

**UT M. D. Anderson Cancer Center
Compact for FY 10 – FY 11**

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 10 – FY 11:

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) 139 (2007)	139 (2008)	Goal 336 (2009) Actual 223 Goal 250 (2011)	The School of Health Professions' move to larger space delayed; junior year Dosimetry delayed due to personnel; saturation of training sites. 208 enrolled 2008-09.
All Sponsored Research Expenditures	\$282,260,250 (2003) \$444,932,707 (2007)	\$488,654,827 (2008)	15% growth (2009) 10% growth (2011)	On target with 2008 expenditures of \$489M, a 10% growth. With President Obama's intent to increase NIH funding and CPRIT funding we expect to be in a strong position.
Federal Sponsored Research Expenditures	\$122,868,912 (2003) \$190,508,252 (2007)	\$194,889,145 (2008)	5% growth (2009) 5% growth (2011)	2008 expenditures of \$195M, a 2.5% growth.
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)	\$270,000,000 (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 from 2006 to 2007 is attributable to retroactive upper payment limit revenue received in 2007. Additional institutional investments are planned in this area.
# Texas Cancer Patients Served	56,231(2006) 60,085 (2007)	63,642 (2008)	68,041 (2009)	This is an important indicator and the basis of MDACC formula funding.
# Total Patients Served	79,496(2006) 83,471 (2007)	88,900 (2008)	94,813 (2009)	This is critical indicator for our mission, productivity and financial stability.

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II. Update Strategic Initiatives from 2008 Compact

a. Completed Initiatives

	Impact (Metrics)	Analysis	Goal	Evaluation of initiative success
1. Organize and staff MDACC Global (outside Houston, domestic and international)	# satellites, #consulting contracts, and # sister institutions	3 VPs (academic, clinical, business) in place.	Large-scale consulting contract; activation of additional satellites	18 sister agreements; 2 pending. Major consulting contract with Qatar. 6 satellites (two new). Major extension contract.
2. Philanthropic plan, Phase II	Funds raised, Board members engaged.	Quiet Phase II of multi-year \$1B campaign targeted to be completed by December 2009.	Form Board campaign committees; achieve half-way mark to goal	Goals for Phase I were met: published Case for Support, appointed campaign committees, held 5 sessions for Board members in Houston, Dallas, San Antonio. \$602M of \$1B goal achieved. Phase II goal should be met.
3. Design and pilot Cancer Survivorship Program	#pilot programs #patients in programs	MDACC should lead the way with survivorship initiatives. 2/3 of our patients survive 5 years and longer, a growing demographic.	Goals met: 3 pilots. 532 patients transitioned	The design/pilot phase was successful with pilots in thyroid, gynecology and genitourinary cancers. Goal of 200 patients exceeded.
4. Faculty Enhancement	#faculty in mentoring programs #programs held	More formalized mentoring of junior faculty and physician scientists will enhance their career development and be a recruiting tool.	#mentoring events: 66 (FY07) 142 (FY08) 50% faculty	200 faculty attended Faculty Mentoring Day; Mentoring Academy in development; dedicated website; handbook on mentoring. All very positively received.

b. Ongoing Initiatives

	Impact (Metrics)	Analysis	Goal	Next Steps
1. Customer Service Initiative - further advancement of core values of caring, integrity and discovery	Patient and referring M.D. satisfaction surveys	Patient satisfaction high but concerns remain with waiting to be admitted, wait time for appointment. Also reflected in referring physician satisfaction with 79% mostly/completely satisfied with initial consultation (other measures 87-90%).	1 st appt within 7 days; improved satisfaction scores; less wait time for beds.	Times to issue the appointment now 1-2 days in most clinics. Time until appointment decreased 7 days between January and April 2009 (15.6 to 7.5) Construction of new floors for Alkek hospital will add needed beds in 2011.
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 3-5% range; expense cuts of 10%.	FY09 margin was projected to be approx 1% or less with the growth in expenses exceeding growth in revenue. Aggressive steps to reduce expenses and increase revenues are in process.
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 external 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 - Phase III Public and Major Gift Period	Funds for research, education, facilities	Consistent with goal to raise research bar and coordinated with Research Strategic Plan.	\$360M raised 1/2010 to 8/2012.	Targeted goal will be challenging in this economy; expect more pledges, estate and blended gifts.
5. Branding Strategy	National and international recognition	Internal/external focus groups agree time for new brand. Consultant has been hired.	New logo reflecting our mission.	Select final brand "mark"; develop roll-out, education and marketing plan.

