

**The University of Texas M. D. Anderson Cancer Center**

**Compact with The University of Texas System  
2004-05 and 2005-06**

## I. Institutional Overview

**Mission:** The mission of The University of Texas M. D. Anderson Cancer Center is: To eliminate cancer in Texas, the nation and the world through outstanding programs that integrate patient care, research and prevention, and through education for undergraduate and graduate students, trainees, professionals, employees and the public.

**Vision:** We shall be the premier cancer center in the world, based on the excellence of our people, our research-driven patient care and our science. We are Making Cancer History®.

**Background:** The Texas Legislature created M. D. Anderson Cancer Center (MDACC) in 1941 as a component of The University of Texas dedicated to the treatment and study of cancer. There are currently 935 faculty, both M.D. and Ph.D. MDACC is one of the nation's original three Comprehensive Cancer Centers designated by the National Cancer Act of 1971 and is one of 39 such centers today. MDACC has ranked among the nation's top two cancer hospitals in U.S. News & World Report's "America's Best Hospitals" survey since its inception 13 years ago, and achieved a number one ranking in three of the past four years.

Since 1944, more than 600,000 patients have turned to MDACC for cancer care in the form of surgery, chemotherapy, radiation therapy, immunotherapy or combinations of these and other treatments. This multidisciplinary approach to treating cancer was pioneered here. In 2003, 65,800 patients received care at MDACC, and 24,700 of them were new. About one-third of these patients were Texans from outside Houston and another third came from outside Texas, seeking the research-based care that has made MDACC so widely respected. In 2003 the institution saw approximately 22% of the cancer cases in Harris County, 10% of the cases in Texas, and 1% of the cases in the U.S.A.

At MDACC, scientific knowledge gained in the laboratory is rapidly translated into clinical care through research trials. During 2003, 12,232 patients participated in clinical trials exploring novel therapies, the largest such program in the nation. The results of a number of trials with MDACC clinical investigators as leaders or leading contributors have become standards of care for cancer treatment. Examples include fludarabine and Campath® for chronic lymphocytic leukemia, Gleevec® for chronic myelogenous leukemia, Iressa® for lung cancer, and Tamoxifen® as chemoprevention for breast cancer.

In 2003, the institution spent more than \$282 million in research, and now ranks first in both the number of grants and total dollars awarded by the National Cancer Institute. The research budget has doubled over the past five years. MDACC holds nine NCI Specialized Programs of Research Excellence (SPORE) grants in lung, bladder, prostate, ovarian, head and neck, pancreatic and endometrial cancers, melanoma and leukemia. Expanded research efforts in epidemiology and behavioral sciences complement achievements made in the clinical cancer arena. Cancer prevention services are offered in individual and corporate programs, from personalized risk assessment to screening and genetic counseling.

More than 3,000 students take part in educational programs each year, including physicians, scientists, nurses, and other health professionals. MDACC offers bachelor's degrees in six allied health disciplines. Several hundred residents and fellows come to MDACC each year to receive specialized training, and 466 graduate students are enrolled in the graduate School of Biomedical Sciences, run jointly with the UT Health Science Center – Houston (UTHSC-H). More than 1,000 research fellows are being trained in MDACC's laboratories. MDACC provides public education programs to teach health individuals about cancer symptoms and risk factors, and how to make critical health care decisions when necessary.

During the past five years MDACC has experienced tremendous growth in each of its four mission areas. The number of patients served has increased 40%. There has been a corresponding increase in faculty and staff, as well as facilities. Between 2003 and 2005, the institution is opening 1.9 million square feet of new space for clinical, research, education and prevention programs. This includes creation of a new University of Texas Research Park, 1.5 miles south of the campus, in collaboration with UTHSC-H.

The increases in our mission-driven activities fulfill our Strategic Vision for 2000-2005, which states, "We will aim to increase our research and patient care activities by up to 50% over the next five years." This record of unparalleled growth has been made possible by the collaborative and coordinated planning efforts of many leaders on the faculty and administrative staff, along with financial support from operating margins, philanthropy, the state of Texas and the UT System.

## **II. Major Ongoing Priorities and Initiatives**

### **II. A. Immediate Priorities and Initiatives**

**Priority #1: We will enhance the excellence, quality and safety of clinical care, increase productivity and efficiency, and reduce costs.**

#### Objectives

- Encourage and enable patients who will best benefit from our services and those who are candidates for our clinical protocols to select MDACC as their first choice for cancer care.
- Increase productivity and improve utilization in our clinics and inpatient units using data-driven interventions.
- Renew our national status as a Magnet Hospital, recognizing nursing care excellence and an outstanding professional practice environment.
- Develop a non-punitive culture to encourage learning from errors and close calls in order to identify areas of greatest vulnerability.
- Design and implement interventions to make breakthrough improvements in patient safety and quality of care.
- Align operational goals, strategies and action plans of the operating units with those of the institution.

