



University of California  
San Francisco

# UCSF Financial Plan

## *Fall 2015*

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10/27/2015

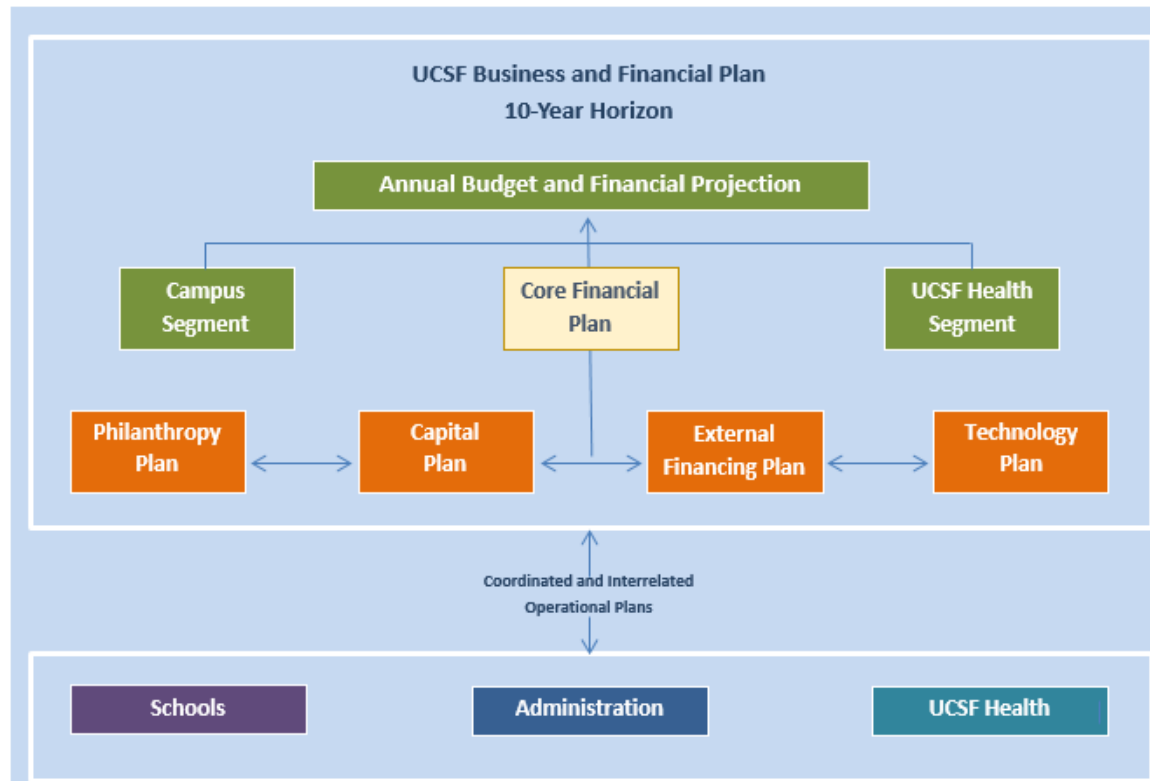
# Presentation Overview

- General Observations
- Business and Financial Planning at UCSF
- 2015 Financial Results
- Combined Enterprise Projections
  - Income Statement (Revenues, Expenses, and Income)
  - Balance Sheet (Cash, Capital, and Debt)
- Campus Segment Projections
- UCSF Health Segment Projections
- Campus Core Financial Plan
- Summary

# General Observations

- 2015 financial performance exceeded projections by \$234M, with the Campus exceeding projections by \$86M and UCSF Health by \$148M
- The next two years show modest projected losses for UCSF Health followed by steady annual increases in income and cash
- UCSF Health is now 60% of UCSF's revenues (\$3.3B of \$5.5B total)
- Campus revenue growth rates (3%) projected to lag UCSF Health growth rates (5%) in the near term
- Investment in development, and focus on the role of philanthropy, is critical to both the Campus and UCSF Health (in particular: Children's, Cancer, and Psychiatry)
- Combined balance sheet remains strong, but UCSF Health days of cash on hand remains below 60 days until 2019
- We must be mindful of our future debt capacity, and we must plan for additional funds for facilities and technology investments, along with strategic programmatic priorities

# Enterprise-wide strategic priorities drive UCSF's business and financial planning efforts



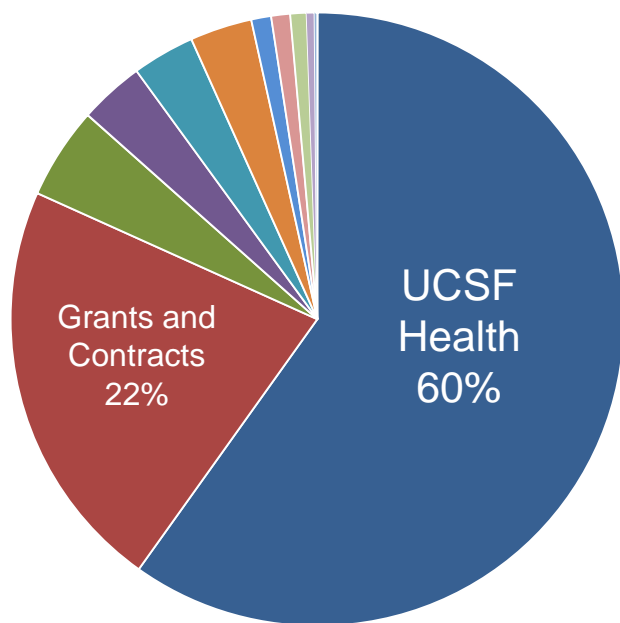
- The UCSF Business and Financial Plan serves as a strategic roadmap
- Ten-year financial forecast for the combined enterprise helps drive optimal resource allocation
- Each control point provides five-year operational plans
- Our plan reflects comprehensive projections for Capital, IT, External Financing, Gifts, and the Core Financial Plan

# 2015 Financial Results and Comparison to Projection

*Combined Enterprise  
(Campus + UCSF Health)*

More than 80% of our sources comes from competitive and rapidly changing markets – 60% from the clinical enterprise and 22% from research

2015 Combined Enterprise Revenue: \$5.45 billion

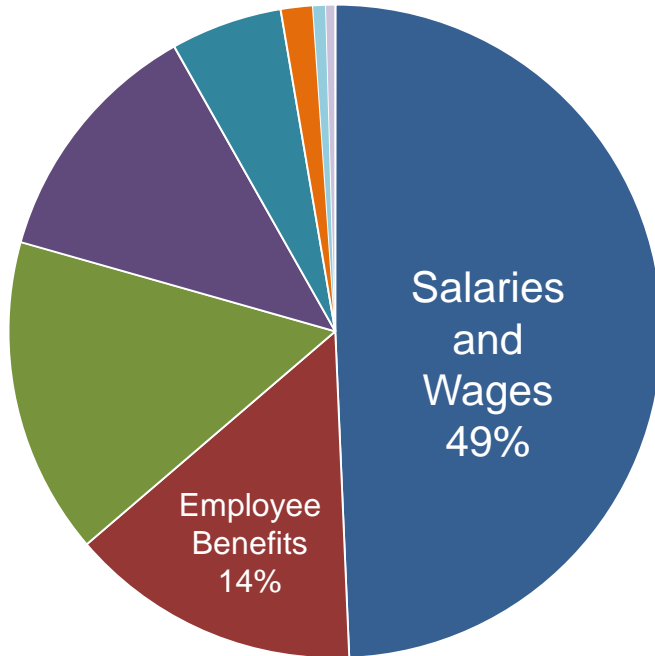


<u>Sources</u>	<u>\$M</u>	
UCSF Health	\$3,265	60%
Grants and Contracts	\$1,192	22%
Other Clinical and Educ. Activities	\$263	5%
State Funds	\$186	3%
Investment Income	\$180	3%
Private Gifts	\$178	3%
Student Tuition and Fees Net of Scholarship Allowances	\$57	1%
Auxiliary Enterprises	\$55	1%
Other Revenue	\$46	1%
State and Federal Financing Appropriations	\$23	1%
Patent Income	\$8	0%
<b>Total</b>	<b>\$5,453</b>	<b>100%</b>

Note: Capital Gifts Not Included

While 63% of our combined enterprise uses are driven by personnel-related costs

2015 Combined Enterprise Expense: \$5.24 billion



<u>Uses</u>	<u>\$M</u>	
Salaries and Wages	\$2,585	49%
Employee Benefits	\$755	14%
Other Operating Expenses	\$822	16%
Supplies and Materials	\$650	12%
Depreciation	\$289	6%
Interest Expense	\$83	2%
Utilities	\$33	1%
Scholarships and Fellowships	\$24	0%
<b>Total</b>	<b>\$5,242</b>	<b>100%</b>

# Our 2015 results were better than planned for both the Campus and UCSF Health

<b>Combined</b>	Actuals	Plan	Variance	
	2015	2015	\$	%
Revenues	\$ 5,453	\$ 5,161	\$ 292	6%
Expenses	5,242	5,183	58	1%
<b>Income/(Loss)</b>	<b>211</b>	<b>(23)</b>	<b>234</b>	<b>n/a</b>

<b>Campus</b>	Actuals	Plan	Variance	
	2015	2015	\$	%
Revenues	\$ 2,159	\$ 2,092	\$ 66	3%
PSA*	481	456	26	6%
<b>Revenues</b>	<b>2,640</b>	<b>2,548</b>	<b>92</b>	<b>4%</b>
Expenses	2,572	2,566	6	0%
<b>Income/(Loss)</b>	<b>68</b>	<b>(18)</b>	<b>86</b>	<b>n/a</b>

<b>UCSF Health</b>	Actuals	Plan	Variance	
	2015	2015	\$	%
Revenues	\$ 3,314	\$ 3,068	\$ 246	8%
Expenses	3,170	3,073	97	3%
<b>Income/(Loss)</b>	<b>143</b>	<b>(5)</b>	<b>148</b>	<b>n/a</b>

Campus gained \$68M, better than projection by \$86M

- Revenues exceeded projection by 4%, primarily due to one-time Total Return Investment Pool (TRIP) payout, and increased physician productivity

UCSF Health gained \$143M, better than projection by \$148M

- Two significant events impacted end of year results
  - Timing of Mission Bay depreciation & interest expense (\$38M favorable)
  - Receipt of higher than expected prior year settlements (\$65M favorable)
- Significantly higher than planned inpatient and outpatient activity contributed to robust result
- Multi-site operations proved to be more complicated and costly than originally planned
- Investments in clinical practices and strategic initiatives were consistent with plan

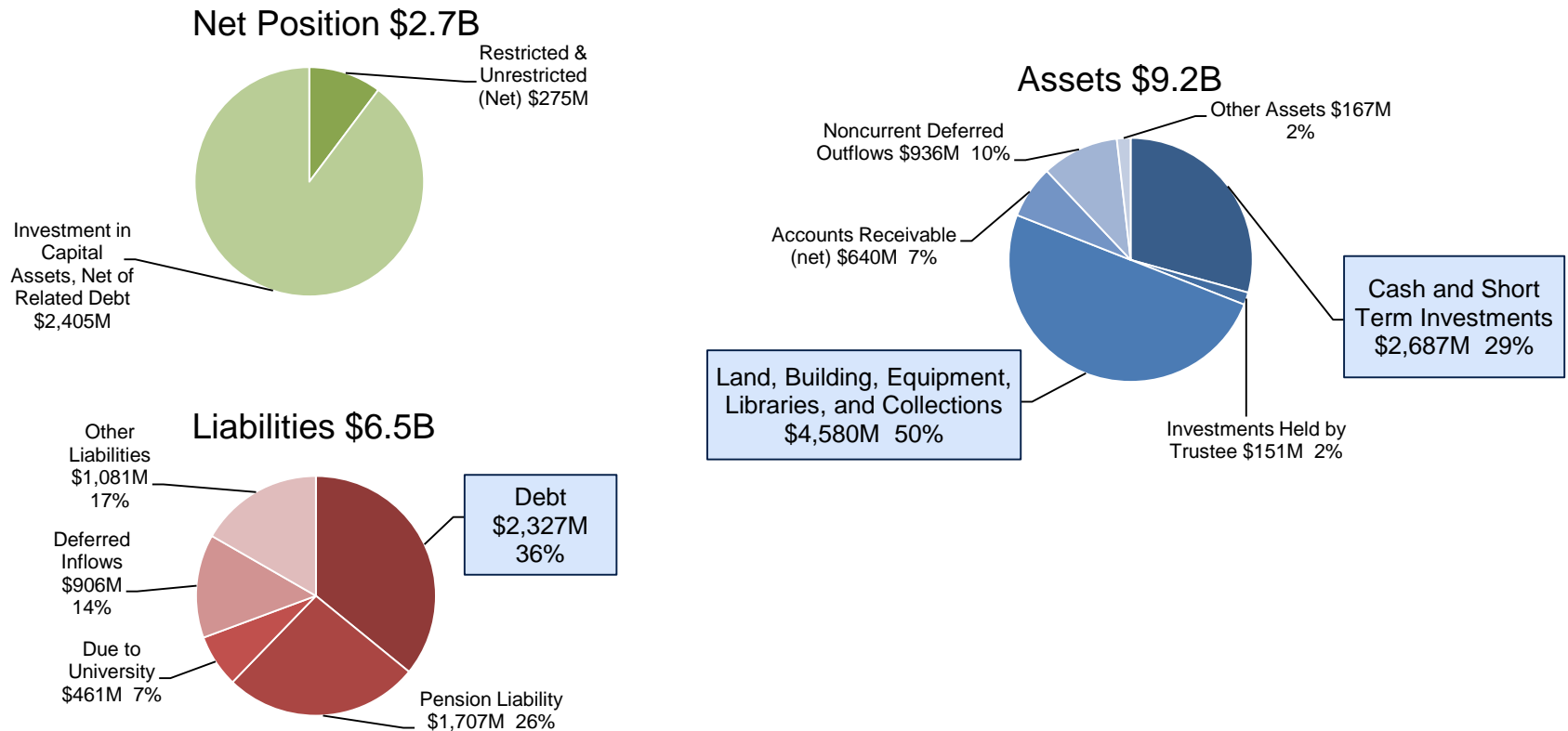
Note: Results do not include effect of GASB 68 (Pension Liability)

\* Professional Services Agreements (PSA) and other campus services provided to UCSF Health are recorded as Campus revenue and UCSF Health expense and are eliminated in UCSF consolidated financial statements.



# Leveraging our cash, making strategic capital investments, and being mindful of our debt remain key balance sheet focus areas

## Statement of Net Position

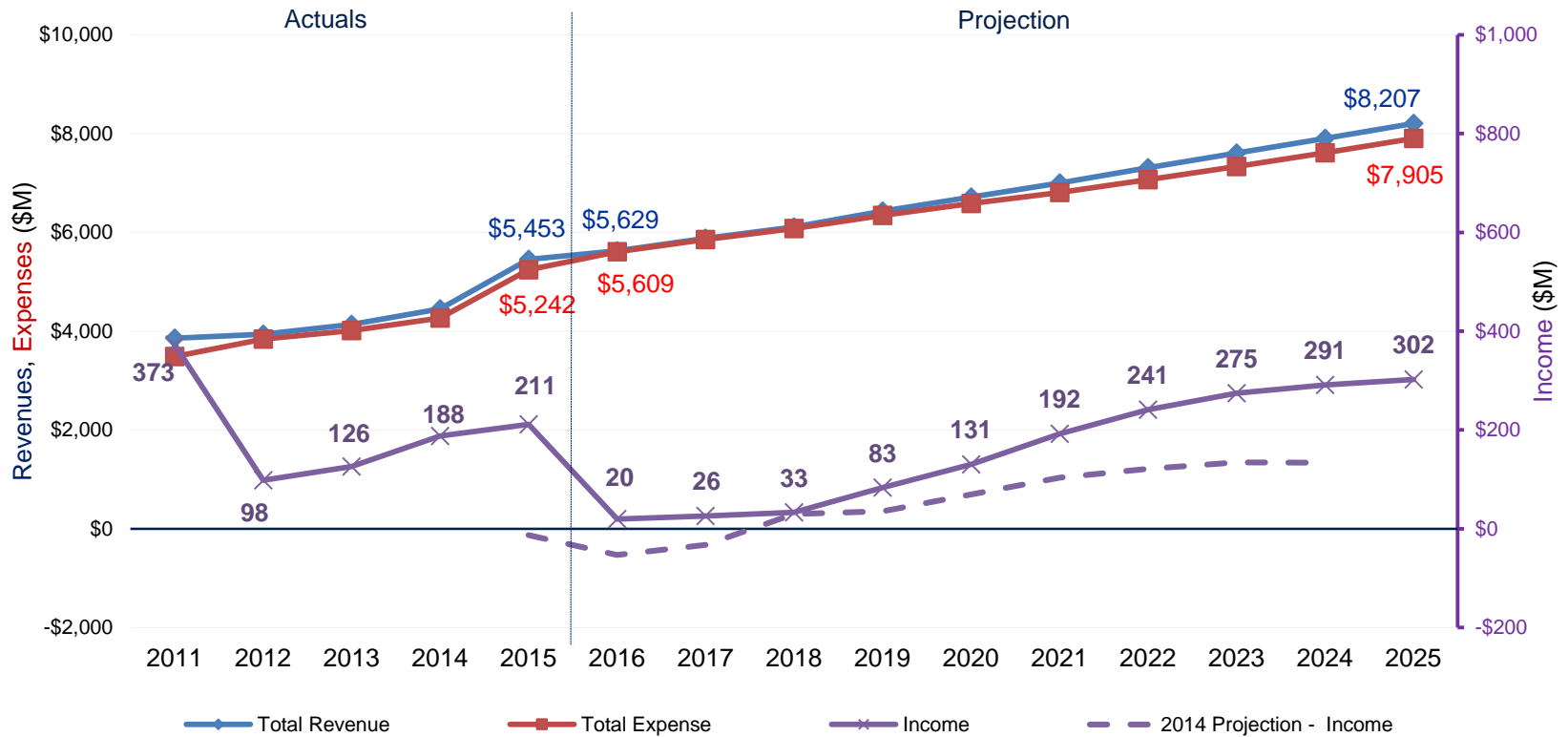


Note: Statement includes effect of GASB 68 (Pension Liability) – resulting in a net liability of \$2.1B in 2015

Revenues, Expenses, and Income  
Cash, Capital, and Debt

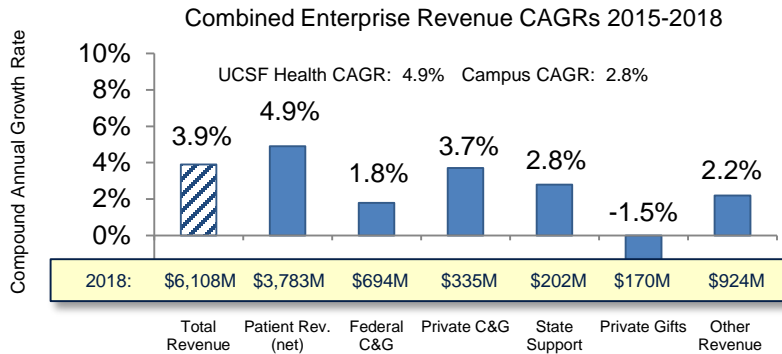
*Combined Enterprise Projections  
(Campus + UCSF Health)*

