
AGENCY OVERVIEW**232 UND Medical Center****Date:** 01/13/2011**Time:** 11:07:56

Statutory Authority

ND Constitution Articles VIII and IX; North Dakota Century Code Chapter 15-22.

Agency Description

The University of North Dakota School of Medicine and Health Sciences (SMHS) is recognized nationally as one of the outstanding community-based medical schools in the nation and as a model for highest quality educational programs, efficiently delivered, with an emphasis on primary care. In addition to medical student and resident education, the SMHS provides educational opportunities for a wide variety of allied health service professionals including clinical lab science, athletic training, physical therapy, occupational therapy and the physician assistant program. Further, the SMHS is acknowledged for its leadership in providing education in health professions through its commitment to American Indians.

Agency Mission Statement

The primary purpose of the University of North Dakota School of Medicine and Health Sciences is to educate physicians and other health professionals and to enhance the quality of life in North Dakota. Other purposes include the discovery of knowledge that benefits the people of this state and enhances the quality of their lives.

Agency Performance Measures

The North Dakota University System publishes an annual accountability measures report each December, in response to the "flexibility with accountability" expectations of SB 2003 passed by the 2001 Legislative Assembly. Organized according to the five cornerstones of the Roundtable Report, these annual reports provide a useful framework for focusing the assets of the University System on the high-priority needs of the state. The 2010 annual accountability measures report is scheduled for completion in December 2010, and will be the most current information available to the 2011 Legislative Assembly.

This annual document serves as a primary tool for reporting on the agreed-upon North Dakota University System accountability measures and as a vehicle through which the system demonstrates its commitment to enhancing the economic and social vitality of North Dakota.

Major Accomplishments

1. Recognized by the American Academy of Family Physicians (AAFP) as having the nation's highest percentage of graduating seniors select family medicine as their specialty choice.
2. Ranked by U.S. News & World Report as one of the best in the nation, ranking 5th for its commitment to rural medicine.
3. Initiated RuralMed program to mitigate medical student debt and encourage the choice of a rural family medicine practice location for graduating medical students.
4. Increased grant applications by 36.0 percent over the prior four years.
5. Continued a strong program in eating disorders (\$15.0 million in funding to Dept. Clinical Neurosciences).
6. Progressed in building research infrastructure with INBRE and COBRE grants (\$26.0 million in grant funding).
7. Sponsored or jointly approved 340 Continuing Medical Education (CME) activities involving some 4,500 physician and 7,100 other health professional encounters.
8. Supervised the Tobacco Quitline, which is a successful behavior modification tool to reduce health risks.
9. Sponsored 37 programs and research projects through the Center for Rural Health and Rural Assistance Center to address a variety of rural health issues in North Dakota and across the United States.
10. Improved school governance by emphasizing participatory and engaged faculty involvement, with open discussion and opportunity for input.
11. Completed major upgrade to the Clinical Education Center to improve the educational experience of medical and other health care students.
12. Enhanced bidirectional school communication through multiple approaches, including weekly column by dean in electronic newsletter from the school, ENews.

Future Critical Issues

Vice-President for Health Affairs & Dean, Joshua Wynne, M.D. lists the following issues as Concerns, Challenges and Priorities.

- North Dakota's elderly population is increasing rapidly. The SMHS must consider how it can produce more health professionals for the state of North Dakota.
- The continued heavy dependence on volunteer faculty leaves the Medical School vulnerable to changes in availability of qualified and willing individuals.
- The increasing medical school loan debt for graduating students creates an additional challenge to recruiting needed physicians to rural areas.
- The need for a new building for the Allied Health Sciences programs in Grand Forks continues to be of significant concern.

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- Anticipated contraction of federal National Institutes of Health and National Science Foundation funding are a concern.
- A continued need for more diversity.

