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# University of California Office of the President

CFO DIVISION  
2016-2020 STRATEGIC PLAN

*2017 Update*

UNIVERSITY  
OF  
CALIFORNIA

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# 2017 CFO Division Strategic Planning Team

The CFO Division's strategic planning team conducted its annual strategic plan review between March and May 2017. The planning team included the following members:

NAME	DEPARTMENT	TITLE
Nathan Brostrom	CFO Immediate Office	EVP, Chief Financial Officer
Oren Gabriel <sup>1</sup>	CFO Immediate Office	Chief of Staff to the CFO
David Alcocer <sup>2</sup>	Budget Analysis & Planning	Associate Director, Operating Budget
Sandra Kim	Capital Asset Strategies & Finance	AVP, Finance
Brad Werdick	Capital Asset Strategies & Finance	Chief of Staff
Cheryl Lloyd	Risk Services	AVP and Chief Risk Officer
Kevin Confetti	Risk Services	Deputy Chief Risk Officer
Peggy Arrivas	Financial Accounting	AVP and Systemwide Controller
Ruth Satorre	Financial Accounting	Director Corporate Accounting
Bill Cooper	Procurement	AVP and Chief Procurement Officer
Laurie Wolkow	Procurement	Chief of Staff and PMO Director

Facilitator: Kathy Eftekhari, Senior Organizational Consultant, UCOP Strategy & Program Management Office

<sup>1</sup> Replaced Zoanne Nelson

<sup>2</sup> Replaced Debbie Obley

# Strategic Plan Purpose

The CFO and COO strategic plans were developed to guide the two divisions in consciously focusing their energy and resources on actions that will best position the University of California to achieve its academic, research and public-service mission.

The strategic plan establishes a multi-year framework that allows the organization to prioritize, resource, communicate and collaborate with key stakeholders, including other divisions and campus locations. The need for strategic planning was identified in a number of recent review processes, including:

COO/CFO Realignment – 2014

Strategic Organizational Review – 2014/2015

Presidential Retreats – 2015

The CFO and COO divisions completed this process as a pilot; the process has since been rolled out to other UCOP divisions, namely Agriculture and Natural Resources (UC ANR), Academic Affairs and UC Health.

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# Strategic Planning Decision Drivers

# Strategic Planning Decision Drivers

The following decision factors were considered as the CFO and COO mission, vision, values, strategic objectives and goals were developed and honed:

1. Role of UCOP relative to the campuses and other locations/ stakeholders we support
2. Market conditions
  - Financial realities
  - Changing landscape of higher education
3. UC current-state assessment
  - Financial
  - Operational
4. SWOT analysis of each division
5. Campus feedback regarding service needs from UCOP

# Supporting A World-Class University

The CFO and COO strategic plans inform our commitment to build solid and sustainable financial and operational models for UC that will maintain and enhance the University's three pillars of excellence:

## 1. Quality

- 6 campuses are AAU members
- Of the top ten public universities in the US News and World Report, five are UC campuses
- UC campuses train one-half of the medical students and residents in California

## 2. Access

- 34% of Fall 2014 California freshman are from underrepresented ethnic groups
- 42% of UC undergraduates are Pell Grant recipients
- Over 40% are first-generation college students

## 3. Affordability

- Over 55% of our undergraduates pay no tuition
- Only half of UC students take out debt and debt levels are \$10,000 less than national averages



# Reflecting Changing Economics

Goals within the CFO and COO strategic plans reflect the changing economics of public higher education:

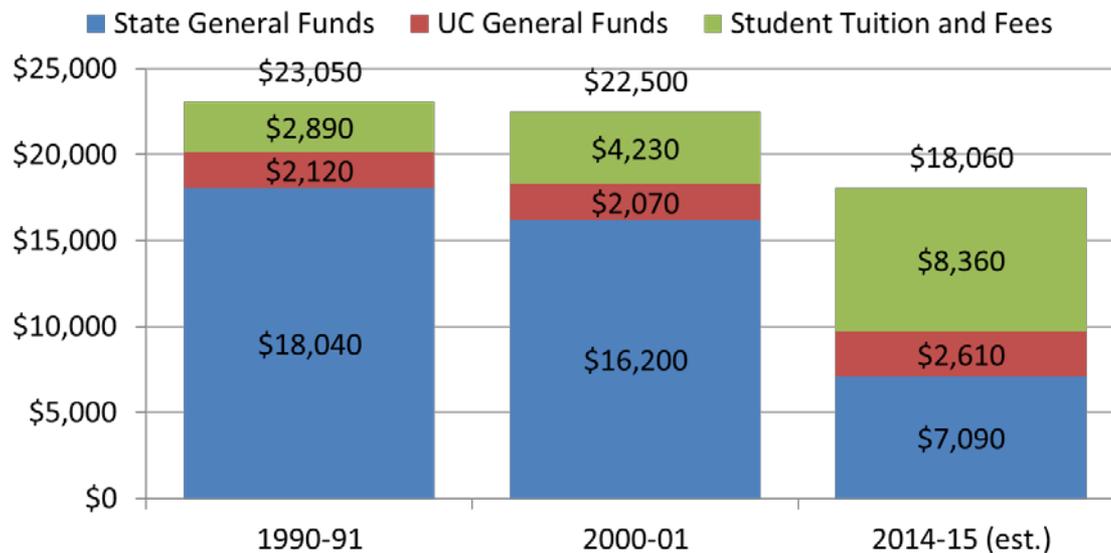
## 1. Declining State Support

- UC funding crowded out by expenditure growth driven by voter initiatives and federal mandates
- UC receives same absolute level of funding as in 1999-2000 when it had over 80,000 fewer students and one less campus.

## 2. Need for predictable, moderate tuition

- UC has passed on the volatility of state funding to students
- Over the past 25 years, tuition was held flat or declined for 12 years and then rose by double-digit percentages in 11 years

### Average Education Expenditures Per Student



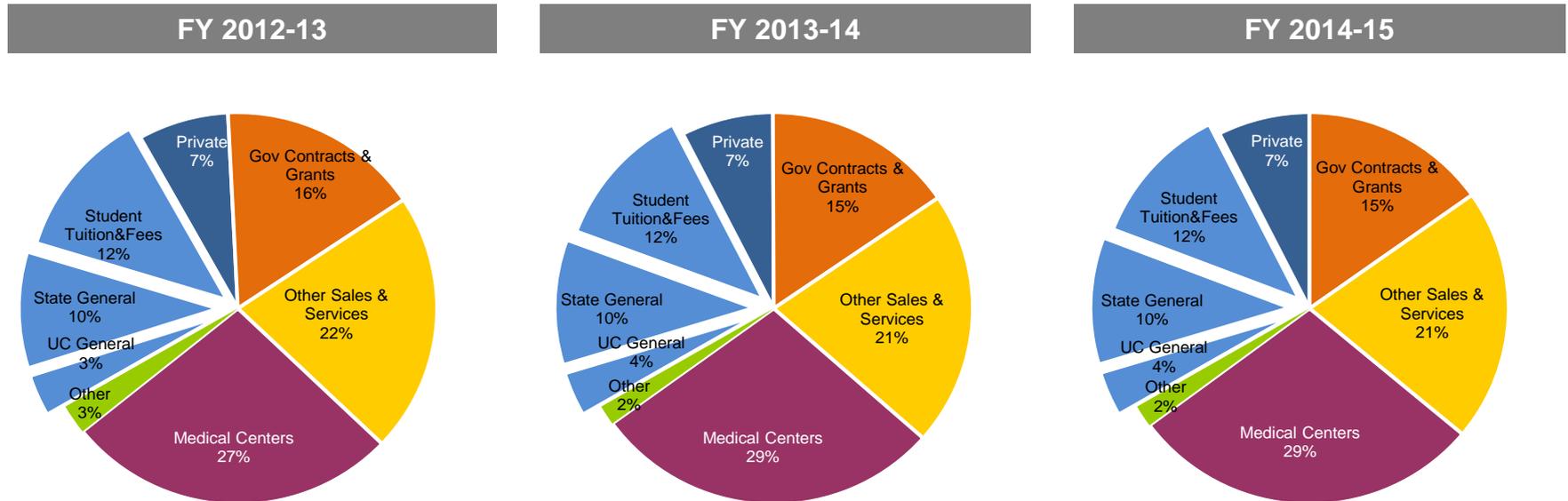
Average inflation-adjusted resources per general campus student. Excludes financial aid.

