

**UT Health Science Center – Tyler
Compact for FY 09 – FY 10**

Mission: To serve East Texas and beyond through excellent patient care and community health, comprehensive education, and innovative research.

Top Priorities for FY 09 – FY 10:

- 1: Grow clinical practice enterprise by 5%-10% increase in revenue in next FY, so it becomes an economic driver.
- 2: Develop and enhance oncology and interventional pulmonary programs.
- 3: Obtain additional philanthropic funding for Academic Center.
- 4: Complete and implement FY09-FY12 Strategic Plan for UTHSCT.

I. Performance Summary Table and Analysis

Indicator	Past	Current	Goal	Explanation
All Sponsored Research Expenditures	\$9,217,039 (2003) \$12,598,871 (2006)	\$13,550,150 (2007)	\$14,000,000 (2010) \$20,000,000 (2014)	Assumes continued recruitment in basic science and clinical faculty, and reflects the ability to support researchers with good priority scores who have barely missed the pay line.
Federal Sponsored Research Expenditures	\$3,493,251 (2003) \$6,512,656 (2006)	\$6,742,353 (2007)	\$7,500,000 (2010) \$10,000,000 (2014)	Represents slight increments in NIH awards and other extramural support in the face of current contraction at NIH and increased competition for other sources of extramural funding. Assumes maintenance of 89% of current research faculty with extramural support.
Uncompensated Health Care According to the State Definition – includes hospitals and physicians	\$27,358,499 (2003) \$41,192,631 (2006)	\$20,207,978 (FY2007)	\$27,572,174 (FY2009)	Reduction due to retroactive Upper Payment Limit revenue received in 2007 and UTHSCT has implemented monthly productivity reports and has reduced its indigent care program.

II. Update Strategic Initiatives from the 2007 Compact

a. Completed Initiatives

	Impact (Metrics)	Analysis	Goal	Evaluation of initiative success
1. Hired new Chief Operations Officer (COO) on January 14, 2008.				
2. Upgraded Information Systems	Unbilled accounts were reduced from \$6 million to \$600,000.	New software identified and streamlined the billing process with a smaller number of FTEs.	Reduce unbilled to less than \$500,000.	Net cash received within 3 months of implementation of scanning system was over \$1.5 million.

b. Ongoing Initiatives

	Impact (Metrics)	Analysis	Goal	Next Steps
1. Continue a prestigious research program	Sponsored research: \$13,550,150 (2007)	Will require ongoing growth of research faculty and enhanced clinical research.	Sponsored research: \$20,000,000 (2014)	Growth in research expenditures in specific focus areas of lung injury, infectious lung diseases, and cancer.
2. Finalize Academic Center to support education, research, patient care, & beautification of campus	\$21,120,000 TRB for UTHSCT Academic Center	Will require TRB funds, and support from UT System, Board of Regents, and additional philanthropy.	More academic and clinical visibility in East Texas by FY 2010.	Achieve new educational and research facilities; continue to foster collaborations with other UT institutions and identify clinical and research collaborations with MD Anderson.

**UT Health Science Center – Tyler
Compact for FY 09 – FY 10**

	Impact (Metrics)	Analysis	Goal	Next Steps
3. Expand Rural Medicine Residency training programs with regional hospitals to enhance medical education opportunities in E. Texas area.	Double family medicine training program.	Identify funding sources; negotiate agreements with regional hospitals.	Academic visibility to identify additional teaching hospital by FY 2012.	<ol style="list-style-type: none"> 1. Finalize agreement with regional hospitals and pursue programmatic and operational specifics. 2. Produce strategic planning document. 3. Engage consultant to explore residency expansion in East Texas.
4. UTHSCT School of Health Professions (this was Item #1 in FY08-FY09 Compact in Ongoing Initiatives)	Develop health care workforce in East Texas.	This initiative is on hold while institution is focused on clinical growth and funding sources are identified; 1-yr contract with UTT to pursue CLS joint degree was not renewed.	Develop Academic Medical Center by FY 2011.	<ol style="list-style-type: none"> 1. Request \$6 million for biennium from 81st State Legislature to help fund School of Health Professions. 2. Pursue joint degree collaborations with other higher ed institutions, including UTT.

