

THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER
The College of Medicine

Dear Colleagues,

June 27, 2008

Due to state budget reductions, the University of Tennessee received \$21.1 million less from the state for the coming year. As a result, campuses are required to reduce their state budgets by 5-7% through self-determined mechanisms. For example, UT Knoxville is proposing to eliminate the Department of Audiology and Speech Pathology plus 2 additional academic programs to reach their > \$11 million reduction. President Petersen and the Trustees believe strategic reductions rather than across-the-board cuts will better preserve the quality of the University.

For its part, UTHSC is required to cut its state budget by 2% and to make available 5% to support what were determined to be vital UTHSC projects eliminated from the state budget. These include the Clinical and Translational Science Institute (CTSI) and essential building maintenance. Thus, all Colleges at UTHSC have a 7% decrease in state dollars.

COM's 7% reduction in its total state budget (includes the state allocation, tuition, state special project funds, and state contracts) amounts to approximately \$4.3 million. The 7% reduction does not affect our clinical, graduate medical education, funded research, or non-state contract revenues. This \$4.3 million is a cut neither I nor COM have any choice but to accept.

The measures below will provide a significant portion of the needed reduction and will begin on July 1:

- recovery of appropriate COM salaries by transfer to CTSI Account
- recovery of encumbered equipment costs by transfer to the COM Research Account
- recovery of all eligible salaries by transfer to COM Graduate Medical Education Account
- recovery of Additional Duties as Assigned pay (ADA; for example as given to Division Chiefs) that can be appropriately paid by COM endowments or other COM accounts
- freeze in state budget funded travel and catering
- suspension of Facilities & Administrative (F & A) returns from grants to COM, departments, and investigators
- limiting automatic promotion raises to a maximum of \$5000 for full-time and no raise for part-time faculty

Chairs very convincingly made a case against forfeiture of all promotion raises, and a compromise was reached to set a maximum of \$5000.

Unfortunately, these steps alone are insufficient. Additional savings must be obtained from phasing out select academic programs and/or voluntary faculty retirements. A phase out would occur only in departments or divisions that are non-essential for our missions or failing to meet goals and expectations, inclusive of financial and non-financial measures. One example of non-essential would be with respect to accreditation, i.e. we must have a Department of Medicine, but not a Division of Geriatrics. I am identifying units that fulfill these criteria in the yearly Department review process. However, if we can achieve significant savings through voluntary retirements, we may be able to exceed our goal and even rescind some or all of the July 1 measures.

Finally, a word about what I am trying to protect from cuts. Replenishment and growth for departments that are meeting their goals and expectations have been needed for a number of years. We have generated the resources to regain lost / unfilled faculty positions and grow in multiple areas including our research and education missions. To impede our efforts to return to a healthier COM does not make sense to me. Thus, the growth packages for virtually all departments are being shielded. Further, there are no plans to cut support staff. Hindsight from past years of lean indicates that slashing support staff was damaging to the health of COM.

No one is happy about the cuts we must make. However, this is the reality of our situation, and I believe we have minimized the impact. Thank you for your patience, understanding, and dedication to COM.

Steve J Schwab, MD
Executive Dean, College of Medicine

--

The e-mail address to send in concerns, questions and comments to Dr Schwab is COM@utmem.edu.