

Financial & Administrative Services (FAS) Executive Report

January 2019

We hope you have noticed investments to renovate and modernize buildings, improve connectivity, and refresh work areas and public spaces (such as restrooms), particularly at Parnassus Heights. Mission Bay continues to change rapidly with buildings in UCSF construction sites growing taller and the exterior of neighboring projects nearing completion.

We are working collaboratively across FAS to keep you informed of impacts at Mission Bay via **Construction Impacts**, including road closures and parking lot changes. In the new calendar year, we look forward to launching **People Progress Parnassus**, a campaign highlighting our efforts to improve life at Parnassus Heights in the near term.

Paul Jenny
Senior Vice Chancellor,
Finance & Administration

To receive timely notifications, please subscribe to our newsletter at constructionimpacts.ucsf.edu.



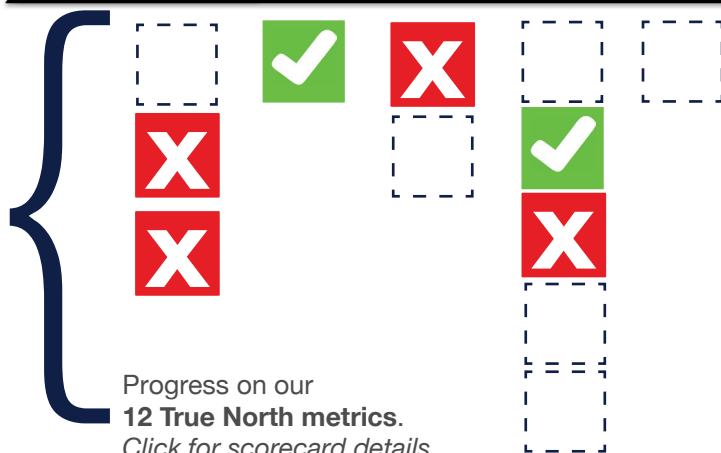
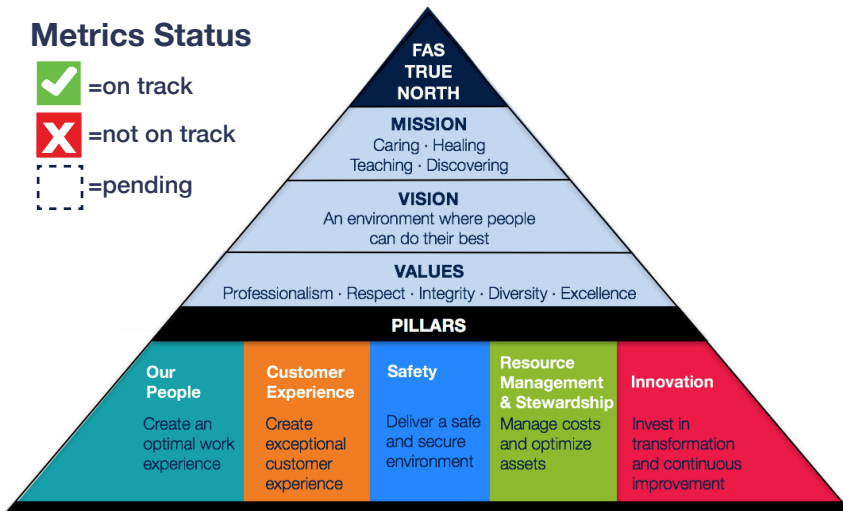
People Progress Parnassus is a new FAS campaign that will launch in January 2019 to amplify the good work that FAS units are collectively undertaking at the Parnassus Heights campus to positively impact buildings and infrastructure and improve the every-day-life of the Parnassus Community.

The campaign acknowledges that our campus community is eager for a fully-revitalized campus and affirms that the leadership of UCSF is making investments and progress right now at Parnassus Heights. Look for email newsletters, digital signage, and building notifications pointing out the FAS projects completed, underway or forthcoming at Parnassus.

Questions? Email SVC@ucsf.edu.

