

COMMITTEE ON FINANCE

July 14, 2011

TO THE REGENTS OF THE UNIVERSITY OF CALIFORNIA

1. AUTHORIZATION OF LEASES AND AGREEMENTS FOR VARIOUS STATE CAPITAL IMPROVEMENT PROGRAMS

The Committee recommends that, subject to adoption by the State Public Works Board (SPWB) of a resolution authorizing the issuance of State Public Works Board Lease Revenue Bonds for the following projects: Business Unit 2, Irvine campus; Environmental Health and Safety Expansion, Riverside campus; and SIO Research Support Facilities, San Diego campus, the President or the Secretary and Chief of Staff be authorized to:

- A. Execute an unsubordinated site lease from The Regents to the SPWB for each project named above, said lease to contain provisions substantially as follows:
- (1) The site shall comprise the approximate size of the footprint for each building named above. Said lease shall also include a license to the SPWB for access from campus roads to the site during the term of the lease.
 - (2) The purpose of the lease shall be to permit construction of the project.
 - (3) The term of the site lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds, and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full.
 - (4) The rental shall be \$1 per year.
 - (5) The Regents shall have power to terminate the site lease in the event of default by the SPWB, except when such termination would affect or impair any assignment or sublease by the SPWB and such assignee or subtenant is duly performing the terms and conditions of the lease.

- (6) The Regents shall provide to the SPWB and any assignee of the SPWB access to the site and such parking and utility services as are provided for similar facilities on the campus.
 - (7) The Regents shall waive personal or individual liability of any member, officer, agent, or employee of the SPWB.
 - (8) The Regents shall agree to pay assessments or taxes, if any, levied on the site or improvements attributable to periods of occupancy by The Regents.
 - (9) In the event any part of the site or improvements is taken by eminent domain, The Regents recognizes the right of the SPWB to retain condemnation proceeds sufficient to pay any outstanding indebtedness incurred for the construction of the project.
- B. Execute an agreement between the State of California, as represented by the SPWB, and The Regents for each project named above, said agreements to contain the following provisions:
- (1) The SPWB agrees to finance working drawings and/or construction for the project, as authorized by statute.
 - (2) The Regents agrees to provide and perform all activities required to plan and construct said project.
- C. Execute a facility lease from the SPWB to The Regents for each project named above, said leases to contain provisions substantially as follows:
- (1) The purpose of the building's occupancy shall be to use it as a facility for functions in furtherance of the University's mission related to instruction, research, and public service.
 - (2) The SPWB shall lease the State-financed portion of the facility, including the site, to The Regents pursuant to a facility lease.
 - (3) The terms of the facility lease shall commence on recordation of the lease or the first day of the month following the meeting of the SPWB at which the resolution is adopted authorizing the lease, the issuance of bonds, and interim financing for the project, whichever is earlier, and shall terminate on the date the bonds issued by the SPWB are paid in full, subject to earlier termination if such bonds have been retired in full.
 - (4) If the SPWB cannot deliver possession to The Regents at the time contemplated in the lease, the lease shall not be void nor shall the SPWB be liable for damages, but the rental payment shall be abated

proportionately to the construction cost of the parts of the facility not yet delivered.

