

## STATE OF THE COLLEGE ADDRESS

Jerry Reves, Dean

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Slide 1. Good afternoon ladies and gentlemen:

Today's address is a little atypical in that we generally like to go through the accomplishments of the past year and highlight all of those and highlight you and the things that you have done. But given the nature of the current situation in the world and in our state, much of what we will be discussing today will be about the future.

Slide 2. So, what we are going to try to do is to give you a quick review of the past year and then talk a little bit about the budgetary forces that are giving us the difficulties that they are, and then spend a great deal of time talking on our way of dealing with that budget crisis and how we can move forward achieving our critical missions in a strategic way.

Slide 3. All of you are familiar with the MUSC Excellence goals that are shown here. I won't read them. You know there are various pillars in which we try to perform well. We will review where we are briefly in this presentation.

Slide 4. In terms of the People pillar, we want to improve employee and faculty satisfaction as we measure with the surveys and the green numbers mean we have achieved goal with the faculty. We are a little above the goal and a little above the employees, I'm not certain that this will hold next year, but at least that is where we were at the past time that we have data.

Slide 5. We still have low faculty turnover. This is the faculty turnover that is not anticipated, and we are below our goal of 8%, but barely, but still met goal.

Slide 6. In terms of Service, the Press Ganey outpatient patient satisfaction--77<sup>th</sup> percentile, above goal. Inpatient has improved markedly--79<sup>th</sup> percentile; again, above goal. So, we are doing well with our patients in this despite the fact that the hospital has been engaged in some pretty significant structural changes in what they do and how they are formulated, so I think this is remarkable continued progress and speaks to our MUSC Excellence program.

Slides 7-13. I did want to brag on some new accomplishments in terms of service, one is the MUSC webpage which Linda Austin with the assistance of Mary Mauldin has got up and running. In case you are one of the few that haven't seen it, it is now state of the art and this is what I call our front door to the world. So, the people who come to MUSC, this is what they see. It is very easy to get into other areas, and I was going to take you into the research down here, but due to the time, I will not, but I invite you all, if you haven't gone through this new website which is extraordinarily rich and easy to use. We thank Linda Austin, I'm not sure if she is in the audience, for doing this, and this is just one of the service accomplishments. It wasn't necessary a goal, but it does enrich our campus and reaches outside and beyond our campus.

Slide 14. Another service accomplishment was the seamless transition and opening of the ART hospital and the people who work there. It's where I work clinically. I can tell you it is a wonderful place to work. It is a good place to be a patient. I've been a patient there. The morale of the staff and physicians and patients is extraordinarily high and in addition it serves as an

iconic symbol of the new MUSC. I think it portrays us as a futuristic entity which is what this talk is really about—about the future.

Slide 15. In terms of service, we did not meet our goal for the overall student satisfaction in the college. It is something we continue to work on. We are making slow but steady progress I'd say. Interestingly, the rest of the country is kind of going down; we are going up, but we are not even at the national average. This bothers me. I hope it bothers everybody in this room because until we are above the national average, it means that we are not succeeding in one of our critical missions which is not having not only an excellent medical school but a medical school where the students are satisfied with the education that they get and the experience that they have.

Slide 16. In terms of Quality, we are at the goal for mortality index. We are above it with the performance of the students on their exams, so that's good. We have a National Academy of Science or Institute of Medicine we had a goal to get two new into that, I think we ended up with one and this is another area we still need to improve in.

Slide 17. In terms of Diversity, it has been a major initiative in the college as all of you know, and this just shows you how we've done in one of the more difficult categories which is faculty. We continue to improve there, and we are doing that with house officers, and students have leveled off around 17-18%, but I'm quite gratified to see us making progress in the faculty and the housestaff areas.

Slide 18. We have expanded diversity now to include women and although nearly half of our medical school students are women, we understand that the female faculty are not where they need to be, and that's why this becomes an important diversity issue for us. Males tend to do better in rank, particularly out here at the associate professor and professor categories, and we understand this is an issue, and we are committed to improving that. That's part of our diversity work that still lies ahead.

