



Financial Update from President Daniel K. Podolsky, MD

February 23, 2009

Dear Colleagues,

Since I wrote you in early December about the need to be financially prudent in these uncertain economic times, a number of you have asked me what, if any, changes we foresee making here at UT Southwestern. I expect others also have similar questions, so I wanted to provide you this update.

As you will be aware from news reports, the softening economy now is increasingly being felt across the State of Texas. Notwithstanding that, UT Southwestern continues to be fiscally sound. As the State Legislature meets, it is unclear how the appropriations process may affect UT Southwestern's 2010 budget. I believe it is especially important that we avoid incurring expenses now that may not be funded next year, and to continue to show restraint in our discretionary spending. Many of you provided very good suggestions for cost savings in response to my December letter. We have asked departments to restrict travel and examine their operating expenses. We now are focused on more specific actions that will ensure our ability to preserve jobs and avoid program cutbacks — as well as help ensure the financial viability needed to achieve the vision and goals I have described in my recent correspondence with you.

I am announcing today two initiatives to help us plan ahead:

1. Implementation of a formal **Hiring Review Process**. As you may have heard, the UT Chancellor has instructed each component institution President to implement a "flexible hiring freeze." We do not believe an across-the-board freeze on filling new and vacant positions is appropriate given our mission. However, there are undoubtedly some vacant positions that we either can wait to fill until we know more about the 2010 budget or that can be eliminated altogether. A formal hiring review process will be implemented. Positions other than those funded by grants and those required for patient care will require approval by either Executive Vice President John Roan or Provost Al Gilman. Hospital positions will continue to be subject to their current position control process. Specific details about the process will be sent to departmental managers in the near future.
2. We will **delay merit planning** until we know more about the 2010 budget, probably in June. This does not mean that there will not be merit increases; rather, we need to wait until we know what funding we will have for next year before we decide whether and how best to distribute merit raises.

These are unusual and difficult times, and I appreciate everyone's understanding as we work together to achieve our goals and protect our ability to grow in the future.

Thank you.

Sincerely,

Daniel K. Podolsky M.D.
President
UT Southwestern Medical Center