#### Strategies

- Retain, recruit, and reward the best clinical faculty, nursing, support and administrative staff to provide the care and infrastructure to achieve our mission.
- Participate in the Institute of Healthcare Excellence IMPACT program to improve clinical outcomes in the intensive care units.
- Measure the utilization of space in the clinics and perioperative units and establish improvement interventions to optimize use.
- Develop and implement a system-wide, web-based mechanism for reporting close calls; initiate improvement interventions based on these data.
- Implement initiatives necessary to ensure a smooth transition into the new Ambulatory Clinical Building and Cancer Prevention Building, including the integration of support services for the two buildings.
- Redesign and relocate the Emergency Center and renovate existing building entrances to provide enhanced patient-centered services.

### Resources

- The relocation and expansion of the Emergency Center into the first and second floors of the Lutheran Pavilion is a \$20,000,000 project, with \$12,000,000 requested as M. D. Anderson's top priority for Tuition Revenue Bond Projects for the 2006-2007 Biennium.
- The resources to support the remaining strategies are included within the annual operating budget.

### Progress Measures

- Number of improvement interventions adopted.
- Continuation of Magnet Nursing Service certification.
- Successful JCAHO accreditation.
- Positive patient satisfaction surveys.
- Positive referring physicians satisfaction surveys.
- Productivity in clinics, clinical departments, support departments and inpatient units.
- Number of close calls reported and associated interventions.

## **Priority #2. Advance M. D. Anderson as an employer of choice in health care and biomedical research.**

### Objectives

- We will foster an employee-focused culture that will enhance our ability to recruit, retain, reward and empower an excellent and diverse staff and faculty committed to achieving our mission.
- Establish a work environment with meaningful rewards based on individual and team performance.
- Create a caring environment of the utmost dignity and respect for every employee (as we do for our patients) through frequent, open and honest communications from a visibly accessible senior leadership and by ensuring faculty and staff responsibility and accountability.
- Provide employees with opportunities for new learning and new responsibilities and for horizontal and upward mobility.
- Increase the diversity of faculty and senior administrative staff.
- Instill cultural sensitivity and a spirit of inclusion in the workforce through diversity training.

### Strategies

- Make a public and known commitment to mentoring at all levels of the organization.
- Incorporate activities of the Institute for Healthcare Excellence, Human Resources, Internal Communications and the Office of Institutional Diversity to create a comprehensive approach to becoming the employer of choice.
- Promote employee health, well-being and a balanced work and life situation through wellness programs, accessible employee amenities and flexible work schedules.
- Provide leadership training for faculty and administrative staff.
- Increase awareness of the Ombuds Program and the Faculty Health Program

### Resources

- The resources to support the above strategies are included within the annual operating budget.

### Progress Measures

- Incorporation of unit responses to Employee Opinion Survey into practice.
- Follow-up survey to the Employee Opinion Survey.
- Feedback from and enrollment in Faculty Leadership Academy.
- Feedback from and enrollment in Administrative Leadership Program.
- Decreased employee turnover.
- Increased percent of minorities in administrative staff and faculty ranks.

### **Priority #3. We will safeguard and enhance our resources.**

#### Objectives

- Continuously improve our administrative infrastructure in human resources, finance, facilities and information systems to support the efforts of all employees in achieving our mission and strategic goals.
- Review and prioritize proposed and existing programs to grow in appropriate areas and consolidate others.
- Maintain an operating margin required to continue investment in new people, resources and facilities for our future.
- Create an organization and work environment that aligns individual and team performance with institutional values.
- Provide high-quality, reliable facilities for all mission areas and administrative functions.
- Provide accurate, collaborative and timely budget forecasting and budget development processes and timely reporting to management of areas of financial concern.
- Deliver information technology solutions that increase the value and efficiency of our patient care, facilitate research, and streamline administrative functions.

#### Strategies

- Design innovative rewards and recognitions, pay and benefit practices.
- Implement the Employee Service Center and HR portal.
- Provide accurate, collaborative and timely budget forecasting and development processes.
- Assist operating units in meeting the operating budget.
- Continually educate all appropriate employees on the patient care revenue cycle to maximize charge capture, reduce denials and improve collections.
- Provide clear and concise productivity metrics to address capacity management, optimal utilization of resources, and employee recruitment, deployment and development.
- Collaborate with the UT System and other UT health components on business and finance and patient safety projects.
- Deliver information technology solutions that increase the value and efficiency of our patient care, facilitate research, and streamline administrative functions.
- Implement key components of the electronic medical record, including the clinical data repository, allied health documentation, nursing documentation, and a comprehensive clinical laboratory system.
- Foster a professional IS staff and provide development through formal training and certification programs to achieve employer of choice status in the local IT job market.