Slide 19. Quality. We want to be competing with the best in the NIH arena. We have had various goals. Upper quartile of peer institutions, upper third of the, we don't use the word retreat, of the strategic planning meeting we had on the 31<sup>st</sup> of January that you will hear a great deal about. Quite honestly, we had to reset our goals, because with the current environment, we now are saying we have to be in the upper half and there are 130 medical schools. We are in the upper half, but we have goals to be in the upper 50, and we are one away from that. This goal has been reset.

Slide 20. In terms of interdisciplinary programs, this is another agenda that I brought here because I believe that we are better if we work together instead of staying in our comfortable silos, and we have done a number of things to encourage that but none shows better than our performance thanks to Andrew Kraft and all the talented members of the Hollings Cancer Center when we had the NCI visit, we blew them away! In case you don't know it, our performance was better and our score was better than Emory University, better than the University of Miami, both of whom we were competing with head to head in this round so assuming that the money is there, and we know that with the stimulus package there should be even more money going to the National Institutes of Health, we should be designated as a NCI center, and all of you who work in the Cancer Center, this is a true testimony to the interdisciplinary approach to science and clinical care, and you did it better than some of our rivals and you are all to be congratulated.

Slide 21. In terms of Growth, we are a little under our inpatient goal of 5% and a little bit under our outpatient goal of 7%. Still, we had healthy growth and what I'm hearing from people in the community is they are stagnant and we are growing, so I think that's still good, but it wasn't goal.

Slide 22. One of the pieces of information that is encouraging, although it's late-- it's 2007, what I think is remarkable, it's not remarkable given the quality of physicians we have here, but it is remarkable considering the enormous competition that we're up against, and it's always on radio, always on TV, always in the print about how great they are at things they aren't even really great at but claim to be. But anyway, this is our increase since 2003 in market share and it's very hard to move like this—we've gone up over 4% of the market and that's remarkable, and that's old data. We know the new hospital with the growth we've just shown you will be up even more, so again, those things are going exceedingly well.

Slide 23. Finance. That's what we're going to spend a good bit of time on. The college and UMA made margin, the hospital did not, and there are a whole bunch of reasons for that, but we're continuing to work in these areas.

Slide 24. And in fact, that takes us for the rest of the talk to the current environment that we're in which is the economy and finances.

Slide 25. This is something that has forced us to rethink everything we're doing in this college and how we do it, and so I'll just go over some of the budgetary matters. Over the last 7 years in real dollars and real loss from -- Ray remembers I came here and in my first talk to the faculty I said we want to be a public school that acts like a private one, and I guess they were all listening in Columbia because they have helped us do that, but the more scary thing—so it was 40% in the last 7 years, but if you look at what we're facing with the most recent cuts, these are the real ones, and then we think there will be another 15% in the next year, it's projected to be somewhere between 10 and 15% and something at the end of this year, but anyway that will be the same cut almost but within 2 years. That will be about 11 million more dollars that comes out of the budget and that's real money and that's real hard and that's caused us to really look at what we're doing. It also doesn't take into account what the College of Medicine and UMA has added expenses during this time which is about 5.2 million in recurring and new rent and other things that we're doing in new expenses. So, we really have to rethink how we operate.

Slide 26. I think the research task force at our meeting made this point, but I hope everyone in here understands that these cuts are not related to our performance. We have done exceedingly well. You have done exceedingly well. These cuts are in direct relationship to the State's economy, the world's economy, the nation's economy, but in no way should be interpreted as a reflection that someone is not doing well, therefore they are getting cuts. You just need to know that I'm proud of you, and I think that all the administration is proud of you. The things that are happening to you are unfair, they're not right, but they are reality. If you look outside in the world and you understand that we are not alone, and we shouldn't be immune, we are not immune, so we are going to make the best of this situation.

Slide 27. We are certainly not alone in terms of other academic – go down a long list—every day we get an e-mail that tells you who's taking the latest cut and how bad it has been, but in the news in New Orleans, they're talking about fewer students and fewer faculty at LSU even though

they have just barely recovered from Katrina, and now they're getting wiped out by the budget. At least we didn't have the hurricane.