# Reflecting The Changing Enterprise

The CFO/COO strategic plans also reflect growth in other parts of the University's enterprise:

1. **Core funds** – primarily state support and tuition – now represent roughly 25% of UC's revenues

## UC Core Revenues



2. **Other segments of UC** – medical centers and research, for example – have been growing at much faster rates. UC medical centers have doubled their revenues in the past decade

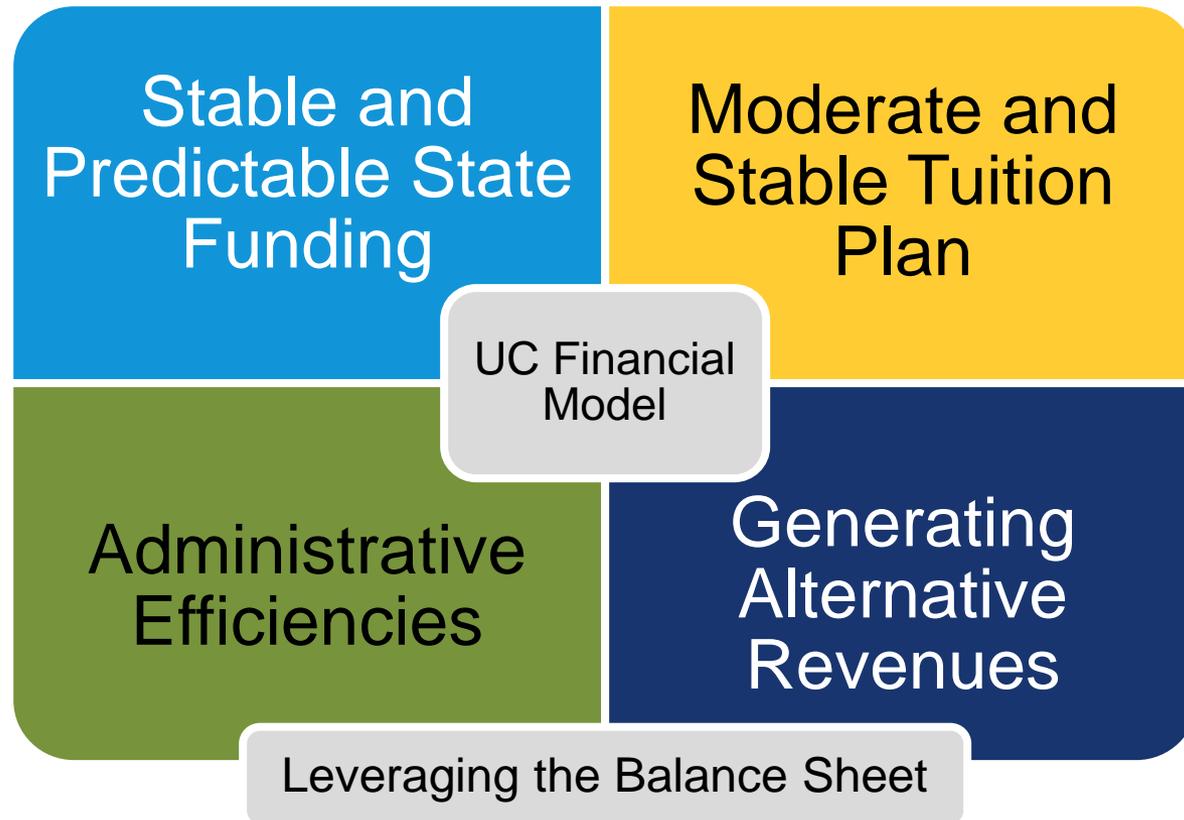
# Leveraging Scale to Control Cost

The strategic plan also looks to the size and scale of the University to control our cost growth.

1. The University's balance sheet now counts nearly \$100 billion in assets.
  - Offers opportunities to enhance asset management and shore-up liabilities
  - Also opens up greater opportunities for self-insurance and self-funding of programs
2. The size of the University's operations can drive down costs in a variety of areas:
  - Procurement
  - Administrative enterprise systems
  - Benefits management

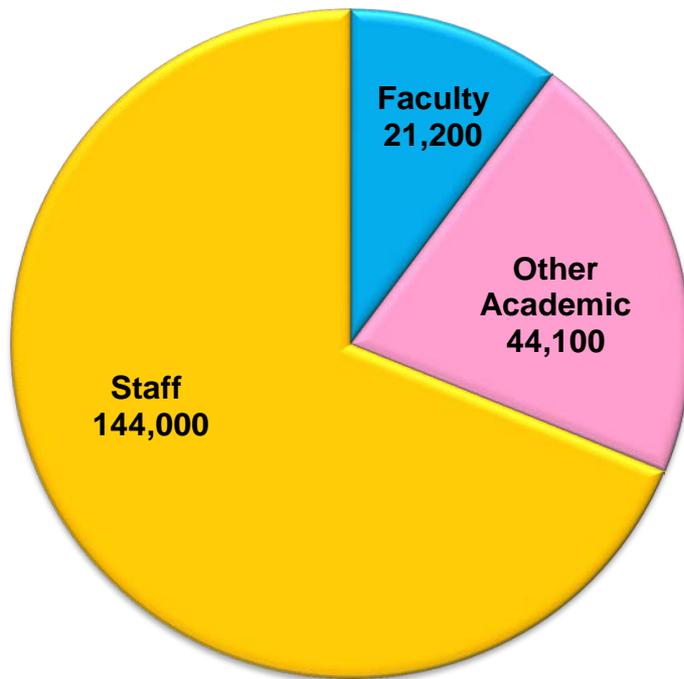
# Aligning Financial Priorities

Elements of the strategic plan align with the four financial priority areas already established by the CFO division:



# Building A Strong Workforce

CFO/COO goals strive to optimize UC's workforce and leverage our role as California's 3rd largest employer.



## Focusing on:

- Employee engagement
- Recruitment
- Performance management
- Enhancing management skills

# Driving Best Practices

CFO/COO goals are focused on driving innovation through accountable business practices

- Operational streamlining and risk reduction through common systems
- Bending the curve on climate change
- Contain cost through UC Procurement, benefits management

**UCPATH QUICK FACTS**

UCPATH is the University of California's program to implement a single payroll, benefits, human resources and academic personnel solution for all UC employees.

**BENEFITS OF UCPATH**  
 Consistent, quality data  
 Efficient, accurate payroll  
 Lowered risk  
 Reliable, 24/7 service

**UCPATH LOCATIONS**  
**10 UC CAMPUSES**  
 Berkeley Riverside  
 Davis San Diego  
 Irvine San Francisco  
 Los Angeles Santa Barbara  
 Merced Santa Cruz

**UNIVERSITY OF CALIFORNIA**  
 UC President Janet Napolitano: "UCPATH IS A PRIORITY FOR THE UNIVERSITY OF CALIFORNIA."

**BUSINESS TRANSFORMATION**  
 UCPATH will create efficiencies that support the University of California's CORE MISSION of teaching, research and public service.

**STANDARDIZED PROCESSES**  
 Experts from throughout THE UC SYSTEM WORKED TOGETHER to standardize approximately **100 UC-WIDE PROCESSES**

**TECHNOLOGY UPGRADE**  
 PeopleSoft, an INDUSTRY STANDARD tool. The idea for replacing our current system came from CAMPUSS controllers, chief human resource officers and academic personnel directors.

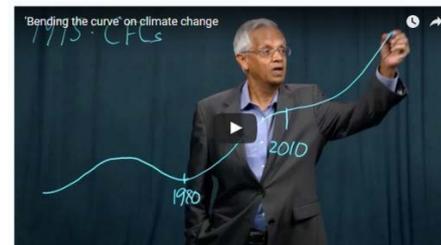
**SHARED SERVICES**  
 To support the UC system, the UCPATH CENTER will likely employ about **415 PEOPLE**. The UCPATH Center in RIVERSIDE, CA has been set up in a LEED GOLD CERTIFIED building.

**IT SUPPORT**  
 600 faculty, 600 staff (~40% of whom joined by collective bargaining means) bring ~250,000 W-2s annually. CURRENT AS AT 8/15/15

UCPATH = UC PAYROLL, ACADEMIC PERSONNEL, TIMEKEEPING & HR

## UC researchers present 10 scalable solutions for climate change

By Andy Murdock, UC Newsroom  
 Tuesday, October 27, 2015



Credit: University of California  
 Renowned atmospheric scientist V. Ramanathan of UC San Diego's Scripps Institution of Oceanography explains how the state of California and the UC system together can lead the charge through the Carbon Neutrality Initiative and 'bend the curve' in global warming.

University of California climate experts today (Oct. 27) announced 10 scalable solutions for moving the world towards carbon neutrality, a practical framework that outlines both immediate and longer-term actions for staving off catastrophic climate change.

