



University of California
San Francisco
University of California
San Francisco

UCSF Financial Plan

Fall 2018

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Vice Chancellor and Chief Financial Officer

October 17, 2018

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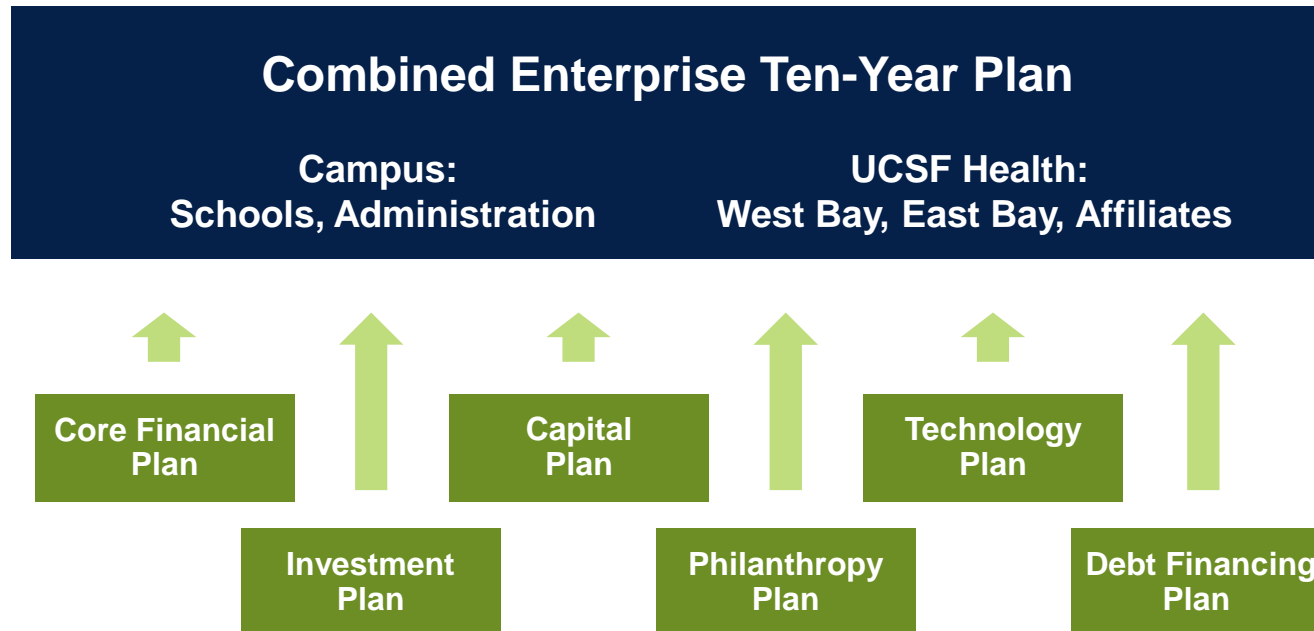
Presentation Overview

- General Observations
- Business and Financial Planning at UCSF
- 2017-18 Financial Results
- Combined Enterprise Projections
 - Income Statement: Revenues, Expenses, and Net Income
 - Balance Sheet: Cash, Capital, Debt, and Retiree Benefit Liabilities
- Campus Segment Projections
- UCSF Health Segment Projections
- Campus Core Financial Plan
- Summary

General Observations

- 2017-18 financial performance exceeded projections by \$273 million (excluding non-cash retiree benefit liability adjustments)
 - The Campus exceeded projections by \$122 million
 - UCSF Health exceeded its plan by \$151 million
 - UCSF Health accounts for 63% of UCSF's revenues (\$4.5 billion of \$7.1 billion in 2017-18)
- The UCSF consolidated enterprise reflects positive net income for all years in the forecast period (excluding non-cash accounting changes)
- For the campus, projected net income is negative in 2020-21 due to increased depreciation and interest expense associated with new and renovated buildings
- Campus days of cash on hand remain above the recommended 160-day target throughout the forecast period
- For UCSF Health, the planned net income margin (after Campus transfers) is 3.4% in 2018-19 and builds to 6% in 2023-24
- The UCSF Health financial plan includes the Hellen Diller Hospital replacement; financial metrics (days cash on hand, net income, and debt service coverage ratio) support borrowing in 2023-24

Enterprise-wide strategic priorities drive UCSF's business and financial planning efforts

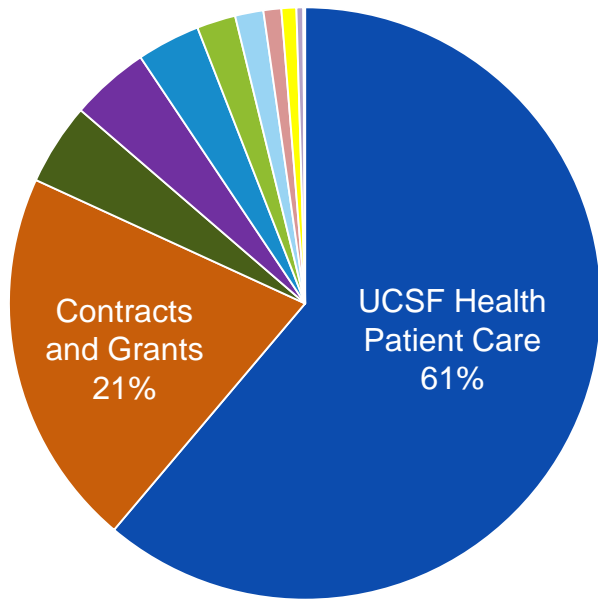


- The UCSF Combined Enterprise Ten-Year Plan serves as a strategic roadmap and helps drive optimal decision making
- Campus control points provide a five-year operational plan; UCSF Health provides a ten-year plan

Combined Enterprise: Campus + UCSF Health

Patient care and research represent more than 80% of our revenue

2017-18 Combined Enterprise Revenue: \$7.07 billion



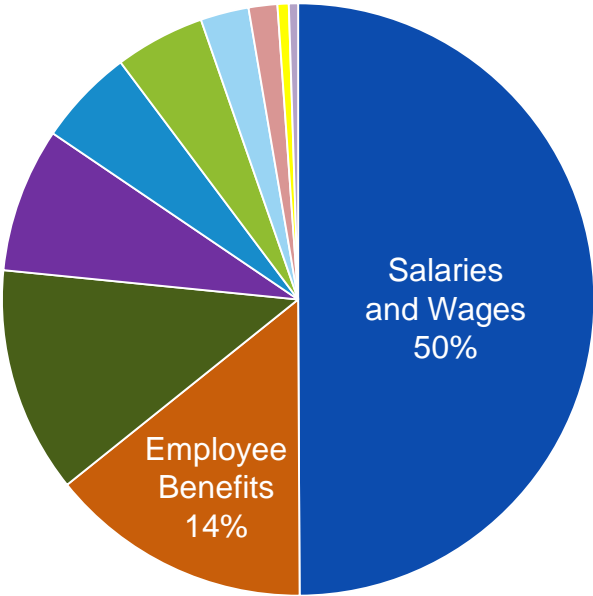
Sources	Revenue	Share
UCSF Health Patient Care	\$4,327	61%
Contracts and Grants	1,463	21%
Other Clinical and Educational Activities	316	4%
Private Gifts	304	4%
Investment Income	245	3%
State Funds	150	2%
Other Revenues	109	2%
Auxiliary Enterprises	69	1%
Student Tuition and Fees, net	58	1%
State and Federal Financing Appropriations	26	<1%
Patent Income	7	<1%
Total	\$7,074	100%

Note: Capital gifts excluded. Tuition and Fees net of scholarship allowance.

Dollars in millions

Personnel-related costs drive 64% of our combined enterprise expenses

2017-18 Combined Enterprise Expense: \$6.59 billion



Uses	Expense	Share
Salaries and Wages	\$3,291	50%
Employee Benefits	944	14%
Supplies and Materials	814	12%
Professional and Purchased Services	521	8%
Depreciation	349	5%
Other Operating Expenses	324	5%
Subaward Expenses	174	3%
Interest Expense	103	2%
Utilities	41	1%
Scholarships and Fellowships	33	1%
Total	\$6,594	100%

Dollars in millions

Our 2017-18 results were significantly better than planned for both the Campus and UCSF Health

2017-18 Results	Actual	Plan	Variance	
Combined Enterprise				
Revenues	\$7,074	\$6,699	\$375	6%
Expenses	<u>6,594</u>	<u>6,492</u>	<u>102</u>	2%
Net Income/(Loss)	480	207	273	
Campus				
Revenues	\$2,613	\$2,450	\$163	7%
PSA Transfer	<u>671</u>	<u>660</u>	<u>11</u>	2%
Total Revenues	3,284	3,110	174	6%
Expenses	<u>3,097</u>	<u>3,045</u>	<u>52</u>	2%
Net Income/(Loss)	187	65	122	
UCSF Health				
Revenues	\$4,461	\$4,248	\$213	5%
Expenses	<u>4,168</u>	<u>4,106</u>	<u>62</u>	2%
Net Income/(Loss)	293	142	151	

Note: Net income does not include effect of GASB 68 (Pension Liability) or GASB 75 (OPEB Liability), and other changes in net position. Professional Services Agreements (PSA) and other campus services provided to UCSF Health are recorded as Campus revenue and UCSF Health expense and are eliminated in UCSF consolidated financial statements.

UCSF Campus core activities were operating at a surplus of \$187 million for the year and favorable to plan by \$122 million

- Revenues were higher than plan by \$174 million, primarily due to unrealized Regents endowment investment gains, recognition of previously deferred revenue related to Laurel Heights property, and strong private gifts
- Expenses associated with core activities were higher than plan by \$52 million, due to higher salaries and supplies and materials

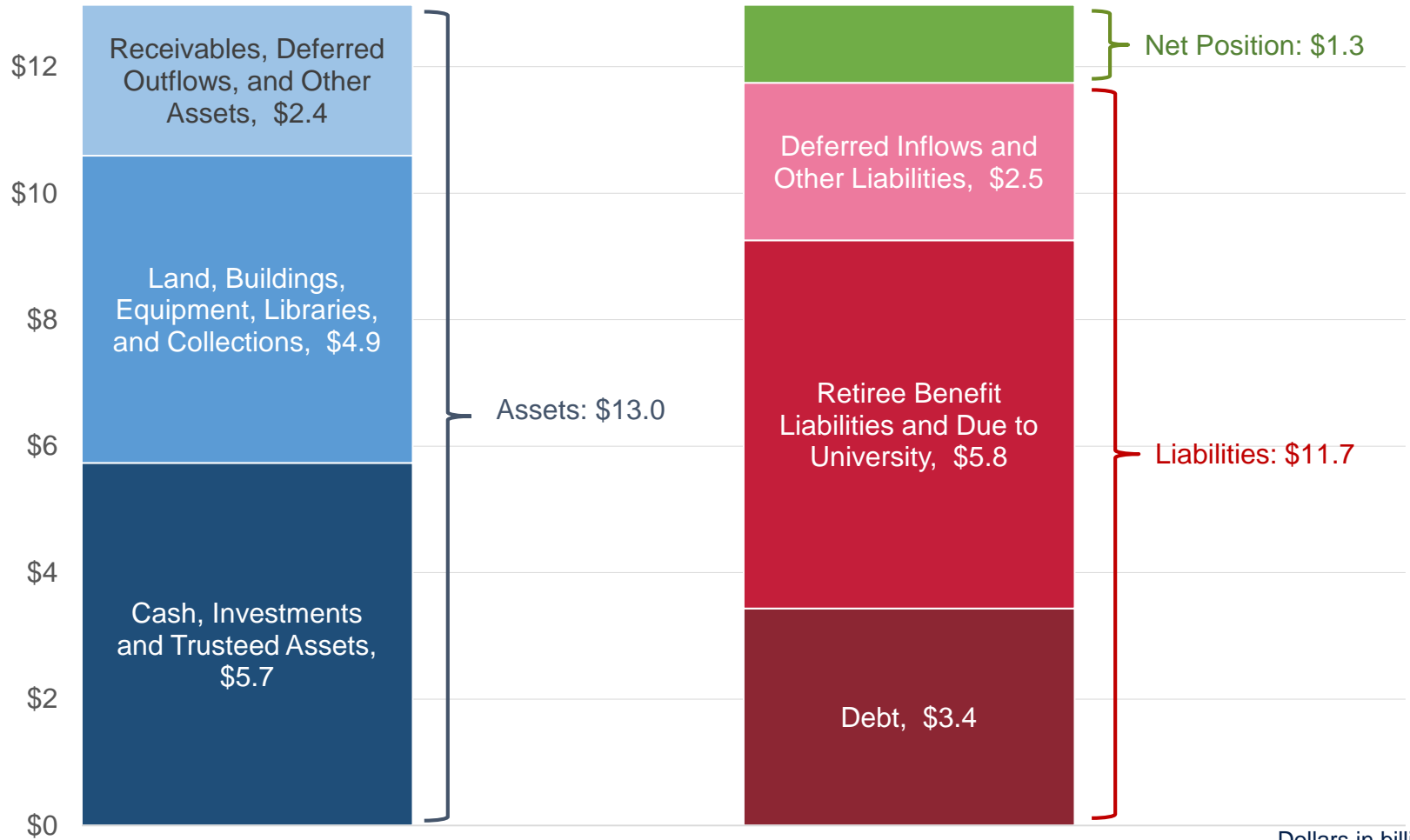
UCSF Health net income from core activities was \$293 million and higher than plan by \$151 million

- Results were favorable to plan primarily due to strong patient volumes and prior year Medicare cost report audit settlements
- Expenses were higher than plan primarily due to higher cost of medical supplies supporting higher patient volumes

Dollars in millions

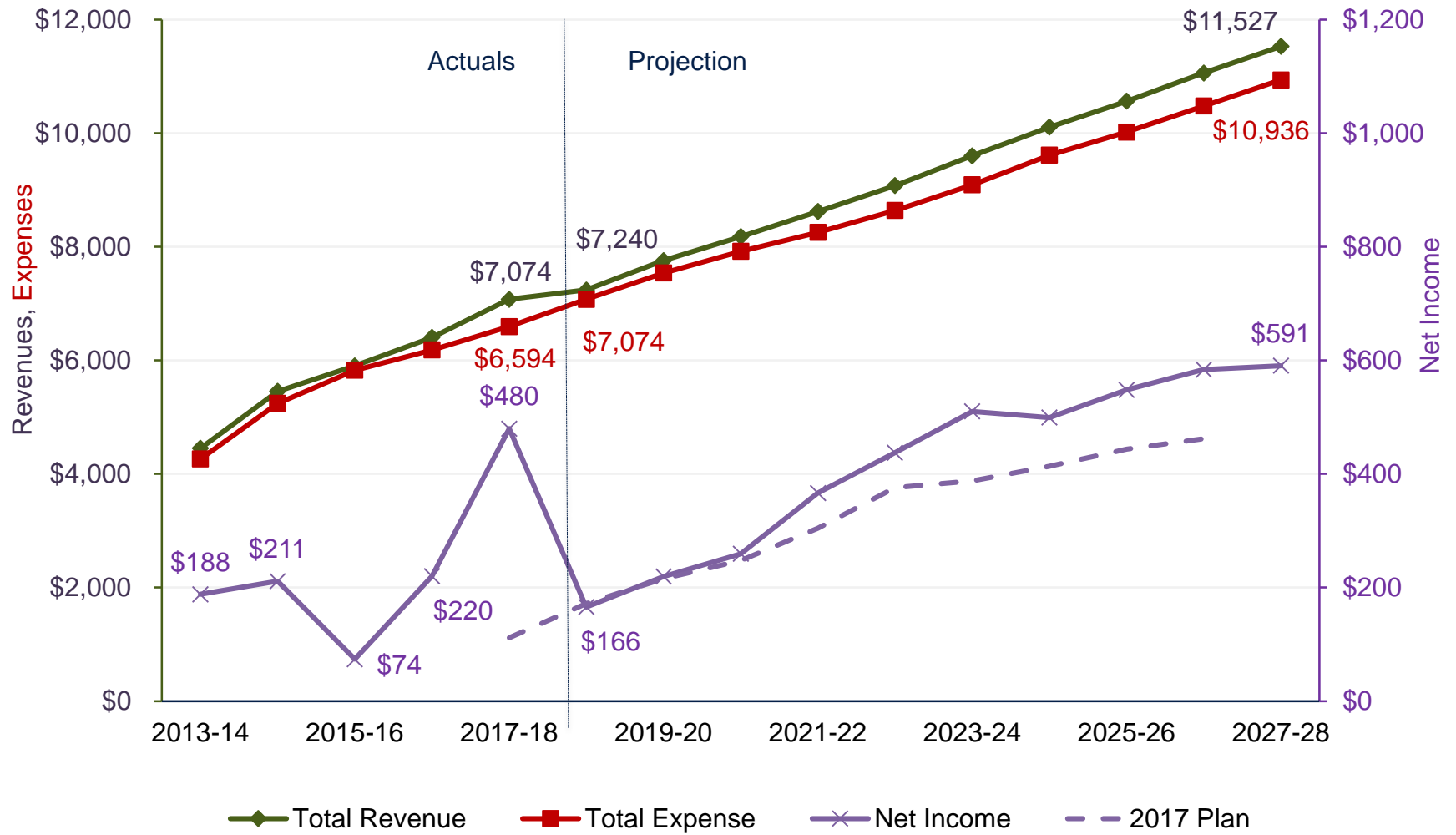
Making strategic capital investments, leveraging our cash, and being attentive to our debt remain key balance sheet focus areas

Statement of Net Position, June 30, 2018



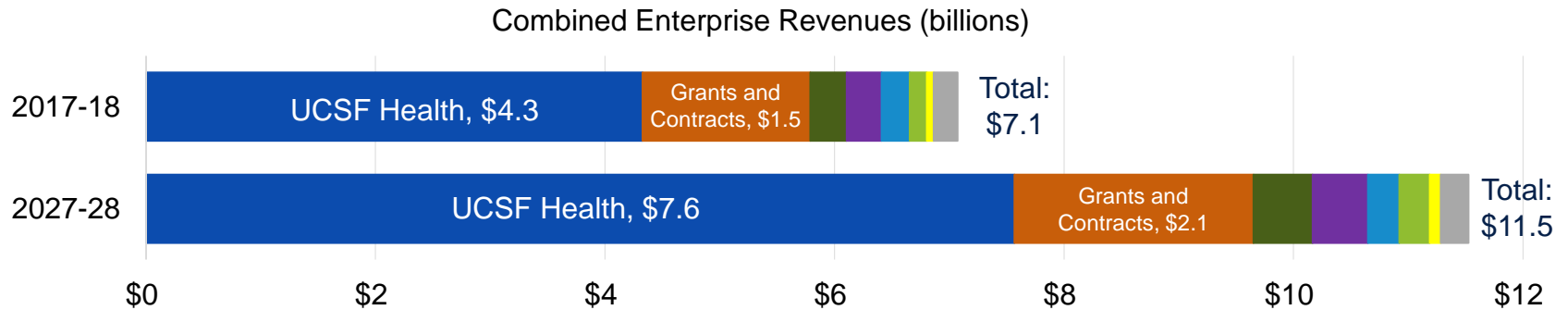
Dollars in billions

UCSF reflects a combined positive net income for all years of the forecast period



Dollars in millions

Revenue from competitive markets will continue to be our dominant source of funds in 2027-28

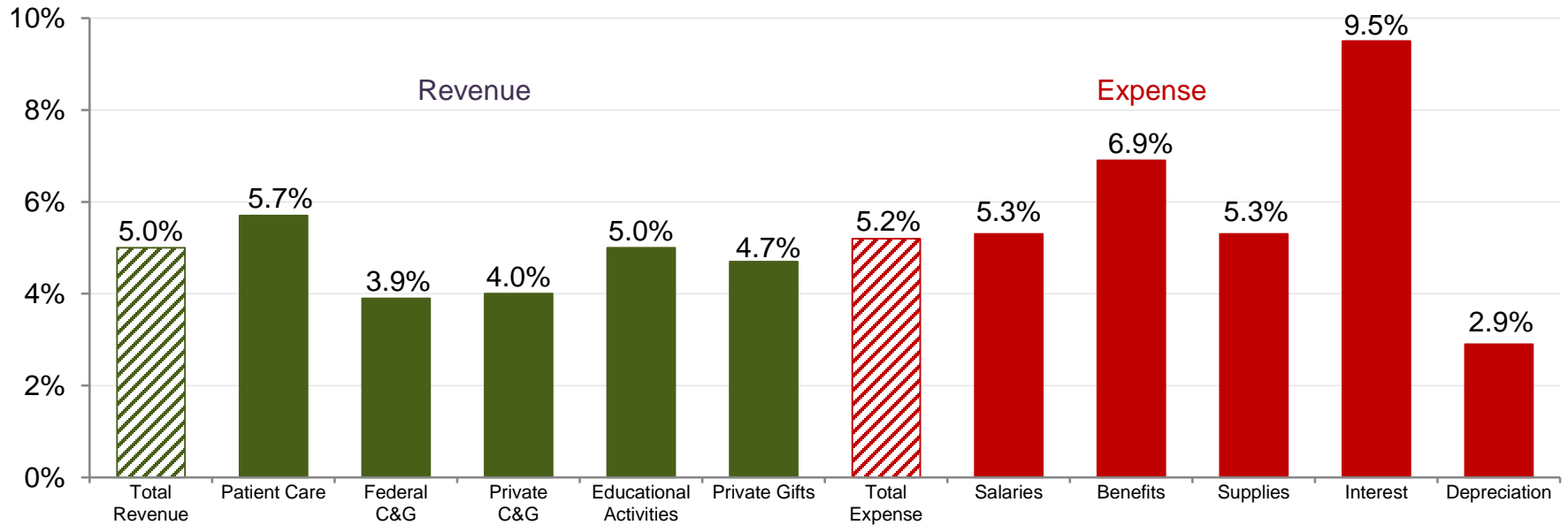


Source (millions)	2017-18	Share	2027-28	Share
■ UCSF Health Patient Care	\$4,327	61%	\$7,567	66%
■ Grants and Contracts	1,463	21%	2,084	18%
■ Educational Activities	316	4%	515	4%
■ Private Gifts	304	4%	484	4%
■ Investment Income	245	3%	273	2%
■ State Funds	150	2%	264	2%
■ Student Tuition and Fees (Net)	58	1%	97	1%
■ Other Revenue	<u>211</u>	<u>3%</u>	<u>242</u>	<u>2%</u>
Total	\$7,074	100%	\$11,527	100%

