-2003. We were fortunate to receive one-time rate reductions from the New Orleans City Council. We cannot expect the same good fortune with oil and natural gas prices at historically high levels.