

**UT M. D. Anderson Cancer Center  
Compact for FY 09 – FY 10**

**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.

**Top 5 Priorities for FY 09 – FY 10:**

1. Recruitment of outstanding scientists.
2. Managing growth - clinical efficiencies and construction issues
3. Implementing research retreat priorities.
4. Enhanced focus on customer service
5. Continue employer of choice activities.

**I. Performance Summary Table and Analysis**

Indicator	Past	Current	Goal	Explanation
Enrollment Growth Health Sciences (undergraduate)	75 (2003)  108 (2006)	139 (2007)	336 (2009)	The School of Health Sciences (SHS) is growing rapidly and trains for hard-to-fill disciplines. An additional (junior) year added for fall 08, thus the forecast increase
All Sponsored Research Expenditures	\$282,260,250 (2003)  \$409,679,711 (2006)	\$444,932,707 (2007)	15% growth (2009)	Continuing concerns over the shrinking federal budgets make it imperative to leverage other sources. We are organizing multiple applications for CPRIT.
Federal Sponsored Research Expenditures	\$122,868,912 (2003)  \$182,028,411 (2006)	\$190,508,252 (2007)	5% growth (2009)	The flattening of federal funding and uncertainty of federal election years, change in Administration and Congressional leaders make predictions difficult.
Uncompensated Health Care According to the State Definition – includes hospitals and physicians	\$266,642,8066 (2005)  \$221,186,954 (2006) charges	\$196,041,734 (2007)	\$243,000,000 (2009)	The goal is anticipated forecast based on trends and historical data. Dollars declined from 2005 to 2006 because of a program to assist patients in getting certified for some third-party payor and/or pharmacy assistance. 7800 UCC patients were cared for in FY07. Portion of the decline fro 2006 to 2007 is attributable to retroactive Upper Payment Limit revenue received in 2007. Additional institutional investments are planned in this area.
# patients treated only at Harris County Hospital District (HCHD)	1,097 (2005) 1,302 (2006)	1,413 (2007)	2,100 (2009)	Increase in the number of uninsured Texans will result in more patients being treated within the HCHD system.
# patients certified by third-party eligibility vendor, including pharmacy assistance program	5,774 (2005) 4,815 (2006),	7,058 (2007)	6,200 (2009)	Patients who were successful in securing some insurance or pharmacy assistance program eligibility

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**II. Update Strategic Initiatives from 2007 Compact**

**a. Completed Initiatives**

	Impact (Metrics)	Analysis	Goal	Evaluation of initiative success
1. Research Strategic Plan - Phase 1 & 2	# new/reorganized programs, centers, or institute	Completed conceptual and planning phases and now initiating action. Research targets will also be directed at Cancer Prevention and Research Institute of TX funding	Goal of 4 Institutes with research plans achieved	Institute for Basic Science, Institute for Cancer Prevention and Risk Assessment (with \$35M gift), Institute for Cancer Care Excellence, Institute for Personalized Cancer Treatment have strong faculty support and have developed research plans.
2. MyMDAnderson.org	# patients using website # referring MDs using website	HIPAA compliant website for patients and for referring physicians with immediate access to diagnosis and pharmacy information. Integral to survivorship initiative.	Goals met: 61,303 patients; 2,500 MDs; 1,640 referrals	Secure web-based system for patients to register, view appointments., prescription history and refills, educational materials. In 5 years, more than 1 million patient log-ins. For MDs, on-line referral, access to their patient's appointments and all transcribed documents, interaction with MDACC staff.
3. Advance MDACC as Employer of Choice - Achieve CEO Gold Standard (carried forward to report outcomes)	# of wellness programs; participation in programs	MDACC should lead the way with wellness programs for employees, particularly cancer prevention and early detection. Goal set was 25 wellness programs with 25% employee participation	Surpassed goal with 41;  Surpassed goal with 70%	Programs in risk reduction, tobacco cessation, early detection, lifestyle changes earned MDACC the CEO Gold Standard Award. The first health care system to earn this.
4. Employer of Choice Initiatives - Work Life Balance (Carried forward in order to report outcomes)	% reply to survey  % in savings/Gold standard	Two prior employee surveys indicated areas where improvement needed for employee satisfaction. With this baseline, we want to continue with surveys and offer programs and policies to address concerns.	goal: 70% actual:82%  goal: 15% actual: 42%	strong improvement in items on open communication from leaders; leadership aware of issues facing employees; employees able to influence how things done. Better, but room to improve in feeling safe to speak up dealing; with poor performers; reduce bureaucracy

**b. Ongoing Initiatives**

	Impact (Metrics)	Analysis	Goal	Next Steps
1. Organize and staff MDACC Global (outside Houston, domestic and international)	# of satellites # consulting contracts # sister ins	Leadership team in place (goal met). Move forward with increase in international patients coming to MDACC, new income sources, review of sister institutions.	20% more international patients receive care in Houston; 4 additional satellites.	Successful large-scale consulting contract; pursue 1 Middle Eastern partner; activation of additional radiation and chemotherapy satellites.
2. Maintain operating margin to support our goals	% of operating budget supporting margin	To keep the long term capital plan in balance (sources and uses of funds), a stable operating margin is needed	Operating margin in 3-5% range	Budgeting for each unit directly managed to the margin. Long term capital plan currently in balance with projected funding sources, but dependent on successful achievement of margin.

