We are Berkeley! The world’s top public university with a rich history of academic excellence and political engagement.
Despite disinvestment by the State, Berkeley has continued to excel.

Berkeley is the #1 Public University according to US News.

Berkeley is ranked 3rd in the world according to the Shanghai Jiao Tong University methodology, which focuses on quality of faculty and research.

Berkeley has the highest number of National Science Foundation Graduate Research fellowship recipients of any university.

**Academic Ranking of World Universities**

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Harvard</td>
<td>100</td>
</tr>
<tr>
<td>2</td>
<td>Stanford</td>
<td>72.6</td>
</tr>
<tr>
<td>3</td>
<td>Berkeley</td>
<td>71.3</td>
</tr>
<tr>
<td>4</td>
<td>MIT</td>
<td>71.1</td>
</tr>
<tr>
<td>5</td>
<td>Cambridge</td>
<td>69.6</td>
</tr>
</tbody>
</table>

**National Science Foundation Graduate Research Fellowships (cumulative 2001-2011)**

<table>
<thead>
<tr>
<th>Rank</th>
<th>University</th>
<th>Fellowship</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>University of California, Berkeley</td>
<td>1,333</td>
</tr>
<tr>
<td>2</td>
<td>Massachusetts Institute of Technology</td>
<td>1,242</td>
</tr>
<tr>
<td>3</td>
<td>Stanford University</td>
<td>1,070</td>
</tr>
<tr>
<td>4</td>
<td>Harvard University</td>
<td>847</td>
</tr>
<tr>
<td>5</td>
<td>University of Michigan</td>
<td>399</td>
</tr>
</tbody>
</table>
But this is not always the face the public gets to see…

Remember these headlines?

California Cuts Threaten the Status of Universities

UC-Berkeley and other ‘public Ivies’ in fiscal peril

Budget Crisis Will Broadly Impact UC System

California’s Crisis Hits Its Prized Universities
Berkeley’s state support was cut by roughly half in nominal terms over a 10-year period.

Source: UC Berkeley Budget Office analysis.
Even in the challenging financial environment, revenues have grown steadily over the past decade.

Revenues Supporting Core Activities
2003-2013 in $ Millions

+4.9%
But the revenue mix has changed drastically.

Source: UC Berkeley Budget Office analysis.
What does the future hold?

More state funds… but less financial flexibility

Let’s not forget the system lost $1 Billion of state funding in recent years

Limited state reinvestment

…but with strings attached

Contribution Increase*

5% in 2014 and 2015
4% in 2016 and 2017

Requirement
No Tuition increase from 2014 to 2017

*Based on 2013 funding level of 13% of Berkeley revenues in 2014. (E.g. a 5% increase to the state’s 13% contribution = +0.65% contribution.)
With constraints on 71% of our key revenue streams, we have limited financial flexibility.

Operating Revenues from core activities
Actuals - 2012-13

- Federal Pell Grants: 2%
- State Support¹: 12%
- Federal Contracts & Grants: 16%
- Federal Contracts & Grants: 16%
- Philanthropy & Investments: 13%
- Other Grants & Contracts: 13%
- Tuition & Fees: 28%
- Sales & Services and Other Revenues: 16%

Source: UC Berkeley Budget Office analysis.
¹State support projected at 14% of total operating revenues in 2013-14
Berkeley’s new financial strategy was designed to help us adapt to our new fiscal reality.
Four pillars to support this strategy and achieve financial sustainability

