

March 31, 2007

**DOWNSTATE MEDICAL CENTER
ALL FUNDS BUDGET
FINANCIAL OVERVIEW
FY 2006/07**

SUNY Downstate Medical Center is funded from multiple sources, each of which is subject to its own rules, regulations, and policies. The total projected institutional expenses within this All Funds Budget in FY 2006/07 are \$805.6 million, which includes State-supported fringe benefits, debt service, and medical malpractice. The funds that comprise Downstate's All Funds Budget, which support the educational, research, and clinical missions of the institution, are as follows:

- State – FY 2006/07 direct State support of Downstate Medical Center's four schools (the College of Medicine, School of Graduate Studies, College of Nursing, and College of Health Related Professions) equals \$68.0 million. An additional \$19.2 million in State allocation is supported by revenue from tuition, fees and fines, interest income, and other miscellaneous revenue, providing a total of \$87.2 million in FY 2006/07 State allocation. State supported fringe benefits costs (indirect support) are estimated at \$35.2 million, and when included with the State allocation, support of Downstate's four schools from the State fund equals \$122.4 million.
- State Temporary Allocations – FY 2006/07 funding totals \$1.9 million to support tuition reimbursement, fellowships, scholarships, student loans, college work study, academic equipment replacement, child care, and other programs. These monies represent University-Wide legislative appropriations in addition to State funding of the campus, as noted above.
- University Hospital of Brooklyn (UHB) – FY 2006/07 disbursements in support of Downstate's teaching hospital (376 certified adult and pediatric beds and 30 certified basinetts) are projected to be \$461.1million, which includes an estimated \$20.0 million in State-supported medical malpractice. Funds to support these expenses come from Hospital inpatient and outpatient revenue, DSH revenue, and State support.
- IFR's – Income Fund Reimbursable accounts (IFR's) are established for Downstate activities and programs that are revenue producing, self-sufficient, and support the institutional mission. The projected FY 2006/07 IFR activity, excluding the Kings County Hospital Center (KCHC) Affiliation, is \$17.7 million. Examples of IFR programs are the Continuing Education Programs, Residency Affiliations, Student Services, and library fees. In addition, Downstate provides physician services to KCHC under a limited affiliation, projected to cost \$16.0 million in FY 2006/07. The KCHC Affiliation contract provides services to KCHC in Psychiatry, Radiology, Radiation Oncology, KCHC Emergency Room, and other areas.
- Dormitories – Downstate Medical Center operates two student dormitories, consisting of 194 units/408 beds. The dormitories are self-supporting and generate rental income to support their expenses. FY 2006/07 projected expenses total \$2.6 million, with a projected closing cash balance of \$271K. These monies will be reinvested to improve the dormitories.
- Endowment – Downstate Medical Center's endowment funds are invested centrally at SUNY-Buffalo and its principal is valued at \$51.3 million (Dec 31, 2006). In FY 2006/07, \$5.3 million is budgeted for expenses that support the institutional mission, which include funding for scholarships and class

prizes, the library, curriculum needs, information systems improvements, facilities enhancements in support of student life, and support of College of Medicine chair recruitment needs.

- Research Foundation - The Research Foundation is a non-profit organization that was established by State law to provide a framework to conduct research at the State University and its campuses. The Research Foundation at Downstate is projected to expend \$51.4 million from research grant funding and indirect research overhead revenue in FY 2006/07 in support of the Center's research mission. The sources of these research grants include the National Institute of Health (NIH), the State of New York, the City of New York, and private corporations.
- University Physicians of Brooklyn (UPB)/Clinical Practice Management Plan (CPMP) – Approved by Article 16 of the Board of Trustees policies, the CPMP was established in 1984 to manage practice income generated by the physicians. The Plan was consolidated into one 501c3 corporation under University Physicians of Brooklyn starting January 2003. UPB disbursed \$59.3 million in CY 2006, and is projected to expend \$66.9 million in CY 2007 in support of physician services and practice related expenses.
- Health Science Center at Brooklyn (HSCB) Foundation – The HSCB Foundation is a non-profit organization, whose revenues are derived from contributions and other sources. The purpose of the Foundation is to promote, encourage and support Downstate Medical Center. The HSCB Foundation is projected to expend \$5.3 million for FY 2006/07. HSCB Foundation funds support faculty recruitment, consulting, scholarships, community relations, academic programs and other institutional needs.
- Faculty Student Association (FSA) - The FSA is a non-profit organization that manages the auxiliary services of the institution, including the bookstore, the gift shop, TV rentals in the Hospital, vending machines, the theatre ticket office, Student Councils, and other campus organizations. The FSA is projected to expend \$0.9 million for FY 2006/07.
- Graduate Research Initiative (GRI) Capital – In the past, SUNY has received legislative appropriations for a pool of GRI capital funds for use by appropriate campuses. The purpose of these appropriations was to support the research enterprise through the purchase of research equipment and the renovation of research space in order to leverage additional non-State research monies. These funds required a 1:1 campus match from non-State sources and the funds continued as campus allocation across several fiscal years. Downstate received \$6.9 million in GRI Capital funds from FY 93/94 through FY 02/03, with \$1.8 million in projected expenses in FY 2006/07.
- Downstate Technology Center Inc.(DTCI) – Downstate Technology Center Inc. was established to be the cornerstone of Brooklyn's initiative to nurture biotechnology research and development. The Biotech Incubator offers start-ups and early-stage biotech companies 400-3,000 sq.ft. wet/dry lab and office space with convenient access to Downstate's facilities and amenities. In addition to creating a vibrant, entrepreneurial environment for Incubator tenants, the program's goals include the development of additional space for companies that need 4,000-30,000 sq. ft. and conversion of Brooklyn's manufacturing space for biotech use, job training programs for scientists and technicians, and high school course development programs in biotechnology for high school teachers. Projected operational costs for FY 2006/07 are \$0.8 million.
- KCHC Direct – A large number of physicians providing clinical services at KCHC are Downstate faculty members, with projected salary and fringe benefit costs totaling \$49.3 million in FY 2006/07 for these Downstate faculty members. The importance of this funding source is Downstate's ability to recruit and retain faculty, with their direct KCHC salary being a component of their overall

