

Department of Pediatrics Financial Update *Academic Fiscal Year 2027*

Dr. Leslie R. Walker
Chair, Department of Pediatrics

Tim Appel
Director of Finance, Department of Pediatrics

Agenda



- Mission Statement and Mission Moment
- Department Funding Overview and Updates
- Panel Discussion and Q&A Period
- Closing Remarks

Logistics and Housekeeping

Questions:

- Questions submitted prior to today via the online form will be addressed during the presentation and Q&A. *Please note: The online form will not be monitored during the Town Hall.*
- To ask a question during the presentation:
 - If you are online, please use the chat function of the webinar and we will address the question during the Q&A.
 - If you are in-person, during the Q&A please raise your hand and we will bring a microphone to you.

Materials and Resources:

- We will record this Town Hall and distribute it, along with the slides, in PedsNews next week.

Land Acknowledgement



UW Pediatrics recognizes the traditional, unceded lands of the many Indigenous communities and tribes our facilities occupy across the Washington, Wyoming, Alaska, Montana, and Idaho regions. UW Pediatrics honors with deep gratitude the land itself, and the people and tribes, past and present, who have called the land home.

This acknowledgement does not take the place of authentic relationships with Indigenous communities but serves as one way to honor the land we are on.

Department of Pediatrics Mission



Through excellence, innovation, and collaboration, we will improve the health of all children and adolescents and reduce inequities by educating the pediatric and physician leaders of the future, advancing research, advocating for children, and providing the nation's best primary and specialty pediatric clinical care. In partnership with our health care and academic institutions, we are committed to a diverse and inclusive department in which faculty, staff, and trainees can reach their personal and professional goals in a collegial environment.

Mission Moment

What does the UW Pediatrics residency program mean to you?

It feels like home to me because of how it has supported me through all the phases of my life. Coming into residency, I was an eager learner wanting to explore Seattle, and there were people willing to do running clubs, book clubs, and go to social events. After I started a family, there were co-residents, fellows, and attendings who were there to support me on that journey, not only with food and emotional support, but also with items and things I didn't even know I needed. They offered me grace to explore the clinical environment with a newborn on board.

- Coral Dauparas, MD, Pediatric Executive Resident



QUESTION:

What is the Department of Pediatrics and how is it funded?

UW Pediatrics Workforce



Total Faculty: 1,569
Paid Faculty: 696
Affiliate Faculty: 873



Residents & Fellows: 213
Trainees: 11
Student Employees: 34



Staff: 228
*Includes Research Scientists, UW Employed
Administration & IHDD Staff.*

