

**School of Medicine Executive Committee
Meeting Minutes
Tuesday, February 16, 2010
Academic Office One, 7th Floor Board Room**

- Present: Bob Anderson, Terri Carrothers, Robert d'Ambrosia, Harley Rotbart (for Steve Daniels), Frank deGruy, Chip Dodd, George Eisenbarth, Robert Feinstein, Laurie Gaspar, Fred Grover, Randall Holmes, Ben Honigman, Herman Jenkins, Mark Johnston, Richard Johnston, Richard Krugman, Kevin Lillehei, Bob Low, Claude Selitrennikoff (for Wendy Macklin), Lilly Marks, Dennis Matthews, Dan Meyers, Bob Murphy, David Norris, Chip Ridgway, Ann Thor, Ken Tyler, Cheryl Welch, Patti Balodis (staff), Nan Bumgardner (staff)
- Guests: Jeff Parker, Pam Jones, Tom Beresford, Robert Fries, Amy Ganon, Kate Beatty, Ron Faust, Anna John, Mary Lutz, Becky McGowan, Larry Novissimo, Thomas Shallow, Sheila Sillau, Kathleen Snapp, Jennifer Bruining, Stephanie Farmer, Kim Benson, Michael Clark, Gail Cohen

- I. Approval of the Minutes** – one typographical error was noted on the minutes from December 15, 2009 Executive Committee Meeting that will be corrected. Otherwise, the minutes were unanimously approved as written. The January 16th, 2010 Executive Committee Meeting minutes were unanimously approved as written.
- II. Dean's Updates** - A listing of search, affiliation and institutional updates was included at Attachment 2 of the agenda packet.
- III. Dean's Comments** – Dr. Friedlander declined the offer to be the Executive Director for the CRNIC Institute, however Stuart Lipton is still interested. The search will basically start over.
- Dr. Kalivas has received the letter of offer as the Department Chair for Pharmacology. He has requested an additional 1 to 2 weeks to consider the position as he has been offered a position at University of Texas at San Antonio.
- Dr. Chip Dodd reported that the Department of Medicine Chair search is progressing nicely. 31 applications have been reviewed and the 12 candidates who ranked the highest have been set up for airport interviews next week.
- IV. Presentation by Jeff Parker, Vice Chancellor for Administration and Finance** – Dean Krugman introduced Jeff Parker who presented the latest update on the projections for F&A, the budget, where we are in recovery and stimulus grants.

F & A Model – a handout was provided. Jeff Parker explained that for projection purposes, the F&A Model is broken out into four broad categories that are consistent with how revenue is received on the Anschutz Medical Campus. These categories include:

Growth in On-Campus Federal, Growth in Off-Campus Federal, Growth in Private Research, and Growth in Training, Service/Other. Jeff Parker reviewed F&A growth assumptions for 2009-10, 2010-11, and 2011-12 and indicated that projected growth in F&A was conservative. In 2009-10 and 2010-11, growth in On-Campus Federal is projected to only include ARRA awards. In 2011-12, On-Campus Federal is projected to grow 2% with the F&A rate dropping to 51% based on a national trend in more aggressive rate negotiations by the Federal Government. Jeff Parker indicated that the F&A Model predicts a debt service coverage surplus in 2009-10 and 2010-11 followed by a deficit in 2011-12.

Dr. Chip Dodd asked for a definition of “Off-Campus”, Jeff Parker explained that any federal grants awarded to spaces that are leased by UCD are considered off-campus; he added that if your grant has a line for rent in it, it is most likely off-campus.

Dean Krugman noted that two things have happened; the move to Anschutz and the consolidation. The confusion seems to be about what happened to the base and how the calculations work. Dean Krugman thought it would be beneficial for a meeting on the base calculation process explanation and its affect to be set at a later time,

- b. **ARRA Contracts** - Dean Krugman stated that everyone should know that the ARRA awards *have* to be spent by the deadline, they will not carry over. If they are not spent, not only will they defer, the F&A won't appear.

Dr. Anderson asked if there will be additional awards from ARRA, as he heard that they were available only through May. Pam Jones stated that ARRA is still giving awards, and will continue to give ARRA awards for institutes, foundations and all government sponsors.