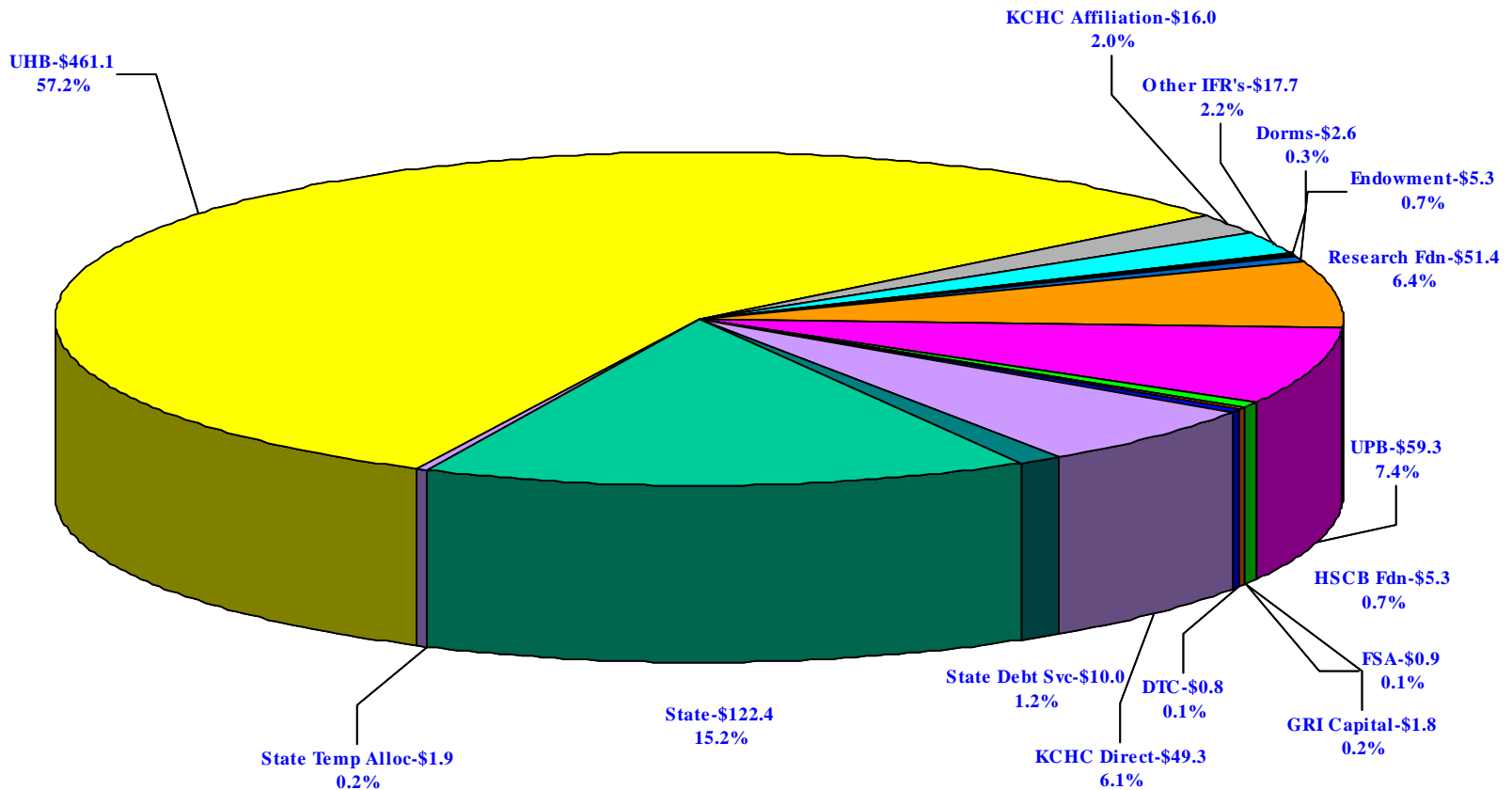
compensation package. The other components include funding from the State, University Hospital of Brooklyn (UHB), University Physicians of Brooklyn/Clinical Practice Management Plan, the Research Foundation, and other affiliations.

- State Debt Service – Represents debt service paid by New York State on behalf of Downstate Medical Center for capital construction projects related to the State Purpose Fund. It is estimated that the debt service payment on behalf of Downstate is \$10.0 million in FY 2006/07. This excludes Hospital Debt Service, which is paid by UHB, and Dormitory Debt Service, which is paid by the Dormitory Fund.



SUNY DOWNSTATE Medical Center

FY 2006/07 BUDGETED EXPENSES \$805.6 Million



(\$ Millions)

Includes Estimated State Supported Fringe Benefits, Debt Service, & Medical Malpractice