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**Request to Amend the School of Medicine Dean's Guidelines
(circa 2002)**

Recommendation:

The Administration requests the Board of Governors amend Board of Governors policy adopted in 2002 and popularly known as the 'School of Medicine Dean's Guidelines' with respect to the payment and uses of the Dean's Tax.

Background:

The 'Dean's Guidelines' define the criteria under which a clinical practice group is 'recognized' by the School of Medicine. Although initially a policy within the School of Medicine, it has since 2002 been a policy of the Board of Governors.

Among the requirements of the Dean's Guidelines is that a practice group must remit to the Fund for Medical Research and Education a percentage of its net clinical revenues. Historically, the requirement has been 8.7%, (the 'Dean's Tax') of which 2/3 was returned to the clinical department within the School of Medicine with which the practice group is associated.

The School of Medicine is in the end of its first year of a three year turnaround process. It is clear that this arrangement, while effective for a number of years, has more recently contributed to the deficits suffered by the FMRE, and indirectly, the School of Medicine. Management of the School of Medicine, FMRE, and Wayne State University Physician Group (UPG) have independently and collectively created a reformed FY2017 integrated budget process. This newly integrated approach more allows for establishing a new Dean's Tax rate based on a yearly budgeted amount for the School of Medicine's needs and requirements, and eliminates the previous practice of the FMRE receiving funds from clinical groups and then repaying a portion of them to the associated clinical department.

For FY17, the amount of the Dean's Tax 5% of net collections and other revenues generated as a result of clinical services provided. Concurrently, the FMRE's embedded costs have been reallocated to the appropriate cost center(s) inside the School of Medicine or the related clinical service group (whichever may be the appropriate case).

Proposed Amended Language:

If the Board adopts the proposed revision, the following changes would be made:

4.1 Required Payments to FMRE. Except to the extent waived or modified by the Dean in accordance with Section 4.2 of these Guidelines, each Service Group shall remit to FMRE **a yearly budgetary approved percentage** to the University and School of Medicine of its Net Professional Service Collections realized from Professional Services and other revenues generated as a result of clinical services provided at all Practice Sites. Such payments shall be made to FMRE at the times provided in the Implementation Agreement. ~~**Except as provided in Section 4.2 of these Guidelines, FMRE will allocate one-third (1/3) of the payments from each Service Group to the FMRE Dean's fund and two-thirds (2/3) of the payments to the FMRE research and education fund for the clinical department of the School of Medicine in the Service Group's medical specialty.**~~