



University of California Business Officer Institute Opening Comments



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Vice President – Financial Management
Office of the President

The University of California In Context

Number of Students

Undergraduate	159,100
Graduate	<u>50,000</u>
Total Students	209,100

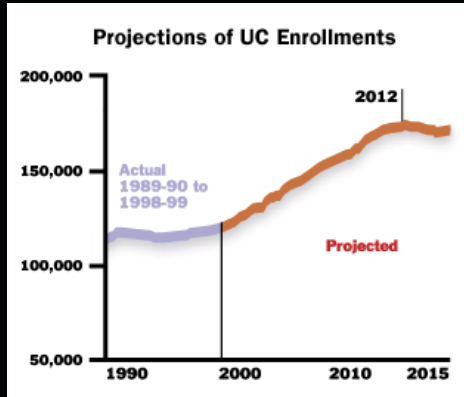
Faculty and Staff

Academic Titles	42,600
Staff Titles	<u>81,400</u>
Total Faculty, Staff	124,000

Operating Expenditures

Annual	\$19,517,000,000
Monthly	\$1,626,000,000

The University of California... We are Large and Growing



Projection
Adding 60,000
students and
7,000 faculty
by the year
2010

The Business Officer's world...

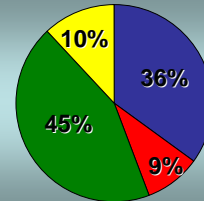


University of California Overall Financial Position (*\$ in millions*)

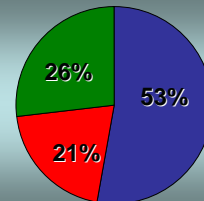
	June 30, 2006	June 30, 2005	<i>Change from Fiscal 2005</i>
Total Assets	\$ 37,249	\$ 34,228	\$ 3,021
Total Liabilities	<u>16,849</u>	<u>15,250</u>	<u>1,599</u>
Net Assets	\$ 20,400	\$ 18,978	\$ 1,422

Financial Position Assets and Liabilities (*\$ in millions*)

Assets	June 30, 2006	Change
Investments	\$13,244	\$1,169
Investment of Cash Collateral	3,455	877
Capital Assets, net	16,665	1,135
Other Assets	<u>3,885</u>	<u>(160)</u>
Total Assets	\$37,249	\$3,021



Liabilities	June 30, 2006	Change
Debt, Commercial Paper	\$8,876	\$931
Securities Lending Collateral	3,456	878
Other Liabilities	<u>4,517</u>	<u>(210)</u>
Total Liabilities	\$16,849	\$1,599



Financial Position

Net Assets

(\$ in millions)

	<u>June 30,</u> <u>2006</u>	<u>Change</u>
Invested in Capital Assets, net of debt	\$ 8,535	\$427
Restricted:		
Nonexpendable	873	50
Expendable	5,056	500
Unrestricted	<u>5,936</u>	<u>445</u>
Total Net Assets	\$20,400	\$1,422

Revenues, Expenses and Changes in Net Assets

(\$ in millions)

	<u>June 30,</u> <u>2006</u>	<u>June 30,</u> <u>2005</u>	<u>Change from</u> <u>Fiscal 2005</u>
Operating Revenues	\$16,770	\$15,801	\$ 969
Operating Expenses	<u>19,517</u>	<u>18,480</u>	<u>1,037</u>
Operating Loss	(2,747)	(2,679)	(68)
Nonoperating Revenues	<u>3,738</u>	<u>3,408</u>	<u>330</u>
Income Before Other			
Changes in Net Assets	991	729	262
Other Changes in Net Assets	<u>431</u>	<u>455</u>	<u>(24)</u>
Increase in Net Assets	\$1,422	\$1,184	\$238

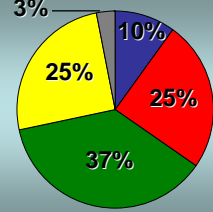
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Financial Results

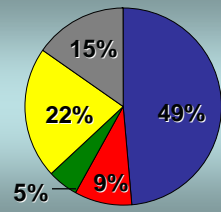
Operating Revenues and Expenses

(\$ in millions)

Operating Revenues	June 30, 2006	Change
Student Tuition and Fees	\$1,663	6.7%
Grants and Contracts	4,145	4.2
Med Ctrs, Educ Act, Aux Ent	6,222	8.3
DOE Laboratories	4,232	2.1
Other Revenues	508	35.1
Total Operating Revenues	\$16,770	6.1



Operating Expenses	June 30, 2006	Change
Salaries and Benefits	\$9,488	6.3%
Supplies and Materials	1,827	7.0
Depreciation and Amortization	997	4.4
DOE Laboratories	4,198	2.1
Other Expenses	3,007	8.1
Total Operating Expenses	\$19,517	5.6