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III. New Strategic Initiatives

Initiative, Rationale, & Strategy	Expected Impact (Metrics)	Goal	Specific Steps in 09-10, 10-11
1. Maintain reduction in expenses of 10%	Operating margin of 3.5% Flexible hiring freeze - # employees	4% total margin; smart growth in today's economy	Complete the 10% reduction in less critical programs and positions; maintain the new level of control in expenses; maintain or increase clinical productivity.
2. Targeted expansion of research programs	\$ from CPRIT # grant proposals funded Increased funds from federal agencies # key research leaders recruited	3 major research recruitments; \$50M CPRIT funding	Prioritization and oversight, led by EVP/Provost, working with Division Heads and Department Chairs.
3. Institute for Cancer Care Excellence	Metrics developed for reimbursement based on outcomes # pilot projects	Document value/outcomes of specialized cancer care	Focus on the value of care provided (quality and outcomes/costs). Continue pilot project with Harvard Medical School. Plan project with National Cancer Policy Forum (IOM).

IV. UT System Strategic Plan Initiatives

a. New Clinical Programs/Products

Initiative with Banner Health, one of the largest nonprofit health care systems in the U.S., to form M. D. Anderson Banner Cancer Center in Phoenix. Services will include medical oncology, surgery, radiation, pathology, laboratory and imaging. MDACC will have clinical oversight for all aspects of care delivery, and the medical director and section chiefs will report to MDACC Division Heads. Anticipated groundbreaking for the outpatient center is late 2009 or early 2010, and it will open in late 2011. 120,000 sf outpatient center (modeled after MDACC's multidisciplinary clinics) will be supported by 76 beds on two floors of the Banner Gateway Hospital. The \$90M project will be funded by Banner through bonds. This extension agreement was developed by our Center for Global Oncology.

b. 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	FY 09	Description/Metrics of Impact
STARS Program	\$1,000,000	\$1,170,000	\$1,100,000	\$1,500,000	\$1,900,000	Recipients involved in 12 active, national grants and numerous pending proposals.

VI. Number of New Faculty Positions Projected to 2012

Field	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	Total FY 06 - FY 12
Medical/Health	63	63	62	63	12	20	28	311

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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 form 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, 2009**

	FY 2007 Actual	FY 2008 Adjusted Budget	FY 2009 Operating Budget	Budget Increases (Decreases) From 2008 to 2009	
				Amount	Percent
Operating Revenues:					
Tuition and Fees	\$ 574,137	659,609	1,114,467	454,858	69.0%
Federal Sponsored Programs	187,893,630	197,843,792	207,244,524	9,400,732	4.8%
State Sponsored Programs	165,191	1,450,000	500,000	(950,000)	-65.5%
Local and Private Sponsored Programs	55,819,492	58,441,116	74,795,196	16,354,080	28.0%
Net Sales and Services of Educational Activities	2,137,905	2,608,978	2,889,031	280,053	10.7%
Net Sales and Services of Hospital and Clinics	1,717,114,637	1,891,601,054	2,051,250,000	159,648,946	8.4%
Net Professional Fees	271,669,875	283,533,102	299,878,114	16,345,012	5.8%
Net Auxiliary Enterprises	25,319,457	28,097,265	29,449,567	1,352,302	4.8%
Other Operating Revenues	26,657,522	17,145,885	30,444,483	13,298,598	77.6%
Total Operating Revenues	2,287,351,846	2,481,380,801	2,697,565,382	216,184,581	8.7%
Operating Expenses:					
Instruction	78,545,017	95,118,735	89,003,112	(6,115,623)	-6.4%
Academic Support	48,183,822	52,017,117	55,147,138	3,130,021	6.0%
Research	374,619,645	395,149,353	437,284,197	42,134,844	10.7%
Public Service	11,757,566	17,545,255	14,115,029	(3,430,226)	-19.6%
Hospitals and Clinics	1,323,426,528	1,405,691,748	1,553,477,442	147,785,694	10.5%
Institutional Support	170,465,020	174,893,135	184,370,996	9,477,861	5.4%
Student Services	2,459	250,000	250,000	-	0.0%
Operations and Maintenance of Plant	154,583,641	177,433,717	185,540,277	8,106,560	4.6%
Scholarships and Fellowships	481,493	567,979	800,000	232,021	40.9%
Auxiliary Enterprises	16,732,719	18,110,848	19,482,214	1,371,366	7.6%
Depreciation and Amortization	190,834,761	203,000,000	232,831,271	29,831,271	14.7%
Total Operating Expenses	2,369,632,671	2,539,777,887	2,772,301,676	232,523,789	9.2%
Operating Surplus/Deficit	(82,280,825)	(58,397,086)	(74,736,294)	(16,339,208)	28.0%
Budgeted Nonoperating Revenues (Expenses):					
State Appropriations & HEAF (Non-capitalized)	160,130,024	167,739,888	168,131,384	391,496	0.2%
Gifts in Support of Operations	70,500,340	72,308,541	86,322,521	14,013,980	19.4%
Net Investment Income	55,024,180	46,429,243	47,933,521	1,504,278	3.2%
Other Non-Operating Revenue	315,002	-	-	-	-
Other Non-Operating (Expenses)	-	-	-	-	-
Net Non-Operating Revenue/(Expenses)	285,969,546	286,477,672	302,387,426	15,909,754	5.6%
Transfers and Other:					
AUF Transfers Received for Operations	-	-	-	-	-
AUF Transfers (Made) for Operations	-	-	-	-	-
Transfers for Debt Service - Interest	(25,614,737)	(32,834,650)	(31,982,057)	852,593	-2.6%
Total Transfers and Other	(25,614,737)	(32,834,650)	(31,982,057)	852,593	-2.6%
Budget Margin (Deficit)	178,073,984	195,245,936	195,669,075	423,139	0.2%
Reconciliation to Change in Net Assets:					
Net Non-Profit Health Corp Activity	-	-	-	-	-
Net Inc./(Dec.) in Fair Value of Investments	107,338,363	-	-	-	-
Interest Expense on Capital Asset Financings	-	-	-	-	-
Capital Approp., Gifts and Sponsored Programs	9,565,699	50,000,000	35,000,000	(15,000,000)	-30.0%
HEAF (Capitalized)	-	-	-	-	-
Additions to Permanent Endowments	54,029,523	10,000,000	10,000,000	-	0.0%
Transfers for Debt Service - Principal	(53,106,431)	(60,356,021)	(68,940,595)	(8,584,574)	14.2%
Reverse Transfers for Debt Service (System Only)	-	-	-	-	-
Transfers and Other	76,842,650	85,500,000	224,400,000	138,900,000	162.5%
SRECNA Change in Net Assets	\$ 372,743,788	280,389,915	396,128,480	115,738,565	41.3%
Total Revenues and AUF Transfers	\$ 2,573,321,392	2,767,858,473	2,999,952,808	232,094,335	8.4%
Total Expenses (Including Transfers for Interest)	(2,395,247,408)	(2,572,612,537)	(2,804,283,733)	(231,671,196)	9.0%
Budget Margin (Deficit)	\$ 178,073,984	195,245,936	195,669,075	423,139	
Reconciliation to Use of Prior Year Balances					
Depreciation		203,000,000	232,831,271		
Capital Outlay		(356,468,187)	(374,632,688)		
HEAF (Capitalized)		-	-		
Transfers for Debt Service - Principal		(60,356,021)	(68,940,595)		
Budgeted Transfers		-	-		
Use of Prior Year Balances		(18,578,272)	(15,072,937)		