Slide 28. Then in Chicago 450 jobs both faculty and staff, and on and on—Michigan, all of them, the University of Pittsburg—the list is long! Lots of people are in the same boat that we are.

Slide 29. Where we are unique is because our dollars to the budget that the legislature has at their disposal come from sales taxes, and sales taxes in a down economy are low, and therefore, there's less money, and we again, maybe because of just that or maybe because of priorities, but anyway, when you look at this map of higher education appropriations, you notice that many of the yellow and blue actually went up. The red all went down, and we led the nation at 17.7% reduction, and that was before all the latest cuts. So, we're Number 1 in higher education cuts. The nation is suffering, we're suffering, everyone is suffering.

Slide 30. I showed this slide, at our strategic planning meeting, of our new president who said "our time of standing pat and protecting narrow interests, putting off unpleasant decisions – that time surely has passed." I told the folks at the planning meeting that I think he might have been speaking to us as well as the rest of the people out in the mall because we really have to get busy about the very things he's talking about.

Slide 31. Our friends down the street, President Benson, February 8<sup>th</sup>, said that things going on is a wake up call, and if nothing changes he forecasts a downward spiral to mediocrity. The school would be there, it's been there longer than we've been here, but it would be a shadow of itself. We've looked at it differently. We have come up with a plan that you are going to hear about that preserves quality, preserves the very best, and if we have losses, they will be in those areas where we are not terribly good, not terribly successful. So, we won't be mediocre, we'll be smaller, but we're going to maintain our excellence. We're not headed down to mediocrity; we're going to head, as we always do, toward excellence.

Slide 32. I like the way Kay Yow who died in the same week Obama was inaugurated, her record speaks for itself, but in the face of adversity when you're getting kicked around, she said, "When life kicks you, let it kick you forward." That was our marching orders when we met on January 31<sup>st</sup>. Let's figure out how to go forward despite all of this adversity.

Slide 33. So, there we were and these are the Chairs. We had faculty. We had business managers and others in attendance, and shortly we will have the entire slide presentation from that retreat for all of you to see including two white papers that were produced; one by the education group and one by the research task force. So, we want you to be as informed as we are. What I'm going to go over now is highlights. Some of the slides are edited; some are straight as they appeared in this meeting. The purpose of the meeting, it was after six weeks to two months of hard work. These task forces were charged each one of them to go out and come up with answers to particular questions that related to our essential critical missions and how to succeed in accomplishing those. They reported back. It was hard work.

Slide 34. They gave us marvelous reports, and then based on those, I've met with a few smaller groups of leaders and presented the main highlights to Dr. Greenberg and Dr. Raymond and other Vice Presidents. We have come up with a plan that allows us to function in these difficult times. The way I would phrase what we really did is we asked two big questions. How can we

preserve our best people and programs so that we accomplish our missions and not only survive this critical time but come out a better and stronger College of Medicine, AND what is the best strategic direction for us to proceed given that we do not have the resources to continue as we have. So, the rest of this meeting will be on those directions and where we're headed and I'm glad there are so many of you here to hear it.

Slide 35. The task forces, one was on Education led by Jan Lage and Jeff Wong. The other was Research headed by Hunnun and Kalivas, Clinical by Fuessner and Costello, Administration by Elliott and Snook. I'll now walk you through my take on what was said. Many of these slides, as I said, are taken directly from what they presented; some have been slightly edited by me. The Education Task Force was charged to look at the first two-year curriculum to see if we could figure a better way to do it, see if we couldn't enhance teaching effectiveness and efficiencies and to optimize also the number of people in our classes particularly with the ratio of out-of-state to in-state. You know that out-of-state students pay higher tuition, and in this time, that is one way to improve revenue.

Slide 36-37. In looking and critiquing the way we have been doing it currently, we have a lot of lectures, up to 3-5 hours a day with additional hours of labs and community visits and Fundamentals, etc., and this has been proven over and over again to be the worst way to get retention of knowledge. It promotes memorization rather than application and synthesis, and so interactive learning in a systematic way as opposed to one course after the other that are obviously related because they are in the same medical school, but it is hard for the students to figure out the interaction when they're just doing that, I mean physiology, blah blah—you know the drill.

