

August 29, 2022

MEMORANDUM

TO: M. Katherine Banks, Ph.D.
President

FROM: Jon Mogford, Ph.D. 
Working Group Chair

SUBJECT: Implementation Memo – Working Group # 15

Recommendation to be Implemented: Implement Texas A&M Health Administrative Organization Structure and Budget Assessment recommendations.

Strategic Considerations:

Recommendationsⁱ to address the operations of the Health Science Center include:

1. Expand the role of SVP/COO to include overall budget responsibility for Texas A&M Health's budget, operations, and strategy and confirm the expanded role through an appropriate title (e.g. CEO for Health Sciences).
2. Adopt an integrated budget model for Texas A&M Health.
3. Organize a Texas A&M Health-wide benchmark assessment of the size and focus of select administrative functions and implement efficiencies.
4. Investigate potential duplication in research administration and streamline as appropriate.
5. Define service levels for functions sourced from Texas A&M University.

Workgroup #15 met weekly until the end of April and developed the following desired outcomes statement related to improved operations at the Health Science Center (HSC) level:

The Texas A&M Health Science Center will create an administrative and budget infrastructure to maximize operational accountability, create opportunities, and prioritize strategic investments across the colleges and institutes.

In addition, the workgroup developed the following outcome statement specific to adopting an integrated budget model for the Texas A&M Health Science Center:

Ensure budgeting methodologies are equitable, transparent, and directly linked to achievement of strategic goals and accountability.

In order to effectively implement the MGT recommendation for Workgroup #15, the workgroup and/or HSC leadership team members met with key players across TAMU including, but not limited to, Texas A&M CFO, SRS, Research, Enrollment and Academic Services, Human Resources, and Provost offices. Their feedback was critical to confirm that the HSC was aligned with the direction the overall university was heading, discuss any particular nuances of the HSC, and account for those nuances when making final implementation recommendations listed below.

Logistical Issues Addressed:

Workgroup #15 discussed numerous organizational structures and process at the Health Science Center level in order to develop an implementation plan.

The following considerations were discussed and clarified:

- Address the number of direct reports to the HSC Vice President/Chief Operating officer: The HSC VP/COO had over 15 direct reports not including the five Health Science Center Deans.
- Align the HSC organizational structure around operational and strategic priorities: The workgroup discussed different organizational structures that could align HSC priorities with TAMU priorities and structures, focus on current and future HSC strategic priorities as well as areas of growth, and ways to link budget, metrics and benchmarking to tracking outcomes.
- Further define the HSC and TAMU role in administrative support functions: The workgroup discussed how administrative functions can best serve the HSC and the HSC Schools to accomplish their academic, clinical, research and growth goals. In particular, discussions were had among the workgroup members on the best way for administrative functions to align with the graduate and clinical programs at the HSC Schools and how the HSC can work with the TAMU administrative teams to provide services that cater to the HSC unique needs.
- Clarify the continued reporting structure of the HSC Deans to the Office of the Provost: The workgroup confirmed that the HSC Deans would continue reporting directing to the Provost.
- Analyze centralized budget models for the HSC Schools working closely with the MGT Finance Centralization Workgroup, led by the TAMU Finance Division, to ensure the Texas A&M HSC is in alignment with how the university is implementing finance centralization. The workgroup discussed an array of budget models that are both aligned with TAMU and that could meet the goal of having an integrated budget model across the HSC Schools. Each of the integrated budget models considered equitable general pool allocations across all units.
- Benchmarking and Service Level Agreements: The workgroup discussed proceeding with benchmarking and further defining service level agreement metrics with TAMU once centralization of administrative functions and benchmarking implementation occurred at TAMU.
- Pre and Post research administrative functions: The workgroup discussed and clarification was provided on roles and responsibilities on pre and post research administration. The TAMU Vice President for Research (VPR) and Sponsored Research Services (SRS) along with the HSC and the HSC Deans confirmed appropriate roles and responsibilities exist.

Major Challenges Encountered and Resolutions:

- Capturing an organizational structure given future strategic priorities may change at the HSC: The workgroup considered an array of organizational structures for the HSC given that future strategic priorities may evolve. However, given the information and priorities at this time, Attachment 1 provides the organizational structure that best meets the needs of the HSC and the HSC Schools.
- General pool allocations across Schools: The workgroup discussed the current general pool allocations across the Schools and units at the HSC and how these may be modified in the future.
- Reporting structure of HSC Centers and Institutes: The updated organizational chart (Attachment 1) provides for strategic focus and resolution on the reporting structure for the HSC centers and institutes.

Key Logistical Issues to be Completed and Timeline:

Below are key steps that will be taken to provide for continuous quality improvement to the HSC operations:

Organizational improvements: After considering multiple organizational structure options, the workgroup agreed that the updated HSC organizational structure (Attachment 1) would assist the HSC with maximizing operational efficiencies by limiting the direct reports to the VP/COO, aligning administrative functions aligned with TAMU functions, and capturing the academic, administrative, research and clinical priorities for the HSC. Pending TAMU approval, this organizational chart and reporting lines will be effective September 1, 2022.

Integrated budget across the HSC: An extensive review of the current budget model for Texas A&M Health was completed, followed by discussions of potential best path's forward. The Working Group came to the following decisions in adopting an integrated budget model for Texas A&M Health:

- Identify strategic metrics to measure programmatic and administrative performance and success prior to a Fall Strategic Planning and Budget Retreat, in line with Working Group #28 – Establishing a Performance Analytics Culture.
- Hold a Vision 360 Strategic Planning and Budget Retreat each October/November to evaluate:
 - Vision 360 progress.
 - Each School/Institute/Division presents:
 - Past year achievements and financial results.
 - Plans for the coming one to five years, discussing new programs, goals, and objectives, budget impacts, and measurements of success.
 - Proposed fully loaded next fiscal year budget compared to current year budget and prior year actual.
 - Revenue distribution methodologies. For FY 23, the following was adopted:
 - State appropriations, tuition, and the university advancement fee are allocated through formula and overhead recovered through a tax.
 - Indirect Cost Returns from grants are distributed in accordance with TAMU VPR formula.

- Other revenues are 100% retained by the entity that generated them (student fees, research, service, contracts, clinical operations), incentivizing growth in these areas.
 - Administrative and indirect services and costs at the Schools, HSC Central Admin, TAMU, and TAMUS.
 - Review strategic investment funds available and distributions of these funds, with a focus on joint effort and collaboration. Strategic investment funds may be derived from new revenue streams or growth in current revenue streams.
- In an expanded Dean’s Council meeting in April/May, perform semi-annual review of progress of initiatives identified in the Vision 360 Strategic Planning and Budget Retreat.

Unique benchmarks for the HSC: The HSC will report on university wide academic and non-academic areas. Based on feedback from the TAMU Office of Enrollment and Academic Services, the HSC will form a workgroup that will assess and recommend unique benchmark metrics to the HSC, such as clinical operations measures. The workgroup will be formed by September 1, 2022.

Review of Service Level Agreements: Once TAMU finalizes recommendations regarding centralized administrative services, including, but not limited to, Human Resources, Communications, Facilities, Information Technology, update the service level agreements between TAMU and the HSC to clarify funding levels and specific service levels developed and tracked.

Approved:



M. Katherine Banks, Ph.D.
President

September 10, 2022

Date

¹ Manatt Consulting, “Texas A&M Health Administration Organization Structure and Budget Assessment.” May 2021

TEXAS A&M HEALTH | ORGANIZATIONAL CHART

FINAL AS OF SEPTEMBER 1, 2022

(ATTACHMENT 1)

