Mission Based Budgeting

- Fair distribution of available funds
- Provides transparency in budgeting
- Aligns funding with specific activities
- Drives responsibility and accountability
- Promotes pay for performance
- Demands cultural change and teamwork
- Drives efficient utilization of resources
- Promotes external funding sources
Mission Based Budgeting
“CARTS”

• **Payment for**
  • Clinical practice
    • Service at MCLNO
    • Private practice
  • Administration
  • Research
  • Teaching
    • Medical students
    • Supervising residents
  • Strategic investment
Mission Based Budgeting

Teaching Medical Students

- University of Virginia rationale
- Used LSU curriculum
- Identified direct student contact hours
- Allocated 1 faculty FTE salary and benefits for
  - Every 8 hours/week contact time in basic science
  - Every 10 hours/week contact time in clinical science
Mission Based Budgeting

Resident Supervision and Training

- Allocated FTE faculty salary based on ACGME recommended ratio of faculty to residents in a program
- Identified 50th percentile Southern average associate professorship faculty salary in each specialty
- Provided standard salary regardless of where residents assigned
Mission Based Budgeting

- **Research**
  - Provided 30% of salary and benefits for NIH funded research faculty if the amount of salary on grants is 25% or greater
  - Expect departments to cover support personnel and the other 70% of salary from grants
Mission Based Budgeting

● Administration
  • Provides 25% and 30% of salary and benefits for all Clinical Chairs and Basic Science Chairs respectively
  • Provides 50% of salary and benefits for all Program Directors
  • Provides salary and benefits for Section Chiefs of $5,000 for a minimum of 3 faculty or $10,000 for 7 faculty or greater
  • Full salary and benefits of business manager and department secretary and 1 FTE secretary for every 4 faculty FTE's

● Academic Support
  • Academic enhancement funds of $2,500 for Chairs, Chiefs and Teaching FTE’s
  • Academic enhancement funds of $1,500 for Funded Researchers, Program Directors, and Section Chiefs
Mission Based Budgeting

- Clinical
  - MCLNO services paid for at "fair market value rate" regardless of MCLNO payment
  - Private practice paid at "fair market value rate" regardless of Contract payment
Strategic Plan

Mission-based Budgeting

- Strategic Investment
  - New recruits
  - Start-up funding
  - Core equipment
  - Interim funding
  - Department development
LSU SCHOOL OF MEDICINE
MISSION BASED BUDGET FUNDING BY FUNCTION FY 2009-2010
$261 MILLION

- Federal Grants: 12%
- Resident Stipend: 16%
- Resident Supervision: 17%
- Medical Instruction: 6%
- Resident Program Directors & Coordinators: 2%
- Dept Chairs, Section Chiefs, & Admin Support: 3%
- Net Clinical Revenue: 8%
- Medical Director: 4%
- Medical Services: 29%
- Professional Services: 29%
- Research Support: 2%
- Mandated & Other: 1%
- Resident Stipend: 16%
- Resident Supervision: 17%
- Medical Instruction: 6%