

Summary of VA Support for New Medical School*

The grant application requests \$25,058,841 over 7 years from the Veterans Administration.

\$19,786,041 of this total is for operating costs, comprising equipment, supplies and an annually decreasing proportion of faculty salaries.

\$5,272,000 of the total is for building renovations and alterations.

The buildings it is proposed to lease are permanent buildings of the present hospital and will be immediately adjacent to the new hospital. No new construction is planned for the school.

In addition to the VA hospital, it is proposed to utilize Moncrief Army Hospital, Richland Memorial Hospital and the William S. Hall Psychiatric Institute for clinical teaching.

During the seven years of VA support the proportion of State support for annual operating costs will range from 8 - 31% per year.

After VA support ceases the State proportion of operating costs will not exceed 48%.

During the first ten years of operation of the school the State will be expected to furnish 36% of the total operating costs and no construction funds.

*Prepared by the University of South Carolina, March 1974.

OPERATING COST OF A MEDICAL SCHOOL ESTABLISHED

With
V.A. FUNDING (PL 92-541)

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1. The cost of the educational program
2. The cost of hospital and clinic support, including residency programs.

It is difficult to estimate the hospital and clinic costs, which vary with the individual hospital. Programs in nursing, pharmacy and allied health are offered in a variety of educational settings in South Carolina without support costs for the hospitals or other clinical facilities used for clinical education experience being a charge against the educational institutions. The State's College of Dental Medicine at the Medical University has its own clinics, which are separate from the hospital. However, the MUSC hospital, the primary center for clinical experience for medical students, is supported by state funds as a charge against the budget of the Medical University. This state support of hospital and clinics in MUSC budget, related to the academic budget of the College of Medicine, provides a realistic projection of the hospital and clinic budget required by a second medical school.

MUSC state appropriation for:

	<u>1972-73</u>	<u>1973-74</u>
(i) College of Medicine Academic Divisions*	\$ 5,902,018	\$ 7,599,014
(ii) Hospital and Clinics	<u>6,964,647</u>	<u>7,442,505</u>
TOTAL	12,866,665	15,041,519
Hospital and Clinics as % of total	54.13%	49.48%

*This figure not required to be separately provided to B.& C.B. before 1972-73.

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In developing a budget for the operational cost of a second medical school it is reasonable to expect that the hospital and clinic costs will approximately

equal the academic costs when there are students in clinical years. Hospital and clinic costs are included in the budget from the second operating year (the year of the first student class) since clinical teaching should begin as early as possible and should supplement basic science teaching as appropriate.

In estimating funds received from tuition and fees, the current in-state charges at MUSC have been used.

It should be noted that the only specific source of income shown is that derived from tuition and fees. Other sources of income regularly available to medical schools are as follows:

- recovery of indirect costs on contracts and grants
- endowment income
- gifts and grants (especially capitation grants)
- income from services

These sources of income would increase with the passage of time and in some cases could be considerable before funding under PL 92-541 ceased.

Medical School Operating Costs

Note: All salaries include 14% fringe benefits. All amounts are in 1973 dollars.

First Year

Academic Division

Faculty salaries	629,889	(566,900 Federal, 90%)		
Other salaries	167,466			
Equipment & Supplies	4,044,301	(Federal)		
Other operating expenses	<u>160,758</u>			
	5,002,414	State	391,213 = 7.82%	
		Federal	4,611,201 = 92.18%	

Second Year 32 students

Academic Division

Faculty salaries	1,148,156	(1,033,340 Federal, 90%)		
Other salaries	380,093			
Equipment & Supplies	627,299	(Federal)		
Other operating expenses	344,249			
Hospitals and Clinics	<u>500,000</u>	Tuition & Fees	32,000 = 1.07%	
	2,999,797	State	807,158 = 26.91%	
		Federal	1,660,639 = 55.36%	
		Hospitals & Clinics	500,000 = 16.67%	

Third Year 32 + 32 students

Academic Division

Faculty salaries	1,564,337	(1,407,903 Federal, 90%)		
Other salaries	485,828			
Equipment & supplies	666,154	(Federal)		
Other operating expenses	411,013			
Hospitals and Clinics	<u>500,000</u>	Tuition & fees	64,000 = 1.76%	
	3,627,332	State	989,275 = 27.27%	
		Federal	2,074,057 = 57.18%	
		Hospitals & Clinics	500,000 = 13.78%	

Fourth Year 32 + 32 + 64 students

Academic Division

Faculty salaries	2,201,141	(1,760,913 Federal, 80%)
Other salaries	791,183	
Equipment & supplies	858,713	(Federal)
Other operating expenses	566,981	
Hospitals and Clinics	<u>1,000,000</u>	Tuition & fees 128,000 = 2.36%
	5,418,018	State 1,670,392 = 30.83%
		Federal 2,619,626 = 48.35%
		Hospitals & Clinics 1,000,000 = 18.46%

Fifth Year 32 + 32 + 64 + 96 students

Academic Division

Faculty salaries	2,686,572	(1,880,600 Federal, 70%)
Other salaries	1,131,190	
Equipment & supplies	952,137	(Federal)
Other operating expenses	722,009	
Hospitals and Clinics	<u>3,500,000</u>	Tuition & fees 224,000 = 2.49%
	8,991,908	State 2,435,171 = 27.08%
		Federal 2,832,737 = 31.50%
		Hospitals & Clinics 3,500,000 = 38.92%

Sixth Year 32 + 64 + 96 + 112 students

Academic Division

Faculty salaries	3,143,164	(1,885,898 Federal, 60%)
Other salaries	1,380,363	
Equipment & supplies	1,093,988	(Federal)
Other operating expenses	874,232	
Hospitals and Clinics	<u>5,500,000</u>	Tuition & fees 304,000 = 2.54%
	11,991,747	State 3,207,861 = 26.75%
		Federal 2,979,886 = 24.85%
		Hospitals & Clinics 5,500,000 = 45.86%

Seventh Year 64 + 96 + 112 + 112 students

Academic Division

Faculty salaries	3,753,315	(1,876,658 Federal, 50%)
Other salaries	1,612,584	
Equipment & supplies	1,132,037	(Federal)
Other operating expenses	1,009,606	
Hospitals and Clinics	<u>6,500,000</u>	Tuition & fees 384,000 = 2.74%
	14,007,542	State 4,114,847 = 29.38%
		Federal 3,008,695 = 21.48%
		Hospitals & Clinics 6,500,000 = 46.40%

Eight Year 96 + 112 + 112 + 112 students

Academic Division

Faculty salaries	3,753,315		
Other salaries	1,612,584		
Other operating expenses	1,941,643		
Hospitals and Clinics	<u>7,150,000</u>	Tuition & fees	432,000 = 2.99%
	14,457,542	State	6,875,542 = 47.56%
		Hospitals & Clinics	7,150,000 = 49.46%

Ninth and Subsequent Years 112 students in all four years

Academic Division

Faculty salaries	3,753,315		
Other salaries	1,612,584		
Other operating expenses	1,941,643		
Hospitals and Clinics	<u>7,150,000</u>	Tuition & fees	448,000 = 3.10%
	14,457,542	State	6,859,542 = 47.45%
		Hospitals & Clinics	7,150,000 = 49.46%

Total operating cost for
first ten years

\$95,411,384

Tuition & fees	2,464,000 = 2.58%
State	34,210,543 = 35.86%
Federal	
(7 yrs.)	19,786,841 = 20.74%
Hospitals & Clinics	38,950,000 = 40.82%