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Office of the Chancellor
601 Colorado Street, Austin, Texas 78701-2982
Phone: 512 499 4201 Fax: 512 499 4215

PERSONAL AND CONFIDENTIAL

July 23, 2015

Ronald A. DePinho, MD
President
The University of Texas M. D. Anderson Cancer Center
1515 Holcombe Boulevard
Houston, Texas 77030

Dear Ron:

As you know, I have had the opportunity to spend considerable time at M.D. Anderson Cancer Center in my role as Chancellor of The University of Texas System and even before that as a patient. Through these experiences, it is clear to me that this marvelous institution is a beacon of hope for those with a diagnosis of cancer. Through the dedicated and compassionate work of its talented faculty, staff, and administrators, it is not only bringing state-of-the-art care to countless patients, it is creating the state-of-the-art for the future of cancer care. The institution is thriving in terms of growth of clinical activity, increase in National Academy members, expanded commercialization efforts, and financial performance, and not coincidentally has been restored to its top position on the *U. S. News and World Report* rankings for cancer centers. I could not be more proud to be associated with this organization under your leadership and you have my full, unqualified, and unwavering support.

Of course, no institution is perfect and even M.D. Anderson has the opportunity to improve how it operates. Along with your leadership team, you have undertaken many steps over the past few years to improve the work environment for its faculty and staff, as well as the care environment for its patients. I applaud you for undertaking each of these initiatives. At the same time, my many conversations with faculty and staff reveal that there is a continuing sense that more can be done. It is my goal, therefore, to communicate a set of institutional priorities that I hope will be embraced not only by your executive and faculty leadership team, but also by the faculty and the administrators. Through discussions with the leadership of the Faculty Senate, the division heads, and your executive leadership team, I am convinced that all are aligned about the importance of these issues. The responsibility for executing on them must be a shared undertaking and I trust that all parties will work together in good faith to address them.

The single most important issue, in my opinion, is assuring that bidirectional trust flourishes within the M.D. Anderson family. Toward that end, I believe that a new shared governance structure will be transformative. That shared governance team should include, at a minimum, the following individuals: the President; the Provost; the Physician-in-Chief; the Executive Vice President for Administration; the Chief Financial Officer; the division heads; and from the Faculty Senate, the chair-elect, the chair and the past chair. The shared governance team will serve in an advisory capacity to the President, who will continue to operate as the final decision authority for the institution. At the same time, the shared governance team includes broad representation of the institution, and if governance is functioning effectively, with thorough discussion, deliberation and opportunity for dissent, the decisions of the President will be closely aligned with the recommendations of the shared governance committee. Once the decision is made by the President, it will be considered final.

The issues for which the shared governance committee will provide guidance at an early stage and in an integral way should include the following: the formulation of new ideas and strategic planning, major initiatives, budgets and compensation plans, new leadership positions at the Vice Presidential level or above, and policies and procedures. In order to function effectively, issues need to be brought to the shared governance committee early enough in the development process that the group can help to shape them. At the same time, the shared governance committee cannot possibly perform all of the work necessary to explore the full breadth of issues that are necessary for the smooth functioning of the organization. Accordingly, a series of current or reformulated committees are needed to provide that level of focused and in-depth discussion and evaluation. One of the first tasks to be assigned to the shared governance committee is to review the current structure, organization and functioning of these committees and to make recommendations to the President for any changes that might be appropriate.

The shared governance committee needs to meet frequently enough that there are no delays in processing important issues – my suggestion is no less often than every other week. All matters must be treated with absolute confidentially while in deliberation by the team. Shared governance also entails shared responsibility.

In parallel with the creation of the shared governance committee, I encourage the institution to enhance transparency of information. I applaud the executive leadership team's efforts to foster better communication, but it is also evident that many within the university community still feel that they do not understand how and why various large initiatives are being undertaken and what level of investments are being made in these programs. People within the organization

often fill in these gaps with their own speculation. An internal communication plan should be developed, implemented and evaluated in order to demystify decision-making and resource allocation, especially in terms of how clinical revenues are directed. As part of that plan, I recommend that the chair of the Faculty Senate, the Provost and the Physician-in-Chief provide frequent updates at meetings of the full Faculty Senate.

The process of building trust will be advanced if faculty members feel that they have input into the process of evaluating the performance of all faculty administrators. The faculty administrator upward evaluation process was not implemented since 2010, in part because it was perceived that it was not functioning in a way that provided constructive feedback to faculty upper administrators. That may well have been a justified decision at the time, but the passage of five years without faculty input into faculty administrator evaluations is adding to the sense that faculty do not have an adequate voice in the organization. I understand that a decision already had been made to conduct upward evaluations on a three-year cycle beginning this September. It may well take more time to review possible improvements in the instrument. Toward that end, I would ask that the implementation team work with the Faculty Senate to identify best practices from other institutions, within The University of Texas System or beyond, so that M.D. Anderson can be a model for others to emulate. Once implemented, it will be critical that faculty leaders are held accountable for the results of the upward evaluation, in combination with the other metrics used to judge their performance.

