Testimony from
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before the
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Thank you Chairwoman Gordon and committee members for the opportunity to speak with you today about the University of Kansas Medical Center’s budget. As the only academic medical center in the state, we strive to serve Kansas through excellence in education, research, and patient care.

KUMC State General Fund budget.

Our current FY 2011 base budget stands at $107 million. I am grateful that Governor Brownback’s budget did not make additional cuts as the budget for the medical center is now $14.4 M below the FY 2009 levels. Because state funding is a large percentage of KU Medical Center’s overall budget, increases in student tuition cannot make up these reductions. To put this number in perspective, the entire operating budget of the KU School of Medicine –Wichita is approximately $15.6 million, our School of Nursing’s budget approximately $8.5 million, and our School of Allied Health’s budget approximately $8.5 million. In addition to the budget cuts from the last two years, our faculty and staff have not received pay increases for three years and will pay an additional 8 percent for their health insurance premiums in 2011. As an agency, KU Medical Center will pay an additional 15 percent for health insurance premiums for our employees.

To manage these cuts, KU Medical Center has made substantial changes, some of which are not sustainable. Our priorities when facing budget cuts have been to minimize the impact on our students, on our cancer program, on programs that yield external funding and on campus safety. We have eliminated 137 positions, some of which have been faculty, and have shifted 581 positions to other sources of funding, like clinical revenue. This shift in funding is not sustainable in the long term, particularly in light of anticipated changes as a result of the federal health reform.

In addition to the overall cuts faced by KU Medical Center, one of our most successful programs to train physicians for rural Kansas – the Kansas Medical Student Loan – has also faced fiscal cuts in the past two years. As more students are meeting their loan obligations by practicing in rural areas rather than through repayment, this popular program’s repayment fund is shrinking. This, combined with reductions in state support, means that within two years we will need to reduce the number of students participating in the most reliable program for placing physicians in rural Kansas. Similarly, our nursing class enrollment has been limited due to faculty reductions. This year, School of Nursing enrollment for entry-level undergraduate students is
down to 100 slots from 120 in 2009. We had approximately 400 applicants for those 100 slots, a majority of them being Kansans.

**Economic Impact of KUMC**

As you may know, the economic impact of KU Medical Center reaches every corner of our state. In 2010, our research faculty attracted more than $100 million in external funding. Our clinical faculty generated more than $180 million for outpatient care. And because our faculty physicians provide the inpatient care offered at The University of Kansas Hospital, we were integral in helping the hospital earn a record $805 million in fiscal year 2010. A recent study valued the Wichita School of Medicine campus’ annual impact on the local economy at $49 million. With the expansions of the medical school and the KU School of Pharmacy, the economic impact in Wichita is expected to reach $80 million by 2015. All of this activity is in addition to our diligent work toward achieving the University’s top priority – earning National Cancer Institute designation. We are on track to apply for that prestigious designation in September of this year. If granted, NCI designation is estimated to generate an additional $1.3 billion for the Kansas economy.

**Training Physicians for our Kansas**

Every year, our institution trains more than 3,200 students in the fields of medicine, nursing, allied health, and graduate studies. Many of these health care professionals choose to practice in Kansas after graduation. According to a recent study published in *Annals of Internal Medicine*, our School of Medicine ranked 5th out of 141 medical schools in the nation when it comes to meeting its social mission of training physicians for our state and region. Our high placement in this study reinforces our success and commitment to producing health care professionals for our state.

Educating and training health providers for Kansas is particularly important as we confront significant health care workforce challenges. We are facing severe physician and nurse shortages, as well as shortages in other health professions like physical and occupational therapists. These challenges will only become more difficult as our population ages and the number of insured individuals increases.

**Expanding our Education Mission in Wichita and Salina**

We have employed strategies to raise the KU School of Medicine’s national profile among medical schools, such as modernizing the school’s curriculum and expanding our class sizes in Wichita and Salina programs to provide additional physicians for Kansas. Expansion of these programs would not have been possible without KU’s strong partnerships in both communities.

