

Highlights

	June 30 1999	June 30 1998
FINANCIAL <i>(in thousands)</i>		
Total revenues	\$1,367,175	\$1,307,306
Total cash gifts and equipment gifts	\$211,215	\$168,962
Capital expenditures	\$94,896	\$46,720
Total assets at year end	\$3,128,367	\$2,908,464
Total debt at year end	\$237,789	\$299,908
Increase in net assets	\$261,082	\$263,473
Market value of endowment	\$1,589,833	\$1,432,786
Executed contracts, grants, subcontracts and cooperative agreements	\$537,554	\$477,260
Property, plant and equipment	\$869,361	\$852,436
Net Asset Balances:		
Unrestricted	\$1,758,567	\$1,609,502
Temporarily restricted	\$129,567	\$70,047
Permanently restricted	\$687,934	\$635,437
STUDENTS		
Enrollment (head count, autumn):		
Undergraduate students	15,553	15,430
Graduate and professional students	13,186	12,912
Degrees conferred:		
Bachelor degrees (1)	3,508	3,621
Advanced and all other degrees (1)	3,608	3,765
Annual tuition rate	\$20,962	\$20,078
Student aid-scholarships, fellowships and tuition remission	\$170,146,000	\$160,234,000
FACULTY		
Full-time (autumn) (2)	2,416	2,398
Percentage tenured (3)	78	79

(1) As of June 30.

(2) Full-time contract faculty.

(3) Percentage tenured is for tenure track faculty.

Report of Independent Accountants

*The Board of Trustees
of the University of Southern California*

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of activities, expenses, and cash flows, which appear on pages 3 through 17 of this financial report, present fairly, in all material respects, the consolidated financial position of the University of Southern California and its subsidiaries (the "university") at June 30, 1999, and the changes in their consolidated net assets, expenses, and cash flows for the year then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the university's management; our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the university's 1998 financial statements; and in our report dated September 11, 1998, we expressed an unqualified opinion on those financial statements. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

Ericatorhane Coopers & Lybrand

Los Angeles, California
September 10, 1999

Consolidated Balance Sheet

(in thousands • with summarized financial information as of June 30, 1998)

	a June 30 1999	b June 30 1998
ASSETS		
1. Cash and cash equivalents	\$134,688	\$140,237
2. Accounts receivable	86,608	89,570
3. Notes receivable, net of allowance for doubtful accounts, \$11,711 (1999)	108,104	107,280
4. Pledges receivable	101,194	44,059
5. Investments	1,805,117	1,652,500
6. Inventories, prepaid expenses and other assets	23,295	22,382
7. Property, plant and equipment	869,361	852,436
8. Total Assets	\$3,128,367	\$2,908,464
LIABILITIES		
9. Accounts payable	\$42,284	\$ 35,961
10. Accrued liabilities	40,356	44,386
11. Refundable advances	15,752	10,698
12. Current portion of long-term debt	6,300	8,615
13. Deposits and deferred revenue	32,402	31,137
14. Post-retirement health benefit obligation	4,217	4,759
15. Actuarial liability for annuities payable	113,372	103,861
16. Federal student loan funds	56,505	53,654
17. Long-term debt	231,489	291,293
18. Other	9,622	9,114
19. Total Liabilities	552,299	593,478
NET ASSETS		
20. Unrestricted	1,758,567	1,609,502
21. Temporarily restricted	129,567	70,047
22. Permanently restricted	687,934	635,437
23. Total Net Assets	2,576,068	2,314,986
24. Total Liabilities and Net Assets	\$3,128,367	\$2,908,464

The accompanying notes are an integral part of this statement.

Consolidated Statement of Expenses

(in thousands • with summarized financial information for the year ended June 30, 1998)

	a	b	c	d	e
ACADEMIC, HEALTH CARE AND STUDENT SERVICES					
	Instruction Departmental Research and Activities	Sponsored Research	Libraries and Art Galleries	Health Care Services	Student Services
1. Compensation	\$236,864	\$85,646	\$7,556	\$88,898	\$16,254
2. Fringe benefits	72,744	21,663	2,271	24,346	4,871
3. Materials and supplies	56,683	54,668	2,577	20,465	5,284
4. Cost of goods sold	7,215	9,215			
5. Utilities				820	
6. Travel	6,929	4,862	71	103	697
7. Telephone				710	
8. Other	11,851		32	5,162	1,123
9. Kenneth Norris Jr. Cancer Hospital and USC Care purchased services				24,825	
10.	392,286	176,054	12,507	165,329	28,229
Allocations:					
11. Depreciation	18,579	11,154	6,118	5,836	3,194
12. Interest	2,039			1,288	259
13. Plant Operations and Maintenance	28,774	13,503	4,945		4,988
14.	\$441,678	\$200,711	\$23,570	\$172,453	\$36,670

	f	g	h	i	j	k	l
SUPPORT SERVICES							
	Plant Operations and Maintenance	Administration	General Institutional	Fund Raising Activities	Auxiliary Enterprises Operations	Year Ended June 30, 1998	Year Ended June 30, 1997
1.	\$16,868	\$16,891	\$18,769	\$9,014	\$27,735	\$524,495	\$500,568
2.	5,364	5,405	6,271	2,849	8,531	154,315	147,208
3.	16,720	3,651	18,254	3,797	15,301	197,400	175,511
4.	368		2,404		36,134	55,336	53,768
5.	17,420					18,240	18,871
6.	82	610	226	405	1,380	15,365	12,743
7.	7,342					8,052	7,893
8.		287	6,526	114	7,338	32,433	30,293
9.						24,825	20,964
10.	64,164	26,844	52,450	16,179	96,419	1,030,461	967,819
11.		891	4,142	135	10,534	60,583	56,214
12.	2,032	87	6,149		3,195	15,049	19,800
13.	(66,196)	2,130	5,632	244	5,980		
14.		\$29,952	\$68,373	\$16,558	\$116,128	\$1,106,093	\$1,043,833

The accompanying notes are an integral part of this statement.

