



BOARD OF REGENTS

SUMMARY OF ITEM FOR ACTION, INFORMATION OR DISCUSSION

TOPIC: Proposed FY 2012 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

COMMITTEE: Finance

DATE OF MEETING: June 14, 2011

BRIEF EXPLANATION: Pursuant to Section 13-306 of the Education Article, each year the Board of Regents of the University System of Maryland and the Board of Directors of the University of Maryland Medical System Corporation (UMMS) are asked to approve an annual contract between University of Maryland, Baltimore (UMB) and UMMS which states all financial obligations, exchanges of services, and any other agreed relationships between them for the ensuing fiscal year.

At this time, the Board is asked to approve the contract for FY 2012 incorporating the financial information reflected in the attached schedule. The attached schedule of financial obligations compares fiscal years 2010, 2011, and 2012. There is a net increase of \$10,602,892 in UMMS compensation to UMB. The change reflects increases in levels of service provided to UMMS by the Schools of Medicine, Pharmacy, and Dentistry. The majority of the increase relates to the School of Medicine, which has secured additional support for critical clinical faculty as well as support for new faculty employed by the School to support clinical initiatives at the University of Maryland Medical Center (UMMC), the UMMS-owned hospital located at UMB.

The contract includes one new section, authorizing sharing of expenses for the branding initiative launched by UMB and UMMC this spring.

The proposed contract text will be available for review at the meeting. There have been no material changes in the text of the contract since last year. The contract has been reviewed and approved for form and legal sufficiency by the Office of the Attorney General.

ALTERNATIVE(S): A contract incorporating the information in the attached schedule is recommended by the President of UMB, the Dean of the Medical School, the President of UMMS and the Chancellor. In accordance with the law, the Committee could postpone action and recommend that the Regents and Directors appoint a joint committee to review the proposed contracts. This is not recommended, as UMB and UMMS have agreed upon the terms.

FISCAL IMPACT: The fiscal impact of the contract is as specified in the attached schedule. The contract results in a net fund transfer from UMMS to UMB of \$92,586,895 in FY 2012.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents authorize the President of UMB to execute the contract.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona (301) 445-1923

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FY 2010, FY 2011, and FY 2012 UMMS ANNUAL CONTRACTS

<u>Payments to UMB</u>	<u>FY 10</u>	<u>FY 11</u>	<u>FY 12</u>
Administrative Services	\$1,271,423	\$1,276,705	\$1,276,705
Faculty Services:			
School of Medicine	75,127,879	80,967,247	91,292,058*
(Including Trauma)			
School of Pharmacy	459,089	466,588	718,119
School of Dentistry	<u>404,696</u>	<u>430,767</u>	<u>457,317</u>
 <u>Payments to UMMS</u>			
Administrative Services			
Space Charges	<u>(1,157,304)</u>	<u>(1,157,304)</u>	<u>(1,157,304)</u>
 NET TO UMB	 \$76,105,783	 \$81,984,003	 \$92,586,895

* For Fiscal Year 2012, \$24,624,449 of this School of Medicine support is designated as seed support. Continuation of that seed support in FY 2013 and later years is subject to annual negotiation. Also, the sum does not include funds UMMS expects to provide to support salaries as physicians are recruited to new positions during the fiscal year.