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X. Data Summary

<i>fall</i>	2000	2001	2002	2003	2004	2005	2006	2007	2008
Enrollment	41	48	59	75	70	86	108	139	203
<i>academic year</i>	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	07-08
Undergraduate degrees									
Certificates	0	26	34	32	45	21	14	14	14
Baccalaureate	0	13	10	20	30	43	49	68	96
Total degrees	0	39	44	52	75	64	63	82	110
<i>academic year</i>				02-03	03-04	04-05	05-06	06-07	07-08
Accredited resident prgs				12	14	14	18	22	23
Residents in accredited prgs				100	103	100	107	112	119
<i>fiscal year</i>	2000	2001	2002	2003	2004	2005	2006	2007	2008
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	\$194,889,145
<i>academic year</i>	2000	2001	2002	2003	2004	2005	2006	2007	2008
Faculty	911	1,017	1,071	1,133	1,190	1,447	1,621	1,687	1,714
Administrative		626	670	806	859	932	1,032	1,161	2,055
Other, Non-Faculty		9,709	10,320	11,035	11,856	12,607	13,066	13,708	13,579
Student employees		252	280	318	356	360	400	433	427
<i>fiscal year</i>	2000	2001	2002	2003	2004	2005	2006	2007	2008
Hospital admissions	17,497	18,604	18,781	19,430	20,608	20,728	21,221	21,831	
Hospital days	131,788	137,204	137,207	146,673	153,002	155,981	157,537	163,007	
Outpatient visits	448,690	469,068	471,728	537,822	610,329	767,909	927,414	939,500	
Un-sponsored charity care - physicians only	\$25,524,441	\$30,773,351	\$35,310,300	\$43,427,477	\$43,427,477	\$51,164,780	\$50,594,052	\$42,871,461	\$41,978,565
Note: The overall decline in the amount of un-sponsored charity care by faculty reported in FY 06-07 is the result of physician UPL payments which offset the amount of un-sponsored charity care. The payments received in FY 06-07 included one-time payment fo									
<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	8/31/2008
Endowment total value	\$300,480	\$278,151	\$263,643	\$205,089	\$357,890	\$421,936	\$457,727	\$564,505	\$630,293
(in \$ thousands)									