Consolidated Statement of Cash Flows

(in thousands • with summarized financial information for the year ended June 30, 1998)

	a	b
	Year Ended June 30, 1998	Year Ended June 30, 1997
CASH FLOWS FROM OPERATING ACTIVITIES		
1. Change in Net Assets	\$261,082	\$263,472
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
2. Depreciation	60,583	56,214
3. Loss on the sale of plant assets	19,532	3,463
4. Equipment gifts-in-kind	(2,144)	(917)
5. Present value adjustment to annuities payable	254	2,000
6. Decrease (increase) in accounts receivable	2,962	(14,560)
7. Increase in pledges receivable	(57,135)	(397)
8. Increase in inventories, prepaid expenses and other assets	(913)	(3,318)
9. Increase (decrease) in accounts payable	6,323	(1,753)
10. Decrease in accrued liabilities	(4,030)	(1,802)
11. Increase in refundable advances	5,054	1,599
12. Increase in deferred revenue	1,265	2,398
13. Decrease in post-retirement health benefit obligation	(542)	(518)
14. Other	508	(8)
Contributions restricted for permanent investment		
15. and property, plant and equipment	(77,909)	(52,625)
16. Net realized gain on sale of investments	(155,889)	(142,569)
17. Net unrealized depreciation (appreciation) in investments	27,510	(73,881)
18. Net cash provided by operating activities	<u>86,511</u>	<u>36,798</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
19. Proceeds from note collections and sale of notes	16,493	17,693
20. Notes issued	(17,317)	(17,344)
21. Proceeds from sale of investments	2,147,398	2,030,475
22. Purchase of investments	(2,171,636)	(2,088,866)
23. Purchase of property, plant and equipment, net	(94,896)	(46,720)
24. Net cash used by investing activities	<u>(119,958)</u>	<u>(104,762)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for permanent investment:		
25. Endowment	53,299	32,156
26. Plant	10,435	10,580
27. Trusts and other	14,175	9,889
28. Repayment of long-term debt	(106,567)	(20,614)
29. Increase in long-term debt	44,448	55,430
30. Increase in federal student loan funds	2,851	3,615
31. Investment income and gains on annuities payable	7,501	10,714
32. Payments on annuities payable	(10,857)	(8,949)
33. Increase to annuities payable resulting from new gifts	12,613	15,910
34. Net cash provided by financing activities	<u>27,898</u>	<u>108,731</u>
35. Net (decrease) increase in cash and cash equivalents	(5,549)	40,767
36. Cash and cash equivalents at beginning of year	140,237	99,470
37. Cash and cash equivalents at end of year	<u>\$134,688</u>	<u>\$140,237</u>

The accompanying notes are an integral part of this statement.

Notes to Consolidated Financial Statements

NOTE 1

Significant accounting policies followed by the University of Southern California are set forth below:

The University of Southern California is a not-for-profit, major private research university. The financial statements have been prepared on the accrual basis and include the accounts of the University of Southern California and all wholly-owned subsidiaries. All material transactions between the university and its subsidiaries have been eliminated.

The university's financial reporting is in accordance with Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and SFAS No. 117, Financial Statements of Not-for-Profit Organizations. A description of the three requisite net asset categories follows.

Unrestricted net assets:

Education and general: Education and general include the revenues and expenses associated with the principal educational mission of the university.

Health care services: Health care services are reflective of the revenues and expenses associated with the Health Care Consultation Center, the Professional Services Agreement with Los Angeles County, the Kenneth Norris Jr. Cancer Hospital and USC Care, Inc., a contracting entity for the independent private practices and the professional services provided to affiliated hospitals.

Sponsored research and departmental: Sponsored research agreements recognize revenue as it is earned through expenditure in accordance with the agreement. Any funding received in advance of expenditure is recorded as refundable advances. Departmental net assets include gifts to the university and its various schools and departments. The university has determined that any donor imposed restrictions for current or developing programs and activities are generally met within the operating cycle of the university and, therefore, the university's policy is to record these net assets as unrestricted. Internally designated net assets are those which have been appropriated by the Board of Trustees or designated by management.

Unexpended plant and debt service: Unexpended plant and debt service net assets include gifts and income earned on unexpended balances for capital projects which are currently under construction and transfers from the operating budget to fund the debt service requirements for outstanding bonds, notes and mortgages payable. The university follows the policy of lifting the restrictions on contributions of cash or other assets received for the acquisition of long-lived assets when the long-lived assets begin construction or are acquired.

Notes to Consolidated Financial Statements

Invested in plant: Invested in plant assets, including collections of works of art and historical treasures, are stated at cost or fair value at the date of gift, less accumulated depreciation, computed on a straight-line basis over the estimated useful lives of the assets (generally, 15 years for equipment, 10 years for library books and 50 years for buildings). Equipment is removed from the records at the time of disposal. The university follows the policy of recording contributions of long-lived assets directly in invested in plant assets instead of recognizing the gift over the useful life of the asset.

Long-term investment: Long-term investments include gifts and Board of Trustee designations to funds functioning as endowment, realized and unrealized gains and reinvested income (income earned in excess of the spending rule) on all endowment funds.

Student loan: Student loan net assets record lending activity to students utilizing university resources designated for that purpose.

Temporarily restricted net assets:

Gifts for which donor imposed restrictions have not been met (primarily future capital projects), charitable remainder unitrusts, pooled income funds, gift annuities and pledges receivable for which the ultimate purpose of the proceeds is not permanently restricted are included in temporarily restricted net assets.

Permanently restricted net assets:

Gifts, charitable remainder unitrusts, pooled income funds, gift annuities and pledges receivable which require by donor restriction that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions and gifts which have been donor stipulated to provide loans to students are included in permanently restricted net assets.

Other accounting policies:

The financial statements present expenses by functional classification in accordance with the overall service mission of the university. Each functional classification displays all expenses related to the underlying operations by natural classification. Depreciation expense is allocated based on square footage occupancy. Interest expense on external debt is allocated to the functional categories which have benefited from the proceeds of the external debt. Plant operations and maintenance represents space related costs which are allocated to the functional categories directly and/or based on the square footage occupancy.

Cash equivalents consist of resources invested in money market funds, bankers' acceptances and negotiable certificates of deposit, maturing within 30 days.

Investments are stated at market value except venture capital, mortgages and gifts of real estate which are stated at cost or fair market value on the date of gift, in accordance with SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Net appreciation (depreciation) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments, is shown in the statement of activities. Realized gains and losses upon the sale of investments are calculated using the specific identification method and settlement date.

Inventories are valued at the lower of cost (first-in, first-out) or market.

The actuarial liability for annuities payable include gift annuities, unitrusts, pooled income funds and life estates which are based on the present value of future payments discounted at 6% and 1983 Group Annuity Tables.

