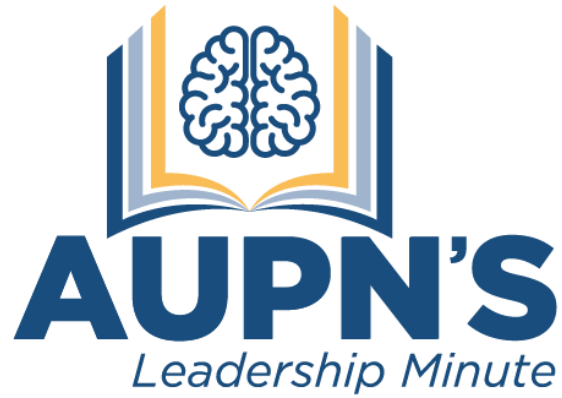
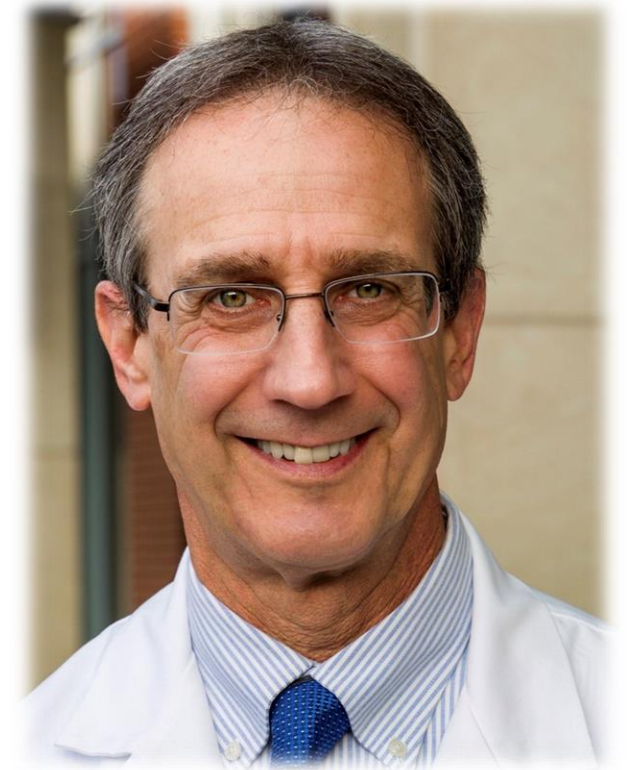




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*Financial Planning & Budgeting  
- Best Practices*



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## Leadership Minute Podcast Episode Description

- Provide general considerations for budgeting
- Recognition that every department is different
- Provide specific examples

# Budgeting Depends on Funds Flow Model

Model	Description
Make hole	End of the year deficit, if present, is covered by the health system/college
Pay for production	Department is paid a specified amount by the health system, usually in dollars per wRVU or other pure clinical activity–based metric
Value	The department is paid for a defined, transparent value it brings to the enterprise
Contribution margin	The health system pays mainly for profitable services, and growth is supported and encouraged for these selected activities.

# Budgeting Process Institutionally Determined

- Unified college/health system
- Separate college/health system
- Public vs. private
- Department vs. service line

# Revenue Sources and Expenses

## Revenue Examples

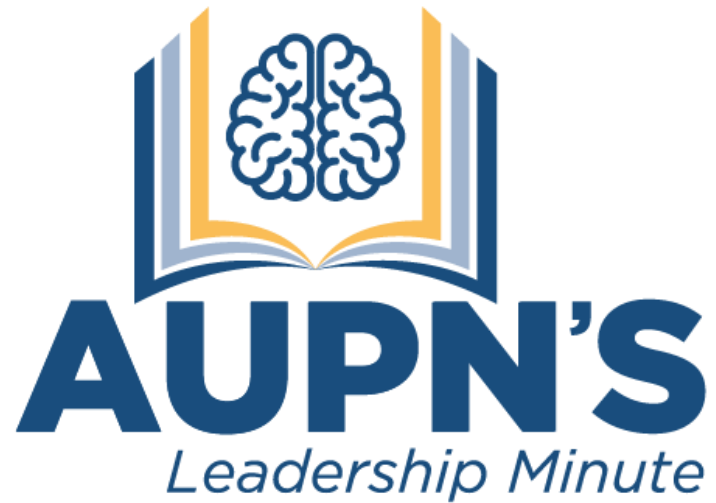
- Clinical activity
- Research
- Educational programs
- Endowments
- New philanthropy

## Expense Examples

- Salaries & Bonuses
  - Faculty
  - Other providers/trainees
  - Staff
- Recruitment
- Roles
- Space
- Taxes
- Faculty development
- Cost share

# Margin Examples

- Academic/ education bonus
- Wellness activities
- Research incentives/ programs
- Reserves



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