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	Impact (Metrics)	Analysis	Goal	Next Steps
3. Research Strategic Plan - updated	#funded research proposals \$ of funding	Organization of research plans, integration of research of Institute for Personalized Cancer Therapy into the clinics; development of funding priorities and mechanisms.	\$20M in funding	Development of proposals to move forward research agenda; assessment of targeted recruitments needed; successful proposals for Cancer Prevention and Research Institute of Texas.
4. Philanthropic Initiative - updated	Funds raised for new research initiatives	Consistent with goal to raise research bar and coordinated with Research Strategic Plan	\$1B in gifts/ 6 yrs. FY07 \$173M; 9/08-3/08: \$132M	Publish the Case for Support. Announce Board of Visitors campaign teams.
5. Design and Pilot Cancer Survivorship Program	# survivors managed outside busy clinics	Increasing # survivors with non-oncologic disease, often cancer or cancer treatment related, need specialized care outside of our cancer disease-site clinics	200 patients in pilot projects/ 3 disease sites	Director of Cancer Survivorship in place, building team. Roll-out pilot program in 3 disease sites and create survivor portal on MyMDAnderson.org.

**III. New Strategic Initiatives**

Initiative, Rationale, & Strategy	Expected Impact (Metrics)	Goal	Specific Steps in 08-09, 09-10
1. Customer Service Initiative - further advancing our core values of Caring, Integrity and Discovery	% improvement in patient satisfaction survey % improvement in referring physician satisfaction % improvement in specific care center patient satisfaction	95% satisfaction; #complaints; billing review	MDACC-wide process; Care Centers' quarterly surveys of new patients on referral process, addition of customer service to employee evaluations; behavior themes of friendliness, courtesy, reliability, safety, responsiveness.
2. Faculty enhancement	#faculty in mentoring programs #special seminars offered physician scientist mentoring program	Success of junior faculty; key recruitments	Part of a larger goal of faculty enhancement, mentoring critical to success. Dept chairs will be accountable for their faculty's mentoring. Specific program for physician scientists.
3. Branding Strategy	Development and approval of brand positioning statement(s).  Positive focus group response to statements and brand logo.  Positive employee response	Brand positioning statement New brand "mark"	Consistent with our Vision to be the premier cancer center, a stronger brand position is sought. development and approval of brand positioning statement(s). Review and potential re-design of brand logo, and control of sub-brands across MDACC.

**IV. UT System Strategic Plan Initiatives**

**a. New Clinical Programs/Products**

The da Vinci robotic surgical system allows surgeons to perform minimally invasive surgery in real time while seated at a console, operating 4 robotic arms inside the patient through tiny incisions. 3 arms hold instruments, 1 a camera transmitting 3-D images of the surgical field. Benefits to the patient include: lower risk of infection; less blood loss; less scarring, pain and discomfort; improved cosmetic appearance; reduced length of stay. 10 surgeons (from 4 disease sites) trained for robotics, have performed 550 surgeries this year. A second robot allows us to perform an average 45 cases per month. We are assessing adding a third robot for outpatient surgery at the Mays Clinic.

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**b. Financial Management Plan**

MDACC has a comprehensive financial management plan to ensure the ongoing financial health of the institution. We prepare a detailed annual Regents' budget, operating budget and capital budget including all fund groups and departments. Monthly controls include: 1) reports comparing all fund groups' and departments' actual financials performance against expected performance, 2) meetings with finance and operations staff as needed basis to discuss variances in financial performance and correction plans, 3) reviews and analysis of balance sheet, statement of revenues, expenses and changes in net assets and cash flow statement, 4) revenue and cash flow projections.

MDACC has annual economic forecasting and long term capital planning and reporting tools. There is an annual external audit of all financial statements. Quarterly review and reporting of relevant compliance committees, including Financial Compliance, Endowment Compliance, Supply Chain Services and Equipment.