Metrics Status

- =on track
- =not on track
- =pending



FAS TRUE NORTH PROGRESS

What's New with 2018-19 Metrics

Our People

- Added internal hire rate in response to staff desire for more growth opportunities and to take advantage of our internal diversity.

Safety

- Refocus from days lost work to decreasing workplace injuries; helps smooth impact of severe incidents and spotlights prevention.
- Shift from sensitive IT security breaches to a more comprehensive, broadly used Cyber Security Framework Maturity scores.

Financial Management + Stewardship

- Refocus FAS financial measures on keeping FAS financially sustainable while supporting enterprise growth; initial focus on units having long-term balanced operating budgets.
- New measure to track progress of the ICAMP Building Assessment Program which will allow us to calculate a Facilities Condition Index consistent with UC standards.

FAS SPOTLIGHT: UCSF Finance

2017-18 Financial Results



\$273m

Exceeded projections for core operations by \$273 million (excluding non-cash retiree benefit adjustments)

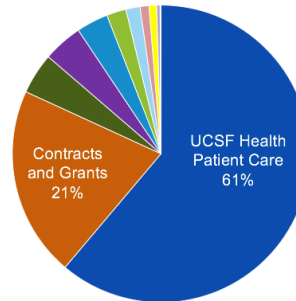
\$7b

Exceeded \$7 billion revenue for the first time with UCSF Health growing to 60% of the enterprise.

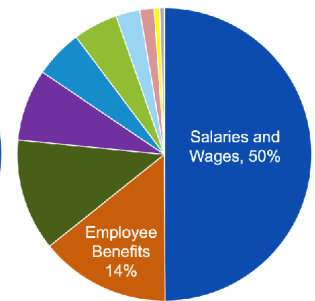
Primary Revenue Drivers

- 1 Patient revenue
- 2 Private gifts
- 3 Contracts & grants
- 4 1 time real estate transaction

Combined Enterprise Revenue \$7.1b



Combined Enterprise Expenses \$6.6b



2018 Ten-Year Financial Plan

UCSF projects positive net income for the next ten years.

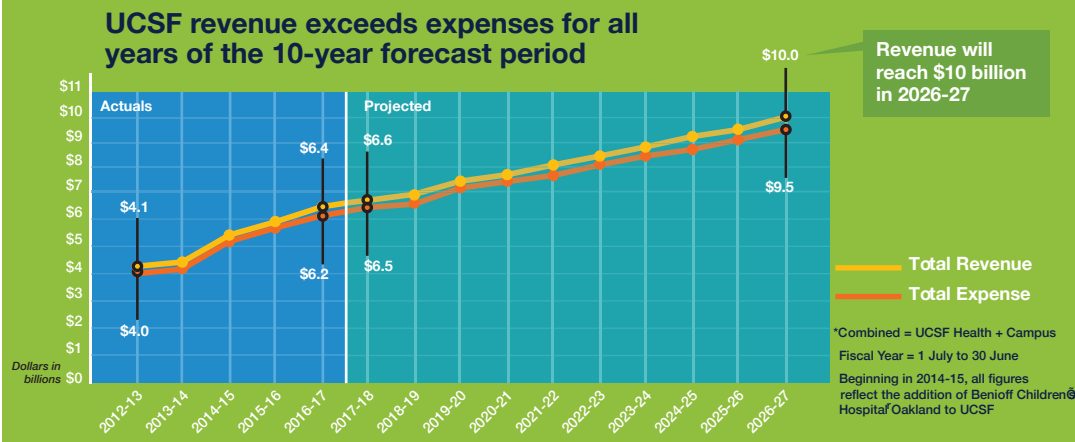
Q. Why do we have a ten-year plan?

We depend upon careful, thoughtful, strategic financial planning to ensure our workplace's long-term stability and success. The Ten-Year Business and Financial Plan projects that the University will continue to be financially healthy into the future, generating the necessary resources to excel at our mission. Our vision was a combined enterprise plan informed by and consistent with planning and strategies occurring in the schools and administrative units, our plans for capital, debt, and cash management, our IT strategy, and our philanthropy projections.