Slide 38. So, here is the current curriculum as we know it, and it's not that different than it was when I was a medical student here 40 years ago, but it's increasingly anachronistic if you compare it to what's going on at some of the finest schools of medicine. So, the Committee came up, after a great deal of debate, I don't pretend to tell you that this was a unanimous decision. It wasn't. There was strong opinions about the advisability of change, and everyone still remembers the Parallel Curriculum which was not a success, and we all know why.

Slide 39. So the first year Fall, there are things that go across structure and function, homeostasis, food and fuels, and things down there, but Foundations, and then we begin to go into systems very early.

Slide 40. It's called an integrated curriculum where we integrate fundamental science with the beginning understanding of the body and its functions, and you just walk through all the various systems through the first two years, there's GI and pelvis and hematology and things like that.

Slide 41. Then the second year there's pathology and infection, immunity and there's fundamentals along with that but they are integrated.

Slide 42. Continuing with the systems you get finally to the end, and we believe we can shrink this enough because we take a fair amount of lecture hours out, and we really get it more efficient. We hope we can introduce some research time before they go into the wards. At least that's the hope, and we're working on that.

Slide 43. The budgetary implications of this new integrated curriculum are faculty lecture hours goes down and the cost of that by about half a million. Administrative costs in the departments that are eliminated carried by the college itself, we already have the people so we don't have to hire anybody. Course directors will add back to the costs that are lost. Value of the product, because the students will have greater retention of the knowledge, is priceless, to quote a common ad.

Slide 44. Let's move on to the Research Task Force. This one was the most challenging I think because the real difficulty is how do we preserve great science in a culture of discovery at a time when the state keeps restricting our resources in which to do that. You know it's a real tough problem. So we had a number of subcommittees and Kalivas and Hunnun were superb leaders of this effort. I saw Ken Tew earlier today. He reminded me he was on this one and on the Education Committee. So, he worked overtime in trying to make sure we didn't make too many mistakes. Anyway, we've had good input from faculty besides those listed here.

Slide 45. The goals were to define the fundamental areas of research needed and make sure we had the majority covered in any new construct. Enhance translational research, improve the 'spirit of collaboration'. For basic science, the over-riding goal is to have plans to make sure departments are solvent during the current crisis as well as the long run and do great science.

Slide 46. Principles were to emphasize the need for robust basic discovery here, increase the role of translational research, get the clinical departments to be more engaged in it and to focus on those areas of excellence and core activities that we have so that we don't do like Benson talked about and become mediocre.

Slide 47. Results are that the task force identified approximately 50 elements that we needed to have expertise in and said we probably had that in 30 of the 50. I'll show you those in a second. We are not where those higher, better ranked places are who have the full 50, so we have a ways to go when we're able to get there. The importance of conducting research and discovery and having all of this is important so that when the next big thing comes along, as we've had two recent ones, HIV and genome, with these elements, if we have them, we'll be ready to take it on. Whatever it is. We didn't really have either of these when they both came through, so hopefully, we'll be well poised for the next one if we can get as much of the 50 in place as we possibly can.

Slide 48-49. What they are, and I'm sorry this slide runs a little bit; I'm not going to read them because you can, and they'll be available to you for your own reading, but it is everything that you need to have a first-rate substantive scientific culture and program in a school of medicine. And here are some more of them, and as I say, they will be available to you elsewhere.

Slide 50. Our areas of real excellence that we have to preserve: stem cells, tissue engineering, lipidomics, nucleic acids and molecular biology, experimental therapeutics, biostat and epidemiology. There are others but those are the real main ones. As you know, we have really world-class programs in a number of these and others. Some that come to mind are all of our addiction biology.

