



MOREHOUSE
SCHOOL OF MEDICINE

Fiscal Year 2009 Revised Budget

Finance and Investment Committee

January 28, 2009

TABLE OF CONTENTS

	<u>Pages</u>
I. Revised FY09 Budget Highlights	1
II. Glossary of Key Budget Terms	2
III. Net Surplus Reconciliation	3
IV. Summary Revised Budget by Source of Funds	4 - 5
V. Revised Global Budget	6 – 7
VI. Analysis of Other Restricted Funds by Sponsor Type	8
VII. Capital Expenditure Budget	9

Revised FY09 Budget Highlights

The accompanying revised budget assumes several changes in revenues and expenditures for the current fiscal year period. The detailed highlights of the major changes are reflected on the enclosed net surplus reconciliation schedule.

The most notable changes in institutional revenues relate to a reduction in the amount of operating and capitation grant support received from the state. Although the governor has recommended a reduction of approximately \$940K, we have assumed a higher amount of approximately \$1.2 million. This is because the general assembly has not yet made their recommendations.

However there is some good news. In late October, the Georgia Board for Physician Workforce (GBPW) advised us that the federal match rate on the operating grant from the state has increased. Based on GBPW's projections, the school should receive approximately \$1.7 million in additional federal matching funds. These additional federal matching dollars will offset the reduction in state support. Additionally, the institution has received over \$4 million in new grants and contracts since February 2008. These new grants and contracts allow for the transfer of some existing personnel from institutional support, as well as for expenditures on new personnel and non-personnel items. We have also assumed an increase in facilities and administrative cost recovery as a result of these new grants and contracts.

The projected net surplus for the fiscal year has decreased from approximately \$565K to \$500K.

Although we have not received official notifications, we anticipate that funding from federal, state and private organizations will decrease in FY 2010 because of the current economic crisis. As of December 2008, the net loss in the endowment account was approximately \$9.2 million; this equates to a \$460K loss in dollars available to fund scholarship and other operational expenses next year at the current 5% spending rate. There is the possibility that some personnel downsizing and other actions will be necessary in order to balance the institution's budget in FY 2010.

Glossary of Key Budget Terms

- **Institutional Funds** – This refers to the category of revenues and expenditures that support the core or primary operations of the institution.
- **Other Restricted Funds** – This refers to the category of revenues and expenditures that support extramural activities at the institution and have specific requirements placed on their use by the sponsoring federal, state or private organization.
- **DSH/Medicaid Federal Matching Funds** – The School receives these funds from Grady Health Systems. In order for MSM to receive these funds they must “pass-through” Grady because they are officially designated as an indigent care hospital by the federal and state governments. The State uses the operating and the Family Practice Residency Capitation grants as the matching source to receive the federal funds. Like the operating grant, these funds are primarily used to support undergraduate and graduate medical education.
- **Facilities and Administrative Cost Recovery (Formerly referred to as Indirect Costs)** – The School receives these funds primarily from the federal government, but also from some State and private organizations, for cost incurred in support of building and equipment depreciation, operations and maintenance and other administrative costs. The reimbursement from the federal government is based on rates negotiated with them on a multi-year basis. Currently, MSM’s negotiated F&A rate for on-campus, organized research projects sponsored by the federal government is 40%.
- **Title III** – These are funds granted to the institution by the Department of Education in support of certain educational and administrative activities.
- **Graduate Medical Education (GME)** – These are funds received from hospitals and other affiliates as reimbursements for faculty and resident training time spent in the affiliates’ location.
- **Faculty Practice Plan Distributions** – These are funds received from Morehouse Medical Associates, the School’s clinical practice organization, to support clinical faculty salaries paid by the institution.
- **Endowment Drawdown** – This is the amount of money transferred from the School’s endowment to support annual operating expenditures.
- **Special Funds** – These are dollars received by departments which can be spent at their discretion. Examples of such dollars include revenue distributions for MMA, F&A revenue transfers & special purpose funds donated to departments.