The Wichita expansion will provide students with the opportunity to spend all four years of their undergraduate medical education on the Wichita campus, with plans to eventually increase graduating class size from the current 55 to 75 over the next several years. As a community-based campus, the KU School of Medicine –Wichita partners with the Robert J. Dole VA Medical Center, Via Christi Health and Wesley Medical Center, as well as more than 900
volunteer faculty members in Wichita and throughout the state. Discussions are underway to share resources, such as lab space and personnel with Wichita State University and possibly Newman University, as well as the KU School of Pharmacy-Wichita. With a $5 million fundraising goal, the Wichita campus has already received $2.8 million in gifts and commitments from the Kansas Health Foundation, Via Christi Health, Wesley Medical Center, prominent alumni and many more. A group of medical, business, and civic leaders who are supportive of the KU School of Medicine-Wichita expansion has recently been formed – 4-Wichita – and will educate the community, region and state on the benefits of the Wichita campus expansion.

In Salina, the KU School of Medicine is building on its highly successful Rural Track program and 12-person Smoky Hill residency program, by admitting students to complete all four years of medical training in Salina. William Cathcart-Rake, MD, FACP, has been named director of the KU School of Medicine-Salina. This unique branch of our medical school, designed to increase the number of students entering rural practice, may end up being a model for other states experiencing shortages of primary care physicians in rural areas. Each class of eight students will receive training in space provided by the Salina Regional Health Center. Technology will aid the program’s curriculum – lectures will be available via interactive television and podcasts, and web-based systems will support laboratory components. KU has partnered philanthropically in Salina with the Salina Regional Health Foundation, the Salina Regional Health Center and local prominent alumni, and has established a KU School of Medicine–Salina Dean’s Club. Salina Regional Health Center has donated renovated space for the program to operate, and KU will also partner with Kansas Wesleyan University to operate anatomy labs.

**Leveraging State General Funds to Secure Research Funding**

In 2010, our researchers were awarded more than $100 million in grants, the largest amount in school history. This innovative expansion for education and growth in research funding positions us to meet our goal to increase KU Medical Center’s national ranking. Nearly all faculty recruited to the medical center either bring research dollars with them or are hired with the expectation that they will receive grant funding within three years to support their own salaries. Although we are attracting a record number of grant dollars, it is important to recognize the role state general funds play in helping us fulfill our research mission. We are often able to leverage those dollars to obtain additional external funding.

**Progress on NCI Designation**

The University of Kansas declared National Cancer Institute (NCI) designation to be our top research priority in 2005. Since then, we have made significant progress toward that goal, nearly tripling our total NCI funding from $4.1 million to $11.8 million in 2011. Overall, total cancer-related research from all sources now stands at $36.2 million. In September 2011, the University of Kansas will apply for NCI designation. The NCI Cancer Center program is the gold standard for cancer institutes across the country. National Cancer Institute designated Cancer Centers are recognized for their scientific excellence and are awarded a Cancer Center grant through a rigorous peer-review process. They are a major source of discovery and development of more effective approaches to cancer prevention, diagnosis, and treatment. Since FY 2007, the Kansas legislature has passed an annual $5 million appropriation directed to the NCI effort. The University of Kansas Cancer Center has also partnered with the Kansas Bioscience Authority
(KBA), to develop state-of-the-art facilities and to recruit world-class scientists. To date, the KBA has provided critical support to the cancer center for its recruitment and expansion efforts, allowing renovation of the laboratories within the Kansas Masonic Cancer Research Institute, where 37 researchers and teams will be housed when the $34 million project is complete in 2012. The Johnson County Education and Research Triangle (JCERT) sales tax for higher education will allow KU to open its new Clinical Research Center, a 77,000 square foot building in Fairway, Kan., a year from now.

Summary

As a public institution of higher education, serving Kansas is our top priority. We continue to work to improve our state’s health care workforce and to be an economic driver by conducting groundbreaking research. Sustaining this progress depends on the state’s continued commitment to and investment in KU Medical Center. Thank you again for the opportunity to be here today, and I will stand for questions from the committee.

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KU School of Medicine’s ranking relied on: our ranking of 8th nationally for the percent of graduates practicing in Health Professionals Shortage Areas (HPSAs); rank of 15th nationally for the percent of graduates who actually practice in primary care; rank of 17th nationally for the ratio of underrepresented minorities enrolled (comparing total number of minorities in the school to total number of minorities in the state).