- (5) In consideration for occupancy during the term of the lease and after the date upon which The Regents takes possession of the facility, The Regents shall pay base rent in an annual amount sufficient to pay debt service on the bonds or other obligations of the SPWB issued to finance or refinance the facility and additional rent for payment of all administrative costs of the SPWB.
- (6) The Regents covenant to take such actions as may be necessary to include in the University's annual budget amounts sufficient to make rental payments and to make the necessary annual allocations.
- (7) During occupancy, The Regents shall maintain the facility and pay for all utility costs and shall maintain fire and extended coverage insurance at then current replacement cost or an equivalent program of self-insurance, and earthquake insurance if available on the open market at a reasonable cost.
- (8) During occupancy, The Regents shall maintain public liability and property damage insurance, or an equivalent program of self-insurance, on the facility and shall maintain rental interruption or use and occupancy insurance, or an equivalent program of self insurance.
- (9) In the event of default by The Regents, the SPWB may maintain the lease whether or not The Regents abandons the facility and shall have the right to relet the facility, or the SPWB may terminate the lease and recover any damages available at law.
- (10) The Regents shall be in default if the lease is assigned, sublet, or transferred without approval of the SPWB, if The Regents files any petition or institutes any proceedings for bankruptcy, or if The Regents abandons the facility.
- (11) The Regents shall cure any mechanics' or materialmen or other liens against the facility and, to the extent permitted by law, shall indemnify the SPWB in that respect.
- (12) The Regents, to the extent permitted by law, shall indemnify the SPWB from any claims for death, injury, or damage to persons or property in or around the facility.
- (13) Upon termination or expiration of the lease, other than for breach or because of eminent domain, title to the facility shall vest in The Regents.

2. **AUTHORIZATION TO APPROVE INTEREST RATE SWAP GUIDELINES**

The Committee recommends that the Interest Rate Swap Guidelines for the University's debt portfolio, as shown in Attachment 1, be approved.

3. **UNIVERSITY OF CALIFORNIA RETIREMENT PLAN – EXPERIENCE STUDY: PROPOSAL TO ADOPT CHANGES IN ACTUARIAL ASSUMPTIONS**

The Committee recommends that:

- A. The Consulting Actuary's recommendations regarding actuarial assumptions for the UC Retirement Plan (UCRP) summarized in Attachment 2 be adopted.
- B. New annuity option factors and lump sum factors for the UCRP, based on the recommended change in the Mortality Rates assumption summarized in Attachment 2, be effective for retirements on July 1, 2012 and later.
- C. With respect to the UC-PERS Plus 5 Plan and the UC Retiree Health Benefit Program, the actuarial assumptions summarized in Attachment 3 be adopted.
- D. The Plan Administrator be authorized to implement the actuarial assumption changes summarized in Attachments 2 and 3.

4. **APPROVAL OF FISCAL YEAR 2011-12 BUDGET FOR OFFICE OF THE PRESIDENT**

The Committee recommends that the University of California Office of the President Fiscal Year 2011-12 Budget, as shown in Attachment 4, be approved.

5. **UPDATE ON 2011-12 BUDGET AND APPROVAL OF ADDITIONAL 2011-12 TUITION INCREASE**

The Committee recommends the following actions on student charges for 2011-12:

- A. Approve an increase of 9.6 percent of the combined total of Tuition and the Student Services Fee (together referred to as "Mandatory Systemwide Charges") for undergraduate, graduate academic, and graduate professional students, effective beginning fall quarter/semester 2011 (for programs starting after August 15). Display 1 indicates the Tuition and Student Services Fee levels that would result from this increase. The entire increase in Mandatory Systemwide Charges shall be applied to Tuition and there shall be no increase in the Student Services Fee beyond that approved by the Regents in November 2010.
- B. Augment UC's systemwide financial aid programs by 33 percent of the additional undergraduate student Tuition increase, 50 percent of the additional graduate

academic student Tuition increase, and 33 percent of the additional graduate professional student Tuition increase.

DISPLAY 1: Proposed 2011-12 Tuition Increases Related to \$650 Million Reduction

	Previously Approved 2011-12 Charge Levels		Proposed Increase ¹		Proposed 2011-12 Charge Levels	
	Tuition ²	Student Services Fee	\$	%	Tuition ²	Student Services Fee
Mandatory Systemwide Charges Required to Meet 26.3% of reduction (additional 9.6% increase)	\$10,152	\$972	\$1,068	9.6%	\$11,220	\$972

¹ Tuition increases by an amount equivalent to 9.6% of the combined total of Tuition and the Student Services Fee but the Student Services Fee remains at the level approved in November 2010.

² Includes \$60 surcharge to cover costs associated with the injunction and judgment of the *Kashmiri* lawsuit.