Slide 51. In terms of our translational areas of excellence, and we had two very good leaders working on that. We've mentioned already the Cancer Center, and the Neurosciences I've just talked about with the biology of addiction. Cardiac is a strength regenerative medicine, transplant, stem cells, all work together, inflammation and metabolism. We have real excellence

here and have our opportunities to even improve that. Health disparities research by Dr. Tilley's group—outstanding! and very important to us, to the world and certainly to the State so these are our areas of translational excellence.

Slide 52. The recommendations of this group, and these are not all of the recommendations, these are the ones that I chose to tell you about because they are the ones we are going to be acting on. There were a number of recommendations, a very exhaustive report which, again, you will have available to you on the web. Recommendations were to merge specific basic sciences with clinical. That was not highly thought of, but there would be some financial savings, but it is a strategy. Merge specific departments within the basic sciences. There is some significant financial savings if certain faculty are eliminated. That sounds harsh, but what we mean there is these faculty need to find the appropriate home or leave. Some faculty might be better served in a clinical department. If we merged to streamline business operations, this is something that I know our Board of Trustees has been interested in, and this is, of course, an opportunity to do all that.

Slides 53-54. So here are the models that have come up. Model 1 is a basic science department to merge with a clinical department that has the same interests which would therefore want to support and work collegially, equally, we're talking about merging equals—not a hostile takeover. The department that seems best suited for that is biostatistics, and we've met with that department about merging with the Department of Medicine, and perhaps and probably creating a new division in the Department of Medicine that goes after health services and research unlike any in the country. This would make our Department of Biostatistics which is already great to be able to play on a larger field and be more effective and certainly would help our Department of Medicine which has a huge number of clinical faculty who are in dire need of assistance in getting a better quality of research done. It works for everybody, and I wouldn't be telling the truth if I didn't say there is a lot of angst about it, and there's a lot of unsettled details and therefore anxiety, but I think it's a great idea. I think it will work.

Another one (Model 2) is to form a super basic science entity. We haven't decided what the name would be-- Fundamental Sciences or something like that made up of perhaps three basic science departments all of whom have areas of real excellence but who are struggling because resources aren't there to support it properly, and this would allow us to do that. In the departments there might be biochemistry, immunology and pharmacology which would form subunits of this larger entity, but the administrative staff and things like that, as many of the costs there would be gone, and this becomes the focal point of our scientific community at the basic level. We hope that the scientific community is everywhere, but this would give a real home to get those 50 units that need to be achieved so that we are poised for greatness, and that we can continue the ones that are first rate now. So, that's what that's all about.

Slides 55-57. Then there's sort of a hybrid kind of transitional model, Model 3 which is a basic department that migrates toward a more translational piece. The one we have in mind for this model would be anatomy and cell biology which is focused on tissue engineering and regenerative medicine and which could in the future go into a clinical department with this translational feature such as maybe, and we've had discussions, but this is where we are with this model but could go ultimately into another clinical area where there is good agreement on what they're doing with the missions of that department, and if we're talking about regenerative medicine, it might be, could be, at some future time, the Department of Surgery.

Slide 58. So actions and expectations, we have to accomplish this restructuring and recreate these models. We have to focus on the investments and future development in key areas, making sure we've got the proper leadership in the right places doing the right things, reconfigure the funding for the research, and we have a formula to do that that will end up reallocating some dollars that have historically gone to areas that weren't terribly dedicated to either teaching or research but provide a very good clinical service. So, some of those dollars, State dollars we're talking about, would now go into support these hard core educational research areas. We would like mature investigators to have extramural funding of 75%, and that's an expectation. In computing support, that's the way you calculate it. Also, it's highly recommended that as we go forward with the future Centers of Economic Excellence that we be more strategic in our thinking about what we put together for COEEs, and I'm sure Dr. Raymond and Dr. Greenberg will support that. We just have been a little ad hoc, and we have listened to HSSC a good bit for many important good reasons. We have got to revisit the way we do COEEs. FRD needs to play an integral role particularly in these basic science areas, and we have the leadership we believe in this new entity that will see that that happens. The institutional support services, this is a chance to redo everything we do at MUSC, not just in the College of Medicine. I mentioned this to Dr. Raymond and Lisa Montgomery. Those areas of grants administration, oversight, and all, and we have duplicate systems in the college. This is a chance to redo it all, so that we get great service but don't pay a lot of extra costs and have redundancies, so that's hard work, but it doable. This group wants it done. Redundancies are one thing—barriers are another, but they can both be eliminated. Ever since I've been here, there has been the idea by a few people that we need a Research Authority. I don't know enough about that to comment, but I put it up there because I've heard it ever since I've been here, and I didn't want it not to be repeated.

