



University of California Business Officer Institute Opening Comments



Anne Broome

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

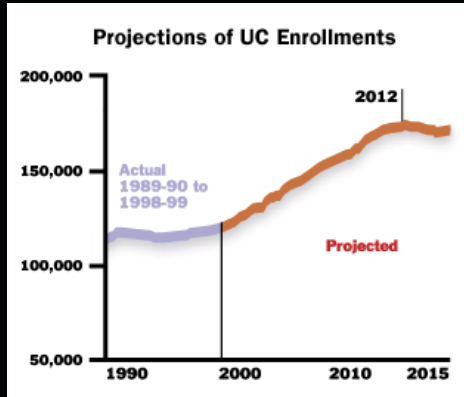
Faculty and Staff

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...

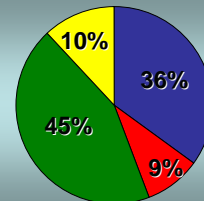
- Faculty Requests
- Invoices
- Information Technology
- Employee Evaluations
- Compliance
- Purchase Orders
- Hiring Staff

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

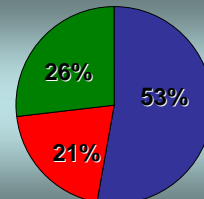
	June 30, 2006	June 30, 2005	<i>Change from Fiscal 2005</i>
Total Assets	\$ 37,249	\$ 34,228	\$ 3,021
Total Liabilities	<u>16,849</u>	<u>15,250</u>	<u>1,599</u>
Net Assets	\$ 20,400	\$ 18,978	\$ 1,422

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

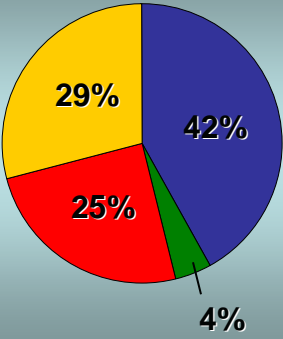


Financial Position

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

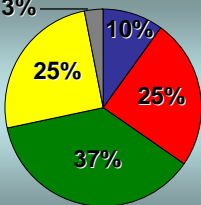


Financial Results

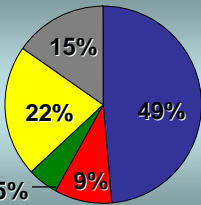
Operating Revenues and Expenses

(\$ in millions)

Operating Revenues	<u>June 30, 2006</u>	<u>Change</u>
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	<u>June 30, 2006</u>	<u>Change</u>
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



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



Business Officer Challenges



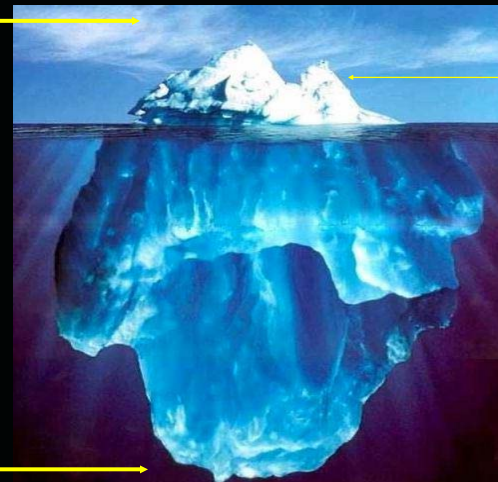
Strategic Sourcing DEFINITION

- 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

Strategic Sourcing Initiatives Update

(\$ in ,000)

	Number of Agreements	Estimated Annual Spend	Estimated Annual Savings
Completed (e.g. Office Supplies, Office Furniture, Scientific Supplies, IT Hardware and Software)	53	\$343,640	\$32,321
In Progress (e.g. Travel, Life Sciences, IT Networking and PCs)	<u>40</u>	<u>278,400</u>	<u>28,930</u>
Total	93	\$618,040	\$61,251

Strategic Sourcing Five Year Savings Potential

Millions

\$225
\$200
\$175
\$150
\$125
\$100
\$75
\$50
\$25
\$0

2006 2007 2008 2009 2010

10% savings target
of \$130 million
achieved by 2009

■ Contract Savings
■ Total Commodity Savings

Thank you!



And enjoy the
Business Officer Institute