## Resources

- The resources to support the above strategies are included within the annual operating budget.

## Progress Measures

- Reduced employee turnover.
- Increased number of reward and recognition events/opportunities.
- Timely submission of Regents' budget, internal budget roll-out and adoption of new budget.
- Revisions to Economic Forecasting Model at regular intervals to assure accuracy and viability of the long-term capital plan, workforce and space requirements.
- Successful recruitment of a new VP and Chief Information Officer and restructuring of IS governance.
- Deployment of online structured nursing documentation, allied health documentation and comprehensive clinical laboratory system.
- Continue comprehensive, collaborative processes to assure completion and activation of the Ambulatory Clinical Building, George and Cynthia Mitchell Basic Sciences Research Building, Cancer Prevention Building, and South Campus II Building.
- Work with UT System, UTHSC-H and local authorities in planning campus safety in the event of disaster (flooding, terrorism).
- Develop a new 5-year campus master plan.

## **Priority #4. We will create integrated programs and resources to support activities that promote technology development and commercialization.**

### Objectives

- Conversion of scientific discoveries into useful products and devices through enhanced technology development and transfer.
- Enhancement of technology transfer and support for commercialization.
- Create a prioritized pipeline of M. D. Anderson intellectual property. Expand screening and toxicology capabilities for drugs and biologicals.

### Strategies

- Strengthen the existing infrastructure of:
  - 1) The Office of Technology Discovery (OTD), which advises faculty inventors on all aspects of developing their discoveries into useful commercializable products; reviews Concept Reports and Invention Disclosure Reports submitted by faculty, and triages these for action/refinement.
  - 2) The Office of Technology Commercialization (OTC), which evaluates Concept Reports and Invention Disclosure Reports forwarded by OTD to determine the institution's interest in applying for patents, submitting patent applications, and/or developing business plans for licensing or for new start-up companies.
  - 3) The Technology Review Committee (TRC), which undertakes peer review of research and funds projects leading to commercialization of discoveries.
- Recruit new VP for Technology Transfer.
- Utilize expertise of MDACC Board of Visitors special committee on research development.
- Recruit corporations to collaborate and build in The University of Texas Research Park.
- Collaborations with UTHSC-H, other UT components, Rice, Baylor, etc., on projects of mutual interest.

## Resources

- U. T. M. D. Anderson and U. T. Health Science Center – Houston are seeking philanthropy for their portion of the match (\$25 million) to the Texas Enterprise Fund for development of the Center for Advanced Diagnostic Imaging on the U. T. Research Park.
- The resources in support of the remaining strategies are included within the annual operating budget.

## Progress Measures

- Successful recruitment of VP for Technology Transfer
- Number of patents issued.
- Number of licenses granted to MDACC for intellectual property.
- Number of venture companies formed based on MDACC intellectual property.
- Number of biotech companies represented at UT Research Park.

## **II. B. Longer Term Priorities and Initiatives**

**Priority # 1. We will improve the quality of existing research programs and develop priority programs for the future.**

### Objectives

- Strengthen the quality and impact of our basic, translational, clinical and population-based research through superior leadership, infrastructure, resources and efficiencies.
- Support clinical trial recruitment through interdisciplinary collaborative communications and education efforts.
- Enhance our clinical research infrastructure to support greater patient participation and a greater impact on cancer research and treatment.
- Improve the diagnosis and treatment of cancer by discovering, validating and targeting specific genetic and molecular abnormalities, altering the organ microenvironment, and understanding the biology and chemistry of normal and malignant cells and tissues.
- Invest resources to seize emerging research opportunities and to reward excellence and innovation.
- Obtain increased funds from operating margins, grants/contracts, philanthropy, the state and UT System to support outstanding research.
- Retain and recruit outstanding faculty and research leaders.
- Provide all investigators with research facilities and core support services that enable the most advanced scientific investigation.

### Strategies

- Capture philanthropic support for a major funding initiative to support research for outstanding faculty and recruits. The George and Barbara Bush Endowment for Innovative Cancer Research. The goal is \$50 million, and we aim to achieve this amount in contributions and pledges by June 2004.
- Strengthen existing departments and create new ones that are central to our strategic research goals, e.g., molecular epidemiology, molecular diagnostics, molecular imaging, health disparities research, veterinary medicine.