Gov. Jerry Brown, who joined UC President Janet Napolitano

## UC joins Bill Gates-led group to invest in climate solutions

The University of California announced Sunday (Nov. 29) that it has joined the Breakthrough Energy Coalition, an influential group of investors led by Bill Gates that is

# Reflecting SWOT Analysis

In order to ensure the plan's responsiveness to current organizational and environmental conditions, the CFO and COO divisions outlined the following new considerations through SWOT analysis:

## **Strengths**

- Brightest people in the world within the UC system
- Service-oriented; manage complexity
- Commitment to Excellence
- Commitment to the Mission
- Experience gained in shared-service implementation
- Adopted strategic planning importance
- Building credibility with the campuses

## **Opportunities**

- Size & Scope; leverage Power of 10
- Locations open to incorporating best-practices
- Governance – collective decision-making
- Greater collaboration w/ CSU and other colleges
- Forward-thinking President
- Cyber security promotes need for shared systems/services
- Predictable funding for next 4 years
- Changing face of CA mirrors our own diversity
- Broad portfolio – opportunity for professional growth
- New people/leadership, fresh viewpoints, questioning status-quo
- Outstanding global reputation/brand
- Attention from leading private-sector partners
- UCOP Audit – catalyst for change opportunity to engage with state leaders
- UC's 150<sup>th</sup> anniversary - highlight our work/advocacy

## **Weaknesses**

- Siloed
- Outdated, inefficient, ineffective tools, resources, processes and policies
- Over-engineer operationally; consensus driven
- People spread too thin and not “ideally” engaged
- Roles and responsibilities between OP and campuses not clearly defined
- Initiative fatigue w/ unreasonable timelines

## **Threats**

- Limited resources with demand for constant improvement
- Unplanned initiatives; unfunded mandates
- Systemwide information silos
- Pressure to compromise quality
- Complacency
- Cyber security
- Age of facilities; deferred maintenance
- Anticipated increase in UC retirements over next two years; attrition- knowledge transfer; succession planning required
- Job market has reached full-employment for the first time in years – UC competitiveness, especially for skill-sets in high demand
- Reputational damage from UCOP audit
- Framework for Growth – financial considerations
- Uncertain environment in Washington D.C.
- Polarized political tensions present risk

# Responding To Campus Requests

## 2015:

A needs survey was sent to VCA and VCPB colleagues at all 10 campuses, LBNL and UC ANR eliciting:

1. Their top financial and/or operational goals over the next 3-5 years
  2. 3-5 things UCOP's COO and CFO divisions could do to specifically help them reach their goals
- 8 campuses, LBNL, ANR responded
  - 13 of the original COO/CFO goals directly addressed one or more specific requests
  - Many of the other goals indirectly address noted campus needs, especially in the areas of revenue generation and cost containment

## 2017:

An integrated and abbreviated version of the CFO and COO strategic plans was sent to all 10 campuses and UC ANR outlining estimated FY17-18 campus resource impact related to planned activity under 20 of the goals. Campuses were asked to:

1. Confirm resource estimates
  2. Rank order the 20 goals
- All locations responded
  - That feedback was then analyzed and used to inform decisions regarding plan amendments during the COO and CFO annual plan review meetings, held on May 22 and May 23, 2017, respectively

# Campus Ranking of CFO/COO Goals

The table below presents a consolidated campus ranking of Tier 1 and Tier 2 goals. The higher the priority, the lower the rank number. Bolded items are CFO division goals.

Goal #		Topic	Average Rank	Standard Deviation
<b>COO / CFO</b>	<b>3.01</b>	<b>Deploy UCPATH &amp; Expand Shared Systems &amp; Services</b>	<b>1.82</b>	<b>1.25</b>
COO	3.02	Strengthen Cyber-Risk Management	5.09	3.08
<b>CFO</b>	<b>3.02</b>	<b>Address Deferred Maintenance Liability</b>	<b>5.18</b>	<b>3.12</b>
<b>CFO</b>	<b>1.01</b>	<b>Generate Stable/Predictable New Core Funding</b>	<b>6.00</b>	<b>3.97</b>
<b>CFO</b>	<b>1.02</b>	<b>Generate Alternative Revenues</b>	<b>6.64</b>	<b>2.84</b>
<b>CFO</b>	<b>2.03</b>	<b>Evolve P200 to SC500</b>	<b>6.73</b>	<b>4.15</b>
<b>CFO</b>	<b>3.03</b>	<b>Support Addition of New Student Housing</b>	<b>8.27</b>	<b>4.41</b>
COO	3.06	Enhance Labor Relations/Collective Bargaining Strategy	10.27	3.13
<b>CFO</b>	<b>2.04</b>	<b>Contain Cost of Capital Project Delivery</b>	<b>10.55</b>	<b>5.56</b>
COO	3.03	Fully Implement Career Tracks	11.55	5.26
<b>CFO</b>	<b>2.01</b>	<b>Leverage Fiat Lux and ERM</b>	<b>11.82</b>	<b>5.55</b>
<b>CFO</b>	<b>3.05</b>	<b>Implement Common Chart of Accounts</b>	<b>11.86</b>	<b>5.85</b>
COO	2.02	Leverage Shared IT Infrastructure Services Systemwide	12.55	6.31
<b>CFO</b>	<b>3.01</b>	<b>Implement Systemwide Financial Planning Model</b>	<b>12.86</b>	<b>3.94</b>
COO	4.01	Improve Employee Engagement	13.77	3.50
COO	5.01	Achieve Net Carbon Neutrality by 2025	14.14	6.03
COO	4.03	Build People Management and Leadership Curriculum	14.68	4.31
COO	4.02	Implement Employee Performance Management Framework	14.95	2.49
COO	5.02	Achieve STARS Platinum Rating/Sustainability Goals	15.41	4.07
COO	3.05	Leverage a Systemwide Executive Recruitment Program	15.86	4.00

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# Our Mission, Vision, Values & Strategic Objectives

# CFO Division Mission and Vision

## *Our Mission:*

In partnership with the UC community, we optimize and steward resources to enhance financial sustainability in support of the University's mission.

## *Our Vision:*

We will transform the UC funding model to sustain a world-class public university whose combination of affordability, access and excellence is unmatched.

## ❖ ***Vivid Description:***

*We will develop an entrepreneurial model and leverage the University enterprise in order to generate alternative revenue to support the core public mission. We will reimagine how we deliver university services, actively integrating our supply chain partners. By adopting a nimble, data-driven model to challenge the status quo, we will be a desirable place to work and will attract top talent. We will partner with UC's researchers to commercialize their work and create new regional employment opportunities.*

# CFO/COO Division Core Values



## **EXCELLENCE**

Our work is balanced, rigorous, timely and accurate. We maintain a high performance standard and promote efficient, effective outcomes which exceed expectations.

## **ACCOUNTABILITY**

We are responsive to our stakeholders' needs, follow through on our commitments and take ownership for our decisions and actions..

## **DIVERSITY**

We embrace diversity in all its forms, practice mutual respect, and strive for a community that fosters an open, inclusive and productive environment.

## **INTEGRITY**

We act in an ethical, credible and trustworthy manner.

## **TEAMWORK**

We are collaborative, believing that collective action produces greater results than that of any one individual.

## **INNOVATION**

We remain open-minded and employ ingenuity to solve problems and critically evaluate options to improve outcomes and processes.

# CFO/COO Strategic Objectives

- The following 5 strategic objectives are broad-based, long-term aims that will move the divisions towards actualizing their visions. All CFO and COO goals support one of these strategic objectives:

<b>Revenue Generation</b>	<b>Develop a solid and sustainable revenue model to support the University's core mission</b>
<b>Cost Containment</b>	<b>Develop a solid and sustainable administrative expense model to support the University's core mission</b>
<b>Operational Excellence</b>	<b>Drive accountable, transparent management practices that promote service and balance risk, reputation, cost and compliance</b>
<b>People</b>	<b>Attract, develop and retain diverse, highly-productive and motivated talent who seek a mission-driven experience</b>
<b>Public Service</b>	<b>Leverage the power of the UC academic and research mission to address global challenges</b>

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# CFO Division Goals

# CFO Division Goal Snapshot

Strategic Objective	Goal #	Lead Dept.	Goal Topic	Priority
Revenue Generation	1	BAP	Generate Stable and Predictable New Core Funding	●
	2	BAP	Generate Alternative Revenues	●
	3	CFO IO*	Create Path to Stable Funding for UCRP and OPEB	●
Cost Containment	4	RISK	Leverage Fiat Lux	●
	5	PROC	Evolve P200 to SC500	■
	6	HR*	Contain Benefit Costs and Maintain Quality	●
Operational Excellence	7	OPS*	Deploy UCPath	●
	8	CAS&F	Address Deferred Maintenance Liability	■
	9	CAS&F	Support Addition of New Student Housing	■
	10	FA	Implement Common Chart of Accounts and Build DataMart	■
	11	OPS*	Deploy Shared Services	◆
People	12	CFO IO	Implement Standardized Selection Process	■
	13	CFO IO	Incorporate Professional Development Goals	■

Priority Key: ● : High Impact and/or High Urgency ■ : High/Moderate Impact and Moderate Urgency ◆ : High/Moderate Impact and Less Urgency

\* Denotes shared CFO/COO goal

# Revenue Generation Goals

Revenue Generation		<i>Develop a solid and sustainable revenue model to support the University's core mission</i>	
LEAD DEPT	GOAL #	GOAL TOPIC	PRIORITY
BAP	1	Enhance the stability of the core-funded budget by increasing revenues and ensuring predictability of fund sources on an ongoing basis	●
BAP	2	Alleviate pressure on core-funded budget by leveraging the size and strength of UC to generate alternative revenue sources (ongoing)	●
CFO IO*	3	In partnership with the COO division, create means to achieve funding goals for UCRP and OPEB established by systemwide policy by July 2020	●

Priority Key: ● : High Impact and/or High Urgency   ■ : High/Moderate Impact and Moderate Urgency   ◆ : High/Moderate Impact and Less Urgency

\* Denotes shared CFO/COO goal

Revenue Generation

Lead Department: BAP/Alcocer

Priority: ●

**Goal: Enhance the stability of the core-funded budget by increasing revenues and ensuring predictability of fund sources on an ongoing basis**

**Opportunity:**

Years of financial volatility have created an unstable and unpredictable financial environment. At the same time, it has become increasingly important that the University enhance its ability to forecast and plan for the future. UC's ability to achieve its goals of maintaining access, affordability, and quality depend upon reliable resources to support its activities, particularly for core-funded programs, or those programs central to the tri-partite mission of teaching, public service, and research. It is critical that the University develop a stronger financial model that stabilizes financial support and provides multi-year predictability.

