

The University of Texas Southwestern Medical Center at Dallas

**Compact with The University of Texas System
FY 2006 through FY 2007**

I. Introduction: Mission and Goals

The University of Texas Southwestern Medical Center at Dallas is a component institution of The University of Texas System and is committed to pursuing high standards of achievement in instruction, research, and clinical activities. Since its inception in 1943, UT Southwestern has evolved as one of the leading biomedical institutions in the country and its programs are designed and implemented with the intent to sustain this progress in the future.

As an academic health science center, the central mission of the institution is to educate health professionals whose lifelong career objectives will be to provide the best possible care, apply the most appropriate treatment modalities, and continue to seek information fundamental to the treatment and prevention of disease. Within an environment of interdisciplinary activity and academic freedom at UT Southwestern, students receive training from faculty scholars who have in-depth expertise in the many specialties of health care and the biomedical sciences. Faculty members also apply their research and clinical skills to generate new knowledge in the fight against disease while serving the people of Texas to the best of their ability. Research findings are made available directly to students and indirectly to the general public as practicing professionals adopt new treatment modalities. The focus of the faculty, students, and administration at The University of Texas Southwestern Medical Center at Dallas will remain on providing exemplary educational programs, creating new knowledge, delivering quality medical care, maintaining the highest ethical standards, advancing the scientific basis of medical practice, and demonstrating concern and compassion for all people. Every aspect of the university's operation will be conducted in as cost-effective a manner as possible.

The institution consists of the Southwestern Medical School, the Southwestern Graduate School of Biomedical Sciences, and the Southwestern Allied Health Sciences School and offers degrees and programs with subject matter limited to health-related fields.

The central purpose of The University of Texas Southwestern Medical Center at Dallas is to produce physicians who will be inspired to maintain lifelong medical scholarship and who will apply the knowledge gained in a responsible and humanistic manner to the care of patients. The Southwestern Medical School has assumed responsibility for the continuum of medical education. The institution offers instructional programs not only in undergraduate medical education leading to the M.D. degree, but also graduate training in the form of residency positions and fellowships as well as continuing education for practicing physicians and medical scientists. An important focus of the educational effort is training primary care physicians and preparing doctors who will practice in underserved areas of Texas. Another instructional role of Southwestern Medical School faculty is that of fully preparing those medical students who seek a career in academic medicine or research, including providing the opportunity to earn both the M.D. and Ph.D. degrees simultaneously.

The Southwestern Graduate School of Biomedical Sciences provides well qualified individuals seeking an M.A., M.S., or Ph.D. degree with the opportunity and the encouragement to investigate rigorously and be creative in solving significant problems in the biological, physical, and behavioral sciences. In addition to acquiring information in their area of research expertise, graduate students are encouraged to develop and test new ideas in the classroom and to communicate their ideas to others within the research-oriented medical community. Although enrolled in a specific program, the students are not restricted to courses in their major field of study. Exposure to a wide variety of academic disciplines is necessary to prepare each individual for the rapidly changing emphasis in the biomedical sciences. Therefore, graduate students at UT Southwestern gain a wide perspective of contemporary biomedical science through interdisciplinary courses, seminars, and informal discussions involving scholastic interaction with students and faculty from other educational programs within the University.

The educational programs of the Southwestern Allied Health Sciences School have been established to educate individuals at the baccalaureate and master's degree levels for those professions which support

the health care delivery team concept. The School offers baccalaureate degree programs in several fields, post-baccalaureate courses of study, certificate programs, and master's degree programs in allied health science fields of study. As an integral part of UT Southwestern Medical Center, the School works cooperatively in education, research, and service contexts. It prepares allied health professionals of the highest quality and competency to help meet health care needs of the people of Texas. Through research and scholarly pursuits related to health care, it advances scientific knowledge and practices of the allied health profession. It offers consultation, technical assistance, and professional services to meet education and health care needs of the community. In addition, it contributes to the continued growth and development of allied health professions, including reduction of barriers to career advancement through pathways to graduate or post-graduate education. The School views its community obligations as being important and therefore works actively to publicize career opportunities and respond in an appropriate manner to the requirements of health care institutions, agencies, and service providers in the area.

II. Major Ongoing Priorities and Initiatives

A. Short Term Priorities and Initiatives

1. Consolidate the operations of Zale Lipshy University Hospital and St. Paul University Hospital into the patient care mission of the university

Priority: Very High Priority – Essential to the future of the physician referral practice

Objectives: Ensure the future growth and excellence of the clinical referral practice through stabilization of the primary hospitals that serve our private patients. In order to provide a full spectrum of patients for our clinical, education, and research missions, a financially strong, well-managed hospital is required. The clinical practice must have access to privately insured patients to ensure an adequate stream of income to support the whole practice. Undergraduate and graduate training is enhanced by the opportunity to assist in the treatment of patients seen in such facilities at an earlier stage of disease. To resolve these challenges, the objective will be to fully integrate outpatient and inpatient services by UT Southwestern assuming responsibility for the operation and governance of Zale Lipshy University Hospital and St. Paul University Hospital.