In the long-term, total expense is expected to grow at a slightly higher rate than total revenue

- Growth in patient care revenue is expected to outpace other sources
- Philanthropy is a major source of revenue growth, especially for the Campus
- Personnel costs, in particular benefit costs, continue to outpace modest revenue growth
- Interest expense growth reflects capital projects and renovation investments

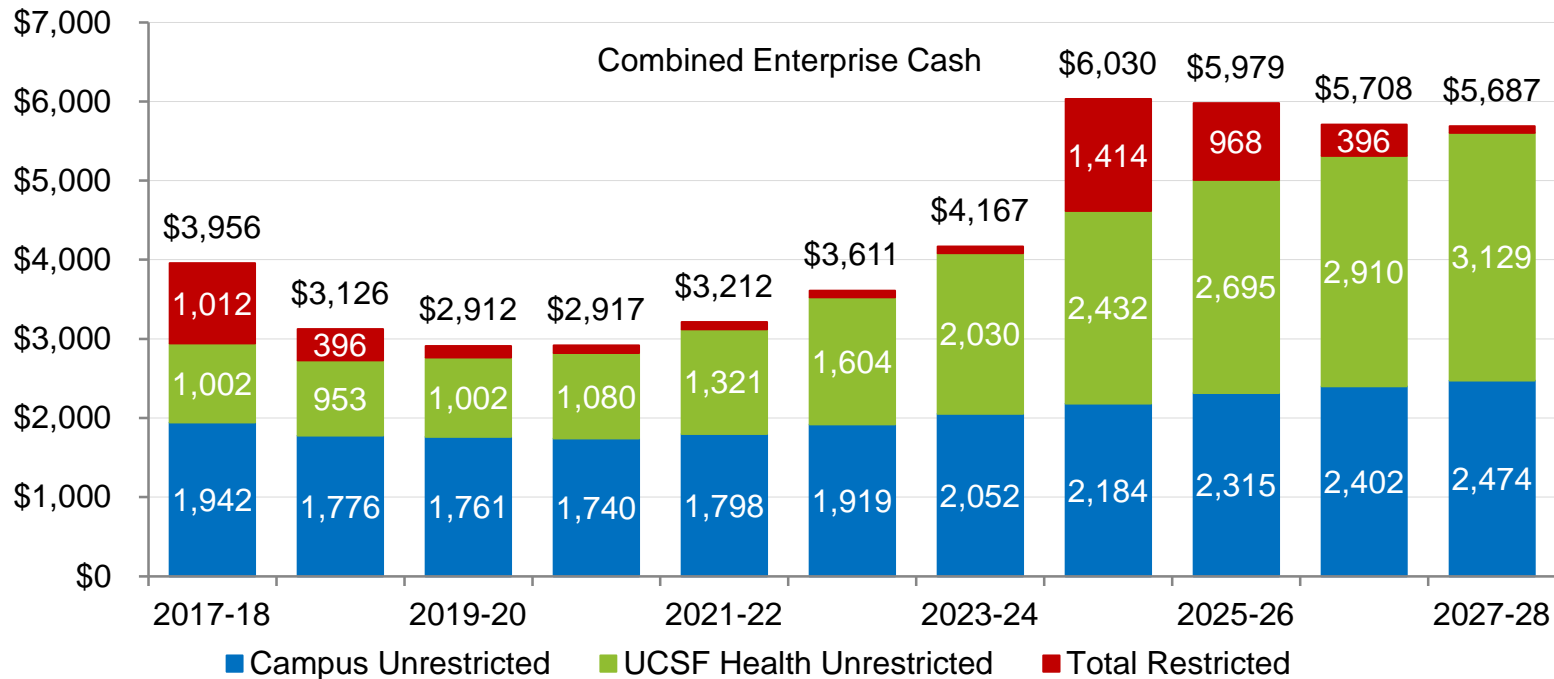
Selected Combined Enterprise Ten-year CAGRs (2017-18 to 2027-28)



2027-28	\$11,527	\$7,567	\$1,077	\$645	\$515	\$484	\$10,940	\$5,513	\$1,834	\$1,366	\$256	\$464
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Dollars in millions

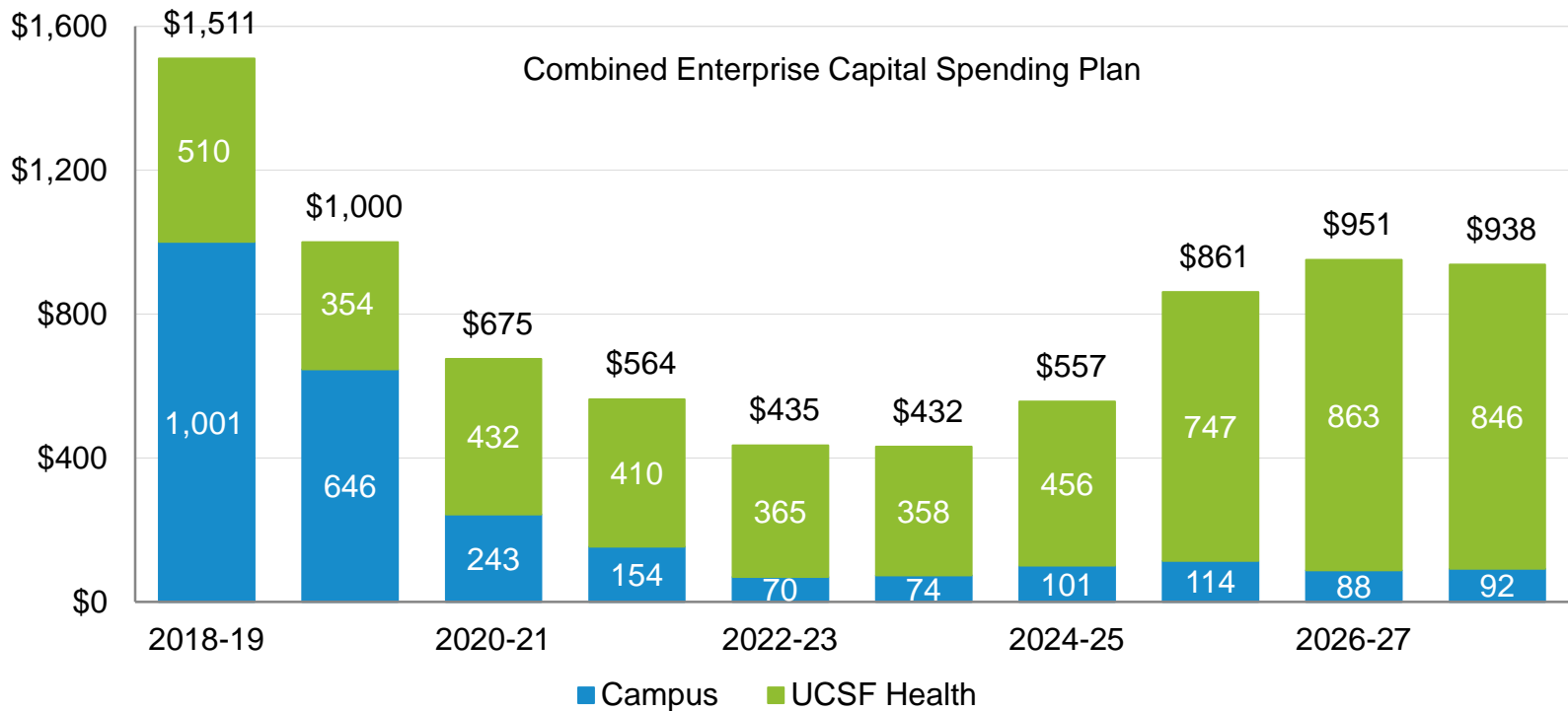
UCSF's unrestricted cash position is expected to grow through 2027-28, driven by UCSF Health



- Campus unrestricted cash declines by \$166 million during 2018-19 due to investments in capital projects, including equity spending in advance of future gifts
- UCSF Health cash remains level from 2018-19 to 2020-21 in part due to capital expenditures, but rises in later years, driven by increased earnings less capital expenditures and investments
- Restricted cash (bond proceeds) declines quickly over the next two years as major capital projects are completed; additional borrowing and subsequent spending for the Helen Diller Medical Center occurs in the latter half of the projection

Dollars in millions

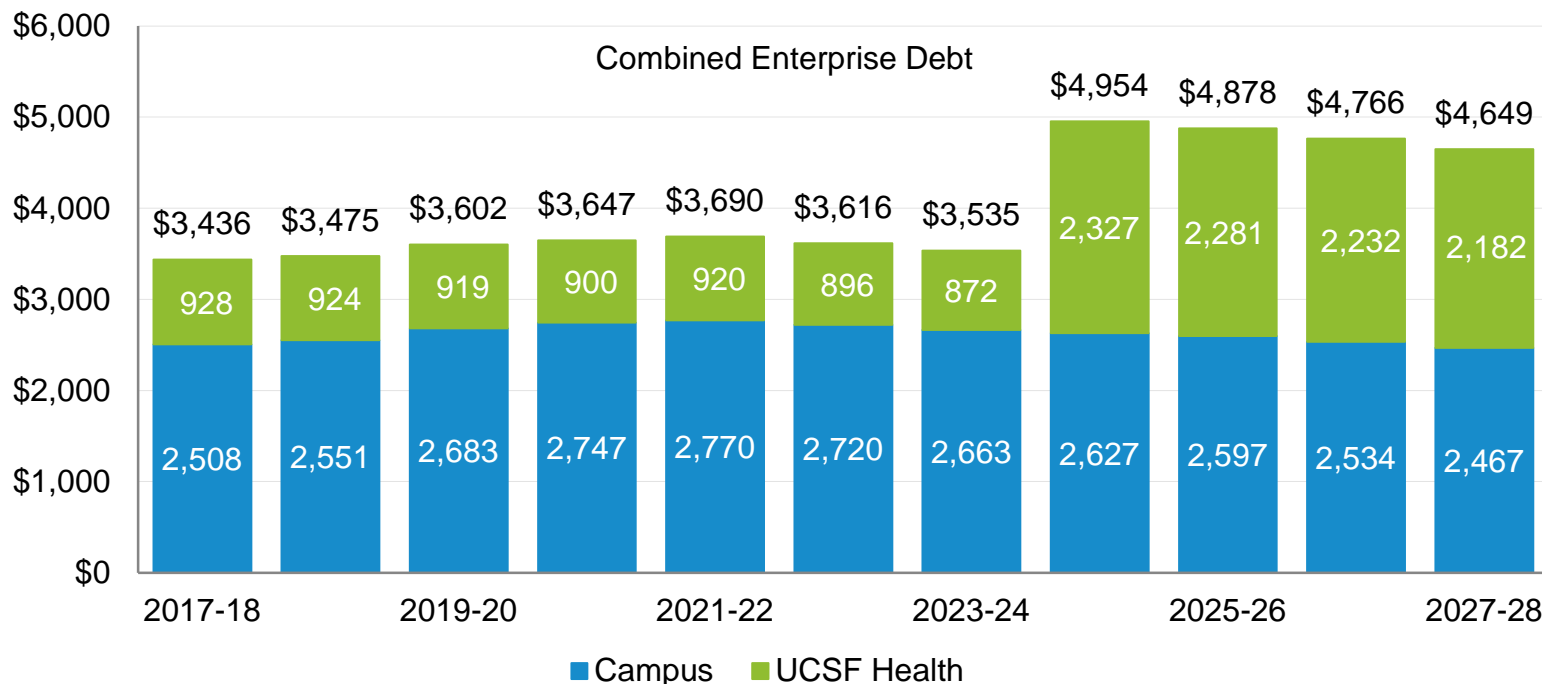
UCSF's ten-year capital spending plan totals \$7.93 billion



- The campus capital plan totals \$2.58 billion, an increase of \$120 million from the prior year plan
- The UCSF Health capital plan totals \$5.34 billion over ten years, including \$2 billion for Helen Diller Medical Center
 - Other major capital projects include the Precision Cancer Medicine Building; MB Ambulatory Surgery Center, Multi-specialty Clinic Expansion and Proton project; and BCHO Master Facility Plan Phase I
 - The capital plan does yet not incorporate BCHO Master Facility Plan (MFP) Phase II

Dollars in millions

To fund the capital plan, total debt increases to \$4.95 billion during the ten-year projection period



- Campus debt has risen to more than \$2.5 billion due to borrowing for major capital investments under construction; campus debt will rise further through 2021-22 due to the ZSFG Academic Research building, the CoLabs project, and other smaller projects
- UCSF Health debt increases by \$1.5 billion in 2024-25 for the Helen Diller Medical Center project

Dollars in millions

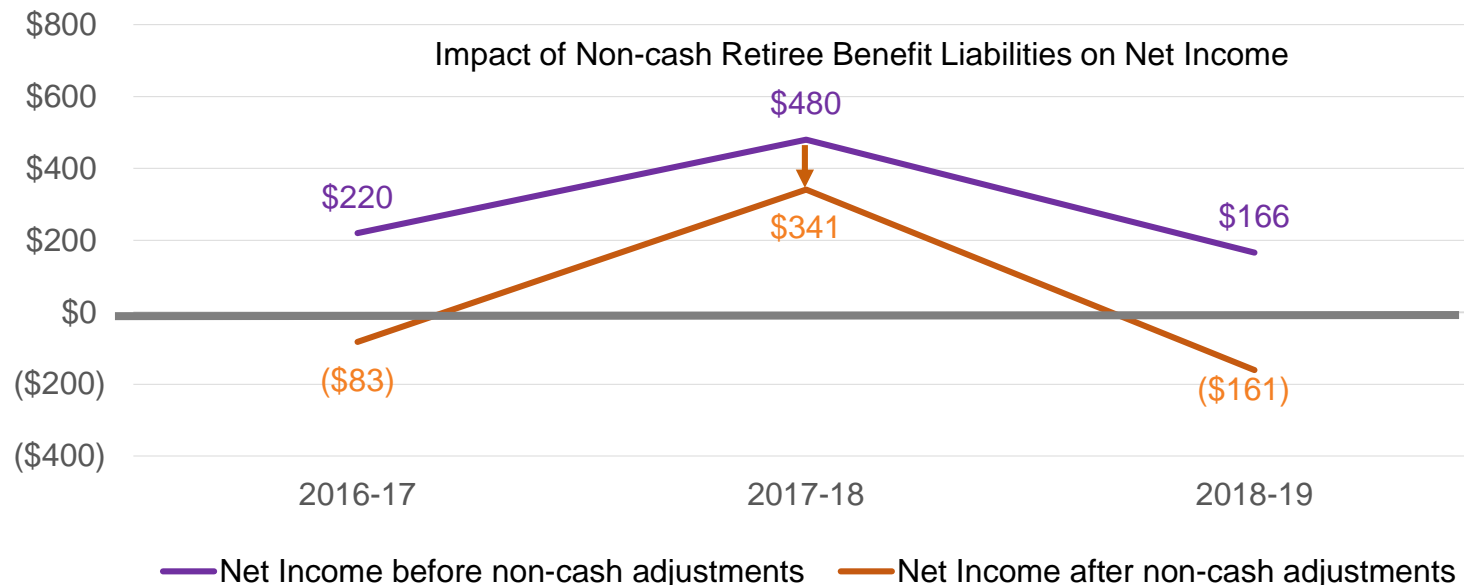
Non-cash retiree benefit cost adjustments reduced UCSF Combined Enterprise net income by \$139 million in 2017-18

On the income statement, we record:

- the year-over-year change in the pension liability that is not covered by actual contributions into the UCRP asset pool
- the growth in the retiree health liability, as current employees accrue benefits in excess of what retirees are currently drawing

On the balance sheet, we record:

- the total unfunded pension liability, which should decline over time as UC makes progress in funding the pension
- the total retiree health liability, which will continue to grow, since there is no plan to pre-fund this cost



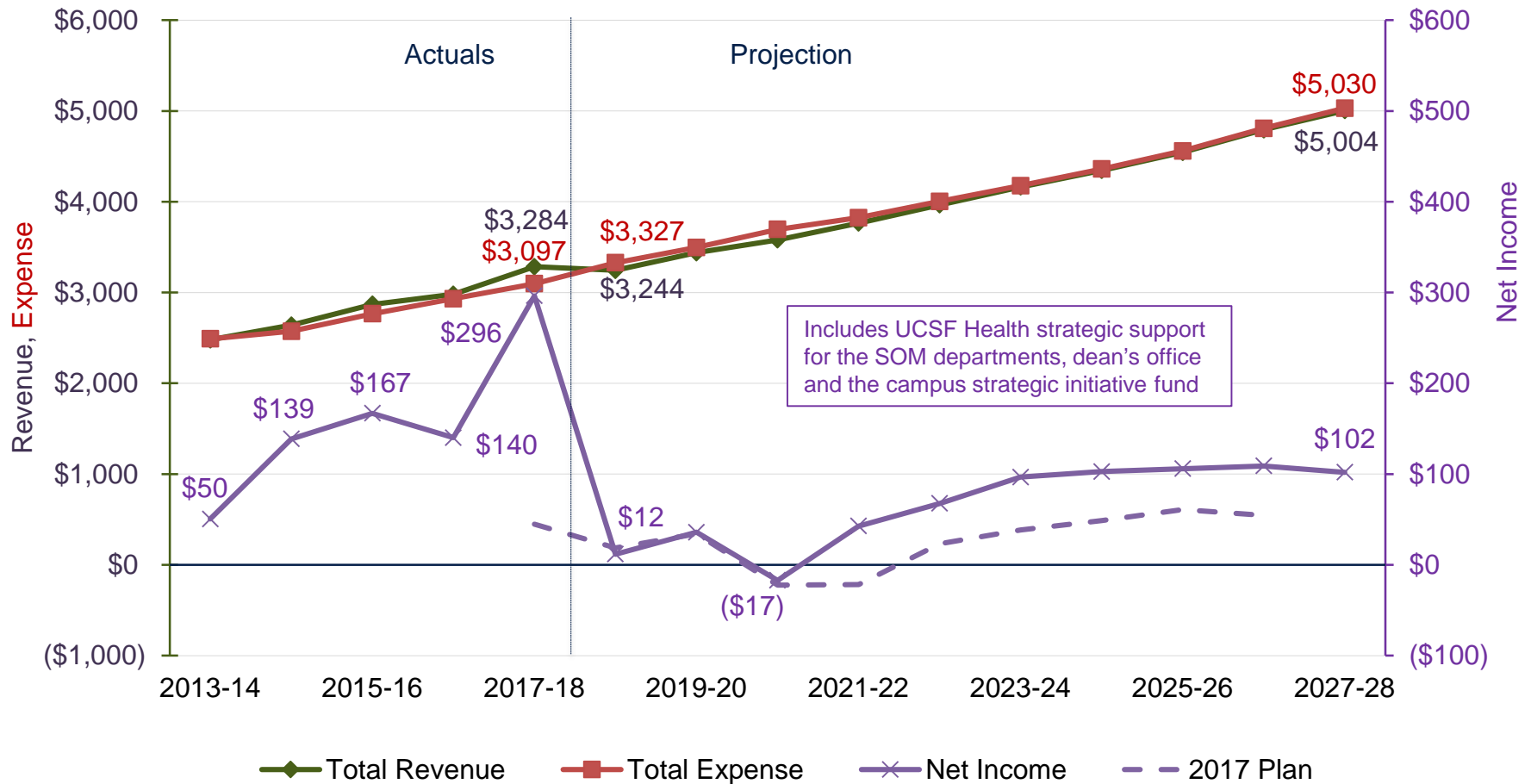
Dollars in millions

What do these unfunded pension and retiree health liabilities really mean for UCSF?

