CentraCare™

CentraCare – Academic Affiliation Update

March 27, 2025

"The Why" for Our Community

Rural residents are **older and sicker,** and at greater risk of chronic diseases and **have less access to health care.**

Of the 8,300 health professional shortage areas (primary care):

- 2 of 3 are in rural areas
- 219 are in Minnesota
- Pediatricians, Psychiatrists, General Surgeons, and Obstetrics/Gynecology are in short supply

The median age of Rural Minnesota physicians is 58 and **33% plan to leave the profession within 5 years**

Academic Affiliations – Tripartite Mission

Research
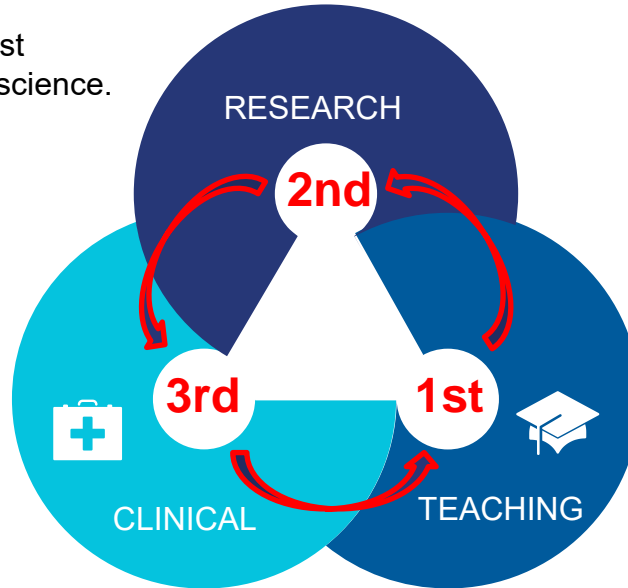Discovering the latest breakthroughs in medical science.
- **Basic Science**
- **Clinical Research**

Clinical
Providing high quality, innovative care with excellent outcomes.
Examples:
- **Orthopedics**
- **Gynecology/Oncology**

Teaching
Training the next generation of world-class clinicians and academics.
- **Undergraduate Medical Education (Medical School)**
- **Graduate Medical Education (Residency/Fellowship Program)**

RESEARCH

2nd

3rd

1st

CLINICAL

TEACHING

$10M State Grant Appropriation

Funding guidelines:

"$10,000,000 the first year is for programs at the University of Minnesota Medical School Campus on the CentraCare Health System Campus in St. Cloud. This appropriation may be used for tuition support, including a scholarship program targeted at students who will practice in rural areas and targeted at students from diverse backgrounds; costs associated with opening and operating a new regional campus; costs associated with the expansion of a residency program; and costs associated with starting and operating a rural health research program. This appropriation is available until June 30, 2027, and must be spent on for activities on or associated with the CentraCare Health System Campus in the greater St. Cloud area. This is a onetime appropriation."[1]

Grant Fund Oversight
- Budget plan and proposed spending from the grant are the responsibility of the RHAA Finance Subcommittee.
- Funds are held at the University and requests will be made on an annual basis in arrears for reimbursement of approved expenses.
- The first request for reimbursement will be made in July 2025, for expenses incurred in F2024 and F2025.

RHAA Financial Operating Guidelines

- Leaders shall operate within the parameters of the budget endorsed by the Finance Committee and approved by the Governance Committee.

- The approved budget shall be comparable to the budgets of the Twin Cities and Duluth campuses, adjusted for differences in enrollment.

- The Academic Affiliation financial performance will be presented on a combined basis, including both University-based and CentraCare-based transactions.

- Any material changes shall be approved by the Dean of the Medical School and the CEO of CentraCare at the recommendation of the Governance Committee.

- Expenditures that will require endorsement by the Finance Committee and approval by the Governance Committee will include:
  - Any FTE additions or increases in FTE, regardless of whether they are in the budget
  - Current year expenses that cannot be covered within the approved budget and are in excess of 5% of the total budget.
  - Current year expenses that will also impact future years and are not in the pro forma F2026 budget.
  - Financing plans to offset the impact of compensation changes that were approved by Human Resources and Leadership

Finance Subcommittee Members: Bill Siebert (UMMS), Mike Blair (CC), Tammy Price (UMMS), Andi Smart (CC)

$10M State Grant Appropriation

Strategic priorities:

- Regional Medical School:
  - Costs specific to opening the campus, such as LCME accreditation, promotional materials, recruitment of students & faculty, etc.
  - Salaries of CentraCare medical school administration
  - UMMS resources dedicated to the CentraCare campus project
  - Fund start-up costs, such as faculty hired before the school opens
  - Cost of training CentraCare physician preceptors
- Residency program:
  - Salaries and support costs for residency program administration
  - CentraCare physician preceptors' compensation & training costs
  - Residents' salaries & benefits not covered by MERC and DME
  - Facility renovations needed to expand key residency programs
- Scholarship funds not covered by philanthropy
- Research Institute:
  - Salaries & support costs for CentraCare research administration
  - UMMS resources dedicated/allocated to the CentraCare Rural Research Institute
  - Potential consulting costs to create the Rural Research Institute organizational and governance structure