** Trainees: Postdoctoral Scholars*

*** Numbers Updated in April 2026*

Expense Accountability



All faculty, trainee, and department staff compensation and funding

GME program expenses

- Residency program & fellowship programs

Department administrative and operational expenses

Faculty professional development funds

Revenue Sources



Clinical Revenue

Institutional Support from the Seattle Children's and UW Medicine

For example: Medical Direction

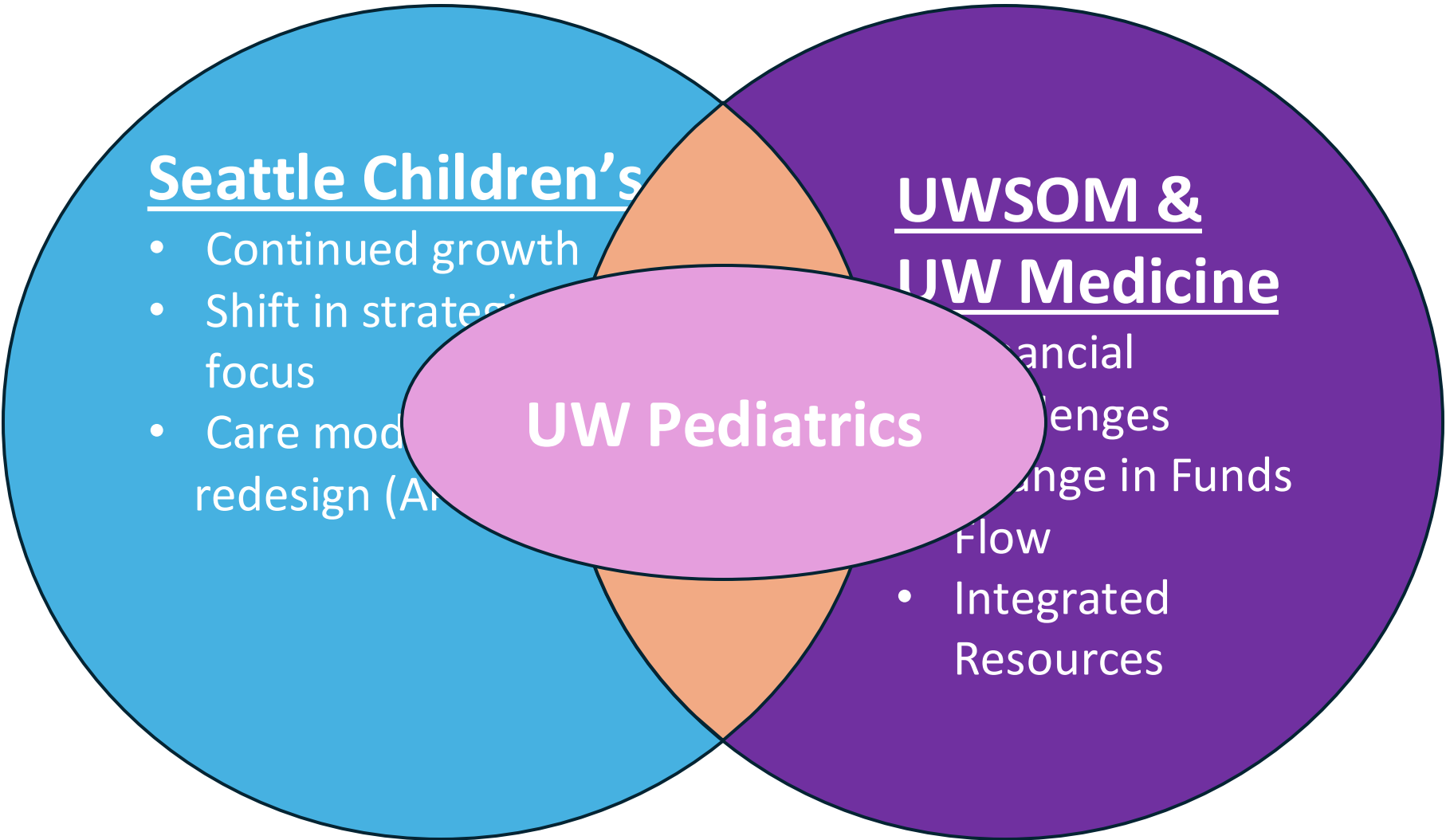
Grants and Contracts

State Appropriations

Gifts and Endowments

Financially Integrated and Interdependent

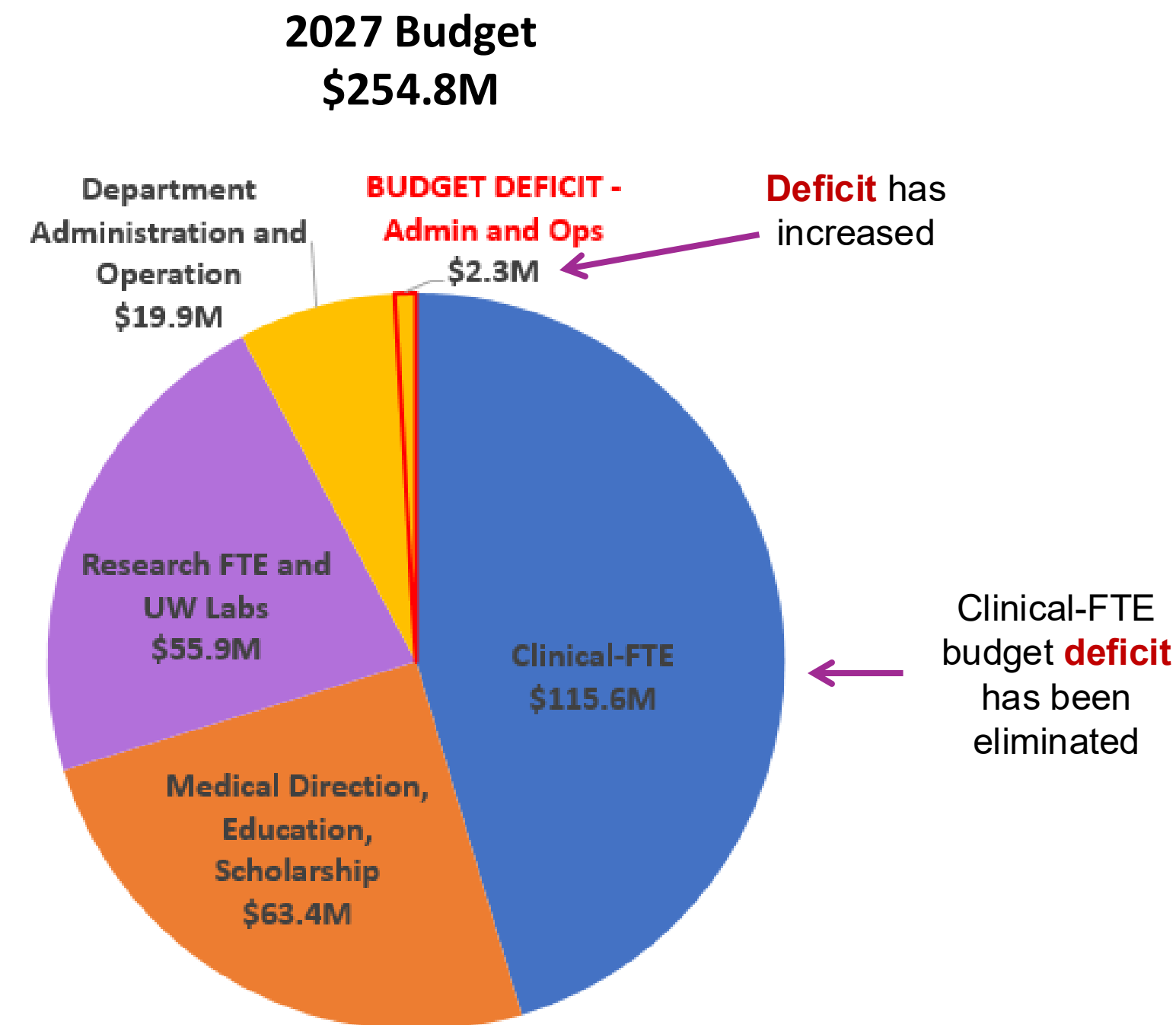
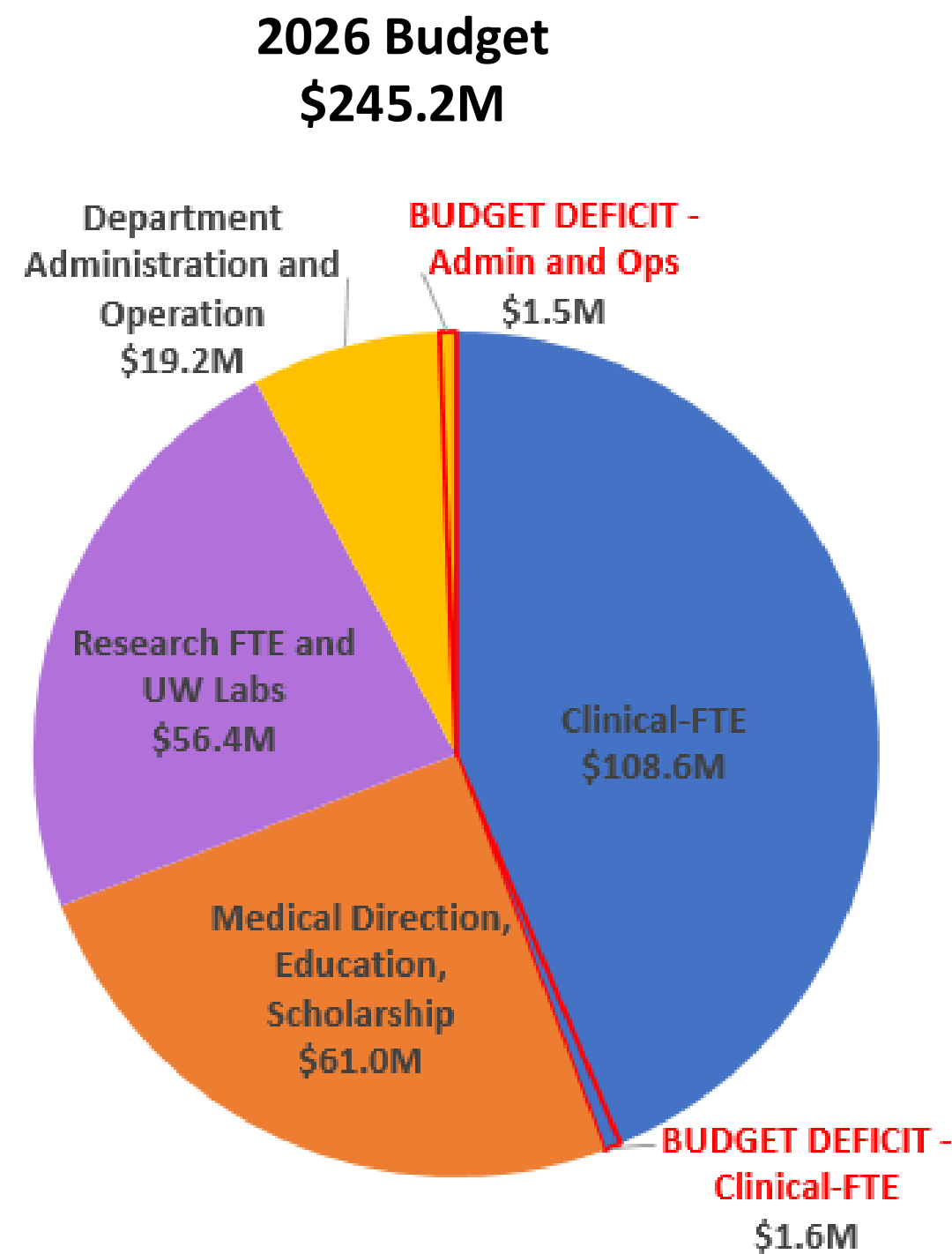
We are an organization within a multi-institution system.