# Combined Enterprise Revenues, Expenses, and Income (\$M)

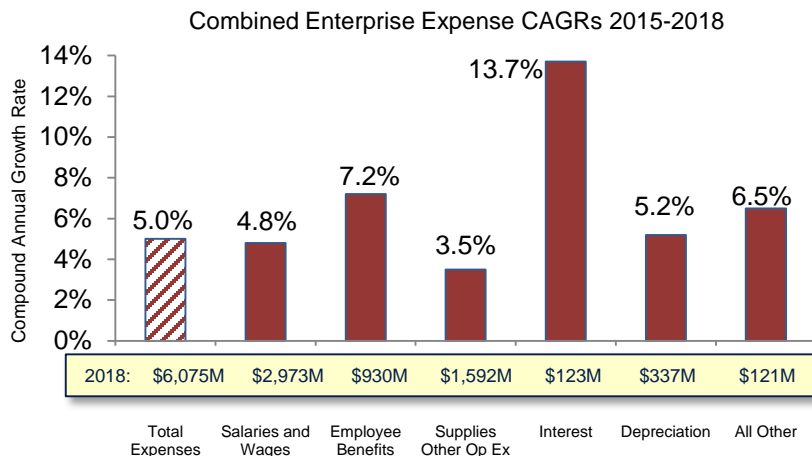


- Our consolidated forecast reflects an improved trend compared to the prior year projection
- UCSF now reflects a combined positive net income in each of the next ten years
- Philanthropy along with increased physician productivity are key elements in the forecast period
- UC Retirement Program (UCRP) contributions stabilize in 2016
- 2011-2014 figures exclude Benioff Children's Hospital Oakland (BCHO)

# Near term Compound Annual Growth Rates (CAGR) for revenue and expense show UCSF Health revenue outpacing that of the Campus

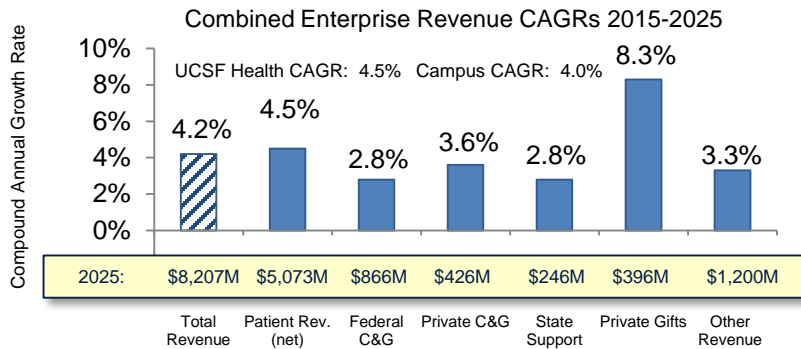


- UCSF Health revenue grows faster than Campus revenue over the next three years due to increases in patient revenue
- Research revenue growth is tempered in the near term, reflecting a rotation from federal to private sources

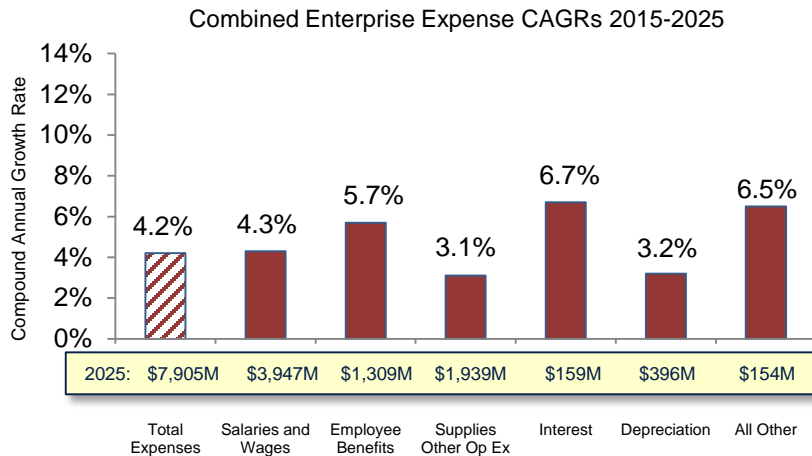


- Personnel-related costs continue to outpace modest revenue growth
- Interest and depreciation expense increases reflect the Mission Bay hospital and Campus renovation investments

However, in the long term, revenue growth is expected to match increases in expenditures

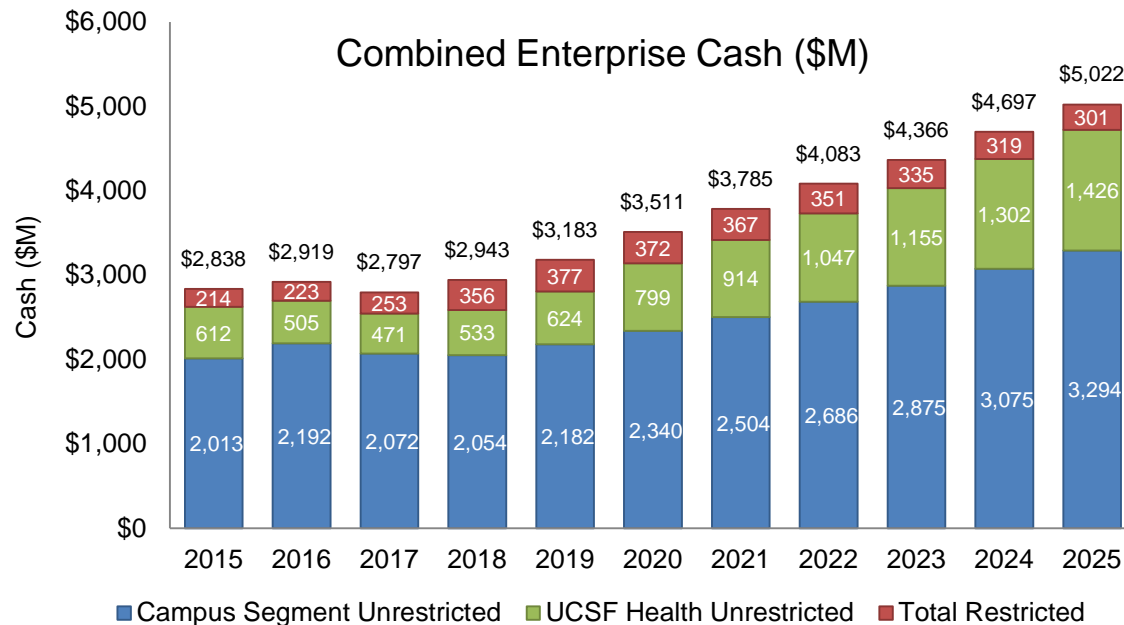


- UCSF Health revenue and expense growth continue to outpace the Campus over the next ten years
- Philanthropy is a major source of revenue growth for the Campus
- Research revenue growth returns to modest levels in the long term



- In the long term, expense growth aligns with revenue growth levels
- Personnel-related costs, in particular benefit costs, are outpacing modest revenue growth
- We must continue to exploit our strategic sourcing investment

# UCSF's cash position is expected to grow through 2025

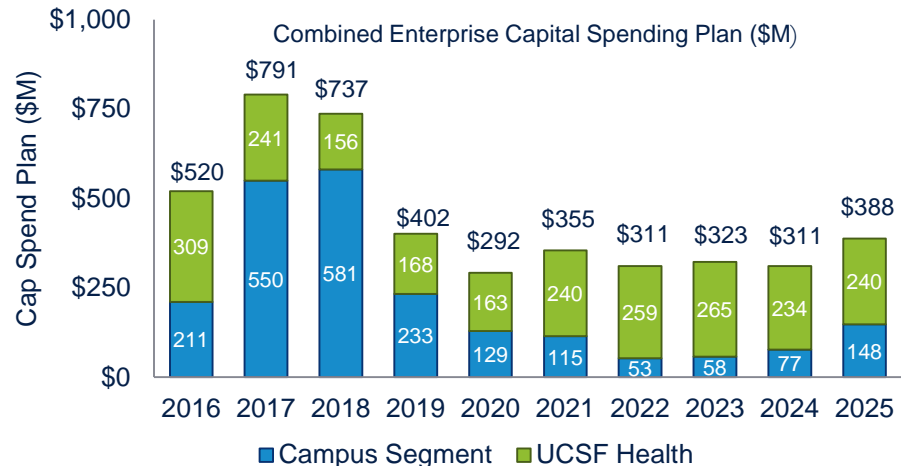


- Achieving this projected level of future cash is dependent on strong earnings driven by operating growth and expense management, including tight controls on capital outlays
- The projection assumes 60% of daily cash balances will be held in the Total Return Investment Pool (TRIP) instead of the Short Term Investment Pool (STIP)
- UCSF Health unrestricted cash declines from 2015 to 2017 as a result of increased expenses associated with multi-site operations and strategic investments, including the Mission Bay hospitals
- Cash holdings from Benioff Children's Hospital Oakland have helped bolster the overall cash position of UCSF Health

# UCSF's ten year capital spending plan totals \$4.4B

## Campus Segment: \$2.15B

- \$672M Mission Bay Projects
  - Mission Bay East: Blocks 33 and 23A, Psychiatry Clinics Building
- \$503M Seismic Projects, with Cushioning
  - UC Hall (UCH)
  - Clinical Sciences Building (CSB)
  - San Francisco General Hospital (SFGH)
- \$270M Auxiliary/Parking/Housing
  - Parnassus Housing
  - Millberry Union Garage Repairs
  - Mission Bay Parking
- \$284M Departmental Capital Projects
  - Schools Renovation projects
  - Misc. Departmental projects
- \$189M Facility Investment Needs (FIN)
- \$237M Other Projects (Scheduled Renewal; Studies, Remediation)

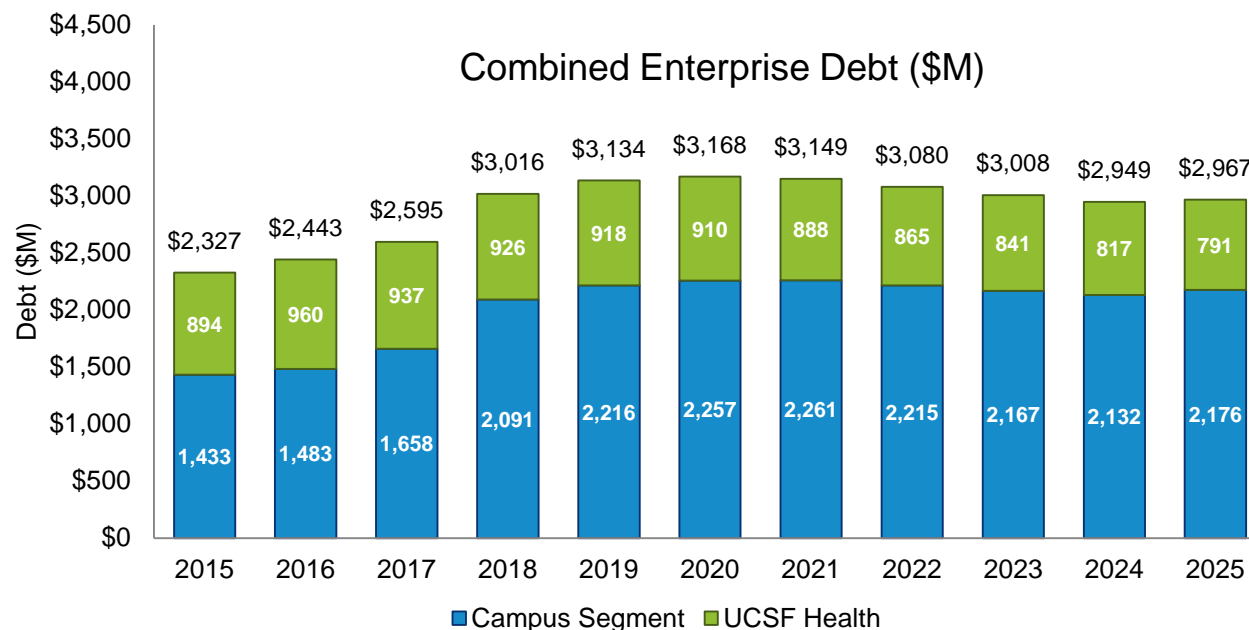


## UCSF Health: \$2.27B (\$1.8B West Bay, \$469M East Bay)

- \$1.8B for Parnassus backfill projects, \$469M BCH Oakland facilities master plan, routine facilities renovations and equipment replacement, strategic initiatives, and information technology
- Capital Spend is at depreciation levels except for the new facilities at Mission Bay
- Excludes Precision Cancer Medicine Building (PCMB), Proton Beam, Langley Porter Psychiatric Hospital and Clinics (LPPH&C), BCHO Master Facilities Plan (MFP) Phase II

- Capital improvement needs compete for resources in the core financial plan
- Capital investment of \$1.8B for UCSF Health West Bay over the past 5 years includes Mission Bay and the Epic electronic health record system
- BCHO and LPPH&C will require major capital infusions over the next 10 years to address historical under-investment
- As more strategic capital funds become available, UCSF Health will need to find a balance between renewal, replacement and strategic investment

To achieve the capital plan, total debt increases to \$3.0B during the ten-year projection period



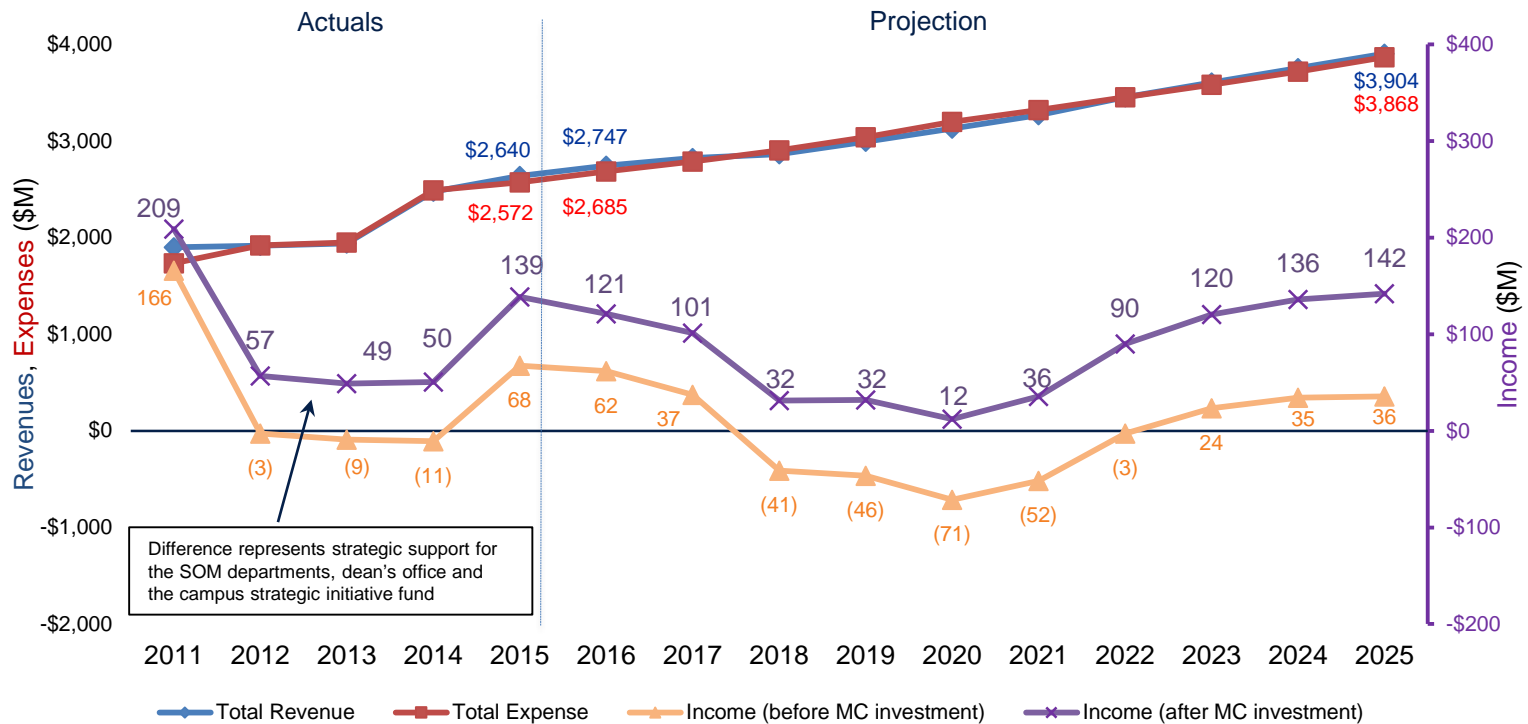
- Campus additional debt includes CSB, UCH, and SFGH projects, program projects, Mission Bay expansion projects, and auxiliary projects
- UCSF Health projections include debt issuance of \$50M in 2016 to fund the Benioff Children’s Hospital Oakland Master Facilities Plan Phase I and \$71M of interim financing required in 2016 to offset timing of Mission Bay pledge collections
- PCMB financing is planned through Campus equity and philanthropy, with no new debt issuance
- Debt issuance remains within UC coverage limits throughout the period



# Revenues, Expenses, and Income Cash, Capital, and Debt

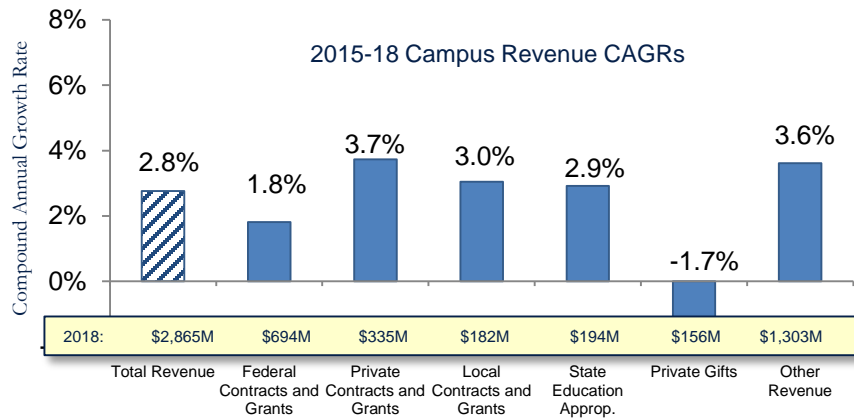
## *Campus Segment*

# Campus Segment Revenues, Expenses, and Income (\$M)



- Philanthropy along with increased physician productivity are key elements in the forecast period, with gifts shifting gradually from capital investment to operations towards the end of the forecast period
- UC Retirement Program (UCRP) contributions stabilize in 2016
- Interest expense on newly financed projects and growth in depreciation expense on capital investments add \$196M to our cost structure

# Campus Segment Key Revenue Assumptions



## Contracts & Grants Revenue Assumptions

Federal (\$658M in 2015) 2018 CAGR 1.8%; 2025 CAGR 2.8%

- Growth in Direct Base - flat for 2016, 2% for 2017, increasing to 3% by 2018 and beyond
- Indirect Cost Recovery rate increase from 57.0% in 2014 to 58.5% by 2016 (negotiated), increase an additional 4% to 62.5% by 2024 (anticipated)

Private (\$300M in 2015) 2018 CAGR 3.7%; 2025 CAGR 3.6%

- Growth in Direct Base - 4% for 2016, 3.3% for 2017 and 2018, 3.5% for 2019 and beyond

Local Government (\$166M in 2015) 2018 CAGR 3.0%; 2025 CAGR 3.0%

- Primarily SFGH contract; 3% increase annually

## Key Revenue Assumptions

State Educational Appropriations (\$178M in 2015) 2018 CAGR 2.8%; 2025 CAGR 2.8%

- State Education Appropriations with UCSF corridor results in a 2.8% increase in 2016 to end of forecast period

Private Gifts and Fundraising (\$164M in 2015) 2018 CAGR -1.7%; 2025 CAGR 8.7%

- Increased focus on philanthropy, now includes Capital Gifts. Gifts and transfers from Foundation of \$246M in 2016, growing to \$378M by 2025
- Total investment return of 5% for the decade. 4.6% Foundation payout assumption.