Strategies: The following sequential strategies are planned: (1) Enter into contracts to provide management oversight assistance to the hospitals. This step is already in place, and improvements are evident. (2) Obtain experienced management for the hospitals in key positions. (3) Enter into contracts for consulting assistance in the key financial and operating processes. (4) Consolidate the information technology and telecommunications functions of the university and hospitals. The project is already taking place under contracts with the hospitals. Due to the contractual nature of the relationship, the consolidation is not as efficient or streamlined as is desirable. The Information Resources Department of the university has included the needs of the hospitals in its strategic plan due to the contract obligations. (5) Enter into a financial consolidation with the hospitals in a form which best meets the future needs of the university. This step is currently under study during the development of the Compact. The analysis and final decision on the future relationship of the university with the two hospitals includes consultation with physicians, administrators, UT System administration, and ultimately, with the Board of Regents. A full merger of the hospitals within the

university should be considered as an optimal means to provide the most financially and functionally attractive, long-term solution to the challenges faced by the clinical practice and the hospitals.

Resources: For full success, the university needs to assume full responsibility for managing and governing the hospitals. A plan to acquire the assets and retire the liabilities of the hospital corporations should be developed. Based on an assessment of fair market value of real estate and equipment, the primary source of funding is expected to be the sale of bonds through the UT System revenue financing system, with the bonds to be retired from hospital revenues in future years. Combining the hospitals within the university umbrella is sure to stimulate more philanthropic support as the financial questions associated with the hospitals' future viability are resolved. With the financial strength of UT Southwestern and the support of UT System, capital investment options will be open to the hospitals to help maintain the facilities and provide the advanced equipment necessary to the hospitals' futures.

Progress Measures: A major indicator will be the financial performance of the hospitals. As the benefits of consolidation take hold, the hospitals should return to a strong, positive financial condition. Likewise, the practice plan should excel from improved hospital financial strength. Such improvements will require several years to be fully realized and will be impacted by the level of capital investment available. Over time, the consolidated hospitals should become reorganized in noticeable magazines, such as *U.S. News and World Report*.

Major Obstacles: No major obstacles are known at this time. Analysis of regulatory issues, contingent financial obligations, legal issues, and accreditation issues remains to be completed. The primary challenge going forward will be the availability of capital for new investment as described later in the Compact.

Update: The university acquired the two hospitals effective January 1, 2005, and merged their operations within the university structure. The university has assumed full responsibility for the governance and management of the hospitals. A financial plan has been implemented to return the hospitals to breakeven status.

2. Develop financial resources, both internal and external, to support clinical and research expansion

Priority: High priority – Expansion and enhancement of UT Southwestern's programs will require substantial new investment in buildings and equipment. The full range of sources, including PUF bonds, RFS bonds, Tuition Revenue Bonds, and institutional, gift, and grant funds, as well as private sector finance, will be needed.

Objectives: Provide funding for additional clinical and research space in a financially sound manner, as space is needed. As new and enhanced programs are developed and additional faculty members are recruited, both new and renovated space will be required for expanded work. Specialized medical equipment in the clinical departments and research equipment not funded by sponsors will require significant resources. Campus infrastructure support for these activities will also require additional funding. With a growth rate of 8% to 10% in both clinical and research activity, significant new resources will be required from external sources.

Strategies: (1) Successfully complete the university's \$500,000,000 capital campaign. Begun in 2002, the campaign is designed to provide an opportunity for

the community to participate in the growth of the institution. Funds have been raised in support of both research and clinical programs. (2) Use debt capacity of the growing UT Southwestern enterprise in compliance with UT System guidelines and prudent management. Over the past fifteen years, RFS bonds and notes have been used in combination with other resources to expand the Aston Center, finance four new buildings forming the north campus, purchase new land and buildings, and finance clinical equipment. The use of enterprise accounting to better judge clinical business performance and the use of projection models in the new financial planning office will provide better information to assist in producing the financial modeling necessary to support bond financing proposals. (3) Obtain assistance from the UT System Board of Regents in allocations of Permanent University Fund Bond proceeds. PUF bonds have been a major contributor to new building projects, primarily in support of research expansion. In each of the four north campus buildings, PUF bonds have been of vital importance in helping persuade philanthropists to provide private gifts. (4) Achieve continued state support through the Tuition Revenue Bond program. Two buildings on the north campus have received direct support through this program. Participation in capital expansion with TRB financing provides a meaningful, public statement by the legislative and executive branches of state government in support of the growth and improvement of UT Southwestern's programs. Under guidelines regulating the financial support of federally sponsored research, the interest on debt and depreciation of original cost is recoverable. This provides a reliable source of funds to pay back debts incurred in the financing of research buildings. All three bond programs are included in the submission of proposals to recover financing costs on federally sponsored projects. (5) Construction grant opportunities will be used wherever possible when grantors offer programs to assist in capital formation. (6) In some cases, private sector finance may provide facility expansion opportunities. Through the use of ground leases on university property and operating leases in privately owned buildings, space requirements may be accommodated without the use of university capital funds. Presently, the university is seeking proposals for the development of a facility for biotechnology start-up companies interested in the licensing of university-owned intellectual property. (7) Allocation methodologies will be employed on an annual basis during the budget process to supply capital funds from unrestricted sources. A capital planning and source tracking system is to be developed for a multi-year internal plan for capital investment. A financial planning office has been created under the Office of Business Affairs to support this effort.

Resources: Internal financial support for each of the strategies will be provided through the annual budget.