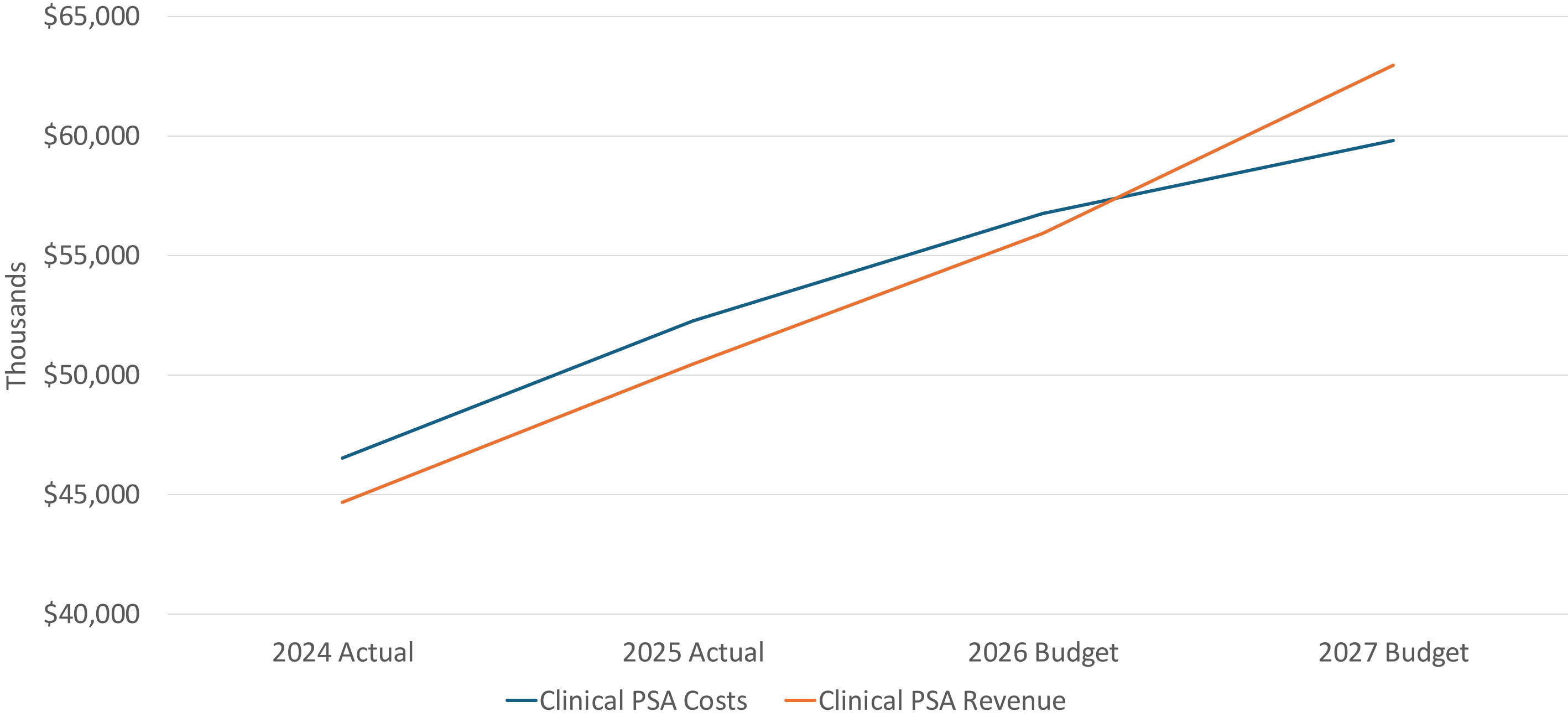
QUESTION:

How is the Department doing financially?