## Other Revenue Assumptions

Tuition and Fees (\$57M in 2015) 2018 CAGR 3.9%; 2025 CAGR 4.0%

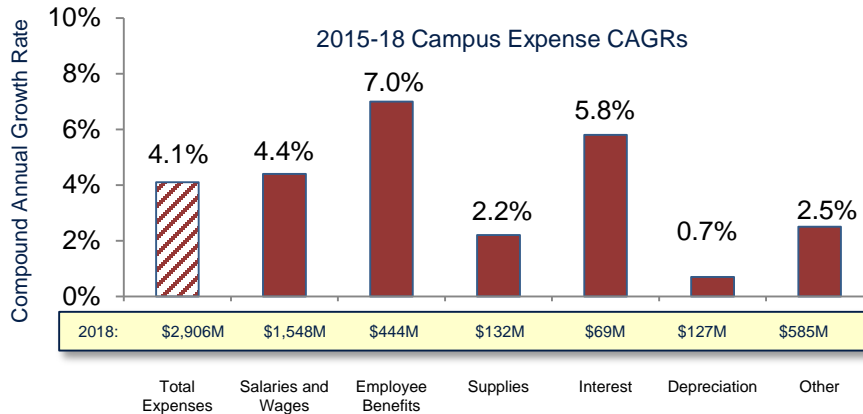
- Tuition increases 0.5% for 2016, 0.2% for 2017, 2% increase from 2018 and beyond
- Professional Degree Supplemental Tuition (PDST) up 2% for 2016, 4-5% increase in PDSTs from 2017 to end of forecast period

Investment Income (\$160M in 2015) 2018 CAGR -8.3%; 2025 CAGR 1.4%

- Assumes Short-Term Investment Pool (STIP)/Total Return Investment Pool (TRIP) investment is allocated 40% STIP and 60% TRIP for forecast period
- Growth in STIP yield from 1.25% in 2016 to 3% by 2021 and beyond; TRIP yield 3% in 2016, increasing to 4.75% in 2021 and beyond

# Campus Segment Key Expense Assumptions

## Salary and Benefits Assumptions



Salary & Wages (\$1,360M in 2015) 2018 CAGR 4.4%; 2025 CAGR 4.3%

- Merit pool, net of FTE adjustments: 3.6% in 2016 to end of forecast period
- Equity pool \$3M in 2016 to 2020, \$2M from 2021 and beyond

Employee Benefits (\$362M in 2015) 2018 CAGR 7.0%; 2025 CAGR 6.5%

- UCRP – decreases to 14.6% for 2016, increasing to 15.1% by 2020 and beyond. Includes 0.8% growing to 1.1% by 2020 for the repayment of the STIP loan and external borrowing.
- Active health – 6% for 2016, 5% for 2017, 4% for the rest of forecast period
- Retiree health – 11.7% for 2016, 7.3% for 2017, falling to 4% by 2019 and balance of forecast period

## Key Expense Assumptions

Supplies (\$124M in 2015) 2018 CAGR 2.2%; 2025 CAGR 2.2%

- Increases at 2.0% in 2016; to 2.25% per year from 2017. Leverage BearBuy investment/P200 procurement savings initiative

Interest Expense (\$59M in 2015) 2018 CAGR 5.8%; 2025 CAGR 6.5%

- Increases from a relatively small base as new debt-funded projects come on board through projection period

Depreciation (\$124M in 2015) 2018 CAGR 0.7%; 2025 CAGR 2.5%

- Relatively flat in the near term, increases as new projects (Mission Bay, Auxiliary, Seismic) are realized

## Other Expense Assumptions

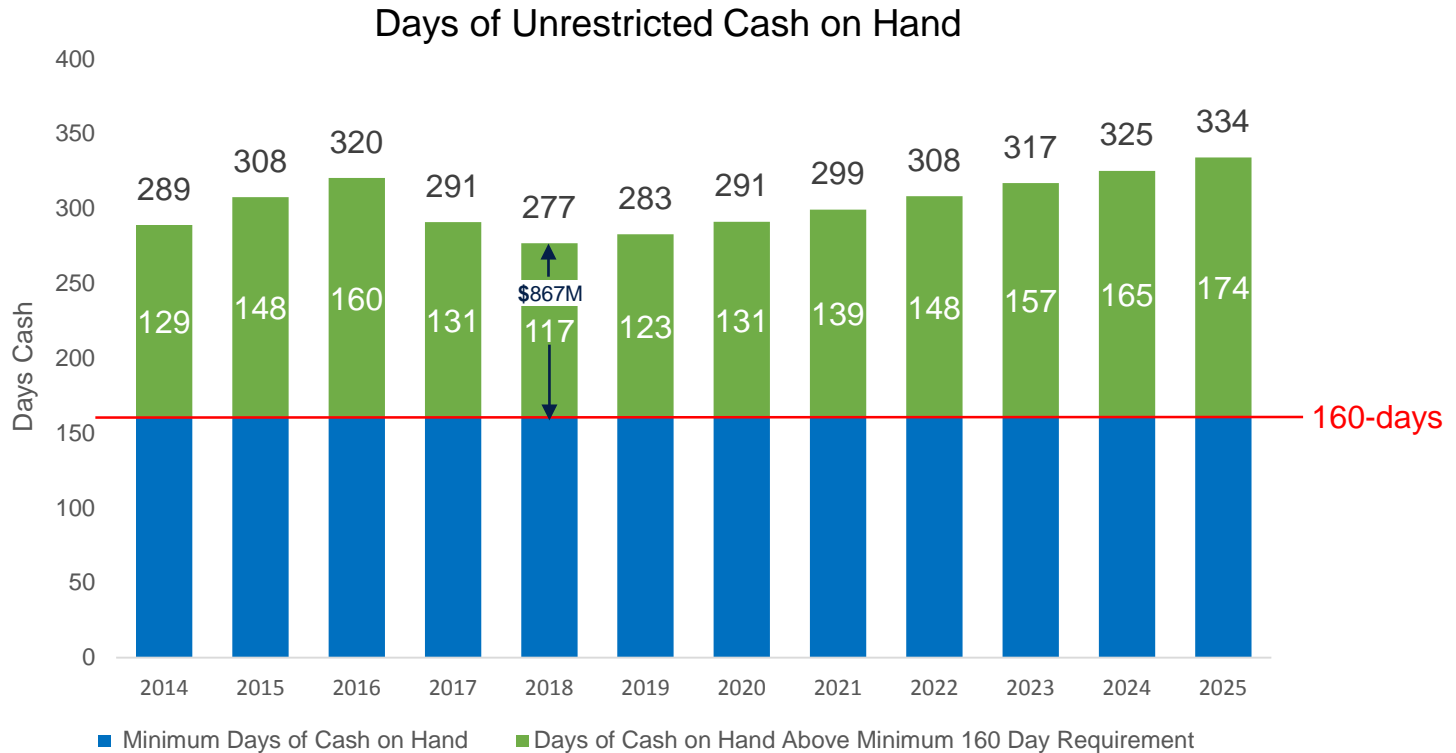
Utilities (\$25M in 2015) 2018 CAGR 5.9%; 2025 CAGR 6.9%

- 7.8% increase in 2016 due to Mission Hall opening, increasing 24.0% in 2019 as new buildings come on line, 5% in 2020 and beyond

UCOP Fee (\$21M in 2015) 2018 CAGR 2.7%; 2025 CAGR 2.0%

- Increase of 1.5% for 2016, increasing to 1.7% by 2022 and beyond

# Campus days of cash on hand above the recommended 160-day target provides an opportunity for self-borrowing

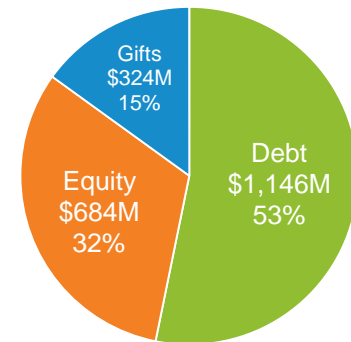


- Though the Campus has the capacity for self-borrowing (up to \$867M), we must also have a source of funds for repayment
- Net expense per day for Campus: \$7M in 2016 to \$10M in 2025
- Unrestricted Cash does not include trusted assets which are set aside for Precision Medicine and Century Bond-funded capital projects.

# Ten-year capital spending for the Campus estimated at \$2.15B

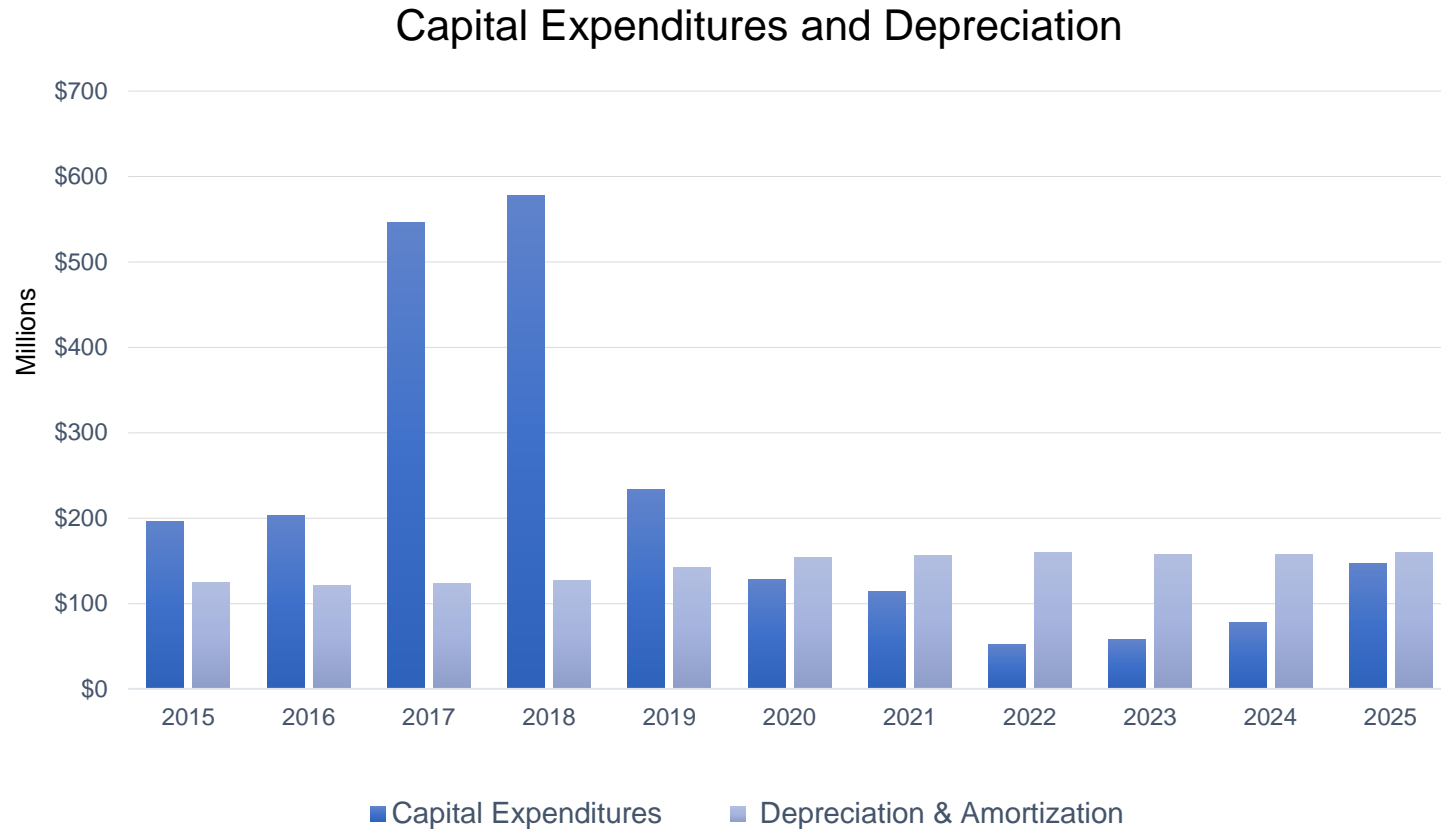
Campus Segment (\$M)	Funding Assumptions			
	10-Year Plan Expenditures	Debt	Equity	Gifts
Mission Bay	\$ 672	\$ 320	\$ 29	\$ 324
Seismic Projects (includes decant)	503	398	105	---
Departmental Projects	284	---	284	---
Auxiliary/Housing/Parking	270	265	5	---
Other Projects (Scheduled Renewal)	237	16	221	---
Facility Investment Needs (FIN)	189	148	41	---
<b>Total</b>	<b>\$ 2,154</b>	<b>\$ 1,146</b>	<b>\$ 684</b>	<b>\$ 324</b>

Funding Assumptions



- Cost escalations are included in the model starting in 2015
- Funding assumption shows ~53% funded with additional debt (\$1,146M) and ~32% with equity (\$684M) and ~15% with gifts (\$324M) – assumptions are integrated into the Core Financial Plan
- Gifts assumption increased substantially to \$324M from \$10M in last year’s plan
- This year’s plan reflects the addition of \$584M in total capital vs prior year, primarily due to new projects in Mission Bay

# Capital expenditures for the Campus drop below projected depreciation in 2020 suggesting a need for additional investment