Progress Measures: Achievement of this goal will be measured by the success in bringing forward capital projects in a timely manner, as the need for space and equipment requires. Research expenditures per square foot of research space are measured to time the need for new research space. Clinical enterprise accounting measures are being developed to measure the utility of clinical and hospital space to judge both efficiency and expansion requirements. Using a measure of work performed (Relative Value Units) and charges per square foot of clinical space will assist in determining the timing of the need for expansion. The formal capital campaign, semi-annual Capital Improvement Plan of the UT System Board of Regents, and sessions of the Texas Legislature offer opportunities to achieve measurable support from external sources. Provision of necessary space should be followed by measurable increases in research grants and clinical revenues.

Major Obstacles: Due to its success and reputation, the university has no major internal obstacles to overcome in justifying access to a diversified set of funding sources. However, competing external demands on state and UT System resources may tax the ability of the university to secure this source of funding. Unlike many universities, funding at UT Southwestern is needed primarily to enable the faculty to serve the research and clinical missions of the institution, rather than to serve enrollment growth.

Update: Development efforts of internal and external financial resources in support of clinical and research expansion is on-going. The office of finance presented a revenue financing system debt capacity update to the UT System Board of Regents' Finance and Planning Committee on February 9, 2005. UT Southwestern was shown to have significant debt capacity for future growth. In terms of external funding, the university has received \$400,000,000 toward a capital campaign goal of \$500,000,000. Philanthropic cash receipts in FY 2004 exceeded \$130,000,000. In addition, UT Southwestern received a new federal allocation through HRSA in the amount of \$6,000,000. The HRSA funds will be used for equipment purchases to be placed in the Biomedical Research and Advanced Imaging Building currently under construction. A request has been submitted to the State Legislature in the current session for TRB funding to support North Campus Phase VI construction.

3. Implement the processes necessary to achieve the goals of the clinical transformation project

Priority: High priority – Achieving excellence in all aspects of the delivery of clinical care and service to our patients is a top priority. We are initially focusing on our ambulatory practice, where we perceive the greatest room for improvement, but ultimately plan to encompass our entire clinical practice.

Objectives: Our goal is to transform the practice into a cohesive, patient-oriented program that will combine the highest quality of patient care from medical and technological perspectives with the highest quality of customer service. The changes are not aimed at making marginal incremental improvements, but rather at producing a fundamental transformation of the quality of service of our patients' experiences. We believe that improvements in the service culture of UT Southwestern are an essential aspect of medical student and resident education.

Strategies: Several strategies are planned. We have begun a number of improvements in our practice infrastructure including support services (telephones, registration, scheduling, and business processes), electronic medical records, practice metrics, and employee development and training. We are restructuring middle-management to empower a cadre of well-trained clinic medical directors and managers, who will have responsibilities to the entire practice as well as to their departments or divisions. Undergirding the "transformation" must be a transformation of our institutional "culture" toward a patient-centered focus.

Resources: Donors have already pledged support of over \$40,000,000 toward a goal of \$100,000,000 for this multi-year initiative. Ongoing costs of operations resulting from new initiatives will be included in the annual budget funded from the practice plan; it is anticipated that practice income growth plus philanthropic endowments will more than cover the recurring costs. Infrastructure elements that are in design or reorganization and that are deemed necessary to achieve our objectives include: (1) electronic medical records; (2) support services (telephones,

registration, scheduling, and business processes); (3) practice metrics (development of the clinical data warehouse); and (4) employee development and training.

Progress Measures: Patient satisfaction surveys are used to measure satisfaction and identify problem areas. Practice metrics are in development to measure wait times for visits, tests, and procedures; provider bumped appointment rates; clinic visit times; telecommunications performance; clinical volume and productivity; and financial indicators.

Major Obstacles: The following obstacles will need to be overcome to achieve the objectives of the initiative:

- a. The complexity of moving our clinical operations toward “best practice” models
- b. The magnitude of the process of re-engineering, implementation, and “roll out” of the electronic medical record across a predominantly subspecialty medical practice
- c. Changing the “culture” and behavior of clinical leaders, providers, and staff into a service-oriented model

Update: In the past year the Clinical Services Initiative project (Clinical Transformation Project) has focused primarily on human resources and “culture” change in the organization. Workgroups of employees have developed service standards, personal appearance codes, and policies for patient-related communications from which an organizational CREDO and employee PACT (Problem Solving; Ability, Attitude, and Appearance; Communications and Compassion; and Teamwork) has been developed which embodies our standards and has been integrated in employee hiring, orientation, training, recognition, and evaluations. This PACT has been introduced to the University Hospitals and Clinics.

To measure patient satisfaction we have initiated Press Ganey satisfaction surveys. These are nationally benchmarked, ongoing surveys (summarized each quarter) in the University Hospitals and Clinics. We have coupled this with a performance improvement plan across the organization. We continue to develop medical practice operational metrics in a data warehouse and provide the detailed information to all leadership and management personnel.

We have continued to “roll out” our ambulatory electronic medical records and have developed an electronic Patient/Health System interface (“MyChart”) which will be initiated in primary care clinics in the summer of 2005. We have completed a process of information resources strategic and enterprise resource planning.

4. Add new infrastructure support in information technology with reliable, secure systems that meet the needs of students, faculty, staff, and patients, including Electronic Medical Records

Priority: High priority – Today, information technology – the ability to communicate and transmit data in real time anywhere, anytime – is an indispensable part of the delivery of services in research, education, and clinical care. Any assault on the security of communication networks can endanger the institution’s intellectual property, private patient information, student records, and financial records. Providing much higher levels of security is essential while the university provides greater data processing capacity and capabilities.