III. New Strategic Initiatives

Initiative, Rationale, & Strategy	Expected Impact (Metrics)	Goal	Specific Steps in 08-09, 09-10
1. Regional Health Science Center for NE Texas - Interventional Pulmonary Research and Clinical Care Program	Addresses a critical need in region and supports our research initiative. We will measure growth of new pulmonary services.	Increase interventional pulmonary procedures at UTHSCT by 20% by FY 2011.	<ol style="list-style-type: none"> 1. Request \$6 million one-time only request from 81st State Legislature. 2. Recruit additional interventional pulmonologist. 3. Integrate interventional pulmonology research in UTHSCT clinical research program.
2. Regional Health Science Center for NE Texas - Texas Lung Research & Treatment (TLRT) Initiative	To facilitate UTHSCT as National Center for Pulmonary Care and Research. Increase external research support in lung injury and lung cancer.	Develop new drugs in lung injury treatment; enhance basic/clinical research in lung injury by FY 2011.	<ol style="list-style-type: none"> 1. Request \$4.2 million for biennium funding from 81st State Legislature. 2. Raise \$2 million in philanthropic support.
3. Selection of Electronic Medical Record (EMR)	Improved communication and patient safety.	Move 50% of outpatient clinics to utilize EMR by end of FY09.	<ol style="list-style-type: none"> 1. Select EMR 2. Negotiate and sign contract. 3. Implement EMR and educate staff.

IV. UT System Strategic Plan Initiatives

a. New Clinical Programs/Products

Primary Care is new product line. Thoracic oncology, as well as other diseases of the chest, and Cardiology product lines continue.

b. Financial Management Plan

UTHCT had net loss of \$6.5 million during FY 2005 and a net loss of \$2.4 million during FY 2006. Due to employee reductions of 250 FTEs (21%), indigent control policies, investment in revenue cycle software (which resulted in increased reimbursement), and the elimination of non-productive programs, UTHCT is expecting a net profit of \$5.5 million for FY 2007. In addition, the institution's cash balance is expected to surpass the previous highest balance which occurred in FY 2004 after a one-time \$4 million gift.

UT Health Science Center – Tyler Compact for FY 09 – FY 10

c. Information Security Plan

Several major information security initiatives planned for the 2009 – 2010 timeline include:

- Complete whole-disk encryption for mobile devices storing confidential University data.
- Participate in the deployment of the configuration management system selected by UT System.
- Deployment of the standardized information risk assessment tool recommended by UT System.

V. System Contributions and Investments

a. Summary of STARS and special PUF investments

UTHSCT received \$150,000 from the ENTER fund for FY 2008. This collaboration with UT Tyler will establish an Aging, Research and Teaching Unit to address care required for older adults.

b. Other System contributions

UTHSCT will receive "Strength in Numbers" grant from UT System to assist in staffing the revamped UTHSCT Institutional Advancement Office. Also, UT System expertise will be needed for EMR initiative.

VI. Total Faculty Positions Projected to 2011

Field	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11
Medical/Health	71	60	48	49	51	53
Other	34	35	37	39	41	44
Total	105	95	85	88	92	97

Please Note: The numbers above are totals and not how many new faculty. UTHSCT plans to prioritize recruitment on key clinical faculty and to invest in clinical enterprise.

VII. Status of Campus Strategic/Long-Range Plan: The process to develop UTHSCT's Campus Strategic/Long-Range Plan is in the final stages of development. It should be completed by end of calendar year 2008.

VIII. Campus Consultation to Develop Compact: The UTHSCT Office of the President conducted individual and selected meetings with key faculty leaders (including members from the respective Clinical and Research Assemblies) to discuss previous Compacts and the elements of the FY09-FY10 Compact. These faculty provided meaningful input and were instrumental in the development of UTHSCT's FY 2009-FY10 Compact.