# UCSF currently meets all three of UCOP's campus debt service tests

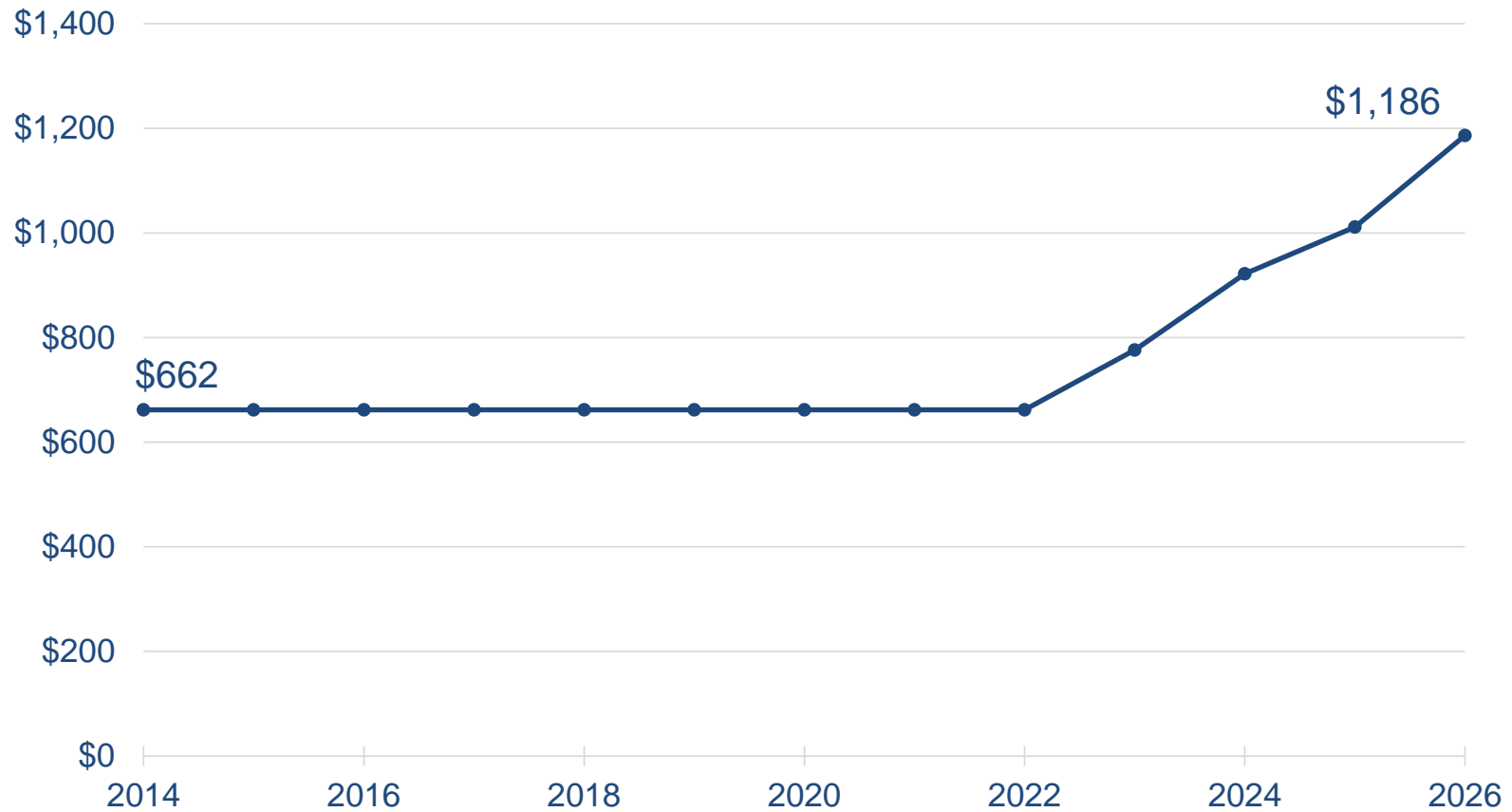
## Campus Segment Debt Requirements

Ratio	Description	Test	Dashboard	Status																																										
Modified Cash Flow Margin (must meet)	Net income / Operating revenues	$\geq 0\%$	<table border="1"> <caption>Modified Cash Flow Margin Data</caption> <thead> <tr> <th>Year</th> <th>Modified Cash Flow Margin (%)</th> <th>Lower Limit (%)</th> </tr> </thead> <tbody> <tr><td>2013-14</td><td>5.5</td><td>0.0</td></tr> <tr><td>2014-15</td><td>9.0</td><td>0.0</td></tr> <tr><td>2015-16</td><td>7.5</td><td>0.0</td></tr> <tr><td>2016-17</td><td>6.5</td><td>0.0</td></tr> <tr><td>2017-18</td><td>4.0</td><td>0.0</td></tr> <tr><td>2018-19</td><td>4.8</td><td>0.0</td></tr> <tr><td>2019-20</td><td>4.2</td><td>0.0</td></tr> <tr><td>2020-21</td><td>4.5</td><td>0.0</td></tr> <tr><td>2021-22</td><td>6.0</td><td>0.0</td></tr> <tr><td>2022-23</td><td>6.5</td><td>0.0</td></tr> <tr><td>2023-24</td><td>6.5</td><td>0.0</td></tr> <tr><td>2024-25</td><td>6.2</td><td>0.0</td></tr> <tr><td>2025-26</td><td>6.2</td><td>0.0</td></tr> </tbody> </table>	Year	Modified Cash Flow Margin (%)	Lower Limit (%)	2013-14	5.5	0.0	2014-15	9.0	0.0	2015-16	7.5	0.0	2016-17	6.5	0.0	2017-18	4.0	0.0	2018-19	4.8	0.0	2019-20	4.2	0.0	2020-21	4.5	0.0	2021-22	6.0	0.0	2022-23	6.5	0.0	2023-24	6.5	0.0	2024-25	6.2	0.0	2025-26	6.2	0.0	✓
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Debt Service to Operations	Debt service / Operating expenses	$\leq 6\%$	<table border="1"> <caption>Debt Service to Operations Data</caption> <thead> <tr> <th>Year</th> <th>Debt Service to Operations (%)</th> <th>Upper Limit (%)</th> </tr> </thead> <tbody> <tr><td>2013-14</td><td>2.0</td><td>6.0</td></tr> <tr><td>2014-15</td><td>2.0</td><td>6.0</td></tr> <tr><td>2015-16</td><td>2.8</td><td>6.0</td></tr> <tr><td>2016-17</td><td>2.8</td><td>6.0</td></tr> <tr><td>2017-18</td><td>3.2</td><td>6.0</td></tr> <tr><td>2018-19</td><td>3.0</td><td>6.0</td></tr> <tr><td>2019-20</td><td>4.2</td><td>6.0</td></tr> <tr><td>2020-21</td><td>4.2</td><td>6.0</td></tr> <tr><td>2021-22</td><td>4.5</td><td>6.0</td></tr> <tr><td>2022-23</td><td>4.2</td><td>6.0</td></tr> <tr><td>2023-24</td><td>4.0</td><td>6.0</td></tr> <tr><td>2024-25</td><td>3.8</td><td>6.0</td></tr> <tr><td>2025-26</td><td>3.8</td><td>6.0</td></tr> </tbody> </table>	Year	Debt Service to Operations (%)	Upper Limit (%)	2013-14	2.0	6.0	2014-15	2.0	6.0	2015-16	2.8	6.0	2016-17	2.8	6.0	2017-18	3.2	6.0	2018-19	3.0	6.0	2019-20	4.2	6.0	2020-21	4.2	6.0	2021-22	4.5	6.0	2022-23	4.2	6.0	2023-24	4.0	6.0	2024-25	3.8	6.0	2025-26	3.8	6.0	✓
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Expendable Resources to Debt	Expendable resources / Total debt	$\geq 1$	1.18	✓																																										



# Our remaining ability to borrow exceeds \$600M through 2022

Projected Debt Capacity (\$M)



# Multiple Strategies to Manage over the Next Decade

*Potential Upside and Downside  
to the Campus Segment*

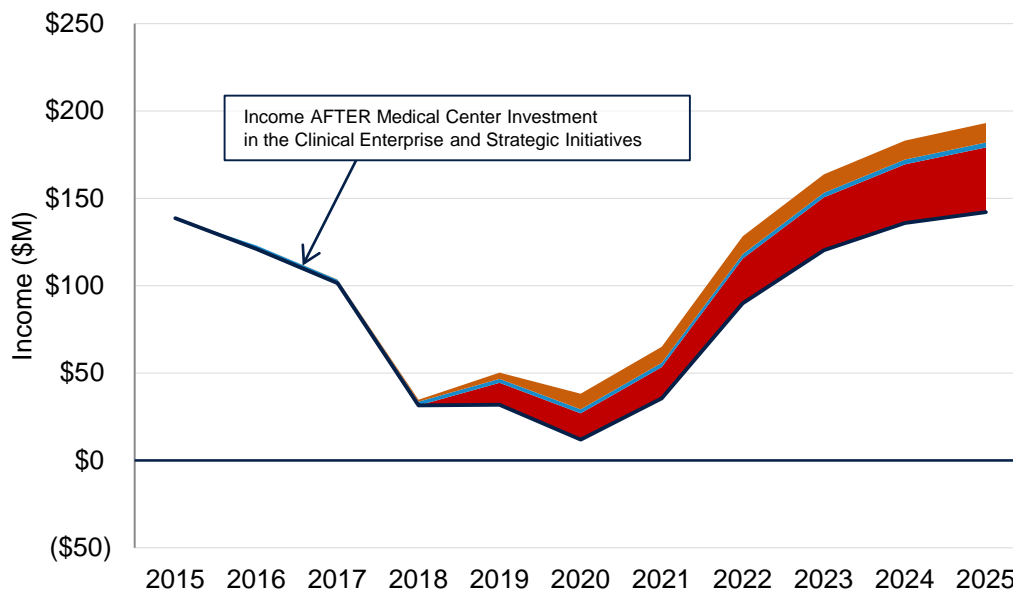
# Potential upside opportunities for the Campus could collectively contribute up to \$262M over the forecast period

## 1) Scenarios

Upside Opportunities	Ten-Year Cumulative Impact (\$M)
---- Revenue Measures ---	
<div style="display: flex; align-items: flex-start;"> <div style="width: 15px; height: 15px; background-color: red; margin-right: 5px;"></div> <div> <p>Private Current Gifts (excludes payout and Capital Gifts) outperform base case by 10% starting in 2019*</p> </div> </div>	\$ 172
<div style="display: flex; align-items: flex-start;"> <div style="width: 15px; height: 15px; background-color: blue; margin-right: 5px;"></div> <div> <p>Federal and Private Directs increase by 1% for 2016, impact on Indirect Cost Recovery only</p> </div> </div>	24
---- Expense Measures ---	
<div style="display: flex; align-items: flex-start;"> <div style="width: 15px; height: 15px; background-color: orange; margin-right: 5px;"></div> <div> <p>Borrowing rates are favorable on new debt at 4.5% to 6% vs. 6% planning rate, starting 2016</p> </div> </div>	66
<b>Total</b>	<b>\$ 262</b>

\* Note – a substantial portion of this increment would likely be invested in programs

## 2) What is the impact to Campus income?

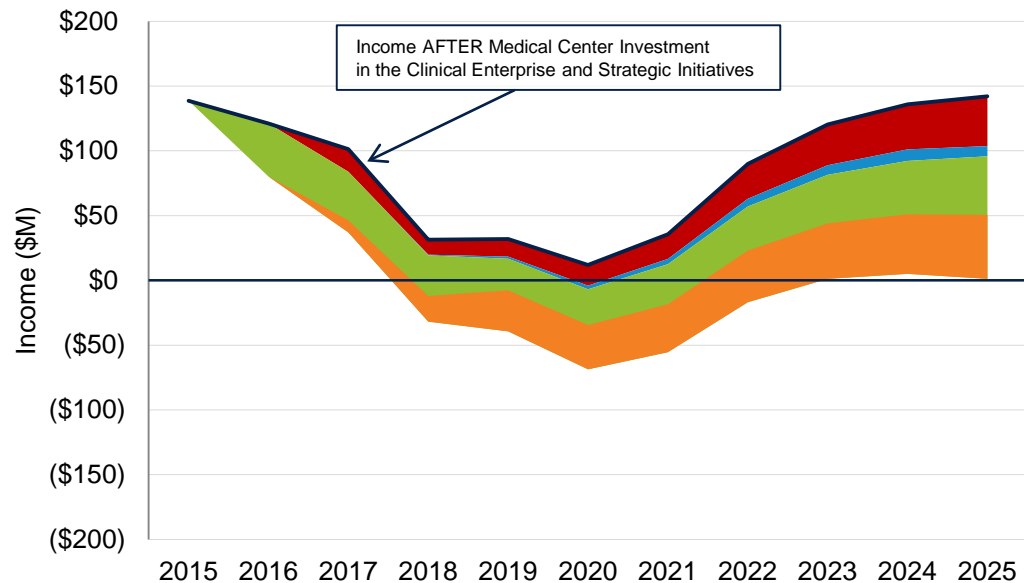


# Potential downside risks could reach \$(1.2B) over 10 years

## 1) Scenarios

Downside Risks	Ten-Year Cumulative Impact \$(M)
---- Revenue Shortfalls ---	
■ Private Current Gifts goal not met, only 90% of Private Gift Base (excludes payout & Capital Gifts) starting in 2017	\$ (210)
■ Federal Indirect Cost Recover (ICR) – receive no rate increase between 2017 and 2020	(39)
■ Funds flow from clinical activities 10% below plan	(661)
---- Expense Increases ---	
■ Increase salary by 0.5% from 3.6% to 4.1% in 2017 to 2019	(310)
<b>Total</b>	<b>\$ (1,220)</b>

## 2) What is the impact to Campus income?



In June 2015, we talked about the financial levers we could use to position our finances to achieve our objectives

**BALANCE SHEET**

**FINANCING**

Net Position

Liabilities

**INVESTMENTS**

Cash and  
Physical  
Assets

**INCOME STATEMENT**

Revenues

Expenses

Change in  
Net Position

# We have efforts underway and additional opportunities for Campus Segment revenue growth

## 1) Philanthropy:

Highlight as an area of emphasis and investment

Focus and plan for gifts and unrestricted dollars over the long term

## 2) Infrastructure and Operations Fund:

Expand collection of overhead support from broader set of revenues

## 3) Research:

Focus on the private sector to identify new opportunities

Increase research Modified Total Direct Cost (MTDC) base

## 4) Indirect Cost Recovery:

Reduce cost waivers and increase effective rates

Move off-campus research units to on-campus space

## 5) Intellectual Property and Public/Private Partnerships:

Leverage private sector partnerships

Incentivize disclosures

## 6) Increased Focus on Health System:

Continue integration of clinical plan between UCSF Health and the School of Medicine

# Campus Segment efficiencies include expense reduction and administrative re-engineering efforts

1) Administrative restructuring to streamline operations:

Integrate with UCSF Health where there is a business plan, increase staff effectiveness and expand Lean training

2) Procurement/Strategic Sourcing:

Leverage BearBuy and promote e-procurement to reduce non-personnel costs

3) Personnel Costs:

Actively manage salary merit and equity pools, and benefit costs

4) Utilities:

Curb utility cost increases based on negotiated contracts/futures and energy saving programs

5) Research Pre-Award & Human Resources:

Leverage technology, service centers, and specialty centers

6) Space Utilization:

Pursue new models of efficient utilization and metrics – open plan workspace

Promote research space efficiency efforts

# We must also continue to aggressively pursue Campus Segment balance sheet management strategies

## 1) Liquidity Investment Model:

Maximize utilization of investment opportunities and capture portion of gains for strategic investments

## 2) Space as a Strategic Asset:

Optimize the use, reposition, and implement efficiency metrics

## 3) Debt Affordability:

Focus on both debt service and future debt capacity

Identify debt restructuring or refinancing opportunities

## 4) Retiree Health:

Develop strategy to address unrecorded retiree health liability

## 5) Capital Assets:

Find ways to address deferred maintenance and scheduled renewal

## 6) Cash Management:

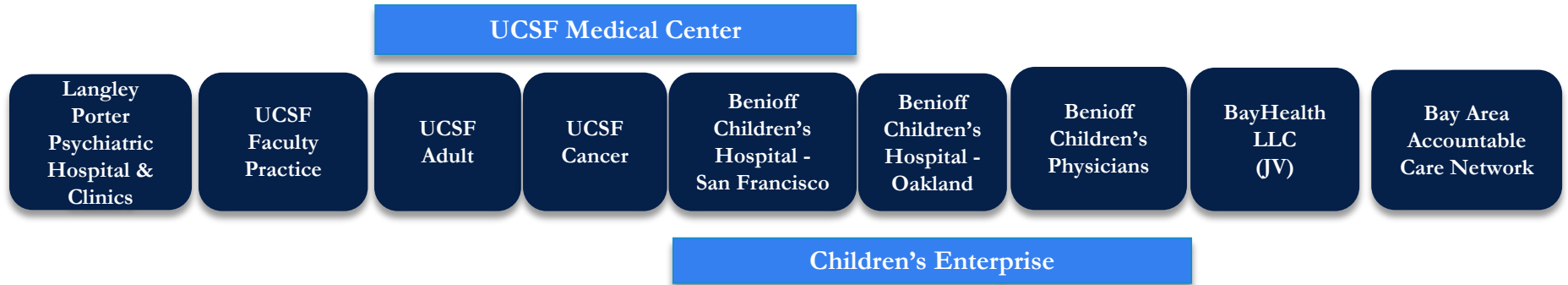
Optimize levels of days of cash on hand for the campus



# UCSF Health Financial Plan

# UCSF Health

Expanding its footprint...



- Investments over the past five years in facilities, affiliations, and technology have positioned us for strong earnings in the future
- Strategic initiatives drive volume and revenue growth while reducing cost and increasing value
- Network affiliations create the foundation for an Accountable Care Organization (ACO) capable of managing population health via risk-bearing contracts
- These historical investments coupled with our strategic plans create a strong future for UCSF Health

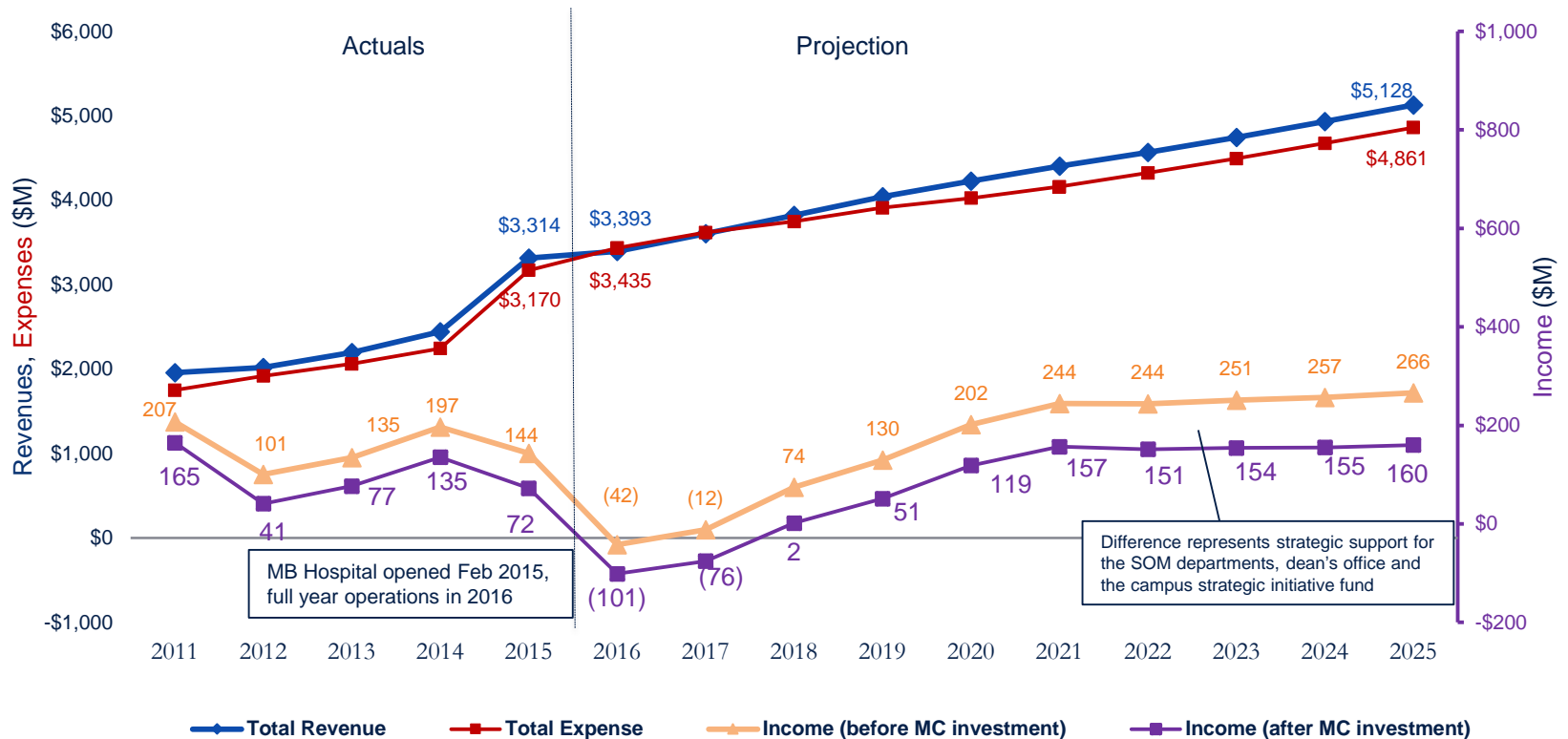
# UCSF Health Executive Summary (1 of 2)

- Strategies embedded in the UCSF Health Financial Plan help to mitigate the challenges presented by the Accountable Care Act, competition from population health networks, and growth in risk-bearing payment arrangements, all while improving the value delivered by UCSF Health
- While our historical performance exceeded expectations, a tight balance sheet and lower earnings over the next two to three years require an intense level of focus as we pursue and advance our key strategic initiatives. Funding strategic opportunities and reducing our cost structure will be our biggest challenges
- Capital needs exceed our planned budget. Routine renewal and replacement requirements compete with strategic capital opportunities and may create an imbalance between short-term and long-term returns, potentially jeopardizing our ability to maintain a competitive advantage in the market. Capital spend should be inclusive of underfunded facilities such as LPPH&C and BCHO.