**Proposed Solution:**

The strategies listed below are intended to maximize potential revenue sources and enhance the ability of the University and its campuses to develop longer-term financial plans. Achieving these goals requires a strong partnership with the State and a funding model that is aligned with the University's enrollment plans at the campus level and systemwide. Consequently, the strategies described below include efforts by the University to work constructively with the State; to ensure that core funds are allocated and used in a transparent and responsible manner; to establish achievable multi-year enrollment plans; and to ensure that sufficient core funds are available and aligned with those plans.

**Benefits:**

1. Funding of major priorities for UC
2. More funds available for operating budget needs
3. Greater alignment of resources and needs at each campus

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
<b>1</b>	<b>Enhance the stability of the core-funded budget by increasing revenues and ensuring predictability of fund sources on an ongoing basis</b>					
1a	Develop and deploy robust financial planning tools to facilitate long-term planning by Dec. 2017					
1b	Develop a multi-year enrollment plan that meets Master Plan goals and institutional/ state workforce needs by Dec. 2018					
1c	Normalize the rebenching process to annually align campus State allocations with the enrollment plan by Dec. 2018					
1d	Follow through on all outstanding California State Audit recommendations on a timely basis (deadlines vary)					
1e	Rationalize and document all core CFO processes related to the allocation and monitoring of State funds by Dec. 2017					
1f	Partner with State representatives to develop a stable multi-year funding model for UC by Dec. 2018					
1g	Continually promote financial aid practices such that financial considerations are not a barrier to access (ongoing)					

**Goal: Enhance the stability of the core-funded budget by increasing revenues and ensuring predictability of fund sources on an ongoing basis**

**Assumptions:**

1. Campuses continue to make solid progress on all goals within the budget framework and UC satisfies any requirements specified in the Budget Act
2. Campuses are able to develop enrollment plans at the undergraduate and graduate levels, and for the health sciences, by Dec. 2018
3. Unforeseen events (e.g., another State audit) do not require a significant shift in priorities

**Metrics and Targets:**

1. Financial planning tools used by UCOP and campuses to forecast impact of enrollment scenarios by Dec. 2017
2. Additional core funds generated above modest annual tuition and base budget adjustments
3. Preliminary allocations provided to campuses earlier in the calendar year (goal: March 2018 for 18-19)
4. UC-wide and campus multi-year enrollment plans completed by Dec. 2018
5. No future audit findings related to UC's systemwide budget process
6. Continued success in being financially accessible (enrollment of low- and middle-income students; below-average student debt; etc.)

**FY16-17 Activity Update:**

A prototype financial planning tool has been developed and is being refined in collaboration with a campus workgroup. Enrollment targets have been established for 2017-18 and campuses are implementing them. Development of a longer-range enrollment plan has evolved into the Framework for UC's Growth and Support project. Most elements of the budget framework agreement have been completed/implemented - ABC pilots and Transfer 2:1 ratio – are at risk and may need to be renegotiated. Moderate tuition increase with return-to-aid was approved by Regents in January 2017. PDST levels and revised PDST policy were approved by the Regents in March 2017.

**Additional Information:**

N/A

Revenue Generation

Lead Department: BAP/Alcocer

Priority: ●

**Goal: Alleviate pressure on core-funded budget by leveraging the size and strength of UC to generate alternative revenue sources (ongoing)**

**Opportunity:**

Core-funded budgets have been highly constrained for many years, threatening the University's ability to support its primary mission. Seeking alternative revenue sources that can be used in place of core funds, or to supplement core funds, will help to stabilize the University's financial foundation and enhance its ability to fund its highest priorities, including maintaining access, affordability and quality.

**Proposed Solution:**

Each of the key strategies listed below is intended to generate revenue or enable cost-savings that can supplement or free-up highly constrained core funds, thus enabling the University to stabilize its financial outlook and better plan for the future.

**Benefits:**

1. New revenue and/or freed up funds can be redirected to core-funded programs

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
2	<b>Alleviate pressure on core-funded budget by leveraging the size and strength of UC to generate alternative revenue sources (ongoing)</b>					
2a	In partnership with Public Affairs, explore new fundraising models for financial aid and other needs by Sep. 2018					
2b	Develop tools to evaluate alternative revenue/cost-saving opportunities (e.g., optimizing STIP/TRIP/GEP allocations or use of campus auxiliaries) (ongoing)					
2c	Streamline process for approving fee levels for new and existing self-supporting degree programs by Sep. 2017					
2d	Develop and implement defensible approach to nonresident enrollment and tuition by Dec. 2017					
2e	Identify other potential State revenue sources (special funds, etc.) (ongoing)					

**Goal: Alleviate pressure on core-funded budget by leveraging the size and strength of UC to generate alternative revenue sources (ongoing)**

**Assumptions:**

1. Opportunities exist to increase unrestricted philanthropic giving, or to increase giving that can free up other unrestricted funds
2. Additional cost savings or revenue-generating efforts could be enhanced by analytical tools to estimate their potential impact
3. Campuses are interested in pursuing self-supporting graduate professional degree programs to supplement their state-supported programs

**Metrics and Targets:**

1. Increased amount of philanthropy that is unrestricted and/or available to free up other unrestricted funds
2. Increased revenue achieved from transfers to TRIP or GEP
3. Successful development and deployment of tools to evaluate cost-saving or revenue-generating opportunities that are used by campuses or others at UCOP
4. Growth in undergraduate nonresident supplemental tuition revenue at every campus

**FY16-17 Activity Update:**

Preliminary discussions with UCOP Institutional Advancement to discuss models for incentivizing fundraising for financial aid have taken place. A new nonresident enrollment policy that allows for undergraduate nonresident enrollment growth at every campus was approved by the Regents in May 2017 (although some implementation details need to be worked out). Additional State funding for Institutes of Transportation Studies is expected to be included in the Budget Act of 2017 (\$5M a year for ten years).

**Additional Information:**

N/A

# CFO Goal 3 (COO #1) Create Path to Stable Funding for UCRP and OPEB

Revenue Generation

Lead Department: CFO IO/Brostrom

Priority: ●

**Goal: In partnership with the COO Division, create funding goals for UCRP and OPEB established by systemwide policy by July 2020**

**Opportunity:**

The unfunded liabilities in UCRP and retiree health represent two of the most significant strains on the University's financial status. Not only do they lead us to a negative unrestricted position, they impose growing demands on our operating budget. Currently, UCRP stands at approximately 84% funded on a market basis, while our retiree health liability exceeds \$21 billion.

**Proposed Solution:**

The COO Division will continue to drive the funding of these unfunded liabilities through:

- Investing to maximize the likelihood of meeting our return targets
- Extend partnership with the State to contribute towards our unfunded liabilities
- Evaluation of current and ongoing benefits
- Internal borrowing to enhance the funded status of UCRP and retiree health
- Contributions from the University and the employees

**Benefits:**

1. Continued progress towards sufficient funding of the programs
2. Ability to continue providing attractive benefits for faculty and staff
3. Reduced pressure on the UC operating budget

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
3	<b>In partnership with the COO Division, create funding goals for UCRP and OPEB established by systemwide policy by July 2020</b>					
3a	Continue contributions from University and our employees (ongoing)					
3b	Continue annual borrowing from internal liquidity sources within the constraints of liquidity requirements to fund the annual required contribution of UCRP					
3c	In partnership with HR, evaluate the funding of retiree health (ongoing)					
3d	Continue advocacy with the State for one-time (Prop 2) or ongoing support for the unfunded liability in pension or retiree health (ongoing)					
3e	Develop funding plan, and evaluate internal borrowing, for funding of our retiree health liability by December 2017					

# CFO Goal 3 (COO #1) Create Path to Stable Funding for UCRP and OPEB

**Goal: In partnership with the COO Division, create means to achieve funding goals for UCRP and OPEB established by systemwide policy by July 2020**

**Assumptions:**

1. Sufficient liquidity in STIP to enable internal borrowing
2. Implementation of the Retirement Choice Program
3. Successful outcome of CFO Goal 2.05 for post-employment benefits (contain benefit costs at or below 4% annual growth)

**Metrics and Targets:**

1. UCRP funded to 90% by 2025
2. Start reducing our retiree health liability in FY17-18

**FY16-17 Activity Update:**

CAS&F conducted analysis related to STIP borrowing and the contribution rate required to fund UCRP. IO drafted a memo for the President regarding OPEB liability and proposed growth cap. Rating Agencies confirmed AA rating. Contributions have continued. Borrowing has continued as planned. Regents reviewed the pension and retiree health liabilities at the July 2017 meeting, and approved an increase in employer contributions and a four-year commitment to continued STIP borrowing.