Priorities:

- Increasing Faculty/Staff Salaries.
- Adoption of Healthcare Workforce Initiative to provide the health care workers that North Dakota will need by 2025.
 - Fundamental concepts:
 - There is a looming health care workforce shortage that is getting closer each day
 - Because of the long pipeline (>10 years from college entry until ready to practice medicine), we need to act now rather than later
 - We will present an integrated plan that addresses multiple workforce educational issues and associated needed capital investment, and stresses its impact on economic development for North Dakota
 - The projected shortage of physicians will be exacerbated by:
 - Shift in the gender make-up of the workforce
 - Generational change in time devoted to the practice of medicine
 - Increased demand due to an aging population
 - Assuming that the projections are correct, action is required now to alleviate the impending shortage.
- Raising endowments for student financial aid and faculty positions.
- Maintaining outstanding curriculum.
- Construct a new building for Allied Health.
- Continued Research strength and focus on preventable behaviors &ndash smoking, obesity, drug abuse (methamphetamine), and alcohol.

REQUEST SUMMARY

232 UND Medical Center
Biennium: 2011-2013

Bill#: HB1003

Date: 01/13/2011

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Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
By Major Program					
UND-Medical Center	34,488,501	41,115,401	10,971,958	52,087,359	0
Total Major Program	34,488,501	41,115,401	10,971,958	52,087,359	0
By Line Item					
Operating Expenses	34,488,501	41,115,401	10,971,958	52,087,359	0
Total Line Items	34,488,501	41,115,401	10,971,958	52,087,359	0
By Funding Source					
General Fund	34,488,501	41,115,401	10,971,958	52,087,359	0
Federal Funds					
Special Funds					
Total Funding Source	34,488,501	41,115,401	10,971,958	52,087,359	0
Total FTE	157.74	137.43	25.00	154.94	0.00

REQUEST DETAIL

232 UND Medical Center
Biennium: 2011-2013

Bill#: HB1003

Date: 01/13/2011

Time: 11:07:56

Description	Expenditures 2007-2009 Biennium	Present Budget 2009-2011	Budget Request Change	Requested Budget 2011-2013 Biennium	Optional Budget Request
Operating Expenses					
Operating Fees and Services	34,488,501	41,115,401	10,971,958	52,087,359	0
Total	34,488,501	41,115,401	10,971,958	52,087,359	0
Operating Expenses					
General Fund	34,488,501	41,115,401	10,971,958	52,087,359	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	34,488,501	41,115,401	10,971,958	52,087,359	0
Funding Sources					
General Fund	34,488,501	41,115,401	10,971,958	52,087,359	0
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total Funding Sources	34,488,501	41,115,401	10,971,958	52,087,359	0

CHANGE PACKAGE SUMMARY

232 UND Medical Center
Biennium: 2011-2013

Bill#: HB1003

Date: 01/13/2011

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Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
Base Budget Changes						
One Time Budget Changes						
A-E 4 Remove Other One time Funding		0.00	(225,000)	0	0	(225,000)
Total One Time Budget Changes		0.00	(225,000)	0	0	(225,000)
Ongoing Budget Changes						
A-A 1 Parity		0.00	3,333,300	0	0	3,333,300
A-A 12 2009-11 Adjusted FTE		137.43	0	0	0	0
A-A 2 Equity		4.00	864,280	0	0	864,280
A-A 3 College Affordability		0.00	862,973	0	0	862,973
A-A 7 Employee Retire Contrib Increase		0.00	163,370	0	0	163,370
A-A 9 UNDSMHS Additional Base Funding		21.00	5,973,035	0	0	5,973,035
Base Payroll Change		(137.43)	0	0	0	0
Total Ongoing Budget Changes		25.00	11,196,958	0	0	11,196,958
Total Base Budget Changes		25.00	10,971,958	0	0	10,971,958

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Change Group: A	Change Type: A	Change No: 1	Priority: 1
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Parity - \$3,333,300

The long-term finance plan includes targeted state/student shares for each of the campuses. The student share of parity costs would be funded through tuition rate increases, except as noted in **change code AA3**. The requested parity increase, totaling **\$3,333,300**, includes the **state share** of the following increased costs for 2011-13:

- **\$650,253** - Continuation of 10-11 legislatively funded salary increase @ 5%
- **\$1,871,119** - 11-13 salary increase of an average 4.5% per year.
- **\$514,599** - 11-13 estimated health insurance increase of 10% per year or \$173.39 per month. Total projected premium of \$999.05 per month per employee.
- **\$297,329** - Operating inflation (excluding utilities) of 2.1% for FY12 and 2.0% for FY13, based on projections from Economy.Com+
- **\$0** - Projected utility cost increases, based on recent actual and projected cost increases.
- **\$0** - Utilities for new facilities coming on-line in 11-13.