## UCSF Health Executive Summary (2 of 2)

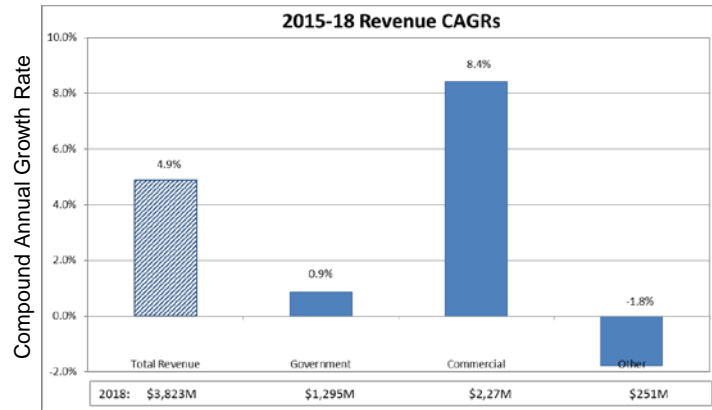
- Healthcare reform may drive new volume disproportionately to inferior reimbursement products. In addition, payer mix shifts from commercial to government insurance may adversely impact earnings and our ability to keep funds flow payments at current levels
- Reduced reimbursement rate increases from commercial payers limit our ability to cross-subsidize losses on governmental payers and must be accompanied by expense management strategies. Benioff Children's Hospitals are highly reliant on Medi-Cal and government funding including Supplemental Revenue
- Inability to recruit and retain clinically focused faculty in this competitive market are compounded by the excessive high cost of living

# UCSF Health Revenues, Expenses, and Income (\$M)



- Strong historical performance prepared us for planned losses in 2016 and 2017
- Projected decline in earnings is driven by incremental operating costs associated with the opening of the Mission Bay hospitals in 2015 as well as increased interest expense and depreciation
- 2011-2014 figures exclude Benioff Children's Hospital Oakland
- UC Retirement Program (UCRP) contributions stabilize in 2016

# UCSF Health Key Revenue Assumptions



## General Statement

Revenue growth is crucial to meet our overall financial performance targets. The 4.9% annual growth rate in revenue results from:

- Inpatient volume CAGR of 3.2% driven by destination program expansion, improved access and physician productivity as well as the Bay Area Accountable Care Network (BAACN)
- Volume and reimbursement rate growth contribute to an 8.4% annual increase in commercial revenue; 0.9% in government revenue in 2015- 2018
- MediCal Provider Fee revenue remains stable at \$80M (BCHO only); no Provider Fee revenue is modeled for other entities
- \$340B revenue is projected conservatively due to uncertainties of its future

## Specific Revenue Assumptions

### Volume

- Strategic initiatives including improved access increase inpatient volume by 3.2%, facilities expansion in our acute care settings increases overall capacity. Strong Faculty Practice and outpatient services growth (8.8% - 4.1%) stimulated by a work Relative Value Unit (wRVU) funds flow model is accommodated by additional lease space

### Payer Mix

- Payer mix assumed to remain at current levels (RISK) until 2020 when the aging of the population begins to drive a modest shift to Medicare. However, healthcare reform may result in Medi-Cal growth as coverage is extended to previously uninsured patients

Commercial (\$1.8B in 2015) 2018 CAGR 8.4%; 2025 CAGR 6.3%

- Commercial payer rate growth slows through 2019 as patients migrate from traditional insurance to lower paying exchange plans. The impact of our accountable care network also dampens rate growth as aggressive rates are offered to move market share

### Government Assumptions

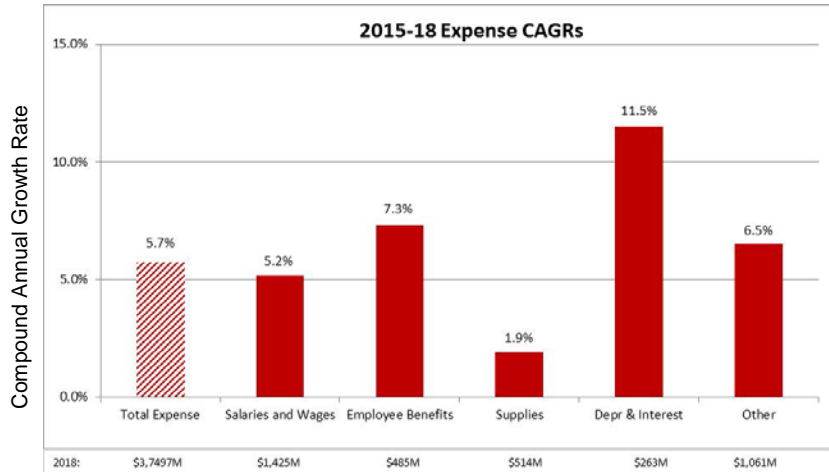
- Medicare (\$556M in 2015) 2018 CAGR 2.4%; 2025 CAGR 2.9%
  - Despite increases in volume, the insignificant rate increase coupled with a large prior year settlement in 2015 depresses growth rate
- Medi-Cal (\$707M in 2015) 2018 CAGR -0.4%; 2025 CAGR 1.0%
  - Medi-Cal reimbursement erodes due to non-recurring, prior year lump sum payments received in 2015 at BCHO

Other Patient, Non-patient and Non-operating Revenue (\$265M in 2018) 2018 CAGR -1.8%; 2025 CAGR 1.6%

- Outpatient pharmacy revenue and provider fee are conservatively projected below 2015 levels. Minimal interest income due to limited cash

# UCSF Health Key Expense Assumptions

## General Statement



Overall cost structure significantly changes due to expanded operational footprint

- Multi-site operations prove to be more costly than originally planned
- Expense inflation in excess of reimbursement growth requires lower cost structure. UCSF Medical Center productivity is at the 97<sup>th</sup> percentile. Labor productivity improvements in 2017- 2021 move the FTE/Adjusted Occupied Bed to the 75<sup>th</sup> percentile 890 FTE improvement over 2016 productivity levels
- Annual \$10M of additional non-labor mitigation plans for the entire projection period

## Specific Expense Assumptions

Salary and Wages (\$1.2B in 2015) 2018 CAGR 5.2%; 2025 CAGR 4.4%

- Annual wage rate increases in line with historical labor negotiations; phased migration of BCHO to market based compensation begins in 2017
- Staffing levels increase in Faculty Practice to improve access and create capacity to absorb significant volume growth

Employee Benefits (\$393M in 2015) 2018 CAGR 7.3%; 2025 CAGR 4.8%

- UCRP contributions and Active & Retiree Health benefit rates are stable throughout the projected period
- Increased BCHO benefits cost affects overall benefits expense

Supplies Expense (\$486M in 2015) 2018 CAGR 1.9%; 2025 CAGR 3.2%

- Leveraging Scale for Value, reduced utilization and other mitigation plans help contain supply cost
- Drug expense continues to benefit from \$340B outpatient pharmacy pricing

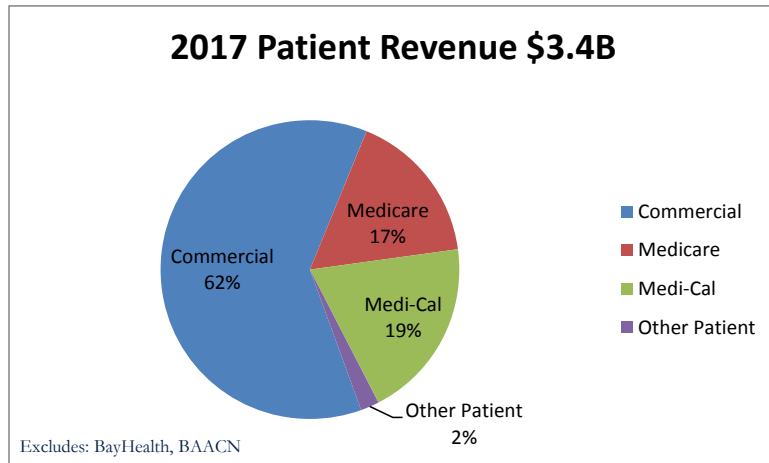
Depreciation & Interest Expense (\$190M in 2015) 2018 CAGR 11.5%, 2025 CAGR 4.2%

- Sharp increase driven by full year impact of Mission Bay expenses

Other Expenses (\$877M in 2015) 2018 CAGR 6.5%; 2025 CAGR 4.9%

- Funds flow expense (\$375M in 2016, \$411M in 2017) is expected to increase an additional 6% in 2018 correlating to the aggressive volume growth
- UCPath – Implementation cost \$1.39M in 2016, \$8.5M in 2017-2018, \$3.5M per year operating expense 2017 – 2025.
- 2016 is first full year of MB facilities, utilities, purchased services, and information technology expenses

# Forecast Sensitivity - Results are very sensitive to changes in volume, commercial reimbursement rates, payer mix, and salaries



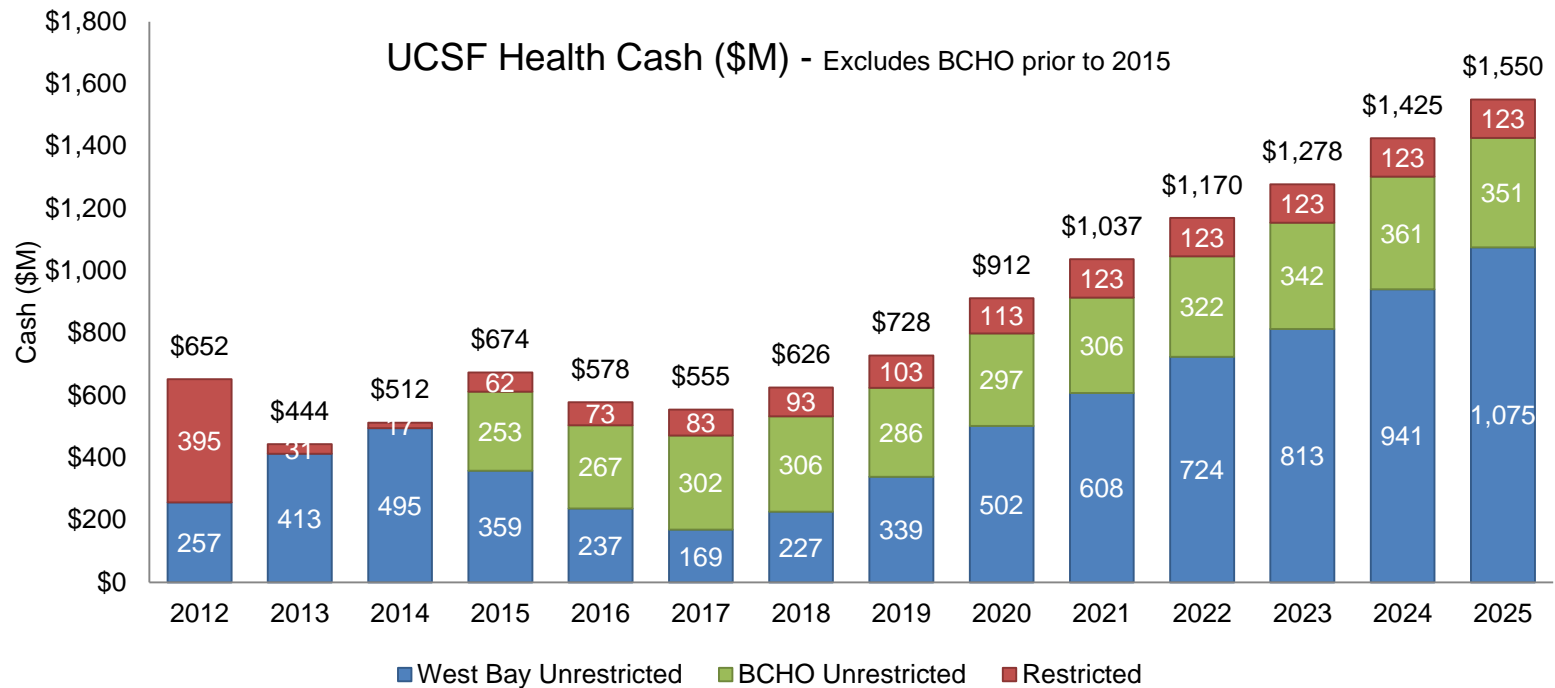
Commercial reimbursement covers ~150% of cost  
 Medicare reimbursement covers ~85% of costs  
 Medi-Cal reimbursement covers ~50% of costs

Sensitivities and Their Value	FY 2017
Increase of 1% in Total Volume	\$ 17,488
Move 1% Commercial Volume to Medi-Cal	\$ (25,626)
Decrease of 1% in Commercial Rate	\$ (18,727)
Decrease of 1% in FTE	\$ 19,889
Increase in 1% in Wage Rate	\$ (9,559)

- Volume shifts from commercial plans to government payers has the biggest impact on UCSF Health's bottom line and key financial indicators.
- 2017 and subsequent Medi-Cal Supplemental & Provider Fee income of \$183M relies on governmental legislation

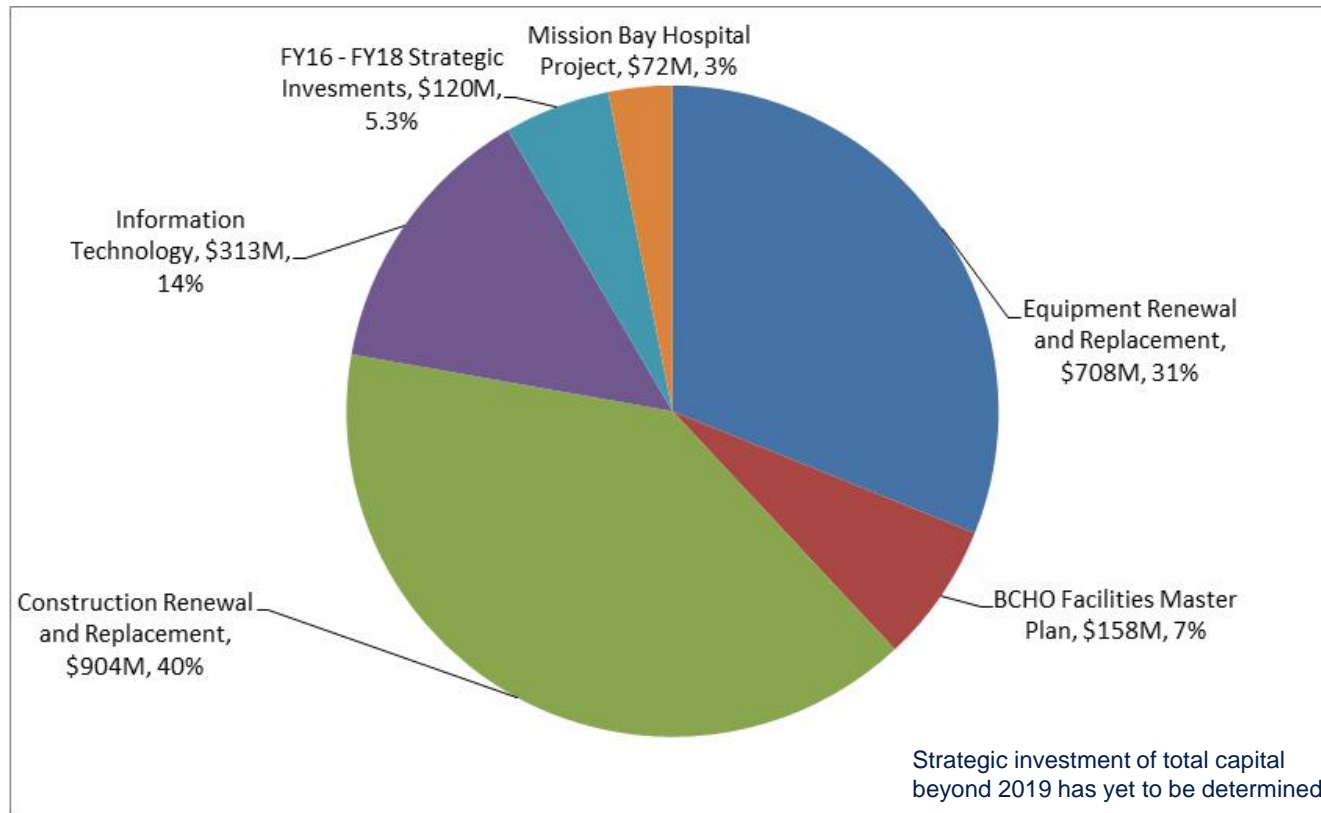


# UCSF Health cash shows growth through 2025



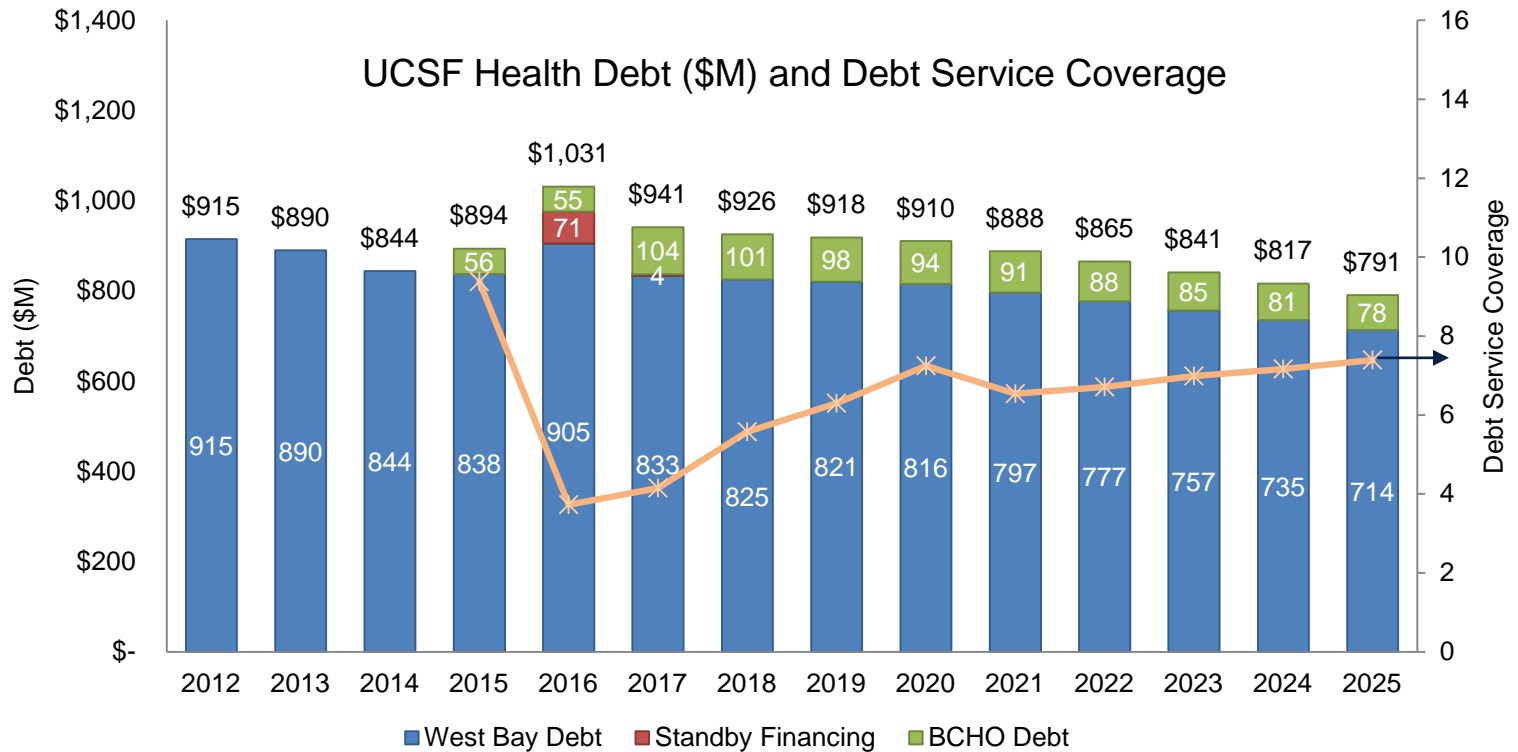
- 2016 begins with a strong unrestricted cash balance of \$612 million or 75 days cash on hand
- BCHO affiliation significantly improves the balance sheet
- Cash erodes as a result of increased operating expenses with days of cash on hand remaining below the 60 day level from 2016 through 2018
- The impact of the strategic initiatives generates substantial increases in Earnings Before Interest, Depreciation, and Amortization (EBIDA) driving the days of cash on hand back above the targeted 60 day level in 2019