**Additional Information:**

N/A

# Cost Containment Goals

LEAD DEPT		GOAL #	GOAL TOPIC	PRIORITY
RISK		4	Reduce insurance and risk costs by leveraging the University's captive insurance company, Fiat Lux, by July 2021	●
BAP		5	Generate \$200 million in validated procurement benefits in FY15/16 and annually thereafter while working towards an annual target of \$500 million by July 2022 by further leveraging the sophistication and buying power of UC	■
HR*		6	In partnership with the COO Division, evaluate all benefit offerings to contain annual percentage growth to 4% or below while balancing benefit quality through July 2020	●

Priority Key: ● : High Impact and/or High Urgency   ■ : High/Moderate Impact and Moderate Urgency   ◆ : High/Moderate Impact and Less Urgency

\* Denotes shared CFO/COO goal

Cost Containment

Lead Department: RISK/Lloyd

Priority: ●

**Goal: Reduce insurance and risk costs by leveraging the University’s captive insurance company, Fiat Lux, by July 2021**

**Opportunity:**

In 2012, the University formed its own captive insurance company, Fiat Lux. A captive is a closely held insurance company whose insurance business is supplied and controlled by its owner, in this case, the UC Regents, who are also its principal beneficiary. Owning your own insurance company can drive significant long term savings to organizations such as UC. While the captive insurance company is a separate legal entity subject to corporate formalities, its owner (e.g. UC Regents) has direct involvement in and influence over the captive’s major operations, including underwriting, claims management, policy form and investments.

**Proposed Solution:**

Leverage Fiat Lux, the University’s wholly owned captive insurer, to free up funds that can be directed to core-funded activities. Use the captive as a vehicle to access wholesale insurance markets for better pricings, issue policies that might provide better coverage for campuses and/or medical centers with an ultimate goal of reducing premium charged to campuses enabling them to allocate those funds to other programs.

**Benefits:**

1. The captive (Fiat Lux) can help reduce insurance/reinsurance spend, by stabilizing the wide swings of commercial insurance pricing and improving cost stability and predictability and allowing us to purchase insurance on a wholesale basis.
2. The captive domicile will hold it to rigorous external accounting and auditing standards, compelling a formalized risk financing policy and practice.
3. A Captive can also facilitate the provision of insurance to non-UC organizations (third parties such as affiliated physicians or joint ventures)
4. A captive can explore new coverages that traditional markets might not consider

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
4	<b>Reduce insurance and risk costs by leveraging the University’s captive insurance company, Fiat Lux, by July 2021</b>					
4a	Continue the build-out and growth of Fiat Lux, the University’s captive insurance company, to drive significant long term savings by July 2021					
4b	Complete the build-out and growth of UC Health RRG, another captive formed to provide coverage for affiliated physicians by July 2018					
4c	Complete the build-out and growth of a core cell captive which can address potential savings in UC’s voluntary benefits programs by January 2019					
4d	Self insure the University’s equipment maintenance warranty program by July 2020					

**Goal: Reduce insurance and risk costs by leveraging the University's captive insurance company, Fiat Lux, by July 2021**

**Assumptions:**

1. Captive board approval of Fiat Lux initiatives
2. Fiat Lux adequately funded
3. University leaders will support cost saving initiatives by encourage management teams to participate in programs.

**Metrics and Targets:**

1. Successful completion/implementation of the following Fiat Lux initiatives:
  - a. SHIP/CARE stop-loss
  - b. Formation of a Risk Retention Group (RRG) that sell liability insurance to physicians
  - c. Equipment Maintenance Project – the number of warranty policies issued
  - d. The formation of a cell captive structure to pursue additional opportunities in the voluntary benefits area

**FY16-17 Activity Update:**

Completed Loss Portfolio transfer of the trusts to Fiat Lux, saving the Risk programs millions in trust fees. Completed other initiatives like arrange for stop-loss coverage for UC CARE and UC SHIP. Completed the formation of a Risk Retention Group. Launched the first annual meeting of the Risk Partners group, which brings together stakeholders in Risk and ECAS.

**Additional Information:**

Fiat Lux will continually look at insurance and risk-related issues to determine if leveraging the Captive would be of benefit to the system

**Cost Containment**

**Lead Department: PROC/Cooper**

**Priority: ■**

**Goal: Generate \$200 million in validated procurement benefits in FY15/16 and annually thereafter while working towards an annual target of \$500 million by July 2022 by further leveraging the sophistication and buying power of UC**

**Opportunity:**

Traditional procurement processes along with independently operating campus procurement organizations do not leverage the sophistication and buying power of UC. UC Procurement implemented P200 in FY12/13 and is on track to deliver \$200 million in annual benefits by July 2016, one year ahead of program goal. These benefits are realized through cost reduction, cost avoidance, incentives and revenue generation and made available for reinvestment in the University's core mission of teaching, research and public service. Expanding the scope of this program from Procurement to Supply Chain will generate additional financial benefits, currently estimated at \$500 million annually.

**Proposed Solution:**

Expand P200 to SC500 by leveraging the successful Center of Excellence (COE) and cross-campus governance models, integrating procurement and payable systems, consolidating benefits management, continuously improving procurement processes and optimizing the supply chain.

**Benefits:**

1. Opportunity to redirect \$200M - \$500M annually to teaching, research and public service

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21+
5	<b>Generate \$200 million in validated procurement benefits in FY15/16 and annually thereafter while working towards an annual target of \$500 million by July 2022 by further leveraging the sophistication and buying power of UC</b>					
5a	Engage consultant to help identify best practices, e.g., P2P/Supply Chain organizational integration; assess UC's readiness to engage in change; and develop a roadmap to support a Supply Chain 500 goal by November 2016	<b>Completed</b>				
5b	Initiate Procurement solutions requiring limited financial investment, by June 2017					
5c	In support of more extensive SC500 process change, acquire funding, conduct further design, and implement by June 2018					
5d	Build a partnership w/ CSU to leverage procurement technology and supplier relationships in pursuit of benefits achievement by June 2018					
5e	Implement a unified systemwide eProcurement system to all campuses in a multi-phased rollout to be completed by June 2020					
5f	In support of broader SC500 organizational change, acquire funding, conduct further design, and implement by June 2020					
5g	Complete implementation of the approved roadmap by July 2022					

**Goal: Generate \$200 million in validated procurement benefits in FY15/16 and annually thereafter while working towards an annual target of \$500 million by July 2022 by further leveraging the sophistication and buying power of UC.**

**Assumptions:**

1. UC's willingness and readiness to optimize the supply chain across organizational lines, re-engineer cross-functional processes, and address skills development. This will likely introduce transformational change.
2. Full staffing
3. Ability to secure funding for SC500

**Metrics and Targets:**

1. Redirected funds - at least \$200 million annually in benefits from cost avoidance, cost savings, incentives and revenue generation.

**FY16-17 Activity Update:**

Completed first campus implementation of unified systemwide eProcurement (at UCD). Working with other key campuses to refine unified eProcurement system implementation roadmap. Consultant has been selected to support Normalization project which is a precursor to further implementation. Work will begin in July. Work is also underway to launch low-cost SC500 recommendations.

**Additional Information:**

The target of \$500 million in annual validated benefits by FY2022 assumes a willingness and readiness to optimize the supply chain across organizational lines. This will likely introduce significant change. The target benefit amount, as well as financial estimates for UCOP and Campuses, will be refined as we continue to understand the capacity for change along with resource availability and budget constraints.

Cost Containment

Lead Department: HR/Duckett

Priority: ●

**Goal:** In partnership with the COO Division, evaluate all benefit offerings to contain annual percentage growth to 4% or below while balancing benefit quality through July 2020

**Opportunity:**

Over the past 5 years, UC’s medical, vision and dental benefit costs for current and retired employees have risen, on average, a total of 6% per year. The University recognizes that overall benefit offerings are tied to employee satisfaction, recruitment and retention. Setting a target growth rate creates parameters for the benefit negotiation process and provides a level of predictability that will enable more effective financial forecasting.

**Proposed Solution:**

A range of possible solutions that will hold benefit increases to 4% will be developed and socialized annually with stakeholders.