- UC Retirement Plan (UCRP):
 - The University is addressing the pension liability through increased contributions, asset management, and new pension tiers
 - The pension gain/(loss) will fluctuate each year depending on investment gains
 - Assuming positive investment returns, reduction in program offerings, and continued contributions, the total liability will decline over the long term
- Retiree Health (Other Post-Employment Benefits, OPEB):
 - The size of the retiree health liability depends heavily on assumptions about future health care costs
 - Holding assumptions constant, the liability will grow every year because we are not making contributions to fund the long term cost
 - President Napolitano has established a systemwide work group to develop recommendations for long-term financial viability
- There is nothing for UCSF to do at this time – we will continue to manage to net income from core activities (the purple line)

Campus Segment

Net income falls below zero in 2020-21 due to higher depreciation and interest expense associated with capital projects

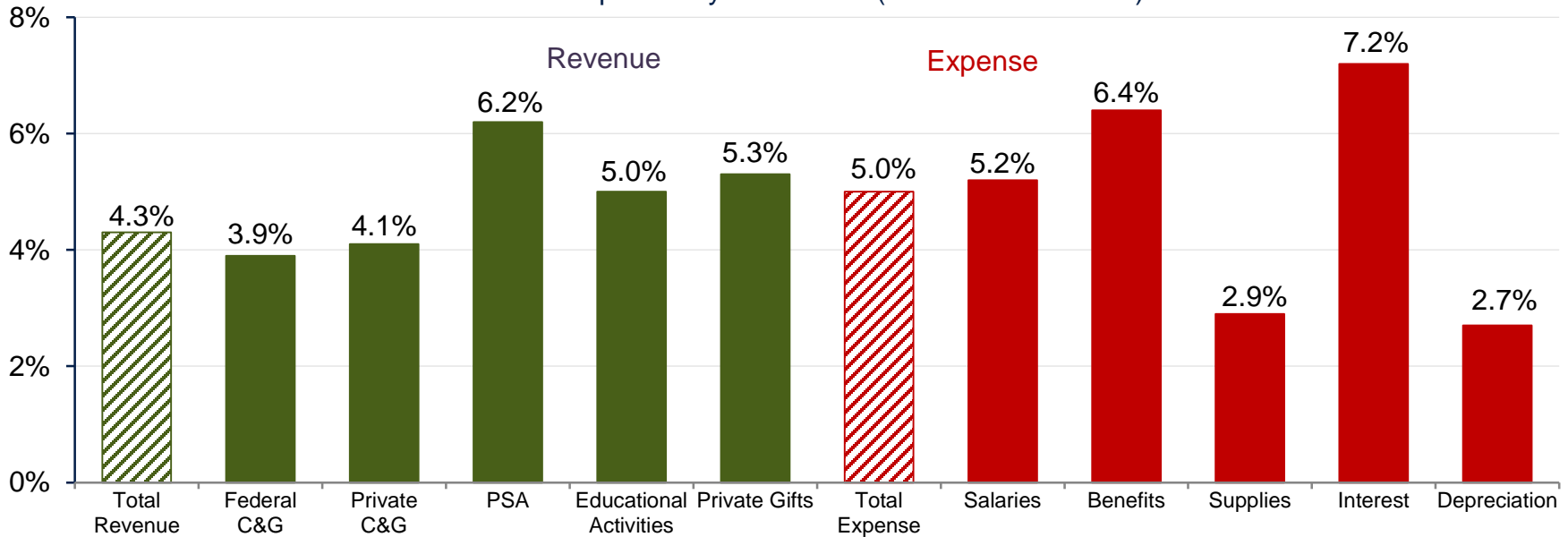


Dollars in millions

Campus expense growth outpaces revenue growth in the long-term

- Strong UCSF Health patient revenue growth drives Professional Services Agreement (PSA) increases for the campus
- Both federal and private research revenues continue to grow, with private sources growing at a slightly higher rate
- Personnel costs continue to outpace revenue growth
- Interest expense increases reflect campus borrowing for capital investments

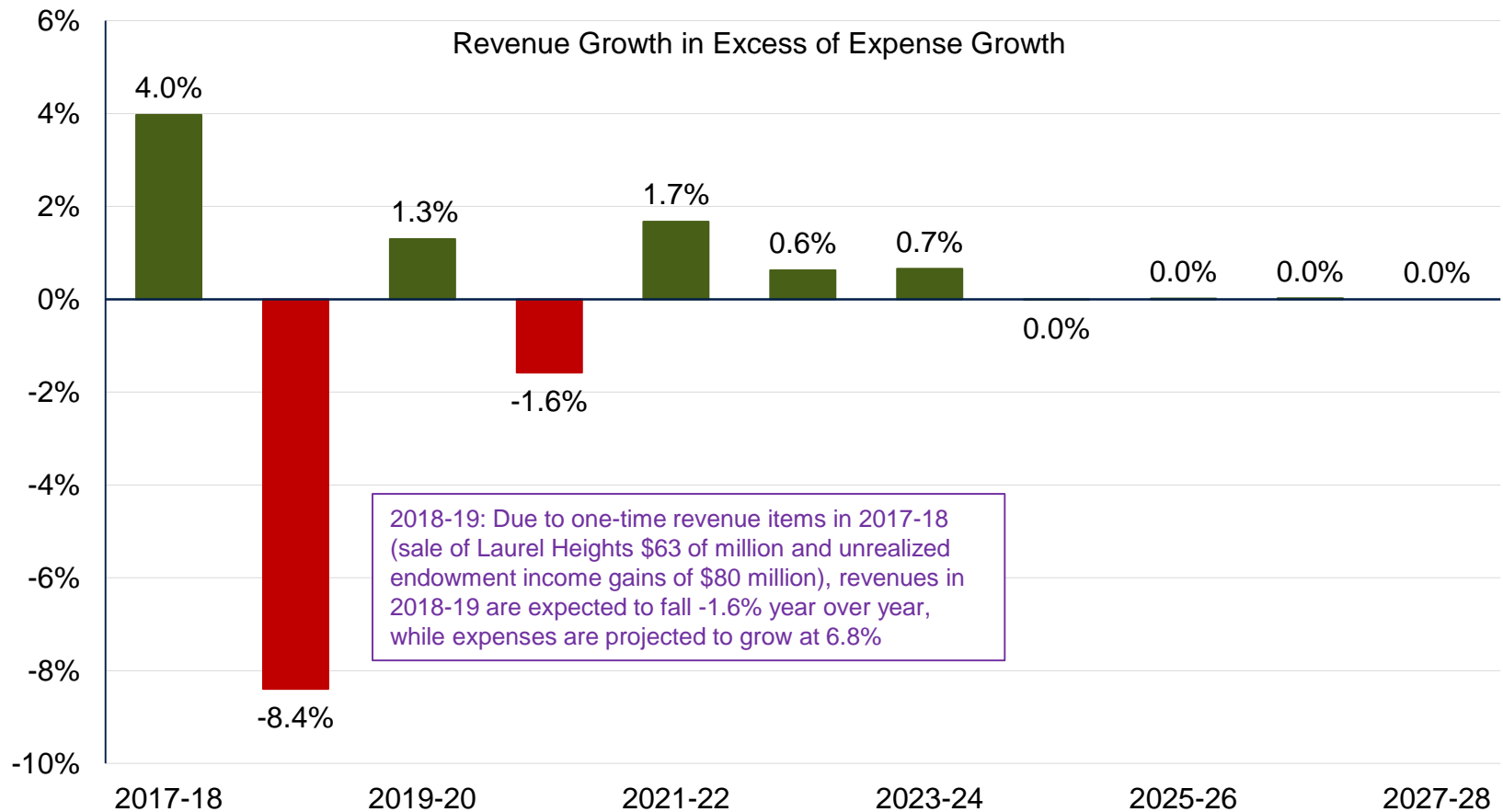
Selected Campus Ten-year CAGRs (2017-18 to 2027-28)



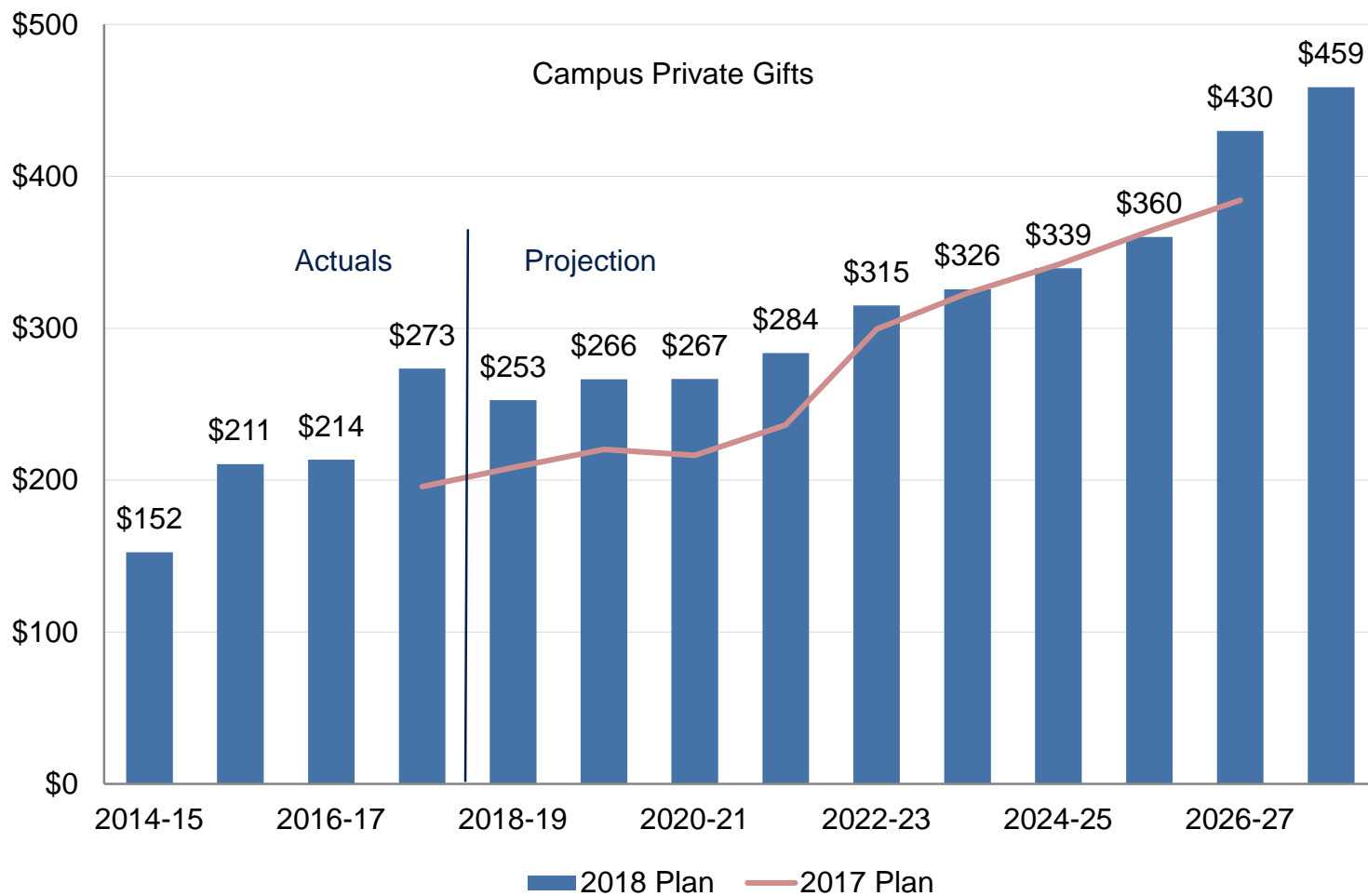
2027-28	\$5,004	\$1,047	\$625	\$1,227	\$515	\$459	\$5,030	\$2,814	\$814	\$212	\$119	\$174
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Dollars in millions

Campus revenue growth matches expense growth in the later years of the forecast period

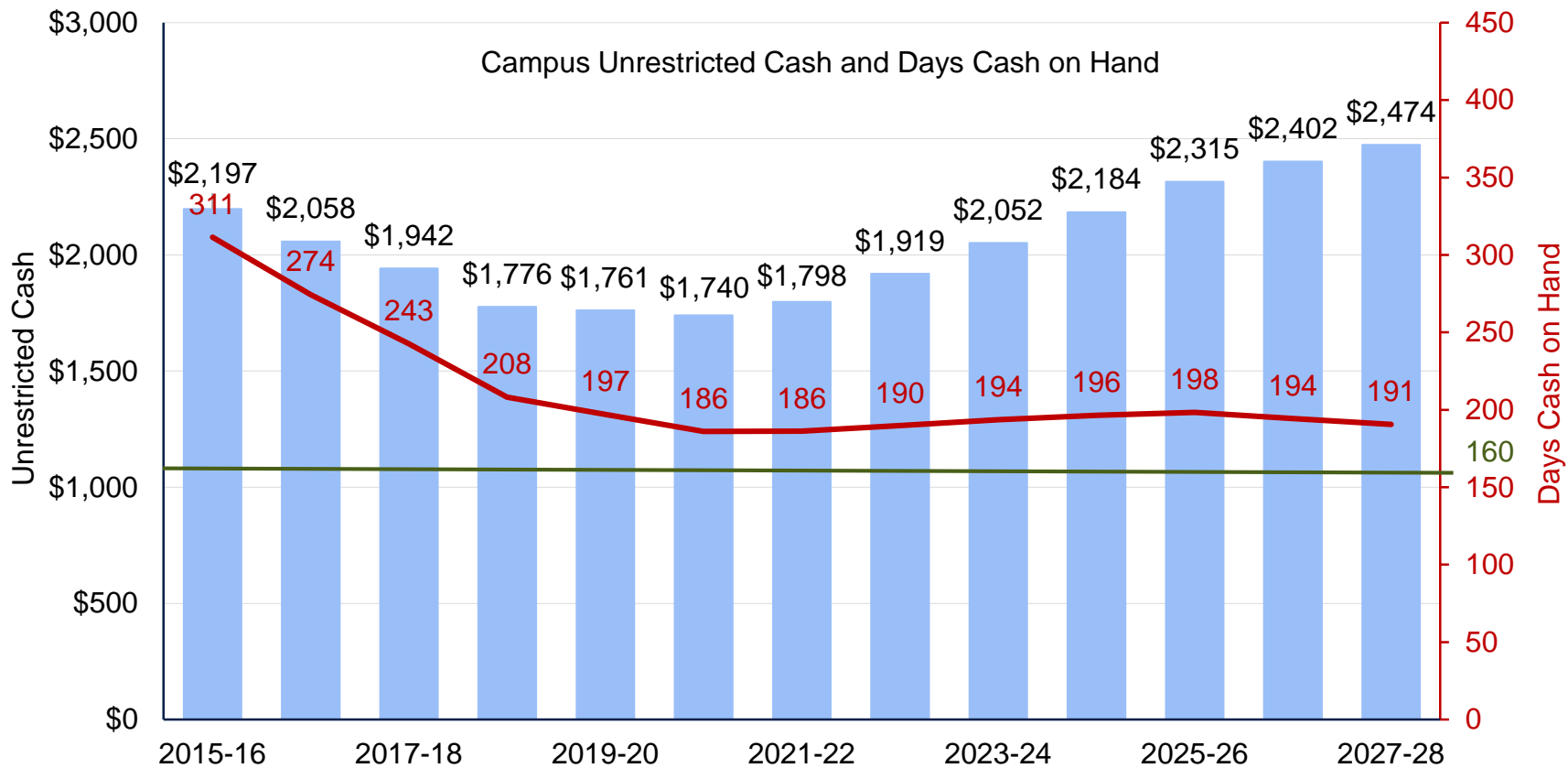


The Campus private gifts projection is higher in the near-term versus last year's forecast



Dollars in millions

Campus days of cash on hand remain above the recommended 160-day target for the forecast period



- Net expense per day for the Campus rises from \$8.5 million in 2018-19 to \$13.0 million in 2027-28
- In 2017-18, the excess 83 days of cash on hand represented approximately \$661 million
- In 2027-28, the excess 31 days of cash on hand represents \$400 million

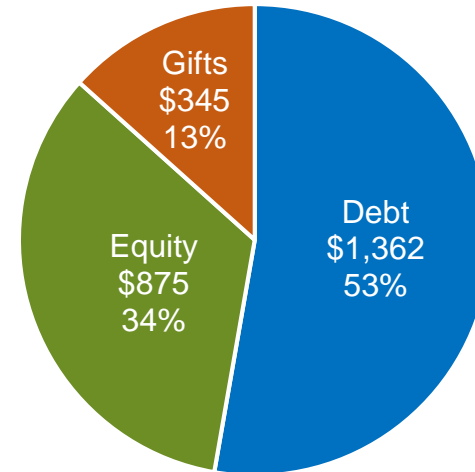
Dollars in millions

Campus capital spending over ten years will be \$2.58 billion

2018 Campus Capital Plan Projects and Funding Assumptions

Project Type	Debt	Equity	Gifts	Total
Program Projects	\$649	\$42	\$295	\$986
Seismic and Decant Projects	316	139	50	505
Departmental Projects	-	364	-	364
Auxiliary (Housing/Parking)	266	27	-	293
Scheduled Renewal and Other	-	190	-	190
Facility Investment Needs (FIN)	131	113	-	244
Total	\$1,362	\$875	\$345	\$2,582

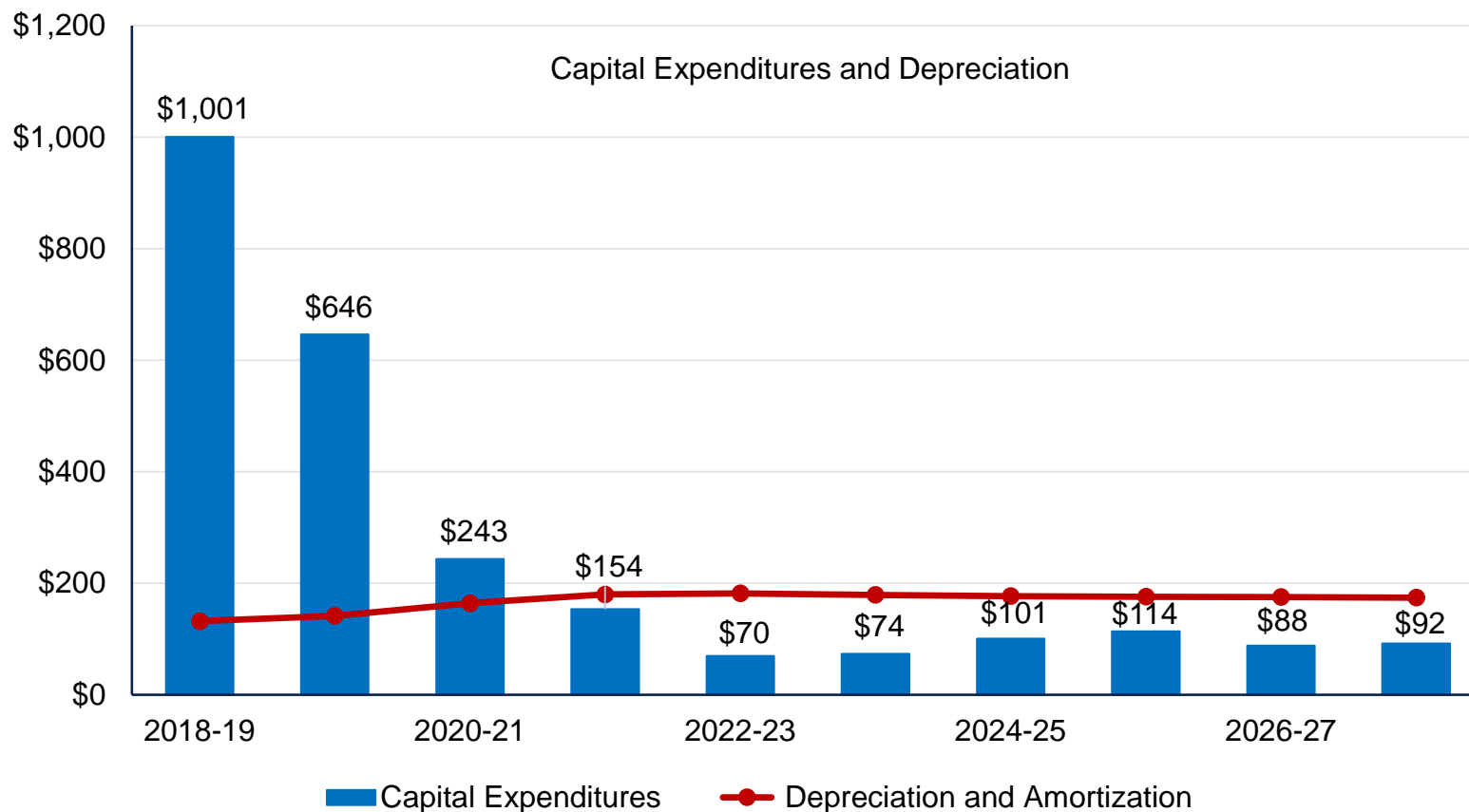
Capital Funding by Source



- Cost escalations are included in the model
- Capital plan represents a \$120 million increase from last year's plan of \$2.46 billion

Dollars in millions

Projected campus capital expenditures fall below depreciation in 2021-22, indicating a need for additional investment