Lilly Marks commented that the majority of numbers are based on assumptions and hoped the Executive Committee meeting would focus on the impact of the ARRA funds; what will happen once they go away and what type of preparations will be made in anticipation of that. Secondly, the bolus money that the SOM will get via the F&A formula, because of the ARRA grants will have a two year impact that should be around \$4.5M-\$4.9M. A conversation is needed on how to plan for the loss of ARRA funds. The F&A formula is constructed in a manner whereby a percentage of the F&A generated by the school comes as the school's base funding with additional revenue calculated based on the growth in F&A from one year to the next. When ARRA goes away, the school's F&A base will be 're-normed' to pre-ARRA days.

Dr. Anderson asked if it would be possible for the debt service be paid with the ARRA surplus (as homeowners can do), in order to save the money and buy down the debt, or the possibility of a carry-over to insure that money is available in negative years. Jeff Parker responded that the ARRA surplus shown is for space but the surplus will be held to cover the deficit in future years. There are restrictions as far as when the debt is issued however, the debt is fairly cheap, and point of repayment is about to start. Paying interest to lower the debt is certainly an option.

Jeff Parker distributed a second handout which is a mock up of an actual report on ARRA Awards and descriptive terms. The report should prove helpful for all departments.

Pam Jones noted that the descriptive term sheet has all terms associated with various awards and is a good example on how various institutes have determined the use of ARRA funds. There are specific terms that specifically note that ARRA funds can not carry over. In many cases, the terms don't make sense and contradict each other. Awards come through the institute so fast that they are not well-prepared and are sent out with terms plugged in and are contradictory. Pam offered to help any department who contacts them with any questions or assistance. A reminder was sent out in January encouraging PI's to follow the terms of the awards and spend the money accordingly. One response received noted that the money was being saved. This is not a good practice. In many cases the language states that if there are funds available they have to be defined or the funds may possibly be taken back. As strategies are looked at surrounding the use of the funds, Pam reminds the committee that all the funds were responses to ARRA RFP's. The SOM is at 109% in January due to last year's funding however, ARRA funding can not be counted on.

Dr. Randy Holmes asked how it is known if original grant awards are used or not? Pam Jones responded that the information is noted on the report and stated that the return on investment was around 20% which is incredibly high compared to other facilities.

Backlog - Terri Carrothers asked if the reason for the back-log was due to the PA's and if there was any chance the Chancellor would allow for extra money for overtime to help the department get caught up on awards, speed types, etc. Pam Jones stated that the only backlog is in contracts, there are no other backlogs. She confirmed that there would not be any more money; however an additional person was hired to help with the backlog. The backlog is not about staffing but the paperwork submission. Being proactive in getting the documentation to finance would help alleviate the backlog. It is realized that delays happen, however as an example, the department did not receive a request until 3 months *after* the award had arrived.

Dean Krugman asked if the contracts for CCTSI have been caught up as there has been a huge delay for all subcontractors. Pam Jones stated that the department can turn out 10-12 subcontracts a week if everything is there that is needed.

- c. **Budget Forecast** – Lilly Marks reported that things are too unknown and volatile to answer the question of what will happen in July. The next state forecast is in March and there is not a clear sense of where the forecast is going. The Governor has used the stimulus money for higher education however, the money is running out. There's been some sense that the economy will recover fast enough and tuition opportunities will help higher education bridge the gap. She reported that as long as stimulus money is there, July will likely see growth however, the discussion today will be centered around the impact on the budget, ARRA and creating steps. As commitments are brought to mind, Lilly asks to think very carefully on what the impact will be at the end of this period.

Look specifically at salary allocations, individuals who are paid by the general fund or clinical dollars.

The School of Medicine has received tentative approval to reconstitute an incentive plan for its administrators. The plan has been reviewed and approved by Jeff Parker, Interim Vice Chancellor for Finance and Administration and Kevin Jacobs, Assistant Vice Chancellor for Human Resources and has been sent to Chancellor Wilson for his review and approval. The plan will not be considered final until it is formally approved by the Chancellor. As written, eligibility for plan participation includes the senior-level professional that is responsible for the overall financial management and administrative functions of the department (commonly the Director of Finance and Administration) and those individuals who serve a lead role in providing financial management and administrative functions to formally recognized subcomponents of SOM departments (e.g., division, section). The plan will not be available to administrators (exempt professionals) that fall outside this limited group. Additionally, the plan will not be available to administrators that are employed by UPI or administrators that are not exempt professionals. In order to meet submission deadlines, proposed plans should be submitted to the Dean's Office by March 1, 2010. A copy of the plan will be sent to department chairs for review and consideration.