Display 1 above reflects the proposed increase in Tuition and the already-approved Student Services Fee level.

6. AUTHORIZATION OR ENDORSEMENT OF CERTAIN ALTERNATE REVENUE STRATEGIES FOR FISCAL YEAR 2011-12

The Committee recommends that the Regents take the following actions regarding the President's planned alternate revenue strategies:

- A. Authorize the President to instruct the Chief Investment Officer to transfer an additional amount not to exceed \$1 billion from the systemwide Short Term Investment Pool (STIP) into the Total Return Investment Pool (TRIP) to increase investment earnings.
- B. Authorize the President to instruct the Chief Investment Officer to distribute an extraordinary payout not to exceed two percent of eligible year-end 2010-11 balances of funds functioning as endowments (FFE's).
- C. Authorize the President to instruct the Chief Investment Officer to distribute an extraordinary payout not to exceed two percent of eligible year-end 2010-11 balances of true endowments.
- D. Endorse the President's plan to draw down as needed from the University's employee/retiree healthcare reserve.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
INTEREST RATE SWAP GUIDELINES
(July, 2011)

Under the University's Standing Order 100.4(nn) the President has the authority to enter into interest rate swap transactions. The President has delegated sole authority to enter into these transactions, in a manner consistent with the guidelines enumerated below, to the Executive Vice President – Chief Financial Officer (CFO) under DA 2252.

A. GUIDELINES

I. PURPOSE

These guidelines will direct the use of interest rate swaps in conjunction with the Regents' debt portfolio. Interest rate swaps can be utilized by the Regents as part of its overall asset/liability risk management strategy for its revenue bond programs. The Regents may enter into interest rate swap transaction(s) if the transaction is expected to result in at least one of the following:

- to reduce exposure to changes in interest rates on either a current or future debt issue(through the use of anticipatory hedging instruments)
- to manage asset/liability interest rate risk
- to lower the overall expected net cost of capital of a borrowing as compared to products available in the bond market
- to manage variable interest rate exposure consistent with prudent debt practices
- to achieve more flexibility in meeting overall financial objectives than can be achieved in the bond market
- manage the Regent's credit exposure to financial institutions and other entities through the use of offsetting swaps and other credit management products

These guidelines apply only to interest rate swaps and do not apply to commodity, currency or credit default swaps or other types of hedging or derivative products, which are not authorized by the Regents.

The Regents will not enter into swaps for speculative purposes.

II. NON-SPECULATION

While the Regents may use swaps to increase or decrease the amount of floating-rate exposure on its balance sheet, the Regents will not enter into swaps under any of the following circumstance as determined in each case by the President or as delegated to the CFO:

- The swap exposes the Regents to extraordinary leverage or risk;
- The swap serves a purely speculative purpose, such as entering into a swap for the sole purpose of trading gains;
- The Regents is unable to reasonably anticipate that it will have sufficient liquidity or financing capacity to terminate the swap at market levels if it should need to;
- There is insufficient pricing data available to allow the Regents and its advisors to adequately value the swap.

III. AUTHORITY

Prior to entering into a specific swap transaction, the transaction must receive: 1) approval of the Chair Board of Regents (or the Vice Chair if the Chair is not available) and the Chair of the Committee on Finance (or the Vice Chair if the Chair is unavailable) and 2) and an opinion from counsel to the effect that (a) that the agreement relating to the swap transaction is a legal, valid and binding obligation of the Regents and the counterparty and (b) that entering into the transaction complies with applicable state and Federal laws.