**MOREHOUSE SCHOOL OF MEDICINE
FY09 Net Surplus Reconciliation**

ORIGINAL NET SURPLUS	\$ 564,880
<u>Revenue changes</u>	
New Grant Awards	
Direct Cost Recovery	4,524,716
F& A Recovery	440,889
Increased Grady Support for Trauma Surgeons	613,865
Decreased Tuition due to decelarated students & Students on leave of absence	(186,020)
Reflects recommended Governer's FY10 Reduction in State Operating & Capitaitaion Grants	(1,237,000)
Increased Federal Matching funds due to a change in the match factor	1,736,715
Net Other	(317,876)
Total Revenue Changes	5,575,289
<u>Expenditure Changes</u>	
Increase in Grant expenditures	4,524,716
Increased Grady Support for Trauma Surgeons	613,865
Vacancy salary savings	(350,000)
Institutional salary support now charged to Grants & Contracts	(733,442)
Increase in Academic institutional expenses	592,658
Increase in Administrative institutional expenses	348,000
Special Projects	500,000
Leashold Improvements	60,000
Net Other	78,622
Total Expenditure Changes	5,634,419
REVISED NET SURPLUS	\$ 505,750

**MOREHOUSE SCHOOL OF MEDICINE
FY09 Revised Budget by Source of Funds
REVENUES**

DESCRIPTION	FY08 Actuals	FY09 Original Budget	FY09 Revised Budget	Change
REVENUES:				
TUITION & FEES	7,006,460	7,491,294	7,305,274	(186,020)
F& A COST	6,926,982	6,801,000	7,241,889	440,889
PRIVATE UNRESTRICTED DONATIONS	640,034	850,000	850,000	-
OTHER INCOME	408,332	315,000	315,000	-
SERVICE CENTER	1,622,317	1,599,691	1,599,691	-
F& A TRANSFERS TO DEPT	(545,548)	(260,000)	(600,000)	(340,000)
PARKING FEES	338,940	350,000	350,000	-
Total Current Fund	16,397,517	17,146,985	17,061,854	(85,131)
STATE OPP	12,038,348	13,788,348	12,551,348	(1,237,000)
TITLE III	12,188,002	13,435,570	13,435,570	-
DISP SHARE PROG(DSH)	14,825,433	14,859,980	16,596,695	1,736,715
GRADY GME	9,983,417	9,713,255	10,327,120	613,865
OTHER GME	1,480,327	1,630,475	1,619,889	(10,586)
SPECIAL FUNDS	3,284,115	3,478,186	3,505,384	27,198
SOUTH FULTON CONTRACTS	113,899	113,301	113,301	-
GRADY HEALTH SRVS	474,194	1,145,243	1,145,289	46
GRADY CONTRACTS	1,179,217	1,067,966	1,067,978	12
GRADY COLLECTIONS PCBS	2,785,531	2,681,598	2,687,052	5,454
ENDOWMENT & SCHOLARSHIPS	3,294,352	3,321,415	3,321,415	-
TOTAL INSTITUTIONAL	78,044,352	82,382,322	83,432,895	1,050,573
OTHER RESTRICTED FUNDS	34,137,809	35,175,020	39,699,736	4,524,716
TOTAL REVENUES	112,182,161	117,557,342	123,132,631	5,575,289

