

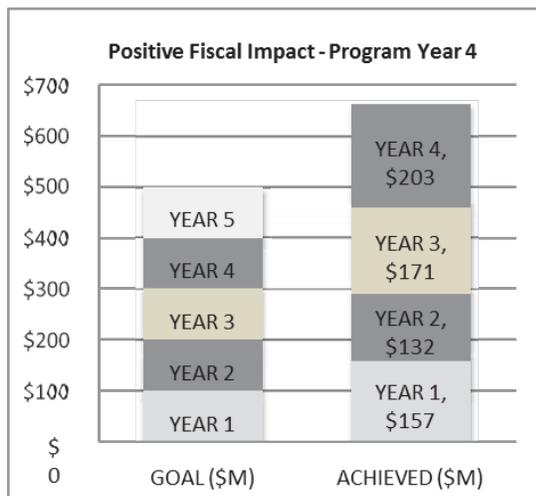
The University of California is efficient.

In addition to being accountable and transparent, UC has also undertaken significant efforts to achieve efficiencies and to be a responsible steward of limited resources.

The University has pursued a range of innovative approaches to improve efficiency, save money and generate alternative revenue — and will continue to do so.

UC Efforts to Date

Over the past four years, UC has achieved more than \$660 million in savings and new revenue through a portfolio of more than 30 projects collectively called *Working Smarter*. *Working Smarter* projects focus on systemwide efficiencies that deliver measurable financial results, minimize administrative costs and direct maximum resources toward teaching, research, and improving student experiences and outcomes.



In addition, each campus has launched local efforts to improve administrative efficiency and reduce costs. Savings or new revenue generated by these campus-specific efforts are in addition to the \$660 million impact from the systemwide Working Smarter portfolio.

Procurement: UC already has achieved nearly \$125 million in savings and \$41 million in new revenue through supplier incentives. This systemwide, data-driven approach to procurement has made UC a national model among higher education institutions. The procurement initiative is expected to achieve \$200 million in savings by the end of fiscal year 2016–17.

Enterprise Risk Management (ERM): UC has invested in new systems and tools to reduce risk and its associated cost across the system. Through investments in claims administration, loss control, and risk reduction programs, the ERM program has achieved savings of \$183 million.

Systemwide Travel: The Connexus travel program is a centrally managed program that offers significant discounts to UC and California State University business travelers. The program features negotiated airline savings of up to 55 percent and has saved almost \$24 million in travel costs.

Benefits Redesign/HR Compliance: In 2012, UC confirmed the eligibility of every individual claimed as a dependent and covered by university health benefits. This review saved the university \$35 million in annual employer contribution costs beginning in 2013. A more stringent set of verification measures also was put in place.

Intersegmental Collaborations: UC is partnering with the California State University system and the California Community College system to identify ways that the three systems can work together to achieve new cost-savings. For more information, our online collaboration site is at: <http://www.uknowledgeshare.com/>

Looking Ahead

No Growth in Non-Academic Staff: UC's long-term financial plan includes zero growth in non-academic staff while increasing student enrollment. This is a net reduction in per-student administrative staff over the next five years.

Philanthropy: UC plans to increase philanthropic giving over the next five years and to implement strategies to provide \$120 million of these funds to be spent on university operations. The new endowed chair initiative is an example of one such strategy. Currently, most philanthropic funding is restricted in its uses and cannot be spent on basic operations.

Contain Health Benefit Costs: Health benefit costs are rising rapidly across all sectors of the economy. UC's long-term financial plan assumes continued vigilance by the university to contain increases in health benefit costs, to 6 percent in 2015–16 and 5 percent in each of the following four years. This is an aggressive assumption, given the projected annual increases in these benefits.

Liquidity Management: UC will pursue financial strategies to generate an additional \$60 million for the permanent operating budget over the next two years by more efficiently managing the university's investments. The university will continue to review these strategies and seek the optimal allocation among its short-, medium- and long-term investment pools to provide sufficient operating funds for the university while generating maximum investment returns.

For more on Working Smarter:

<http://workingsmarter.universityofcalifornia.edu/>