IV. SENIOR MANAGEMENT OVERSIGHT

The President shall direct the CFO to review this policy periodically to take into account business and market changes. The CFO shall be responsible for insuring the implementation of this policy and proposing amendments to the policy to take into consideration, any or all of the following, as applicable:

- An analysis of the reasonableness of the proposed activities in relation to the Regents' overall financial condition and capital levels;
- An analysis of the risks that may arise from the implementation of a swap portfolio;
- An analysis of the performance of existing and pro forma swap transactions over time as market conditions may change;
- Impact of counterparty exposure as counterparty credit ratings change over time;
- Potential effects that the swap portfolio may have on the credit ratings of any Regents' obligations assigned by the rating agencies;
- The relevant accounting guidelines;
- The relevant tax treatment; and
- An analysis of any changes to any applicable legislation and any new legal restrictions which may impact the enforceability of the swap obligations.

V. FORM OF AGREEMENTS

Each interest rate swap transaction shall be governed by the terms and conditions as set forth in the International Swaps and Derivatives Association, Inc. (ISDA) Master Agreement, as amended or supplemented by Schedules, Credit Support Annexes and Confirmations. The swap agreements between

the Regents and each qualified swap counterparty shall include payment, term, security, collateral, default, remedy, termination, and other terms, conditions and provisions as the CFO deems necessary or desirable.

VI. QUALIFIED SWAP COUNTERPARTIES

Swaps will be executed with counterparties possessing minimum counterparty ratings in the “AA” ratings category by at least one nationally recognized rating agency. Counterparties may meet these ratings criteria based on their own credit ratings or the credit ratings of their guarantors or credit enhancers. Exceptions may be granted if specifically approved in writing by the CFO. All counterparties will be required to post collateral (subject to threshold amounts) for the Regents’ benefit in the event they fall below specific ratings thresholds.

VII. METHODS OF SOLICITING AND PROCURING SWAPS

Swaps can be procured on a competitive or negotiated basis.

BASIS OF AWARD

Competitive Bid. As a general rule, a competitive selection process will be used whenever reasonable, if the product is relatively standard, if it can be broken down into standard components, if multiple providers have proposed a similar product to the Regents, or if competition will not create market pricing effects that would be detrimental to the Regents’ interests. If it is determined that a Swap should be competitively bid, the Regents may employ a hybrid structure to reward unique ideas or special effort by reserving a specified percentage of the Swap to the firm presenting the ideas on the condition that the firm match or improve upon the best bid. The competitive bid should solicit bids from a minimum of three firms. Solicitations for bids must be made only to potential counterparties who are qualified under the terms of this policy.

Negotiated Transaction. The CFO may procure swaps by negotiated methods in the following situations as he or she determines:

- (a) A determination is made by the CFO that due to the complexity of a particular swap; a negotiated process is advisable.
- (b) A determination is made that a negotiated transaction will assist the Regents and reward innovation and a high level of service in the provider’s capacity as part of the Regent’s investment banking team;
- (c) A determination is made that the negotiated process will facilitate counterparty diversification which is in the best interest of the Regents;
- (d) A determination is made that the negotiated process will avoid market pricing effects that would be detrimental to the Regent’s interest.

To provide safeguards on negotiated transactions, the Regents will secure outside professional financial advice to assist in the process of structuring, documenting and pricing the transaction and to render an

opinion that a fair price was obtained. In all transactions, regardless of procurement method, the counterparty shall be required to first disclose any and all payments to third parties (including lobbyists, consultants and attorneys) who had any involvement in assisting the counterparty in securing business with the Regents.

VIII. MANAGEMENT OF SWAP RELATED RISK

Swap agreements present certain risks for the Regents. The CFO will consider the following risks and follow the related guidelines and parameters upon entering into each Swap agreement.

COUNTERPARTY RISK. Swaps are financial contracts under which the parties assume credit exposure to one another. Limiting the maximum potential exposure caused by a concentration of swap agreements with one counterparty is advisable. In order to manage this risk the CFO will:

1) Target the maximum potential exposure of Swaps between a particular Counterparty and the Regents not to exceed 50% of the total maximum potential exposure of the Regents' entire swap and overall credit portfolio, when logistically possible. Exposures on off-setting swaps may be considered when calculating net maximum potential exposure.

2) Require collateralization provisions by the counterparty based on credit rating thresholds.