In accordance with the university's Revenue Center Management policy, educational and general activities are reflective of the performance of a balanced operating budget for the year and any surplus at the end of the year is transferred to internally designated departmental assets.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

The financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the university's financial statements for the year ended June 30, 1997 from which the summarized financial information was derived. Certain reclassifications have been made to summarized financial information for comparative purposes.

NOTE 2

Kenneth Norris Jr. Cancer Hospital (Hospital) is a not-for-profit public benefit corporation organized under the laws of the State of California whose sole corporate member is the University of Southern California. Accordingly, the results of operations and net financial position of the Hospital are reflected in the university's financial statements in current unrestricted net assets. Included in current unrestricted net assets is all property, plant and equipment related to the Hospital. Depreciation expense related to the property, plant and equipment is calculated using the straight-line method over the estimated useful lives which are similar to the university's.

A portion of the Hospital's revenue from health care services is derived from funds provided on behalf of patients under federal programs. Revenues under the programs are dependent upon federal governmental reimbursement principles and policies. Funds received are subject to audit which could result in retroactive adjustments. Management believes that it has properly applied these principles and policies in the determination of net revenue from these programs.

During 1997, the Hospital entered into a five-year agreement with an unaffiliated third party to manage the day-to-day operations of the Hospital.

Notes to Consolidated Financial Statements

NOTE 3

Accounts receivable (in thousands):

U.S. Government, net of allowance for doubtful accounts of \$1,394	\$18,142
Student and other, net of allowance for doubtful accounts of \$10,482	35,429
Patient care and practice plans, net of allowance for doubtful accounts of \$23,844	33,037
	<u>\$86,608</u>

NOTE 4

Investments (in thousands):

	Market
Short-term investments	\$5,348
Stocks	951,344
Bonds:	
U.S. Government	122,095
Corporate	231,181
International investments and venture capital	340,309
Assets held by other trustees	84,232
Mortgages, notes and other receivables	9,059
Real estate and other	61,549
Total Market	<u>\$1,805,117</u>
Total Cost	<u>\$1,427,305</u>

NOTE 5

Property, plant and equipment (in thousands):

Land and improvements	\$66,032
Building and improvements	662,133
Equipment	554,522
Library books and collections	115,995
Construction-in-progress	35,248
	<u>1,433,930</u>
Less: Accumulated depreciation	620,957
	<u>812,973</u>
Kenneth Norris Jr. Cancer Hospital	100,978
Less: Accumulated depreciation	44,590
	<u>56,388</u>
	<u>\$869,361</u>

NOTE 6

Bonds, notes and mortgages payable (in thousands):

	Interest %	Maturity	
<i>California Educational Facilities Authority (CEFA)</i>			
<i>Revenue Bonds and Notes:</i>			
Series 1989B	6.75-7.85	2000-2016	\$63,620
Discount			(1,420)
Series 1993A	5.45-6.10	2000-2005	5,980
Series 1993B	4.55-7.00	2000-2016	36,535
Premium			47
Series 1997A	5.50-5.90	2001-2016	40,085
Discount			(289)
Series 1997C	5.125	2029	50,000
Discount			(1,598)
Series 1998A	5.00	2029	30,360
<i>University of Southern California Bonds</i>			
Series 1998	5.26-6.26	2000-2019	13,585
Discount			(50)
<i>Mortgages</i>	Various	2000-2004	934
			<u>237,789</u>
Less current portion of long-term debt			6,300
			<u>\$231,489</u>

Principal payment requirements relating to bonds, notes and mortgages payable, after giving effect to the refunding, for the next five fiscal years are approximately: 2000 \$6,300,000; 2001 \$6,750,000; 2002 \$7,965,000; 2003 \$8,237,000; 2004 \$10,640,000.

Interest payments for fiscal year 1999 were \$17,278,000.

The bond agreements contain certain restrictive covenants including the requirement to maintain a designated amount of available assets, as defined in the agreements.

During the year ended June 30, 1993, the university issued \$23,510,000 in CEFA bonds for the purpose of defeasing a portion of the CEFA 1989B Bonds and to finance capital improvements. Approximately \$23,120,000 of the net proceeds were used to purchase U.S. government securities sufficient to meet all future debt service requirements of the 1989B Bonds (\$21,060,000 principal outstanding at June 30, 1999). These securities were deposited in an irrevocable trust with an escrow agent. As a result, the CEFA 1989B Bonds, a portion of which have been defeased in substance and the related securities held in trust, have been removed from the consolidated balance sheet.

On July 1, 1999 the university issued \$60,000,000 in CEFA 5.50% revenue bonds due October 1, 2027.

Notes to Consolidated Financial Statements

NOTE 7

Financial aid is awarded to students based on need and merit. Financial aid does not include payments made to students for services rendered to the

university. Financial aid for the year ended June 30, 1999 consists of the following (in thousands):

	Undergraduate	Graduate	Total
Institutional scholarships	\$80,806	\$30,208	\$111,014
Endowed scholarships	7,547	2,821	10,368
External financial aid	12,649	4,728	17,377
	<u>\$101,002</u>	<u>\$37,757</u>	<u>\$138,759</u>

NOTE 8

Endowment net assets are subject to the restrictions of gift instruments requiring that the principal be invested in perpetuity and only the income be utilized for current and future needs. Long-term investment net assets (funds functioning as endowment and departmentally designated funds) have been established from restricted gifts whose restrictions have been met and unrestricted gifts which have been designated by the Board of

Trustees or management for the same purpose as endowment. The university also has a beneficial interest in the net income earned from assets which are held and managed by other trustees.

Endowment and long-term investment net assets functioning as endowment are summarized as follows (in thousands):

	Endowment	Funds functioning as endowment	Departmentally designated funds	Total
Pooled	\$436,353	\$808,328	\$2,879	\$1,247,560
Non-pooled	124,399	217,874		342,273
	<u>\$560,752</u>	<u>\$1,026,202</u>	<u>\$2,879</u>	<u>\$1,589,833</u>

Pooled investments represent endowment and long-term investment net assets which have been commingled in a unitized pool (unit market value basis) for purposes of investment. The pool is comprised of bonds (16%), stocks (52%), international investments and venture capital (27%), and other investments (5%). Access to or liquidation from the pool is on the basis of the market value per unit on the preceding monthly valuation date. The unit market value at June 30, 1999 was \$383.21.

The university utilizes a spending rule for its pooled endowment in order to maximize the current and long-term investments of the endowment pool. The spending rule determines the endowment income to be distributed currently for spending with the provision that any amounts remaining

after the distribution be transferred and reinvested in the endowment pool as funds functioning as endowment.