- Continue collaborations in bioengineering, structural biology, informatics and other areas with UTHSC-H, other UT components, other academic institutions and industry.
- Provide peer-reviewed, intramural start-up funding for innovative research in targeted areas.
- Provide seed funding and infrastructure support for clinical trials.
- Improve processes for prioritizing and supporting clinical trials and for monitoring patient accrual status, completion of studies and publication of results.
- Expand Phase I Trials program.

#### Resources

- LERR Funds for the recruitment and retention of distinguished faculty will be an MDACC priority.
- The resources in support of the remaining strategies are included within the annual operating budget.

#### Progress Measures

- Amount of grant and contract support for research from government and public entities.
- Amount of contract support for research from pharmaceutical and biotech companies.
- Number of SPORes, program project and other collaborative grants.
- Number of peer-reviewed publications.
- Number of memberships in selective national organizations (e.g., IOM, ASCI).
- Successful high impact clinical research leading to FDA approval of a therapy or setting the standard of clinical practice.
- Number of patients entered on Phase I clinical trials.
- Number of clinical trials.
- Funding of the Bush Endowment.
- Yearly philanthropic contributions.

### **Priority # 2. We will expand addressing risk assessment, prevention and early detection of cancer and develop strategies to disseminate these findings.**

#### Objectives

- Integrate research on risk assessment, prevention and early diagnosis into each of our multidisciplinary clinical programs (breast, lung, etc.).
- Promote research to identify predictive markers of an individual's cancer risk and of the appropriate treatment or intervention to prevent cancer.
- Investigate therapeutic agents and behavioral and dietary interventions that can prevent cancer or reverse pre-cancerous conditions and early cancers.

#### Strategies

- Investigate therapeutic agents and dietary and behavioral interventions that can prevent cancer or reverse pre-cancerous conditions and early cancers.
- Promote research to identify predictive markers of an individual's cancer risk and of the appropriate treatment or intervention to prevent cancer.
- Provide education and risk assessment tools for application to patients and the public through integration of expertise in cancer, internal medicine, genetics, behavioral science, laboratory medicine and communication.
- Creation of a Department of Health Disparities Research.

- Clinical trials of agents preventing cancer or reversing pre-cancer.
- Sponsor research and educational programs on health disparities, especially in minority and medically underserved populations in which the burden of cancer is excessive.

#### Resources

- The resources in support of these strategies are included within the annual operating budget.

#### Progress Measures

- Grant support for prevention and population sciences.
- Number of patients seen in consultation for risk assessment, and genetic or behavioral counseling.
- Validation of new markers predicting risk or presence of cancer.
- Successful recruitment of a chair for the Department of Health Disparities Research.
- Successful activation of the Cancer Prevention Building.

**Priority # 3. We will develop our capabilities as a learning and mentoring organization for all students, trainees, employees and volunteers and create educational programs that prepare outstanding professionals for assuming responsibility and accountability.**

#### Objectives

- Enhance the quality and outcomes of our undergraduate and graduate degree-granting programs, and our post-doctoral training programs.
- Bring renewed emphasis to the education mission so that it touches all areas of the institution.
- Advance the Graduate School of Biomedical Sciences (GSBS).
- Enhance the School of Health Sciences.
- Be recognized for outstanding oncology training for health care providers.
- Provide continuing education and personal growth opportunities for all employees and volunteers
- Be the provider of the best cancer information to patients and the public.
- Provide opportunities for all students to develop cultural sensitivity and an understanding of, and appreciation for, a professional code of conduct.

#### Strategies

- We will provide educational and training experiences to effectively prepare our graduate students for the range of scientific careers that will be available to them in a rapidly evolving scientific and technological environment.
- Broaden the diversity of the GSBS and rise to a national ranking in the top 20 of graduate schools of its class.
- Strengthen physician-scientist training through new programs and enhancement to our current MD/PhD program.
- Continue new cohorts in the Faculty Leadership Academy.
- Continue new cohorts in the Administrative Leadership Program.
- Explore new initiatives in distance learning.
- Expand and publicize the activities of the Education Council.
- Increase enrollment/GPA at the School of Health Sciences.

- Increase training of advanced-level physicians and nurses through Sister Institution and other collaborations.
- Increase placement of post-doctoral trainees in high quality career opportunities.
- Increase employee enrollment in skill improvement and personal growth courses offered by HR.

#### Resources

- The resources in support of these strategies are included within the annual operating budget.