Change Group: A	Change Type: A	Change No: 2	Priority: 2
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Equity - \$864,280

The NDUS budget request includes a \$15 million increase for equity, distributed among the 11 NDUS campuses and SMHS, to address peer differentials. The SMHS's portion of the request is \$864,280. The LTF Plan requires a minimum of 15% of the total new funding be allocated to equity, after full funding of the state share of salaries and benefit cost increases in parity. The distribution of the equity request is based on a change to the LTFP, approved by the SBHE in January 2010--the average of the weighted percentage distance from peers and dollar distance from peer--with a minimum amount of equity funding to all campuses funded at less than 110% of their peer benchmark. The revised plan states that the minimum equity funding allocation will be a minimum of \$100,000 or 10% of total biennial equity funding, whichever is greater. For the 2011-13 budget request, 10% of the equity request is \$1.5 million, and 6 campuses (WSC, NDSCS, MaSU, VCSU and DCB) will share in the minimum request of \$250,000 each.

The SMHS has two pressing needs for use of the Equity funding:

1. Faculty Development
2. Student Admissions and Financial Aid

Faculty Development

An increased emphasis will be placed upon training our faculty, both full-time and part-time community faculty, in improved teaching methods. The faculty development funding would be used to hire 3.0 FTE positions. An Assistant Dean for Faculty Development (\$110K + benefits) would lead the faculty in necessary overhaul of the SMHS faculty development effort. A Community Faculty Resource Specialist staff member (\$45K + benefits) would travel to the communities and help community faculty with their teaching responsibilities. A Community Faculty Information Technology Specialist (\$60K + benefits) would design teaching podcasts and other technology to help community physicians become better and more efficient teachers.

Student Admissions and Financial Aid

A new Assistant Dean for Admissions and Financial Aid (\$75K + benefits) would be hired who would have a particular requirement to increase recruitment of

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students with rural backgrounds. The current staffing of the Student Admissions and Financial Aid office does not allow for time to travel to rural North Dakota to promote medical and allied health career paths.

Operating expenses are calculated at 24 percent of the total salaries and fringe benefit costs. Operating expenses will include travel in-state, normal office expenses and technology equipment and supplies.

A summary of the Equity budget for 2011-13 is as follows:

Salaries	\$519,100
Fringe Benefits	\$177,836
Operating	\$167,344
Total	\$864,281

Change Group: A	Change Type: A	Change No: 3	Priority: 3
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College Affordability - \$862,973

Funding was provided during the current 2009-11 biennium to address student affordability, by freezing tuition at the two-year campuses and limiting tuition increases to no more than 4% at all other NDUS campuses. The SBHE went a step further and limited tuition increases to no more than 3.5% at the four-year campuses for each year of the 09-11 biennium. If the 2011-13 request is funded, the two-year campuses would continue to freeze tuition, and tuition increases would be limited to no more than 4% at the four-year campuses for an additional 2 years. If done consistently over a period of years, this would ensure two-year campus tuition rates remain affordable for those students least able to afford a college education, and will also help to begin to re-balance the state/student shares consistent with the Long-Term Finance Plan. Funding would cover 100% of the student share of parity cost increases at the two-year campuses, and would also cover a portion of the student share of parity costs at the four-year campuses.

At the UND School of Medicine & Health Sciences, \$754,060 of additional state funding would limit tuition increases to no more than 4% for the 2011-13 biennium, and replace the need for an estimated tuition increase of 6.1% per year to fund the student share of parity. In addition, \$108,913 would be needed to also fund a portion of the student share of retirement contribution increases included in budget change code AA7. Total affordability request is \$862,973.

NOTE: The ability to cap tuition rate increases, as outlined above, is contingent upon the following budget assumptions: 1.) parity costs are fully funded; 2.) campuses do not experience significant enrollment declines; and 3.) other budget components requested are funded (e.g. technology infrastructure and maintenance, etc.) so cost increases need not be absorbed within the current resource base

Change Group: A	Change Type: A	Change No: 7	Priority: 4
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Employee Retire Contrib Increase - \$163,370

Consistent with PERS proposal, this would increase Defined Benefit and Contribution retirement plan rates by 2% on 1/1/12 and 2% on 1/1/13, with 50% paid by employer and 50% by employee. The School of Medicine & Health Sciences' portion of the request is \$163,370. This is the state portion only, and \$108,913 is also included in the affordability request in budget change code AA3 for the student portion (an amount to limit tuition increases to 4% at the SMHS).