Total Annual Expense



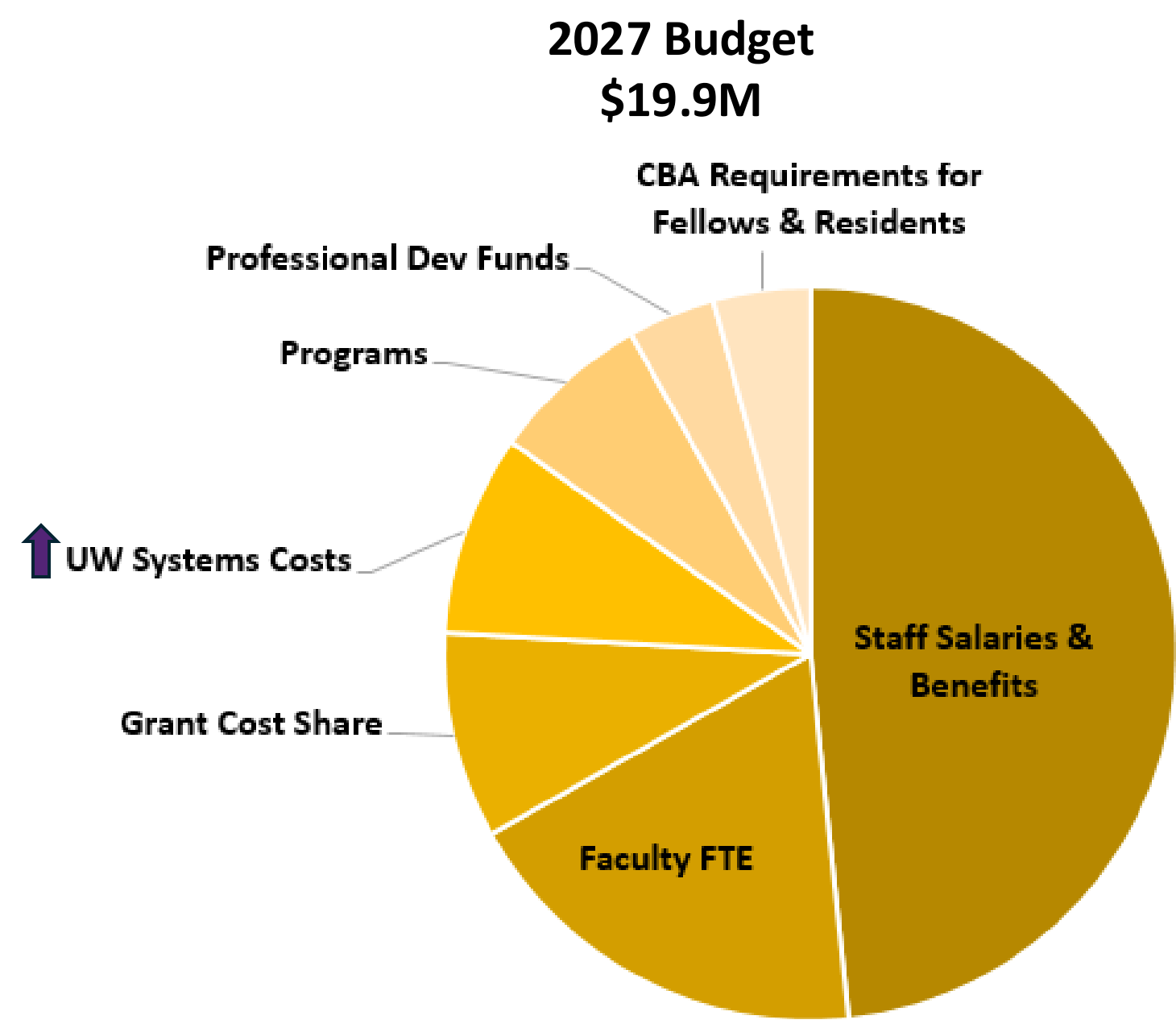
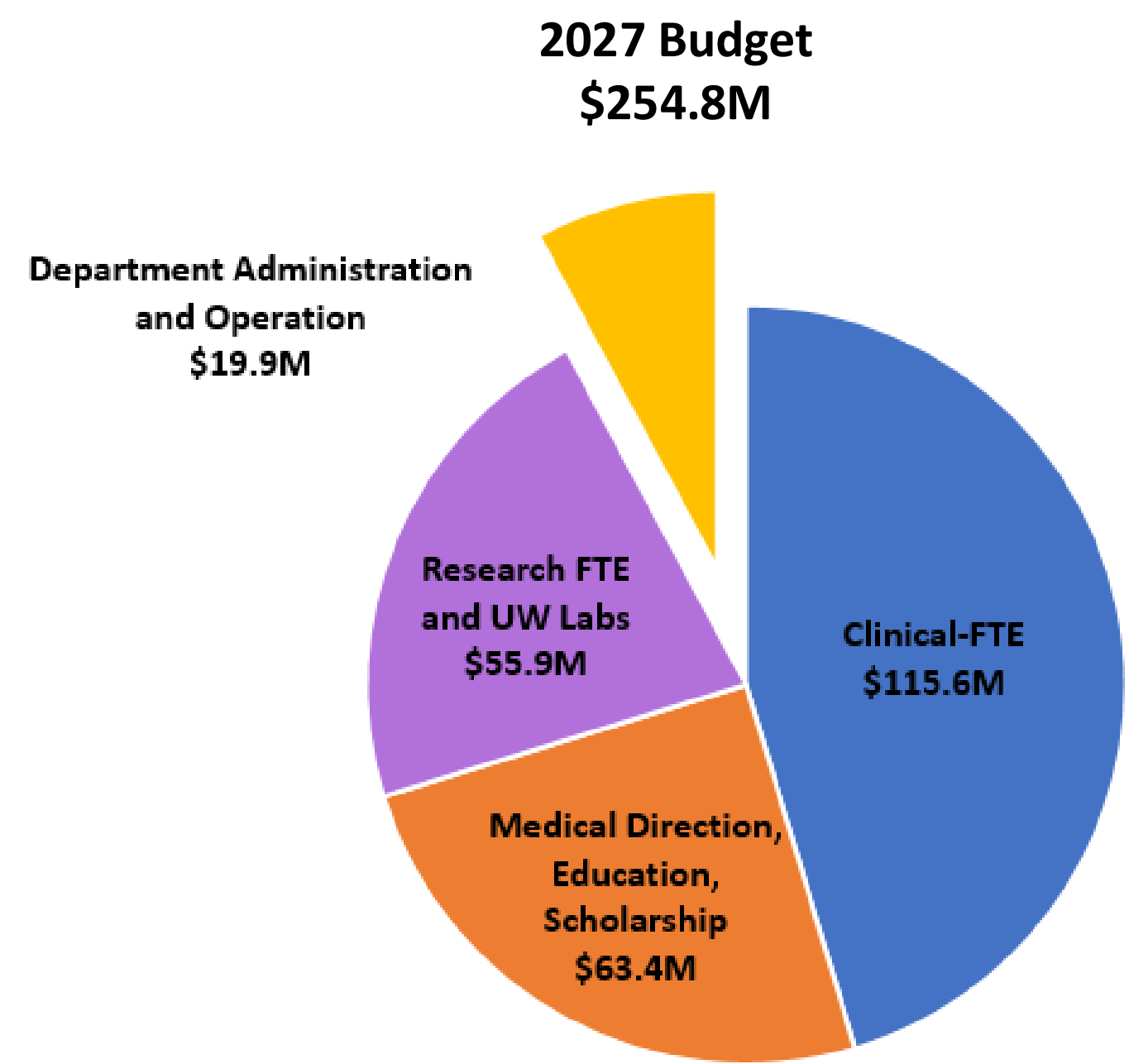
Clinical Costs to Revenue Over Time



QUESTION:

Why is there a deficit in “administration and operations expenses?”

Total Annual Administration and Operations Expense



Administration and Operations Deficit

	2027 Budget	2026 Actual	Variance
Total Expense	\$19.9M	\$19.4M	\$0.5M
Total Revenue	\$17.6M	\$17.9M	-\$0.3M
Surplus/(Deficit)	-\$2.3M	-\$1.5M	-\$0.8M

In 2027, state funding allocations and indirect cost returns are decreasing.

Over time, we expect further reductions to revenue, as well as increased systems costs.

QUESTION:

How are you working to address the deficit?

