

**UT M. D. Anderson Cancer Center
Compact for FY 08 – FY 09**

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 08 – FY 09:

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

I. Performance Summary Table and Analysis

Indicator	Past	Current	Goal	Explanation
Enrollment Growth Health Sciences (undergraduate)	59 (2002) 86 (2005)	108 (2006)	336 (2009)	The School of Health Sciences (SHS) is growing rapidly and trains for hard-to-fill disciplines. MDACC hires many of the students we train; most others remain in Texas. A new facility for SHS is in planning.
All Sponsored Research Expenditures	\$262,144,960 (2002) \$341,978,679 (2005)	\$409,679,711 (2006)	15% growth (2009)	Continuing concerns over the shrinking federal budgets make it imperative to leverage other sources.
Federal Sponsored Research Expenditures	\$117,633,074 (2002) \$160,953,856 (2005)	\$182,028,411 (2006)	5% growth (2009)	The flattening of federal funding is beginning to hit MDACC in FY 2007.
Uncompensated Health Care According to the State Definition – includes hospitals and physicians	\$148,902,593 (2002) \$266,357,050 (2005)	\$220,403,030 (2006)	\$260,000,000 (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. In 2005, about 1,500 patients who would have been counted as uncompensated care were signed up for a payor. In 2006, this number increased to 1,789.
# patients treated at Harris County Hospital District (HCHD)	1,728 (2005)	1,982 (2006)	2,100 (2009)	Increase in the number of uninsured Texans will result in more patients being treated within the HCHD system.
# patients certified by 3 rd party eligibility vendor	zero (2002) 1,598 (2005) with new program	2,023 (2006)	2,200 (2009)	Changes in Medicaid eligibility requirements and the implementation of managed Medicaid in Harris County will likely impact the number of eligible patients.

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II. Update Strategic Initiatives from 2006 Compact for FY 07 – FY 08

a. Completed Initiatives

	Impact (Metrics)	Analysis	Goal	Evaluation of initiative success
1. Expanded Emergency Center (EC)	# patient visits FY07; # available beds	Existing emergency center overcrowded with difficult access. 8% increase in EC visits projected	20,500 visits FY07; 43 total emergency center beds	EC opened in May; 43 rooms; more than twice the square footage; acute, observation and fast-track areas; all wireless technology; Diagnostic Imaging, pharmacy in EC; resuscitation rooms; family counseling and bereavement room.
2. Recruitment of Executive Vice President and Provost	Recruitment of Provost; 2 basic science chairs	Washington Advisory Group report and Dr. Shine's goal both address raising the bar in basic research, recruit National Academy of Science-level scientists.	Provost; 2 new chairs; Vice President, Basic Research; Division Head, Prevention	Successfully recruited Raymond DuBois, MD, PhD as Executive Vice President and Provost. Searches for chairs of Molecular Genetics, Cancer Biology and Division Head, Cancer Prevention ongoing with Dr. DuBois' key leadership.
3. Develop product line analysis	Ratio of work relative value units (RVUs) to % clinical time, by faculty / department	Analyzing disease programs by faculty productivity, payor mix, charges, costs, payments and margin	70% clinical faculty's work RVUs meet % effort plan	Data has helped scheduling, determining faculty needs and obligations, managing growth and forecasting budgets.
4. Advance MDACC as Employer of Choice - Achieve CEO Gold Standard	# of wellness programs; participation in programs	MDACC should lead the way with wellness programs for employees, particularly cancer prevention and early detection.	25 wellness programs; 25% employees participating	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.
5. Health Disparities Research Department	# faculty recruited for new department, # grant dollars	New department April 05 to address underserved populations began with 4 faculty. 8 faculty today. Chair's strategic recruitments have brought expertise in smoking cessation among Hispanics, minority women's health, exercise.	3 more tenure track faculty; 15% grant increase	Continue to develop a team of investigators with appropriate expertise and collaborations to elucidate the critical pathways between social/population-level factors and cancer-related behavior/disease

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b. Ongoing Initiatives

	Impact (Metrics)	Analysis	Goal	Next Steps
1. Employer of Choice Initiatives - Work Life Balance	% 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.	70% participate in survey; 15% in savings plan	3 rd employee opinion survey early 2008. Enhance standard work-life reward program with add'l \$/month if you participate in retirement savings and/or in the CEO Gold Standard health risk assessment. Implement better performance management tools.
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.
3. Research Strategic Plan	# new/reorganized programs, centers, or institutes	5 research retreats with thought leaders; developing priority list for expansion	4 entities with approved action plans	Organize cross-departmental collaborative research around targeted objectives chosen by faculty leadership.
4. Philanthropic Initiative	Funds raised for new research initiatives	Consistent with goal to raise research bar and coordinated with Research Strategic Plan	\$400M (of \$700M total) philanthropy over 6 years	Finalize the case for support for potential donors; closely linked with the Research Strategic Plan's goal of approved action plans for new institutes, centers or programs.
5. 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.	65,000 patients 3,000 MD users 1,300 MD 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. March 07: 1,245 MD users, 230 MDs making 545 new patient referrals.