#### Progress Measures

- GSBS admissions data (e.g., GPA, ethnicity)
- National rankings.
- School of Health Sciences admission and graduation data.
- Achieve School of Health Sciences accreditation.
- Number of users of Learning Centers and other educational programs for public and patients.
- Number of MDACC-sponsored conferences and number of attendees.
- Number of employees enrolled in HR educational courses.
- Hits to MDACC web site.

### **Priority # 4. We will improve our information systems, bioinformatics and computational capabilities to enable us to collect, integrate and analyze large clinical and research databases, and to generate knowledge.**

#### Objectives

- Create seamless exchange between research and clinical databases.
- Secure information technology solutions that allow appropriate access to all clinical and research data.
- Expanded IS support to the institutional needs in research.

#### Strategies

- Implement new governance and planning structure for IS.
- Recruit new VP and Chief Information Officer.
- Expand bioinformatics and research computing activities through faculty recruitment and educational programs.
- Integrate tissue, molecular and clinical information on patients.
- Implement key components of the electronic medical record, including the clinical data repository, allied health documentation and nursing documentation.

#### Resources

- A number of the above strategies are dependent upon the development of the Clinical Research Information System and the General Laboratory Software Project. These projects are the top two priorities on M. D. Anderson's FY 2005 LERR request.
- The resources in support of the remaining strategies are included within the annual operating budget.

### Progress Measures

- Integration of clinical and research data.
- Faculty acceptance of central data warehouses.
- Increased sharing of data and tissues across departments.
- Amount of informatics research support provided by grants and contracts.
- Number of patients on clinical trials contributing data to a centralized, queryable system.
- Recruitment of new VP and CIO.

## **III. Future Initiatives of High Strategic Importance – Next Ten Years**

### **Priority #1. We will increase our mission-driven collaborations and outreach.**

#### Objectives

- Leverage the skills and strengths of MDACC faculty.
- Promote and reward interdisciplinary research to enhance the discovery of new knowledge and to hasten the translation of discoveries into clinical trials and clinical practice.
- Develop and facilitate more effective collaborations and share knowledge with physicians, extramural researchers, academic institutions, industry and organizations involved in comprehensive cancer control initiatives.
- Obtain the intellectual and technical resources required for cutting-edge, innovative biomedical investigation.

#### Strategies

- Provide seed funds for SPORES, PO1s and other targeted collaborations.
- Improved partnerships with community oncologists, statewide and nationwide, and strategies for the transfer of more long-term care to them.
- Nurture and expand the Gulf Coast Consortia (MDACC, UTHSC-H, UTMB, Rice, Baylor, TAMU)
- Expand telemedicine programs.
- Increase collaborations in bioengineering, structural biology, informatics and other areas with UTHSC-H, other UT components, other academic institutions and industry.
- Build mutually beneficial collaborations with pharmaceutical and biotechnology companies.
- Continue to expand collaborations with our Science Park Research Division in Smithville and our Department of Veterinary Sciences in Bastrop.

#### Resources

- The resources in support of these strategies are included within the annual operating budget.

#### Progress Measures

- Number of extramurally-funded collaborative research programs within MDACC.
- Number of collaborative research programs with other academic institutions.
- Number of research contracts and collaborative agreements with companies.
- Amount of research dollars from companies.
- Positive referring physician satisfaction survey.

**Priority 2. We will be leaders in sharing information on cancer care and prevention and on key issues in cancer research with health care professionals, leaders responsible for health care policy, the media and the public.**

Objectives

- Disseminate to oncologists and health professionals worldwide the unique expertise of MDACC clinicians, researchers and nurses in order to achieve our mission.
- Secure “top of mind” recognition of MDACC for the media seeking information on cancer.
- Secure recognition of the role and value of MDACC and UT System with state and federal policymakers.
- Expand programs and technologies to educate the public, and patients about cancer.

Strategies

- Implement Sister Institution agreements (formalizing exchange of research, trainees and medical practice strategies).
- Assist with promoting the new Texas Academy of Science, Engineering and Medicine.
- Increase MDACC members in the Institute of Medicine and other organizations that recognize excellence and set public policy.
- Expand MDACC media programs to involve additional national and international venues.
- Participation by faculty as leaders/officers in national professional societies.
- Support the MDACC volunteers and Anderson Network with learning opportunities.
- Expand public education, outreach, community programs and web site content.

Resources

- The resources in support of these strategies are included within the annual operating budget.

Progress Measures

- Ranking of MDACC in significant surveys.
- Number of trainees and faculty exchanges resulting from Sister Institutions and other collaborative agreements.
- Number of faculty elected into leading selective organizations, e.g., the Institute of Medicine and the National Academy of Science.
- Number of faculty chosen as leaders of significant national professional organizations, or as editors of professional research journals.
- Number of faculty who serve on or lead committees that produce actions or reports which impact cancer and health care.
- Number of interviews and news articles referring to MDACC in major print and broadcast news media.
- Coverage of MDACC in the international press.
- Hits on MDACC web site
- Number of attendees at Anderson Network conference.