Slide 59. Action plan continuing, reallocate, as I said, some State dollars to go to the research productivity, and as we know, the stimulus package out there is going to be the one thing we can be sure of that's going to be a lot of dollars in NIH. As we've said over and over again here, that builds the economy, dollars for research bolsters any local economy. I put Peggy Schachte's picture there because I realized, and I don't know if she's here, there she is! You know, I saw Peggy exhausted after another 12-14 hour day. She and John Raymond run races to see who can work the hardest, and she's helping us, and they'll be facilities dollars out there, and she'll get it together. I know all of you will have your grants ready and ready to go, but I just did want to thank you Peggy.

Slide 60. Now the budgetary implications of this, the reorganization in the first year, that's this year, this year, is about 1.2 million, we hope, we believe. Then there will be much more, 3.2 we think and believe going into next year, and then the value of a robust culture of discovery-- inestimable. So, that's why we're doing it.

Slide 61. Just to remind you of that value, that inestimable value. You know where research pays off is in life-saving discovery. This is something that the AAMC poster has put out. The whole thing has changed for leukemia, in recent times really. In education, we will not have quality physicians if they are not side by side understanding how hypothesis testing research leads to discoveries of the things they do in their clinic and certainly is part of their curriculum. So there will be basic scientists instructing them all along the way, as it should be, to make the kind of doctors that we all want to go to.

Slide 62. The Clinical Task Force led by, I don't have Phil's picture, but Dr. Feussner who presented for them, there was a lot to it, but fundamentally we are going to finish our strategic

hires but then quit in 2009. We will not have gotten all we had planned to get, but we have fundamentally run out of money. Adding clinicians has, in fact, helped the hospital in its needed growth, but it has increased costs severely to the clinical departments. UMA's plans which were grandiose are all being scaled back, again because of the finances that we all find ourselves in. We're not going to stop growing—just at a reduced pace.

Slide 63. One of the important things that's going on in UMA is in clinical enterprise. We are moving from a federated model where we had all those departments that were fundamentally alone. Now we're beyond the boundary there into the strong central government in the management arena where there is the Executive Committee of UMA which makes a lot of decisions that impacts all of the departments, and some of the areas in which that goes on is shown here, but we've moved, since I've been here, a long ways towards this more effective integrated model like the curriculum, like we're doing with the basic sciences. I've heard a lot of questions about how come the only departments that seem to be changing are the basic sciences. That's just not true. The clinical departments are changing. The faculty in the clinical departments, many are in the room, know that they have been hit here in their wallet because of new costs. They are all on incentive plans, and the money is not there to pay the incentive. So, I just want everybody to know that what I want to avoid is the us versus them, whoever the us is and whoever the them is, we are all one college and one university and everybody is pitching in. Everybody, if you read my December 9<sup>th</sup>, I believe, Excellogram, where I called for, even before Obama did, for sacrifice. Fritz Hollings called for it back in his election. But everybody is doing it, and it's good to see that everybody is willing to give up things in this time to assist their unit, their college, their university to get through these difficult times. So, I don't want anyone to think that one group or one individual is doing more than the whole or the other elements in our college.

Slide 64. To wit, we are targeting clinical programs which are losing money and seeing if they are appropriate, and if not, they'll be gone. And that will, of course, have consequences to the people who are in those areas.