**MOREHOUSE SCHOOL OF MEDICINE
FY09 Revised Budget by Source of Funds
EXPENDITURES**

DESCRIPTION	FY08 Actuals	FY09 Original Budget	FY09 Revised Budget	Change
EXPENDITURES:				
CURRENT FUND	16,224,761	16,719,309	16,556,104	(163,205)
STATE OPP	12,038,348	13,788,348	12,551,348	(1,237,000)
TITLE III **	12,188,002	13,435,570	13,435,570	-
DISP SHARE PROG(DSH) **	14,122,089	14,722,776	16,596,695	1,873,919
GRADY GME	9,927,067	9,713,255	10,327,120	613,865
OTHER GME	1,533,832	1,630,473	1,619,889	(10,584)
SPECIAL FUNDS	3,284,115	3,478,186	3,505,384	27,198
SOUTH FULTON CONTRACTS	113,899	113,301	113,301	-
GRADY HEALTH SRVS	439,521	1,145,244	1,145,289	45
GRADY CONTRACTS	1,293,116	1,067,966	1,067,978	12
GRADY COLLECTIONS PCBS	2,785,531	2,681,599	2,687,052	5,453
ENDOWMENT & SCHOLARSHIPS	2,816,524	3,321,415	3,321,415	-
TOTAL INSTITUTIONAL	76,766,804	81,817,442	82,927,145	1,109,703
OTHER RESTRICTED FUNDS **	34,137,809	35,175,020	39,699,736	4,524,716
TOTAL EXPENDITURES	110,904,613	116,992,462	122,626,881	5,634,419
NET SURPLUS	1,277,548	564,880	505,750	(59,130)

** Includes Capital expenditures for FY09 totaling \$4,222,000. See accompanying detail listing.

**Morehouse School of Medicine
FY09
Revised Budget**

	State Operating	Current Fund	Title III	DSH	Grady GME	Other Gme	Basic Science Spcl Fd	Clinical Science Spcl Fd	South Fulton Contracts	Grady Enhn/Hlth	Grady Contracts	Grady Coll./PCBS	Endowment & Scholarship	Other Restricted Funds	TOTAL
TUITION & FEES		7,305,274													7,305,274
F& A COST		7,241,889													7,241,889
GEORGIA APPROPRIATION	11,844,793														11,844,793
MED/FAMMED/PEDS CAP	706,555						1,052,375								1,758,930
PRIVATE DONATIONS		850,000													850,000
RELEASE OF CARROVER FUNDS			1,691,327				1,261,280	385,119					94,320		3,432,046
CURRENT YEAR AWARD			11,744,240	17,376,695	10,327,120	1,619,889				1,145,289			3,227,095	39,699,736	85,140,064
INTEREST INCOME		315,000													315,000
IPRACTICE PLAN DISTRIBUTIONS									113,304		1,067,978	2,687,052			3,868,334
SERVICE CENTER		1,599,691					206,610								1,806,301
LESS REVENUE TRANSFER TO MMA				(780,000)											(780,000)
F& A TRANSFERS TO DEPT		(600,000)					600,000								-
PARKING FEES		350,000													350,000
TOTAL REVENUE	12,551,348	17,061,854	13,435,567	16,596,695	10,327,120	1,619,889	3,120,265	385,119	113,304	1,145,289	1,067,978	2,687,052	3,321,415	39,699,736	123,132,631

