

Representative Cameron Henry
Chairman



Representative Franklin Foil
Vice Chairman

FY16-17 Executive Budget Review LSU Health Sciences Centers

House Committee on Appropriations
by the House Fiscal Division

March 29, 2016

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DEPARTMENT ORGANIZATION

Louisiana State University (LSU) System

LSU Health Sciences Centers are budget units in LSU under Higher Education

Louisiana State
University and
A&M College

Louisiana State
University at
Eunice

Louisiana State
University at
Shreveport

LSU Health
Sciences Center
at New Orleans

Louisiana State
University at
Alexandria

Louisiana State
University
Agricultural
Center

Pennington
Biomedical
Research Center

LSU Health
Sciences Center
at Shreveport

DEPARTMENT ORGANIZATION

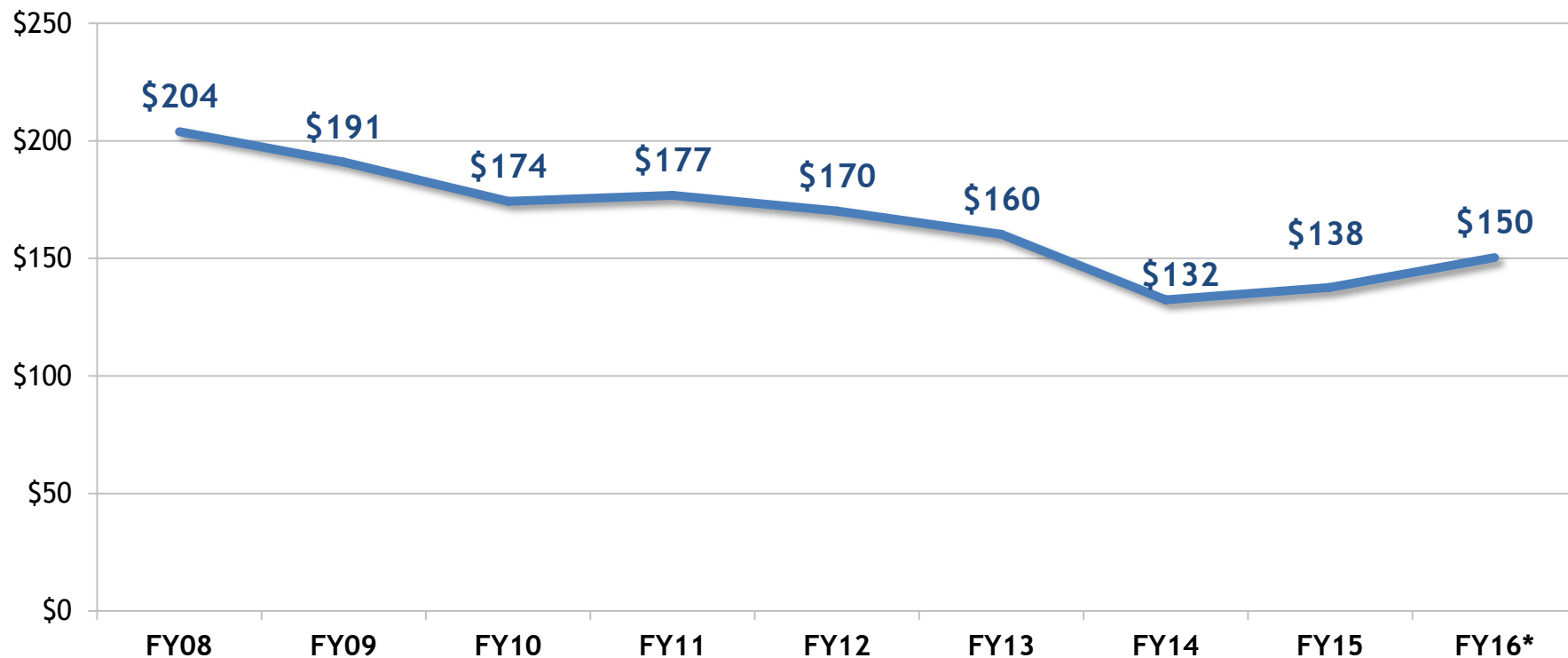


The mission of LSU Health Sciences Center at New Orleans (LSUHSC-NO) is to provide education, research, and public service through direct patient care and community outreach. LSUHSC-NO comprises the Schools of Allied Health Professions, Dentistry, Graduate Studies, Medicine, Nursing and Public Health. The vision of LSUHSC-NO is to provide healthcare education, research, patient care, and community outreach of the highest quality throughout Louisiana.