**c. Information Security Plan**

M. D. Anderson's Information Security Department has established a comprehensive program to continually assess and vigilantly protect information systems from various threats, enhance the institution's ability to recover in the event of a natural or other disasters, and ensure compliance with institutional, UT System, State, and federal regulations. Specifically, we have (1) implemented and refined numerous technology solutions to enhance protection from viruses, intrusions, and unwanted SPAM e-mails, (2) centralized and are now automating system account management functions, (3) developed a formal disaster recovery program that is being rolled-out across all critical applications, and (4) built and refined security-related policies, operations, and programs in a manner that supports all compliance and regulatory requirements.

**V. System Contributions and Investments**

**a. Summary of STARS and special PUF investments**

	FY 05	FY 06	FY 07	FY 08	Description/Metrics of Impact
STARS Program	\$1,000,000	\$1,170,000	\$1,100,000	\$1,500,000	Recipients involved in 12 active, national grants and numerous pending proposals.

**VI. Number of New Faculty Positions Projected to 2011**

Field	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	Total FY 06 - FY 11
Medical/Health	63	63	62	63	71	79	401

**VII. Status of Campus Strategic/Long-Range Plan:** Strategic Vision for Making Cancer History, 2005-2010, is on track. The 7 strategic goals have become part of the institutional culture and are referenced and linked to projects, e.g., institutional policies must be associated with one or more goals. A new performance evaluation forme for all employees aligns personal goals with department goals to institutional goals. The strategic vision is accessible to all at:

<http://inside.mdanderson.org/about-mdacc/strategic-vision-2005-2010/index.html>

**VIII. Campus Consultation to Develop Compact:** The Compact is linked to MDACC's Strategic Vision 2005-2010, so the update processes work in tandem. The Strategic Vision website has a link to the UT System Compact website. The draft Compact Update is approved by the President's Advisory Board, a committee of faculty and administrative leaders including the chair of the Faculty Senate.

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**IX. Budget**

**The University of Texas M. D. Anderson Cancer Center  
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
<b>Operating Revenues:</b>					
Tuition and Fees	\$ 318,708	688,174	659,609	(28,565)	-4.2%
Federal Sponsored Programs	182,969,382	169,744,180	197,843,792	28,099,612	16.6%
State Sponsored Programs	524,382	-	1,450,000	1,450,000	-
Local and Private Sponsored Programs	42,785,998	60,189,540	58,441,116	(1,748,424)	-2.9%
Net Sales and Services of Educational Activities	1,596,989	2,389,286	2,608,978	219,692	9.2%
Net Sales and Services of Hospital and Clinics	1,524,848,573	1,678,450,873	1,891,601,054	213,150,181	12.7%
Net Professional Fees	235,516,000	256,512,160	283,533,102	27,020,942	10.5%
Net Auxiliary Enterprises	22,876,625	26,843,733	28,097,265	1,253,532	4.7%
Other Operating Revenues	18,917,298	17,816,402	17,145,885	(670,517)	-3.8%
<b>Total Operating Revenues</b>	<b>2,030,353,955</b>	<b>2,212,634,348</b>	<b>2,481,380,801</b>	<b>268,746,453</b>	<b>12.1%</b>
<b>Operating Expenses:</b>					
Instruction	76,639,856	87,530,209	95,118,735	7,588,526	8.7%
Academic Support	44,946,647	48,740,945	52,017,117	3,276,172	6.7%
Research	341,540,289	376,368,022	395,149,353	18,781,331	5.0%
Public Service	13,091,715	16,016,390	17,545,255	1,528,865	9.5%
Hospitals and Clinics	1,194,110,713	1,282,595,124	1,405,691,748	123,096,624	9.6%
Institutional Support	157,209,973	166,927,515	174,893,135	7,965,620	4.8%
Student Services	-	250,000	250,000	-	0.0%
Operations and Maintenance of Plant	151,162,143	167,496,163	177,433,717	9,937,554	5.9%
Scholarships and Fellowships	351,566	438,536	567,979	129,443	29.5%
Auxiliary Enterprises	16,506,213	17,287,480	18,110,848	823,368	4.8%
Depreciation and Amortization	178,867,347	192,022,074	203,000,000	10,977,926	5.7%
<b>Total Operating Expenses</b>	<b>2,174,426,462</b>	<b>2,355,672,458</b>	<b>2,539,777,887</b>	<b>184,105,429</b>	<b>7.8%</b>
<b>Operating Surplus/Deficit</b>	<b>(144,072,507)</b>	<b>(143,038,110)</b>	<b>(58,397,086)</b>	<b>84,641,024</b>	<b>-59.2%</b>
<b>Budgeted Nonoperating Revenues (Expenses):</b>					
State Appropriations & HEAF	158,529,119	158,222,394	167,739,888	9,517,494	6.0%
Gifts in Support of Operations	63,677,735	61,281,964	72,308,541	11,026,577	18.0%
Net Investment Income	52,437,590	63,000,000	46,429,243	(16,570,757)	-26.3%
Other Non-Operating Revenue	387,904	-	-	-	-
Other Non-Operating (Expenses)	(1,610,896)	-	-	-	-
<b>Net Non-Operating Revenue/(Expenses)</b>	<b>273,421,452</b>	<b>282,504,358</b>	<b>286,477,672</b>	<b>3,973,314</b>	<b>1.4%</b>
<b>Transfers and Other:</b>					
AUF Transfers Received	-	-	-	-	-
AUF Transfers (Made)	-	-	-	-	-
Transfers for Debt Service - Interest	(29,360,411)	(32,934,420)	(32,834,650)	99,770	-0.3%
<b>Total Transfers and Other</b>	<b>(29,360,411)</b>	<b>(32,934,420)</b>	<b>(32,834,650)</b>	<b>99,770</b>	<b>-0.3%</b>
<b>Budget Margin</b>	<b>99,988,534</b>	<b>106,531,828</b>	<b>195,245,936</b>	<b>88,714,108</b>	<b>83.3%</b>
<b>Reconciliation to Change in Net Asset:</b>					
Net Non-Profit Health Corp Activity	-	(840,949)	-	840,949	-100.0%
Net Inc./(Dec.) in Fair Value of Investments	51,004,929	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	54,404,327	14,817,683	50,000,000	35,182,317	237.4%
Additions to Permanent Endowments	7,986,796	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(41,581,990)	(50,622,699)	(60,356,021)	(9,733,322)	19.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	112,124,215	85,500,000	85,500,000	-	0.0%
<b>SRECNA Change in Net Assets</b>	<b>\$ 283,926,811</b>	<b>165,385,863</b>	<b>280,389,915</b>	<b>115,004,052</b>	<b>69.5%</b>
Total Revenues and AUF Transfers	\$ 2,305,386,303	2,495,138,706	2,767,858,473	272,719,767	10.9%
Total Expenses (Including Transfers for Interest)	(2,205,397,769)	(2,388,606,878)	(2,572,612,537)	(184,005,659)	7.7%
<b>Budget Margin</b>	<b>\$ 99,988,534</b>	<b>106,531,828</b>	<b>195,245,936</b>	<b>88,714,108</b>	
<b>Reconciliation to Use of Prior Year Balances</b>					
Depreciation		192,022,074	203,000,000		
Capital Outlay		(285,950,998)	(356,468,187)		
Transfers for Debt Service - Principal		(50,622,699)	(60,356,021)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		(38,019,795)	(18,578,272)		