It is my understanding that both Drs. Dmitrovsky and Buchholz have undertaken efforts to reduce the costs of operating their offices, as have other infrastructure, business and administrative areas. These efforts are to be congratulated, but it is also clear that the faculty-at-large are not fully aware of those efforts and continue to perceive that the size, salary structure, and bureaucracy of the administration could be reduced. I encourage the creation of a task force with equal representation from the executive leadership team, the division heads, the Faculty Senate, and the faculty-at-large to review the progress to date, identify additional opportunities for improvement, and develop plans for implementing and assessing those changes. As a starting point, this task force should review the findings, implementation status and results of relevant previous internal and external reviews.

One of themes that I have heard recurrently is that the amount of time that clinical faculty have to devote to their academic pursuits is being constrained by increasing patient care demands. This is happening at all academic centers in the United States. At M.D. Anderson Cancer Center, as is true with virtually every academic health center in the United States, changes in reimbursement and loss of funding from other traditional sources have created a premium for focus on patient care activities. What makes M.D. Anderson Cancer Center somewhat unique, however, is that it has the good fortune to have philanthropy and operating margins that permit it to make investments that others could not possibly make. It is clear that Drs. Dmitrovsky and Buchholz have created new mechanisms for supporting faculty and these are appreciated across the institution. Nevertheless, there is a sense that many highly productive faculty members are not benefitting from these new programs. A broader scale investment in faculty as well as in measures to increase academic time for clinical faculty could restore the "secret sauce" that has made the institution great historically– a faculty that takes care of patients while it also is engaged in advancing evidence to improve future care.

A related issue is the fact that with the stagnation of NIH budget, the extramural grant environment has become increasingly competitive and productive investigators are struggling to maintain their research programs. Even with the restoration of CPRIT funding, these pressures continue, and while we are all optimistic that the 21st Century Cures initiative will be enacted, we need to have a buffer to help faculty through these challenging times. Various stakeholder groups at all levels of the organization have endorsed the concept of a significant investment in faculty through "block grant" type of mechanism that would allow departmental faculty and their chairs to share in local discretion as to how institutional funds are utilized to bolster meritorious research programs. As a new institutional initiative, it would be appropriate for the new shared governance committee to work on the development of the block grant program and it could be a "quick win" for the shared governance model. Given the variation in needs across the institution, there should be flexibility for use of the funds within divisions, and a process for assuring adequate faculty input into the allocation process. When implemented, it will be critical to monitor the allocation of funds so that they are not held in reserve for a "rainy day," but are deployed to meet the current needs of the units.

During the past year, one of the issues that was addressed was a perception that there is an inadequate appeals process for rejections of promotion and tenure requests. A proposal was implemented to create an advisory review to the President when he or she disagrees with a unanimous favorable vote of the promotion and tenure committee. Thus far, there has not been a need to invoke this new process, so it is premature to judge whether or not it is working. Therefore, I look forward to a summary report from the 2014-15 annual appointment cycle concerning the number of faculty reviewed in the promotion and tenure process, the distribution of votes by the promotion and tenure committee, and the need, if any, to invoke the appeals process. I trust that the review of these data over time will reveal whether the new grievance process is working or if it requires further modification.

Faculty grievances also arise outside of the promotion and tenure process and it is appropriate for the shared governance committee to charge a group of faculty and administrators to conduct a review of the current faculty grievance appeals mechanisms and make recommendations about improvements in the policies and procedures. Recommendations for changes in grievance policies and procedures should be submitted to the shared governance committee and those that are endorsed should be transmitted to the President to render a final decision. Once implemented, these policies and procedures should be monitored over time to assure that they are working effectively.

Again, I want to reemphasize my support for you and for the institution. I trust that you will reach out to key representatives within the Faculty Senate and the division heads to begin the process of implementing these enhancements. Of course, we look forward to hearing your thoughts; Executive Vice Chancellor Greenberg and I are available to you and your team to discuss any and all aspects of this letter. We will need to jointly establish a timeline for accomplishing these various tasks and we will meet with you regularly during the course of the coming year to assess progress. Thank you in advance for your commitment to work with all stakeholders at U. T. M.D. Anderson to make it an even more outstanding organization than it is today.

Sincerely,

William H. McRaven
Chancellor

WHM/jbp
cc: Raymond Greenberg, M.D., Ph.D.