Slide 65. Operational efficiencies that the UMA has embarked on are all shown here. We have presented this to the Vice Presidents, and the one that I will focus on, because the President is interested in it, is redesign and space allocation in Rutledge Tower. Last night, Tuesday, we had a major meeting on that. We are about to roll out a novel way that will encourage the effective use of clinic space, and I bet you anything you want that you'll see big changes in a hurry as soon as that is rolled out. It's overdue; it's well needed because this goes to the hospital's bottom line if they run inefficient clinics because they are paying the nurses and all the rest. Anyway, there are a whole bunch of other areas that we're doing or are about to do that are either under review or are in progress. Again, I should thank Jack Feussner and Steve Valerio both for spearheading all these changes and making us do these things that don't come easily. We haven't done them all, but we will.

Slide 66. We are also still out there doing affiliations with various entities. Bruce Elliott says he had a marvelous day down at Hilton Head two days ago, again securing more referral and good relationships. Dr. Greenberg mentioned today at a meeting we had how we have an opportunity, again with the stimulus package in the background, our expertise and ability to use Practice Partner, we can get that out into some of our newly affiliating groups, and it is a way to help the patients, and to help those doctors help us. This is consistent with what the nation needs and

wants. So, I think we can be a leader in that. So I added EMR on there, it wasn't on there at the retreat.

Slide 67. Just to bring you back, we don't have too many more slides, the Finance and Administration group established priorities for our college, and number one has to be education. That's why we're here. Today when we were meeting with the Biometry Department, some of their concerns were what's going to happen to graduate education. It's going to be continued. We want Ph.D.s, we need Ph.D.s. I mean why would you be in a university if you weren't able to bring others like you along? So, absolutely, we are committed to that. We're committed to resident education and we're committed to, obviously, undergraduate medical education. So, education is number one. That's why we were put here and that's number one. The other two are equally important but slightly below education in the things we have to do and have to do well. So, those were their priorities.

Slide 68. They advised us, and we will do it, to increase revenue. One way is through increasing tuition which I hate to do because our students already graduate with a lot of debt, but that and increasing more out-of-state students to 30 or so will get us 2.7 million which can be split up between the university and college. But anyway, that would be new dollars to the university. The university is the one losing the State money. Everybody wants more resources, so of course, if we get 2.7 additional, it would be nice to get as much as we could back. You know that John and you know that Dr. Greenberg. You heard it here in case you didn't know it. MUHA service lines; we need to make certain we've got adequate financial data systems analysis that align and will reward the performance of the doctor and the hospital in that unique arrangement.

Slide 69. There will be some faculty/staff policy changes. The At-Will employees, Post-TERI/Post-Retirement, move to temporary positions. These are folks that are retired and it seems appropriate. We will be asking for regulatory relief in areas including procurement, HR, and COEE, that's again a university adventure, but we certainly endorse it. One of the things a couple of our Board members have puzzled over is how, even in the College of Medicine, which people outside the college think it is a monolithic uniform thing, we've got a lot of variability in the way we do things, and it's time now to systematize what we do. Do things in a similar way among all our departments. When this was presented to the Vice Presidents, they said they thought it would be a good idea to do it throughout the university, but anyway, let's have a systematic approach to, say something as fundamental as compensation and contracts, and define what these various elements in the contracts are and make them as consistent as you can throughout an organization like a university.

I'll just take this opportunity with the asterisk to remind everybody that in the College of Medicine, and I think John said it was similar to this in the overall university, but the amount of dollars that come from the State to pay faculty is on the order of \$22,000-\$23,000. So, that's a piece of information for you to consider. We have to make up the rest of it from any number of different sources, but the only part that comes from the State is that amount.

We are going to have, as we mentioned before, a research policy regarding people are 100% committed to research and how much they bring in to do that. It won't be a 100% but 75% would be the ideal.

Slide 70. We are going to look at all our departments and put them in boxes. Along one axis might be finance. And then how they are doing with their missions. And the people, of course,

that are doing well with finance and well with academics are up here, and the ones that are struggling with finances and their missions are down here. These, these, and there are some of basic science and some are clinical, but those are the ones that we have to really help. And that's what we'll be doing. So, we are going to have a new way of doing that. We used to have a Finance Advisory Committee, we now are going to have a Budget Committee and a smaller, more efficient, more effective way of analyzing where each department is and where they're headed, and if they are not where they ought to be, then there will be interventions to improve.