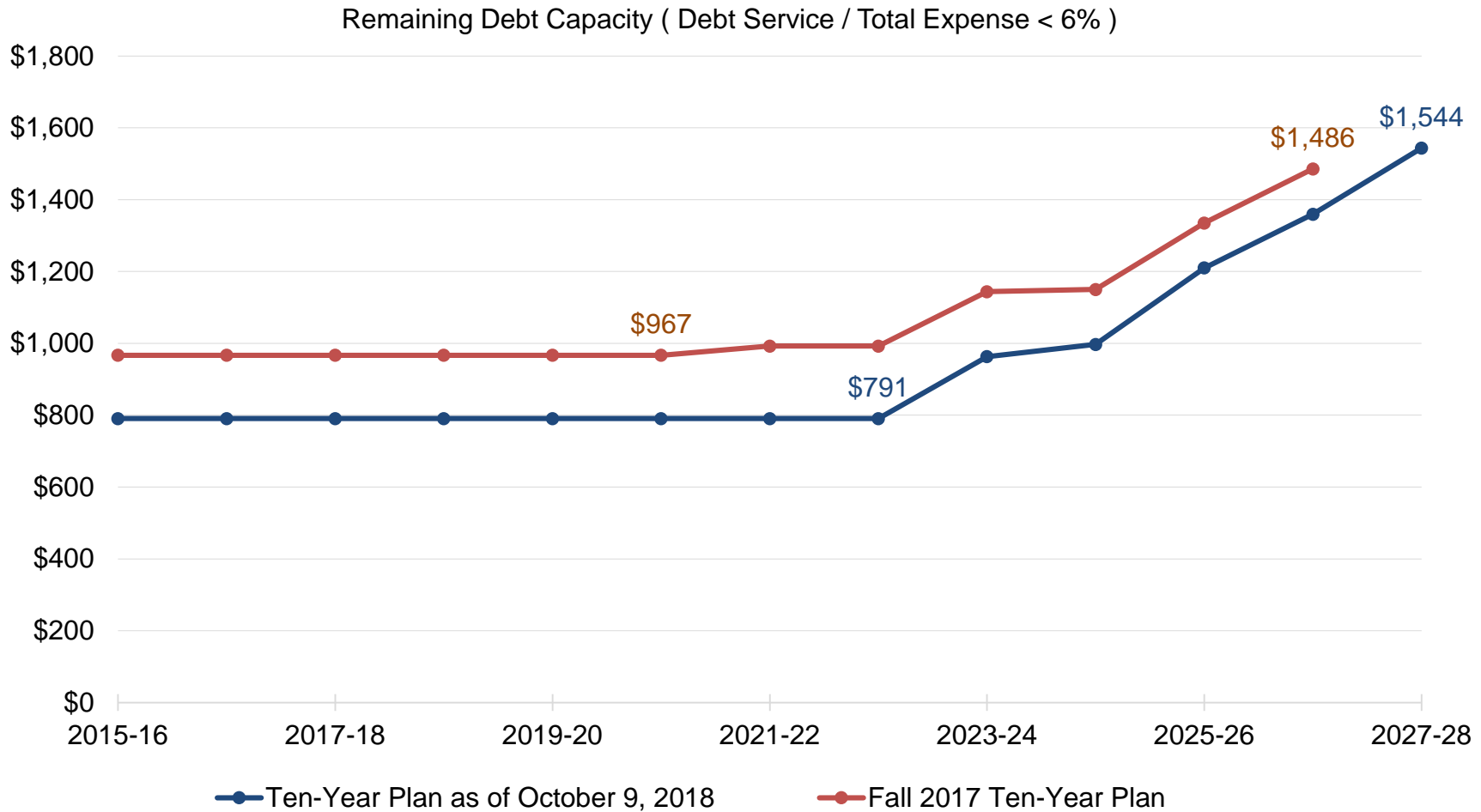
Dollars in millions

UCSF currently meets two of the three campus debt service tests in Regents policy

Ratio	Description	Test	Dashboard	Status
Modified Cash Flow Margin (must meet)	Net income / Operating revenues	$\geq 0\%$		✓
Debt Service to Operations	Debt service / Operating expenses	$\leq 6\%$		✓
Expendable Resources to Debt	Expendable resources / Total debt	≥ 1	0.90	✗

Expendable resources defined as unrestricted net assets plus expendable portions of gifts and endowments, less liabilities for pension and OPEB

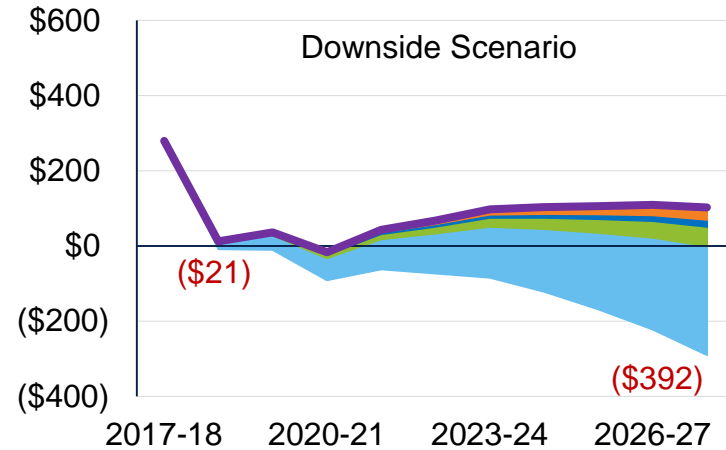
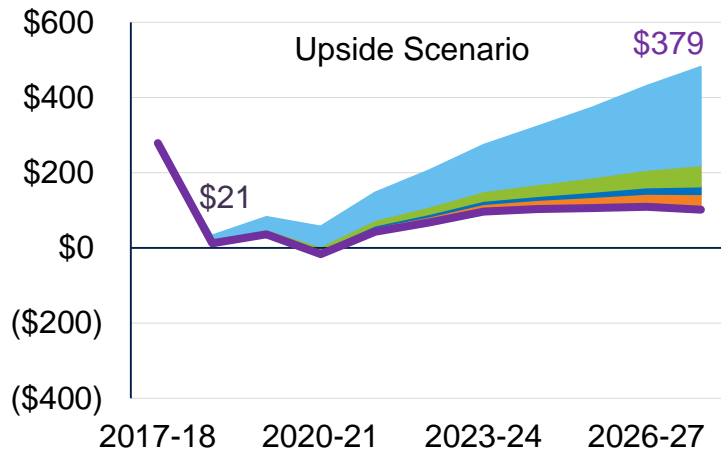
Projected remaining debt capacity for the campus, net of planned borrowing, is \$791 million through 2022-23



Dollars in millions

Sensitivities: 1% change in key drivers can significantly impact net income over the forecast period

Impact to Campus Base Case Net Income

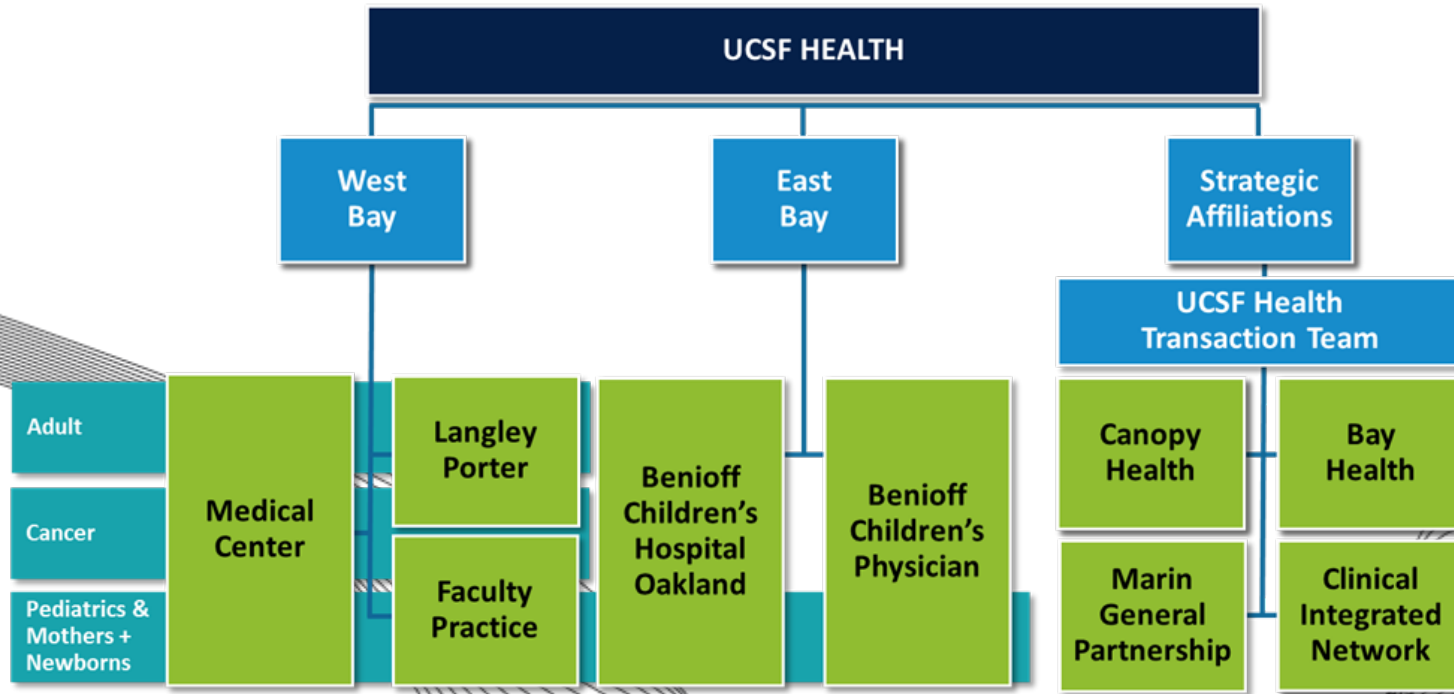


1% change in the following categories:	2018-19 Impact		10-Year Impact	
	Upside	Downside	Upside	Downside
Revenue				
■ Total F&A Cost Recovery	\$3	(\$3)	\$193	(\$182)
■ Private Current Gifts (40% net)	1	(1)	89	(84)
■ Campus Professional Service Agreements (40% net)	3	(3)	250	(236)
Expense				
■ Salary and Benefits (70% net)	15	(15)	1,219	(1,292)
Total	\$21	(\$21)	\$1,750	(\$1,793)

Dollars in millions

UCSF Health Segment

Redefining Possible



The expanding UCSF Health network provides the scale and diversity required to be competitive in the current Bay Area healthcare market

Many new strategic investments were incorporated into the 2018 Plan

Strategic Initiatives - Committed *Included in 2018 TYP*

Block 23A: Weill Neurosciences Institute	Block 33: Ophthalmology Ambulatory	2130 3rd St: LPPHC Ambulatory
Strategic Investment of \$30M for 4 years	Marin General Hospital	3 years of routine capital to 125% of depreciation
MB ASC & Multi-specialty Clinic Facility	Investment in Proton therapies	Helen Diller Medical Center and LPPHC Replacement
Incr. Physician Compensation	Partnership and Affiliation Infrastructure	ASC Parnassus
Cancer Regionalization Investments	Cancer Precision Therapy Initiatives	BCH Strategic Plan
Dignity Phase 1	John Muir Health Physician Affiliation	Digital Health Platform Years 1-2
	Specialty Pharmacy	

Initiatives include:

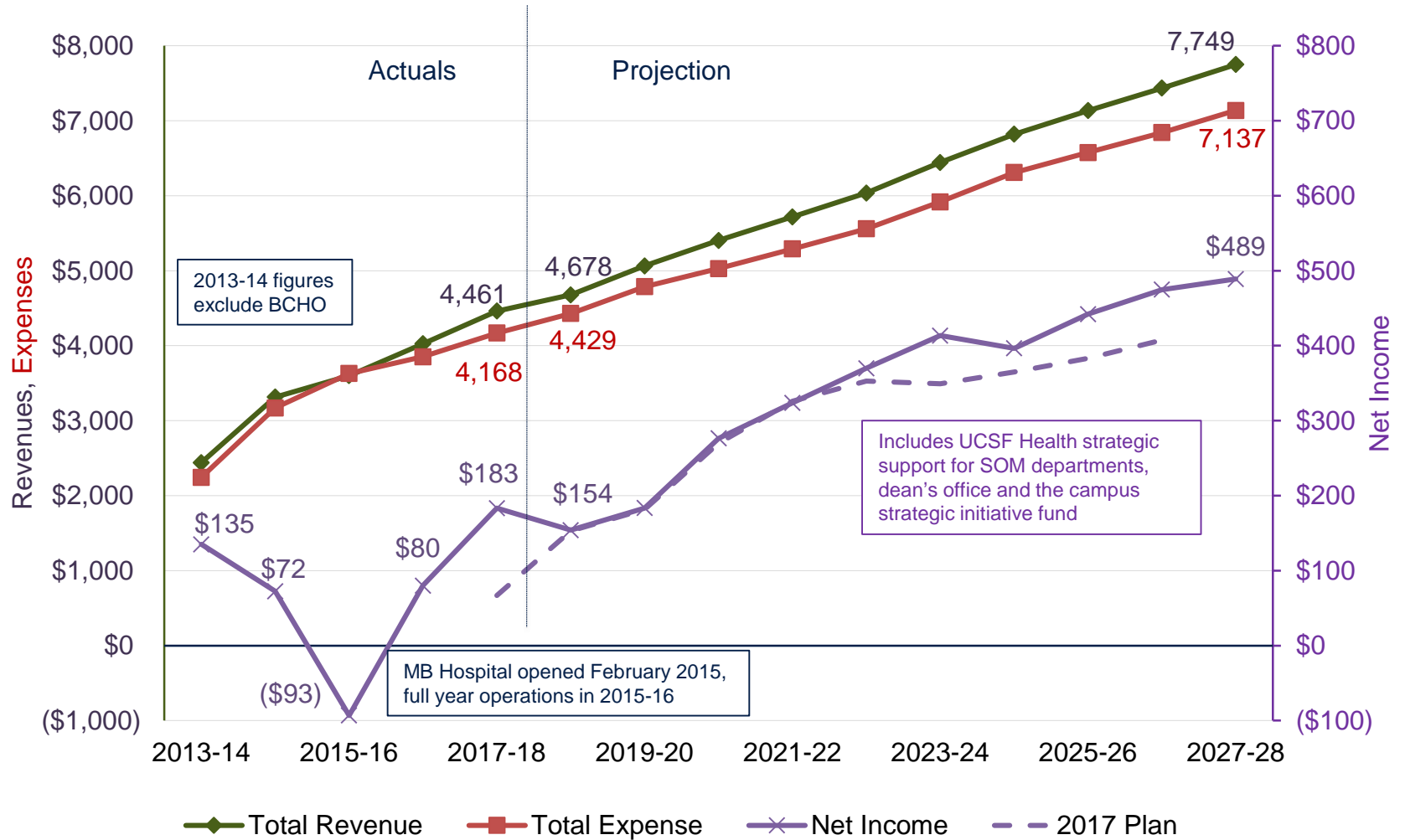
-  Projects included in last year's ten year plan
-  Projects from last year's plan that have a change in financial impact
-  New Initiatives incorporated for 2018
 - ✓ Operational Commitments were approved in 2018-19 Budget
-  Initiatives included as part of the 'Strategic Investment of \$30 million over 4 years'
 - ✓ Strategic Investments are first approved through the Strategy Committee

Approval of the Ten Year Plan does not indicate project approval. Project approval is through established Governance process – Finance Committee, Leadership Council & Regents.

UCSF Health Executive Summary

- Strong earnings from core operations coupled with strategic investments and value improvement initiatives increase earnings and cash over the life of the plan
- Improved financial performance allows for increased capital re-investment in our existing facilities and to position UCSF Health for the planned medical center replacement at Parnassus
- Volume growth is concentrated in high-margin destination programs, cancer and other outpatient services; Capacity constraints in our existing San Francisco facilities require a new level of collaboration with our affiliate partners to allow continued program growth while leveraging available capital
- Value improvement initiatives have been extended from 2017-18 through 2028-29 increasing our affordability by improving asset utilization, decreasing costs and optimizing the revenue cycle; this is in line with industry standard; total program savings are projected at \$499 million
- UCSF Health's operating performance may be challenged by the uncertainties of health care reform, changes to the Medi-Cal waiver program, loss of hospital-based reimbursement differentials, union contract negotiations and/or increases in pension and retiree healthcare benefits

UCSF Health income, net of strategic support to the campus, is positive and growing over the life of the ten-year plan



Dollars in millions

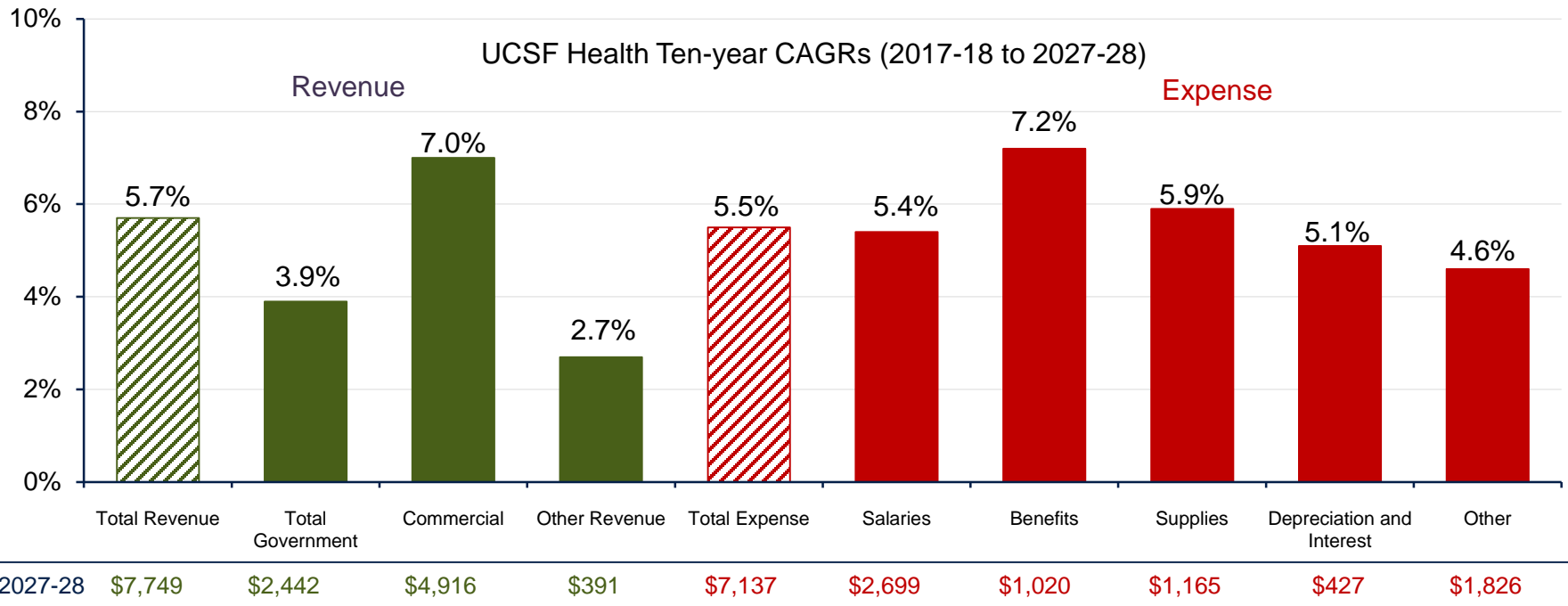
Revenue growth slightly outpaces expense growth during the plan

Revenue

- Inpatient volume CAGR is 1.2%, slower than historical growth due to West Bay capacity constraints
- Outpatient volume grows faster than inpatient, supported by the new Ambulatory Surgery Center (MB & Parnassus) and clinic expansion
- Payer mix includes 0.3% cumulative shift from Commercial to Medicare to reflect aging population, though Commercial rate increases exceed that of Government payers

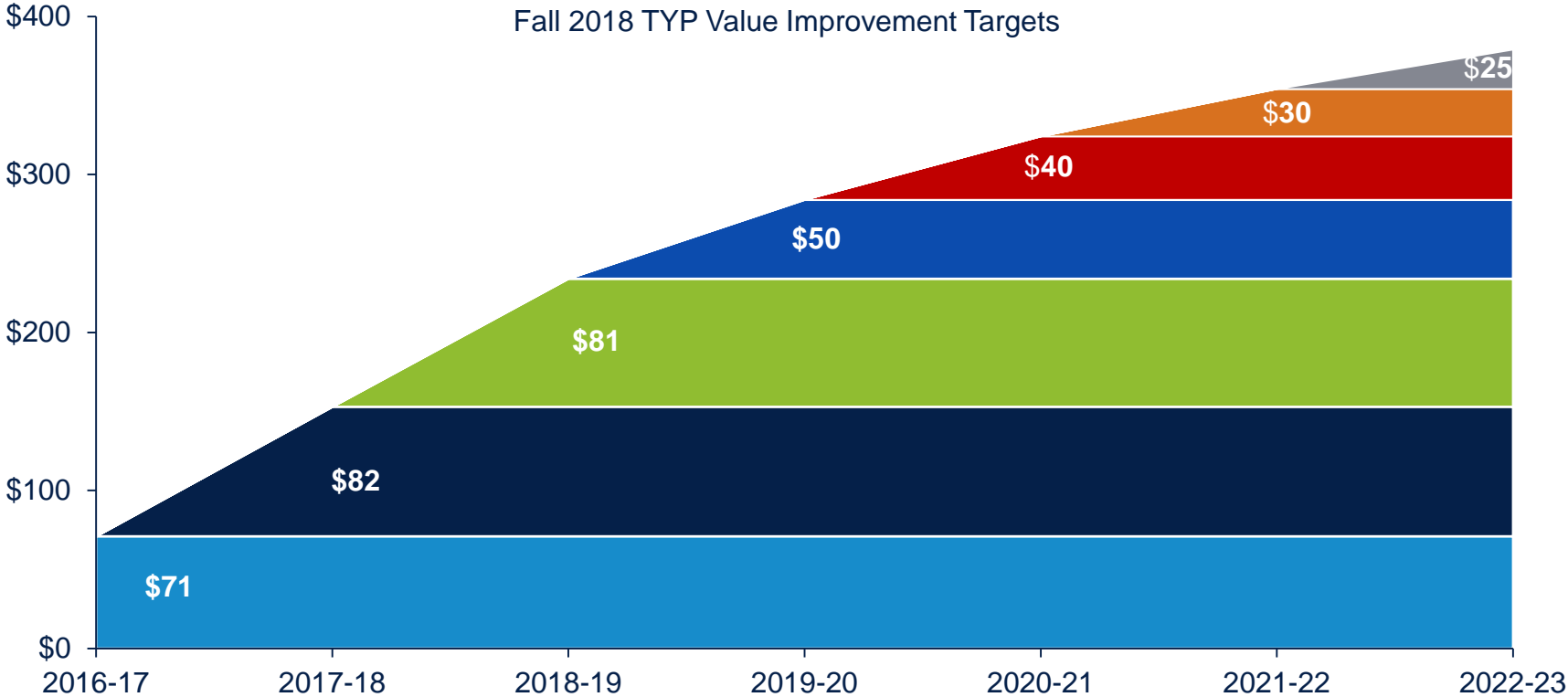
Total cost structure has increased primarily to accommodate growth and support the expansion of services, but overall expense growth lags revenue