For the 1999 fiscal year, the Board of Trustees approved current distribution of 107% of the prior year's payout, within a minimum of 4% and a maximum of 6% of the average market value for the previous 12 calendar quarters. Under the provisions of the spending rule, \$14.22 was distributed to each time-weighted unit for a total spending rule allocation of \$44,460,000. Investment income amounting to \$7.40 per time weighted unit was earned, totaling \$23,128,000, and \$21,332,000 was appropriated for current operations from cumulative gains of pooled investments. Endowment pool earnings allocated for spending in fiscal year

1999 represent 3.4% of the market value of the endowment pool at June 30, 1999. Total earnings allocated for spending in fiscal year 1999 represent 3.3% of the market value of total endowment at June 30, 1999.

Approximately \$34,246,000 of the university's unrestricted long-term investments have been designated to support student loans.

NOTE 9

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. Pledges are recorded after discounting at 6% to the present value of the future cash flows.

Unconditional promises are expected to be realized in the following periods (in thousands):

Between one year and five years	\$34,551
More than five years	113,039
Less: discount of \$42,784 and allowance of \$3,612	(46,396)
	<u>\$101,194</u>

Pledges receivable at June 30, 1999 have the following restrictions (in thousands):

Endowment for departmental programs and activities	\$15,999
Endowment for scholarship	1,408
Building construction	15,825
Departmental programs and activities	67,962
	<u>\$101,194</u>

NOTE 10

Executed contracts, grants, subcontracts and cooperative agreements for future sponsored research activity which are not reflected in the financial statements at June 30, 1999 are summarized as follows (in thousands):

Current sponsored awards	\$204,523
Executed grants and contracts for future periods	333,031
	<u>\$537,554</u>

NOTE 11

At June 30, 1999, internal loans for capital investment were \$105,088,000 which are repaid through nonmandatory transfers from the operating budget to unexpended plant within unrestricted net assets. In addition, the Board of Trustees authorized a \$5,000,000 loan from long-term investment to be utilized for student loans, of which \$2,605,000 was outstanding at June 30, 1999. The maturity dates range from 2000 to 2012 with various interest rates.

Internal loans maturing within each of the next five fiscal years range from \$11.5 million to \$12.9 million.

NOTE 12

Contractual commitments for educational plant amounted to approximately \$52,000,000 at June 30, 1999. It is expected that the resources to satisfy these commitments will be provided from certain unexpended plant net assets, anticipated gifts and/or debt proceeds.

Notes to Consolidated Financial Statements

NOTE 13

Retirement benefits for exempt employees are provided through the Teachers Insurance and Annuity Association and the College Retirement Equities Fund, Mutual Benefit Life Insurance Company, Fidelity Investments and Prudential Insurance Company. Under these defined contribution plans, the university and plan participants make annual contributions to purchase individual, fixed or variable annuities equivalent to retirement benefits earned or to participate in a variety of mutual funds or a fixed income fund. Benefits commence upon retirement and pre-retirement survivor death benefits are also provided. Charges to education and general activities expenses for the university's share of costs were approximately \$37,897,000 during the year ended June 30, 1999.

Retirement benefits for non-exempt employees are provided through a noncontributory defined benefit pension plan. The following table sets forth the plan's funded status at June 30, 1999 (in thousands):

Benefit cost	\$2,403
Employer contribution	\$2,234
Benefits paid	\$2,024
Benefit obligation	\$72,392
Fair value of plan assets	69,611
Funded status	(\$2,781)
Prepaid/(accrued) benefit cost recognized in the statement of financial position	(\$1,051)
Weighted-average assumptions:	
Discount rate	7.25%
Expected return on plan assets	10.00%
Rate of compensation increase	5.00%

NOTE 14

Statement of Financial Accounting Standards (SFAS) No. 106, Employers' Accounting for Post-retirement Benefits Other Than Pensions, requires an employer to disclose information in its financial statements about the obligation to provide post-retirement benefits and the cost of providing those benefits. The university established a defined benefit post-retirement health care plan that provides medical coverage to retirees (and their dependents) who retired under an incentive program in 1997. The cost of retiree and dependent medical benefits will be paid entirely by the university over the next nine years.

The following table sets forth the plan's funded status reconciled with the amount shown in the university's balance sheet at June 30, 1999 (in thousands):

Benefit cost	\$294
Employer contributions	\$836
Plan participant contributions	\$0
Benefits paid	\$836
Benefit obligation	\$4,420
Fair value of plan assets	0
Funded status	(\$4,420)
Prepaid/(accrued) benefit cost recognized in the statement of financial position	(\$4,217)
Weighted-average assumption:	
Discount rate	6.50%

For measurement purposes, a 7.5% annual rate of increase in the per capita cost of postretirement medical benefits for the indemnity program and the HMO's was assumed for 1999. These rates were assumed to decrease gradually to 5.5% by 2003 and remain at that level thereafter.

NOTE 15

The university is contingently liable as guarantor on certain obligations relating to equipment loans, student and parent loans, and various campus organizations. The university receives funding or reimbursement from governmental agencies for various activities, which are subject to audit. In addition, certain litigation has been filed against the university and in the opinion of university management, after consultation with legal counsel, the liability, if any, for the aforementioned matters will not have a material effect on the university's financial position.

NOTE 16

The estimated fair value of the university's bonds, notes and mortgages payable was \$235,964,000 at June 30, 1999. This fair value was estimated based upon the discounted amount of future cash outflows using the rates offered to the university for debt of the same remaining maturities.

Determination of the fair value of notes receivable, which are primarily federally sponsored student loans with U.S. Government mandated interest rates and repayment terms and subject to significant restrictions as to their transfer or disposition, could not be made without incurring excessive costs.