Functions and Services

- Create a learning environment of excellence, in which students are prepared for career success, and faculty are encouraged to participate in research promoting the discovery and dissemination of new knowledge, and translating their findings into improved education and patient care.
- Provide a major portion of the of needed health professions workforce. Focus areas for expansion of programs are Nursing, Allied Health, Medicine, Public Health and certain Graduate Medical Education (GME) Programs.
- Promote disease prevention and health awareness for patients and the greater Louisiana community.
- Participate in mutual planning with community partners and explore areas of invention and collaboration to implement new endeavors for outreach in education, service and patient care.

BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15

MAJOR SOURCES OF REVENUE

Self Generated \$56.8 Million

Tuition and Fees

Sales and Services of
Educational Activities

Other Self-Generated
Revenues

Statutory Dedications \$16.6 Million

Tobacco Tax Health Care Fund

The fund was created to receive revenue from taxes that are levied on cigarettes in order to support health care services

Statutory Dedications \$4.4 Million

Support Education in Louisiana First Fund

Gaming proceeds used 70% for salaries of certain public pre-k through 12th grade certified personal and 30% for post secondary education faculty salaries including related benefits

MEANS OF FINANCE BREAKDOWN

Means of Financing	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$69,277,530	\$39,455,355	\$0	(\$39,455,355)	(100.0%)
Interagency Transfers	\$0	\$0	\$0	\$0	0.0%
Fees and Self-Gen Rev.	\$48,041,770	\$56,789,105	\$56,789,105	\$0	0.0%
Statutory Dedications	\$20,376,253	\$54,094,540	\$21,002,025	(\$33,092,515)	(61.2%)
Federal Funds	\$0	\$0	\$0	\$0	0.0%
Total Means of Finance	\$137,695,553	\$150,339,000	\$77,791,130	(\$72,547,870)	(48.3%)