Change Group: A	Change Type: A	Change No: 9	Priority: 5
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UNDSMHS Additional Base Funding - \$5,973,035

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The UNDSMHS budget request includes \$5,973,035 in additional base funding for the following SMHS Healthcare Workforce Initiative. A summary of the proposal is as follows:

- Fundamental concepts:
 - There is a looming health care workforce shortage that is getting closer each day
 - Because of the long pipeline (>10 years from college entry until ready to practice medicine), we need to act now rather than later
 - We will present an integrated plan that addresses multiple workforce educational issues and associated needed capital investment, and stresses its impact on economic development for North Dakota
- The projected shortage of physicians will be exacerbated by:
 - Shift in the gender make-up of the workforce
 - Generational change in time devoted to the practice of medicine
 - Increased demand due to an aging population
- Assuming that the projections are correct, action is required now to alleviate the impending shortage.

Key Components of SMHS Healthcare Workforce Initiative plan include:

- 17 additional residency slots/year (+57%)
- Sustain RuralMed Program
- 16 additional medical student slots/year (+29%)
- Master's in Public Health Program
- 30 additional health sciences students/year (+15%)
- Geriatrics Training
- Health sciences building

Summary of the budget proposals:

- Priority 1: Resident Positions (\$2,170,806): Increase number of resident positions per year by 17 for three years starting 7/1/12; 2013-15 est. cost increase required=\$9.4 million. Residency Program expansion would be complete in 2014-15. Additional residency positions could be added to the SMHS existing family medicine residency positions. In addition, possible additional residency training programs (such as family medicine, emergency medicine, radiology, and pathology) could be added. The final determination of which residency slots to add, and at which location, would necessarily await the result of further workforce study. The cost of the residency expansion is based solely on the direct and indirect cost to the system of each resident. Should the federal government increase the number supported residency slots in North Dakota, the cost would be reduced in-kind. This request includes funding for 3 PhD faculty, 5 MD faculty and 1 staff positions.
- Priority 2: Sustain RuralMed Program, started in 2009-11 (\$175,600): The 2009-11 appropriation included \$600,000 to implement a new program to encourage eight medical students per year into family medicine rural practice, by providing tuition scholarships, such that the entire cost of their education would be deferred if they practice in a designated rural area for five years. The FY10 budget was \$200,000 and would have provided individual tuition waivers of \$25,000 to eight freshman medical students in FY10. Only one student made a decision to take a scholarship in FY10, with an actual cost of \$25,000 for the tuition for that selected student. The FY11 projected cost is \$225,000 and will provide individual tuition waivers of \$25,000 to eight freshman medical students in FY11 and the one sophomore medical student previously selected in FY10. Thus, a carryover of \$350,000 from 2009-11 will be available to help fund the RuralMed program for 2011-13. The total estimated cost for 2011-13 is \$1,125,600 (\$26,800 for each scholarship), which assumes 8 new freshmen scholarships would be awarded per year, as well as continuing the scholarships of the students that were funded in the 2009-11 biennium. With base funding of \$600,000 and estimated carryover of \$350,000 from 2009-11, the RuralMed Program will require an additional \$175,600 in 2011-13 base funding to reach a total of \$1,125,600 and fund continued program growth of 8 scholarships per year for four years each.
- Priority 3: Medical Students (\$857,600): Increase number of medical students per year by 16 for four years starting 7/1/12 (program expansion contingent on \$28.9 M facility addition). 2013-15 est. cost increase required=\$3.7 million; ability to sustain continued multi-year growth will need to be revisited in 13-15 and

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beyond. Medical Student class expansion would be complete in 2015-16. Costs for the medical students are calculated by taking the estimated incremental cost per each added student and subtracting the estimated incremental tuition payments to be collected; the difference is the incremental cost per student. This request includes funding for 2 PhD faculty and 1 staff positions.