Berkeley’s financial strategy

1. Control Expenses
2. Grow Revenues
3. Improve Resources Allocation
4. Improve Incentives & Transparency

Focus for today…

Access

Priorities

Excellence

Political

Realities

Economy

Infrastructure & Processes
Improve resource allocation, incentives, transparency

New CalPlanning budget system and Berkeley’s first public, all-funds budget

2013-14
UC Berkeley
Budget Plan

### U.C. Berkeley Consolidated Budget for Current Funds, 2013-14

<table>
<thead>
<tr>
<th>Total FY 2013-14</th>
<th>Unrestricted</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Restricted</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State Support</td>
<td>319,934</td>
<td>319,910</td>
</tr>
<tr>
<td>Net Tuition and Fees</td>
<td>667,267</td>
<td>633,545</td>
</tr>
<tr>
<td>Contracts &amp; Grants</td>
<td>651,624</td>
<td>33,722</td>
</tr>
<tr>
<td>Private Gifts for Current Use</td>
<td>199,263</td>
<td>21,372</td>
</tr>
<tr>
<td>Investment Income</td>
<td>125,301</td>
<td>40,888</td>
</tr>
<tr>
<td>Sales and Services of Educational Activities</td>
<td>300,514</td>
<td>297,147</td>
</tr>
<tr>
<td>Nonoperating Revenue</td>
<td>82,245</td>
<td>4,345</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>2,346,147</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Transfers</strong></td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue &amp; Transfers</strong></td>
<td>2,346,147</td>
<td></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Compensation</td>
<td>1,457,502</td>
<td></td>
</tr>
<tr>
<td>Total Non Compensation</td>
<td>681,130</td>
<td></td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>2,138,632</td>
<td></td>
</tr>
<tr>
<td>Net Operating Surplus/(Deficit)</td>
<td>207,516</td>
<td></td>
</tr>
<tr>
<td>To/From Plant Funds</td>
<td>(186,983)</td>
<td></td>
</tr>
<tr>
<td>To/Fr Regents Endowment Pool</td>
<td>1,510</td>
<td></td>
</tr>
<tr>
<td>To/From All Other Fund Balance</td>
<td>(55,515)</td>
<td></td>
</tr>
<tr>
<td>Changes in Fund Balance</td>
<td>(240,988)</td>
<td></td>
</tr>
<tr>
<td>Change in Net Fund Balance</td>
<td>(33,472)</td>
<td></td>
</tr>
<tr>
<td><strong>Change in Net Assets</strong></td>
<td>(33,472)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Unrestricted</th>
<th>Restricted</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance</td>
<td>1,020,258</td>
<td>35,105</td>
</tr>
<tr>
<td>Ending Balance</td>
<td>986,786</td>
<td>27,467</td>
</tr>
</tbody>
</table>

### All Funds Perspective
We need to manage our budgets strategically, not incrementally.

Decisions focus on incremental changes without consideration of the full picture.

95% of bulk of allocations:
- determined by history
- viewed as quasi permanent
- assessed within siloes

5% (The “Perm Budg” and “Temp Budg” Paradigm)

THINK DIFFERENTLY
Thinking Differently!

How do I hide that money from ___?

Have we overspent this CoA combo?

How do we control spending?

I’m saving that money for ____!
Thinking Differently!

What can we deprioritize?

Is this program delivering value?

If we build it, will they come?

Which departments have the best student outcomes per $$?
CalPlanning Tools

**HCP**
Review and enter planned Compensation Expense for Employee and Position.

**HCPRptg**
Review Compensation Expense budget data from HCP by Employee and Position.

**CalPlan**
Review and enter plan for Revenue, Transfers, and Non-Comp Expenses and view summarized Compensation Expense plans from HCP.

**CalRptg**
Review budget data from CalPlan and detailed Actuals from BFS.
CalPlanning Benefits

Berkeley financial analysts can now:

• Create operating budgets and forecasts using data-entry screens, automated calculations, and task lists to guide the work

• Focus more time on financial analysis and decision-making support

• Quickly generate reports using templates (e.g. forecast vs. Actuals to track financial performance versus plan and make needed adjustments)

• Plan for, report on, and analyze future salary and benefits costs – the largest expense category on campus

• Access data, perform queries with drilling capability, and store results, in Excel

• Export reports into MS Word or PowerPoint to share with teams and leaders
CalPlanning Benefits (Cont’d)

Other benefits to Berkeley:

• CalPlanning also contributed to an improved campus budget process and the new annual publication of our UC Berkeley Budget Plan.

• Plus, by institutionalizing a single way of viewing and reporting budget data across campus units, analysts’ financial skills will become more transferrable across units and beyond Berkeley.
CalPlanning Demo
CalPlanning Challenge!
Questions?

Campus Budget Office (CBO)
budget@berkeley.edu
http://budget.berkeley.edu/

CalPlanning
calplanning@berkeley.edu
http://budget.berkeley.edu/calplanning