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III. New Strategic Initiatives

Initiative, Rationale, & Strategy	Expected Impact (Metrics)	Goal	Specific Steps in 07-08, 08-09
1. Organize and staff MDACC Global (outside Houston, domestic and international)	1) Leadership team for global activities; 2) increase in international patients coming to MDACC, new income sources.	Recruit 3 Vice Presidents; 20% more international patients	Creation of Center for Global Oncology structure; successful large-scale consulting contract; activation of additional radiation and chemotherapy satellites.
2. Design and Pilot Cancer Survivorship Program	# survivors managed outside busy diagnostic and treatment clinics.	200 patients in pilot projects.	Agreement on survivorship strategic and business plans. Roll-out pilot program in at least one disease-site.
3. Faculty Mentoring Program	# faculty in Junior Faculty Development Program	75 faculty in Development Program	Form Mentoring Advisory Committee, develop Junior Faculty Development Program and create tracking system to measure the program.

IV. UT System Strategic Plan Initiatives

a. New Clinical Programs/Products

The Proton Therapy Center (PTC), a major program within our Division of Radiation Oncology, celebrated its first year anniversary of clinical operations on May 4, 2007. Our PTC is one of only five facilities in the country to offer this superior form of cancer treatment and is the only one that is located within a facility that is designated by the NCI as a Comprehensive Cancer Center. To date over 200 patients have been treated at our PTC utilizing the superior clinical advantages of proton therapy across a broad range of disease sites that include, but are not limited to, cancers of the prostate, lung, esophagus, pediatrics and central nervous system. Development continues on the final of four treatment rooms at the PTC which, when completed in early 2008, will allow for the delivery of the most advanced form of radiation therapy or Pencil Beam Scanning (the first in the country). Patient throughput at the PTC is a function of which disease sites are being treated (the complexity)

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.

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V. Summary of STARS and special PUF investments

	\$ Amount FY 05	\$ Amount FY 06	Description / Metrics of Impact
STARS Program	\$1,000,000	\$670,000	FY05 STARS to recruit scientist in gene regulation and multi-drug resistance. STARS leveraged with Welch Distinguished University Chair in Chemistry. Dr. Brennan has 4 new pending grants; nominated for NAS. FY06 award for retention of scientist in regulatory pathways for germ cell development and RNA surveillance pathways. STARS leveraged with MDACC Trust position (5 yrs funding) and endowed chair. Health Fellowship funded ICU Collaboratives and expansion of Clinical Safety and Effectiveness course throughout UT System.

VI. Number of New Faculty Positions Projected to 2010

Field	FY 06	FY 07	FY 08	FY 09	FY 10	Total FY 06 - FY 10
Medical/Health	65	80	62	69	69	345

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. The "I Am MD Anderson" initiative combines the goals and the core values in a campus-wide campaign. The strategic vision is accessible to all employees 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. Leaders across MDACC access our interactive website to enter their respective tactics to achieve the goals of both the Strategic Vision and the Compact. 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 and 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, 2007**