Deficit Mitigation Strategies

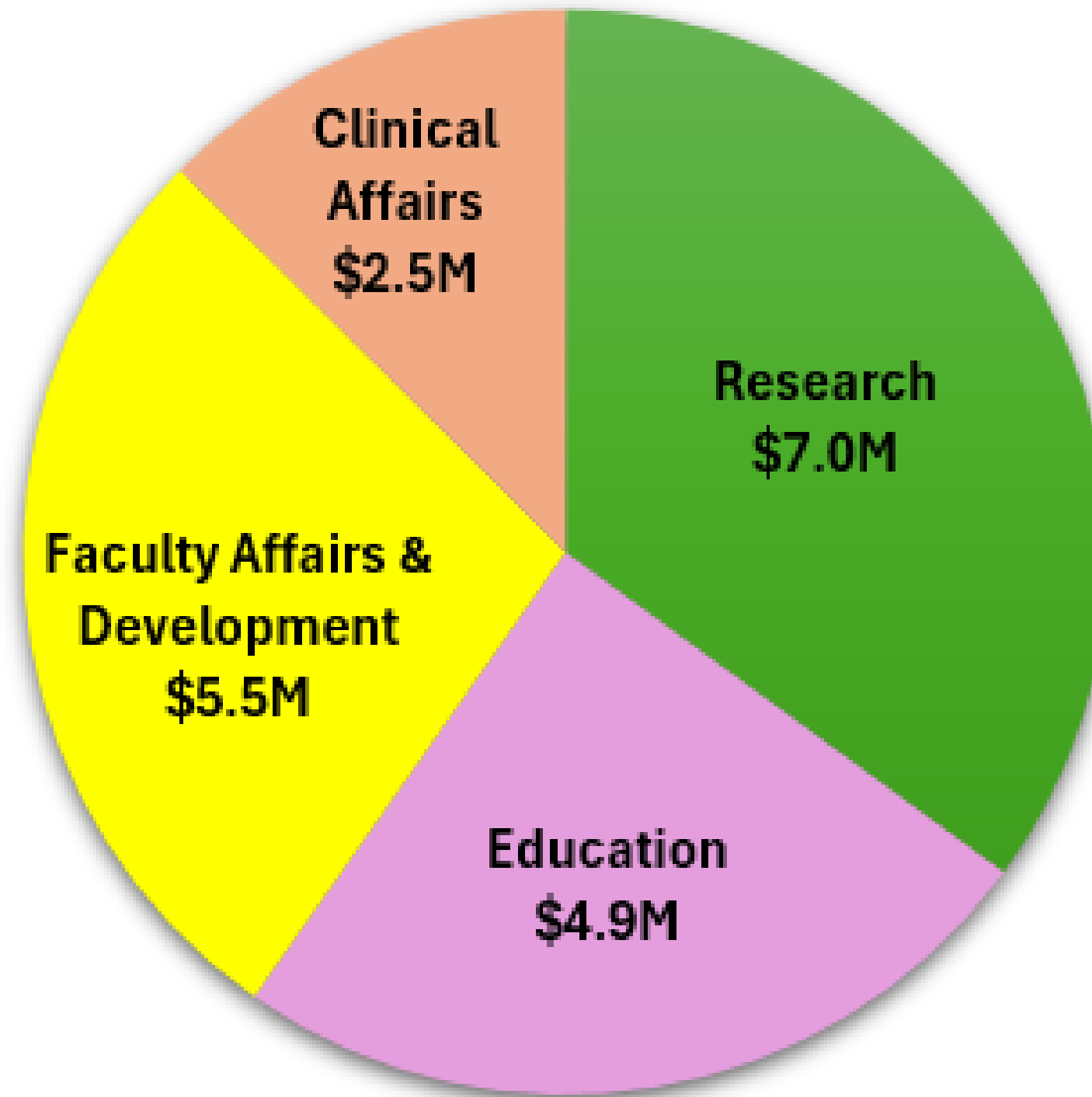


Two primary strategies to reduce the deficit on administration and operations expenses:

1. Expense Reduction
2. Revenue Increases

Expenses by Mission

Administration and Operations
2027 - \$19.9M



Deficit Mitigation Strategies



Expense Reductions

Beginning July 1, 2026

Program funding has been reduced:

- PedsTalk
- QI Scholars
- Faculty Coaching

Fellowship, residency, and medical student program budgets have been reduced.

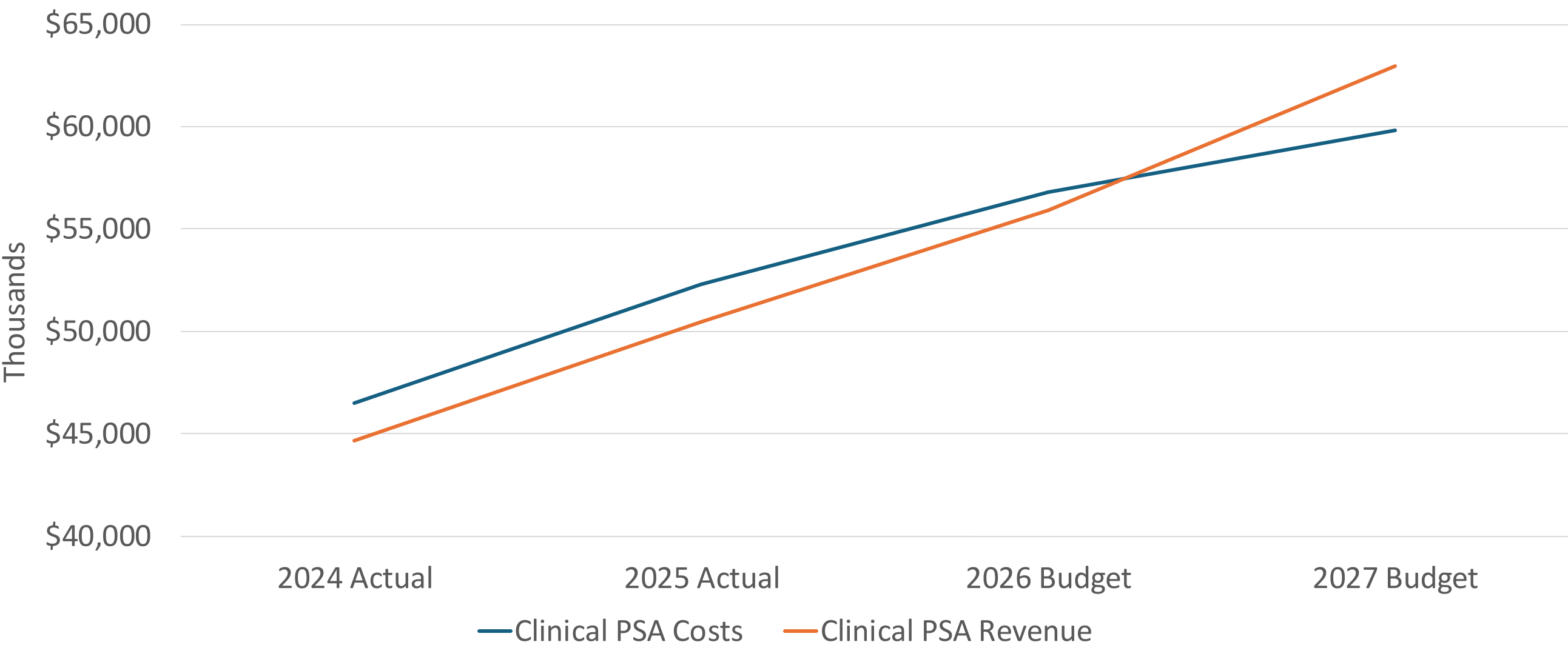
Staff attrition: Positions will be held vacant for at 6+ months and then reassessed.

Professional development funds will be maintained at the 2026 level.

Deficit Mitigation Strategies

Revenue Increases

In current state, our department has revenue generation potential under our clinical-PSA funding agreement.



QUESTION:

What is the Clinical PSA?

Defining the Clinical PSA



The Clinical PSA is the “Professional Services Agreement” that governs the funding of clinical services CUMG faculty provide to Seattle Children’s and UW Medicine.