Objectives: The objectives are to: (1) identify the areas of instability of the current telecom suppliers and minimize reliance on leased fiber optic pathways to critical systems; (2) create a multi-homed (dual) Internet connection for mission critical Internet services; (3) implement redundant and high-availability electrical distribution and network hardware; and (4) implement higher levels of monitoring, oversight, and remediation for departmental computing resources.

Strategies: The following strategies have been identified: (1) create a redundant gigabit backbone connecting the university and the major hospital affiliates; (2) create network security zones allowing segregation of low, medium, and high risk computing facilities; (3) continue to examine internal and external networks and computing facilities for security vulnerabilities; (4) maintain disaster recovery plans for major computing and telecommunications facilities serving the university, Zale Lipshy University Hospital, and St. Paul University Hospital. We would also continue the expansion and regular rehearsal of disaster recovery/business continuity plans and examine the feasibility of reducing our reliance on our hot site (Chicago) by moving to co-located facilities; and (5) participate in the LEARN organization seeking to construct a high speed Texas network capable of participating in national GRID computing initiatives. Until LEARN is proven reliable, the university will maintain commercial connections to the commodity Internet and Internet 2.

Resources: Significant investment in skilled staff to accomplish the tasks resulting from the strategies will be required. Funding will be needed for hardware, software, renovation, and systems development to achieve the objectives. Although a detailed budget has not yet been developed, an annual investment of at least \$3,000,000 allocated from internal sources will be required.

Progress Measures: Progress measures are as follows: the completion and successful test of the university's redundant gigabit backbone, the reduction in the number of university facilities outfitted with low-speed wiring and network equipment, the maintenance of an acceptable level of computing and network risks, the successful test of the university's disaster recovery/business continuity plans, and the completion of the LEARN network and commercial quality Service Level Agreements.

Major Obstacles: The many diverse challenges to overcome have a strong influence on the rate of accomplishment. Increased security needs will require Information Resources and university administration to become more involved in direct oversight of departmental computing initiatives. This represents a significant cultural and operational shift for UT Southwestern. For the hospitals and university clinics, all projects must ensure there will be no impact on patient care.

Update: During the past year major progress has been made on many high priority Information Technology projects. The fiber path is in place in all locations for the university's redundant gigabit backbone and testing is currently in progress. The university has also successfully tested its disaster recovery/business continuity plans. While strides have been taken to improve reliability and security of university systems, considerable effort has also been focused on improving the ability of those systems to meet the needs of the campus community. Approximately 70% of the campus has been upgraded to high-speed wiring, with current plans projecting complete upgrade campus-wide within three years. Additionally, the LEARN network is progressing and commercial grade service is projected to be available within a year. One of the most important projects to our medical community, the electronic

medical records (EMR) project is approximately 45-50% complete, with 23 out of 45 sites/clinics using the live EpicCare application. The EMR project is scheduled for completion by the end of 2007.

B. Long Term Priorities and Initiatives

1. Develop the resources necessary to insure the long-term financial health of the university without suffering significant negative impacts from the unpredictable and sometimes sub-optimal growth of state support

Priority: High priority – UT Southwestern’s growth rates in clinical and research activity historically exceed the growth of state support. To maintain these growth rates over the long term will require supplemental support from both internally generated and external sources.

Objectives: It is essential that we provide sufficient financial support to allow for the continued enhancement and growth of the research and clinical missions. One specific objective is to obtain full funding of the cost of indigent care services at Parkland Memorial Hospital. Rapid growth of the demand for services and the reluctance of county, state, and Parkland officials to increase support for indigent care have placed severe financial challenges on Parkland and compromised its ability to pay for the full range of physician services necessary for one of the nation’s largest public teaching hospitals. UT Southwestern is the sole provider of physician services at Parkland. In order to continue our growth trend in research and clinical care, increased support will be necessary from philanthropic and federal sources, as well as appropriate increases from state and local government.

Strategies: To achieve this goal, the university will need to maintain a strong and responsible financial condition as a first requirement. Whether from debt markets, external supporters, or state or UT System resources, a strong reputation for financial stewardship is necessary to maintain the confidence of those who finance our growth. Bringing this message forth along with our needs and opportunities will be a vital part of our responsibility to support the growth of the institution. A second strategy will be to educate the local community further of our close relationship with and mutual dependence on Parkland Memorial Hospital and the essential requirement for Parkland to have adequate financial support to serve the health care needs of local citizens most in need and to invest in the centers of excellence, which Parkland and UT Southwestern together offer the metroplex area. A third strategy will be to work with representatives of state government and UT System colleagues to define state funding allocations to health institutions based on excellence and achievement. Today, only a minimal amount of formula funding is based on these factors. A fourth strategy will be to continue adding to the supply of private funds available to the university.

Resources: Strong leadership in vital areas of public relations, financial and operational management, and fund raising is required to achieve these objectives. Active support by the Board of Regents, UT System officials, private citizens, and local and state elected officials, along with our representatives in Washington, D.C., will be necessary to obtain the funding necessary to meet our needs.

Progress Measures: Progress can be measured by changes in amounts and methods of finance in state support, improvements to the Parkland Memorial Hospital contract terms, new federal funding, and private support beyond the current

campaign. The opening of new relationships for grant support will also provide evidence of success in this initiative.

Major Obstacles: The many demands on state funding for education and indigent care, including the projected rapid growth in K-12 and undergraduate enrollment, will compete with our objectives. There is always a danger that competing public needs, along with the reluctance of elected governmental entities, including the Dallas County Commissioners Court, to raise taxes, will result in inadequate support of essential services.