## **IV. Other Critical Issues/Impact of Initiatives**

### **A. Impact of Initiatives**

#### **Enrollment Management**

Several initiatives will have an impact on students and trainees. Efforts to enhance the Graduate School of Biomedical Sciences (joint program with UTHSC-H), and the School of Health Sciences will be directed at seeking the best candidates for enrollment. MDACC's highly competitive fellowship and postdoctoral training programs will grow, and graduates who leave the institution help advance our mission and initiatives aimed at dissemination of knowledge.

#### **Diversity of Faculty and Staff**

Initiatives related to becoming the employer of choice in health care and biomedical research, educational programs, and learning and mentoring all have strong diversity components. The Office of Institutional Diversity (OID) will become more involved with candidate searches. OID hosts frequent informal seminars for employees. The faculty and administrative leadership programs contain a diversity module. The new Department of Health Disparities Research will have an impact throughout MDACC, particularly with minority enrollment in clinical trials, educational programs and community outreach.

#### **Community and Institutional Relations**

With nearly 14,000 employees, MDACC is important to the city's workforce, and Houston should benefit from our employer of choice initiatives. Certainly, the excellent clinical care provided at MDACC is a benefit to Houston and Texas. Initiatives aimed at technology development and commercialization hold economic benefits for Houston. For example, successful development of The University of Texas Research Park will bring biotech companies to Houston, in turn providing jobs and adding to the tax base.

Outreach programs from initiatives addressing minority health, screening and prevention will bring great benefit to the community. Initiatives related to sharing knowledge are directed to the public and patients.

With 1,400 community volunteers, and a goal to add 325 more in FY05, MDACC has the largest hospital-based volunteer program in the nation.

MDACC intends to continue to allocate unbilled charges for the care of indigent Texans at a level of 10% of the operating budget.

Relationships with MDACC donors will be impacted by efforts to secure funding for the Bush endowment, multidisciplinary research programs and capital projects. The MDACC Development Office has an outstanding record and will be instrumental in balancing the many philanthropic needs.

#### **Finances**

MDACC has been able to sustain positive margins and an ambitious Long-Term Capital Plan, but we are always mindful that external factors could have consequences. Prioritization of programs and facilities will have to be part of the initiatives in the Compact and the Strategic Goals. Initiatives directed at maintaining our Economic Forecasting Model, improving infrastructure, productivity and efficiency will all affect the finances of the institution. Initiatives aimed at educating state and national policy makers are critical to our finances. Third party reimbursement, managed care contracting, and legislative and regulatory directives can all have serious and immediate impact, and efforts to shield the institution from adverse consequences are imperative.

Strategies to increase grant and contract dollars and for collaboration with other institutions and industry should have positive financial implications.

## **Facilities**

Several progress measures are keyed to facilities (e.g., successful activation of the Mitchell Basic Sciences Research Building, Ambulatory Clinical and Cancer Prevention Buildings). The Proton Therapy Center will be one of only three such facilities in the nation, clearly linked to MDACC's national ranking and reputation. Development of The University of Texas Research Park has an impact on facilities, and partnerships with industry will be sought to offset these costs.

## **Other Infrastructure Issues**

Information systems, bioinformatics and computational science are at the core of several initiatives: improving productivity and efficiency, development of integrated clinical and research databases, development of an electronic medical record, and clinical trial design. Enormous patient databases will be needed for wide scale prevention trials. The re-engineering of the MDACC Information Services department, including recruitment of a new VP and Chief Information Officer, must be successfully achieved. IS activities are extremely expensive, and appropriate prioritization and faculty involvement will be critical to success in these initiatives.

Highly specialized equipment for proteomics, genomics and molecular imaging will be required for initiatives aimed at detecting and treating cancer by discovering and targeting genetic and molecular abnormalities.

### **B. Unexpected Opportunities or Crisis**

Access to the Governor's Texas Enterprise Fund and the proposal for a molecular imaging building, planned jointly by MDACC, UTHSC-H and GE Medical Systems, is an example of an unexpected opportunity. This project (\$80 million research program and facility) will be an outstanding example of private-public partnership and become the anchor of the UT Research Park. The presence of GE Medical Systems will bring jobs to Houston. Attracting pharmaceutical and biotech companies, as well as medical instrument and equipment companies, to the UT Research Park will be a major initiative during the next five years.