- Fixed overhead costs continue to be spread over a growing activity base
- The value improvement plan has been expanded from five to ten years; \$499 million helps offset inflationary impacts



Dollars in millions

The Value Improvement Plan calls for \$379 million of savings by 2022-23 to lower costs for patients

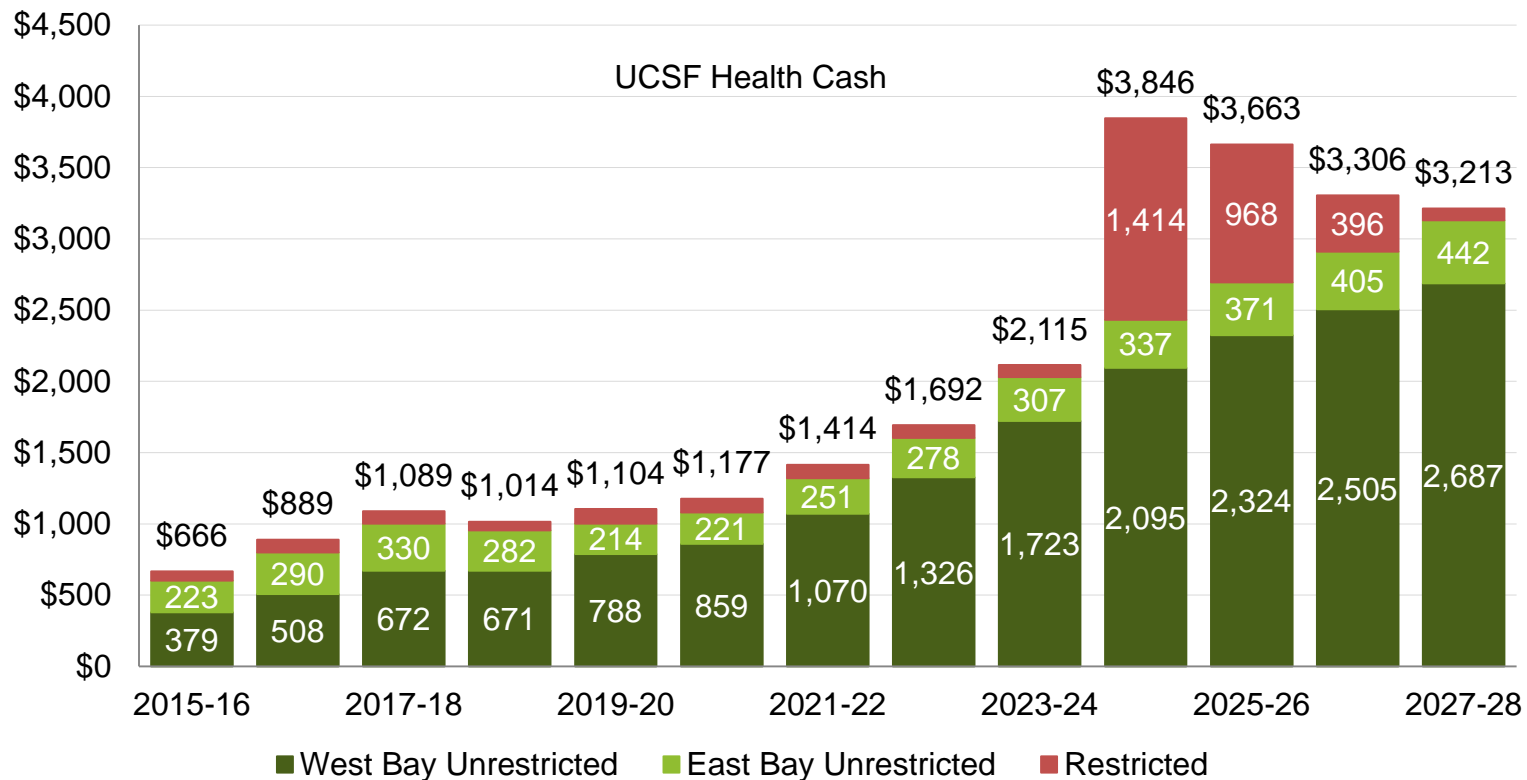


- Mitigating inflation through Value Improvement is consistent with health care industry trend to lower the cost of care for patients
- 1% of total expenses equals approximately \$40 million
- The Value Improvement Plan, when extended through 2028-29, generates total impact of \$499 million

Dollars in millions



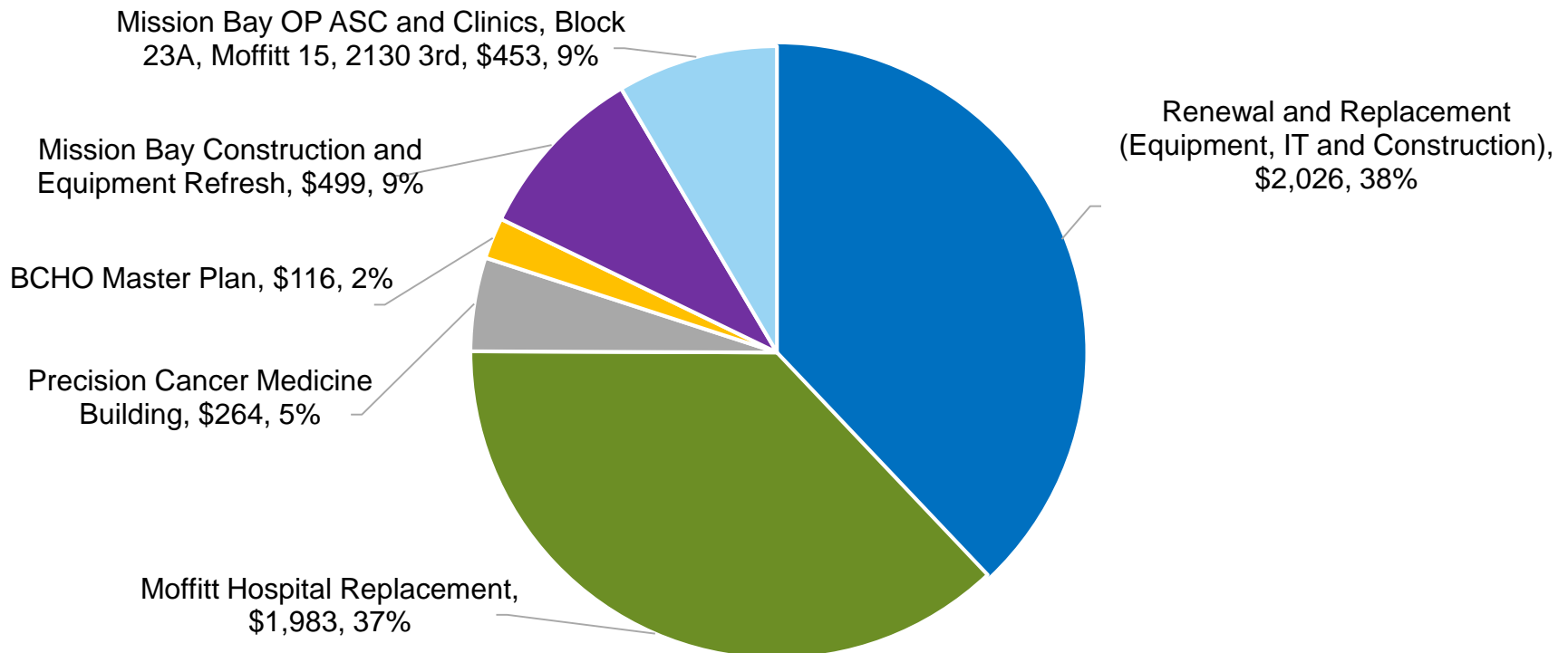
UCSF Health unrestricted cash shows significant growth through 2027-28



- Cash balances are driven by strong earnings and are slightly lower than last year, due to additional capital investments supporting expanded growth strategy
- The projected cash and the days cash on hand will support the funding plan for the Moffitt hospital replacement project beginning in approximately the 2024-25 timeframe

Dollars in millions

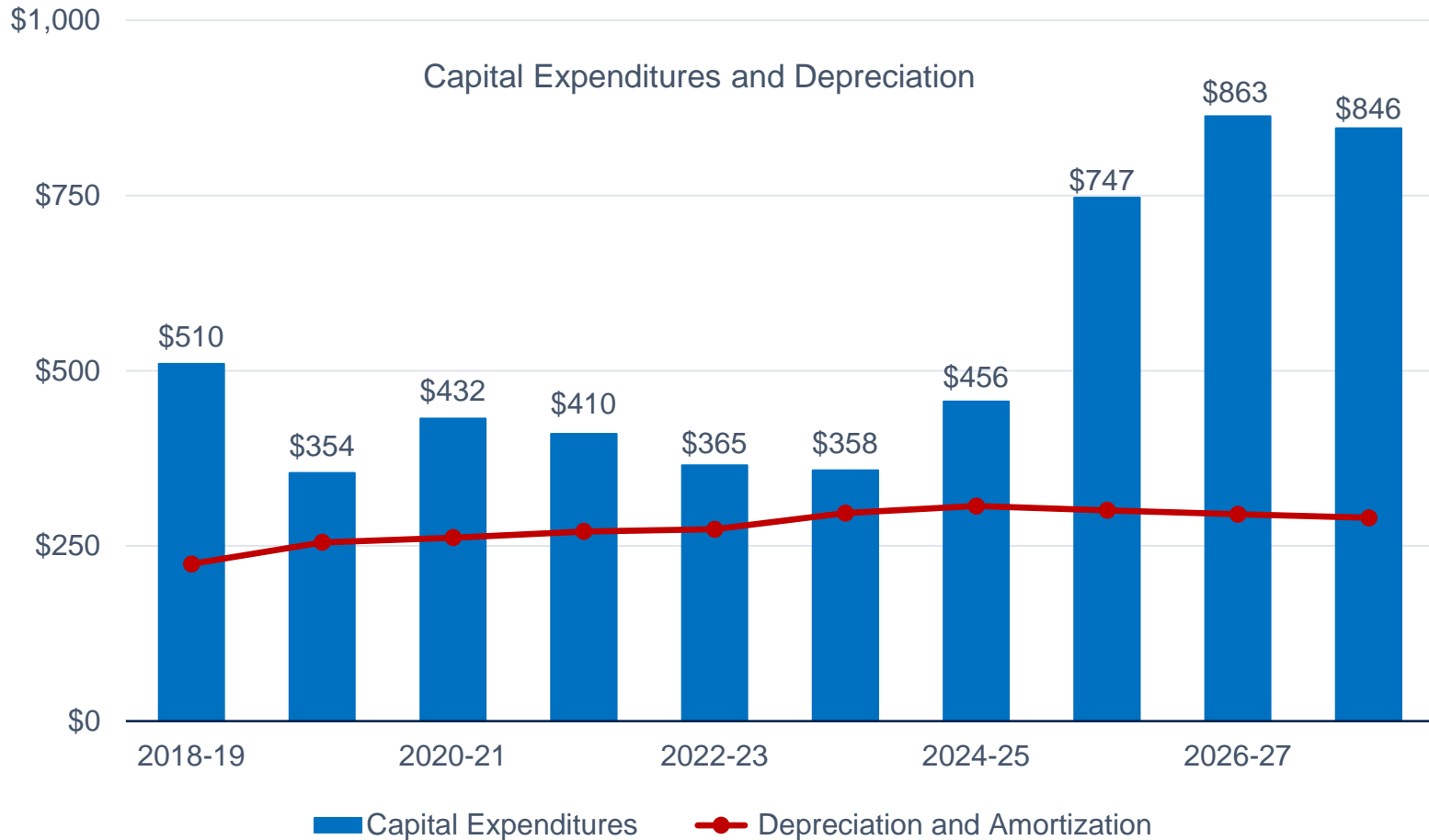
The UCSF Health ten-year capital plan totals \$5.3 billion through 2027-28



- Cornerstone of the capital strategy is the Moffitt hospital replacement by 2030, which also includes the replacement of the Langley Porter inpatient facility
- Strong earnings performance and cash balances over the life of the plan allow for increased capital investment, essential to strategic growth initiatives in addition to ensuring upgrades within existing facilities
- Other strategic investments supporting the growth strategy, which include Marin General and other strategic affiliations, are budgeted separately from capital

Dollars in millions

Physical asset reinvestment levels for UCSF Health exceed 100% throughout the projection period



Dollars in millions

Helen Diller Medical Center at Parnassus

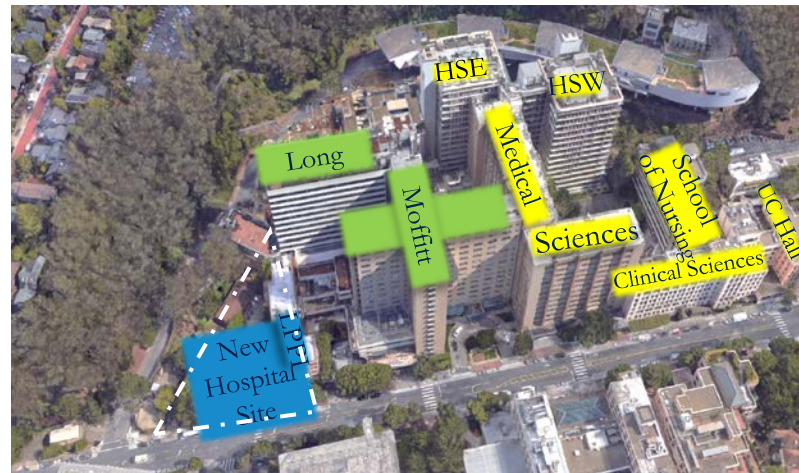
Projected costs are preliminary estimates to facilitate borrowing discussions

Estimates to be updated after financial feasibility and will be reviewed by established governance groups

Placeholder for

Total Project Cost: \$2.5 billion

- \$250 million Cash
- \$750 million Philanthropy
- \$1.5 billion Debt



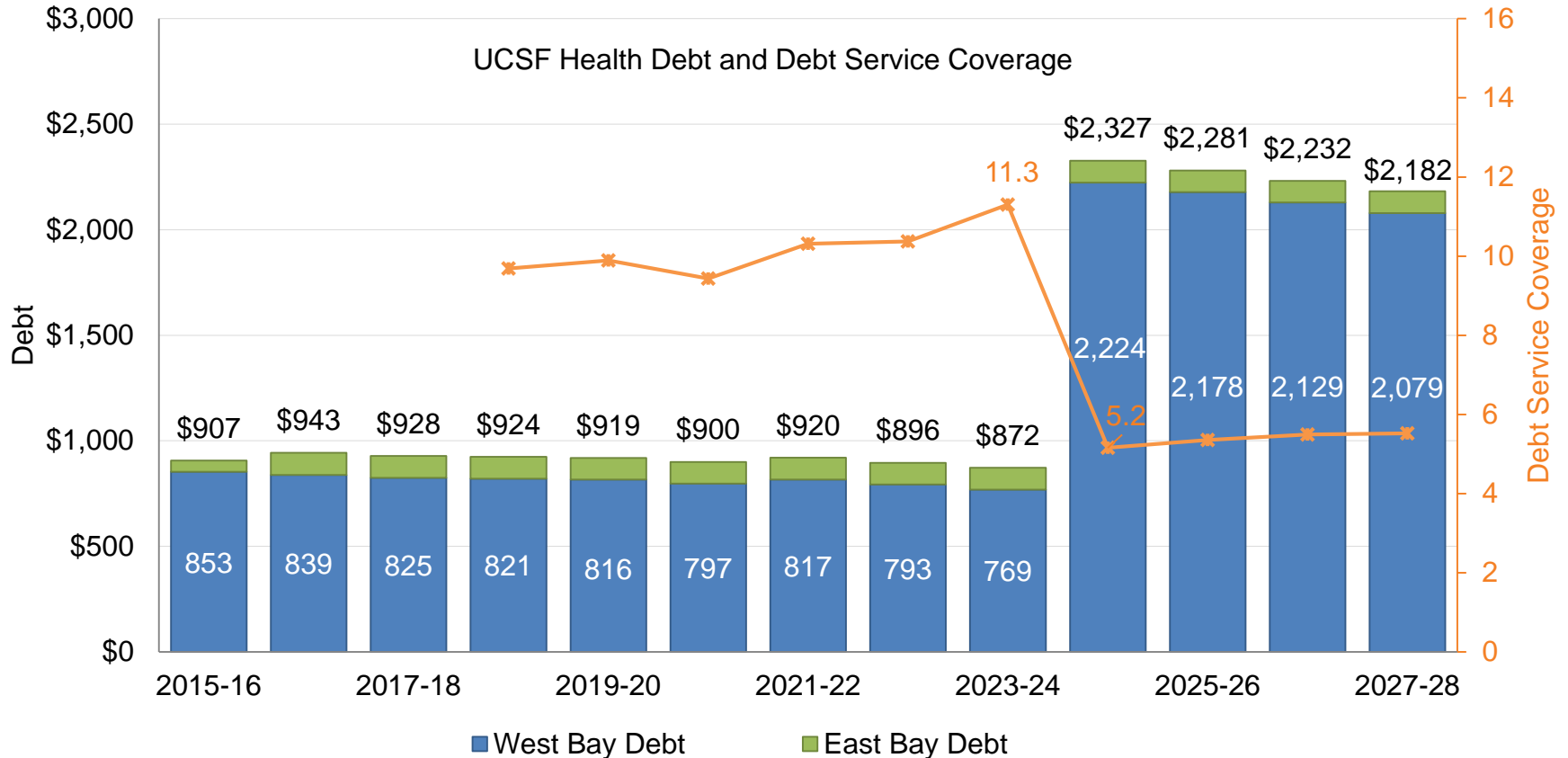
- Timing of borrowing dependent on debt capacity metrics based on guidance provided by UCOP
- Projections assume \$20 million for LPPHC inpatient replacement
- Current ten-year plan does not include operating, transition, or activation expenses

Projected 2023-24 financial performance positions UCSF to borrow \$1.5 billion in 2024-25

- Focus on four key financial metrics important to UCOP and rating agencies

Debt Capacity Metric	Pre-HDMC			Post-HDMC		
	UCSF 2024-25	UC Average	Status	UCSF 2024-25	UC Average	Status
Operating Margin	8.0%	6.9%	✓	8.0%	6.9%	✓
Days Cash on Hand	151	109	✓	151	109	✓
Annual Debt Service Coverage	12.8	7.8	✓	5.2	7.8	✓
Debt/Capitalization	27%	53%	✓	52%	53%	■
Points	254	167	✓	174	167	✓
S&P Rating	AA+	AA/AA-	✓	AA/AA-	AA/AA-	✓

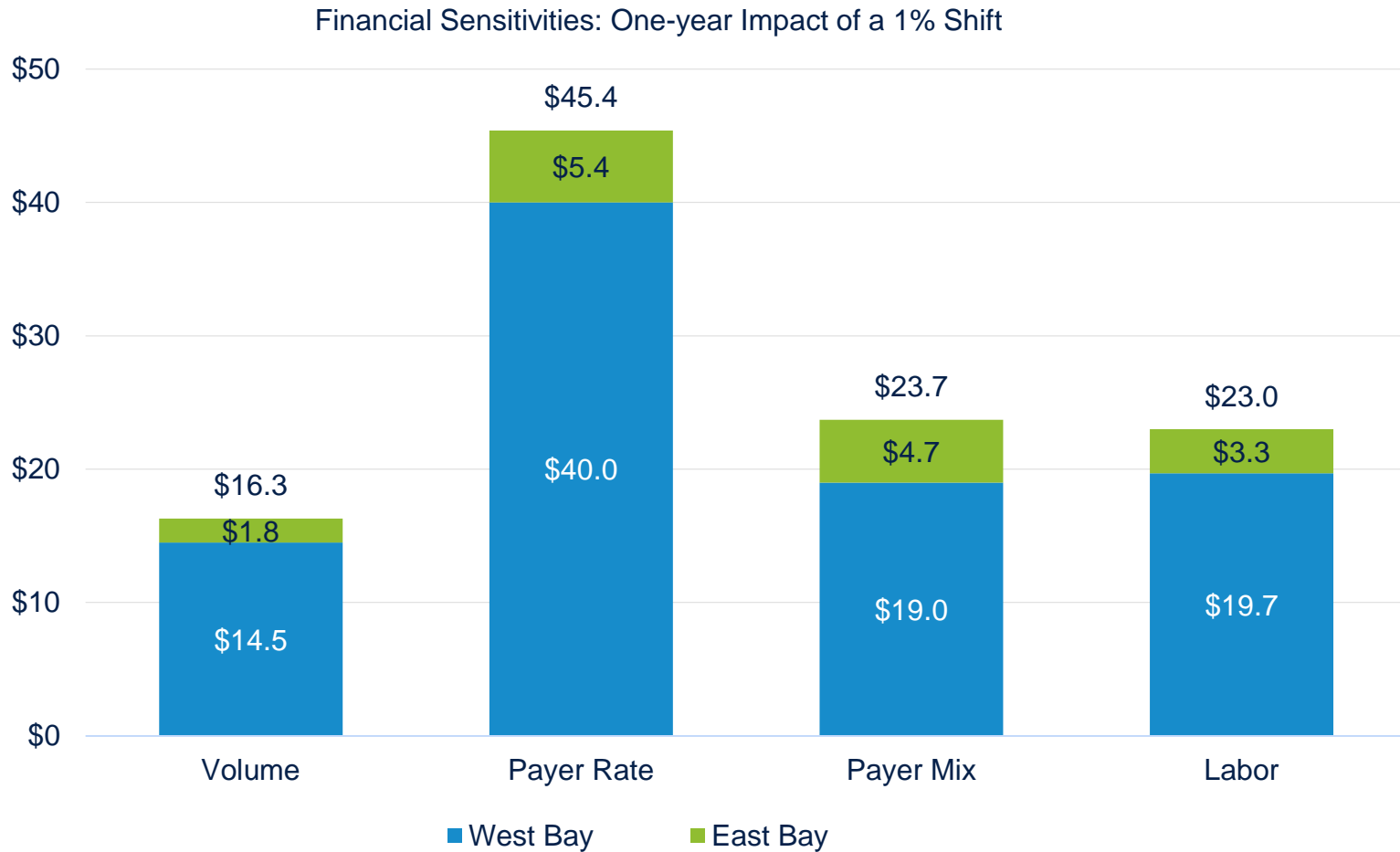
UCSF Health Debt Service Coverage grows to required levels by 2023-24 to facilitate Moffitt hospital replacement



