

**CHANCELLOR'S NARRATIVE
LSU HEALTH SCIENCES CENTER-NEW ORLEANS
2009-10 OPERATING BUDGET**

The Fiscal Year 2009-2010 appropriation for the LSU Health Sciences Center-New Orleans Campus is \$187,720,936, \$8,175,055 less than the revised operating budget for Fiscal Year 2008-2009. The decrease is a result of a \$37 million reduction in state general funds partially offset by ARRA stimulus funds (\$19,890,110), rainy day funds (\$7,513,473) and a 5% tuition increase (\$995,105) effective July 1, 2009.

- 1) Steps taken to mitigate reductions to the core academic mission of the campus:
 - Our intent is to preserve our core mission by generating sufficient funds from sponsored projects, patient care services, additional overhead support from private patient care contracts, and billing and collection efficiencies to support the salary and benefits and other expenditures associated with faculty and staff.
 - If revenues are insufficient, plans will be implemented to reduce expenses.
 - We have also eliminated budget allocations for the Neurobiotechnology program and for several funded vacancies.

- 2) Disclose actions to enhance future revenues:
 - Our enrollment levels are currently greater than before Hurricane Katrina and we are continuing to educate students with fewer faculty and staff. It would be difficult to increase enrollment significantly beyond current levels and maintain acceptable levels of quality.
 - We hope to increase tuition at a minimum another 5% in July 2010 and to explore the possibilities of increasing tuition to SREB average levels of Public Peer Institutions for specific academic programs that are below SREB peer averages.
 - Faculty are being encouraged and have filed numerous grant applications, particularly to take advantage of the increases in funding to the NIH through the stimulus bill.
 - We continually look for opportunities to expand our patient care activities and to promote billing and collection efficiencies.

- 3) Process and Expected Timeframes for Employee Furloughs:
 - LSUSHC New Orleans is not proposing employee furloughs at this time.

- 4) Reallocation of existing resources for operational improvements and priority items:
 - Examples of actions to achieve reallocations of funds include the following:
 - Salary increases, with faculty promotions in rank being the notable exception, are not generally being granted this fiscal year to faculty and staff.
 - Regardless of the LSU System and State hiring freezes, new hires are being limited to critical needs.

- Efforts are being made to curtail expenditures for travel, supplies, professional services and acquisitions as much as possible. The budget for Library acquisitions is at a standstill, which is difficult when the inflation rate for books and journals increases about 10% per year.
- Funds have been reallocated to support the efforts of the School of Public Health to build a core of faculty and doctoral students needed to gain full accreditation. Last academic year, a Ph.D. program in Biostatistics was implemented and Ph.D. programs in Epidemiology and Community Health will be coming on line in the near future. An additional \$682,000 (11.9%) was provided in the operating budget.
- It was also necessary to allocate necessary monies to fund an increase in risk management premiums, the legislative auditor allocation, active and retired employee health insurance premiums, annualization of 2008-09 classified merit increases, and to provide the operating expenses associated with the reoccupation of the Medical School building at 1542 Tulane Avenue. These items total \$3.2 million.