The war on terrorism has had a negative impact on the ability of international patients to come to MDACC. Patients from outside the U.S. now comprise only 3% of all patients and like all self-pay patients they contribute importantly to institutional margins. Efforts with Sister Institutions and the establishment of information offices in other countries are two strategies to address our desire to return international patients to about 4% of total patient volume, which is still below the pre-9/11 level. A shift in marketing to Mexico and South America is also underway. Marketing is also planned in the U.S. outside of Texas to help bring more self-pay and managed care patients to MDACC.

## **V. System and State Priorities**

Collaborations with UT System institutions, working with government, increasing external research funding, and enhancing academic and clinical excellence are discussed throughout Sections II-IV.

## **VI. Compact Development Process**

The Compact has been developed in tandem with a review and revision of MDACC's Strategic Vision and Goals. Beginning in December 2002, a series of meetings were held with clinical and research faculty leaders, the chair of the Faculty Senate and senior management. These sessions addressed the future direction of research, the clinical enterprise, infrastructure and other initiatives. In the fall of 2003, concurrent with the beginning of the Compact process, the recommendations from all these meetings were distilled and various drafts of the initiatives were reviewed by the senior leadership, the Research Council (clinical division heads and basic science chairs), the External Advisory Board (distinguished scientists from peer institutions), the President's Advisory Board (clinical division heads, vice presidents, Faculty Senate chair, two clinical department chairs). The Executive Committee of the Faculty Senate (ECFS) reviewed the entire draft submitted to UT System, and the President met with the ECFS to discuss the Compact and the Strategic Goals. Modifications we made after each of these discussions, and the priorities contained in the current version of the Compact and Strategic Goals are the result. All of the initiatives contained in the Strategic Vision and Goals are also in the Compact.

Other institutional groups reviewing the Strategic Vision and Goals include the Diversity Council, the members of the Leadership Forum (approximately 150 faculty and administrative staff).

## **VII. System Contributions**

- Resource support (Health Affairs; Governmental Relations; Federal Relations)
- Development of collaborations (Health Affairs)

## VIII. Appendices

### Budget Summary

**The University of Texas M. D. Anderson Cancer Center  
Operating Budget  
Fiscal Year Ending August 31, 2004**

	FY 2003 Adjusted Budget	FY 2004 Operating Budget	Budget Increases (Decreases) From 2003 to 2004	
			Amount	Percent
<b>Operating Revenues:</b>				
Tuition and Fees	\$ 153,443	267,000	113,557	74.0%
Federal Sponsored Programs	129,207,342	135,494,512	6,287,170	4.9%
State Sponsored Programs	1,192,657	555,496	(637,161)	-53.4%
Local and Private Sponsored Programs	37,601,805	36,928,676	(673,129)	-1.8%
Net Sales and Services of Educational Activities	10,124,907	11,803,237	1,678,330	16.6%
Net Sales and Services of Hospital and Clinics	866,630,446	1,088,823,441	222,192,995	25.6%
Net Professional Fees	184,125,305	205,306,145	21,180,840	11.5%
Net Auxiliary Enterprises	27,635,678	23,911,115	(3,724,563)	-13.5%
Other Operating Revenues	19,392,381	20,561,791	1,169,410	6.0%
<b>Total Operating Revenues</b>	<b>1,276,063,964</b>	<b>1,523,651,413</b>	<b>247,587,449</b>	<b>19.4%</b>
<b>Operating Expenses:</b>				
Instruction	76,531,271	88,648,093	12,116,822	15.8%
Academic Support	-	-	-	-
Research	247,192,436	265,611,855	18,419,419	7.5%
Public Service	1,244,948	1,323,261	78,313	6.3%
Hospitals and Clinics	837,292,449	961,608,576	124,316,127	14.8%
Institutional Support	133,802,194	140,036,089	6,233,895	4.7%
Student Services	-	-	-	-
Operations and Maintenance of Plant	201,112,092	266,251,830	65,139,738	32.4%
Scholarships and Fellowships	-	-	-	-
Auxiliary Enterprises	23,077,000	18,213,060	(4,863,940)	-21.1%
<b>Total Operating Expenses</b>	<b>1,520,252,390</b>	<b>1,741,692,764</b>	<b>221,440,374</b>	<b>14.6%</b>
<b>Operating Surplus/Deficit</b>	<b>(244,188,426)</b>	<b>(218,041,351)</b>	<b>26,147,075</b>	<b>-10.7%</b>
<b>Nonoperating Revenues (Expenses):</b>				
State Appropriations & HEAF	159,251,684	148,762,704	(10,488,980)	-6.6%
Gifts in Support of Operations	41,863,181	44,474,778	2,611,597	6.2%
Net Investment Income	27,520,909	23,167,048	(4,353,861)	-15.8%
Other Non-Operating Revenue	12,530,523	11,920,032	(610,491)	-4.9%
Other Non-Operating (Expenses)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>241,166,297</b>	<b>228,324,562</b>	<b>(12,841,735)</b>	<b>-5.3%</b>
<b>Transfers and Other:</b>				
Transfers From Endowments	-	-	-	-
Transfers (To) Endowments	-	-	-	-
AUF Transfers Received	-	-	-	-
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	(3,000,000)	(18,000,000)	(15,000,000)	500.0%
Transfers for Debt Service	(28,771,980)	(39,202,627)	(10,430,647)	36.3%
Other Additions and Transfers	-	-	-	-
Other Deductions and Transfers	-	-	-	-
<b>Total Transfers and Other</b>	<b>(31,771,980)</b>	<b>(57,202,627)</b>	<b>(25,430,647)</b>	<b>80.0%</b>
<b>Surplus/(Deficit)</b>	<b>\$ (34,794,109)</b>	<b>(46,919,416)</b>	<b>(12,125,307)</b>	<b>34.8%</b>
Total Revenues	\$ 1,517,230,261	1,751,975,975	234,745,714	15.5%
Total Expenses and Debt Service Transfers	(1,549,024,370)	(1,780,895,391)	(231,871,021)	15.0%
<b>Surplus (Deficit)</b>	<b>\$ (31,794,109)</b>	<b>(28,919,416)</b>	<b>2,874,693</b>	