**UT Health Science Center – Tyler
Compact for FY 09 – FY 10**

IX. Budget

**The University of Texas Health Center at Tyler
Operating Budget, Fiscal Year Ending August 31, 2008**

	FY 2006 Actual	FY 2007 Adjusted Budget	FY 2008 Operating Budget	Budget Increases (Decreases) From 2007 to 2008	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ -	-	-	-	-
Federal Sponsored Programs	9,805,736	11,930,242	14,022,875	2,092,633	17.5%
State Sponsored Programs	1,155,692	1,126,409	1,276,700	150,291	13.3%
Local and Private Sponsored Programs	6,016,657	3,064,788	2,219,005	(845,783)	-27.6%
Net Sales and Services of Educational Activities	1,159,220	4,409,064	3,457,473	(951,591)	-21.6%
Net Sales and Services of Hospital and Clinics	46,592,269	42,972,776	41,964,605	(1,008,171)	-2.3%
Net Professional Fees	10,536,917	11,568,530	11,268,060	(300,470)	-2.6%
Net Auxiliary Enterprises	272,281	202,797	202,420	(377)	-0.2%
Other Operating Revenues	1,283,393	-	-	-	-
Total Operating Revenues	76,822,165	75,274,606	74,411,138	(863,468)	-1.1%
Operating Expenses:					
Instruction	8,075,710	4,522,915	4,132,457	(390,458)	-8.6%
Academic Support	-	-	481,551	481,551	-
Research	10,928,371	15,033,139	20,865,196	5,832,057	38.8%
Public Service	-	-	-	-	-
Hospitals and Clinics	77,623,505	74,604,931	63,696,570	(10,908,361)	-14.6%
Institutional Support	9,696,777	7,055,427	8,513,900	1,458,473	20.7%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	6,183,195	9,534,556	9,076,575	(457,981)	-4.8%
Scholarships and Fellowships	-	-	-	-	-
Auxiliary Enterprises	548,050	225,469	189,824	(35,645)	-15.8%
Depreciation and Amortization	8,456,640	8,008,483	8,930,100	921,617	11.5%
Total Operating Expenses	121,512,248	118,984,920	115,886,173	(3,098,747)	-2.6%
Operating Surplus/Deficit	(44,690,083)	(43,710,314)	(41,475,035)	2,235,279	-5.1%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF	39,069,206	38,952,683	40,480,054	1,527,371	3.9%
Gifts in Support of Operations	638,604	1,277,853	1,449,327	171,474	13.4%
Net Investment Income	3,446,989	2,780,079	2,905,214	125,135	4.5%
Other Non-Operating Revenue	-	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	43,154,799	43,010,615	44,834,595	1,823,980	4.2%
Transfers and Other:					
AUF Transfers Received	-	-	-	-	-
AUF Transfers (Made)	-	-	-	-	-
Transfers for Debt Service - Interest	(873,521)	(903,225)	(947,425)	(44,200)	4.9%
Total Transfers and Other	(873,521)	(903,225)	(947,425)	(44,200)	4.9%
Budget Margin	(2,408,805)	(1,602,924)	2,412,135	4,015,059	-250.5%
Reconciliation to Change in Net Asset:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	2,520,969	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	66	11,123	-	(11,123)	-100.0%
Additions to Permanent Endowments	182,200	-	-	-	-
Transfers for Debt Service - Principal	(1,081,221)	(1,277,000)	(3,496,513)	(2,219,513)	173.8%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	3,792,122	6,307,060	2,594,540	(3,712,520)	-58.9%
SRECNA Change in Net Assets	\$ 3,005,331	3,438,259	1,510,162	(1,928,097)	-56.1%
Total Revenues and AUF Transfers	\$ 119,976,964	118,285,221	119,245,733	960,512	0.8%
Total Expenses (Including Transfers for Interest)	(122,385,769)	(119,888,145)	(116,833,598)	3,054,547	-2.5%
Budget Margin	\$ (2,408,805)	(1,602,924)	2,412,135	4,015,059	
Reconciliation to Use of Prior Year Balances					
Depreciation		8,008,483	8,930,100		
Capital Outlay		(3,500,000)	(7,032,000)		
Transfers for Debt Service - Principal		(1,277,000)	(3,496,513)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		<u>1,628,559</u>	<u>813,722</u>		

**UT Health Science Center – Tyler
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X. Data Summary

<i>academic year</i>				02-03	03-04	04-05	05-06	06-07
Accredited resident programs				2	2	2	2	2
Residents in accredited programs				24	23	24	24	24

<i>fiscal year</i>	2000	2001	2002	2003	2004	2005	2006	2007
Federal research expenditures	\$2,807,980	\$3,063,099	\$2,783,554	\$3,493,251	\$4,659,021	\$4,956,399	\$6,512,656	\$6,742,353

<i>academic year</i>	2000	2001	2002	2003	2004	2005	2006	2007
Faculty	102	112	119	110	107	106	97	94
Administrative		63	76	80	50	46	37	38
Other, Non-Faculty		1,095	1,041	1,062	1,110	1,035	836	755
Student employees		14	13	11	8	10	10	10

<i>fiscal year</i>	1999	2000	2001	2002	2003	2004	2005	2006
Hospital admissions	3,504	3,714	3,554	3,805	3,765	3,369	2,901	2,926
Hospital days	28,163	29,802	29,451	29,021	26,942	24,789	19,090	14,822
Outpatient visits	126,585	132,772	135,978	140,473	119,515	114,968	114,208	166,539
Un-sponsored charity care - physicians only	\$2,619,752	\$3,261,170	\$4,992,457	\$5,405,720	\$6,814,083	\$7,008,950	\$8,695,101	\$8,804,172

<i>as of</i>	8/31/2000	8/31/2001	8/31/2002	8/31/2003	8/31/2004	8/31/2005	8/31/2006	8/31/2007
Endowment total value	\$33,791,000	\$29,465,000	\$26,136,000	\$28,288,000	\$31,729,000	\$36,271,000	\$39,108,000	\$44,142,000