AA-/Aa3 and above	\$30 million
A+/A1	\$20 million
A/A2	\$10 million
A-/A3	\$5 million
Baa1/BBB+ and below	Zero

3) Require optional termination rights for the benefit of the Regents if the counterparty is downgraded below the "A" ratings category by a nationally recognized ratings agency.

TERMINATION RISK. A swap termination, in general, should produce a benefit to the University either through a receipt of payment from a termination, or if a termination payment is made by the University, through conversion to a more beneficial debt position. The University can consider a provision in a swap agreement that permits an optional termination at any time over the term of the swap. In some circumstances, a termination payment by or to the University may be required in the event of termination of a swap agreement due to a counterparty default or decrease in credit rating.

AMORTIZATION RISK. Mismatched swap and bond amortization schedules can result in a less than perfect hedge and create additional risk. The amortization schedules of the debt and associated swap should be closely matched for the duration of the swap. The term and notional amount of the swap should generally not exceed the term and amount of the associated debt.

BASIS RISK. There exists the potential for the cashflows on the underlying floating rate bond issue to not match the floating leg of the swap. To mitigate this risk, any index chosen as the basis of a swap agreement shall be an industry recognized market index that includes but is not limited to SIFMA (Securities Industries and Financial Market Association) Municipal Swap Index or LIBOR (London Interbank Offered Rate). The potential risk of the University is making/receiving payments based on the specified index should be evaluated and quantitatively measured prior to entering into a swap.

TAX RISK. The risk that tax-exempt bond rates may unexpectedly increase or fluctuate due to changes in the tax code is called tax risk. Tax risk is present in all tax-exempt debt issuances. When entering into swaps associated with tax-exempt bonds, tax risk involves tax-exempt bond rates consequently diverging from the specified swap index (a form of basis risk). Tax risk should be evaluated prior to entering into a swap agreement. This risk will be regularly monitored.

IX. MEASURING SWAP EXPOSURE

The Regents will measure swap exposure not based on notional amount, but rather on the risk to the Regents of potential termination payments (either by the Regents or to the Regents by the counterparties). Maximum potential exposure also referred to as “Peak Exposure,” will be determined by a quantitative measure that reflects the size, term, and projected volatility of the swaps. Peak Exposure provides a quantification of the Regents’ worst case swap exposure. It is calculated by applying stress tests to the Regents’ swaps to show how large the potential termination costs of the swaps could be if markets moved in an extremely adverse manner. Market movements are typically calculated assuming a two standard deviation change in market rates, based on historic volatilities, to provide better than 95% degree of confidence.

In order to accurately determine the potential risks from entering into new interest rate swaps, prior to entering into new swap agreements, the CFO will prepare for the President, the Chair of the Board and the Chair of the Finance Committee an updated analysis of Peak Exposure, both with and without the proposed new swap agreement. This will be attached as part of the authorization request.

In order to limit the Regents’ counterparty risk, the Regents will seek to avoid excessive concentration to a single counterparty or guarantor by diversifying its counterparty exposure over time. Exposure to any counterparty or guarantor will be measured using peak exposure analysis.

X. REPORTING

The Annual Financial Report prepared by the University of California Office of the President and presented to the Board of Regents will discuss all interest rate swaps. The notes to the financial statements shall include the following information:

- A summary of swap agreements, including but not limited to the type of swap, the rates paid by the Regents and received by the Regents, indices, and other key terms.
- Market values of the Regents’ swap agreements.

- The credit rating of each swap counterparty or credit enhancer (where relevant).
- Actual collateral posting by a swap counterparty, if any, per swap agreement and in total by swap counterparty.
- Any termination events that have occurred.
- A summary of derivative instrument activity during the reporting period and balances at the end of the reporting period.

The Regents may hire a financial advisor to assist in the monitoring of its swaps on an on-going basis.

B. DEFINITIONS

Authorized Representative – Includes the President and as delegated Executive Vice President – CFO.

Counterparty – The participant to which an exchange of payments is made.