- Priority 4: Master's in Public Health Program (\$1,215,219): This new degree program, offered in conjunction with NDSU (request \$1,067,500 not specifically included in other 11-13 budget request priorities), will be offered to the medical, allied health, and other public health professionals across ND and the region. This degree program would be integrated into the family medicine training program, and is seen as a strategy to attract more and better family medicine and other residents as well as providing training to various other public health professionals across North Dakota and our region. To meet Council on Education for Public Health (CEPH) accreditation standards, the request includes funding for 3.0 faculty members, 2.0 staff positions and related operating. Teaching in the program will be augmented by existing UND faculty members and others who will not require additional salary support.
- Priority 5: Allied Health Students (\$402,000): Increase number of allied health students (occupational therapy, physical therapy, physician assistants, clinical laboratory science, and sports medicine specialists) per year by 30 for three years starting 7/1/12 (program expansion contingent on \$28.9 M facility addition). 2013-15 est. cost increase = \$1.7 million; ability to sustain continued multi-year growth will need to be revisited in 13-15 and beyond. Allied Health student expansion would be complete in 2014-15. Costs for the allied health students are calculated by taking the estimated incremental cost per each added student and subtracting the estimated incremental tuition payments to be collected; the difference is the incremental cost per student. This request includes funding for 1 PhD faculty and 1 staff positions.
- Priority 6: Geriatrics Training (\$1,151,810): Training students and residents in geriatrics medicine is imperative, given the increasingly aging population demographics in North Dakota. The state appropriation funding will allow for hiring two additional faculty positions in geriatrics and related operating costs. The state appropriation funding will complement a Geriatrics Training and Care Center, developing due to a generous bequest of five million dollars from the late Eva Gilbertson's Estate. This request includes funding for 2 MD faculty positions.

Change Group: A	Change Type: A	Change No: 12	Priority: 6
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2009-11 Adjusted FTE

Per SB2003 (Section 20), "the state board of higher education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control. The university system shall report any adjustments to the office of management and budget before the submission of the 2011-13 biennium budget request." A report was run as of 4-30-2010 to determine the total "appropriated fte" as of that date. Consistent with the methodology used in previous biennia, the current year's annual budgets were used to estimate the amount supported by general fund only, based on the percentage of budgeted general fund revenue to total appropriated revenue.

Change Group: A	Change Type: B	Change No: 1	Priority: 1
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Major Capital Projects

Not applicable

Change Group: A	Change Type: E	Change No: 4	Priority: 1
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Remove Other One time Funding - (\$225,000)

To remove \$225,000 for SMHS electronic medical records system (SB2003-Section 7). The selection of the EMR system for the Centers for Family Medicine is being considered by the department of Family Medicine. The selection of the system will be determined by December 1, 2010.

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Change Group: R	Change Type: A	Change No: 1	Priority:
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Recommended Parity

- Approves 2009-11 second year salary increase
- Adjusts health insurance to actual costs
- Provides for 3% annual salary increases for the 2011-13 biennium
- Removes operating inflation increase, which is consistent with other state agency budgets
- Approves utility increases as requested for inflation and new buildings

Change Group: R	Change Type: A	Change No: 2	Priority:
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Equity

Allocates \$591,552 from the equity pool of \$10.0 million dollars.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Affordability

Provides funding to freeze tuition at the two-year campuses and limit tuition increases to up to 2.5% per year at four-year campuses

Change Group: R	Change Type: A	Change No: 4	Priority:
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Retirement Contribution

Adjusts for the recommended 3% annual salary increase

Change Group: R	Change Type: A	Change No: 5	Priority:
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Higher Ed FTE

Per section 20 of 2009 Senate Bill 2003 the State Board of Higher Education is authorized to adjust full-time equivalent positions as needed, subject to the availability of funds, for institutions and entities under its control. FTE do not require approval in the executive budget.

Change Group: R	Change Type: A	Change No: 6	Priority:
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Master's in Public Health and Geriatrics Training Programs

- Sustains the RuralMed program with carryover of unexpended dollars without increasing general fund support
- Approves funding for joint NDSU-UND Master's in Public Health program
- Approves funding to expand geriatrics training
- Funding was not included in the Executive Recommendation to expand the number of resident positions, medical students, or Allied Health students.

Change Group: R	Change Type: B	Change No: 1	Priority:
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Capital Projects Not Funded

The Executive Budget does not include funding for the following capital projects requested by the institution:

Health Sciences Facility - \$28,890,000