- Debt Service Coverage peaks at 11.3 in 2023-24 and drops to 5.2 after borrowing for the Helen Diller Medical Center project (excludes GASB)

Dollars in millions

UCSF Health sensitivity analysis demonstrates the value of 1% shift in key areas



Dollars in millions

UCSF Health – Risks & Opportunities

Risks

- **Capacity constraints:** Beds, operating room block time, and exam rooms; ALOS initiatives will be required to meet projected inpatient volumes; Inpatient capacity maxed out in 2024-25
- **Reimbursement pressure:** Regulatory and government reimbursement uncertainties; Healthcare Reform and potential 340B changes may reduce revenue
- **Recruiting and retaining talent:** Competitive market compensation is essential for the recruitment and retention of faculty and staff
- **Philanthropic targets:** Shortfalls in philanthropy will impact cash, earnings and ability to deliver capital projects and maintain debt capacity for Helen Diller Medical Center
- **Operations Management:** Achieving value improvement and implementation of strategic investment will require focused effort

Opportunities

- **Strategic Growth and Improved Service Mix:** Leverage destination programs and other partnership investments to increase complex cases at UCSF
- **Project implementation:** Successful opening of expansion projects including Precision Cancer Medicine Building, Moffitt 15, and Parnassus Ambulatory Surgery Center will support strategic growth
- **Value Improvement:** Successful implementation of value improvement to offset pressure of inflation exceeding rate increases; Continued physician engagement is key to expand clinical pathways and variation reduction
- **Expand partnerships with high-quality partners:** Investment in strategic affiliates strengthens our market presence in locations with favorable payor mix to increase returns and increase access to beds and OR's to relieve capacity constraints
- **Program integration:** Continued integration of Children's East and West Bay operations and program management

Core Financial Plan Summary

Fall 2018

The Core Financial Plan (CFP) reflects unrestricted resources available to support UCSF operating and capital needs

- The CFP is a business plan
 - Reflects best projections of all sources, recurring allocations, and one-time commitments
 - Ten-year projection allows for long-term strategic approach
 - Strategies inform allocation decisions
- We use the CFP to communicate choices and advise rationale for decisions
 - Biannual CFP updates are communicated to control point leadership and faculty
 - The Chancellor and B&I Committee facilitate decision making
 - Recipients of CFP funding understand that resources are limited
- Results indicate that we must remain vigilant in controlling costs and steering limited resources in strategic directions
 - Facilities and IT needs remain underfunded
 - Operating cost increases must be carefully managed
 - Further new revenue and balance sheet strategies are essential

The Core Financial Plan represents the centrally-managed funds available to the Chancellor to help support the University's mission

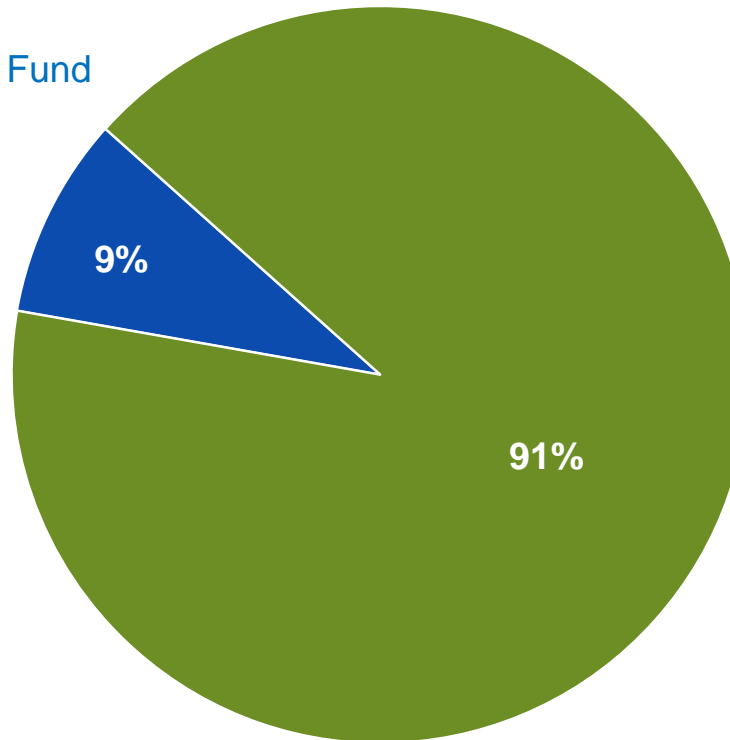
2017-18 Total UCSF Revenue (\$7.1 billion)

■ Core Funds (\$625 million)

■ Non-Core Funds (\$6.45 billion)

Main Sources:

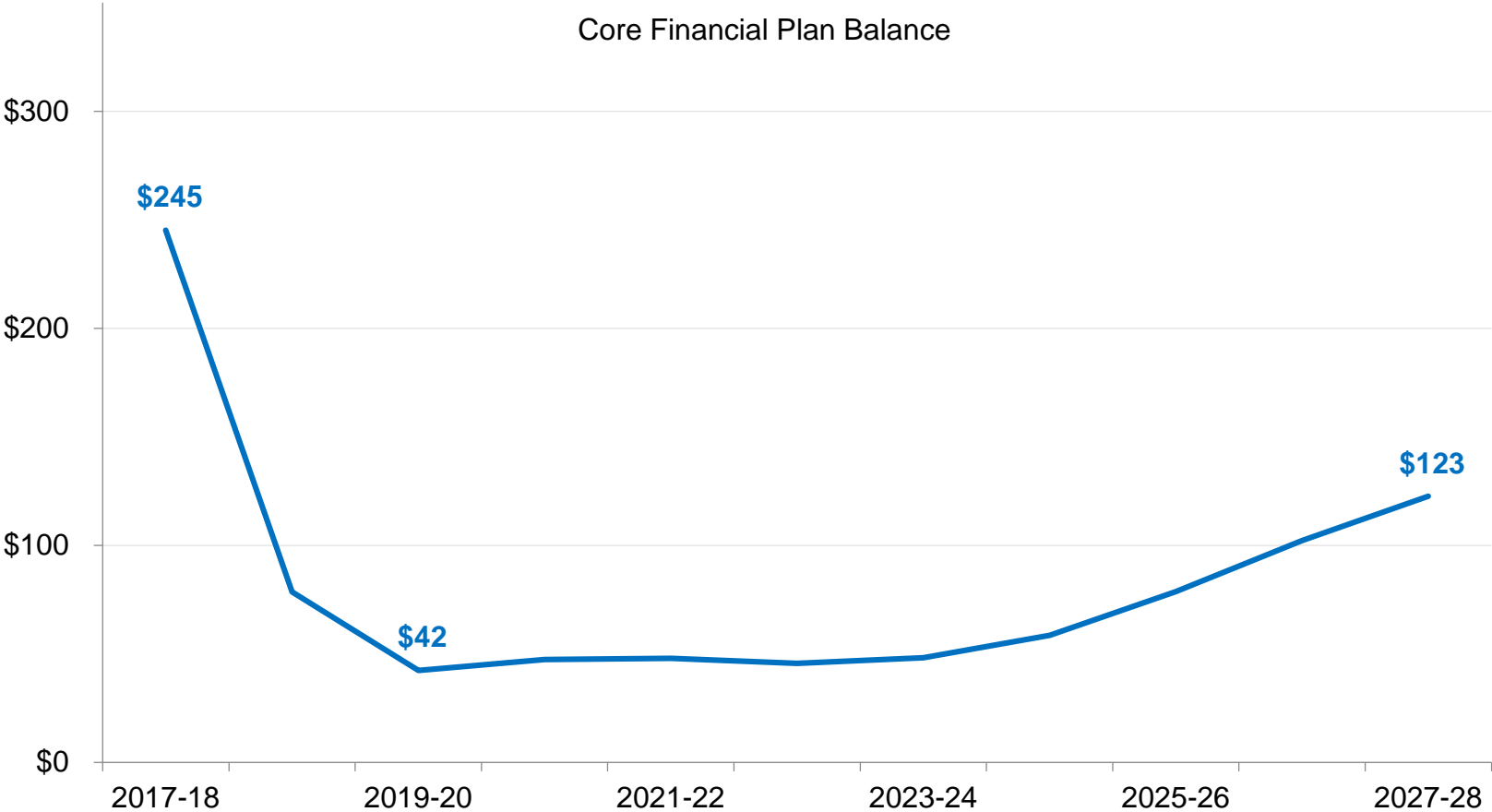
- Indirect Cost Recovery
- State Funds
- Infrastructure and Operations Fund
- Tuition
- Investment Income



Main Sources:

- Clinical Revenue
- Grants and Contracts
- Fees for Service
- Private Gifts
- Investment Income

The projected Core Financial Plan ending balance falls to \$42 million in 2019-20 due to planned capital spending, before rising again



Dollars in millions



Summary

What this means for UCSF

- Both the Campus and UCSF Health had strong years in 2017-18
- Next year we project continued growth with tighter margins
- But, both the Campus and UCSF Health have healthy and robust ten-year plans
- In order to meet these projections, we must:
 - Expand our revenues
 - Control our costs
 - Manage our assets

Appendix

as of 10.12.2018 6pm KH Model Final													
1	Combined Enterprise												
2	Income Statement (\$Millions)												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
3	REVENUES												
4	Student Tuition and Fees	59	58	66	71	76	77	80	83	86	90	93	97
5	Grants and contracts, net												
6	Federal Contracts and Grants	720	736	755	780	809	841	876	913	950	991	1,033	1,077
7	State Contracts and Grants	72	98	85	88	86	87	88	89	94	97	99	102
8	Private Contracts and Grants	408	435	444	460	477	499	521	543	567	592	618	645
9	Local Government	184	194	200	206	212	218	225	232	239	246	253	261
10	Subtotal Grants and Contracts	1,384	1,463	1,484	1,533	1,584	1,645	1,711	1,777	1,850	1,926	2,004	2,084
11	Medical Center Operating Revenue (net)	3,906	4,327	4,568	4,956	5,286	5,591	5,894	6,292	6,623	6,938	7,245	7,567
12	Educational Activities	280	316	332	349	366	385	404	424	445	467	491	515
13	Auxiliary enterprises	67	69	74	89	97	100	104	108	111	116	121	125
14	PSA and other campus services - Campus	0	0	0	0	0	0	0	0	0	0	0	0
15	State Educational Appropriations	198	150	170	212	218	224	230	237	243	250	257	264
16	State & Federal Financing Appropriations	26	26	12	12	12	12	12	11	11	11	11	11
17	Private Gifts	232	304	274	288	289	305	340	353	363	385	455	484
18	Investment Income:												
19	Investment Income - STIP and TRIP	116	95	94	77	76	79	86	95	104	115	124	134
20	Endowment Income	61	51	68	74	80	87	92	94	97	100	103	106
21	Endowment Income - Unrealized	0	99	21	18	14	29	28	29	30	31	32	33
22	Endowment Income - Additional FFE Earnings	0	0	0	0	0	0	0	0	0	0	0	0
23	Subtotal - Investment Income	177	245	183	169	170	195	206	218	232	246	260	273
24	Patent Income	17	7	12	9	5	4	7	8	8	9	12	13
25	Other Revenue	58	109	65	69	75	81	88	89	132	124	110	93
26	Total Revenues	6,403	7,074	7,240	7,756	8,178	8,619	9,075	9,601	10,107	10,563	11,059	11,527
27	EXPENSES												
28	Personnel Related Costs												
29	Salaries and Wages	3,078	3,291	3,476	3,686	3,864	4,059	4,268	4,502	4,738	4,971	5,240	5,513
30	Employee Benefits	885	944	1,030	1,124	1,201	1,276	1,356	1,444	1,533	1,623	1,727	1,834
31	Subtotal - Personnel Related Costs	3,963	4,236	4,506	4,811	5,065	5,336	5,624	5,946	6,271	6,594	6,967	7,348
32	Supplies and Materials	730	814	852	921	974	1,022	1,074	1,139	1,194	1,250	1,306	1,366
33	PSA and other transfers	0	0	(3)	10	11	11	12	13	13	14	15	16
34	UC Path	1	0	4	5	5	5	5	5	5	6	6	6
35	Utilities	39	41	43	47	51	53	56	60	64	69	72	76
36	Scholarships and Fellowships	30	33	34	35	36	38	39	40	42	43	45	46
37	Interest Expense	111	103	131	146	171	172	185	180	267	263	261	256
38	Loss on Disposal of capital assets	3	(10)	0	0	0	0	0	0	0	0	0	0
39	Depreciation	343	349	356	397	426	451	456	476	484	477	470	464
40	UCOP General Assessment	22	0	24	26	26	26	26	27	28	28	29	29
41	Subaward Expenses	161	174	178	184	190	198	205	214	222	231	240	250
42	Professional and Consulting Services	443	521	239	243	246	253	259	265	272	280	287	295
43	Other Operating Expenses	337	334	709	713	717	689	696	725	751	765	780	788
44	Total Expenses	6,183	6,595	7,074	7,537	7,918	8,253	8,638	9,090	9,612	10,019	10,479	10,940
45	Income before Other Changes in Net Position	220	480	166	219	259	366	437	510	495	544	580	587
46	Health System investment in clinical practices (net)	0	0	0	0	0	0	0	4	4	4	4	4
47	TOTAL INCOME BEFORE CHANGES IN NET POSITION	220	480	166	219	259	366	437	510	499	548	584	591
48	Extraordinary Items												
49	GASB 68 pension (expense)/gain	(61)	57	(120)	0	0	0	0	0	0	0	0	0
50	GASB 75 OPEB (expense)/gain	(242)	(196)	(207)	0	0	0	0	0	0	0	0	0
51	Capital gifts and grants	33	165	80	78	84	103	134	167	68	74	29	281
52	Transfers to Regents' Endowment	(173)	103	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
53	State Capital Appropriations	0	0	0	0	0	0	0	0	0	0	0	0
54	Other Changes in Net Position	(3,363)	1,458	7	(41)	(42)	(24)	(10)	(1)	3	3	1	(2)
55	Increase (Decrease) in Net Position	(3,586)	2,066	(98)	231	277	420	536	651	546	599	588	845

Note: Professional Services Agreements (PSA) and other campus services provided to UCSF Health are recorded as Campus revenue and UCSF Health expense and are eliminated in UCSF consolidated financial statements.

											as of 10.12.2018 4pm KH Model Final		
1	Campus Segment												
2	Income Statement (\$Millions)												
3	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
3	REVENUES												
4	Student Tuition and Fees	59	58	66	71	76	77	80	83	86	90	93	97
5	Grants and contracts, net												
6	Federal Contracts and Grants	695	713	734	758	785	817	851	887	923	963	1,004	1,047
7	State Contracts and Grants	71	96	82	85	83	84	85	86	91	93	96	98
8	Private Contracts and Grants	390	420	431	445	463	483	505	526	550	574	599	625
9	Local Government	181	191	197	203	209	215	222	228	235	242	250	257
10	Subtotal Grants and Contracts	1,337	1,420	1,444	1,491	1,540	1,599	1,663	1,728	1,799	1,873	1,949	2,027
11	Medical Center Operating Revenue (net)	0	0	0	0	0	0	0	0	0	0	0	0
12	Educational Activities	280	316	332	349	366	385	404	424	445	467	491	515
13	Auxiliary enterprises	67	69	74	89	97	100	104	108	111	116	121	125
14	PSA and other campus services - Campus	580	671	682	746	804	862	924	1,004	1,058	1,115	1,170	1,227
15	State Educational Appropriations	198	150	170	212	218	224	230	237	243	250	257	264
16	State & Federal Financing Appropriations	11	11	12	12	12	12	12	11	11	11	11	11
17	Private Gifts	214	273	253	266	267	284	315	326	339	360	430	459
18	Investment Income:												
19	Investment Income - STIP and TRIP	79	78	70	61	59	60	63	67	72	76	80	82
20	Endowment Income	61	51	68	74	80	87	92	94	97	100	103	106
21	Endowment Income - Unrealized	0	80	21	18	14	29	28	29	30	31	32	33
22	Endowment Income - Additional FFE Earnings	0	0	0	0	0	0	0	0	0	0	0	0
23	Subtotal - Investment Income	140	208	159	153	153	176	183	191	199	208	215	222
24	Patent Income	17	7	12	9	5	4	7	8	8	9	12	13
25	Other Revenue	77	101	41	41	42	42	42	43	43	44	44	44
26	Total Revenues	2,980	3,284	3,244	3,439	3,579	3,765	3,965	4,162	4,345	4,543	4,793	5,004
27	EXPENSES												
28	Personnel Related Costs												
29	Salaries and Wages	1,581	1,702	1,795	1,881	1,968	2,054	2,155	2,267	2,384	2,510	2,671	2,814
30	Employee Benefits	412	437	465	501	537	566	599	635	673	714	766	814
31	Subtotal - Personnel Related Costs	1,993	2,139	2,260	2,382	2,505	2,620	2,754	2,901	3,056	3,224	3,437	3,628
32	Supplies and Materials	141	158	162	167	172	177	183	188	194	200	206	212
33	PSA and other transfers	0	0	0	0	0	0	0	0	0	0	0	0
34	UC Path	1	0	4	5	5	5	5	5	5	5	6	6
35	Utilities	25	26	27	30	33	34	36	38	41	44	47	49
36	Scholarships and Fellowships	30	33	34	35	36	38	39	40	42	43	45	46
37	Interest Expense	63	59	81	92	117	119	131	128	125	122	123	119
38	Loss on Disposal of capital assets	2	(10)	0	0	0	0	0	0	0	0	0	0
39	Depreciation	132	133	132	142	164	180	182	179	177	176	175	174
40	UCOP General Assessment	22	0	24	24	25	25	26	26	26	27	28	28
41	Subaward Expenses	161	174	178	184	190	198	205	214	222	231	240	250
42	Professional and Consulting Services	116	121	125	128	132	136	140	145	149	153	158	163
43	Other Operating Expenses	245	263	299	307	315	291	302	312	323	332	345	355
44	Total Expenses	2,932	3,097	3,327	3,496	3,695	3,824	4,003	4,176	4,360	4,558	4,808	5,030
45	Income before Other Changes in Net Position	48	187	(83)	(58)	(115)	(59)	(39)	(14)	(15)	(15)	(15)	(25)
46	Health System investment in clinical practices (net)	92	109	94	93	98	102	106	111	118	121	124	127
47	TOTAL INCOME BEFORE CHANGES IN NET POSITION	140	296	12	36	(17)	43	68	97	103	106	109	102
48	Extraordinary Items												
49	GASB 68 pension (expense)/gain	(8)	47	(30)	0	0	0	0	0	0	0	0	0
50	GASB 75 OPEB (expense)/gain	(95)	(67)	(80)	0	0	0	0	0	0	0	0	0
51	Capital gifts and grants	1	146	40	35	34	21	18	45	44	49	4	4
52	Transfers to Regents' Endowment	(182)	0	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
53	State Capital Appropriations	0	0	0	0	0	0	0	0	0	0	0	0
54	Other Changes in Net Position	(1,664)	1,452	(160)	(27)	(27)	6	29	(2)	(2)	(2)	(2)	0
55	Increase (Decrease) in Net Position	(1,809)	1,874	(244)	18	(36)	45	89	115	120	128	86	80