Interest Rate Swap - Involves exchanging a fixed amount per payment period for a payment that is not fixed, or in the case of a basis swap, an amount based on one floating rate index for another. In an interest rate swap, the principal amount is never exchanged.

ISDA Master Agreement - The International Swaps and Derivatives Association (ISDA) is a trade organization of participants in the market for over-the-counter derivatives. The ISDA Master Agreement is a standardized contract that serves as the framework between two counterparties to enter into a swap.

London Interbank Offered Rate (LIBOR) – The interest rate that the banks charge each other for loans (usually in Eurodollars). A commonly used base index for swap agreements.

Notional Amount - Nominal or face amount that is used to calculate payments for the swap agreement.

SIFMA Index - The Securities Industry and Financial Markets Association Municipal Swap Index , produced by Municipal Market Data, is a 7-day high-grade market index comprised of tax-exempt variable rate demand bonds. It is the principal floating rate index for municipal floating rate bonds.

**SUMMARY OF CONSULTING ACTUARY'S RECOMMENDATIONS
REGARDING ACTUARIAL ASSUMPTIONS FOR UCRP**

Inflation—Affects projections of investment returns, active member salary increases, cost-of-living adjustments for retirees. Recommendation: Maintain rate at 3.50 percent per annum.

Investment Return—Estimates average future net rate of return on assets over projected lifetime of the Plan as of the valuation date. Recommendation: Maintain rate at 7.50 percent per annum.

Individual Salary Increases—Includes salary increases due to inflation, real “across the board” salary increases and promotional and merit increases in salary. Recommendation: Maintain the current inflationary salary increase assumption at 3.50 percent; increase the “across the board” salary increase assumption from 0.25 percent to 0.50 percent; reduce the promotional and merit increase assumptions consistent with the tables established for staff and faculty in the Report.

Retirement Rates—Predicts the probability of retirement at each age at which members are eligible to retire. Recommendation: Structure retirement rates as a function of both age and years of service for staff members; for faculty and safety members, continue to structure retirement rates as a function of age only; for deferred vested members, maintain the assumed retirement age at 59.

Mortality Rates—Estimates the probability of dying at each age. Recommendation: For nondisabled members, decrease the mortality rates consistent with the RP-2000 Combined Healthy Mortality Tables projected to 2025 with a two-year set back; for disabled members, decrease the mortality rates consistent with the RP-2000 Disabled Retiree Mortality Tables projected to 2025 with a two-year set back for males and no set back for females.

Termination Rates—Estimates the probability of leaving active UCRP membership at each age and receiving either a refund of member contributions or a deferred vested retirement benefit. Recommendation: Implement service-based termination rates and increase the current termination rates overall. Also, implement a new assumption that a member will choose between a refund of contributions and a deferred vested benefit based on which option has the greater present value at termination.

Disability Incidence Rates—Estimates the probability of becoming disabled at each age. Recommendation: Decrease the current disability rates overall as described in the Report.

Eligible Survivor Assumptions—Projects the probability of having a survivor at death. Recommendation: Maintain current percentages, which assume that 85 percent of male members and 65 percent of female members will have an eligible survivor at time of death.

Conversion of Unused Sick Leave—Projects amount by which UCRP service credit may be increased due to conversion of unused sick leave. Recommendation: Slightly decrease the current assumption for faculty and safety members retiring from active membership and slightly increase the current assumption for staff members retiring from active membership.

Lump Sum Cashout Take-Rate—Estimates the probability of electing a lump sum in lieu of retirement. Recommendation: For employees terminating while active members, structure the take-rate as a function of years of service; for all others, maintain a flat percentage regardless of years of service.

Future Benefit Accruals—Projects amount of service credit to be earned by active members in years after valuation date: Recommendation: No change to current assumption that all active members earn one year of service credit each year in the future.

UCRP Administrative Expenses—Projects fees for administrative, legal, accounting, and actuarial services carried out by the Plan. Recommendation: No change to the percentage loading to the normal cost of 0.50 percent of payroll.