	FY 2005 Actual	FY 2006 Adjusted Budget	FY 2007 Operating Budget	Budget Increases (Decreases) From 2006 to 2007	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 186,807	553,889	688,174	134,285	24.2%
Federal Sponsored Programs	162,993,010	161,677,836	169,744,180	8,066,344	5.0%
State Sponsored Programs	8,737	208,156	-	(208,156)	-100.0%
Local and Private Sponsored Programs	49,724,773	49,123,722	60,189,540	11,065,818	22.5%
Net Sales and Services of Educational Activities	1,374,958	956,031	2,389,286	1,433,255	149.9%
Net Sales and Services of Hospital and Clinics	1,327,822,633	1,422,288,761	1,678,450,873	256,162,112	18.0%
Net Professional Fees	233,871,989	243,210,880	256,512,160	13,301,280	5.5%
Net Auxiliary Enterprises	19,325,115	29,622,834	26,843,733	(2,779,101)	-9.4%
Other Operating Revenues	10,803,876	17,421,132	17,816,402	395,270	2.3%
Total Operating Revenues	1,806,111,898	1,925,063,241	2,212,634,348	287,571,107	14.9%
Operating Expenses:					
Instruction	73,309,908	110,732,165	96,475,207	(14,256,958)	-12.9%
Academic Support	-	-	-	-	-
Research	283,123,862	295,554,670	319,016,362	23,461,692	7.9%
Public Service	6,633,157	3,091,361	6,731,641	3,640,280	117.8%
Hospitals and Clinics	1,149,309,045	1,236,584,121	1,385,482,085	148,897,964	12.0%
Institutional Support	150,246,984	151,972,174	152,716,359	744,185	0.5%
Student Services	-	-	-	-	-
Operations and Maintenance of Plant	132,674,964	160,349,142	185,010,736	24,661,594	15.4%
Scholarships and Fellowships	219,124	-	224,400	224,400	-
Auxiliary Enterprises	12,775,334	21,070,100	17,993,594	(3,076,506)	-14.6%
Depreciation and Amortization	140,450,569	151,370,000	192,022,074	40,652,074	26.9%
Total Operating Expenses	1,948,742,947	2,130,723,733	2,355,672,458	224,948,725	10.6%
Operating Surplus/Deficit	(142,631,049)	(205,660,492)	(143,038,110)	62,622,382	-30.4%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF	140,770,734	157,974,425	158,222,394	247,969	0.2%
Gifts in Support of Operations	51,316,366	64,246,000	61,281,964	(2,964,036)	-4.6%
Net Investment Income	54,291,838	28,715,329	63,000,000	34,284,671	119.4%
Other Non-Operating Revenue	8,465,719	-	-	-	-
Other Non-Operating (Expenses)	(1,314,019)	-	-	-	-
Net Non-Operating Revenue/(Expenses)	253,530,638	250,935,754	282,504,358	31,568,604	12.6%
Transfers and Other:					
AUF Transfers Received	-	-	-	-	-
AUF Transfers (Made)	-	-	-	-	-
Transfers for Debt Service - Interest	(22,439,202)	(26,231,503)	(32,934,420)	(6,702,917)	25.6%
Total Transfers and Other	(22,439,202)	(26,231,503)	(32,934,420)	(6,702,917)	25.6%
Budget Margin (Deficit)	88,460,387	19,043,759	106,531,828	87,488,069	459.4%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	(604,237)	(840,949)	(236,712)	39.2%
Net Inc./(Dec.) in Fair Value of Investments	48,690,143	-	-	-	-
Interest Expense on Capital Asset Financings	(42,680)	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	45,642,720	17,688,684	14,817,683	(2,871,001)	-16.2%
Additions to Permanent Endowments	12,307,695	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(32,387,275)	(45,881,001)	(50,622,699)	(4,741,698)	10.3%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	79,620,511	61,200,000	85,500,000	24,300,000	39.7%
SRECNA Change in Net Assets	\$ 242,291,501	61,447,205	165,385,863	103,938,658	169.2%
Total Revenues and AUF Transfers	\$ 2,060,956,555	2,175,998,995	2,495,138,706	319,139,711	14.7%
Total Expenses (Including Transfers for Interest)	(1,972,496,168)	(2,156,955,236)	(2,388,606,878)	(231,651,642)	10.7%
Budget Margin (Deficit)	\$ 88,460,387	19,043,759	106,531,828	87,488,069	
Reconciliation to Use of Prior Year Balances					
Depreciation		151,370,000	192,022,074		
Capital Outlay		(173,680,241)	(285,950,998)		
Transfers for Debt Service - Principal		(45,881,001)	(50,622,699)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		(49,147,483)	(38,019,795)		

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X. Data Summary

<i>fall</i>	2000	2001	2002	2003	2004	2005	2006
Enrollment	41	48	59	75	70	86	108
<i>academic year</i>	99-00	00-01	01-02	02-03	03-04	04-05	05-06
Undergraduate degrees							
Certificate	0	23	24	24	0	0	0
Baccalaureate-level Certificate	0	3	10	8	45	21	14
Baccalaureate	0	13	10	20	30	43	49
Total degrees	0	39	44	52	75	64	63
<i>academic year</i>				02-03	03-04	04-05	05-06
Accredited resident programs				12	14	14	18
Residents in accredited programs				100	103	100	107
<i>fiscal year</i>	2000	2001	2002	2003	2004	2005	2006
Federal research expenditures	\$81,871,561	\$91,543,036	\$117,633,074	\$122,868,912	\$150,528,694	\$160,953,856	\$182,028,411
<i>academic year</i>	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Faculty	911	1,017	1,071	1,133	1,190	1,447	1,621
Administrative		626	670	806	859	932	1,032
Other, Non-Faculty		9,709	10,320	11,035	11,856	12,608	13,069
Student employees		252	280	318	356	359	400
<i>fiscal year</i>	1999	2000	2001	2002	2003	2004	2005
Hospital admissions	16,499	17,497	18,604	18,781	19,430	20,608	20,728
Hospital days	126,803	131,788	137,204	137,207	146,673	153,002	155,981
Outpatient visits	409,443	448,690	469,068	471,728	537,822	610,329	767,909
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
<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
Endowment total value	\$300,480,000	\$278,151,000	\$263,643,000	\$205,089,000	\$357,890,000	\$421,936,000	\$457,727,000