**Benefits:**

1. Partial flattening of our overall benefits cost curve
2. Greater predictability around cost increases; enables better financial forecasting

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
6	<b>In partnership with the COO Division, evaluate all benefit offerings to contain annual percentage growth to 4% or below while balancing benefit quality through July 2020</b>					
6a	Develop overall health benefit strategy by July each year reflecting an entire budget of 4% for active EEs and 3% for retirees with any remaining overage of rates to be cost-shared against EEs and retirees.					
6b	Gain approval of strategy by August each year					
6c	Negotiate w/ vendors annually from August through June of the following year					

**Goal: In partnership with the COO Division, evaluate all benefit offerings to contain annual percentage growth to 4% or below while balancing benefit quality through July 2020**

**Assumptions:**

1. Gain buy-in on annual strategy from campuses (at many levels) , OP Leadership, and unions
2. Ability to purchase/provide desired benefit levels with limited 4% cost increase

**Metrics and Targets:**

1. Cost of employer and employee contributions to plans; target = maximum of 4% annual increase

**FY16-17 Activity Update:**

Achieved the 4% budget target for plan year 17-18. Continued progress with Med Center and Healthnet on budgets for risk agreements will result in lower rates to meet 4% budget call. Also, with the pending new American Health Care Act in progress, the result, if passed, will remove the additional Health Insurance Tax levied against the plans. As of July 2017 the AHCA had not passed and no savings have yet been identified.

**Additional Information:**

N/A

# Operational Excellence Goals

Operational Excellence		<i>Drive accountable, transparent management practices that promote service and balance risk, reputation, cost and compliance</i>	
LEAD DEPT	GOAL #	GOAL TOPIC	PRIORITY
OPS*	7	In partnership with the COO division, improve efficiency and leverage scale through the deployment of UCPath by December 2018	
CAS&F	8	Address UC's deferred maintenance liability by implementing a systemwide analytical tool and campus consultative structure that results in data-driven capital (re)investment and funding strategies by July 2020	
CAS&F	9	Support campus efforts to add 14,000 net new affordable student housing beds by focusing and leveraging systemwide resources by August 2020	
FA	10	Enhance systemwide financial management and reporting by implementing the new common systemwide chart of accounts and building a Data Mart by December 2020	
OPS*	11	In partnership with the COO division, create cost efficiencies by expanding the concept and deployment of shared systems and blended services by July 2021	

Priority Key:  : High Impact and/or High Urgency  : High/Moderate Impact and Moderate Urgency  : High/Moderate Impact and Less Urgency

\* Denotes shared CFO/COO goal

Operational Excellence

Lead Department: Op. Svcs/Cianca

Priority: ●

**Goal: In partnership with the COO division, improve efficiency and leverage scale through the deployment of UCPath by December 2018**

**Opportunity:**

For more than three decades the University ran payroll via 11 instances of a heavily modified legacy system. Due to the aging system and significant changes in UC's operational and informational requirements, the need for a more stable, uniform, real-time, web-based HRIS and payroll system combined with simplified/standardized procedures led to the kick-off of the UCPath project in 2011. The UCPath Center emerged in 2012 as a systemwide shared service center solution with enhanced capabilities in HR/payroll management and customer service.

**Proposed Solution:**

The University will consolidate all versions of the legacy PPS system into a single UCPath database via a phased deployment which is expected to be completed in late 2018. UCPath will be based upon 103 business processes standardized across all UC locations to support payroll, HR, benefits administration, and academic personnel activities. UCPath production and customer support will be located in the Riverside-based UCPath center. UCPath will be governed by University stakeholders to assure continuous improvement and location oversight of UCPath services.

**Benefits:**

1. Reduced risk and increased compliance in administrative transactions
2. Standardized business processes across all UC locations
3. Commonly defined and understood data elements across all UC locations
4. Retirement of legacy systems
5. Improved quality of service delivery (reduced errors, improved data/analytics)
6. Managed cost of service (common systems leverage size and scale and enable budget forecasting)
7. Potential long-term opportunity to generate revenue by delivering common systems and services to other pub. entities

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
3	<b>In partnership with the COO division, improve efficiency and leverage scale through the deployment of UCPath by December 2018</b>					
3a	Fully deploy the UCPath system at all UC locations by end of 2018					
3b	Fully operationalize the UCPath Center at all UC locations by December 2018					

**Goal: In partnership with the COO division, improve efficiency and leverage scale through the deployment of UCPath by December 2018**

**Assumptions:**

1. Campus readiness and capabilities to achieve UCPath targeted deployment dates
2. Ability of UCPath Center to execute staff ramp-up in alignment with deployment timeline
3. Ability to accommodate operational changes (new pension tier, etc.) during deployment timelines

**Metrics and Targets:**

1. ASA (average speed to answer), 80% of all calls <30 seconds.
2. Payroll error rate <1%.
3. Employee (customer) Satisfaction >80%
4. Onboarding, 80% completed <2 days
5. Employees utilizing Direct Deposit >95%

**FY16-17 Activity Update:**

Completed design/build phase for pilot campus deployment. Pilot campus deployment moved from August to December 2017. Deployment 1 campuses moved from April to June 2018. Final target date maintained.

**Additional Information:**

N/A

Operational Excellence

Lead Department: CAS&F/Kim

Priority: ■

**Goal: Address UC's deferred maintenance liability by implementing a systemwide analytical tool and campus consultative structure that results in data-driven capital (re)investment and funding strategies by July 2020**

**Opportunity:**

UC's deferred maintenance (DM) liability is a multi-billion dollar issue that, given the age of facilities and rate of inflation, could be expected to double by 2025. If unaddressed, it could rival UC's current pension unfunded liability by 2032, representing nearly 35% of UC's capital asset portfolio (\$28B, at current book value). A viable DM funding strategy must be supported by credible data and analytics (which are currently unavailable) that can drive/justify the argument for increased investment. The University's DM liability also represents operational risk (mission/facility/life-safety), which, to mitigate, requires a systematic methodology for evaluating and prioritizing the condition of capital assets. UC currently lacks such methodology.

**Proposed Solution:**

In order to create a viable DM funding strategy and to manage operational risk, ICAMP will: 1) modernize UC's legacy enterprise asset management platform, 2) introduce a standard methodology for classifying and organizing capital asset information, 3) assess asset condition, 4) risk-rank projects (mission/facility/life-safety), and 5) provide the system and the campuses with the necessary data to create a sustainable long-term funding strategy (state, debt, gift, ballot) to address DM liability and optimize the total cost of ownership of UC's portfolio.

**Benefits:**

1. Aggregation of system wide information with sufficient reliability and consistency to support advocacy/funding efforts to address the DM liability
2. Identification of high-risk sub-performing assets that could impact mission/safety
3. Enterprise-wide facility/infrastructure asset information portfolio will support stewardship and decision-making
4. Industry-standard performance measures and benchmarks will drive continuous improvement and cost savings across the portfolio

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
8	<b>Address UC's deferred maintenance liability by implementing a systemwide analytical tool and campus consultative structure that results in data-driven capital (re)investment and funding strategies by July 2020</b>					
8a	Ensure system wide alignment by establishing a strategic asset management governance structure by July 2016	<b>Completed</b>				
8b	Recruit the staffing resources necessary to drive the condition assessments and DM buy-down effort by December 2017					
8c	Secure the financial resources to support program requirements by achieving a feasible DM funding strategy for one-time and ongoing costs by December 2018					
8d	Migrate legacy space & asset data into the new enterprise platform and develop the essential functional requirements of ICAMP that will (i) demonstrate feasibility and scalability, (ii) minimize investment risk and deployment time, and (iii) capture key-learning's prior to a campus wide implementation by December 2017					
8e	Develop and consolidate system wide facility condition information to support comprehensive validated funding requests to address CR/DM; on an ongoing basis.					
8f	ICAMP Kick-Off and Implementation across campuses by FY 17-18					

**Goal: Address UC's deferred maintenance liability by implementing a systemwide analytical tool and campus consultative structure that results in data-driven capital (re)investment and funding strategies by July 2020**

**Assumptions:**

1. Ability to secure funding to support condition assessments, technology, and staffing of the evaluation, reporting, and DM advocacy effort.
2. Creation of an engaged systemwide governance body with effective communication mechanisms and decision-making capabilities
3. Successful deployment of the ICAMP platform, migration and conversion of legacy space and asset data, and implementation of operational processes to perform condition assessments/audits of capital asset portfolio

**Metrics and Targets:**

1. Facility condition index defined, and baseline established
2. Deferred maintenance projects identified and prioritized; capital asset risks identified and costs quantified
3. DM funding strategy developed

**FY16-17 Activity Update:**

Strategic asset management Governance structure has been established. Space planning data from Berkeley and Facilities Condition Assessments from Davis have begun to be imported into Tririga and will inform ICAMP software development.

**Additional Information:**

N/A

Operational Excellence

Lead Department: CAS&F/Kim

Priority: ■

**Goal: Support campus efforts to add 14,000 net new affordable student housing beds by focusing and leveraging systemwide resources by August 2020**

**Opportunity:**

Current unmet housing demands will be exacerbated by future enrollment increases and will affect access to and affordability of housing for undergraduate and graduate students. In addition, off-campus rental rates in many markets have significantly increased over the past few years and even with these higher costs, the demand for housing has rendered low vacancy rates. Left unchecked, this situation could threaten the University's core missions of teaching and research because top students could select other institutions with more affordable housing options.