ANATOMY/NEUROBIOLOGY	294,321	27,811	724,161	177,004			18,052							3,615,676	4,857,025
MICROBIOLOGY	367,323	45,145	734,114	51,589			177,961							2,284,876	3,661,008
PATHOLOGY	300,815	10,836	139,349	127,232										5,431	583,663
PHARM/TOXICOLOGY	206,519	20,488	444,340	185,990			91,490							27,312	976,139
PHYSIOLOGY	93,572	17,420	515,236	400,638			1,438							898,722	1,927,026
BASIC SCIENCE Total	1,262,550	121,700	2,557,200	942,453	-	-	288,941	-	-	-	-	-	-	6,832,017	12,004,861
COMM HLTH/PREV MED-CH/PM	432,547	97,878	340,596	559,446			7,189	24,893			206,257	59,087	52,227	6,734,645	8,514,765
FAMILY MEDICINE	642,278	82,551	523,195	982,376	176,700	239,260	861,430	48,777	113,304		412,403	544,588		567,638	5,194,500
MEDICINE	815,627	385,280	584,306	2,516,443	4,626,113	120,598		118,450		395,408	187,502	1,078,657		318,986	11,147,370
MPH			388,795	280,730										109,171	778,696
OB/GYN	43,174	63,879	-	885,272	1,605,466	85,155	10,726	137,778		223,508	75,001	347,998		1,619,593	5,097,550
PEDIATRICS	97,169	63,512	320,532	1,032,868	567,586	712,067	430,609	16,594			186,815	305,308	138,745	1,105,387	4,977,192
PSYCHIATRY	291,374	56,001	438,039	716,919	756,574	362,965	1,318	4,111				50,110	70,950	633,750	3,382,111
SURGERY	18,036	67,464	-	527,418	2,594,681	99,844	94,548	34,516		83,959		298,761		256,296	4,075,523
CLINICAL SCIENCE Total	2,340,205	816,565	2,595,463	7,501,472	10,327,120	1,619,889	1,405,820	385,119	113,304	702,875	1,067,978	2,684,509	261,922	11,345,467	43,167,707
CARDIOVASCULAR RSCH INST-CVRI		402,285					44,550						74,756	3,443,135	3,964,726
CLINICAL RSCH CTR-CRC		41,903					279,406							2,874,412	3,195,721
CTR FOR LAB ANIM RSCH-CLAR		444,203	70,040	74,340										5,901	594,484
CTR FOR REPROD SCI RSCH			3,684				43,684								47,368
HLTHCARE EFF RSCH PGM		4,687													4,687
NATL BLK LDRSH ON CNCR-NBLIC		4,687					141							1,166,571	1,171,399
NATL CTR FOR PRIM CARE		480,757		190,929			106,174							8,360,378	9,138,238
NBLIC		1,172					900								2,072
NEUROSCIENCE INSTITUTE		65,231		15,900			308,934						245,957	42,121	678,143
SATCHER INST HEALTH LDRS		274,908					29,444							945,801	1,250,153
SOCIAL EPID RSCH CTR-SERC		197,260											29,800	262,454	489,514
SPONSORED RSCH ADMIN		1,229,299	141,833	197,986			297,521						1,500,000	748,309	4,114,948
RESEARCH CNTRS & SPPT	-	3,150,076	211,873	479,155	-	-	1,110,754	-	-	-	-	-	1,850,513	17,849,081	24,651,452
CLINICAL AFFAIRS		98,429		122,606											221,035
CONT MED EDUC	185,075	4,687	13,661	47,803			45,998							7,412	304,636