Statistical Profile

M. D. Anderson Cancer Center					
	1999	2000	2001	2002	2003
Fall UG headcount enrollment	0	40	48	59	75
Health Sciences certificates awarded	0	0	26	34	
Health Sciences baccalaureate degrees awarded	0	0	13	10	
Accredited GME resident programs	11				12
Residents in GME accredited programs	83				100
Federal research expenditures	\$69,412,772	\$81,871,561	\$91,543,036	\$117,633,074	\$122,868,912
Faculty fall headcount	844	939	1,003	1,061	
Classified staff	6,966	7,806	8,777	9,483	10,112
Non-Classified staff	770	812	852	908	1,264
Hospital admissions	16,499	17,497	18,604	18,781	
Hospital days	126,803	131,788	137,204	137,207	
Clinic visits	409,443	448,690	469,068	471,728	
Un-sponsored charity care	\$19,717,163	\$25,524,441	\$30,773,351	\$35,310,300	
Endowment total value	\$256,739,000				\$205,089,000

### Institution-Specific Information

- For the third time in four years, MDACC is ranked the nation's top cancer hospital in *U.S. News and World Report's* "America's Best Hospitals Survey."
  - In addition to the number one ranking in cancer, several MDACC specialties were ranked among the nation's best, including gynecology (4), ENT (10) and urology (13).
  - MDACC has ranked as number one or two hospitals in cancer since the magazine began its annual survey 14 years ago.
- MDACC ranked number six in the nation by *The Scientist's* "Best Places for Postdocs" 2004 survey. This is based on information from 91 institutions in the U.S. and Canada.
- The JCAHO survey resulted in Accreditation without Type I Recommendation – the highest possible rating. MDACC received a 98 out of possible 100 in the final report and ranked 1 in 40 or 44 categories rated by the surveyors.
- MDACC is a World Health Organization Collaborating Center in Supportive Care. This Center helps to develop research and professional education programs in supportive care for countries in all stages of development, particularly in Latin America and Asia.
- MDACC received international recognition with the Magnet Nursing Services Recognition. Fewer than 45 hospitals in the world have received this highest honor in health care for nursing.
- MDACC ranks first in both the number of grants (208) and total dollars awarded (\$98.4 million) by the National Cancer Institute.
- MDACC holds nine NCI Specialized Programs of Research Excellence (SPORE) grants in lung, bladder, prostate, ovarian, head and neck, pancreatic and endometrial cancers, melanoma and leukemia. This is more than any other cancer center and totals more than \$88 million in grant funding.
- MDACC was awarded First Place in the Better Business Bureau award for Quality in Healthcare.
- MDACC was one of the first three health care institutions in the U.S. to be awarded ISO 14001 (International Organization for Standardization) certification, an international distinction that recognizes environmental management.
- MDACC's TV production department won the Silver Telly award, the highest level of recognition for non-network programming. The award was for the program *Children's Art Project: Making Life Better for children with Cancer*. They won the second highest award, the bronze, for *M. D. Anderson Cancer Center: 60 Years of Making Cancer History*.