# UCSF Health Ten-Year Capital Plan: Project Priorities, \$2.3B



- Necessitates balance between strategic capital spend and renewal and replacement needs
- Capital spend is at depreciation levels except for the new facilities at Mission Bay
- Mission Bay capital spend is below depreciation until planned phased refresh starts in 2021
- Excludes projects such as LPPH&C, Precision Cancer, Proton Beam, and BCHO Master Facility Plan Phase II

# UCSF Health Debt



- Majority of debt is the \$700M of bonds issued in 2011 to fund the Mission Bay project
- Remaining cost of Mission Bay requires interim financing of \$71M to cover timing of collected pledges; UCSF Health equity contributions have been exhausted
- \$50M debt issuance planned in 2017 for BCHO Master Facility Plan Phase I
- Debt Service Coverage is 3.7 in 2016 and 7.4 in 2025

# UCSF Health Risks & Opportunities

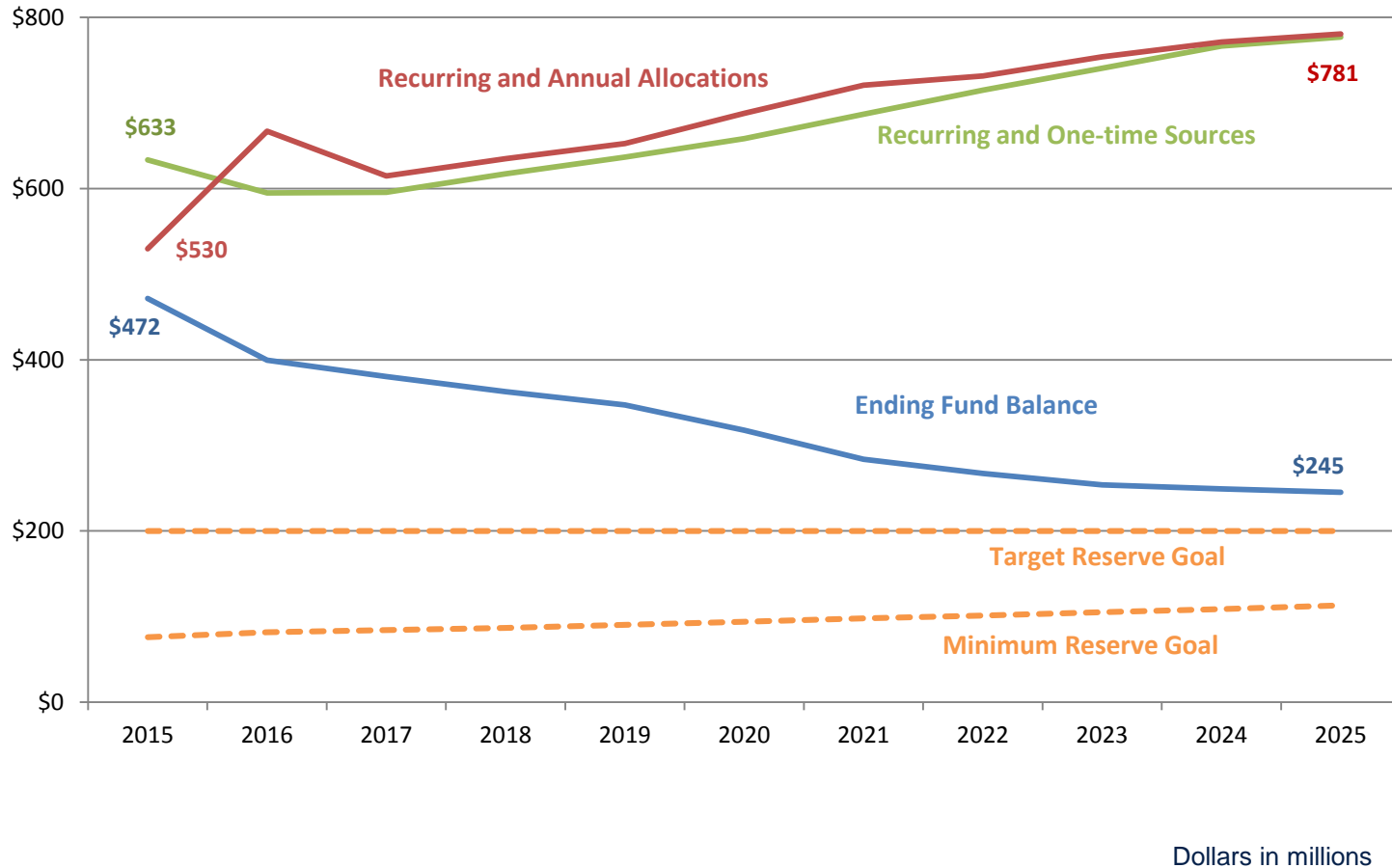
Risks	Opportunities
<ul style="list-style-type: none"><li>• Payer mix shifts to Medi-Cal may adversely impact ability to keep staffing and funds flow payments at current levels.</li><li>• High dependence on Medi-Cal and government funding, including Supplemental Revenue, puts further pressure on attaining higher commercial increases and philanthropy.</li><li>• Growth projections do not materialize and/or are concentrated in government plans. Revenue estimates fall short due to capacity constraints and access issues.</li><li>• Continuous Process Improvement (CPI) coupled with LEAN initiatives do not deliver expected benefits at planned pace; especially improvements in labor productivity.</li><li>• Declines in earnings and days in cash (below the UCOP target) limit our ability to fund and/or gain approval for strategic opportunities.</li></ul>	<ul style="list-style-type: none"><li>• Improved access, facilities, and service-line initiatives could improve volume beyond targets. Destination program investments deliver accelerated increases in high-margin services.</li><li>• Aligned incentives to collaborate on quality, access, and patient experience exceed expectations.</li><li>• Improved forms of care delivery are adopted and expand patient knowledge, self-help, and health outcomes.</li><li>• Return on investment for UCSF and BCHO investment dollars result in overall Health System financial improvement.</li></ul>

# Summary of Core Financial Plan Fall 2015

## The Core Financial Plan (CFP) reflects unrestricted resources available to support UCSF operating and capital needs

- The CFP is a business plan
  - Reflects best projections of all sources, recurring allocations, and one-time commitments
  - Ten-year projection allows for long-term strategic approach
  - Strategies inform allocation decisions
- We use the CFP to communicate choices and rationale for decisions
  - Biannual CFP updates are communicated to control point leadership and faculty
  - The Chancellor and B&I Committee make decisions
  - Recipients of CFP funding understand that resources are limited
- Results indicate that we must remain vigilant in controlling costs and steering limited resources in strategic directions
  - Facilities and IT needs remain underfunded
  - Operating cost increases must be carefully managed
  - Further new revenue and balance sheet strategies are essential

The key metric we use to monitor the CFP over time is the annual ending fund balance – projected at \$245M in 2025



# Summary



# What this means for UCSF

- We have made excellent progress and we are planning for the future
- Our competitive landscape continues to change and we must:
  - Continue to make strategic capital and programmatic investments
  - Promote cultural and organizational changes to support effective, nimble approaches
  - Align strategy with operations
  - Empower people to execute strategies
  - Adapt to a dynamic and uncertain marketplace
- Solutions will continue to require a comprehensive focus on:
  - Revenue growth and protection of cost-effective revenue-generating programs
  - Continued expense control – aggressively remove structural costs
  - Enterprise-wide solutions that leverage talent, capital, space, etc.
- What is best for UCSF is paramount – we cannot let our attention be diverted from our priorities and execution

# Appendix

Combined Enterprise										As of 10/7/15 CO Statements		
INCOME STATEMENT (\$Millions)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>REVENUES</b>												
Student Tuition and Fees	57	59	61	64	67	69	72	75	78	81	84	
Grants and contracts, net	-	-	-	-	-	-	-	-	-	-	-	
Federal Contracts and Grants	658	660	673	694	716	739	762	787	813	841	866	
State Contracts and Grants	68	69	71	72	74	75	77	79	80	82	83	
Private Contracts and Grants	300	314	324	335	345	357	370	384	398	412	426	
Local Government	166	171	176	182	187	193	199	205	211	217	224	
Subtotal Grants and Contracts	1,192	1,215	1,245	1,284	1,322	1,364	1,408	1,455	1,503	1,552	1,599	
Medical Center Operating Revenue (net)	3,265	3,354	3,567	3,783	3,996	4,179	4,356	4,519	4,695	4,878	5,073	
Educational Activities	263	274	284	295	305	316	327	338	350	362	375	
Auxiliary enterprises	55	58	62	65	82	85	88	92	96	100	104	
PSA and other campus services - Campus												
State Support:	-	-	-	-	-	-	-	-	-	-	-	
State Educational Appropriations	178	184	189	194	200	206	212	218	224	231	238	
State Funds dedicated for UCOP Assessment	8	8	8	8	8	8	8	8	8	8	8	
Subtotal - State Support	186	192	197	202	208	214	220	226	232	239	246	
State & Federal Financing Appropriations	23	23	23	23	23	23	23	23	23	23	22	
Private Gifts	178	258	230	170	191	214	239	308	346	371	396	
Investment Income:	-	-	-	-	-	-	-	-	-	-	-	
Investment Income - STIP and TRIP	137	61	78	85	93	105	119	127	135	144	154	
Endowment Income - Distribution from Regents End.	42	43	48	49	51	52	52	53	53	53	53	
Subtotal - Investment Income	180	104	126	134	144	157	171	179	188	197	207	
Patent Income	8	18	10	11	10	11	12	12	12	12	12	
Other Revenue	66	74	76	77	79	80	82	84	85	87	89	
<b>Total Revenues</b>	<b>5,453</b>	<b>5,629</b>	<b>5,881</b>	<b>6,108</b>	<b>6,428</b>	<b>6,713</b>	<b>6,999</b>	<b>7,311</b>	<b>7,608</b>	<b>7,902</b>	<b>8,207</b>	
<b>EXPENSES</b>												
Personnel Related Costs	-	-	-	-	-	-	-	-	-	-	-	
Salaries and Wages	2,585	2,739	2,858	2,973	3,099	3,210	3,337	3,478	3,626	3,784	3,947	
Employee Benefits	755	823	881	930	985	1,027	1,072	1,123	1,180	1,242	1,309	
Subtotal - Personnel Related Costs	3,340	3,563	3,739	3,903	4,083	4,237	4,409	4,601	4,806	5,025	5,256	
Supplies and Other Operating Expenses	1,447	1,493	1,543	1,592	1,651	1,698	1,741	1,785	1,836	1,886	1,939	
PSA and other transfers												
UC Path	-	8	7	10	5	5	5	5	5	5	6	
Utilities	41	45	47	50	58	60	63	66	69	72	76	
Scholarships and Fellowships	24	24	25	26	26	27	28	28	29	30	31	
Interest Expense	83	118	122	123	137	167	165	171	167	162	159	
Loss on Disposal of capital assets	7	-	-	-	-	-	-	-	-	-	-	
Depreciation	289	326	337	337	348	351	359	375	381	388	396	
UCOP Fees	29	32	34	35	36	37	38	39	40	41	42	
<b>Total Expenses</b>	<b>5,242</b>	<b>5,609</b>	<b>5,855</b>	<b>6,075</b>	<b>6,345</b>	<b>6,582</b>	<b>6,807</b>	<b>7,070</b>	<b>7,333</b>	<b>7,610</b>	<b>7,905</b>	
<b>Income before Other Changes in Net Position</b>	<b>211</b>	<b>20</b>	<b>26</b>	<b>33</b>	<b>83</b>	<b>131</b>	<b>192</b>	<b>241</b>	<b>275</b>	<b>291</b>	<b>302</b>	
Medical Center investment in clinical practices (net)	-	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL INCOME BEFORE CHANGES IN NET POSITION</b>	<b>211</b>	<b>20</b>	<b>26</b>	<b>33</b>	<b>83</b>	<b>131</b>	<b>192</b>	<b>241</b>	<b>275</b>	<b>291</b>	<b>302</b>	
Capital gifts and grants	115	59	158	113	108	120	94	48	6	8	10	
<b>W/ CAP GIFTS BEFORE CHANGES IN NET POSITION</b>	<b>326</b>	<b>79</b>	<b>184</b>	<b>147</b>	<b>191</b>	<b>251</b>	<b>286</b>	<b>290</b>	<b>281</b>	<b>299</b>	<b>312</b>	
Extraordinary Items	-	-	-	-	-	-	-	-	-	-	-	
GASB 68 pension (expense)/gain	(11)	11	102	145	(53)	(42)	(68)	(67)	(71)	(74)	(77)	

Note: Professional Services Agreements (PSA) and other campus services provided to UCSF Health are recorded as Campus revenue and UCSF Health expense and are eliminated in UCSF consolidated financial statements.

1	<b>Campus Segment</b>									As of 10/7/15 CO Statements		
2	<b>INCOME STATEMENT (\$Millions)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
3	<b>REVENUES</b>											
4	Student Tuition and Fees	57	59	61	64	67	69	72	75	78	81	84
5	Grants and contracts, net											
6	Federal Contracts and Grants	658	660	673	694	716	739	762	787	813	841	866
7	State Contracts and Grants	68	69	71	72	74	75	77	79	80	82	83
8	Private Contracts and Grants	300	314	324	335	345	357	370	384	398	412	426
9	Local Government	166	171	176	182	187	193	199	205	211	217	224
10	Subtotal Grants and Contracts	1,192	1,215	1,245	1,284	1,322	1,364	1,408	1,455	1,503	1,552	1,599
11	Medical Center Operating Revenue (net)	-	-	-	-	-	-	-	-	-	-	-
12	Educational Activities	263	274	284	295	305	316	327	338	350	362	375
13	Auxiliary enterprises	55	58	62	65	82	85	88	92	96	100	104
14	PSA and other campus services - Campus	481	511	551	579	609	642	675	709	746	784	825
15	State Support:											
16	State Educational Appropriations	178	184	189	194	200	206	212	218	224	231	238
17	State Funds dedicated for UCOP Assessment	8	8	8	8	8	8	8	8	8	8	8
18	Subtotal - State Support	186	192	197	202	208	214	220	226	232	239	246
19	State & Federal Financing Appropriations	8	8	8	8	8	8	8	8	8	8	8
20	Private Gifts	164	246	215	156	173	195	220	292	329	353	378
21	Investment Income:											
22	Investment Income - STIP and TRIP	118	49	68	74	82	92	104	110	117	124	131
23	Endowment Income - Distribution from Regents End.	42	43	48	49	51	52	52	53	53	53	53
24	Subtotal - Investment Income	160	92	117	123	133	144	156	162	169	176	184
25	Patent Income	8	18	10	11	10	11	12	12	12	12	12
26	Other Revenue	66	74	76	77	79	80	82	84	85	87	89
27	<b>Total Revenues</b>	<b>2,640</b>	<b>2,747</b>	<b>2,827</b>	<b>2,865</b>	<b>2,996</b>	<b>3,129</b>	<b>3,269</b>	<b>3,454</b>	<b>3,608</b>	<b>3,755</b>	<b>3,904</b>
28	<b>EXPENSES</b>											
29	Personnel Related Costs											
30	Salaries and Wages	1,360	1,424	1,485	1,548	1,611	1,680	1,751	1,825	1,903	1,985	2,072
31	Employee Benefits	362	389	417	444	472	502	533	566	602	640	682
32	Subtotal - Personnel Related Costs	1,723	1,814	1,902	1,992	2,082	2,182	2,284	2,392	2,505	2,625	2,753
33	Supplies and Other Operating Expenses	590	602	615	629	643	658	672	688	703	719	735
34	PSA and other transfers	-	-	-	-	-	-	-	-	-	-	-
35	UC Path	-	8	7	10	5	5	5	5	5	5	6
36	Utilities	25	27	28	29	36	38	40	42	44	46	48
37	Scholarships and Fellowships	24	24	25	26	26	27	28	28	29	30	31
38	Interest Expense	59	67	66	69	83	112	111	118	115	112	110
39	Loss on Disposal of capital assets	7	-	-	-	-	-	-	-	-	-	-
40	Depreciation	125	121	123	127	143	155	157	159	158	158	160
41	UCOP Fees	21	22	23	23	23	24	24	25	25	25	26
42	<b>Total Expenses</b>	<b>2,572</b>	<b>2,685</b>	<b>2,789</b>	<b>2,906</b>	<b>3,042</b>	<b>3,200</b>	<b>3,321</b>	<b>3,456</b>	<b>3,585</b>	<b>3,721</b>	<b>3,868</b>
43	<b>Income before Other Changes in Net Position</b>	<b>68</b>	<b>62</b>	<b>37</b>	<b>(41)</b>	<b>(46)</b>	<b>(71)</b>	<b>(52)</b>	<b>(3)</b>	<b>24</b>	<b>35</b>	<b>36</b>
44	Medical Center investment in clinical practices (net)	71	59	64	73	78	83	87	93	97	102	106
45	<b>TOTAL INCOME BEFORE CHANGES IN NET POSITION</b>	<b>139</b>	<b>121</b>	<b>101</b>	<b>32</b>	<b>32</b>	<b>12</b>	<b>36</b>	<b>90</b>	<b>120</b>	<b>136</b>	<b>142</b>
46	Capital gifts and grants	12	3	51	65	65	65	65	14	-	-	-
47	<b>W/ CAP GIFTS BEFORE CHANGES IN NET POSITION</b>	<b>151</b>	<b>124</b>	<b>153</b>	<b>96</b>	<b>97</b>	<b>77</b>	<b>100</b>	<b>104</b>	<b>120</b>	<b>136</b>	<b>142</b>
48	Extraordinary Items											
49	GASB 68 pension (expense)/gain	3	(24)	25	48	(64)	(24)	(50)	(48)	(51)	(53)	(56)