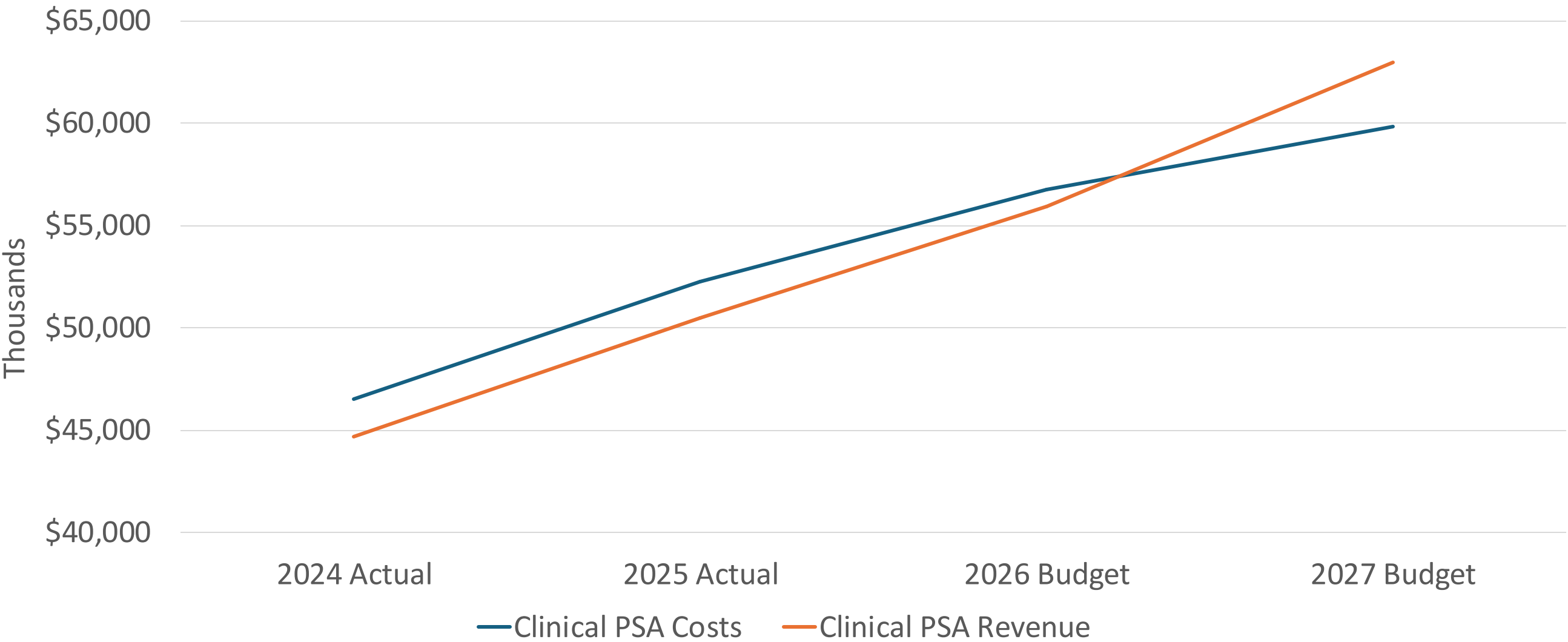
Certain divisions (ICUs, Hospital Medicine, ED) are excluded from the PSA.

For the divisions funded under the PSA, we receive a payment for each work-RVU faculty generate through inpatient, outpatient, and procedural clinical services.

Defining the Clinical PSA (cont.)

The PSA payment rate, calculated by CUMG, is based on external compensation and productivity benchmark data.

The PSA rate assigns a value to clinical-FTE.



Leaning Into the Clinical-PSA



When our PSA revenue exceeds the costs of producing that revenue, the additional funds stay with our Department.

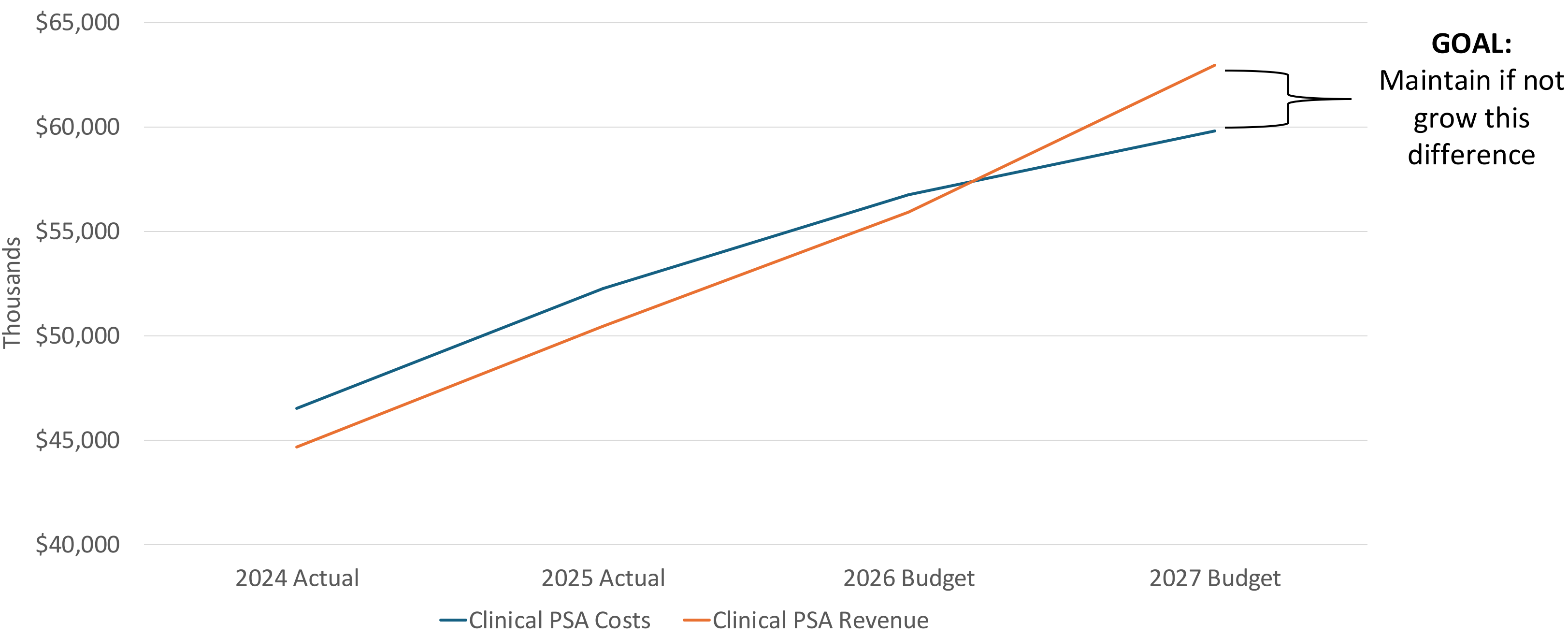
Our Department has discretion in how re-invest through:

- Increased faculty compensation
- Increased professional development funds
- Funding and expanding the mission

2027 DEPARTMENT GOAL:

Generate Clinical PSA revenue in excess of costs.

