

Delivered via Facsimile and Postal Service

May 10, 2011

Aaron Friedman, M.D.
Professor of Pediatrics
Vice President for Health Sciences
Dean of the Medical School
University of Minnesota

Dear Dean Friedman:

The Star Tribune has reviewed your May 6 letter to university colleagues regarding our May 1 news story about the Medical School. We stand behind the accuracy and fairness of that story and we take exception with your misrepresentations of our work. We ask that you set the record straight and remove your letter from any forum at the university and from any public website.

In your letter, you make six accusations that our story made "implications or judgments that are simply wrong and lead to unfair conclusions." Below, we respond to each of your six points.

- 1.) You state that we are wrong in reporting that there is no national search in the works right now for a new head of the Department of Medicine because money is too tight.

On the contrary, Medical School Chief Financial Officer Pete Mitsch said in a voice-recorded interview in his office April 15 that a search for a new chairman of the Department of Medicine was started in 2009, but canceled because the Med School didn't have money to recruit someone to a position of that caliber.

"One of the things you probably read in the financial plan, we are going to have to hire a new Department of Medicine," Mitsch said. "Hiring a head of medicine is a huge issue... We had actually started a search in 2009 and we canceled it because we just didn't have the resources to put on the table to bring in a new head of medicine.

Question: "To recruit and land someone?"

Answer: "Right. That's one of the things as we look forward that we're still trying to figure out how we can do that."

Dean, for your information, the CFO complimented Wes Miller, saying the school was lucky to have a "very capable" insider who "agreed to step into that role for three years." The story reflected Miller's important contributions to fixing the financial problems inside his department.

- 2.) You misstate what our story says about federal research funding and ignore a very favorable reference to recent research funding achieved by the Department of Medicine.

The story accurately states your own CFO's calculation that the availability of federal research funding declined in the time period when the Medical School went on its hiring spree.

This factor was cited in the story out of fairness to the U as an example of external factors out of the U's control that contributed to the financial crunch. This information came directly from Pete Mitsch.

Star Tribune
Minneapolis | St. Paul

425 Portland Avenue
Minneapolis, MN 55488
612-673-4000

Aaron Friedman, M.D.
Professor of Pediatrics
Vice President for Health Sciences
Dean of the Medical School

May 10, 2011

Page 2

“The federal budget for research had flattened out and actually was starting to be decreased, so all medical schools that are research intensive were running into the problem of: You’ve got all of these researchers who have their salaries supported and the space is occupied by them, etcetera, and that stream of revenue is not increasing certainly. It’s starting to go down.”

He also said, “We had a squeeze on our research funding.”

He also said, “Right about then the federal government started decreasing the amount of research funding that was available and the market for hospitals tightened up. So anyway, the help that we were looking for to hire some of these people didn’t materialize. We brought the people in and didn’t have the revenue increase that you’d need to support all those new people and so we had to start scaling back a little bit.”

Later, again in fairness to the university, our story notes the recent 30 percent increase in research funding from the National Institutes of Health won by individuals in the Department of Medicine under Wes Miller.

3.) You assert there was no “internal loan.”

The Star Tribune had no independent knowledge that the Medical School borrowed funds to cover deficits until CFO Mitsch said so in the April 15 interview in his office. In that voice-recorded interview he used the word “loan” five times to describe the transaction. Here are some of his descriptions:

“We took an internal loan from the big university of about \$16 million... that we are still paying back.”

“When we borrowed \$16 million from the Big U... it essentially was for six departments and the Dean’s Office.”

“This was an internal loan to help us cover some deficits. We are in the second year of our payback.”

Mitsch said the payback started in fiscal 2010 and is being repaid, interest free, at \$2 million a year. He later clarified that the annual payment was closer to \$2.3 million.

Mitsch isn’t the only Medical School official to have described the transaction as a loan. Former Dean and AHC Leader Frank Cerra wrote in November 2008 that the Medical School had to cover deficits with an “interest-free loan from the University” to be paid off over seven years.

Star Tribune
Minneapolis | St. Paul

425 Portland Avenue
Minneapolis, MN 55488
612-673-4000

Aaron Friedman, M.D.
Professor of Pediatrics
Vice President for Health Sciences
Dean of the Medical School

May 10, 2011

Page 3

- 4.) You take issue with the word "withering" to describe the \$10 million structural deficit described in the Medical School's financial plan, published one year ago.

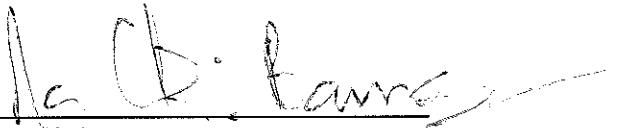
"Withering" is the word we chose to describe a "recurring" deficit of this size. "Recurring" is not our word -- it was chosen one year ago by the Medical School to describe the structural imbalance, or deficit, that was draining the school's finances. The danger of this recurring deficit was described in the financial plan and repeated in the story to bolster our use of the word, "withering."

"This situation is not sustainable," the report said. "Without aggressive programmatic changes and more careful financial planning, the Medical School will be unable to invest in its most important activities or to develop new programs and initiatives."

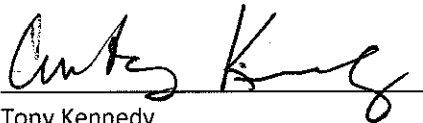
- 5.) Your opinion doesn't refute or clash with the story.
- 6.) Your opinion that the story involved "second guessing" is not shared by us.

In closing, we want you to know that the Star Tribune often runs corrections. But in this case, we didn't see the need for one. We offer to meet with you to discuss your views of our story. The article was based solely on public documents and interviews with named university officials. Thank you, in advance, for your consideration of this request.

Sincerely,



Nancy C. Barnes
Editor and Senior Vice President



Tony Kennedy
News Reporter

Star Tribune
Minneapolis | St. Paul

425 Portland Avenue
Minneapolis, MN 55488
612-673-4000

Fax

To: Aaron Friedman, M.D.
Professor of Pediatrics
Vice President for Health Sciences
Dean of the Medical School
University of Minnesota

From: Nancy Barnes,
Editor, Senior Vice President

Fax: (612) 626-4911

Pages: 4

Phone:

Date: May 10, 2011

Re: Letter dated May 6

cc:

Urgent **For Review** **Please Comment** **Please Reply** **Please Recycle**

* * * Communication Result Report (May.10. 2011 2:42PM) * * *

1)
2)

Date/Time: May.10. 2011 2:41PM

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
0289	Memory TX	96126264911	P. 4	OK	

Reason for error

- E. 1) Hang up or line fail
- E. 3) No answer
- E. 5) Exceeded max. E-mail size

- E. 2) Busy
- E. 4) No facsimile connection