Investments are carried at market value except for certain investments for which market values are not readily determinable: '99-'00

2000 • Summary of Budgeted Operating Revenues & Expenses

1999-00 Budget • (in thousands)

	Undesignated Budget			Health Care Services			Designated Budget			Total Budget		
	1998-99 Budget	1999-00 Budget	Percent Change	1998-99 Budget	1999-00 Budget	Percent Change	1998-99 Budget	1999-00 Budget	Percent Change	1998-99 Budget	1999-00 Budget	Percent Change
REVENUES												
Tuition and fees	\$523,188	\$575,297	9.96%							\$523,188	\$575,297	9.96%
Endowment income:										4,300	4,900	13.95%
University-wide	4,300	4,900	13.95%				\$14,786	\$13,448	(9.05%)	39,345	41,405	5.24%
Schools and Departments	24,559	27,957	13.84%							10,455	9,763	(6.62%)
Investment income	10,455	9,763	(6.62%)							1,025	1,225	19.51%
Gifts:												
University-wide	1,025	1,225	19.51%				42,437	42,446	(0.02%)	59,918	59,439	(0.80%)
Schools and Departments	17,481	16,993	(2.79%)				198,607	207,046	4.25%	198,607	207,046	4.25%
Contracts and grants												
Recovery of indirect costs:												
Endowments	2,346	2,686	14.49%							2,346	2,686	14.49%
Gifts	4,137	4,100	(0.89%)							4,137	4,100	(0.89%)
Contracts and grants	63,929	63,565	(0.57%)							63,929	63,565	(0.57%)
Sales and service, auxiliary enterprises and other sources	146,267	148,387	1.45%							253,663	260,311	2.62%
Total Revenues	\$797,687	\$854,873	7.17%	\$107,396	\$111,924	4.22%	\$255,830	\$262,940	2.78%	\$1,160,913	\$1,229,737	5.93%
EXPENSES												
Compensation:												
Faculty salaries	\$129,818	\$141,084	8.68%	\$65,009	\$66,777	2.72%	\$29,824	\$32,635	9.43%	\$224,651	\$240,496	7.05%
Other salaries and wages	199,092	212,144	6.56%	10,001	9,912	(0.89%)	79,237	68,737	(13.25%)	288,330	290,793	0.85%
Fringe benefits	103,193	109,080	5.70%	19,544	21,761	11.34%	20,876	23,426	12.21%	143,613	154,267	7.42%
Total Compensation	432,103	462,308	6.99%	94,554	98,450	4.12%	129,937	124,798	(3.95%)	656,594	685,556	4.41%
Library acquisitions	6,655	7,282	9.42%							6,655	7,282	9.42%
Equipment	17,576	23,461	33.48%				51,320		(100.00%)	68,896	23,461	(65.95%)
Student aid	113,066	139,945	23.77%				13,391	8,466	(36.78%)	126,457	148,411	17.36%
Telephone	8,592	13,452	56.56%				7	15	114.29%	8,599	13,467	56.61%
Current expense	152,655	139,901	(8.35%)				12,835	13,459	4.86%	226,672	283,036	24.87%
Utilities	18,842	19,578	3.91%							18,842	19,578	3.91%
Debt service	48,198	48,946	1.55%							48,198	48,946	1.55%
Total Expenses	\$797,687	\$854,873	7.17%	\$107,396	\$111,924	4.22%	\$255,830	\$262,940	2.78%	\$1,160,913	\$1,229,737	5.93%

2000 / Colleges, Schools, Centers & Institutes

Individual Revenue Center Summary - 1999-00 Budget (in thousands)

	Annenberg Center For Communication		Annenberg School For Communication		School of Architecture		School of Cinema-Television	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$8,264	\$3,800	\$17,625	\$3,832	\$9,516	\$1,502	\$28,571	\$3,040
Indirect	(5)		1,042		(159)		(355)	
<i>Participation</i>	(5)		(583)		(317)		(955)	
<i>Subvention</i>			1,450				400	
<i>Academic Initiatives</i>			175		158		200	
Total Revenues	\$8,259	\$3,800	\$18,667	\$3,832	\$9,357	\$1,502	\$28,216	\$3,040
Expenses								
Direct	\$7,284	\$3,800	\$10,538	\$3,832	\$4,528	\$1,502	\$14,988	\$3,040
Indirect	975		8,129		4,829		13,228	
<i>Undergraduate Student Aid</i>			3,967		2,274		5,198	
<i>Facilities Improvement Fund</i>			422		223		692	
<i>Other Indirect Expenses</i>	975		3,740		2,332		7,338	
Total Expenses	\$8,259	\$3,800	\$18,667	\$3,832	\$9,357	\$1,502	\$28,216	\$3,040

	Davis School of Gerontology		School of Engineering Academic Programs		School of Engineering Information Sciences Institute		School Of Fine Arts	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$4,930	\$7,090	\$69,649	\$35,750	\$6,720	\$49,448	\$5,783	\$89
Indirect	660		4,020		(211)		(192)	
<i>Participation</i>	(165)		(2,280)		(211)		(192)	
<i>Subvention</i>	200		5,000					
<i>Academic Initiatives</i>	625		1,300					
Total Revenues	\$5,590	\$7,090	\$73,669	\$35,750	\$6,509	\$49,448	\$5,591	\$89
Expenses								
Direct	\$2,293	\$7,090	\$41,618	\$35,750	\$5,001	\$49,448	\$2,714	\$89
Indirect	3,297		32,051		1,508		2,877	
<i>Undergraduate Student Aid</i>	501		7,259				1,483	
<i>Facilities Improvement Fund</i>	77		1,322				135	
<i>Other Indirect Expenses</i>	2,719		23,470		1,508		1,259	
Total Expenses	\$5,590	\$7,090	\$73,669	\$35,750	\$6,509	\$49,448	\$5,591	\$89

	The Law School		College of Letters, Arts and Sciences		Marshall School of Business		School of Policy, Planning, and Development	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$21,596	\$2,291	\$197,268	\$31,365	\$99,576	\$7,161	\$19,099	\$3,498
Indirect	1,782		1,558		(5,018)		167	
<i>Participation</i>	(601)		(6,562)		(5,083)		(643)	
<i>Subvention</i>	1,821		4,600					
<i>Academic Initiatives</i>	562		3,520		65		810	
Total Revenues	\$23,378	\$2,291	\$198,826	\$31,365	\$94,558	\$7,161	\$19,266	\$3,498
Expenses								
Direct	\$17,031	\$2,291	\$96,010	\$31,365	\$55,223	\$7,161	\$11,716	\$3,498
Indirect	6,347		102,816		39,335		7,550	
<i>Undergraduate Student Aid</i>	262		47,514		16,389		2,025	
<i>Facilities Improvement Fund</i>	467		4,445		2,356		495	
<i>Other Indirect Expenses</i>	5,618		50,857		20,590		5,030	
Total Expenses	\$23,378	\$2,291	\$198,826	\$31,365	\$94,558	\$7,161	\$19,266	\$3,498

