



TOPIC: Proposed FY 2014 Contract between the University of Maryland, Baltimore and the University of Maryland Medical System Corporation

COMMITTEE: Finance

DATE OF MEETING: June 18, 2013

SUMMARY: 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 2014 incorporating the financial information reflected in the attached schedule of payments of UMMS and UMB to one another in Fiscal Years 2012, 2013, and 2014. For FY 2014, there is a net increase of \$10,578,670 in UMMS compensation to UMB. The increase reflects changes in service provided to UMMS by UMB Schools and an increase in service provided to UMMS by the UMB Office of Environmental Health and Safety. 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 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 will be reviewed and approved for form and legal sufficiency by the Office of the Attorney General before execution.

CONTRACT(S): UMMS

ALTERNATIVE(S): An Annual 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 Section 13-306, 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 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 \$117,145,287 in FY 2014.

CHANCELLOR'S RECOMMENDATION: That the Finance Committee recommend that the Board of Regents authorize the President of UMB to execute the Annual Contract for FY 2014.

COMMITTEE RECOMMENDATION:

DATE:

BOARD ACTION:

DATE:

SUBMITTED BY: Joseph F. Vivona 301.445.1923

(turn over)

PAYMENTS UNDER
 FY 2012, FY 2013, and FY 2014 ANNUAL CONTRACTS
 BETWEEN UMB AND UMMS

<u>Payments to UMB</u>	<u>FY 12</u>	<u>FY 13</u>	<u>FY 14</u>
Administrative Services	\$1,276,705	\$1,280,264	\$1,350,174
Faculty Services:			
School of Medicine (Including Trauma)	91,292,058	105,180,702	115,626,335*
School of Pharmacy	718,119	716,009	820,926
School of Dentistry	<u>457,317</u>	<u>546,946</u>	<u>505,156</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	\$92,586,895	\$106,566,617	\$117,145,287

* For Fiscal Year 2014, \$27,059,811 of this School of Medicine support is designated as seed support. Continuation of that seed support in FY2015 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 the fiscal year to new positions supported by UMMS.