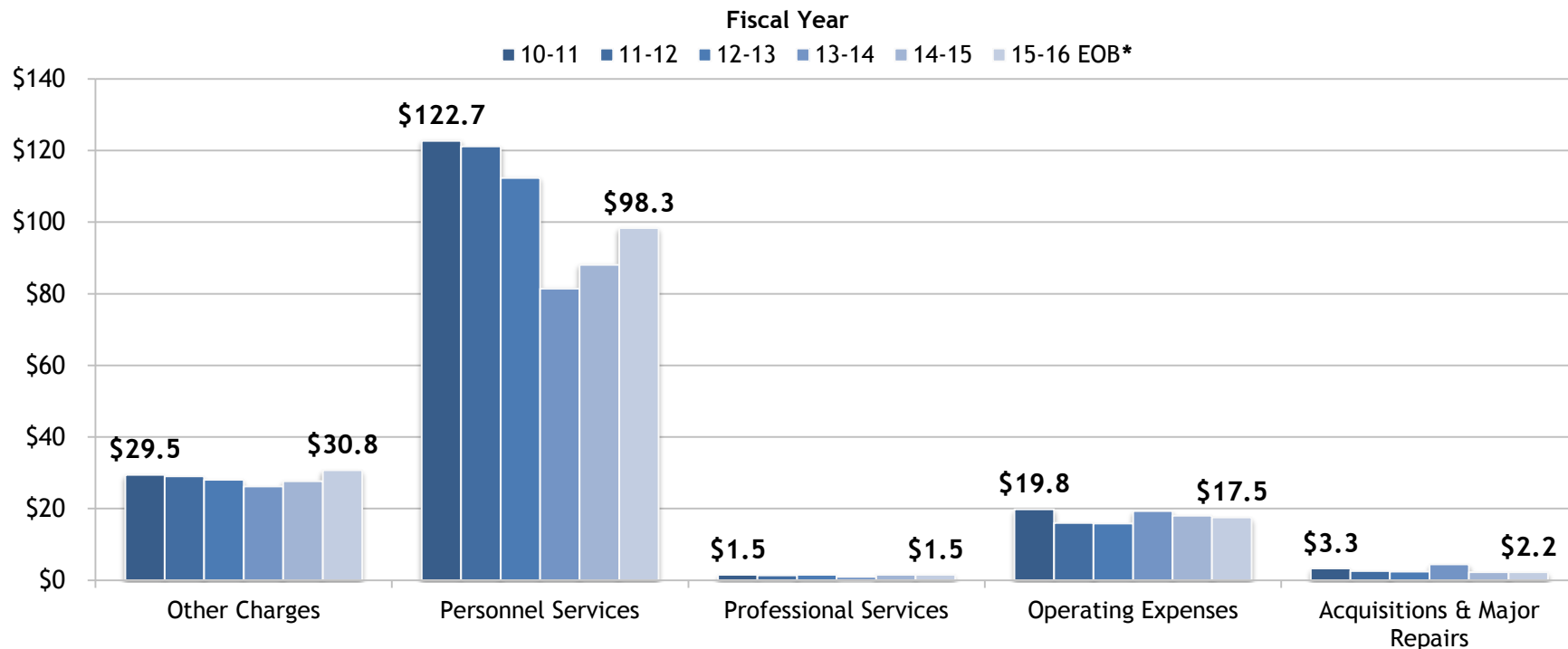
The Executive Budget historically recommends all of the Higher Education State General Fund in the Board of Regents until the board adopts a funding formula to allocate the money to the institutions.

EXPENDITURE BREAKDOWN

Expenditure	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$62,903,913	\$69,164,903	\$0	(\$69,164,903)	(100.0%)
Other Compensation	\$1,465,173	\$1,135,217	\$0	(\$1,135,217)	(100.0%)
Related Benefits	\$23,746,488	\$28,034,223	\$0	(\$28,034,223)	(100.0%)
Travel	\$72,224	\$241,476	\$0	(\$241,476)	(100.0%)
Operating Services	\$13,562,556	\$11,950,305	\$0	(\$11,950,305)	(100.0%)
Supplies	\$4,419,762	\$5,321,740	\$0	(\$5,321,740)	(100.0%)
Professional Services	\$1,542,767	\$1,498,476	\$0	(\$1,498,476)	(100.0%)
Other Charges	\$27,695,703	\$30,764,106	\$77,791,130	\$47,027,024	152.9%
Acq/Major Repairs	\$2,286,967	\$2,228,554	\$0	(\$2,228,554)	(100.0%)
Total Expenditures	\$137,695,553	\$150,339,000	\$77,791,130	(\$72,547,870)	(48.3%)

The Executive Budget historically recommends all of the Higher Education's funding placed into the Other Charges expenditure category until the appropriation letters are issued in the next fiscal year.

EXPENDITURE HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15

SIGNIFICANT ADJUSTMENTS

- The Executive Budget recommended a \$180 million or 24% reduction to Higher Education's total State General Fund budget, of which a portion of the reduction would be allocated to LSU Health Sciences Center at New Orleans.
- The Executive Budget reduced \$32.8 million in statutory dedications from the Higher Education Initiatives Fund (SAVE Credit Program) and replaced those funds with State General Fund.
- The Executive Budget also reduced a number of legislative line items placed into the budget for the current year: reduced \$2.5 million for buildings maintenance, utilities, and related benefits; reduced \$525,000 for the Louisiana Tumor Registry; reduced \$486,939 for the Louisiana Cancer Research Center.
- \$5.6 million in legacy cost associated with buildings in New Orleans is budgeted to transfer from the Louisiana LSU Health Sciences Division (HCSD) to LSU Health Sciences Center at New Orleans.