Update: UT Southwestern continues to work with the state government and UT System officials to recommend and support funding based on excellence and success-based performance measures. We have been able to translate our reputation as a world-class biomedical science institution into continuous and increasing local support. Our Clinical Services Initiative (Clinical Transformation Project) to become a leader in patient-based care and to achieve an exemplary level of care for all patients has strong private support. We continue to work closely with our affiliated institutions, especially Parkland Health and Hospital System, to evaluate our contractual and professional relationships in an effort to provide our community with the best possible health care while accomplishing the mission and goals of the university within a responsible and accountable financial framework.

2. Provide the campus infrastructure necessary to allow for continual growth in the research and clinical missions consistent with the past growth rate of 8% to 10% per year

Priority: High Priority – Growth cannot continue without the basic administrative and technological support necessary. Likewise, new facilities will be needed as demand expands.

Objectives: Provide administrative leadership, trained staff, secure and reliable systems, facilities, and equipment to meet the needs of faculty and students as growth opportunities are presented.

Strategies: The strategies to meet this initiative are: (1) develop succession plans to all key administrative positions; (2) create a central training office to oversee and support staff training programs across the campus; (3) explore and develop new performance-based compensation plans for employees at all levels; (4) establish a formal process for the evaluation and recommendation of replacement administrative systems; and (5) construct new buildings to house new programs along with the equipment necessary for faculty success.

Resources: A combination of internal sources institutionally derived from central sources and cost recovery charges to departments will be used along with external sources from UT System, state, and private funds. The ability to access PUF funds, tuition revenue bonds, and other state support will be required as the limited internal sources cannot provide the magnitude of funds necessary to accommodate the growth rate of the campus.

Progress Measures: Telecommunications, network, and administrative system capacity will need to grow in order to meet the growth needs of the university. Maintaining adequate human capital to support growth can be measured by tracking unfilled positions and comparing salary levels to the local market conditions. Building

capacity can be measured by the amount of new square footage added to the university.

Major Obstacles: Access to funding for major capital projects and operating funds to maintain market competitive rates for administrative positions are the two major challenges facing this initiative.

Update: Our Human Resources Department has reorganized the coordination of training programs. The first new performance-based compensation plan for employees has been put in place in the ambulatory clinics. The fourth building of the North Campus (Biomedical Research Tower) is complete and departments are in the process of moving in. Our next research building is under construction, and plans are beginning for the subsequent one (which will require Tuition Revenue Bond and/or PUF support plus philanthropic funds). We are actively planning the ambulatory surgical care center and expect to break ground in May 2005, with occupancy expected in late 2006.

3. Develop the clinical practice capabilities necessary to achieve a level of excellence recognized nationally to place the university among the top academic medical centers for both inpatient and outpatient services

Priority: High Priority – In order to continue our success in the growth of the practice; the recruitment of top physicians; and the attraction of outstanding undergraduate students, residents, and fellows, the reputation of the practice will need to continue to improve.

Objectives: Seek to attain a national and international reputation for excellence in the practice of medicine, with our centers of clinical excellence being recognized as equal to the premier medical centers in the country.

Strategies: The following strategies are in the planning or active development stages to achieve this objective: (1) development of the Electronic Medical Record in both the inpatient and outpatient environments; (2) expansion of the Clinical Data Repository for the inclusion of patient results originating at affiliated institutions; (3) further development of a heart disease center including programs in genetics leading to gene therapy and transplant; (4) development of a comprehensive organ transplant program to include bone marrow, liver, kidney, pancreas, heart, and lung; (5) development of a major program in restorative services, such as bone and joint, physical medicine, and plastic surgery; and (6) enhancement of clinical neuroscience programs.

Resources: Additional faculty with expertise in understaffed disciplines, a new ambulatory surgical center, expanded inpatient facilities, and a local and national marketing program to inform the public and professionals of the excellence of the clinical programs will be required.

Progress Measures: Metrics to track the progress of this initiative will include new patients in each of the programs, the number of operations conducted, RVU's and revenue generated by the programs; the scientific impact of the enhanced clinical programs will be measured by numbers of peer-reviewed grants and by the frequency of citations of published papers.

Major Obstacles: Challenges to overcome will be the perception of the university in some quarters as having a limited focus on clinical care and clinical research; the present lack of convenient, consolidated clinical facilities of sufficient scale and scope; the increase in national competition for top faculty; and the availability of funds to launch new programs and maintain them.

Update: As UT Southwestern continues to grow, the need for consolidated, accurate patient data has become key in ensuring the highest level of excellence in care. As such, the Electronic Medical Records project has been expanded to include University Hospital – St. Paul data. Additionally, we continue to invest in computing resources to accommodate planned expansion within our organization and at Parkland Hospital and Children's Hospital. Many of our current and planned construction projects, like the Biomedical Research and Advanced Imaging Building project currently under construction, will serve to enhance our programs and provide the clinical practice capabilities necessary to achieve a nationally recognized level of excellence in services provided on both an inpatient and outpatient basis. The full-time clinical faculty has grown by over 100 individuals, who provide care in many new subspecialty areas.

4. Continue to develop new research programs of excellence while improving existent programs so as to further advance the university's position as a leading institution of biomedical research

Priority: High Priority – In order to continue to grow as a leading institution of biomedical research, the university will need to continue to expand its areas of research strength while critically selecting new areas in which to develop strong research programs.