											as of 10.10.18 2pm KH Model Final		
1	UCSF Health Segment												
2	Income Statement (\$Millions)												
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
3	REVENUES												
4	0	0	0	0	0	0	0	0	0	0	0	0	
5	Student Tuition and Fees												
6	25	23	21	23	23	24	25	26	27	28	29	30	
7	1	3	3	3	3	3	3	3	3	3	3	4	
8	18	15	14	14	15	15	16	17	17	18	19	19	
9	3	3	3	3	3	3	3	3	3	4	4	4	
10	46	44	40	43	44	46	47	49	51	53	55	57	
11	3,906	4,327	4,568	4,956	5,286	5,591	5,894	6,292	6,623	6,938	7,245	7,567	
12	0	0	0	0	0	0	0	0	0	0	0	0	
13	0	0	0	0	0	0	0	0	0	0	0	0	
14	0	0	0	0	0	0	0	0	0	0	0	0	
15	0	0	0	0	0	0	0	0	0	0	0	0	
16	15	15	0	0	0	0	0	0	0	0	0	0	
17	18	31	22	22	23	21	25	28	24	24	25	25	
18	Investment Income:												
19	37	17	24	16	17	19	23	27	33	38	45	51	
20	0	0	0	0	0	0	0	0	0	0	0	0	
21	0	19	0	0	0	0	0	0	0	0	0	0	
22	0	0	0	0	0	0	0	0	0	0	0	0	
23	37	37	24	16	17	19	23	27	33	38	45	51	
24	0	0	0	0	0	0	0	0	0	0	0	0	
25	3	8	24	28	34	39	45	46	89	81	66	49	
26	4,025	4,461	4,678	5,064	5,403	5,717	6,035	6,442	6,820	7,135	7,436	7,749	
27	EXPENSES												
28	Personnel Related Costs												
29	1,497	1,589	1,681	1,805	1,896	2,005	2,113	2,235	2,354	2,461	2,569	2,699	
30	473	507	565	623	664	711	757	809	861	909	961	1,020	
31	1,970	2,096	2,247	2,428	2,560	2,715	2,870	3,045	3,215	3,370	3,530	3,719	
32	590	657	691	756	804	847	894	953	1,002	1,053	1,103	1,156	
33	581	649	656	732	790	848	909	988	1,042	1,098	1,152	1,210	
34	0	0	0	0	0	0	0	0	0	0	0	0	
35	22	23	26	27	29	31	33	35	37	40	42	45	
36	0	0	0	0	0	0	0	0	0	0	0	0	
37	48	44	50	54	54	53	54	53	141	140	138	137	
38	2	1	0	0	0	0	0	0	0	0	0	0	
39	211	216	224	255	262	271	274	297	307	301	295	290	
40	0	0	0	1	1	1	1	1	1	1	1	1	
41	0	0	0	0	0	0	0	0	0	0	0	0	
42	327	400	114	115	114	116	119	121	123	126	129	132	
43	102	83	421	418	415	410	407	426	441	446	449	447	
44	3,853	4,168	4,429	4,787	5,028	5,291	5,559	5,918	6,310	6,575	6,841	7,137	
45	172	293	248	277	374	426	476	524	511	559	595	612	
46	(92)	(109)	(94)	(93)	(98)	(102)	(106)	(111)	(114)	(117)	(120)	(124)	
47	80	183	154	184	276	324	370	413	396	442	475	489	
48	Extraordinary Items												
49	(53)	10	(90)	0	0	0	0	0	0	0	0	0	
50	(147)	(129)	(127)	0	0	0	0	0	0	0	0	0	
51	32	18	40	44	51	83	116	122	25	25	25	278	
52	9	103	0	0	0	0	0	0	0	0	0	0	
53	0	0	0	0	0	0	0	0	0	0	0	0	
54	(1,699)	5	168	(14)	(15)	(31)	(39)	0	5	5	2	(2)	
55	(1,777)	192	145	213	313	376	447	536	426	472	502	765	

											as of 10.12.18 6pm KH Model Final			
1 Combined Enterprise														
2 STATEMENT OF NET POSITION (\$M)														
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
3 ASSETS														
4 Cash and Cash Equivalents	2,730	2,776	2,612	2,717	2,769	3,041	3,422	3,955	5,792	5,710	5,409	5,354		
5 Investments	216	2,034	2,013	2,034	2,083	2,169	2,251	2,338	2,428	2,524	2,621	2,722		
6 Trusteed Assets	226	925	335	47	0	0	0	0	0	0	0	0		
7 Accounts Receivable Net of Reserves	809	998	1,034	1,069	1,131	1,190	1,252	1,324	1,387	1,452	1,516	1,583		
8 Pledges Receivable	2	2	3	3	3	3	3	3	3	3	3	3		
9 Current Portion of notes and mortg. receivable	3	3	3	3	3	3	3	3	3	3	3	3		
10 Funds Held for Others	0	0	0	0	0	0	0	0	0	0	0	0		
11 Supply Inventories, at cost	51	56	59	65	69	73	77	82	86	90	95	99		
12 Prepaid Expenses	0	0	0	0	0	0	0	0	0	0	0	0		
13 Other current assets	69	96	70	68	67	67	66	65	65	64	64	63		
14 Current assets	4,106	6,891	6,129	6,005	6,125	6,545	7,073	7,770	9,764	9,847	9,711	9,828		
15 Pledges Receivable	1	3	3	3	3	3	3	3	3	3	3	3		
16 Notes and Mortgages Receivable	36	30	31	31	32	33	33	34	35	35	36	37		
17 Notes Receivable - PCMB	0	0	0	0	0	0	0	0	0	0	0	0		
18 Land, Buildings, Equipment, Libraries	4,550	4,860	5,766	6,287	6,507	6,593	6,542	6,466	6,506	6,855	7,298	7,733		
19 Noncurrent Deferred Outflows	1,287	1,152	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141	1,141		
20 Other Non Current Assets	24	42	139	153	184	184	215	215	197	337	557	784		
21 Noncurrent assets	5,900	6,088	7,079	7,614	7,866	7,952	7,934	7,858	7,881	8,371	9,034	9,697		
22 Total Assets	10,006	12,978	13,208	13,620	13,992	14,498	15,007	15,629	17,645	18,218	18,746	19,525		
23 LIABILITIES														
24 Accounts Payable	276	355	539	570	597	624	655	692	726	759	795	830		
25 Accrued Salaries and Benefits	323	343	238	249	259	270	282	294	306	319	333	347		
26 Deferred Revenue	123	126	126	126	126	126	126	126	126	126	126	126		
27 Funds Held for Others	1	1	1	1	1	1	1	1	1	1	1	1		
28 Current Maturities of Debt	60	51	34	52	68	74	82	84	109	112	118	123		
29 Third Party Payables	116	136	(0)	0	0	0	0	0	0	0	0	0		
30 Other current liabilities	150	215	224	224	226	227	228	229	230	231	233	234		
31 Current liabilities	1,048	1,227	1,162	1,222	1,277	1,322	1,374	1,426	1,498	1,549	1,605	1,661		
32 Federal Refundable Loans	30	30	30	30	30	30	30	30	30	30	30	30		
33 Deferred Inflows	1,152	1,207	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023	1,023		
34 Due to University	655	722	722	722	722	722	722	722	722	722	722	722		
35 Pension Liability	1,878	1,760	1,942	1,942	1,942	1,942	1,942	1,942	1,942	1,942	1,942	1,942		
36 OPEB Liability	3,377	3,339	3,657	3,657	3,657	3,657	3,657	3,657	3,657	3,657	3,657	3,657		
37 Note Payable - PCMB	0	0	0	0	0	0	0	0	0	0	0	0		
38 Other Long-Term Liabilities	140	76	96	108	121	124	127	130	133	136	137	138		
39 Long-Term Debt	2,559	3,384	3,441	3,550	3,578	3,616	3,534	3,450	4,845	4,765	4,647	4,525		
40 Noncurrent liabilities	9,791	10,519	10,911	11,032	11,073	11,113	11,034	10,954	12,352	12,275	12,158	12,037		
41 Total Liabilities	10,839	11,745	12,073	12,254	12,349	12,435	12,408	12,380	13,850	13,823	13,763	13,698		
42 NET ASSETS														
43 Invested in Capital Assets, Net of Related Debt	2,101	1,443	2,626	2,732	2,861	2,903	2,926	2,932	1,552	1,978	2,532	3,084		
44 Restricted Expendable Fund Balance	630	3,341	3,363	3,363	3,363	3,363	3,363	3,363	3,363	3,363	3,363	3,363		
45 Unrestricted Fund Balance	(3,564)	(3,551)	(4,854)	(4,729)	(4,582)	(4,203)	(3,691)	(3,046)	(1,119)	(946)	(913)	(620)		
46 Total Net Assets	(833)	1,233	1,135	1,366	1,642	2,063	2,598	3,249	3,795	4,394	4,982	5,827		
47														
48 Total Liabilities and Net Assets	10,006	12,978	13,208	13,620	13,992	14,498	15,007	15,629	17,645	18,218	18,746	19,525		

											as of 10.12.2018 4pm KH Model Final			
1	Campus Segment													
2	STATEMENT OF NET POSITION (\$M)													
3	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
4	ASSETS													
5	Cash and Cash Equivalents	2,058	1,942	1,776	1,761	1,740	1,798	1,919	2,052	2,184	2,316	2,402	2,474	
6	Investments	0	1,778	1,834	1,886	1,935	1,998	2,061	2,125	2,190	2,255	2,322	2,389	
7	Trusted Assets	226	925	335	47	0	0	0	0	0	0	0	0	
8	Accounts Receivable Net of Reserves	219	358	358	345	358	372	387	403	420	438	456	475	
9	Pledges Receivable	0	0	0	0	0	0	0	0	0	0	0	0	
10	Current Portion of notes and mortg. receivable	3	3	3	3	3	3	3	3	3	3	3	3	
11	Funds Held for Others	0	0	0	0	0	0	0	0	0	0	0	0	
12	Supply Inventories, at cost	1	1	1	1	1	1	1	1	1	2	2	2	
13	Prepaid Expenses	0	0	0	0	0	0	0	0	0	0	0	0	
14	Other current assets	8	8	8	8	9	9	9	9	9	10	10	10	
15	Current assets	2,515	5,015	4,315	4,051	4,045	4,182	4,381	4,594	4,808	5,023	5,195	5,353	
16	Pledges Receivable	0	3	3	3	3	3	3	3	3	3	3	3	
17	Notes and Mortgages Receivable	36	30	31	31	32	33	33	34	35	35	36	37	
18	Notes Receivable - PCMB	0	0	0	0	0	0	0	0	0	0	0	0	
19	Land, Buildings, Equipment, Libraries	2,201	2,485	3,105	3,527	3,577	3,524	3,382	3,245	3,135	3,038	2,913	2,792	
20	Noncurrent Deferred Outflows	451	376	376	376	376	376	376	376	376	376	376	376	
21	Other Non Current Assets	15	15	15	16	16	16	16	17	17	17	18	18	
22	Noncurrent assets	2,703	2,908	3,529	3,953	4,004	3,951	3,811	3,674	3,566	3,470	3,346	3,226	
23	Total Assets	5,218	7,924	7,845	8,004	8,049	8,133	8,192	8,268	8,373	8,493	8,541	8,579	
24	LIABILITIES													
25	Accounts Payable	71	125	125	121	127	130	135	139	146	152	161	169	
26	Accrued Salaries and Benefits	123	191	200	209	218	228	238	249	260	272	284	297	
27	Deferred Revenue	123	126	126	126	126	126	126	126	126	126	126	126	
28	Funds Held for Others	1	1	1	1	1	1	1	1	1	1	1	1	
29	Current Maturities of Debt	36	46	28	33	48	50	57	58	62	63	67	70	
30	Third Party Payables	0	0	0	0	0	0	0	0	0	0	0	0	
31	Other current liabilities	108	119	122	124	127	129	132	135	137	140	143	146	
32	Current liabilities	462	609	602	614	647	664	689	708	732	754	782	808	
33	Federal Refundable Loans	30	30	30	30	30	30	30	30	30	30	30	30	
34	Deferred Inflows	619	623	453	453	453	453	453	453	453	453	453	453	
35	Due to University	325	353	353	353	353	353	353	353	353	353	353	353	
36	Pension Liability	917	849	940	940	940	940	940	940	940	940	940	940	
37	OPEB Liability	1,599	1,549	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	1,739	
38	Note Payable - PCMB	0	0	0	0	0	0	0	0	0	0	0	0	
39	Other Long-Term Liabilities	101	40	41	42	43	44	45	46	47	48	49	50	
40	Long-Term Debt	1,631	2,462	2,523	2,651	2,698	2,720	2,663	2,605	2,565	2,534	2,467	2,397	
41	Noncurrent liabilities	5,222	5,907	6,079	6,207	6,256	6,279	6,223	6,165	6,127	6,097	6,031	5,962	
42	Total Liabilities	5,684	6,516	6,681	6,822	6,903	6,942	6,912	6,873	6,859	6,851	6,813	6,770	
43	NET ASSETS													
44	Invested in Capital Assets, Net of Related Debt	704	(5)	889	890	831	754	662	582	508	441	379	325	
45	Restricted Expendable Fund Balance	545	3,286	3,286	3,286	3,286	3,286	3,286	3,286	3,286	3,286	3,286	3,286	
46	Unrestricted Fund Balance	(1,715)	(1,873)	(3,011)	(2,994)	(2,971)	(2,849)	(2,668)	(2,473)	(2,279)	(2,085)	(1,937)	(1,803)	
47	Total Net Assets	(467)	1,408	1,164	1,182	1,146	1,191	1,280	1,395	1,514	1,642	1,728	1,808	
48	Total Liabilities and Net Assets	5,218	7,924	7,845	8,004	8,049	8,133	8,192	8,268	8,373	8,493	8,541	8,579	

UCSF Health Segment											as of 10.10.18 2pm KH Model Final			
STATEMENT OF NET POSITION (\$M)														
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028		
ASSETS														
4 Cash and Cash Equivalents	672	834	836	956	1,029	1,243	1,502	1,903	3,608	3,395	3,007	2,880		
5 Investments	216	256	179	148	148	170	190	213	238	269	299	333		
6 Trusteed Assets	0	0	0	0	0	0	0	0	0	0	0	0		
7 Accounts Receivable Net of Reserves	593	679	676	724	773	817	864	921	967	1,014	1,060	1,109		
8 Pledges Receivable	1	2	3	3	3	3	3	3	3	3	3	3		
9 Current Portion of notes and mortg. receivable	0	0	0	0	0	0	0	0	0	0	0	0		
10 Funds Held for Others	0	0	0	0	0	0	0	0	0	0	0	0		
11 Supply Inventories, at cost	51	55	58	64	68	72	76	81	85	89	93	98		
12 Prepaid Expenses	0	0	0	0	0	0	0	0	0	0	0	0		
13 Other current assets	62	88	62	59	59	58	57	56	56	55	54	53		
14 Current assets	1,595	1,914	1,813	1,954	2,080	2,364	2,692	3,177	4,956	4,824	4,516	4,475		
15 Pledges Receivable	1	1	0	0	0	0	0	0	0	0	0	0		
16 Notes and Mortgages Receivable	0	0	0	0	0	0	0	0	0	0	0	0		
17 Notes Receivable - PCMB	0	0	0	0	0	0	0	0	0	0	0	0		
18 Land, Buildings, Equipment, Libraries	2,350	2,375	2,661	2,760	2,930	3,069	3,160	3,222	3,371	3,817	4,385	4,941		
19 Noncurrent Deferred Outflows	837	776	764	764	764	764	764	764	764	764	764	764		
20 Other Non Current Assets	9	27	124	137	168	168	198	198	180	319	539	766		
21 Noncurrent assets	3,197	3,179	3,550	3,662	3,862	4,001	4,123	4,184	4,315	4,901	5,688	6,471		
22 Total Assets	4,792	5,093	5,363	5,616	5,942	6,365	6,815	7,361	9,271	9,725	10,205	10,946		
LIABILITIES														
24 Accounts Payable	209	267	414	448	470	494	520	553	580	607	633	661		
25 Accrued Salaries and Benefits	200	152	39	40	41	42	43	45	46	47	49	50		
26 Deferred Revenue	0	0	0	0	0	0	0	0	0	0	0	0		
27 Funds Held for Others	0	0	0	0	0	0	0	0	0	0	0	0		
28 Current Maturities of Debt	24	5	6	19	20	24	25	26	47	49	51	53		
29 Third Party Payables	116	136	(0)	0	0	0	0	0	0	0	0	0		
30 Other current liabilities	42	95	102	100	99	98	96	94	93	91	90	88		
31 Current liabilities	590	656	560	607	629	658	685	718	766	795	823	853		
32 Federal Refundable Loans	0	0	0	0	0	0	0	0	0	0	0	0		
33 Deferred Inflows	533	584	570	570	570	570	570	570	570	570	570	570		
34 Due to University	329	369	369	369	369	369	369	369	369	369	369	369		
35 Pension Liability	961	911	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002	1,002		
36 OPEB Liability	1,778	1,790	1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918		
37 Note Payable - PCMB	0	0	0	0	0	0	0	0	0	0	0	0		
38 Other Long-Term Liabilities	39	36	55	66	78	80	82	84	86	88	88	88		
39 Long-Term Debt	928	923	918	899	879	896	871	846	2,280	2,231	2,180	2,128		
40 Noncurrent liabilities	4,568	4,612	4,833	4,825	4,817	4,835	4,812	4,788	6,225	6,178	6,127	6,075		
41 Total Liabilities	5,159	5,268	5,392	5,432	5,446	5,493	5,497	5,506	6,991	6,973	6,950	6,927		
NET ASSETS														
43 Invested in Capital Assets, Net of Related Debt	1,397	1,448	1,737	1,841	2,031	2,149	2,265	2,350	1,044	1,537	2,153	2,760		
44 Restricted Expendable Fund Balance	85	55	77	77	77	77	77	77	77	77	77	77		
45 Unrestricted Fund Balance	(1,849)	(1,678)	(1,843)	(1,734)	(1,611)	(1,354)	(1,023)	(572)	1,160	1,139	1,024	1,183		
46 Total Net Assets	(367)	(175)	(29)	184	496	872	1,319	1,855	2,281	2,752	3,254	4,019		
47														
48 Total Liabilities and Net Assets	4,792	5,093	5,363	5,616	5,942	6,365	6,815	7,361	9,271	9,725	10,205	10,946		

10-Year Plan Summary Assumptions		Health updated 10.09.18, Campus updated 10.14.18										
UCSF Campus Segment		Projection										
	Comments	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
REVENUES												
1	Student Tuition and Fees	Effective Rate Ten-year CAGRs: Total Student Enrollment relatively flat 1% * Tuition (Ed Fee) 2.6% * Student Services Fee (Reg Fee) 4% * Non-Resident Fee 0% * PDST Fees (various programs) 5% * SSDP Fees (various programs) 3%	14.96%	7.60%	6.05%	1.68%	4.20%	4.09%	3.78%	3.82%	3.73%	3.71%
2	Federal Contracts & Grants	Federal Direct Global rate Agreement with Cost Allocation Services for organized research F&A rate increases of two (2) points over the next three years from 2018-19 through 2020-21: * 50bp/yr increase in 2018-19 and 2019-20 * 100bp increase in 2020-21	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
3	State Contracts & Grants	State Direct Global rate with impact of CIRM ending	2.70%	2.60%	-2.00%	0.00%	0.80%	0.80%	4.40%	2.00%	2.00%	2.00%
4	Private Contracts & Grants	Private Direct Global rate	2.50%	2.80%	3.50%	4.10%	4.40%	4.30%	4.40%	4.40%	4.40%	4.40%
5	Local Government	Local Direct Global rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
6	Sales & Services - Other Clinical and Educational Activities	Revenue is derived from a variety of additional patient care and academic programs: * Patient care affiliation agreements * Non-affiliation clinical activity * Educational products and services * Laboratory service fees * Continuing Medical Education (CME), symposiums, classes, etc.	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
7	Sales & Services - Auxiliary Enterprises	Effective rate; 5Yr CAGR growth of 8.5%, 10Yr CAGR 6.1% Growth primarily driven by Housing and Transportation: * +\$19.5M of housing revenues starting in 2019- 20 from occupancy of 595 units at the Minnesota Street Graduate Student Housing, MB, with price increases of 2.5% to 4% per year * +\$8.9m of transportation revenues driven by Permit fee increases of 5.3% to 7.3%/yr; Public hourly fees increase 6.3% in 2020-21 and +1350 parking spaces	7.42%	19.79%	9.45%	3.18%	3.69%	3.74%	3.17%	4.77%	3.77%	3.22%
8	State Educational Appropriations	Legislative handling of UCOP assessments during 2017-18 and 2018-19 created a two-year fluctuation in revenues and expenses State funds reduced and loss offset by reduced campus share of UCOP assessment expense Impact on campus: revenue neutral	13.11%	24.99%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%