**Proposed Solution:**

This Presidential initiative is intended to focus and leverage systemwide resources to achieve results more quickly and drive down costs. CAS&F has taken a lead role in identifying opportunities and constraints associated with the implementation of housing projects. CAS&F will work with campuses to evaluate delivery and financing models to determine the best systemwide approach. In 2016 CAS&F led a solicitation effort to prequalify developers that could deliver a public-private partnership (P3) housing projects by August 2020.

**Benefits:**

1. Codifying, sharing and promoting high-impact programs and co-curricular experiences across the university system increases access to a growing student population.
2. Student engagement with impactful programs and co-curricular experiences has a positive effect on retention and graduation rates.
3. Student satisfaction and success in their university experience will increase through these exemplary programs and co-curricular experiences.

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
<b>9</b>	<b>Support campus efforts to add 14,000 net new affordable student housing beds by focusing and leveraging systemwide resources by August 2020</b>					
9a	Consolidate understanding of current constraints, opportunities, and campus context by obtaining input from systemwide stakeholders, and completing campus in-person visits by April 2016	<b>Completed</b>				
9b	Accelerate currently active and already-planned housing projects at all campuses by extending resources, augmenting expertise, and removing barriers (e.g., approvals, policy complications) ongoing through December 2017	<b>Completed</b>				
9c	Facilitate planning, delivery and operation of new projects (including construction/purchase/master lease, of existing or new housing stock near campuses) by leveraging systemwide resources to procure master developer/operator, ongoing through August 2020					
9d	Facilitate financing for new projects by developing terms for financing options specific to proposed projects (including Financing Trust Structure, use of OCIO funds, and wholly-third-party financing vehicles) and procuring financial advisor, municipal advisor, and banking partners, as appropriate, ongoing through August 2020					

**Goal: Support campus efforts to add 14,000 net new affordable student housing beds by focusing and leveraging systemwide resources by August 2020**

**Assumptions:**

1. Ability to successfully integrate external partners - housing, equity and capital markets
2. Differentiating and optimizing debt treatment within the diverse portfolio of third-party solutions
3. Ability of individual projects to be financially feasible within desired housing rate structure (without support from total housing portfolio)
4. Support by campuses to be part of a third party delivery model and included into financing trust structure (FTS)

**Metrics and Targets:**

1. Expanded housing solutions developed in 1 to 3 years and delivered within 5 years
2. Cost-effective solutions, as measured against external housing market
3. Integrated suite of expertise and tools to offer campuses in developing additional housing options

**FY16-17 Activity Update:**

Approximately 1,400 beds came online before Fall 2016. Still on track for the delivery of 14,000 affordable beds by 2020. Retained Jones Lang LaSalle as an advisor for the student housing initiative. Selected eight (8) developers that would be eligible to submit proposals on future P3 housing projects. Have begun to prepare RFPs for the Santa Cruz and Riverside campuses to select developers for their respective projects.

**Additional Information:**

As of 1/15/16, the proposed initiative had been discussed with some Regents, vetted at COC, and with VCPBs, VCAs, VCSAs, and Housing Directors. As of 3/11/16, the initial campus consultations had been completed. This was a Regents discussion item at the May 2016 meeting and updated at the May 2017 meeting.

Operational Excellence

Lead Department: FA/Arrivas

Priority: ■

**Goal: Enhance systemwide financial management and reporting by implementing the new common systemwide chart of accounts and building a Data Mart by December 2020**

**Opportunity:**

The common chart of accounts was designed in 2013 and 2014 through a collaborative project with participation by all the campuses with a final report issued in March 2014. Implementation of a common chart of accounts creates the platform needed to implement systemwide shared financial systems (Goal 3.07). Moving to a common chart of accounts, common data definitions, data warehouse and common financial systems creates the opportunity for the campuses to gain additional operational efficiencies and improved service and for the University. Creation of a DataMart enhances the quality and transparency of financial data published in the InfoCenter. Implementation considers the timing of the UC Path implementation (campuses have a limited number of resources to work on large multiple initiatives simultaneously).

**Proposed Solution:**

Over the longer term, it would be advantageous for the University to share financial systems (for example, general ledger, accounts payable, expense reimbursement, contracts billings, etc.) across all locations using the common chart of accounts that was designed in March 2014. In the interim, to improve the quality, consistency and transparency of data, the University should adopt an enhanced tool and build a DataMart which will support collecting, consolidating and reporting systemwide financial data using the common chart of accounts, to the extent possible.

**Benefits:**

1. Improves the consistency across all campuses for reporting financial data
2. Builds a foundation to enable operational and financial collaboration
3. Enhances systemwide reporting, budgeting and financial management
4. Enhances data quality, comparability and transparency
5. Eliminates the need for extensive data reconciliations across locations
6. Reduces the time and effort required to respond to ad hoc requests regarding the University's finances

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
10	<b>Enhance systemwide financial management and reporting by implementing the new common systemwide chart of accounts and building a Data Mart by December 2020</b>					
10a	Identify "quick wins" that can be implemented in the current OP corporate financial system by June 30, 2017	<b>Completed</b>				
10b	Identify alternative technology solutions that could be deployed to support the new chart of accounts before moving to shared financial systems by June 30, 2017	<b>Completed</b>				
10c	Secure funding for implementing an alternative technology solutions, which would be the initial phase of implementation by January 1, 2017					
10d	Implement alternative technology solution using common chart of accounts by June 30, 2019 to support consolidation and financial statement preparation					
10e	Build Data Mart to support financial reporting of campus and consolidated data by June 30, 2019					
10f	Campuses begin using new chart of accounts by December 30, 2020					

**Goal: Enhance systemwide financial management and reporting by implementing the new common systemwide chart of accounts and building a Data Mart by December 2020**

**Assumptions:**

1. Campuses will modify/remap their financial systems to the OP corporate financial systems

**Metrics and Targets:**

1. Ability for the University to collect more robust financial data consistently across all campuses and medical centers.
2. All locations reporting financial data using Common Chart of Accounts via new financial system by December, 2020.

**FY16-17 Activity Update:**

Quick wins for revenue and receivable accounts were identified and system changes were made during the year. The campuses began using the new accounts by June 30, 2017, therefore the first two milestones in the project were completed as scheduled.

**Additional Information:**

Potential savings can't be quantified at this time, however, implementing the common chart of accounts creates the foundation needed to implement shared services and common financial systems in Goal 11, which is expected to reduce costs over the longer term.

Operational Excellence

Lead Dept.: Op. Svcs/Cianca

Priority: ◆

**Goal: In partnership with the COO division, create cost efficiencies by expanding the concept and deployment of shared systems and blended services by July 2021**

**Opportunity:**

Leveraging both systemwide and local successes to share systems and services, UC has an opportunity to build a program and governance structure to evaluate, select and execute upon shared services to fill capability gaps and create cost efficiencies for the University in the future.

**Proposed Solution:**

UC leadership can reuse strategies deployed by UC Health to examine other opportunities for shared administrative and IT systems and services to leverage the size and scale of the University for cost reduction and avoidance. Functions such as travel, finance, procurement, and IT could be evaluated for their possibility to leverage the scale of the University to drive out unnecessary complexity and cost duplication – building on the current work of the UC Controllers, CHROs, and CIOs – see their position papers.

This initiative could be based on an “opt-in” principle and ask the UC community to leverage UC’s size and scale for “commodity” services. With this strategy, the UC can recover and re-deploy funds for more mission-critical needs at campuses.

**Benefits:**

1. Reduced unnecessary complexity & risk
2. Increased compliance in administrative transactions
3. Retirement of legacy systems
4. Improved quality of service delivery (reduced errors, improved data/analytics)
5. Managed cost of service (common systems leverage size and scale and enable budget forecasting)
6. Leverage existing under-utilized assets
7. Potential long-term opportunity to generate revenue by delivering common systems and services to other pub. entities

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
4	<b>In partnership with the COO division, create cost efficiencies by expanding the concept and deployment of shared systems and blended services by July 2021</b>					
4a	Create shared infrastructure through consolidated data centers (in Quincy, WA and UC South); start migration by July 2016 and continue expanding footprint of systems through July 2021					
4b	Develop & implement a common infrastructure services roadmap for the health systems by July 2018					
4c	Develop & implement a common infrastructure services roadmap for the campuses by July 2020					

**Goal: In partnership with the CFO division, create cost efficiencies by expanding the concept and deployment of shared systems and blended services by July 2021**

**Assumptions:**

1. Buy-in by locations to adopt existing solutions and services over creating new services
2. Effective location-led, shared governance for reviewing opportunities and making decisions
3. Funding mechanism for capital and operational requirements and transitions
4. Building of shared long-term vision and high-level roadmap (priorities/interdependencies)
5. Planning to develop specific goals/initiatives will begin after campuses complete UCPATH deployments in FY19

**Metrics and Targets:**

1. \$75M in cumulative cost savings/value across all UC locations using shared infrastructure services by 2021, with a breakdown of savings/value of \$15M annually by campuses and \$60M by health systems

**FY16-17 Activity Update:**

N/A - this goal was added to the plan in June 2017

**Additional Information:**

Savings projections for initiatives outside of infrastructure services will be developed within initiative proposals.

