

June 5, 2009

Dear MUSC Faculty, Staff, Students and Friends,

Most of you undoubtedly already know that yesterday, the South Carolina Supreme Court ordered Gov. Mark Sanford to apply for the disputed \$700 million in federal stimulus money, by a vote of 5-0. The full opinion can be read at this URL -->

<http://www.sccourts.org/opinions/displayOpinion.cfm?caseNo=26662> <<http://www.sccourts.org/opinions/displayOpinion.cfm?caseNo=26662>> .

What this means is that, barring further complications, MUSC will receive about \$12.6 million in each of the next two years through the education component of the ARRA (American Recovery and Reinvestment Act). Many of you probably are wondering how these funds will be used. At the end of this month, the MUSC Board of Trustees will meet to review and approve the budget for the coming fiscal year.

Until that time, we cannot give you a definitive answer about how the ARRA funds will be used, but the purpose of this letter is to give you a general sense of what we will recommend to the Trustees.

Although the ARRA funds are substantial, they amount to about half of the unprecedented reductions in state appropriations that we experienced this year. Furthermore, these funds are available only for the next two years, and we cannot assume that there will be either federal or state support to replace them. The fiscally prudent course, therefore, is to use this money to help smooth the transition to a new and lower level of state appropriations. While we all hope that South Carolina's economy will recover quickly and that the state will place more resources in higher education, we cannot count on either of those things happening over the next two years.

Before talking about the future, I want to take a moment to reflect with you on the fiscal year about to end. Through the hard work and dedication of faculty and staff throughout the Medical University, we expect to end this fiscal year with a balanced budget. This is an amazing accomplishment and a tribute to the many personal sacrifices that were made to get us through the most

challenging financial situation we have faced in many years. Please accept my heartfelt appreciation for all that you have done individually and collectively.

Looking to the future, and specifically with respect to the ARRA funds, we need to stabilize the changes that have been made and position ourselves for future success in this new, more austere funding environment. Over time, tuition revenue will have to become a larger contributor to our finances, but we cannot place the burden of state cuts entirely on the backs of our already financially stressed students and their families. Therefore, we will use some of the ARRA funds to offset the increases in tuition that would be required otherwise.

In addition, we will use the ARRA funds to help position the university for greater efficiency. It will not be business as usual. We cannot simply return money to base budgets to operate as we did before the loss of state support. We do recognize the need to help stabilize our departments and programs, however, so some funds will be returned to Deans and Unit leaders in proportion to cuts taken this year in order to help preserve jobs, prevent furloughs, and streamline operations.

We will invest ARRA funds in our already strong programs, while preparing MUSC to compete successfully in areas of strategic importance to our educational and research missions. For example, we believe that it is important to invest in educational technology and faculty effort to move more of our course content on-line so that we can reach larger numbers of learners regardless of location. We also want to expand our student body on campus in selected programs, but can only do so by renovating teaching space to accommodate the additional students. In each instance, these investments will be driven by academic needs and based upon solid business plans that can show a return on the financial investment.

Ultimately, our success is determined by the quality of the faculty and staff here. Accordingly, we will deploy resources to retain our most productive individuals and recruit outstanding colleagues who will help to build upon our existing strengths and help us compete successfully in the future. To do so, we will have to make investments in critical institutional infrastructure that that has deteriorated over the last few years of constrained budgets. In addition, we will need to replace the support

lost from endowments and scholarships that declined with the downturn in the stock market.

In closing, I want to thank each of you again for your hard work in helping the university through this challenging time. Progress this year has been extraordinary - the new hospital is at full occupancy and we will finish the year in the black, the Hollings Cancer Center won NCI designation, in all likelihood, the very important NIH Clinical and Translational Science Award will be funded soon, our research grant support is ahead of last year's record setting pace, even before the stimulus money is awarded, and private philanthropy is also above our previous record set last year. Thank you for making all of this happen and for making our future prospects even brighter.

With deepest appreciation and best wishes,

Raymond S. Greenberg, MD, PhD
President