DEPARTMENT ORGANIZATION

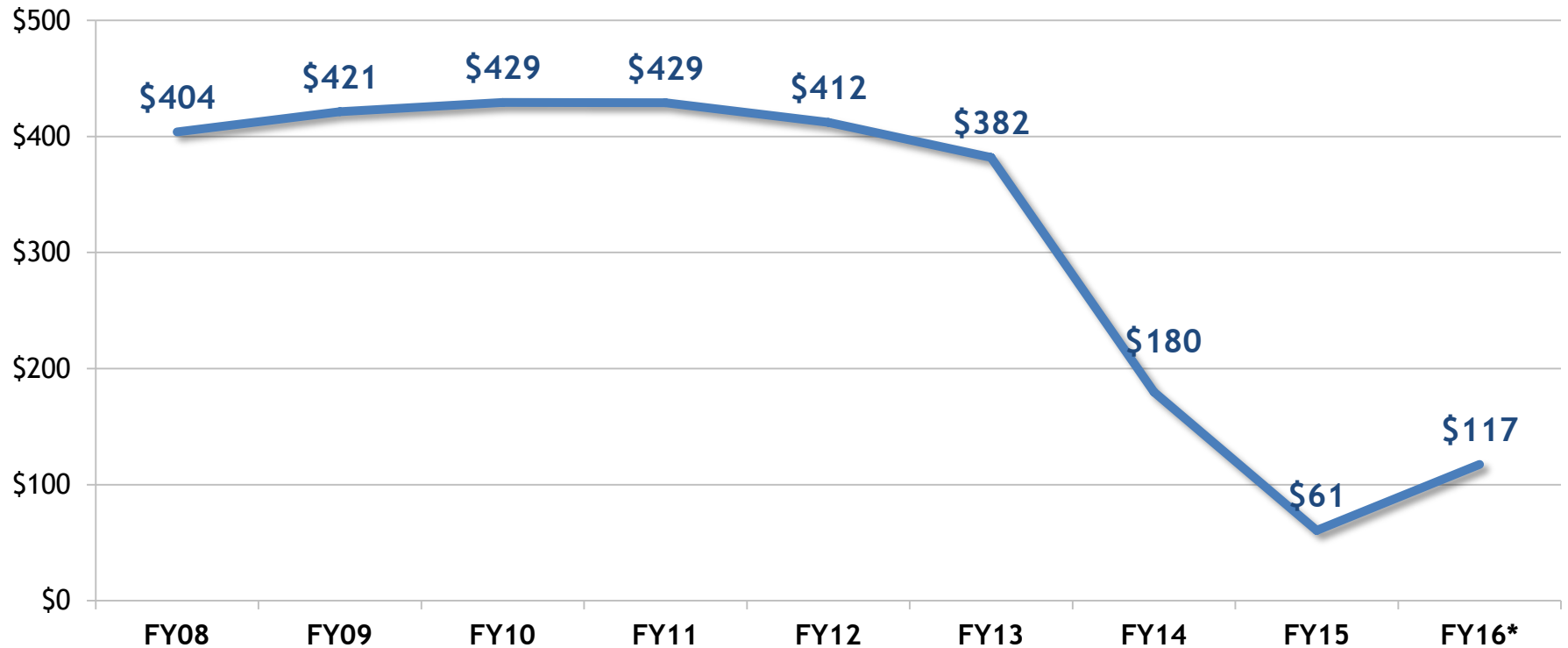


The mission of the LSU Health Sciences Center-Shreveport (LSUHSC-S) is to teach, heal, and discover in order to advance the North Louisiana region. The LSUHSC-S encompasses the School of Medicine, the School of Graduate Studies and the School of Allied Health Professions in Shreveport. LSUHSC-S educates and trains health professionals and scientists at all levels. Its major responsibilities are the advancement and dissemination of knowledge in medicine, allied health, and biomedical sciences and producing much of the healthcare workforce in Louisiana.