**SUMMARY OF CONSULTING ACTUARY'S RECOMMENDATIONS
THAT ALSO APPLY TO OTHER UC BENEFIT PLANS**

Recommended assumption changes carrying over to the actuarial valuations of other UC benefit plans—

- UC-PERS Plus 5 Plan: Mortality Rates
- Retiree Health Benefit Program: Retirement Rates, Mortality Rates, Termination Rates, Disability Incidence Rates and Lump Sum Cashout Take-Rate.

FY 2011-12 BUDGET SUMMARY
OFFICE OF THE PRESIDENT

	TOTAL BUDGET			UNRESTRICTED BUDGET			
	TOTAL FY 2010-11 BUDGET	CHANGE	TOTAL FY 2011-12 BUDGET	TOTAL FY 2010-11	CHANGE	% CHANGE	TOTAL FY 2011-12
GENERAL ADMINISTRATION	\$ 95,078,120	\$ (937,444)	\$ 94,140,676	\$ 60,399,855	\$ (4,311,311)	-7%	\$ 56,088,544
OP Core Administration	55,129,568	1,751,340	56,880,908	41,434,557	(1,152,173)	-3%	40,282,384
Academic Affairs	12,511,076	(280,618)	12,230,458	12,379,369	(349,783)	-3%	12,029,586
Finance	3,836,588	1,171,386	5,007,974	1,864,153	136,672	7%	2,000,825
Business Operations	18,346,483	471,040	18,817,523	13,544,453	(1,039,473)	-8%	12,504,980
President's Exec. Office	4,741,706	(223,568)	4,518,138	4,485,356	(233,744)	-5%	4,251,612
Health Sciences	3,928,656	50,918	3,979,574	2,100,656	50,918	2%	2,151,574
External Relations	8,185,281	449,057	8,634,338	7,060,570	283,237	4%	7,343,807
Lab Management	3,579,778	113,125	3,692,903	-	-	-	-
Academic Senate	1,807,561	(162,373)	1,645,188	1,807,561	(162,373)	-9%	1,645,188
Regents Officers	38,140,991	(2,526,411)	35,614,580	17,157,737	(2,996,765)	-17%	14,160,972
General Counsel	10,556,547	(2,324,014)	7,832,533	9,509,356	(2,672,185)	-28%	6,837,171
Secretary/COS	2,954,319	(98,334)	2,855,985	2,949,319	(98,334)	-3%	2,850,985
Ethics & Compliance	4,704,105	(226,246)	4,477,859	4,699,062	(226,246)	-5%	4,472,816
Treasurer	19,926,020	522,183	20,448,203	-	-	-	-
CENTRAL SERVICES (ADMINISTRATION)	122,160,704	3,888,555	126,049,259	70,180,864	3,564,301	5%	73,745,165
Central Administrative Services	88,518,254	4,104,098	92,622,352	36,538,414	3,779,844	10%	40,318,258
ACADEMIC AFFAIRS							
Admissions/Enrollment Services	13,442,145	(1,192,419)	12,249,726	12,507,145	(1,189,341)	-10%	11,317,804
Financial Aid Services	2,345,537	-	2,345,537	2,345,537	-	0%	2,345,537
Technology Transfer	1,017,650	-	1,017,650	1,017,650	-	0%	1,017,650
Other Academic Initiatives	707,747	92,253	800,000	707,747	92,253	13%	800,000
BUSINESS OPERATIONS							
Compensation, Retirement, Benefits	41,191,195	(86,593)	41,104,602	4,885,610	(686,224)	-14%	4,199,386
Information Technology Services	7,442,490	(730,961)	6,711,529	4,743,666	2,103,007	44%	6,846,673
Systemwide Budget/Facilities	4,735,125	(18,847)	4,716,278	4,425,019	(33,725)	-1%	4,391,294
CHIEF FINANCIAL OFFICER							