1	<b>UCSF Health</b>									As of 10/7/15 CO Statements		
2	<b>INCOME STATEMENT (\$Millions)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
3	<b>REVENUES</b>											
4	Student Tuition and Fees	-	-	-	-	-	-	-	-	-	-	-
5	Grants and contracts, net											
6	Federal Contracts and Grants	-	-	-	-	-	-	-	-	-	-	-
7	State Contracts and Grants	-	-	-	-	-	-	-	-	-	-	-
8	Private Contracts and Grants	-	-	-	-	-	-	-	-	-	-	-
9	Local Government	-	-	-	-	-	-	-	-	-	-	-
10	Subtotal Grants and Contracts	-	-	-	-	-	-	-	-	-	-	-
11	Medical Center Operating Revenue (net)	3,265	3,354	3,567	3,783	3,996	4,179	4,356	4,519	4,695	4,878	5,073
12	Educational Activities	-	-	-	-	-	-	-	-	-	-	-
13	Auxiliary enterprises	-	-	-	-	-	-	-	-	-	-	-
14	PSA and other campus services - Campus	-	-	-	-	-	-	-	-	-	-	-
15	State Support:											
16	State Educational Appropriations	-	-	-	-	-	-	-	-	-	-	-
17	State Funds dedicated for UCOP Assessment	-	-	-	-	-	-	-	-	-	-	-
18	Subtotal - State Support	-	-	-	-	-	-	-	-	-	-	-
19	State & Federal Financing Appropriations	15	15	15	15	15	15	15	15	14	14	14
20	Private Gifts	14	12	15	15	18	19	20	16	17	18	18
21	Investment Income:											
22	Investment Income - STIP and TRIP	20	12	9	10	11	13	15	17	19	21	23
23	Endowment Income - Distribution from Regents End.	-	-	-	-	-	-	-	-	-	-	-
24	Subtotal - Investment Income	20	12	9	10	11	13	15	17	19	21	23
25	Patent Income	-	-	-	-	-	-	-	-	-	-	-
26	Other Revenue	0	(0)	(0)	0	(0)	(0)	(0)	0	(0)	(0)	0
27	<b>Total Revenues</b>	<b>3,314</b>	<b>3,393</b>	<b>3,606</b>	<b>3,823</b>	<b>4,041</b>	<b>4,226</b>	<b>4,405</b>	<b>4,567</b>	<b>4,745</b>	<b>4,931</b>	<b>5,128</b>
28	<b>EXPENSES</b>											
29	Personnel Related Costs											
30	Salaries and Wages	1,225	1,315	1,374	1,425	1,488	1,531	1,586	1,652	1,722	1,798	1,876
31	Employee Benefits	393	434	463	486	513	525	539	557	578	601	627
32	Subtotal - Personnel Related Costs	<b>1,618</b>	<b>1,749</b>	<b>1,837</b>	<b>1,911</b>	<b>2,001</b>	<b>2,055</b>	<b>2,125</b>	<b>2,209</b>	<b>2,300</b>	<b>2,400</b>	<b>2,503</b>
33	Supplies and Other Operating Expenses	857	891	928	963	1,008	1,041	1,068	1,097	1,133	1,168	1,204
34	PSA and other transfers	481	511	551	579	609	642	675	709	746	784	825
35	UC Path	-	-	-	-	-	-	-	-	-	-	-
36	Utilities	16	19	19	20	21	22	23	24	25	27	28
37	Scholarships and Fellowships	-	-	-	-	-	-	-	-	-	-	-
38	Interest Expense	25	51	56	53	54	54	54	53	51	50	49
39	Loss on Disposal of capital assets	-	-	-	-	-	-	-	-	-	-	-
40	Depreciation	165	204	214	210	206	197	202	216	223	230	236
41	UCOP Fees	8	10	12	12	13	13	14	14	15	15	16
42	<b>Total Expenses</b>	<b>3,170</b>	<b>3,435</b>	<b>3,618</b>	<b>3,749</b>	<b>3,911</b>	<b>4,024</b>	<b>4,161</b>	<b>4,323</b>	<b>4,494</b>	<b>4,674</b>	<b>4,861</b>
43	<b>Income before Other Changes in Net Position</b>	<b>144</b>	<b>(42)</b>	<b>(12)</b>	<b>74</b>	<b>130</b>	<b>202</b>	<b>244</b>	<b>244</b>	<b>251</b>	<b>257</b>	<b>266</b>
44	Medical Center investment in clinical practices (net)	(71)	(59)	(64)	(73)	(78)	(83)	(87)	(93)	(97)	(102)	(106)
45	<b>TOTAL INCOME BEFORE CHANGES IN NET POSITION</b>	<b>72</b>	<b>(101)</b>	<b>(76)</b>	<b>2</b>	<b>51</b>	<b>119</b>	<b>157</b>	<b>151</b>	<b>154</b>	<b>155</b>	<b>160</b>
46	Capital gifts and grants	103	56	107	49	43	55	29	35	6	8	10
47	<b>W/ CAP GIFTS BEFORE CHANGES IN NET POSITION</b>	<b>175</b>	<b>(45)</b>	<b>32</b>	<b>50</b>	<b>94</b>	<b>174</b>	<b>186</b>	<b>186</b>	<b>160</b>	<b>163</b>	<b>170</b>
48	Extraordinary Items											
49	GASB 68 pension (expense)/gain	(13)	35	77	98	11	(18)	(19)	(19)	(20)	(21)	(21)

<b>Combined Enterprise</b>										As of 10/7/15 CO Statements											
<b>STATEMENT OF NET POSITION (\$M)</b>											<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
<b>ASSETS</b>																					
4	Cash and investments	2,667	2,750	2,607	2,660	2,890	3,233	3,522	3,836	4,134	4,481	4,824									
5	Trusted Assets	171	169	190	283	293	278	263	247	232	216	198									
6	Accounts Receivable Net of Reserves	640	648	670	707	744	774	809	838	868	898	934									
7	Pledges Receivable	0	0	0	0	0	0	1	1	1	1	1									
8	Current Portion of notes/mortgages receivable	3	3	3	3	4	4	4	4	4	4	4									
9	Funds Held for Others	-	-	-	-	-	-	-	-	-	-	-									
10	Supply Inventories, at cost	45	42	43	46	48	50	52	54	55	57	59									
11	Other current assets	56	93	95	96	97	97	96	96	97	98	98									
12	Current assets	3,583	3,705	3,609	3,796	4,076	4,436	4,746	5,075	5,390	5,753	6,117									
13	Pledges Receivable	1	1	1	1	1	1	1	1	1	1	1									
14	Notes and Mortgages Receivable	39	39	40	41	42	43	43	44	45	46	47									
15	Land, Buildings, Equipment, Libraries	4,580	4,767	5,216	5,613	5,666	5,607	5,603	5,539	5,480	5,403	5,395									
16	Noncurrent Deferred Outflows	936	723	564	382	293	208	208	208	208	208	208									
17	Other Noncurrent Assets	22	29	30	30	30	31	31	31	32	32	32									
18	Noncurrent assets	5,578	5,559	5,850	6,066	6,032	5,889	5,886	5,823	5,766	5,690	5,684									
19	<b>Total assets</b>	<b>9,161</b>	<b>9,264</b>	<b>9,459</b>	<b>9,862</b>	<b>10,107</b>	<b>10,325</b>	<b>10,631</b>	<b>10,898</b>	<b>11,156</b>	<b>11,444</b>	<b>11,800</b>									
<b>LIABILITIES</b>																					
21	Notes Payable - Line of Credit	-	-	-	-	-	-	-	-	-	-	-									
22	A/P and Accrued Expenses	640	754	778	803	853	883	915	948	983	1,018	1,058									
23	Deferred Revenue	94	182	181	180	180	179	178	177	176	175	174									
24	Current Maturities of Debt	26	91	30	33	38	60	69	72	75	77	82									
25	Other current liabilities	185	172	180	184	176	175	177	179	182	184	187									
26	Current liabilities	945	1,200	1,170	1,200	1,247	1,297	1,339	1,377	1,416	1,454	1,501									
27	Federal Refundable Loans	29	29	29	29	29	29	29	29	29	29	29									
28	Deferred Inflows	906	975	700	360	314	237	237	237	237	237	237									
29	Due to University	461	396	396	396	396	396	396	396	396	396	396									
30	Pension Liability	1,707	1,499	1,513	1,525	1,536	1,569	1,638	1,705	1,776	1,850	1,927									
31	Other Long-Term Liabilities	132	89	90	91	91	92	93	94	95	96	97									
32	Long-Term Debt	2,301	2,352	2,565	2,983	3,096	3,107	3,080	3,008	2,932	2,872	2,885									
33	Noncurrent liabilities	5,536	5,340	5,292	5,384	5,462	5,431	5,473	5,468	5,465	5,479	5,570									
34	<b>Total liabilities</b>	<b>6,481</b>	<b>6,540</b>	<b>6,462</b>	<b>6,584</b>	<b>6,709</b>	<b>6,727</b>	<b>6,812</b>	<b>6,845</b>	<b>6,881</b>	<b>6,932</b>	<b>7,070</b>									
<b>NET POSITION</b>																					
36	Unrestricted Fund Balance	(163)	(259)	(235)	(21)	155	462	685	929	1,153	1,422	1,685									
37	Restricted Expendable Fund Balance	438	438	438	438	438	438	438	438	438	438	438									
38	Invested in Capital Assets, Net of Related Debt	2,405	2,546	2,795	2,860	2,806	2,698	2,698	2,687	2,685	2,652	2,607									
39	<b>Total Net Position</b>	<b>2,680</b>	<b>2,725</b>	<b>2,997</b>	<b>3,277</b>	<b>3,398</b>	<b>3,598</b>	<b>3,820</b>	<b>4,053</b>	<b>4,276</b>	<b>4,511</b>	<b>4,730</b>									
40																					
41	<b>Total Liabilities and Net Position</b>	<b>9,161</b>	<b>9,264</b>	<b>9,459</b>	<b>9,862</b>	<b>10,107</b>	<b>10,325</b>	<b>10,631</b>	<b>10,898</b>	<b>11,156</b>	<b>11,444</b>	<b>11,800</b>									

1	<b>Campus Segment</b>										As of 10/7/15 CO Statements		
2	<b>STATEMENT OF NET POSITION (\$M)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
3	<b>ASSETS</b>												
4	Cash and investments	2,013	2,192	2,072	2,054	2,182	2,340	2,504	2,686	2,875	3,075	3,294	
5	Trusteed Assets	151	150	170	263	274	259	244	228	212	196	178	
6	Accounts Receivable Net of Reserves	125	121	125	129	134	138	143	148	153	158	163	
7	Pledges Receivable	0	0	0	0	0	0	1	1	1	1	1	
8	Current Portion of notes/mortgages receivable	3	3	3	3	4	4	4	4	4	4	4	
9	Funds Held for Others	-	-	-	-	-	-	-	-	-	-	-	
10	Supply Inventories, at cost	1	1	1	1	1	1	1	1	1	1	1	
11	Other current assets	5	5	5	5	5	5	5	5	5	5	6	
12	<b>Current assets</b>	<b>2,298</b>	<b>2,472</b>	<b>2,377</b>	<b>2,457</b>	<b>2,600</b>	<b>2,747</b>	<b>2,901</b>	<b>3,072</b>	<b>3,251</b>	<b>3,440</b>	<b>3,646</b>	
13	Pledges Receivable	1	1	1	1	1	1	1	1	1	1	1	
14	Notes and Mortgages Receivable	39	39	40	41	42	43	43	44	45	46	47	
15	Land, Buildings, Equipment, Libraries	2,175	2,257	2,679	3,130	3,221	3,195	3,152	3,045	2,945	2,864	2,852	
16	Noncurrent Deferred Outflows	438	341	256	170	85	-	-	-	-	-	-	
17	Other Noncurrent Assets	16	16	17	17	17	18	18	18	19	19	19	
18	<b>Noncurrent assets</b>	<b>2,668</b>	<b>2,653</b>	<b>2,992</b>	<b>3,359</b>	<b>3,365</b>	<b>3,256</b>	<b>3,214</b>	<b>3,109</b>	<b>3,009</b>	<b>2,930</b>	<b>2,919</b>	
19	<b>Total assets</b>	<b>4,966</b>	<b>5,125</b>	<b>5,369</b>	<b>5,815</b>	<b>5,965</b>	<b>6,003</b>	<b>6,116</b>	<b>6,181</b>	<b>6,261</b>	<b>6,370</b>	<b>6,566</b>	
20	<b>LIABILITIES</b>												
21	Notes Payable - Line of Credit	-	-	-	-	-	-	-	-	-	-	-	
22	A/P and Accrued Expenses	286	373	382	393	414	426	443	458	473	489	506	
23	Deferred Revenue	94	182	181	180	180	179	178	177	176	175	174	
24	Current Maturities of Debt	19	17	19	26	30	38	46	49	51	51	56	
25	Other current liabilities	100	98	100	102	105	107	109	111	114	116	119	
26	<b>Current liabilities</b>	<b>499</b>	<b>671</b>	<b>683</b>	<b>702</b>	<b>728</b>	<b>750</b>	<b>775</b>	<b>795</b>	<b>814</b>	<b>832</b>	<b>855</b>	
27	Federal Refundable Loans	29	29	29	29	29	29	29	29	29	29	29	
28	Deferred Inflows	483	402	270	117	77	-	-	-	-	-	-	
29	Due to University	245	245	245	245	245	245	245	245	245	245	245	
30	Pension Liability	878	907	929	949	967	983	1,033	1,081	1,132	1,185	1,240	
31	Other Long-Term Liabilities	97	34	35	36	36	37	38	39	40	41	42	
32	Long-Term Debt	1,414	1,466	1,639	2,065	2,186	2,219	2,215	2,167	2,116	2,081	2,120	
33	<b>Noncurrent liabilities</b>	<b>3,145</b>	<b>3,083</b>	<b>3,147</b>	<b>3,440</b>	<b>3,541</b>	<b>3,514</b>	<b>3,560</b>	<b>3,560</b>	<b>3,562</b>	<b>3,580</b>	<b>3,676</b>	
34	<b>Total liabilities</b>	<b>3,645</b>	<b>3,754</b>	<b>3,829</b>	<b>4,142</b>	<b>4,269</b>	<b>4,263</b>	<b>4,336</b>	<b>4,355</b>	<b>4,375</b>	<b>4,412</b>	<b>4,531</b>	
35	<b>NET POSITION</b>												
36	Unrestricted Fund Balance	22	42	(57)	(35)	12	138	240	362	489	623	774	
37	Restricted Expendable Fund Balance	406	406	406	406	406	406	406	406	406	406	406	
38	Invested in Capital Assets, Net of Related Debt	894	923	1,191	1,303	1,278	1,196	1,135	1,058	990	929	855	
39	<b>Total Net Position</b>	<b>1,322</b>	<b>1,372</b>	<b>1,539</b>	<b>1,673</b>	<b>1,696</b>	<b>1,739</b>	<b>1,780</b>	<b>1,826</b>	<b>1,885</b>	<b>1,958</b>	<b>2,034</b>	
40													
41	<b>Total Liabilities and Net Position</b>	<b>4,966</b>	<b>5,125</b>	<b>5,369</b>	<b>5,815</b>	<b>5,965</b>	<b>6,003</b>	<b>6,116</b>	<b>6,181</b>	<b>6,261</b>	<b>6,370</b>	<b>6,566</b>	

UCSF Health											As of 10/7/15 CO Statements	
STATEMENT OF NET POSITION (\$M)												
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
<b>3 ASSETS</b>												
4 Cash and investments	654	558	535	606	708	893	1,018	1,150	1,258	1,406	1,530	
5 Trusteed Assets	20	20	20	20	20	20	20	20	20	20	20	
6 Accounts Receivable Net of Reserves	515	526	545	578	609	636	665	690	715	740	771	
7 Pledges Receivable	-	-	-	-	-	-	-	-	-	-	-	
8 Current Portion of notes/mortgages receivable	-	-	-	-	-	-	-	-	-	-	-	
9 Funds Held for Others	-	-	-	-	-	-	-	-	-	-	-	
10 Supply Inventories, at cost	45	41	42	45	47	49	51	52	54	56	58	
11 Other current assets	52	88	90	91	92	92	91	91	91	92	92	
12 <b>Current assets</b>	<b>1,285</b>	<b>1,233</b>	<b>1,232</b>	<b>1,339</b>	<b>1,476</b>	<b>1,689</b>	<b>1,844</b>	<b>2,003</b>	<b>2,139</b>	<b>2,313</b>	<b>2,470</b>	
13 Pledges Receivable	-	-	-	-	-	-	-	-	-	-	-	
14 Notes and Mortgages Receivable	-	-	-	-	-	-	-	-	-	-	-	
15 Land, Buildings, Equipment, Libraries	2,405	2,510	2,537	2,482	2,445	2,412	2,450	2,493	2,535	2,539	2,543	
16 Noncurrent Deferred Outflows	499	382	309	212	208	208	208	208	208	208	208	
17 Other Noncurrent Assets	6	13	13	13	13	13	13	13	13	13	13	
18 <b>Noncurrent assets</b>	<b>2,910</b>	<b>2,906</b>	<b>2,858</b>	<b>2,707</b>	<b>2,666</b>	<b>2,633</b>	<b>2,672</b>	<b>2,715</b>	<b>2,757</b>	<b>2,760</b>	<b>2,764</b>	
19 <b>Total assets</b>	<b>4,195</b>	<b>4,139</b>	<b>4,091</b>	<b>4,046</b>	<b>4,142</b>	<b>4,322</b>	<b>4,516</b>	<b>4,718</b>	<b>4,896</b>	<b>5,074</b>	<b>5,235</b>	
<b>20 LIABILITIES</b>												
21 Notes Payable - Line of Credit	-	-	-	-	-	-	-	-	-	-	-	
22 A/P and Accrued Expenses	354	381	397	409	439	456	473	490	509	529	551	
23 Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-	
24 Current Maturities of Debt	6	74	11	7	8	22	23	24	25	25	26	
25 Other current liabilities	86	74	79	82	72	68	68	68	68	68	68	
26 <b>Current liabilities</b>	<b>446</b>	<b>529</b>	<b>487</b>	<b>499</b>	<b>519</b>	<b>547</b>	<b>564</b>	<b>582</b>	<b>602</b>	<b>622</b>	<b>645</b>	
27 Federal Refundable Loans	-	-	-	-	-	-	-	-	-	-	-	
28 Deferred Inflows	424	572	430	243	237	237	237	237	237	237	237	
29 Due to University	216	151	151	151	151	151	151	151	151	151	151	
30 Pension Liability	829	593	584	577	569	587	605	625	644	665	686	
31 Other Long-Term Liabilities	35	55	55	55	55	55	55	55	55	55	55	
32 Long-Term Debt	887	886	926	918	910	888	865	841	817	791	765	
33 <b>Noncurrent liabilities</b>	<b>2,390</b>	<b>2,257</b>	<b>2,146</b>	<b>1,944</b>	<b>1,921</b>	<b>1,917</b>	<b>1,912</b>	<b>1,908</b>	<b>1,903</b>	<b>1,898</b>	<b>1,893</b>	
34 <b>Total liabilities</b>	<b>2,836</b>	<b>2,786</b>	<b>2,633</b>	<b>2,442</b>	<b>2,440</b>	<b>2,464</b>	<b>2,476</b>	<b>2,490</b>	<b>2,505</b>	<b>2,520</b>	<b>2,539</b>	
<b>35 NET POSITION</b>												
36 Unrestricted Fund Balance	(185)	(301)	(178)	15	143	324	445	567	664	799	911	
37 Restricted Expendable Fund Balance	32	32	32	32	32	32	32	32	32	32	32	
38 Invested in Capital Assets, Net of Related Debt	1,511	1,622	1,604	1,557	1,527	1,502	1,563	1,629	1,695	1,723	1,752	
39 <b>Total Net Position</b>	<b>1,359</b>	<b>1,353</b>	<b>1,458</b>	<b>1,604</b>	<b>1,702</b>	<b>1,858</b>	<b>2,040</b>	<b>2,228</b>	<b>2,390</b>	<b>2,553</b>	<b>2,696</b>	
40												
41 <b>Total Liabilities and Net Position</b>	<b>4,195</b>	<b>4,139</b>	<b>4,091</b>	<b>4,046</b>	<b>4,142</b>	<b>4,322</b>	<b>4,516</b>	<b>4,718</b>	<b>4,896</b>	<b>5,074</b>	<b>5,235</b>	