Objectives: Seek to develop programs of excellence in clinical research and new areas of basic research while continuing to expand and improve existing programs of excellence.

Strategies: The following programs are in development: (1) development of an active program in clinical cancer research; (2) establishment of a Center for Biostatistics and Clinical Science that will provide a home for the development of programs in biostatistics and epidemiology while providing an infrastructure for the development and training of clinical researchers; (3) development of a program in advanced neuroimaging to allow translation of knowledge in molecular and cellular neuroscience to clinical research in cognitive neuroscience and neurological disease; (4) development of programs in stem cell biology that focus on an understanding of the basic biology of stem cells and "stemness," while developing translational programs that explore the application of stem cell biology to the treatment of human disease; and (5) expansion of research programs that are presently strong including cell and molecular biology, genetics, structural biology, basic neuroscience, basic cancer research, chemical biology, and developmental biology.

Resources: Additional faculty will need to be recruited in all of these areas. Funds will be required to provide the start-up costs as well as recurring support for these faculty and programs. The biomedical research facilities planned to open in 2005 and 2006 will provide the needed research space, but additional space will be required later in the decade.

Progress Measures: Metrics to track the progress in this initiative will include the growth in research expenditures, total grant dollars awarded, grant dollars awarded by the National Institutes of Health, frequency of citations of published papers, and faculty elected to the National Academy of Sciences.

Major Obstacles: Challenges to overcome will be the recruitment of a Cancer Center Director, recruitment of key faculty leaders in biostatistics, epidemiology, stem cell biology and neuroimaging, and the development of the proper paradigm for training clinical investigators. Funds will have to be raised to support expensive programs in cancer and stem cell biology, as well as to purchase equipment for neuroimaging.

Update: Many advances have been made over the past year in developing new programs of excellence and improving existent programs. Dr. James Willson joined UT Southwestern in September 2004 as director of the Harold C. Simmons Comprehensive Cancer Center. Philanthropic funds of over \$20,000,000 have been raised for stem cell research and a new stem cell research program has been launched. Thirty new research faculty have been recruited in priority areas of research. Additionally, the university has established a Center for Biostatistics and Clinical Science, directed by Dr. Milton Packer. The new Biomedical Research and Advanced Imaging Building, currently under construction, will provide expanded research opportunities in neuroscience.

5. Develop interdisciplinary and inter-institutional collaborations with UT Arlington, UT Dallas, and other universities to share and expand knowledge, services, and operational efficiencies

Priority: High priority – Sharing of knowledge and capabilities is a UT Southwestern, UT System, and state goal.

Objectives: Maximize the potential of each institution in its various missions through the exchange of knowledge and the combination of resources to gain efficiencies in operations and increased scale in both academic and administrative services.

Strategies: Strategies will include the following: (1) forming an internal task force charged with identifying academic resources with common purpose from target institutions, organizing and participating in the exchange of ideas with target institutions, and recommending candidate projects in specialty fields, such as functional MRI, neuroscience, computational biology, bioengineering, and medical chemistry; (2) obtaining funding specific to candidate projects; and (3) seeking approval of academic programs for undergraduate and graduate students which leverage two or more institutions' educational and research capabilities. In addition, it will be necessary to work closely with community leaders, elected and appointed officials, and hospital administrators, both on-campus and off-campus.

Resources: Availability of faculty leaders to devote the time and effort to these programs will be needed. Seed funding of projects will be needed from external sources, such as philanthropy and special state and federal grants and contracts, as well as on-going support from local, state, and federal sources.

Progress Measures: Measures will include: (1) the number of successful new collaborations; (2) the number of institutions participating; (3) grants and contracts

awarded; (4) cost savings achieved; (5) new degree programs; and (6) increases in external funding.

Major Obstacles: The availability of start-up resources to invest in faculty collaborations will be a challenge for the future.

Updates: The Metroplex Council (made up of representatives from UT Southwestern, UT Dallas, UT Arlington, the cities of Dallas, Arlington, and Ft. Worth, and area businesses such as Texas Instruments) has been established and meets quarterly to identify, support, and develop opportunities for UT Southwestern, UT Dallas, and UT Arlington to engage in inter-institutional programs. Successful programs already in place include the Collaborative UT Metroplex Imaging Center; a long-term contract for power at fixed rates with Dallas, Arlington, and Tyler participating; collaboration with Sandia Labs; and the sickle cell research program. Future collaborative projects include, but are not limited to, expanded research at the Biomedical Research and Advanced Imaging Building; a proposed Clinical Psychology Graduate program between UT Southwestern and UT Dallas; and a proposed Center for Hearing in Children between UT Southwestern, UT Dallas, and Children's Medical Center.

III. Future Initiatives of High Strategic Importance

Position the university and our region as a desirable site for high-tech start-ups and relocations

Objectives: Create a biotech center adjacent to the university to allow start-up companies who license our technology to stay in Texas.

Strategies: Seek private capital to develop land under contract to the university as a biotech park. Provide research core services on a cost recovery basis which encourage relocations and new companies to locate within the park.

Resources: Funds are being invested to purchase land for a biotech park. New facility construction will be required. Centralized core services available to university researchers will be priced to serve the needs of biotech tenants with limited on-site investment.

Progress Measures: Completion of a contract with a private developer experienced in biotech tenant recruitment and facility construction and management; leasing of space to biotech tenants.