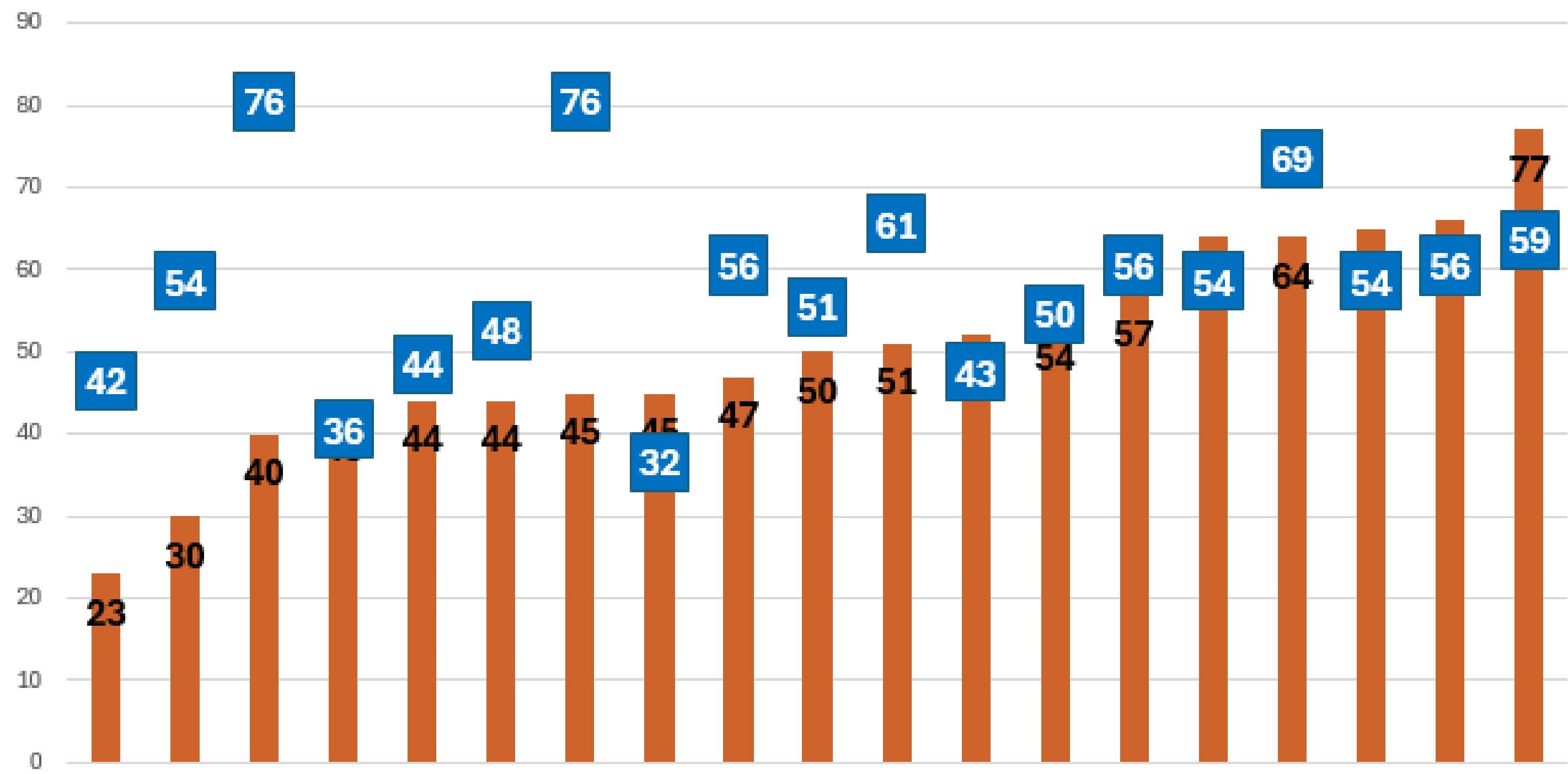
Clinical Costs to Revenue Over Time



QUESTION:

But what does this mean for the average faculty member?

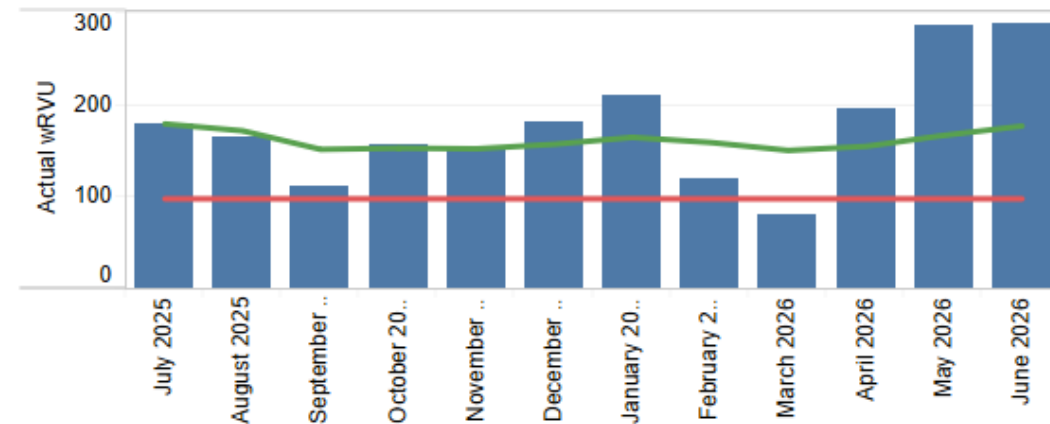
Division Productivity Compared to Cost



Provider Detail Report

2026 Year ACADEMIC YEAR Year Type CARDIOLOGY Division Name All Provider Deployment Type CUMG Provider Affiliation SALERNO, JACK CH.. Provider Name