**10-Year Plan FY16 Base Summary Assumptions**

October 15, 2015

**UCSF Campus Segment**

	<b>Comments</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
<b>REVENUES</b>												
1	Student Tuition and Fees	Effective Rate PDST blended rate of programs, 2% growth in FY16, avg. growth rate of 4.1% FY17 through FY25. Tuition (Ed Fee) - no increase in FY16 & FY17; 2%/yr growth thereafter. Non-Resident Fee - no increase. Other Fees and Scholarship Allowance - 2%/yr growth, tied to inflation. SSDP - 14.5% growth in FY16, 5%/yr growth thereafter.	3.79%	3.19%	4.58%	4.43%	4.00%	3.77%	3.87%	3.96%	4.06%	4.17%
2	Federal Contracts & Grants	Federal Direct Effective Rate FY16 includes reduction of \$3.5M for ITN	0.30%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		Federal Direct Global Rate 1% growth in FY16 and 2% growth in FY17.	1.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.0%
		Indirect Cost Recovery rate starting in FY17: 1) Traunch #1 FY17-FY20, anticipated 2 basis point increase from FY16 (in 0.5% increments to 60.5% by FY20 2) Traunch #2 FY21-FY24, anticipated 2 basis point increase from FY20 (in 0.5% increments to 62.5% by FY24	58.5%	59.0%	59.5%	60.0%	60.5%	61.0%	61.5%	62.0%	62.5%	62.5%
3	State Contracts & Grants	Effective rate, same as global rate.	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
4	Private Contracts & Grants	Effective rate FY16 includes CelGene School of Pharmacy grant	4.02%	3.30%	3.30%	2.78%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
5	Local Government	Effective rate Primarily SFGH contract, 3% increase annually TDC effect in FY18 and FY22	3.00%	3.02%	3.12%	3.02%	3.02%	3.02%	3.12%	3.02%	3.02%	3.02%
6	Educational Activities	Effective rate, includes new School of Pharmacy 3-yr CERSI contract starting in FY16. This category also includes CME activities.	4.04%	3.75%	3.75%	3.47%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
7	Auxiliary Enterprises	Effective rate, includes \$12.5M of revenues starting in FY19 to cover MB Housing.	6.00%	6.00%	6.00%	25.11%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%

**10-Year Plan FY16 Base Summary Assumptions**  
**UCSF Campus Segment**

October 15, 2015

	Comments	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>REVENUES (continued)</b>											
8	State Educational Appropriations	FY15 based on UCOP allocation applied to corridor.									
		2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%
9	State funds for UCOP Assessment	0.00%									
		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
10	State Financing Appropriations	SPWB									
		-100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
11	Federal Financing Appropriations	BABs									
		8.98%	0.00%	0.00%	0.00%	0.00%	0.00%	-0.14%	-0.16%	-0.17%	0.00%
12	Private Gifts	1) FY16 growth assumes FDN transfers a majority of non-endowment gift balances									
		49.82%	-12.30%	-27.74%	11.15%	12.66%	12.69%	33.01%	12.73%	7.20%	7.09%
	2) Current Gifts are impacted by the \$324M of additional Capital Gifts projected in FY17-22										
	Foundation Endowment										
	Corpus Growth in base of avg \$67M annually	\$ 60,000	\$ 93,944	\$ 54,000	\$ 56,700	\$ 59,535	\$ 62,512	\$ 65,637	\$ 68,919	\$ 72,365	\$ 75,983
	Payout to UCSF (1 yr endowment performance)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
13	Investment Income - STIP and TRIP	Blended rate; allocation between STIP and TRIP split 40%/60% starting FY16									
		-58.15%	38.79%	8.77%	10.36%	12.55%	12.50%	5.78%	6.02%	5.97%	6.03%
	STIP earnings assumption	1.25%	2.00%	2.25%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%
	TRIP earnings assumption (TRIP tracks 175 basis points over STIP rates)	3.00%	3.75%	4.00%	4.25%	4.50%	4.75%	4.75%	4.75%	4.75%	4.75%
	FY16 decrease due to TRIP payout of \$51M in FY15										
	FY17 increase primarily due to clinical revenue										
	Endowment Income - Distribution from Regents Endowment	Payout to UCSF from endowment held by Regents									
	Corpus Growth - \$10M/yr Transfers to Regents Endowment	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
	Payout to UCSF (1 yr endowment performance)	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
14	Patent Income	Reflects patents expiring offset with updated placeholders for future success. Includes Settlement of \$18.2M in FY16									
		133.92%	-42.57%	4.07%	-3.54%	0.85%	17.62%	-4.30%	1.50%	1.62%	1.74%

<b>10-Year Plan FY16 Base Summary Assumptions</b>												
<b>UCSF Campus Segment</b>												
	<b>Comments</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
<b>EXPENSES</b>												
15	Salaries and Wages	Effective rate Includes programmatic adjustments e.g., ITN, SOM net new faculty, equity pool, etc.	4.70%	4.25%	4.27%	4.04%	4.30%	4.24%	4.25%	4.27%	4.29%	4.36%
		Global rate	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%	3.60%
16	Employee Benefits	Effective rate	7.44%	7.14%	6.51%	6.14%	6.43%	6.18%	6.23%	6.29%	6.35%	6.46%
		Active Health (increase over previous year)	6.00%	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
		UCRP (as a percent of eligible salary)	14.60%	14.80%	14.90%	15.00%	15.10%	15.10%	15.10%	15.10%	15.10%	15.10%
		Retiree Health (increase over previous year)	11.70%	7.30%	6.20%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
		Worker's Comp	7.73%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
17	Supplies and Other Operating Expenses	Same growth rate as General Other Expense	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
18	Professional Services Agreements (PSA) Transfer & Other MC Transfers	PSA and other Medical Center transfers aligned with Medical Center projections.	6.20%	7.81%	5.09%	5.07%	5.52%	5.14%	5.08%	5.12%	5.16%	5.20%
19	Utilities	Assumptions aligned with CCP and FAS Utilities Unit 10-year Financial Plan Increase in FY19 due to completion and occupancy of MB buildings Block 23A & Block 33	7.83%	5.03%	4.79%	24.10%	4.86%	4.87%	4.88%	4.80%	4.80%	4.80%
20	Scholarships and Fellowships	Aligns with Gross Student Tuition & Fees growth	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
21	Interest Expense		14.44%	-1.28%	4.71%	19.57%	35.61%	-1.54%	6.22%	-1.94%	-2.82%	-1.79%
22	Depreciation		-2.50%	1.30%	3.47%	12.10%	8.37%	1.43%	1.61%	-0.88%	-0.19%	1.27%
23	UCOP Fees		4.91%	1.54%	1.57%	1.59%	1.61%	1.64%	1.65%	1.68%	1.70%	1.72%

**10-Year Plan FY16 Base Summary Assumptions**

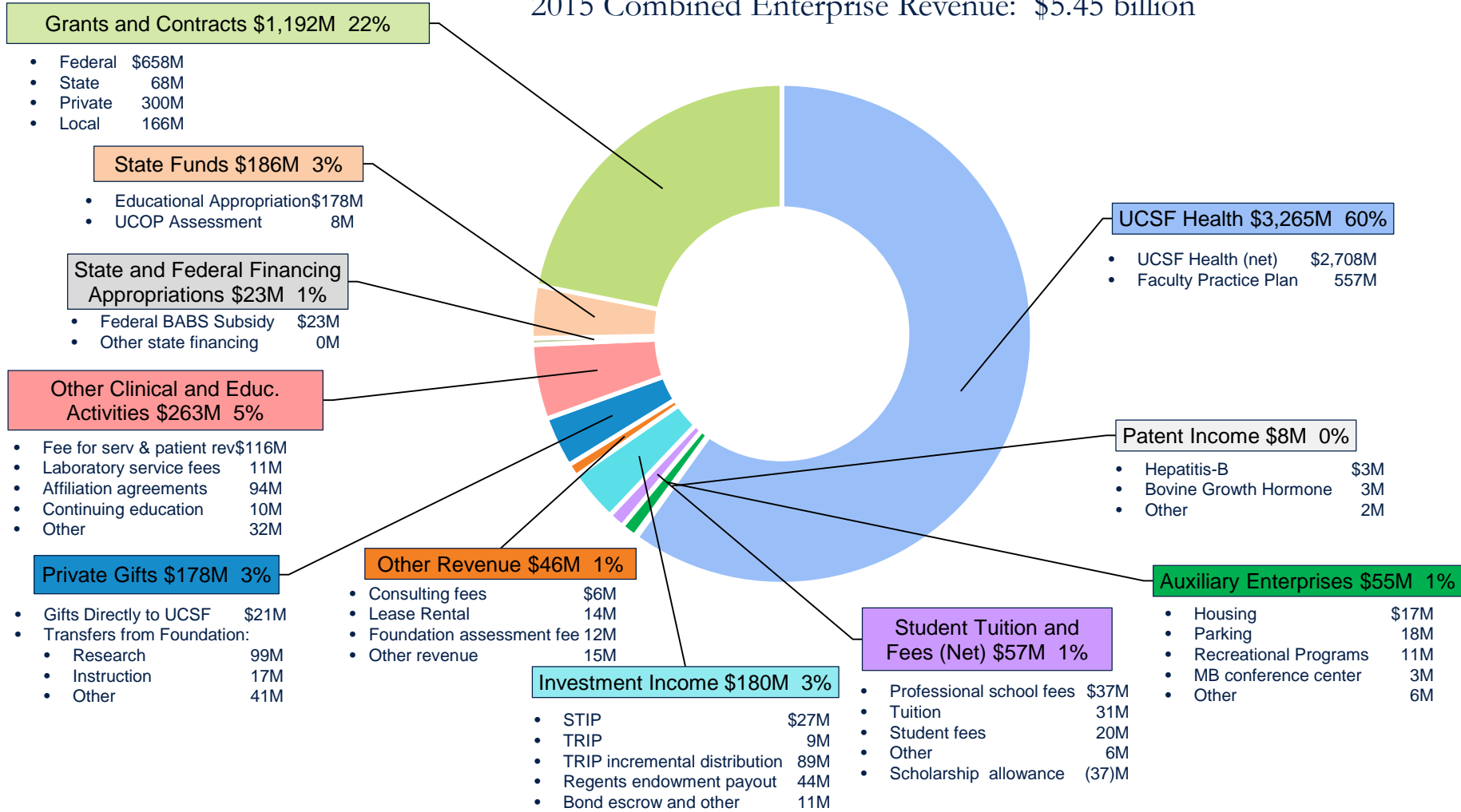
October 15, 2015

**UCSF Campus Segment**

	<b>Comments</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	
<b>OTHER</b>												
24	Medical Center investment in clinical practices	Aligns with the Medical Center.	-16.77%	8.21%	13.81%	7.46%	6.39%	5.10%	5.84%	4.69%	4.73%	4.77%
25	Capital Expenditures - <b>Campus segment</b>	\$2.155B over ten years includes \$672 for Mission Bay \$503M for seismic projects (UCHall, Clinical Sciences Building, SFGH) \$270M for Auxiliary housing, parking and housing projects \$284M for Departmental Projects \$237M for Other Projects including scheduled renewal and \$189M for Facility Investment Needs (FIN)	210,731	549,958	581,441	233,496	128,950	114,550	52,750	57,640	77,450	147,750
26	Capital Expenditures - UCSF Health	\$2.2B over ten years (2016 - 2025) for facilities master plan, strategic initiatives, backfill projects, IT, renovation, replacement, and equipment. Mission Bay hospital spending \$72M for the completion of the \$1.5B Mission Bay Hospital Project	\$ 237,719	\$ 240,470	\$ 155,614	\$ 168,212	\$ 163,335	\$ 240,356	\$ 258,575	\$ 264,971	\$ 233,801	\$ 240,212
			\$ 71,774	\$ 189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27	Capital Gifts & Other - <b>Campus segment</b>	Capital Gifts and other contributions of \$324M to fund approved Capital Projects in CCP.	\$ 3,000	\$ 51,100	\$ 64,800	\$ 64,800	\$ 64,800	\$ 64,800	\$ 13,700	\$ -	\$ -	\$ -
28	Philanthropy (Other Revenue) - UCSF Health	Benioff Children's Hospital philanthropic funds included in Other Revenue	7,456	7,956	8,456	12,757	20,485	28,284	24,983	25,483	25,983	25,983
	Donations - UCSF Health	Philanthropic support included in Other Changes in Net Position is comprised of various donations and contributions for ACC projects and Benioff Children's Hospital.	37,335	39,550	31,605	30,578	35,265	19,000	19,000	21,000	23,000	25,000
	Donations - UCSF Health - BCHO											
	Donations - UCSF Health - Mission Bay	2016 – 2021 Philanthropic support for the Mission Bay Project are included in Other Changes In Net Position.	28,835	67,792	17,024	12,232	10,189	104	30,577	-	-	-
29	Additional Debt - <b>Campus segment</b>	Additional debt of \$988.8M primarily for Facility Investment Needs (FIN), seismic projects, program projects such as Mission Bay and classroom renovations, and auxiliary projects.	-	7,987	64,252	242,000	512,775	-	150,700	-	-	11,100
30	Additional Debt - UCSF Health	Includes \$718M of interim financing required to offset the timing of Mission Bay pledge collections and \$50M required to support the BCHO facilities master plan	71,000	50,000								

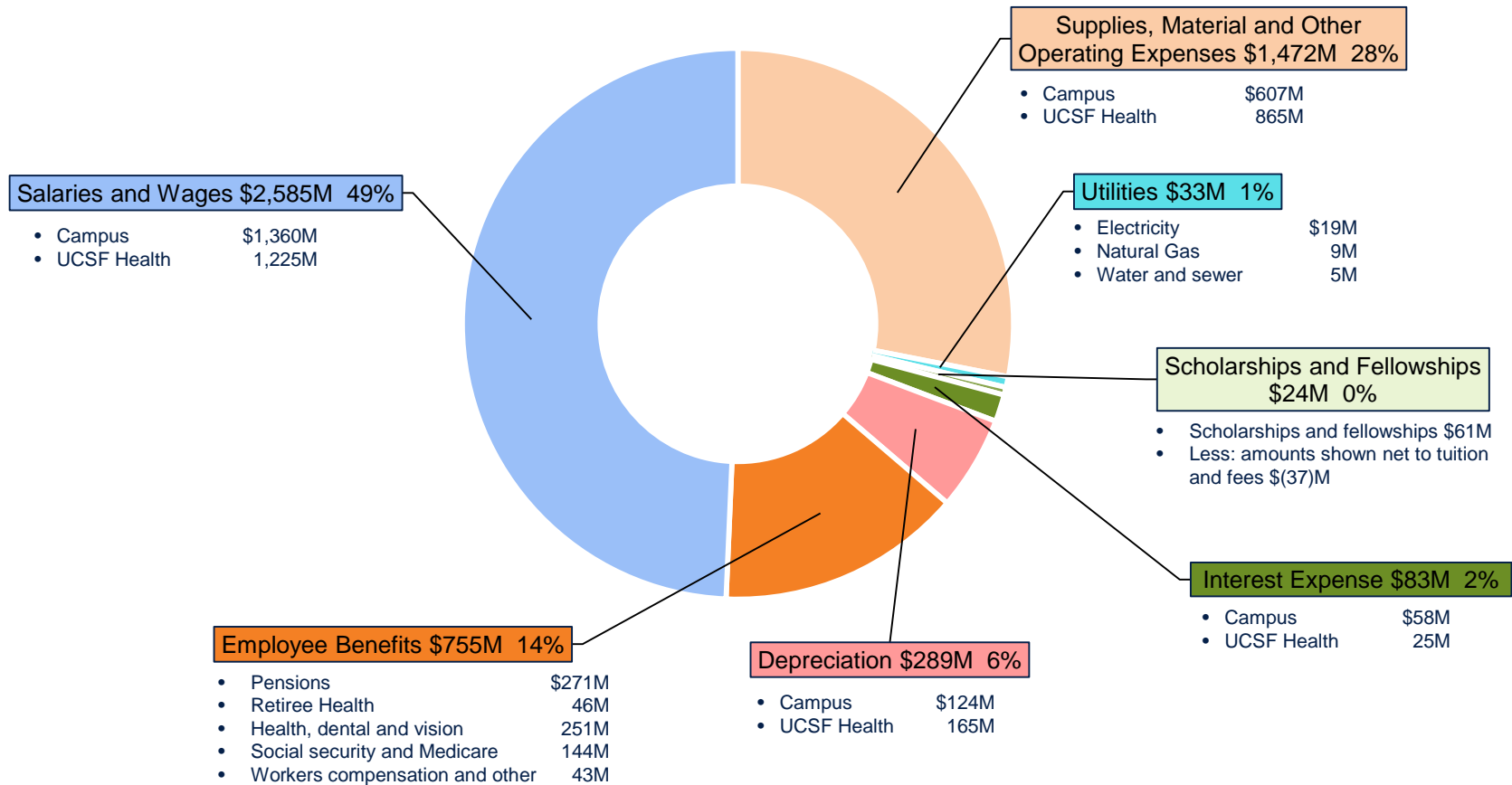
# Combined Enterprise Revenue Detail

2015 Combined Enterprise Revenue: \$5.45 billion



# Combined Enterprise Expense Detail

2015 Combined Enterprise Expense: \$5.24 billion



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**UCSF**

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