Functions and Services

- Educate physicians, basic scientists, residents, fellows, and allied health professionals based on state-of-the art curricula, methods, and facilities, preparing students for careers in health care service, teaching or research.
- Provide state-of-the art clinical care, including a range of tertiary special services, to an enlarging and diverse regional base of patients.
- Support basic science and clinical research programs that contribute to the body of knowledge and practice in science and medicine.
- Support the region and the State in economic growth and prosperity by utilizing research and knowledge to engage in productive partnerships with the private sector.

BUDGET HISTORY (IN MILLIONS)



Source: Executive Budget Supporting Documents

*Existing Operating Budget as of 12/1/15

MAJOR SOURCES OF REVENUE

Self Generated \$21.1 Million

Tuition and Fees

Sales and Services of
Educational Activities

Other Self-Generated
Revenues

Statutory Dedications \$6.5 Million

Tobacco Tax Health Care Fund

The fund was created to receive revenue from taxes that are levied on cigarettes in order to support health care services.

Statutory Dedications \$2.8 Million

Support Education in Louisiana First Fund

Gaming proceeds used 70% for salaries of certain public pre-k through 12th grade certified personal and 30% for post secondary education faculty salaries including related benefits.

MEANS OF FINANCE BREAKDOWN

Means of Financing	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
State General Fund	\$36,418,254	\$47,486,476	\$0	(\$47,486,476)	(100.0%)
Interagency Transfers	\$0	\$0	\$0	\$0	0.0%
Fees and Self-Gen Rev.	\$15,108,126	\$21,109,079	\$21,109,079	\$0	0.0%
Statutory Dedications	\$9,041,458	\$48,848,701	\$9,308,955	(\$39,539,746)	(80.9%)
Federal Funds	\$0	\$0	\$0	\$0	0.0%
Total Means of Finance	\$60,567,838	\$117,444,256	\$30,418,034	(\$87,026,222)	(74.1%)

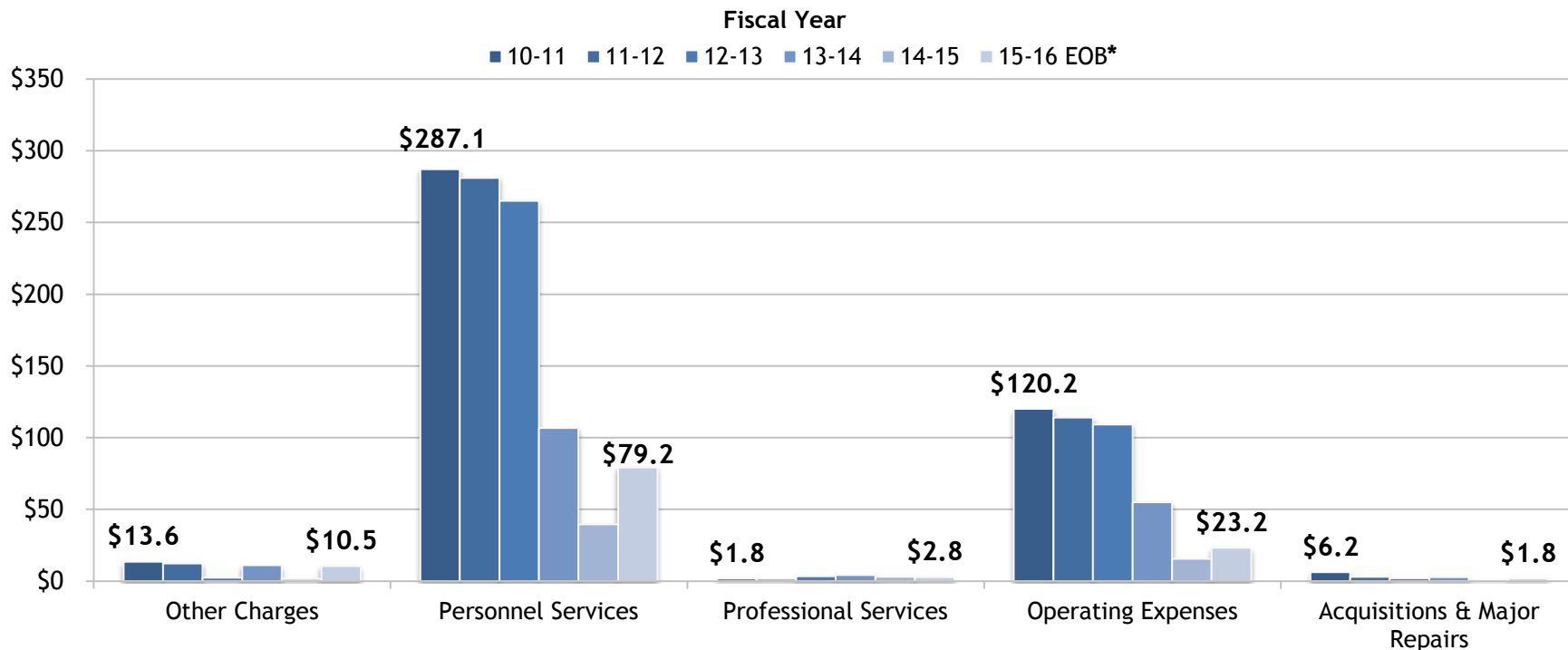
The Executive Budget historically recommends all of the Higher Education State General Fund in the Board of Regents until the board adopts a funding formula to allocate the money to the institutions.