# People Goals

People		<i>Attract, develop and retain diverse, highly-productive and motivated talent who seek a mission-driven experience</i>	
LEAD DEPT	GOAL #	GOAL TOPIC	PRIORITY
CFO IO	12	Ensure effective talent recruitment by creating and implementing a standardized selection process for the CFO Division by March 2018	■
CFO IO	13	Enhance staff morale and overall effectiveness by implementing professional development goals for every CFO manager and staff member by July 2018	■

Priority Key: ● : High Impact and/or High Urgency   ■ : High/Moderate Impact and Moderate Urgency   ◆ : High/Moderate Impact and Less Urgency

People

Lead Department: CFOIO/Brostrom

Priority: ■

**Goal: Ensure effective talent recruitment by creating and implementing a standardized selection process for the CFO Division by March 2018**

**Opportunity:**

Having now established a division-wide strategic plan, the CFO division’s success in actualizing its vision will depend upon its ability to attract and retain highly-qualified staff with the expertise required to implement the strategic plan goals, who share the division values and have a strong commitment to the mission of the University. Creating a standardized recruitment processes that is aligned to deliver against the desired outcomes within the strategic plan will enhance the likelihood that the CFO vision will be realized.

**Proposed Solution:**

Develop and uniformly implement a standardized selection process that incorporates hiring standards and process efficiencies which will improve the overall effectiveness of the division.

**Benefits:**

1. Establishes high standards across the CFO division for attracting highly-qualified talent
2. High-quality candidates who come to the division embody the values of the CFO division and the commitment to the mission of the University in their work
3. Employees recruited through this process make significant contributions to the strategic objectives and goals
4. The process is efficiently run and managed

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
12	<b>Ensure effective talent recruitment by creating and implementing a standardized selection process for the CFO Division by March 2018</b>					
12a	Work with direct reports and Local HR to define requirements by December 2017					
12b	Develop a set of standards and review the process for opportunities to optimize by October 2017					
12c	Vet standards with hiring managers by October 2017					
12d	Implement standards throughout the division by March 2018					
12e	Monitor and correct as needed on an ongoing basis					

**Goal: Ensure effective talent recruitment by creating and implementing a standardized selection process for the CFO Division by March 2018**

**Assumptions:**

1. Leadership is committed to the process and this flows down to hiring managers
2. HR is committed to working with CFO to develop and implement an appropriate process

**Metrics and Targets:**

1. The hiring process routinely attracts highly-qualified candidates who accept the offers of employment
2. First full-year performance review ratings for those hired under this process are “meets or exceeds expectations”
3. Average recruitment time from drafting the position description to a final offer accepted is less than 4 months

**FY16-17 Activity Update:**

Activity on this goal was delayed due to hiring/on-boarding of new CFO Chief of Staff. Formed committee of hiring managers from each of the departments. Met multiple times with our HR business partner and divisional administrator to discuss goal. Developed preliminary list of attributes. Formed committee of hiring managers from each of the departments.

**Additional Information:**

N/A

# CFO Goal 13

# Incorporate Professional Development Goals

People

Lead Department: CFOIO/Brostrom

Priority: ■

**Goal: Enhance staff morale and overall effectiveness by implementing professional development goals for every CFO manager and staff member by July 2018**

**Opportunity:**

While the performance evaluation template currently includes professional development goals, this section of the annual review is often overlooked and underutilized, undermining the ability of the division to actively improve its effectiveness and staff morale. The CFO division has an opportunity to make a stronger commitment to developing staff by clearly defining career paths and by providing opportunities to further develop, enhance and broaden their technical, management, leadership, and/or behavioral skills.

**Proposed Solution:**

The current performance evaluation process already includes the opportunity to set professional development goals for the next performance cycle. The CFO division will establish and disseminate guidelines for developing goals and then follow up to review and improve upon the process in each successive cycle.

**Benefits:**

1. By developing professional development goals, each staff member will have a better understanding of a potential career path and identify opportunities to improve or expand their technical knowledge, management skills, or behavioral skills

#	Goal/Key Strategies & Timeline	16-17	17-18	18-19	19-20	20-21
13	<b>Enhance staff morale and overall effectiveness by implementing professional development goals for every CFO manager and staff member by July 2018</b>					
13a	Prior to initiating the 2018 performance evaluation cycle, the CFO Chief of Staff will work with the direct reports and HR to develop guidelines for setting performance development goals. These guidelines will be distributed to the CFO division by March 2018					
13b	As part of the 2018 performance evaluation cycle, managers will work with their employees to complete the professional development component of the evaluation by June 2018					
13c	CFO Direct reports will review and evaluate the professional development plans first with their own direct reports and then in a CFO direct reports meeting and update guidelines with lessons learned for subsequent cycles by August 2018					
13d	Continue to refine and further develop this process annually					

**Goal: Enhance staff morale and overall effectiveness by implementing professional development goals for every CFO manager and staff member by July 2018**

**Assumptions:**

1. Division-wide agreement on guidelines is reached
2. Leadership is engaged and committed to the process and this commitment flows down to the managers and staff
3. Funding is available in department budgets to support staff development goals if/as needed

**Metrics and Targets:**

1. Every CFO manager and staff member has at least one professional development goal in their 2017 performance evaluation.

**FY16-17 Activity Update:**

Given state audit, NRST, and other higher priority items, this goal was deprioritized for the last few months. Plan to re-engage on this goal in FY17-18

**Additional Information:**

N/A

# CFO Division Goal Timeline

#	GOAL	16-17	17-18	18-19	19-20	20-21	21-22+
1	Generate Stable and Predictable New Core Funding						Ongoing
2	Generate Alternative Revenues						Ongoing
3	Create Path to Stable Funding for UCRP and OPEB					Jul 20	
4	Leverage Fiat Lux and ERM						Jul 21
5	Evolve P200 to SC500						Jul 22
6	Contain Benefit Costs and Maintain Quality					Jul 20	
7	Deploy UCPath			Dec 18			
8	Address Deferred Maintenance Liability					Jul 20	
9	Support Addition of New Student Housing					Aug 20	
10	Implement Common Chart of Accounts and Build DataMart					Dec 20	
11	Deploy Shared Services						Jul 21
12	Implement Standardized Selection Process		Mar 18				
13	Incorporate Professional Development Goals			Jul 18			

# Monitoring Plan

Progress on the goals within the CFO/COO strategic plans will be monitored as follows:

## *Monthly*

- Progress will be reported on a monthly basis
  - Chief of Staff will collect and assemble data using the milestone template created by the SPMO
  - This division-wide report will be reviewed in Direct Report/1:1 meetings
  - Department-specific reports will be reviewed within the departments
- Optional additional and/or broader ad hoc meetings will be scheduled if/as needed

## *Quarterly*

- Targets will be reviewed on a quarterly basis (% of target completed) – template to be created

## *Annually*

- The Strategic Planning Group will convene annually to review progress and update the plans

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# Appendix A: Goal Summary Components & 2017 Amendments

# Goal Summary Components

Each goal within the plan has a corresponding 2-page summary that outlines the following:

COMPONENT	DEFINITION
Goal Statement	Specific, quantifiable, realistic targets that will move the division towards accomplishing a strategic objective over a specified period of time
Opportunity	Describes the purpose/motivation behind achieving the goal
Proposed Solution	Defines scope and objectives
Benefits	Outlines the benefits that will be derived from achieving this goal
Key Strategies	Key activities/steps required to achieve the goal
Assumptions	Defines processes/events that must happen/ “go right” (usually outside the department’s direct control) in order for this goal to be successfully achieved
Metrics & Targets	Outlines how success will be measured with associated desired targets
Financials	Details on next page
Lead Department/Owner	Lists department and person who will be accountable for progress on this goal
Priority	<p>Color-coded ratings have been assigned to each goal to illustrate relative impact and urgency. These ratings may also carry implications regarding precedence for short-term resource allocation.</p> <ul style="list-style-type: none"> <li>● : High Impact and/or High Urgency</li> <li>■ : High/Moderate Impact and Moderate Urgency</li> <li>◆ : High/Moderate Impact and Less Urgency</li> </ul>

# 2017 CFO Strategic Plan Amendments

- The following amendments were made to the CFO strategic plan in 2017 (note: all goals were also renumbered):

## **Completed/Suspended/Removed Goals**

1. 2.02 - *Deploy SHIP at Remaining UG Campuses*
2. 2.04 - *Contain Cost of Capital Project Delivery*
3. 3.04 - *Implement Debt Framework*
4. 5.01 - *Support Presidential and Systemwide Initiatives*

## **Merged Goals**

1. 3.01 - *Implement Systemwide Financial Planning Model* (merged into Goal #1 - *Generate Stable and Predictable New Core Funding*)
2. 6.01 - *Publish Financial Data in InfoCenter* (merged into Goal #10 - *Implement Common Chart of Accounts & Build DataMart*)

## **New Goals**

1. Goal #12 – *Deploy Shared Services*

## **Other**

1. Goal #4 – *Leverage Fiat Lux* – removed Enterprise Risk Management component