Q. What is UCSF Finance's role?

At UCSF, our ten-year financial model was implemented about six years ago under FAS, and it is managed by UCSF Finance.

UCSF Actual and Projected Combined* Revenue and Expense | 2012-13 to 2026-27



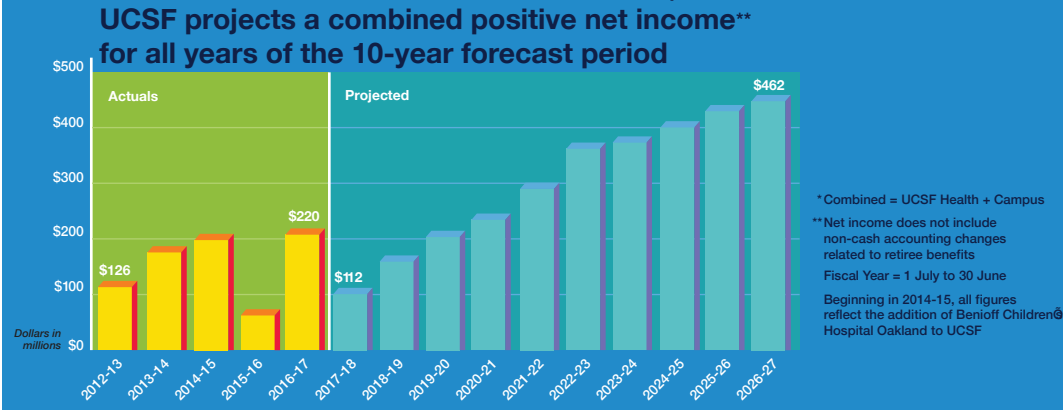
Campus cash balances remain healthy, while UCSF Health cash reserves are projected to grow to support the hospital replacement.

Campus capital plan is front loaded with projects and does not yet include major Parnassus revitalization activity; campus debt capacity remains strong.

The UCSF Health capital plan includes the Helen Diller Medical Center replacement near the end of the ten-year period; financial metrics (days cash on hand, net income, debt service coverage ratio) support borrowing.

Learn more from the UCSF Finance Blog.

UCSF Actual and Projected Combined* Net Income | 2012-13 to 2026-27



HOW FAS HELPS

A few ways FAS is creating an environment where people can do their best.



Campus Life Services

Decreasing Carbon Emissions

Launched 15 all-electric, zero-emissions transit buses to serve key, high-usage shuttle routes, removing 60 metric tons/year of carbon from the air, decreasing diesel exhaust, and improving air quality in the community. Partnered with UCSF Real Estate to install more than 4,700 solar panels and reduce CO2 emissions by approximately 8,000 metric tons and save UCSF \$3.7 million in utility costs. Five of the six solar panel projects have been completed, with a final project (Rutter Center) scheduled for completion in early 2019.

UCSF Finance

Providing One Procure-to-Pay Organization

Consolidated the campus Accounts Payable, Travel & Entertainment, and Supply Chain Management functions into one unit. All parts of the campus procure-to-pay process now live together for the first time, in order to create one customer-centered organization with defined, non-overlapping roles and integrated customer support.

UCSF HR

Supporting Compliance

Partnered with the School of Medicine Dean's Office, Office of the Vice Provost Academic Affairs, and the Medical Education offices to onboard ~300 Volunteer Clinical Professors (VCP) between July and October 2018, an increase of 368% compared to the same period last year. This addresses new requirements that all volunteer physicians who supervise and assess UCSF students in core clerkships have volunteer faculty appointments.

UCSF IT

Improving Research Computing

Implemented a MATLAB site license, a fundamental research and development tool from the world's leading computational platform for engineering, scientific and mathematic applications. Also launched Tableau self-service analytics capabilities to enable non-IT professionals to create data reports and dashboards; securely store and access data via browser, desktop, mobile, or embedded into any application; and use data insights to collaborate easily and securely.

UCSF Police Dept.