10-Year Plan Summary Assumptions		Health updated 10.09.18, Campus updated 10.14.18										
UCSF Campus Segment												
	Comments	Projection										
		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
REVENUES (continued)												
9	State Financing Appropriations	Reimbursements from the State of California for debt service payments on State Public Works Bonds (SPWB) used for UCSF Fresno and QB3. Re-financed to GRBs in 2016	-9.12%	-0.15%	-5.83%	-0.01%	0.00%	-5.95%	-2.75%	-0.01%	0.00%	0.02%
10	Federal Financing Appropriations	Build America Bonds - federal program where government subsidizes ~35% of interest expense for projects that use that financing vehicle Examples include Neuroscience building and Cardiovascular Research building	10.72%	0.00%	0.00%	-0.14%	-0.16%	-0.17%	-0.67%	-0.71%	-2.19%	-3.66%
11	Private Gifts	Long-term projections remain consistent with last year's Gift Plan The Neuro gifts is spread out evenly over three years (~\$40m/yr in 2026, 2027, 2028) 2017-18 was a record-breaking year with private grants and large real estate gifts e.g. 2130 3rd Psych \$60m, 2 North Point \$40m, Pritzker \$30m for land 2018-19 and 2019-20 reflect a strong gift pipeline and known gift pledges	-7.61%	5.43%	0.07%	6.41%	11.09%	3.36%	4.23%	6.08%	19.37%	6.71%
	Foundation Endowment											
	Corpus Growth in base		\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000	\$54,000
	Payout to UCSF (1 yr endowment performance) 6.3% avg vs. 4.8% avg, 2017 vs. 2016 Gift Model		5.0%	5.0%	5.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
12	Investment Income - STIP and TRIP	Global Blended rate; allocation between STIP and TRIP	3.29%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
		STIP earnings assumption, based off of the CBO projection	1.50%									
		TRIP earnings assumption	4.25%									
13	Regents Endowment Income - Realized Distribution from Regents Endowment	Payout to UCSF from endowment held by Regents	34.21%	9.27%	8.16%	8.31%	5.58%	3.02%	3.01%	3.03%	3.08%	3.02%
		Corpus Growth - Transfers to Regents Endowment Payout remains in GEP over the 10 year period	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)	\$ (25,000)
		Payout to UCSF	5.00%	5.00%	5.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
14	Endowment Income - Unrealized Income		-73.6%	-16.6%	-19.6%	107.0%	-3.5%	3.5%	3.4%	3.1%	2.7%	2.7%
15	Patent Income	Effective Rate 2018-19 net revenue driven by \$12.1m Cell Design Lab (CDL) sale to Gilead and first milestone payment of \$4.3m Major patents expiring i.e. Synthesizing Human Virus Antigen in 2019-20 net ~\$3m/yr loss and Bovine Growth Hormone 2023-24 ~\$1.8m/yr loss	78.94%	-28.59%	-46.29%	-15.70%	87.31%	7.40%	7.91%	8.43%	35.34%	7.62%
16	Other Non-Operating Revenue	Include capital remediation settlements, other legal recoveries, property tax rebates, Be Smart About Safety (BSAB)	-84.65%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
17	Other Operating Revenue	*Nonoperating revenue - other sources: Police and security services for Hastings, BCHO reimbursements for ITS and audit services, Pcard incentive, PharmChem Amber software, Gifts administration services for CHO *Noneducational sale of services -Student health insurance premiums, QB3 funding, hemophilia program medication reimbursement, patronage payments, rate additive PSA goods and services except utilities and other clinical/educational activities have been moved to PSA line and Sales and Service - Other Clinical and Educational Activities lines	2.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

10-Year Plan Summary Assumptions		Health updated 10.09.18, Campus updated 10.14.18										
UCSF Campus Segment		Projection										
	Comments	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
EXPENSES												
18	Salaries and Wages	Effective rate Includes programmatic adjustments e.g., IT Sourcing, etc.	5.46%	4.82%	4.60%	4.39%	4.91%	5.17%	5.16%	5.30%	6.42%	5.37%
		Global rate	5.46%	4.82%	4.60%	4.39%	4.39%	5.00%	5.00%	5.00%	5.00%	5.00%
19	Employee Benefits	Effective rate with programmatic adjustments for incremental gifts Global Rates (Price increases):	6.25%	7.85%	7.20%	5.34%	5.80%	5.98%	5.99%	6.15%	7.30%	6.27%
		Active Health	5.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
		UCRP (as a percent of eligible salary)	15.70%	16.46%	17.03%	17.11%	17.15%	17.15%	17.15%	17.15%	17.15%	17.15%
		Retiree Health	-4.19%	-3.37%	10.45%	11.04%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
		Worker's Comp	0.00%	0.50%	1.00%	1.50%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
		Other Benefits	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
20	Supplies and Materials	Global rate, rate of inflation	2.50%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
21	Subaward Expenses	Aligns with Federal C&G TDC growth rate	2.50%	3.00%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
22	Professional and Consulting Services		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
23	Professional Services Agreements (PSA) Transfer	Aligned with Medical Center projections	1.64%	9.44%	7.77%	7.22%	7.17%	8.64%	5.38%	5.39%	4.90%	4.94%
24	Utilities	Effective Rate - Assumptions aligned with CCP and FAS Utilities Unit 10-year projection Additional expenses over the 10 year period: * Increases in market prices of utilities projected to add \$17.2m * Consumption of utilities increase, adding \$5.8m Increase in 2020 and 2021 due to completion and occupancy of MB buildings Block 23A & Block 33	2.20%	11.10%	10.70%	2.90%	6.50%	5.80%	6.50%	8.50%	5.00%	4.60%
25	Scholarships and Fellowships	Aligns with ~30% of Gross Tuition	3.20%	3.20%	3.20%	3.20%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
26	Interest Expense		36.12%	13.68%	27.43%	1.91%	9.69%	-2.45%	-2.11%	-2.26%	0.25%	-2.72%
27	Depreciation and Amortization		-0.53%	7.19%	15.99%	9.62%	1.07%	-1.47%	-1.28%	-0.60%	-0.38%	-0.64%
28	UCPath		-246.48%	8.10%	3.90%	2.81%	2.29%	2.82%	2.33%	4.27%	2.38%	2.38%
29	UCOP Fees	See SEA Revenue	n/a	0.26%	0.60%	1.82%	1.84%	1.87%	1.90%	1.92%	1.95%	1.97%
30	General Other Expenses	Effective rate, includes CCP projects that will be expensed	12.60%	2.50%	2.50%	-7.36%	3.65%	3.27%	3.45%	3.00%	3.70%	2.94%

10-Year Plan Summary Assumptions		Health updated 10.09.18, Campus updated 10.14.18										
UCSF Campus Segment		Projection										
Comments		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	
OTHER												
31	Medical Center investment in clinical practices	Aligns with the Medical Center	-13.74%	-1.15%	5.03%	4.11%	4.07%	4.48%	6.38%	2.70%	2.21%	2.78%
32	Capital Expenditures - Campus segment	10YP informed by CCP Projects listed below are Informed by approved CCP of \$2.582B: * Program Projects: \$986M mostly Mission Bay e.g. Neuroscience Bldg, Child, Teen and Family Ctr (2130 3rd St.), and Block 33 * Seismic Projects: \$504M mostly ZSFG New Research Facility, Clinical Sciences Bldg. * Departmental Capital Projects: \$364M * Auxiliary Projects: \$293M mostly Minnesota Street Graduate Student and Trainee Housing * Facility Investment Needs (FIN): \$243.8M * Renewal Projects: \$150M * Remediation Projects: \$28M \$15m for CVRI bldg. plumbing * Studies: \$12M	1,000,520	646,140	243,486	153,521	69,900	73,501	100,996	113,993	88,094	91,997
33	Capital Expenditures - UCSF Health	\$2.64 over ten years (2019 - 2028) for facilities master plan, strategic initiatives, backfill projects, IT, renovation, replacement and equipment. Parnassus Hospital (Helen Diller MC) Mission Bay Block 40, 23A, Moffitt 15, 2130 3rd Precision Cancer Medical Building	\$ 304,546 \$ 7,500 \$ 38,000 \$ 160,000	\$ 255,194 \$ 10,000 \$ 75,000 \$ 13,568	\$ 295,772 \$ 12,500 \$ 120,000 \$ 3,509	\$ 221,932 \$ 42,500 \$ 140,000 \$ 5,160	\$ 217,483 \$ 60,000 \$ 80,000 \$ 7,606	\$ 249,915 \$ 97,500 \$ - \$ 10,499	\$ 272,679 \$ 170,000 \$ - \$ 13,384	\$ 286,279 \$ 445,000 \$ - \$ 15,658	\$ 272,971 \$ 572,500 \$ - \$ 17,500	\$ 263,690 \$ 565,000 \$ - \$ 17,500
34	Capital Gifts & Other - Campus segment	Capital Gifts and other contributions of \$289.5M to fund approved Capital Projects in CCP	39,570	34,558	33,558	20,508	17,614	44,750	43,500	48,500	3,500	3,500
35	Philanthropy (Other Revenue) - UCSF Health	Benioff Children's Hospital philanthropic funds included in Other Revenue	6,670	12,500	12,000	13,500	12,000	11,000	11,000	11,000	11,000	11,000
	Donations - UCSF Health - West Bay	Philanthropic support included in Other Changes in Net Position is comprised of various donations and contributions.	12,500	13,000	13,250	13,500	13,500	13,750	13,750	14,000	14,000	14,500
	Donations - UCSF Health - BCHO	Philanthropic support included in Other Changes in Net Position is comprised of various donations and contributions for Benioff Children's Hospital.	22,391	19,600	20,700	19,600	23,100	25,600	22,100	22,600	23,100	23,600
	Donations - UCSF Health - PCMB	Philanthropic support included in Other Changes in Net Position is comprised of various donations and contributions for the Parnassus Hospital (Helen Diller MC)	-	-	12,500	42,500	60,000	97,500	-	-	-	252,000
	Donations - UCSF Health - Mission Bay	2017 - 2021 Philanthropic support for the Mission Bay Project are included in Other Changes in Net Position.	6,700	5,000	-	-	-	-	-	-	-	-
36	Additional Long-Term Debt - Campus segment	Additional long-term debt of \$472.5M primarily for: * Program Projects: \$89.9M e.g. Renovation of leased space, CoLabs and Related Decant/Renovation, Police consolidation * Seismic Projects: \$261.3M e.g. ZSFG, Clinical Science Retrofit, HSIR Towers, * Auxiliary Projects: \$108.3M e.g. Faculty Housing Residential property improvements, Mariposa Garage, MB new garage, MU/ACC Garage Spall Repair * Renewal \$13M Scheduled Renewal of HSIR Bldg Life/Safety	89,535	160,468	96,132	71,600	-	-	22,700	32,100	-	-
37	Additional Debt - UCSF Health	None	-	-	-	-	-	-	-	-	-	-

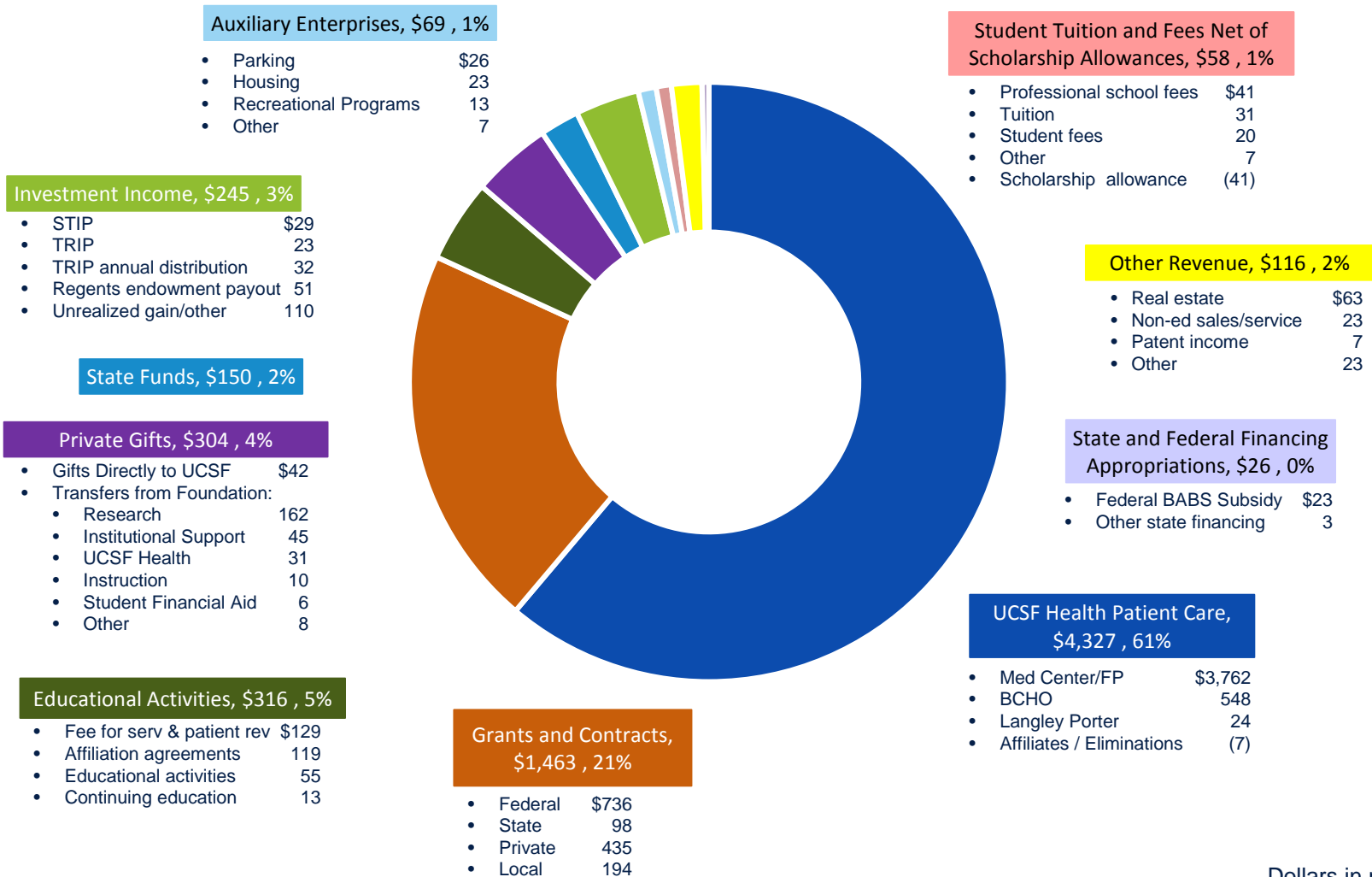
UCSF Health – Consolidated Income Statement

UCSF Health												
\$ in Million USD	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
	Actuals	Budget	10YP	10YP	10YP	10YP	10YP	10YP	10YP	10YP	10YP	10YP
Volume & Statistics												
Average Daily Census (ADC)	759	790	820	839	846	850	861	867	869	871	872	873
Discharges	45,798	47,341	49,092	50,220	50,617	50,881	51,428	51,749	51,892	51,950	52,011	52,073
Adjusted Discharges	77,803	81,553	84,636	87,603	89,809	91,868	95,063	96,805	98,467	99,793	101,181	102,650
wRVUs (in 000)	4,046	4,276	4,575	4,872	5,159	5,466	5,925	6,147	6,383	6,581	6,788	7,006
FTE	12,405	12,914	13,229	13,472	13,764	14,025	14,416	14,715	14,920	15,095	15,367	15,559
Financial Performance												
Revenues	\$ 4,382	\$ 4,598	\$ 5,007	\$ 5,344	\$ 5,658	\$ 5,969	\$ 6,369	\$ 6,703	\$ 7,021	\$ 7,331	\$ 7,651	\$ 7,968
Labor expenses	2,094	2,234	2,428	2,560	2,715	2,870	3,045	3,215	3,370	3,530	3,719	3,896
Physician Service Payments, GME, SOM	655	707	775	832	890	951	1,030	1,083	1,139	1,193	1,250	1,311
Non-Labor expenses	1,133	1,193	1,274	1,320	1,363	1,411	1,494	1,563	1,625	1,684	1,741	1,802
Operating Expenses	\$ 3,881	\$ 4,134	\$ 4,477	\$ 4,712	\$ 4,968	\$ 5,231	\$ 5,569	\$ 5,861	\$ 6,134	\$ 6,407	\$ 6,710	\$ 7,009
EBIDA	\$ 501	\$ 464	\$ 530	\$ 632	\$ 690	\$ 737	\$ 801	\$ 842	\$ 887	\$ 923	\$ 941	\$ 958
Interest and depreciation	260	279	309	316	323	327	349	448	441	433	427	488
Non Operating Income	81	66	56	58	59	66	73	117	114	105	98	99
Net Income, Modified	\$ 322	\$ 252	\$ 277	\$ 374	\$ 426	\$ 476	\$ 524	\$ 511	\$ 559	\$ 595	\$ 612	\$ 570
Non cash pension expense	30	92	-	-	-	-	-	-	-	-	-	-
Non cash OPEB expense	85	128	-	-	-	-	-	-	-	-	-	-
Comprehensive Net Income (Loss)	\$ 208	\$ 32	\$ 277	\$ 374	\$ 426	\$ 476	\$ 524	\$ 511	\$ 559	\$ 595	\$ 612	\$ 570
Health system support	109	94	93	97	101	106	110	114	117	120	124	127
Comp. Net Income after Health System Support	\$ 98	\$ (62)	\$ 184	\$ 278	\$ 324	\$ 370	\$ 414	\$ 397	\$ 443	\$ 475	\$ 489	\$ 443
Net Income, Modified after Health System Support	\$ 212	\$ 158	\$ 184	\$ 278	\$ 324	\$ 370	\$ 414	\$ 397	\$ 443	\$ 475	\$ 489	\$ 443
Key Ratio												
Operating EBIDA %	11.4%	10.1%	10.6%	11.8%	12.2%	12.4%	12.6%	12.6%	12.6%	12.6%	12.3%	12.0%
Net Income, Modified Margin %	7.3%	5.5%	5.5%	7.0%	7.5%	8.0%	8.2%	7.6%	8.0%	8.1%	8.0%	7.2%
Days Cash on Hand*	95	84	82	84	97	112	133	151	160	166	170	175
Debt Service Ratio*	12.1	9.7	9.9	9.4	10.3	10.4	11.3	5.2	5.4	5.5	5.5	5.6
Capital Expenditures	\$ 287	\$ 526	\$ 404	\$ 442	\$ 360	\$ 325	\$ 358	\$ 456	\$ 747	\$ 863	\$ 846	\$ 757
Capital Exp as % Depreciation	133%	230%	158%	169%	133%	119%	121%	149%	248%	292%	292%	216%

* excludes non-cash pension and excludes OPEB

Combined Enterprise Revenue Detail

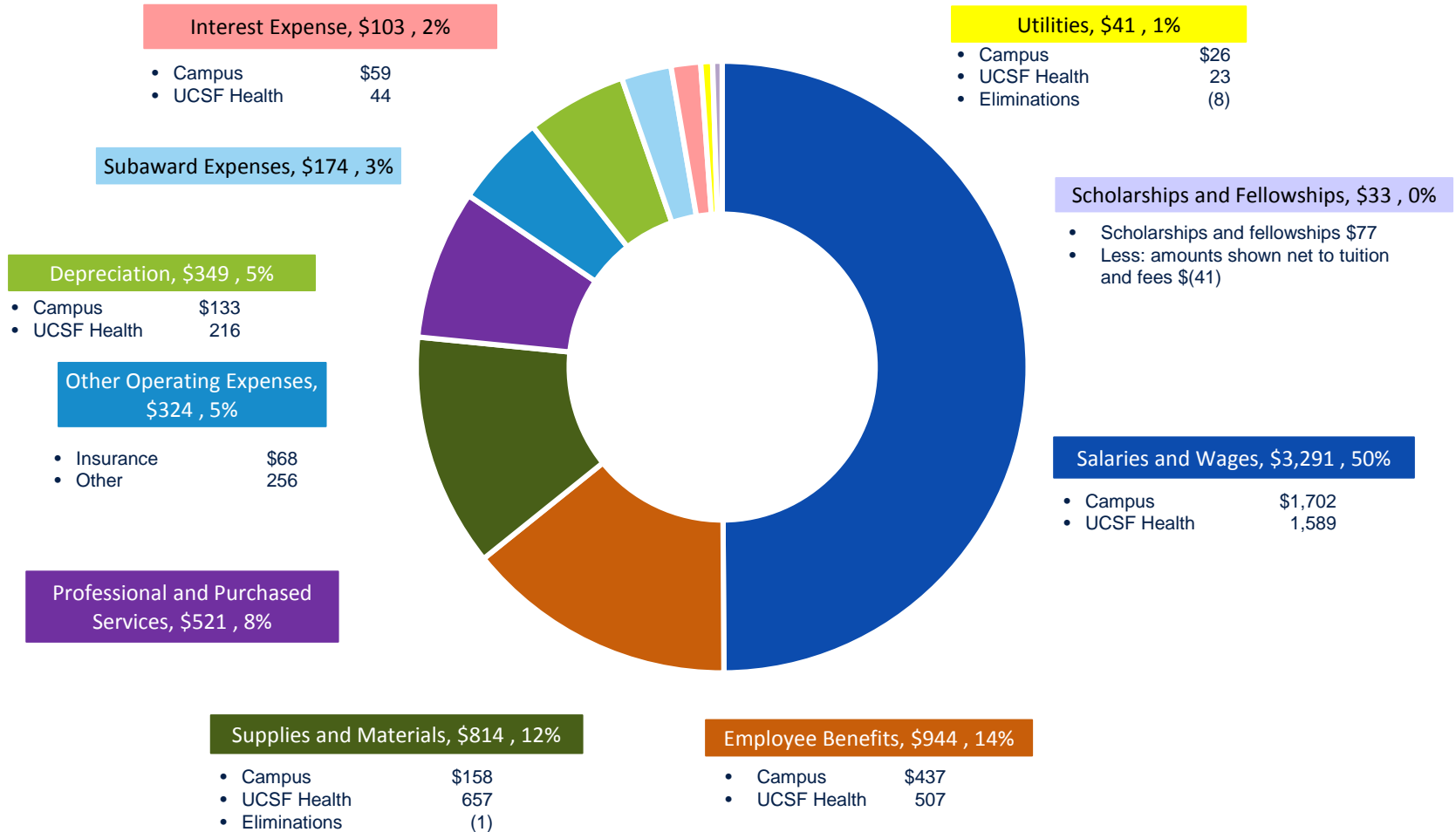
2017-18 Combined Enterprise Revenue: \$7.07 billion



Dollars in millions

Combined Enterprise Expense Detail

2017-18 Combined Enterprise Expense: \$6.59 billion



Dollars in millions



University of California
San Francisco