	Rossier School of Education		Institute of Safety and Systems Management		School of Social Work		Summer and Special Programs	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$14,168	\$3,119			\$8,891	\$2,069	\$517	
Indirect	(13)		\$941		(200)		300	
<i>Participation</i>	(463)				(295)			
<i>Subvention</i>			941					
<i>Academic Initiatives</i>	450				95		300	
Total Revenues	\$14,155	\$3,119	\$941		\$8,691	\$2,069	\$817	
Expenses								
Direct	\$8,848	\$3,119	\$941		\$5,550	\$2,069	\$807	
Indirect	5,307				3,141		10	
<i>Undergraduate Student Aid</i>	1,109				38			
<i>Facilities Improvement Fund</i>	361				240		10	
<i>Other Indirect Expenses</i>	3,837				2,863			
Total Expenses	\$14,155	\$3,119	\$941		\$8,691	\$2,069	\$817	

	School of Theatre		Thorton School of Music		Total Colleges, Schools, Centers and Institutes	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES						
Direct	\$7,484	\$173	\$20,621	\$1,145	\$540,278	\$155,372
Indirect	(150)		1,736		5,903	
<i>Participation</i>	(250)		(614)		(19,219)	
<i>Subvention</i>			1,350		15,762	
<i>Academic Initiatives</i>	100		1,000		9,360	
Total Revenues	\$7,334	\$173	\$22,357	\$1,145	\$546,181	\$155,372
Expenses						
Direct	\$3,247	\$173	\$13,103	\$1,145	\$301,440	\$155,372
Indirect	4,087		9,254		244,741	
<i>Undergraduate Student Aid</i>	2,077		3,598		93,694	
<i>Facilities Improvement Fund</i>	176		426		11,847	
<i>Other Indirect Expenses</i>	1,834		5,230		139,200	
Total Expenses	\$7,334	\$173	\$22,357	\$1,145	\$546,181	\$155,372

Definitions:

Direct Revenues and Direct Expenses in Revenue Centers include all categories displayed in the Summary of Budgeted Operating Revenues & Expenses.

Participation is a 3.4% tax on gross tuition revenue, recovery of indirect costs, sales and service and other income.

Subvention is allocated from centrally controlled funds to support university priorities.

Academic Initiatives is funding for specific activities for a limited time period.

Indirect Income is the sum of Participation, Subvention and Academic Initiatives.

Indirect Expenses are the sum of net budgets in all administrative centers (see Individual Administrative Centers 1999-00 Budget by Presidential and Senior Vice Presidential Responsibility Area). Administrative center budgets are allocated to revenue centers according to various methodologies.

Centrally administered Undergraduate Student Aid is shown as a component of Indirect Expenses and is charged to revenue centers as a pre-determined Percentage of undergraduate tuition.

Facilities Improvement Fund represents a portion of tuition (net of student aid) which is set aside for major facilities improvements in classrooms, teaching laboratories and residence halls.

2000 / Health Sciences Schools & Health Care Services

Individual Revenue Center Summary • 1999-00 Budget (in thousands)

	School of Dentistry		Independent Health Professions*		Keck School of Medicine		School of Pharmacy	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$36,723	\$5,646	\$21,006	\$1,960	\$70,344	\$84,297	\$26,251	\$4,456
Indirect	(1,234)		(693)		158		(874)	
<i>Participation</i>	(1,234)		(708)				(874)	
<i>Subvention</i>								
<i>Academic Initiatives</i>			15		158			
Total Revenues	\$35,489	\$5,646	\$20,313	\$1,960	\$70,502	\$84,297	\$25,377	\$4,456
Expenses								
Direct	\$25,332	\$5,646	\$13,035	\$1,960	\$42,860	\$84,297	\$18,779	\$4,456
Indirect	10,157		7,278		27,642		6,598	
<i>Undergraduate Student Aid</i>	749		2,269		1,100			
<i>Facilities Improvement Fund</i>	780		555		804		463	
<i>Other Indirect Expenses</i>	8,628		4,454		25,738		6,135	
Total Expenses	\$35,489	\$5,646	\$20,313	\$1,960	\$70,502	\$84,297	\$25,377	\$4,456

	Total Health Sciences Schools		Dentistry Health Care		Independent Health Professions Health Care*		Medicine Health Care	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$154,324	\$96,359	\$1,416		\$3,337		\$103,801	
Indirect	(2,643)							
<i>Participation</i>	(2,816)							
<i>Subvention</i>								
<i>Academic Initiatives</i>	173							
Total Revenues	\$151,681	\$96,359	\$1,416		\$3,337		\$103,801	
Expenses								
Direct	\$100,006	\$96,359	\$1,318		\$3,331		\$98,926	
Indirect	51,675		98		6		4,875	
<i>Undergraduate Student Aid</i>	4,118							
<i>Facilities Improvement Fund</i>	2,602				6		4,875	
<i>Other Indirect Expenses</i>	44,955		98					
Total Expenses	\$151,681	\$96,359	\$1,416		\$3,337		\$103,801	

	Norris Cancer Hospital		Pharmacy Health Care		Total Health Care Services	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES						
Direct	\$334		\$3,036		\$111,924	
Indirect						
<i>Participation</i>						
<i>Subvention</i>						
<i>Academic Initiatives</i>						
Total Revenues	\$334		\$3,036		\$111,924	
Expenses						
Direct	\$1		\$2,778		\$106,354	
Indirect	333		258		5,570	
<i>Undergraduate Student Aid</i>						
<i>Facilities Improvement Fund</i>						
<i>Other Indirect Expenses</i>	333		258		5,570	
Total Expenses	\$334		\$3,036		\$111,924	

*Includes the departments of Biokinesiology & Physical Therapy, Nursing, and Occupational Science & Occupational Therapy

2000 / Auxiliaries & Athletics

Individual Revenue Center Summary • 1999-00 Budget (in thousands)

	Auxiliary Administration		Faculty Center		Hospitality Services		Housing and Residence Halls	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$ 480		\$263		\$20,230		\$26,951	
Indirect							(2,282)	
<i>Participation</i>								
<i>Subvention</i>								
<i>Academic Initiatives</i>							(2,282)	
Total Revenues	\$ 480		\$ 263		\$ 20,230		\$ 24,669	
Expenses								
Direct	\$ 480		\$ 7		\$ 18,801		\$ 22,940	
Indirect			256		1,429		1,729	
<i>Undergraduate Student Aid</i>								
<i>Facilities Improvement Fund</i>								
<i>Other Indirect Expenses</i>			256		1,429		1,729	
Total Expenses	\$480		\$ 263		\$ 20,230		\$ 24,669	