Building Community Beyond Safety

Partnered with UCSF community on annual a Holiday Toy Drive collecting over 100 toys for patients at UCSF Benioff Children's Hospital.

UCSF Program Mgmt. Office

Advancing UCSF Priorities

Supported more than a dozen UCSF central and academic departments in strategic planning, process improvement, organizational changes and/or systems implementations, utilizing Lean principles and tools as well as project management best practices.

UCSF Real Estate

Coordinating Mission Bay Construction

Created an Area-Wide Construction Logistics program for Mission Bay which serves as an information hub for all major construction (approx. 60 active projects as of December 2018), and helps coordination to ensure continued operations for all, with special attention to ambulance and helicopter access to our hospitals.

ADMIN OUTLOOK

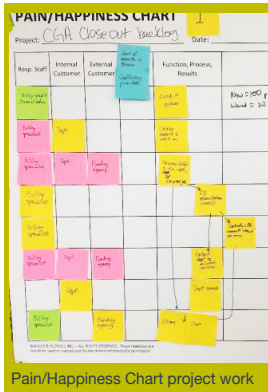
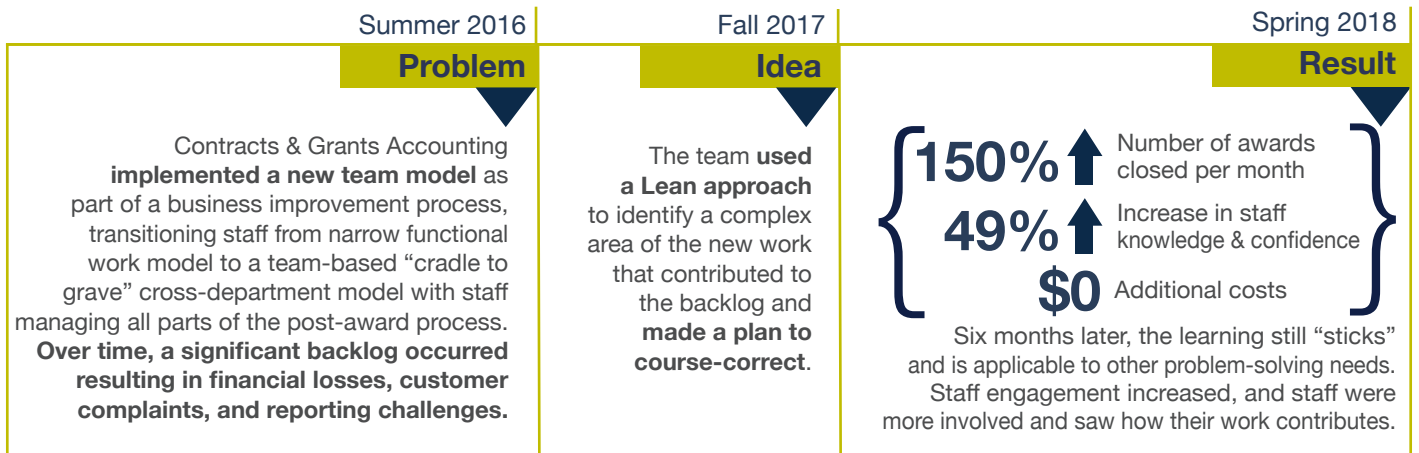
Be on the lookout for these broad change efforts.

What and Why?	What's Next?	Who is Impacted?
IID/CLS Replacement Project Replace the legacy identity system (IID/CLS Campus Locator System) with Hitachi ID	Process mapping with integration owners	Identity management workers and HR
Critical NAC Software Update Essential network security agent for non-UCSF computers	ForeScout SecureConnector network access control (NAC) software update required by January 15 for Pulse Secure VPN	UCSF people using non-UCSF managed computers
UCPath Deployment Common UC system to support HR, payroll and benefits activity	Detailed process design and conversion planning	Primary system owners; central HR, Controller, IT offices; department HR and Finance staff
Staff Engagement Support Make UCSF a great place to work	Follow-up Engagement Town Hall on January 30 to share Fall focus group findings and recommendations	Entire UCSF community
Optimize Resource Allocation Model (ORAM) Create administrative efficiencies and promote consistent budget practices	Phase 1 effort to streamline funding for campus administrative services provided to UCSF Health and elimination of HR recharge for administrative control points	FAS, EVCP, UDAR, UR, Diversity & Outreach, Ethics and Compliance, Chancellor's Office
Composite Benefit Rate (CBR) Simplified planning + management of employee benefits	Implementation coincides with UCPath launch in December 2019	All departments and fund sources