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**X. Data Summary**

	<i>fall</i>	2000	2001	2002	2003	2004	2005	2006	2007
Enrollment		41	48	59	75	70	86	108	139
	<i>academic year</i>	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Undergraduate degrees									
Certificate		0	23	24	24	0	0	0	0
Bacc-level Certificate		0	3	10	8	45	21	14	14
Baccalaureate		0	13	10	20	30	43	49	68
Total degrees		0	39	44	52	75	64	63	82
	<i>academic year</i>				02-03	03-04	04-05	05-06	06-07
Accredited resident prgs					12	14	14	18	22
Residents in accredited prgs					100	103	100	107	112
	<i>fiscal year</i>	2000	2001	2002	2003	2004	2005	2006	2007
Federal research exp		\$81,871,561	\$91,543,036	\$117,633,074	\$122,868,912	\$150,528,694	\$160,953,856	\$182,028,411	\$190,508,252
	<i>academic year</i>	2000	2001	2002	2003	2004	2005	2006	2007
Faculty		911	1,017	1,071	1,133	1,190	1,447	1,621	1,687
Administrative			626	670	806	859	932	1,032	1,151
Other, Non-Faculty			9,709	10,320	11,035	11,856	12,607	13,066	13,718
Student employees			252	280	318	356	360	400	433
	<i>fiscal year</i>	1999	2000	2001	2002	2003	2004	2005	2006
Hospital admissions		16,499	17,497	18,604	18,781	19,430	20,608	20,728	21,221
Hospital days		126,803	131,788	137,204	137,207	146,673	153,002	155,981	157,537
Outpatient visits		409,443	448,690	469,068	471,728	537,822	610,329	767,909	927,414
Un-sponsored charity care - physicians only		\$19,717,163	\$25,524,441	\$30,773,351	\$35,310,300	\$43,427,477	\$51,164,780	\$50,594,052	\$42,871,461
	<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		\$300,480,000	\$278,151,000	\$263,643,000	\$205,089,000	\$357,890,000	\$421,936,000	\$457,727,000	\$564,505,000