Provider: Actual wRVUs by Month



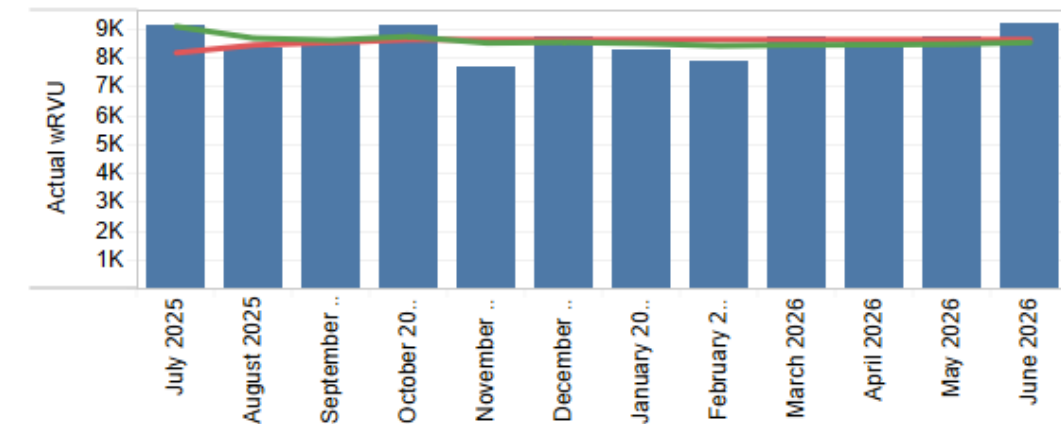
Division Percentile

51

Division Percentile based on budgeted cFTE

Measure Names
 Actual wRVU
 Average wRVUs per Month
 Budgeted wRVUs

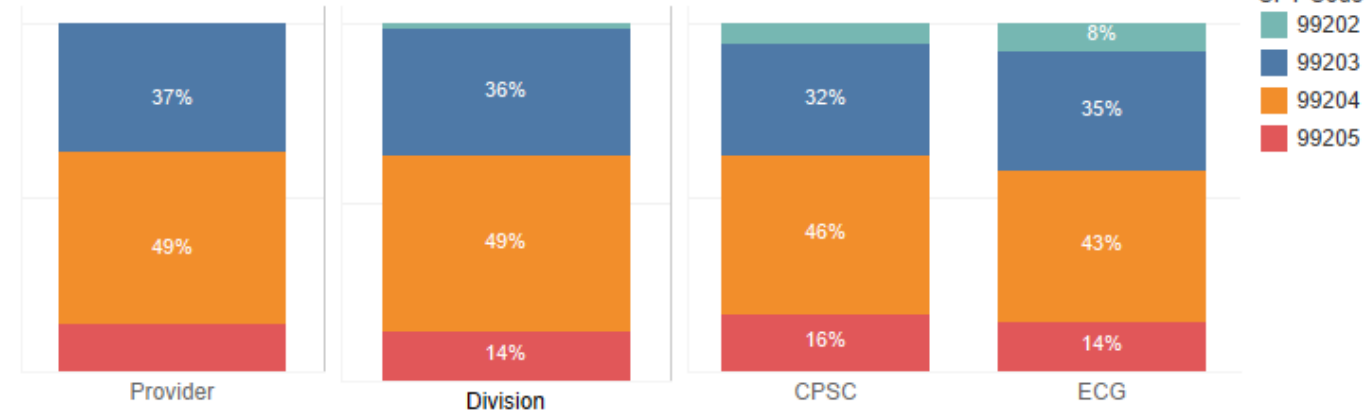
Division: Actual wRVUs by Month



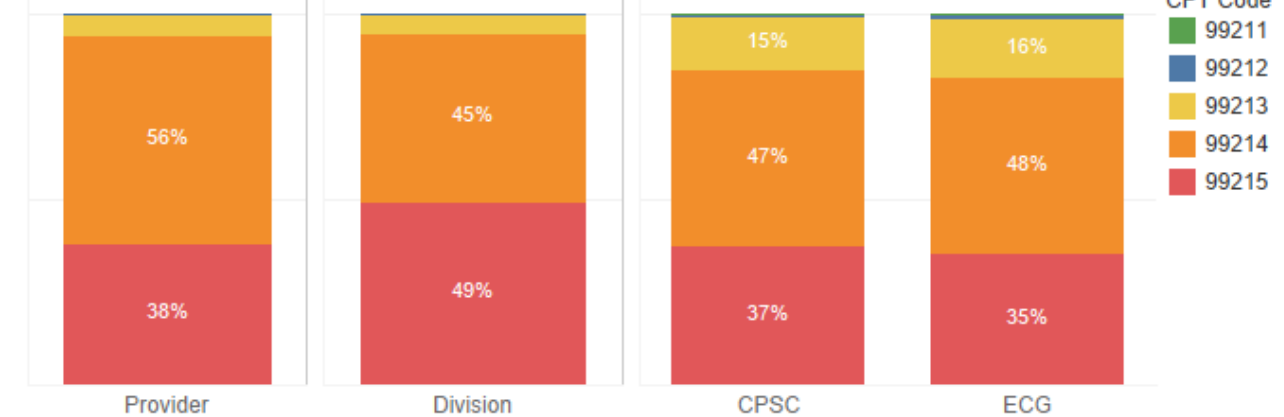
Please select one provider deployment type when the selected division has multiple deployment types available

2026 Year ACADEMIC YEAR Year Type CARDIOLOGY Division Name All Provider Deployment Type CUMG Provider Affiliation SALERNO, JACK CHRIS.. Provider Name

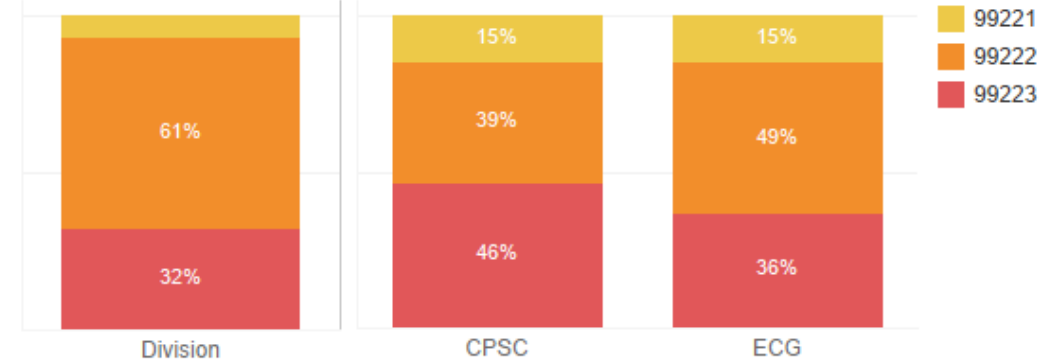
Outpatient LOS New Visits YTD



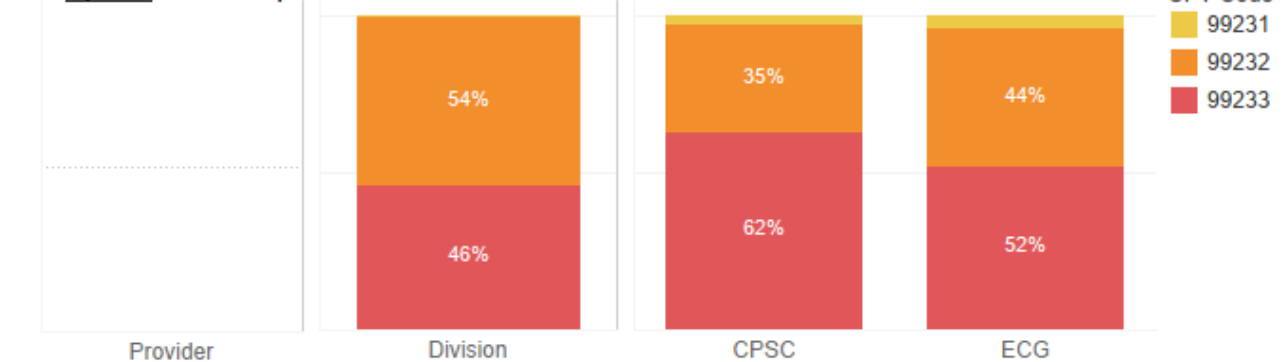
Outpatient LOS Established Visits YTD



Inpatient LOS Initial Care YTD



Inpatient LOS Subsequent Care YTD



QUESTION:

What should I take away from this presentation?

Takeaways



- Increased systems costs and revenue reductions put our Department in a deficit.
- We are holding faculty professional development funds allocations at the same level as 2026.
- We are simultaneously working to:
 - Reduce and restructure non-clinical expenses
 - Generate more revenue through the Clinical PSA
- Over the next few weeks, faculty will start receiving individualized reports on their productivity. Be curious, ask questions.

Mission Moment

What was your experience in the Career Coaching program?

The UW Department of Pediatrics emphasizes professional development, and the connection between junior and senior faculty is invaluable. The Career Coaching program was an amazing opportunity to gain perspective and guidance from someone who cared about my personal and professional growth.

- Daniel Runco, MD, MS



Q&A Panelists



Dr. Leslie Walker
Chair



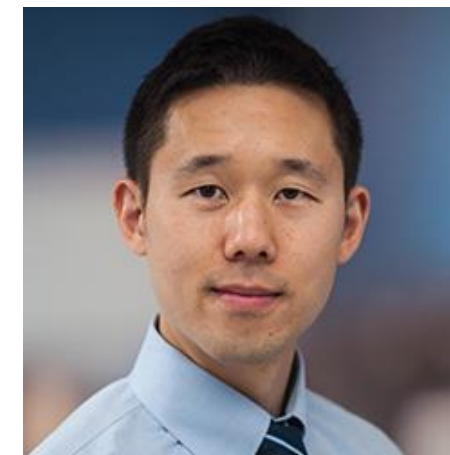
Erin Allen, MHA
Vice Chair, Administration & Finance



Tim Appel
Director, Finance



Dr. Jack Salerno
Vice Chair, Clinical Affairs



Dr. Dale Lee
Associate Vice Chair, Finance & Operations

Reminder – CUMG Town Hall Today



At the in-person CUMG Town Hall, hear the latest update on the evolving CUMG and Seattle Children's/UW School of Medicine partnership.

Thursday, August 13, 4:00-5:00 p.m.
Seattle Children's Wright Auditorium