**Morehouse School of Medicine
FY09
Revised Budget**

	State Operating	Current Fund	Title III	DSH	Grady GME	Other Gme	Basic Science Spcl Fd	Clinical Science Spcl Fd	South Fulton Contracts	Grady Enhn/Hlth	Grady Contracts	Grady Coll./PCBS	Endowment & Scholarship	Other Restricted Funds	TOTAL
DEAN'S OFFICE	790,799	68,471	384,877	2,159,597			174,844			442,414				37,126	4,058,128
GRAD ED/BIOMD SCI PGM	640,984	1,172	28,469				52,167								722,792
GRADUATE MED ED	81,987	6,253		911,476											999,716
INFECTION CONTROL		75,306		92,704											168,010
LIBRARY	489,950	34,460	1,133,268	268,029			16,025							17,177	1,958,909
MEDICAL EDUCATION	529,482	11,716	271,568	97,752								2,543		172,712	1,085,773
ACADEMIC SUPPORT Total	2,718,277	300,494	1,831,843	3,699,967	-	-	289,034	-	-	442,414	-	2,543	-	234,427	9,518,999
ADMISSION/STUDENT AFFAIRS	878,850	21,017	210,040	249,070			17,378							256,248	1,632,603
COUNSELING SVCS	69,384	7,498	156,706												233,588
FINANCIAL AID	337,000	10,753	140,153										1,208,980	3,602	1,700,488
STUDENT ACTIVITIES	16,609	29,412													46,021
STUDENT SUPPORT Total	1,301,843	68,680	506,899	249,070	-	-	17,378	-	-	-	-	-	1,208,980	259,850	3,612,700
TOTAL ACADEMIC	7,622,875	4,457,515	7,703,278	12,872,117	10,327,120	1,619,889	3,111,927	385,119	113,304	1,145,289	1,067,978	2,687,052	3,321,415	36,520,842	92,955,720
ADMIN & STRATEGIC MGMNT		453,512	96,470												549,982
ADMINISTRATIVE SRV CTR		309,650	86,846	92,746											489,242
CAMPUS PLANNING & OPERATION	359,565	771,579	359,565	49,166											1,539,875
COMPLIANCE & INTERNAL AUDIT		126,683		802,440											929,123
INFORMATION TECHNOLOGY	548,521	1,156,797	1,225,075	698,731			1,392								3,630,516
FINANCE	958,112	1,196,124	520,257	388,758											3,063,251
GOVERNMENT RELATIONS		136,488													136,488
HUMAN RESOURCES	3,575	392,187	552,264	313,089											1,261,115
INSTITUTIONAL ADV		1,921,263	380,256	218,235			6,946							96,427	2,623,127
OFFICE OF GENERAL COUNSEL		1,324,225	498,142	24,724											1,847,091
PLANNING AND INST RSCH		189,363	151,500												340,863
PRESIDENT'S OFFICE		1,978,662	313,977	69,114										120,467	2,482,220
PUBLIC SAFETY		766,647	10,016	16,356											793,019
TITLE III ADMIN			268,843												268,843
ADMINISTRATION Total	1,869,773	10,723,180	4,463,211	2,673,359	-	-	8,338	-	-	-	-	-	-	216,894	19,954,755
MAINTENANCE SVCS	3,058,700	81,232	69,078	841,219											4,050,229
OPERATING & MAINTENANCE Total	3,058,700	81,232	69,078	841,219	-	-	-	-	-	-	-	-	-	-	4,050,229
TOTAL ADMINISTRATION	4,928,473	10,804,412	4,532,289	3,514,578	-	-	8,338	-	-	-	-	-	-	216,894	24,004,984
CONTINGENCY		150,000		150,000											300,000
DEBT SERVICE COST		1,144,180													1,144,180
TOT EXPENDITURES	12,551,348	16,556,107	12,235,567	16,536,695	10,327,120	1,619,889	3,120,265	385,119	113,304	1,145,289	1,067,978	2,687,052	3,321,415	36,737,736	118,404,884
CAPITAL			1,200,000	60,000										2,962,000	4,222,000
TOT EXPENDITURES & CAPITAL	12,551,348	16,556,107	13,435,567	16,596,695	10,327,120	1,619,889	3,120,265	385,119	113,304	1,145,289	1,067,978	2,687,052	3,321,415	39,699,736	122,626,884
NET SURPLUS	-	505,747	-	-	-	-	-	-	-	-	-	-	-	-	505,747

FY09 OTHER RESTRICTED FUNDS BY SPONSOR TYPE
--

DESCRIPTION	DIRECT	F&A	TOTAL
FEDERAL	30,788,916	6,968,229	37,757,145
STATE/LOCAL	2,609,557	32,814	2,642,370
PRIVATE FUNDS	6,301,263	240,846	6,542,110
	39,699,736	7,241,889	46,941,625

FY 2009 Approved Capital Expenditure Budget

Description of Project	Estimated Amount	Source of Funds		
		Title III	DSH	Other Federal
Classroom and Lab Renovations to PhD Area	\$ 132,000	\$ 132,000		
Plant Operations Repairs, Replacement & Upgrades	\$ 225,440	\$ 225,440		
Surveillance, emergency preparedness, patrol cars & other security upgrades for Public Safety	\$ 212,358	\$ 212,358		
Disaster recovery, infrastructure, power & equipment upgrades for Information Technology	\$ 542,500	\$ 542,500		
Copiers for Administrative Services and Medical Education	\$ 35,000	\$ 35,000		
Renovations and Improvement for Center for Laboratory Animal Research (CLAR)	\$ 1,750,000			\$ 1,750,000
Facilities Master Plan and Research Facility Improvements	\$ 962,000			\$ 962,000
CPI Community Development Improvements	\$ 250,000			\$ 250,000
Family Practice Leashold Improvements	\$ 60,000		\$ 60,000	
Other	\$ 52,702	\$ 52,702		
GRAND TOTALS	\$ 4,222,000	\$ 1,200,000	\$ 60,000	\$ 2,962,000