IV. Other Critical Issues Related to Institutional Priorities

A. Impact of Initiatives

Enrollment Management: Not applicable

Diversity of Faculty and Staff: Not applicable

Community and Institutional Relations: The growth in scale and reputation of the clinical program and consolidation of the hospitals will further raise the profile of the university as a world-class academic medical center serving the outpatient and inpatient needs of the region with outstanding services. This changes the public perception of the

medical school as an institution only serving the needs of indigent patients and conducting research. Competitive strains could develop between the university and other physicians and hospitals serving the metroplex. Education of the public along with the marketing strategies identified will be needed.

Finances: This has been covered in the initiatives.

Facilities: This has been covered in the initiatives.

Other infrastructure issues: None

B. Unexpected Opportunities or Crises: Not applicable

V. System and State Priorities

Increasing Student Access and Success: Consolidating the operations of Zale Lipshy University Hospital and St. Paul Hospital into the patient care mission of the university (Section II.A.1) may provide opportunities to accommodate additional students in several of our academic programs that require sites and faculty for clinical training. Research expansion (Section II.A.2) provides opportunities to increase enrollment in our biomedical science graduate programs. Interdisciplinary and inter-institutional collaborations with UT Arlington, UT Dallas, and other institutions (Section II.B.5) will provide opportunities to develop new graduate programs as these collaborations yield new areas of research and training. In such an environment, enrollment can increase and Texas students have the opportunity for the most promising scientific education.

Collaborations among UT System institutions, particularly academic health institution collaborations: Covered in Section II.

Increasing External Research Funding: A mark of success at UT Southwestern, external research funding has increased annually at an average rate of approximately 8% per year for the past ten years, well in excess of the national average for institutions of our size.

VI. Compact Development Process

The administration through the Office of Business Affairs and the Office of Academic Planning began the development of the Compact by reviewing both the Presidential Work Plan and the university's Six Year Plan. The Six Year Plan is a faculty and administration collaborative document which is revised every two years. The most recent revision is now in its final draft. From these documents, a group of senior administrators compiled a list of various projects, initiatives and ideas that could be used for the short-term and long-term priorities and initiatives section. The details for each priority and initiative were drawn heavily from the Presidential Work Plan and the Six Year Plan, but additional details and information included suggestions by other officials of the university who have expertise in specialized areas. The first draft of the plan will continue a review process to include faculty and student leadership. When the final plan is submitted, the process will have included a broad section of faculty, represented by the Six Year Plan, senior administration, and student leadership.

Update: The Compact is a planning document and an expression of the university's goals that goes hand-in-hand with the Six Year Plan, which is finalized and adopted by faculty university-wide. Many of the major priorities and initiatives in the Six Year Plan were incorporated into the

Compact. Committees have been formed for development of the new Six Year Plan, which will be used in writing our new Compact next year. Meetings will begin in the fall.

VII. System Contributions

- PUF and TRB support (Health Affairs; Governmental Relations)
- Funding for clinical and research faculty (Health Affairs; Governmental Relations)
- State and federal resources (Governmental Relations; Federal Relations)
- Assist in the acquisition of Zale Lipshy University Hospital and St. Paul University Hospital in a timely manner (OFPC; Health Affairs; Business Affairs; OGC)

VIII. Appendices

A. Budget Summary

**The University of Texas Southwestern Medical Center at Dallas
Operating Budget
Fiscal Year Ending August 31, 2005**

	FY 2004 Adjusted Budget	FY 2005 Operating Budget	Budget Increases (Decreases) From 2004 to 2005	
			Amount	Percent
Operating Revenues:				
Tuition and Fees	\$ 9,049,296	11,908,494	2,859,198	31.6%
Federal Sponsored Programs	186,308,678	212,629,815	26,321,137	14.1%
State Sponsored Programs	13,365,014	18,311,353	4,946,339	37.0%
Local and Private Sponsored Programs	173,829,194	160,823,593	(13,005,601)	-7.5%
Net Sales and Services of Educational Activities	14,735,222	25,736,625	11,001,403	74.7%
Net Sales and Services of Hospital and Clinics	-	-	-	-
Net Professional Fees	207,478,828	233,220,406	25,741,578	12.4%
Net Auxiliary Enterprises	12,346,945	13,741,101	1,394,156	11.3%
Other Operating Revenues	26,018,692	12,563,067	(13,455,625)	-51.7%
Total Operating Revenues	643,131,869	688,934,454	45,802,585	7.1%
Operating Expenses:				
Instruction	363,993,006	391,644,428	27,651,422	7.6%
Academic Support	21,935,690	22,738,683	802,993	3.7%
Research	255,096,655	262,934,819	7,838,164	3.1%
Public Service	67,964,554	74,014,917	6,050,363	8.9%
Hospitals and Clinics	-	-	-	-
Institutional Support	51,293,592	49,268,778	(2,024,814)	-3.9%
Student Services	2,095,912	2,412,371	316,459	15.1%
Operations and Maintenance of Plant	44,464,218	46,673,934	2,209,716	5.0%
Scholarships and Fellowships	1,741,036	1,847,887	106,851	6.1%
Auxiliary Enterprises	12,216,879	13,703,110	1,486,231	12.2%
Total Operating Expenses	820,801,542	865,238,927	44,437,385	5.4%
Operating Surplus/Deficit	(177,669,673)	(176,304,473)	1,365,200	-0.8%
Nonoperating Revenues (Expenses):				
State Appropriations & HEAF	116,432,322	116,314,532	(117,790)	-0.1%
Gifts in Support of Operations	24,662,500	31,914,179	7,251,679	29.4%
Net Investment Income	46,699,942	52,462,174	5,762,232	12.3%
Other Non-Operating Revenue	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	187,794,764	200,690,885	12,896,121	6.9%
Transfers and Other:				
AUF Transfers Received	-	-	-	-
AUF Transfers (Made)	-	-	-	-
Transfers From (To) Unexpended Plant	-	-	-	-
Transfers for Debt Service	(23,957,213)	(27,181,051)	(3,223,838)	13.5%
Other Additions and Transfers	1,952,416	1,002,484	(949,932)	-48.7%
Other Deductions and Transfers	(769,975)	(1,002,484)	(232,509)	30.2%
Total Transfers and Other	(22,774,772)	(27,181,051)	(4,406,279)	19.3%
Surplus/(Deficit)	\$ (12,649,681)	(2,794,639)	9,855,042	-77.9%
Total Revenues	\$ 830,926,633	889,625,339	58,698,706	7.1%
Total Expenses and Debt Service Transfers	(844,758,755)	(892,419,978)	(47,661,223)	5.6%
Surplus (Deficit)	\$ (13,832,122)	(2,794,639)	11,037,483	