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A Business Officer's Key Role:
Steward of the Public Trust

Business Officer Challenges



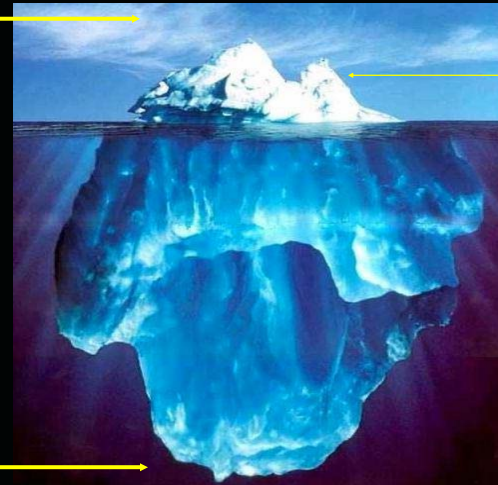
Strategic Sourcing DEFINITION

- A disciplined process to reduce the **total cost** of purchased products and services by fully leveraging the University's combined purchasing power, without compromising quality.

An In-Depth Approach

Strategic Sourcing

- Total Cost Evaluation
- Volume Concentration
- Process Improvement
- Supplier Performance
- Contract Compliance
- Demand Management
- E-Procurement
- Customer Satisfaction
- Rigorous Analytics



Purchasing

Systemwide Sourceable Spend

- Estimated Annual Sourceable Spend:
\$1.3 - \$2.0 billion
- Projected Savings Potential:
\$145 - \$217 million

Completed Initiatives

Total Spend (FY 05/06)
(\$ in millions)

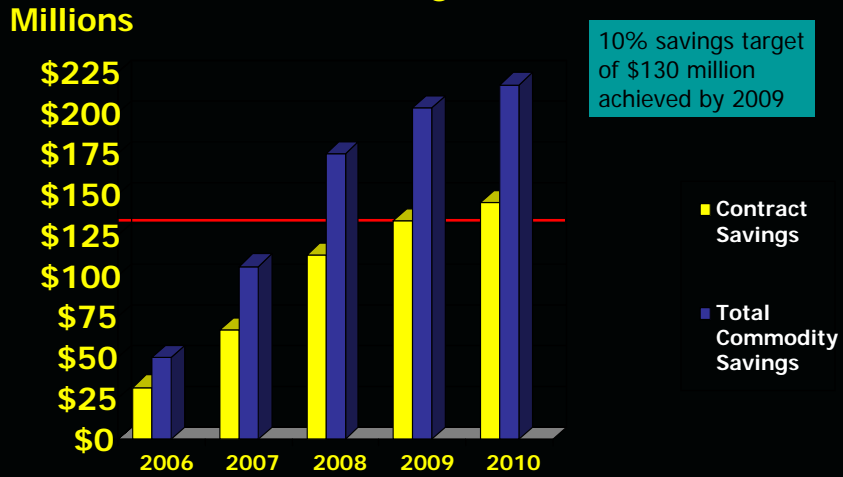
<u>Initiative</u>	<u>Spend</u>	<u>Savings</u>
IT / Telecommunications	\$246.0	\$21.4
Office Furniture	\$27.4	\$1.4
Scientific Supplies	\$67.2	\$3.5
Personal Computers	\$19.5	\$3.4
Office Supplies	\$20.1	\$3.8
Dorm Furniture	\$4.3	\$0.3
Carpet	\$2.7	\$0.3
Copiers, Printers, Faxes	\$5.6	\$3.2
Bottled Water	\$1.1	\$0.3
P-Card Program	n/a	n/a
Total	<u>\$393.8</u>	<u>\$37.6</u>

Current Initiatives

In Process (\$ in millions)

<u>Initiative</u>	<u>Estimated Spend</u>	<u>Estimated Savings</u>
IT / Networking	\$54.8	\$4.4
IT / PC's & Low-end Servers	\$80.0	\$4.0
Maintenance, Repairs	\$69.0	\$8.9
Speciality Lab Supplies	\$52.0	\$2.6
Travel - Hotel, Car, Airline, Agency	\$97.7	\$14.2
Office Furniture	\$7.0	\$0.5
Janitorial Supplies	\$17.6	\$2.6
Expedited Mail Services	\$11.3	\$2.3
Gases	\$10.9	\$0.9
Hazardous Waste	\$9.2	\$0.5
Carpet	\$10.0	\$0.9
Color Copiers	<u>\$2.3</u>	<u>\$0.6</u>
Housing - Organic, Disposables, Distribution	<u>\$8.5</u>	<u>\$0.6</u>
Total	<u>\$430.3</u>	<u>\$43.0</u>

Strategic Sourcing Five Year Savings Potential



Thank you!



And enjoy the
Business Officer Institute