	Intercollegiate Athletics		Student Health And Counseling Services		Transportation Services		University Bookstores	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES								
Direct	\$26,716	\$2,300	\$8,264		\$11,392		\$28,610	
Indirect								
<i>Participation</i>								
<i>Subvention</i>								
<i>Academic Initiatives</i>								
Total Revenues	\$26,716	\$2,300	\$8,264		\$11,392		\$ 28,610	
Expenses								
Direct	\$22,160	\$2,300	\$7,007		\$8,685		\$ 27,470	
Indirect	4,556		1,257		2,707		1,140	
<i>Undergraduate Student Aid</i>								
<i>Facilities Improvement Fund</i>								
<i>Other Indirect Expenses</i>	4,556		1,257		2,707		1,140	
Total Expenses	\$26,716	\$2,300	\$8,264		\$11,392		\$ 28,610	

	USC Radio		Vivaria		Total Auxiliaries and Athletics	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES						
Direct	\$6,520	\$2,528	\$271		\$129,697	\$4,828
Indirect	100				(2,182)	
<i>Participation</i>						
<i>Subvention</i>						
<i>Academic Initiatives</i>					(2,182)	
Total Revenues	\$6,620	\$2,528	\$271		\$127,515	\$4,828
Expenses						
Direct	\$5,630	\$2,528	(\$413)		\$112,767	\$4,828
Indirect	990		684		14,748	
<i>Undergraduate Student Aid</i>						
<i>Facilities Improvement Fund</i>						
<i>Other Indirect Expenses</i>	990		684		14,748	
Total Expenses	\$6,620	\$2,528	\$271		\$127,515	\$4,828

2000 / Classification by Center

Individual Revenue Center Summary • 1999-00 Budget (in thousands)

	Colleges, Schools, Centers and Institutes		Health Sciences Schools		Health Care Services	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES						
Direct	\$540,278	\$155,372	\$154,324	\$96,359	\$111,924	
Indirect	5,903		(2,643)			
<i>Participation</i>	(19,219)		(2,816)			
<i>Subvention</i>	15,762					
<i>Academic Initiatives</i>	9,360		173			
Total Revenues	\$546,181	\$155,372	\$151,681	\$96,359	\$111,924	
Expenses						
Direct	\$301,440	\$155,372	\$100,006	\$96,359	\$106,354	
Indirect	244,741		51,675		5,570	
<i>Undergraduate Student Aid</i>	93,694		4,118			
<i>Facilities Improvement Fund</i>	11,847		2,602			
<i>Other Indirect Expenses</i>	139,200		44,955		5,570	
Total Expenses	\$546,181	\$155,372	\$151,681	\$96,359	\$111,924	
	Auxiliaries and Athletics		Total Revenue Centers		Administrative Centers	
	Undesignated	Designated	Undesignated	Designated	Undesignated	Designated
REVENUES						
Direct	\$129,697	\$4,828	\$936,223	\$256,559	\$17,859	\$6,381
Indirect	(2,182)		1,078		2,837	
<i>Participation</i>			(22,035)			
<i>Subvention</i>	(2,182)		13,580		2,282	
<i>Academic Initiatives</i>			9,533		555	
Total Revenues	\$127,515	\$4,828	\$937,301	\$256,559	\$20,696	\$6,381
Expenses						
Direct	\$112,767	\$4,828	\$620,567	\$256,559	\$337,430	\$6,381
Indirect	14,748		316,734		(316,734)	
<i>Undergraduate Student Aid</i>			97,812		(97,812)	
<i>Facilities Improvement Fund</i>			14,449		(14,449)	
<i>Other Indirect Expenses</i>	14,748		204,473		(204,473)	
Total Expenses	\$127,515	\$4,828	\$937,301	\$256,559	\$20,696	\$6,381
	Subvention Pool		Total University			
	Undesignated	Designated	Undesignated	Designated		
REVENUES						
Direct	\$12,715		\$966,797	\$262,940		
Indirect	(3,915)					
<i>Participation</i>	22,035					
<i>Subvention</i>	(15,862)					
<i>Academic Initiatives</i>	(10,088)					
Total Revenues	\$8,800		\$966,797	\$262,940		
Expenses						
Direct	\$8,800		\$966,797	\$262,940		
Indirect						
<i>Undergraduate Student Aid</i>						
<i>Facilities Improvement Fund</i>						
<i>Other Indirect Expenses</i>						
Total Expenses	\$8,800		\$966,797	\$262,940		

2000 / Individual Administrative Centers By Presidential & Senior Vice Presidential Responsibility Area

1999-00 Budget (in thousands)

	Net Budget	Fringe Benefits	Net Budget	Fringe Benefits
President:				
President's Office	\$1,778			
Provost and Senior Vice President,				
Academic Affairs:				
Academic Senate	\$158			
Academic Services	2,330			
Enrollment Services	10,893			
Emeriti Center	104			
Evaluation Services	91			
Faculty Sabbaticals		\$6,200		
Graduate Assistant Tuition Remission		17,900		
Graduate Fellowships	940			
Graduate School	810			
Health Sciences Libraries	3,884			
International Offices	579			
Provost's Office	4,409			
Student Affairs	7,694	99		
Undergraduate Student Aid	98,148			
University Art Galleries	414			
Vice President for Health Affairs	1,010			
Total	\$131,464	\$24,199		
Academic Affairs and Administration:				
Administrative Information Systems	\$10,313			
Information Services Division	32,073			
Total	\$42,386			
Senior Vice President, Administration:				
Budget and Planning	\$1,336			
Business Affairs – Administrative Services	4,837	\$49		
Contracts and Grants	2,305			
Corporate Expense	14,329			
Facilities Improvement	14,449			
Facilities Planning and Management	17,496			
Faculty and Staff Counseling		195		
Financial Services	10,450	130,710		
Human Resources and Personnel	1,318	2,151		
Internal Audit and Compliance	1,349			
Major Maintenance and Renovations	7,529			
Risk Pool	4,929			
Safety and Risk Management	5,767	4,710		
Security and Tram Service	10,282			
Senior Vice President's Office	2,067			
Treasurer	1,950			
University Counsel	8,223			
University Professional Memberships	366			
Utilities	17,289			
Total	\$126,271	\$137,815		
Senior Vice President, University Advancement:				
Senior Vice President's Office	\$7,036			
Senior Vice President, External Affairs:				
Alumni Association	\$1,326			
External Relations	739			
Public Relations	4,913			
Senior Vice President's Office	821			
Total	\$7,799			
Fringe Benefit Recoveries		(\$162,014)		
Grand Total	\$316,734			