Note: Operating Budget Highlights with a glossary of terms are included on Page 1.

	FY 2004 Budget
Revenue	
General Revenue	117,584,122
Local Income	61,080,927
Medical Services Research and Development	299,789,630
Faculty Supplement Plan	1,494,113
All Other Designated	71,450,534
Restricted - Grants and Contracts	265,830,000
Auxiliary	<u>13,697,307</u>
Total Revenue	<u><u>830,926,633</u></u>
Expenditures	
Faculty Salaries	216,963,466
Staff Salaries	215,135,945
Fringe Benefits	99,543,430
Maintenance and Operations	226,084,588
Professional Liability Insurance	5,903,447
Travel	8,756,524
Official Functions	131,350
Utilities	13,570,538
Scholarships	1,741,036
Library Books	1,100,000
Debt Service	23,957,213
Capital Expense	<u>31,871,218</u>
Total Expenditures	<u><u>844,758,755</u></u>
Surplus / (Deficit) - Funded from Prior Year Funds	(13,832,122)

B. Statistical Profile

UT Southwestern

<i>fall</i>	2000	2001	2002	2003	2004
Undergraduate					
Allied Health*	239	215	169	146	134
Biomedical Sciences	2	6	24	38	57
Graduate/professional					
Allied Health	65	100	134	173	185
Biomedical Sciences	375	420	472	525	1049
Medical School	824	813	838	867	848
Total	1,264	1,333	1,444	1,565	2,082

*Decline was result of conversion of programs to Master's status

<i>academic year</i>	99-00	00-01	01-02	02-03	03-04
Undergraduate					
Certificates: Allied Health	5	9	5	0	5
Baccalaureate awards: Allied Health	103	106	104	70	61
Graduate/professional					
Allied Health	29	33	32	31	66
Biomedical Science	73	65	63	59	77
Medical	184	203	201	189	204
Total graduate/professional	286	301	296	279	347

<i>academic year</i>			02-03	03-04
Accredited GME resident programs			78	79
Residents in GME accredited programs			1,149	1,210

<i>fiscal year</i>	2000	2001	2002	2003	2004
Federal research expenditures	\$109,165,343	\$131,820,109	\$155,257,992	\$177,133,099	\$200,887,545

<i>fall</i>	2000	2001	2002	2003	2004
All instructional staff	1433	1483	1536	1599	1704
Classified employees	2957	3686	3855	4009	4521
Administrative/professional employees	104	135	160	187	234

<i>fiscal year</i>	1999	2000	2001	2002	2003
Hospital days	370,942	379,770	399,136	411,288	407,991
Clinic visits	1,752,510	1,528,751	1,775,500	2,064,987	1,959,288
Un-sponsored charity care (charges)	\$194,564,381	\$211,953,613	\$234,938,900	\$256,968,945	\$281,998,363

<i>as of</i>	8/31/99			8/31/04
Endowment total value	\$593,224,000			\$804,305,000

C. Institution-Specific Information

UT Southwestern is ranked 16th in the country for Medical Schools – Research and 30th for Medical Schools – Primary Care by *U.S. News and World Report*.

There are also the following honors among its faculty:

- Four recipients of the Nobel Prize
- Fifteen members of the National Academy of Sciences
- Twelve members of the American Academy of Arts and Sciences
- Fifteen members of the Institute of Medicine

From a survey of federally funded universities in *Science Watch*, UT Southwestern earned a Top 10 ranking in four out of six major fields. Among peer institutions, only Harvard and UC San Francisco received a better overall ranking, based on their criteria. However, UT Southwestern confers more medical degrees and provides much more indigent care than its peer institutions.

In self-conducted patient satisfaction surveys, UT Southwestern received a 91.86% satisfaction rating in 2002, where 94% were satisfied with the physicians alone.

D. Links to Web Resources

The University of Texas Southwestern Medical Center at Dallas (<http://www.utsouthwestern.edu>)

The University of Texas System (<http://www.utssystem.edu>)

National Institute of Health (<http://www.nih.gov>)

Association of American Medical Colleges (<http://www.aamc.org>)

U.S. News and World Report (<http://www.usnews.com>)

Science Watch (<http://www.sciencewatch.com>)