Detailed spending to date

Combined UME St. Cloud Budget	2024
Other Expenses	Committed Expense
Building IT Structure	$ 83,722
Admissions Technology	14,219
Student Information System	19,942
Course Evaluation System	22,646
Curriculum Mapping Tool	26,915
Faculty Development	$ 31,713
Faculty Development Lead	29,450
CME Accreditation	2,263
Admissions	$ 39,500
Adminitrative Coordinator (LCME and process planning)	39,500
Total Expenses	$ 154,935
Net Income (Deficit)	$ (154,935)

Combined UME St. Cloud Budget		2025
Salaries, Wages and Benefits	FTE	Committed Expense
Total FTEs/Salary Expense	10.3	$ 1,239,119
Site Director Stipends		$ 240,529
Preceptor Pay		250,975
Total Salaries, Wages and Benefits	10.3	$ 1,730,623
Other Expenses		Committed Expense
Supplies and General		$ 3,885
Other General and Administrative		18,355
IT Costs (Technology & Equipment)		21,851
CME		6,188
Total Other Expenses		$ 50,279
Rent and Leases		$ 113,000
Total Expenses		$ 1,893,902
Net Income (Deficit)		$ (1,893,902)
Deficit Funded by Grant		$ (1,780,902)

Deficits for F2024 and F2025 will be reimbursed through the $10M grant

F2025 FTEs

Regional Campus Dean
Financial Support
HR Support
Regional Campus Manager
Coordinator, Foundations Curriculum, SC
Coordinator Clinical Immersions and Transitions, SC
Learning Specialist
Regional Campus Assistant Dean for UME
Financial Aid - counselor
St Cloud Campus Admissions Director (staff)
Tuition Allocation
Anatomy Lab Educator
IT Pro
M Sim Costs
Adminitrative Coordinator
Anatomy Instructor

Detailed planned spending (F2026-F2027)

F2026 grant spend, totaling $5,851,164 will include:

- $533,333 in scholarships (consistent with other campus scholarship programs)
- $2,497,997 UME programmatic deficit
- $1,932,834 for facility renovation needed to expand Family Medicine residency program
- $1,000,000 in start-up costs for Research program at CentraCare Campus, to fund salaries and support need to stand up a research institute as well as UMMS resources dedicated to the CentraCare Research Institute.

F2027 grant spend, totaling $2,100,000 will include:

- $1,066,667 in scholarships (consistent with other campus scholarship programs)
- $533,333 UME programmatic deficit
- $500,000 in start-up costs for Research program at CentraCare Campus, to fund salaries and support need to stand up a research institute as well as UMMS resources dedicated to the CentraCare Research Institute.

Combined UME St. Cloud Budget		2026				
					Funding Sources	
						CentraCare
Revenue		**Committed Revenue**		**$10 Grant**		**Subsidy**
Tuition		$ 689,000		$ 533,333	$	155,667
Student Fees		6,000				6,000
Total Revenue		$ 695,000		$ 533,333	$	161,667
Salaries, Wages and Benefits	**FTE**	**Committed Expense**				
Total FTEs/SWB	10.3	$ 2,076,603		$ 2,076,603	$	-
Site Director Stipends		$ 437,250		$ 437,250	$	-
Preceptor Pay		530,511		368,844		161,667
Total Salaries, Wages and Benefits	**10.3**	**$ 3,044,364**		**$ 2,882,697**	**$**	**161,667**
Other Expenses		**Committed Expense**				
Supplies and General		$ 133,075		$ 113,000	$	20,075
Other General and Administrative		180,503				180,503
IT Costs (Technology & Equipment)		35,000		35,000		-
CME		3,000				3,000
Total Other Expenses		**$ 351,578**		**$ 148,633**	**$**	**202,945**
Rent and Leases		$ 450,000			$	450,000
Total Expenses		**$ 3,845,942**		**$ 3,031,330**	**$**	**814,612**
Net Income (Deficit)		**$ (3,150,942)**		**$ (2,497,997)**	**$**	**(652,945)**

$10M State Grant Appropriation – Spend Summary

St. Cloud Budget for State Appropriation of $10M				
	F2024	F2025	F2026	F2027	Total
Scholarships	$ -	$ -	$ 533,333	$ 1,066,667	$ 1,600,000
Med School Startup	154,934	1,780,902	2,497,997	533,333	4,967,166
Residency Programs			1,932,834	-	1,932,834
Research Institute		-	1,000,000	500,000	1,500,000
	$154,934	**$1,780,902**	**$5,964,164**	**$2,100,000**	**$10,000,000**