Terms of Faculty Appointments - Cheryl Welch explained each definition of the four different terms of faculty appointments; tenured, indeterminate, limited and at-will and the timeline for notices. (Definition sheet was handed out)

Dr. Anderson asked to be refreshed on the notice for reducing salary. Lilly Marks stated that the reduction in salaries up to 15% are at the Chair's discretion and for reductions more than 15% requires the Dean's approval.

Dr. Steve Lowenstein stated that the indeterminate appointments can be most valuable due to the flexibility. Lilly Marks suggested that anyone with questions should request a special session with Cheryl Welch and Dr. Steve Lowenstein. Dean Krugman emphasized the obvious importance and warned that this can spin out of control and be demoralizing. He asked to bring this up at department meetings and along with how to bridge the funding gap. He will address these subjects in his weekly email.

Dean Krugman informed the committee that there has been discussion of an increase in tuition, lifting the caps on campuses (UC Downtown, UC Boulder, UC Colorado Springs) and changing of state specs that could generate a lot of money.

Lilly Marks stated the problem is dependent upon when the stimulus dollars will go away as the state dollars will go away as well. The intent of this information is not to cause alarm but to get everyone thinking about possible solutions. The way money goes back to the departments, is 10% is held to be used for over arching researching structure and funding a variety of things over the years. A possibility is to take the bolus dollars and put them into a SOM bridge fund or to return the money to the Department/ Division or the possibility of both.

Dean Krugman stated that it would probably be useful as the budgets are reviewed the F&A comes back to the Departments/Divisions as being used to bridge the gap. The question is how much of the money coming back to the Department/Divisions is counted on and how it is to be used. The hope is that the most incentive prone faculty understands that when a division or department of a school is looking at a win fall, it is not necessarily unwise to bank some or all of it.

Dr. Chip Ridgway reminded the committee that the F & A can not be used for faculty salaries. Dean Krugman would like this revisited as this is a school rule, not a federal rule. This will be re-discussed and voted upon.

Dr. Steve Lowenstein commented that the chairs have great latitude and the importance of treating faculty fairly and equitably. Performance reviews tend to be awkward to exercise. Please consider grants, funding and performance in all the reviews.

Analysis/Risk Assessment: Lilly Marks asked that analysis summary, risk assessment and a plan be provided by each department due April 15th and asked that this be followed up with a written request.

It was asked that in difficult budgetary times can full-time faculty who are at their base go to 90%? Cheryl Welch responded that the faculty member can elect to reduce their FTE voluntarily, but in the event that a non-tenured faculty member does not voluntarily elect to reduce their FTE, they must be given proper notice in order for the FTE change to occur.

Lilly Marks reported that UPI continues to be up 14% over last year and 22% from the year before; is this enough to be banked for NIH? Next year is expected to look good for UPI.

Guidelines for promotion and merit increases will be distributed by Lilly Marks. She reminded all that general funds are not allowed for this.

Executive Session

V. Approval Items

- a. Faculty Promotions – all unanimous recommended promotions and the tenure award were unanimously approved. Dr. Freedman presented a non-unanimous tenure, Dr. Bob Anderson asked for a representative of the department to provide information. Dr. Harley Rotbart representing Dr. Steve Daniels gave an explanation and a motion to approve was made by Dr. Robert Freedman and Dr. Bob Anderson seconded it.

All Faculty Promotions from Feb 3rd were unanimously approved.

VI. Chair Stipend Discussion – Dean Krugman stated that each department has in place a stipend and almost all negotiations that have been part of the department budget has been paid by this stipend. There is a change in process requiring a switch of the general funds.

Funds would be provided from the departments back to the SOM and the SOM would provide the funds back to the department. The allocation cost for the departments can become a drain for small departments. The money should be revenue neutral however it will change how funds are allocated. Working with UCH and TCH will provide more of an integration that will likely provide stipends. There will be continued discussions about potential incentive pools and linking stipends to specific deliverables. Dr. Anderson supported this decision. There was a concern from Dr. Dodd that it would put state funds at risk, Lilly Marks stated that the money would be taken out of the general fund.

Dean Krugman asked if there was a problem to please contact his office and he will take it into account.

The meeting adjourned at 9:47 a.m.