Slide 71. The budget cuts so far, with the plans submitted by the departments, not counting the 8% which we agreed today we ought to be planning for, got us to 9.2 million and here's how, but we need to do better than that, and you'll see why in a minute. I don't blame you Tom (Tom Waldrep exits here).

Slide 72. The strategic plan nets us just the items we discussed about 1.2 this year up to about 7 in FY10.

Slide 73. The reasons these things are having to be done are, this slide tells it all. This is reminiscent of the slide when I first got here in 2001 and I found out the college was down around here, not that far from where we are now. Then we had to freeze things, and we had to quit hiring, and people got very upset because we had to change the way we had always done things. We put in new rules and regulations, but anyway, we survived that. Now we have come up with all these things that you just heard about. If we don't do anything, we will continue from our current location here on down to something, as I told the Chairs at the planning meeting that Dr. Greenberg will be firing me right after I've fired all the Chairs, but anyway you know we can't do that, so we really have to embark on the interventions and get us back, and we believe we can get out of this hole by June of 09 which is not that far off, if we do all the things we are talking about doing. So, we've got to do them. We don't have any options, the Board of Trustees told us we can't spend our reserves because the university needs them—not to take from us but because there are deficits in other places, and we have some deficits. This is why we have to act.

Slide 74. Our principles in our actions and in all changes will come from the things we've discussed. We will be sensitive to the faculty's and staff's needs insuring that we have programmatic excellence and budgetary neutrality or savings. We will have rigorous metrics to measure as we change things we aren't making matters worse. We will have as much communication and transparency as we possibly can. We talked to the Biometry Department about that today. We will use MUSC Excellence pillars for you to hold us accountable, for us to hold you accountable, and that will be our way of working.

Slide 75. Timeline, here we are today. Concepts are rolled out. There will be a number of meetings that I began today with biometry. I will meet with all the basic science departments since I know they believe they are the ones being most affected. By the way, I have met with all the clinical ones, because they are the ones in the hospital. So, we are all in this. That will be going on for the next month. We will be in our office with the leaders figuring out a plan to fund what we are going to be doing. Shortly thereafter, it will be time for faculty contracts and that will be when everybody understands where we are with that as well as implementing programs that are being planned up here all along, and we will be in our brand new structure officially July 1.

Slide 76. This is something I always—Alexander Heard is a UNC graduate and the Chancellor of Vanderbilt for two of the years that I was there, a scholar from Savannah. He wrote a book that I've always enjoyed reading. It's called Speaking of the University. It was all his speeches and talks that he gave throughout his time there. Apparently, he wrote them all out. He has written into his book, Speaking of the University, of this, which obviously I have taken little bits and pieces of it, but I want you to understand that this is my philosophy not just Alexander Heard's. I know it is Dr. Greenberg's and Dr. Raymond's. "The real quality of an institution, its vigor, its competence, and the direction it takes stems at heart from the training skill and energy, initiative, originality, dedication, vision of the individuals who make up the faculty." That would be you. "What faculty members do and do not do is determined largely by them alone." John always says it's a thousand independent contractors, and there is a lot of truth in that. "I have often said that the most important thing, the really important thing, a university official does is to select and retain the faculty." That would be the Chairs and all the other people who do things. "If he or she does", and I put the she in because back when he wrote this there were no she's but there are now. "If she does those two things successfully, select and retain faculty, everything else takes care of itself. University officials must also seek to create the conditions in which a faculty will realize his full potential. The quality of the faculty determine the quality of the institution." That's what all of this is about. It's trying to preserve an environment where you can do great things.

Slide 77. So, I'll end with these two comments: One from Winston Churchill who said, "A pessimist sees the difficulty in every opportunity, and an optimist sees the opportunity in every difficulty." We certainly can be optimistic today. And, Charles Darwin whose birthday, I was reminded was just a couple of days ago, his 200<sup>th</sup> birthday, "It's not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change." And that's really what we're doing now. We are responding to an environment that is altered, and how we do it, and I think we will persevere and be quite, quite good.

I thank you.

Slide 78. Applause