UCSF LEAN IMPROVEMENT STORY

Customer Experience Pillar

When a business improvement process created an unintended backlog, **UCSF Finance's Contracts & Grant Accounting** leveraged Lean tools for impressive results.



Lessons Learned: Lean Tools in Action

GEMBA
Go to where work is happening

"Going to Gemba" helped to understand the staff's work experience and increase the visibility of issues in a "judgment-free zone." It validated much of what leaders suspected, yet provided an excellent listening opportunity.

DATA
Manage what you measure

Focusing on real data, a key part of the Lean approach, was a key success factor. Having goals visible and connected to work the team was doing made it real.

KAIZEN
Small improvements

Changing the learning environment from a lecture style format to a facilitated, peer-to-peer-based model leveraged learning from peers and encouraged peer sharing across multiple teams.





FAS TRUE NORTH SCORECARD Q1 FY2018-19

as of: 12/14/18

	Metric <i>(Metric description)</i>	As of 6/30/18	Q1	FY19 Year to Date	1-Year Target by 6/30/19
OUR PEOPLE					
M1	FAS Employee Engagement <i>(Expressed on FAS Grand Mean scale of 1-5)</i>	3.98 <i>(Gallup 46th percentile)</i>	Results available annually at FY end		4.03 <i>(Gallup 50th percentile)</i>
M2	FAS Voluntary Turnover Rate <i>(Expressed as % of FAS Career Staff, excl. retirement)</i>	5.3%	1.8%	1.8%	≤ 6.0%
M3	FAS Internal Hiring Rate <i>(% of FAS open positions filled with candidates from UCSF)</i>	24%	22.6%	22.6%	26%
CUSTOMER EXPERIENCE					
M4	FAS Customer Satisfaction Index <i>(FAS Average expressed on 1-100 scale)</i>	63	67	66 *	64 <i>(6.8 on 10 point scale)</i>
SAFETY					
M5	Campus Workplace Injuries, Count <i>(Expressed as # incidents per 100 FTE)</i>	479 2.4	164 0.8	164 0.8	465 2.3
M6	Cyber Security Framework Maturity Score <i>(Expressed as sum of ratings for 20 categories on 0-5 scale)</i>	52	Results available annually in January		57 <i>(Improve in 5 of 20)</i>
RESOURCE MANAGEMENT & STEWARDSHIP					
M7	% FAS Units with Long Term Balanced Operating Budgets <i>(Are we closing the gap?)</i>	37%	Results available annually after budget cycle		100%
M8	FAS Change in Net Position <i>(What is the gap, in \$M?)</i>	(\$9M)	\$19M	\$19M	(\$15M)
M9	FAS Variance from Plan Change in Net Position <i>(Is our Plan accurate and executed well?) (Expressed as % of Plan Revenue)</i>	1.4%	13.9%	13.9%	< ±2% from 0
M10	Carbon Neutrality Index <i>(Expressed in metric tons of CO2 emitted)</i>	92,003^ <i>(revised)</i>	Results available annually at FY end		87,080
M11	% ICAMP Building Assessment Program Complete <i>(Expressed as a % total square feet of 25 UCSF-owned buildings)</i>	0%	First result Q3	First result Q3	6%
INNOVATION					
M12	FAS Units Tracking KPIs <i>(Expressed as % of units tracking KPIs on visibility boards to problem solve and improve)</i>	17.9%	First result Q2	First result Q2	50%

*Use Police 12 month rolling average in YTD score to smooth volatility due to low response transactional survey

^FY18 Carbon neutrality results revised after year-end.