EXPENDITURE BREAKDOWN

Expenditure	FY 14-15 Prior Year Actual Expenditures	FY 15-16 Existing Operating Budget	FY 16-17 Executive Budget Recommendation	\$ Change from Existing	% Change from Existing
Salaries	\$29,034,417	\$46,228,147	\$0	(\$46,228,147)	(100.0%)
Other Compensation	\$1,796,328	\$1,316,274	\$0	(\$1,316,274)	(100.0%)
Related Benefits	\$8,760,672	\$31,661,207	\$0	(\$31,661,207)	(100.0%)
Travel	\$107,316	\$114,038	\$0	(\$114,038)	(100.0%)
Operating Services	\$13,124,696	\$20,937,883	\$0	(\$20,937,883)	(100.0%)
Supplies	\$2,351,367	\$2,183,607	\$0	(\$2,183,607)	(100.0%)
Professional Services	\$3,005,715	\$2,762,093	\$0	(\$2,762,093)	(100.0%)
Other Charges	\$1,627,029	\$10,463,448	\$30,418,034	\$19,954,586	190.7%
Acq/Major Repairs	\$760,298	\$1,777,559	\$0	(\$1,777,559)	(100.0%)
Total Expenditures	\$60,567,838	\$117,444,256	\$30,418,034	(\$87,026,222)	(74.1%)

The Executive Budget historically recommends all of the Higher Education's funding placed into the Other Charges expenditure category until the appropriation letters are issued in the next fiscal year.

EXPENDITURE HISTORY (IN MILLIONS)



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*Existing Operating Budget as of 12/1/15

SIGNIFICANT ADJUSTMENTS

- The Executive Budget recommended a \$180 million or 24% reduction to Higher Education's total State General Fund budget, of which a portion of the reduction would be allocated to LSU Health Sciences Center at Shreveport.
- The Executive Budget reduced \$39.5 million in statutory dedications from the Higher Education Initiatives Fund (SAVE Credit Program) and replaced those funds with State General Fund.
- The Executive Budget also reduced a legislative line item placed into the budget for the current year that provided \$31 million for operational costs. These costs include \$12.2 million for personnel expenses; \$12.4 million for operating services including rent, utilities, and maintenance; \$3.5 million for medical programs such as the rural health program, area health education centers, kidney care, and poison control; \$2.8 million for interagency expenditures such as legislative auditor fees and risk management.

DEPARTMENT CONTACTS



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