



TOPIC: Proposed FY 2016 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

COMMITTEE: Finance

DATE OF MEETING: June 11, 2015

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 Annual Contract for FY 2016 incorporating the financial information reflected in the attached schedule of payments of UMMS and UMB to one another in Fiscal Years 2014, 2015, and 2016. For FY 2016, there is a net increase of \$4,426,707 in UMMS compensation to UMB. The increase reflects changes in service provided to UMMS by UMB Schools. The majority of the aggregate increase relates to the School of Medicine, which has secured additional support for critical clinical faculty and faculty for new clinical initiatives.

The majority of faculty services reflected in the contract are provided at UMMS facilities at the UMB campus. The contract also includes compensation for School of Medicine faculty services at the University of Maryland Medical Center Mid-Town Campus, formerly Maryland General Hospital.

The proposed contract text will be available for review at the meeting. The contract will be reviewed and approved for form and legal sufficiency by the Office of the Attorney General before execution.

ALTERNATIVE(S): An Annual Contract incorporating the information in the attached schedule is recommended by the President of UMB, the Dean of the School of Medicine, the President of UMMS and the Chancellor. In accordance with Section 13-306, the Committee could postpone action and recommend that the Regents and Directors appoint a joint committee to review the proposed contract. This is not recommended, as UMB and UMMS have agreed upon contract terms.

FISCAL IMPACT: The fiscal impact of the Annual Contract is as specified in the attached schedule. The contract results in a net fund transfer from UMMS to UMB of \$128,823,116 in FY 2016.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend the Board of Regents authorize the President of UMB to execute the Annual Contract for FY 2016.

COMMITTEE RECOMMENDATION: _____ DATE: _____

BOARD ACTION: _____ DATE: _____

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

PAYMENTS UNDER
 FY 2014, FY 2015, and FY 2016 ANNUAL CONTRACTS
 BETWEEN UMB AND UMMS

<u>Payments to UMB</u>	<u>FY 14</u>	<u>FY 15</u>	<u>FY 16</u>
Administrative Services	\$1,350,174	\$1,413,758	\$ 1,439,758
Faculty Services:			
School of Medicine (Including Trauma)	115,626,335*	122,752,307*	126,952,949*
School of Pharmacy	820,926	871,331	1,042,131
School of Dentistry	<u>505,156</u>	<u>516,317</u>	545,582
 <u>Payments to UMMS</u>			
Space Charges	<u>(1,157,304)</u>	<u>(1,157,304)</u>	<u>(1,157,304)</u>
 NET TO UMB	\$117,145,287	\$124,396,409	\$128,823,116

* For Fiscal Year 2016, \$30,557,622 of this School of Medicine support is designated as seed support. Continuation of that seed support in FY2017 and later years is subject to annual negotiation. The School of Medicine support does not include additional funds UMMS expects to provide to support salaries of physicians who are recruited during Fiscal Year 2016 to new positions supported by UMMS.