Banking, Tax, Accounting and Audit	7,075,078	(795,089)	6,279,989	3,190,525	(370,533)	-12%	2,819,992
External Financing	780,596	33,611	814,207	-	-	-	-
Office of Loan Programs	1,424,794	3,884	1,428,678	-	-	-	-
Risk Services	15,000	(15,000)	-	-	-	-	-
Strategic Sourcing	191,366	12,538	203,904	191,366	3,012,538	1574%	3,203,904
Travel Management Services	377,101	4,114	381,215	364,664	3,725	1%	368,389
EXTERNAL RELATIONS							
Institutional Advancement	2,992,232	(276,856)	2,715,376	542,232	(151,856)	-28%	390,376
HEALTH SCIENCES							
Clinical Trials Fund	-	-	-	-	1,000,000	100%	1,000,000
Centrally Funded	33,642,450	(215,543)	33,426,907	33,642,450	(215,543)	-1%	33,426,907
<i>Debt service, rent, business processing, undistributed benefits and other</i>							
CENTRAL SERVICES (ACADEMIC PROGRAMMING)	189,807,236	(11,178,804)	178,628,432	81,701,443	(22,718,246)	-28%	58,983,197
AGRICULTURE & NATURAL RESOURCES (OP)	3,544,870	(217,664)	3,327,206	2,944,003	(217,664)	-7%	2,726,339
INFO PUBLISHING & BROADCAST	44,944,612	(209,352)	44,735,260	17,234,299	(1,717,230)	(0)	15,517,069
<i>Including California Digital Library and UC Press</i>							
PREPARATION & ACCESS	19,906,464	(1,616,525)	18,289,939	11,406,464	(2,138,876)	-19%	9,267,588
RESEARCH	102,945,626	(17,876,863)	85,068,763	45,793,567	(17,608,939)	-38%	28,184,628
SYSTEMWIDE INSTRUCTION PROGRAMS	18,465,664	8,741,600	27,207,264	4,323,110	(1,035,537)	-24%	3,287,573
SYSTEMWIDE INITIATIVES	169,969,127	(15,460,508)	154,508,619	138,488,289	(15,460,508)	-11%	123,027,781
Agriculture & Natural Resource (Systemwide)	85,523,228	(3,113,178)	82,410,050	62,263,566	(3,113,178)	-5%	59,150,388
Multi-Campus Research Units	14,869,571	(500,000)	14,369,571	11,958,395	(500,000)	-4%	11,458,395
Systemwide Initiatives	69,576,328	(11,847,330)	57,728,998	64,266,328	(11,847,330)	-18%	52,418,998
PRESIDENTIAL INITIATIVES	10,000,000	-	10,000,000	10,000,000	-	-	10,000,000
ADMISSIONS & FINANCIAL AID	759,000	(613,000)	146,000	759,000	(613,000)	-81%	146,000
ADVOCACY/DEVELOPMENT	7,947,000	(7,597,000)	350,000	7,947,000	(7,597,000)	-96%	350,000
FACILITIES	16,998,000	-	16,998,000	16,998,000	-	-	16,998,000
INFO PUBLISHING & BROADCAST	1,292,500	(1,279,915)	12,585	1,292,500	(1,279,915)	-99%	12,585
INSTITUTIONAL SUPPORT	9,941,108	(360,158)	9,580,950	9,671,108	6,139,842	63%	9,310,950
PUBLIC SERVICE	1,601,947	(367,000)	1,234,947	1,601,947	(367,000)	-23%	1,234,947
RESEARCH	19,202,085	(1,225,335)	17,976,750	14,377,085	(1,225,335)	-9%	13,151,750
SYSTEMWIDE INSTRUCTION PROGRAMS	1,834,688	(404,922)	1,429,766	1,619,688	(404,922)	-25%	1,214,766
GRAND TOTALS	\$ 577,015,187	\$ (23,688,202)	\$ 553,326,985	\$ 350,770,451	\$ (38,925,765)	-11%	\$ 311,844,686