Board of Trustees, Life Trustees & Trustees Emeriti

BOARD OF TRUSTEES

William C. Allen
 Wallis Annenberg
 John C. Argue, *Vice Chairman*
 Joseph M. Boskovich
 David F. Brubaker
 Ronnie C. Chan
 Yang Ho Cho
 Richard W. Cook
 Malcolm R. Currie, *Chairman*
 Leonard R. Fuller
 Stanley P. Gold
 Patrick C. Haden
 Gavin S. Herbert
 B. Wayne Hughes
 Ray R. Irani
 Suzanne Nora Johnson
 William M. Keck II
 John F. King
 John Kusmiersky
 Daniel D. Lane
 Monica Lozano
 Gordon C. Luce
 Alfred E. Mann
 Linda Maudlin
 Kathleen L. McCarthy
 Jerry W. Neely
 Toshiaki Ogasawara
 Jane Hoffman Popovich
 Frank Price
 Blake Quinn
 Lorna Y. Reed
 Carl E. Reichardt
 Mochtar Riady
 Linda Johnson Rice
 Barbara J. Rossier
 Steven B. Sample, *President*
 Forrest N. Shumway
 William E. B. Siart
 Robert H. Smith
 Steven Spielberg
 Richard J. Stegemeier
 Ronald Tutor
 Willis B. Wood, Jr.
 William Wrigley
 Edward Zapanta

LIFE TRUSTEES

Anna Bing Arnold
 George N. Boone
 Robert E. Brooker
 Montgomery R. Fisher
 Carl E. Hartnack
 Jack K. Horton
 Gordon L. Hough
 Herbert G. Klein
 Kenneth Leventhal
 William Lyon
 Gordon S. Marshall
 Paul A. Miller
 J. Douglas Pardee
 Allen E. Puckett
 Virginia Ramo
 George T. Scharffenberger
 David S. Tappan, Jr.
 Peter V. Ueberroth
 Raymond A. Watt
 Gin D. Wong

TRUSTEE EMERITI

John R. Hubbard
President Emeritus

Officers, Administrative Executives & Academic Deans

OFFICERS AND EXECUTIVES

Steven B. Sample
President
 Lloyd Armstrong, Jr.
Provost and Senior Vice President, Academic Affairs
 Dennis F. Dougherty
Senior Vice President, Administration
 Alan Kreditor
Senior Vice President, University Advancement
 Jane G. Pisano
Senior Vice President, External Relations
 Stephen J. Ryan
Senior Vice President, Medical Care
 William C. Hromadka
Treasurer and Associate Senior Vice President
 Jerry D. Campbell
Chief Information Officer
 Todd R. Dickey
General Counsel
 Martha Harris
Vice President, Public Relations
 Michael L. Jackson
Vice President, Student Affairs
 Thomas H. Moran
Vice President, Business Affairs
 Morton O. Schapiro
Vice President, Planning
 Joseph P. Van Der Meulen
Vice President, Health Affairs
 Fermin Vigil
Vice President, Comptroller

ACADEMIC DEANS

Scott H. Bice
Law
 Robert P. Biller
Policy, Planning and Development
 Timothy M. Chan
Pharmacy
 Geoffrey Cowan
Annenberg School for Communication
 Elizabeth M. Daley
Cinema-Television
 Marilyn L. Flynn
Social Work
 Guilbert C. Hentschke
Rossier School of Education
 Jonathan Kotler
Graduate School
 Larry J. Livingston
Thornton School of Music
 Stephen J. Ryan
Medicine
 Robert R. Scales
Theatre
 Morton Owen Schapiro
College of Letters, Arts and Sciences
 Edward L. Schneider
Davis School of Gerontology
 Leonard M. Silverman
Engineering
 Robert H. Timme
Architecture
 Gerald L. Vale
Dentistry
 Joseph P. Van Der Meulen
Independent Health Professions
 Ruth E. Weisberg
Fine Arts
 Randolph W. Westerfield
Marshall School of Business

The Role and Mission of the University of Southern California

The central mission of the University of Southern California is the development of human beings and society as a whole through the cultivation and enrichment of the human mind and spirit. The principal means by which our mission is accomplished are teaching, research, artistic creation, professional practice and selected forms of public service.

Our first priority as faculty and staff is the education of our students, from freshmen to postdoctorals, through a broad array of academic, professional, extracurricular and athletic programs of the first rank. The integration of liberal and professional learning is one of USC's special strengths. We strive constantly for excellence in teaching knowledge and skills to our students, while at the same time helping them to acquire wisdom and insight, love of truth and beauty, moral discernment, understanding of self, and respect and appreciation for others.

Research of the highest quality by our faculty and students is fundamental to our mission. USC is one of a very small number of premier academic institutions in which research and teaching are inextricably intertwined, and on which the nation depends for a steady stream of new knowledge, art and technology. Our faculty are not simply teachers of the works of others, but active contributors to what is taught, thought and practiced throughout the world.

USC is pluralistic, welcoming outstanding men and women of every race, creed and background. We are a global institution in a global center, attracting more international students over the years than any other American university. And we are private, unfettered by political control, strongly committed to academic freedom, and proud of our entrepreneurial heritage.

An extraordinary closeness and willingness to help one another are evident among USC students, alumni, faculty, and staff; indeed, for those within its compass the Trojan Family is a genuinely supportive community. Alumni, trustees, volunteers and friends of USC are essential to this family tradition, providing generous financial support, participating in university governance, and assisting students at every turn.

In our surrounding neighborhoods and around the globe, USC provides public leadership and public service in such diverse fields as health care, economic development, social welfare, scientific research, public policy and the arts. We also serve the public interest by being the largest private employer in the city of Los Angeles, as well as the city's largest export industry in the private sector.

USC has played a major role in the development of Southern California for more than a century, and plays an increasingly important role in the development of the nation and the world. We expect to continue to play these roles for many centuries to come. Thus our planning, commitments and fiscal policies are directed toward building quality and excellence in the long term.

*Adopted by the USC Board of Trustees,
February 3, 1993*