

2012-13 UC BERKELEY BUDGET PLAN



Building a Stable Financial Model

This budget plan represents Berkeley's first all-funds, all-units budget that comprehensively describes revenues and expenses in every control unit. It is made in the interest of promoting transparency regarding our budget resources, strategies and future directions with the goal of engaging the campus community and our partners in collectively building a stable financial model. We dedicate this budget plan to Chancellor Robert Birgeneau who recognized early on the need to build financial management capacity in support of our goals of *Access and Excellence*. Due to his leadership, we have laid the foundation for Berkeley to prosper and our next chancellor to succeed. This publication can also be found at <http://brp.berkeley.edu>

EXECUTIVE SUMMARY

Amidst the financial stresses of recent years, it is too easy to lose sight of the big picture here at Berkeley. We continue to change the world for the better, from graduating the world's brightest and most committed students, to supporting Nobel Prize winning research, to instituting the Middle Class Access Plan (MCAP), which has broadened our financial aid program to provide improved access and affordability for all Californians. Berkeley is now, and will undoubtedly remain, one of the world's greatest public universities.

Berkeley will be an even stronger and smarter institution five years from now than it is today, because our campus has adapted to the state's significant disinvestment. By bringing financial management to public education, Berkeley is building a stable financial foundation in support of *Access and Excellence*.

This UC Berkeley Budget Plan outlines important aspects of our financial strategy in the year ahead. This document, along with our Annual Financial Report, presents our current financial state, future opportunities and challenges, and efforts to build a stable financial model.



STRATEGIC CONTEXT

Berkeley revenues have continued to increase over time, despite years of declining support from the state (now around 12% of campus revenues). We need to focus more attention on the other 88% of our revenue sources. However, given the most recent budget agreement, which ties tuition increases to state funding, along with the outcome of the governor's November ballot initiative, it is clear that we must continue to build a more dynamic and adaptable approach to financing Berkeley. This requires that our campus collectively pursue a three-pronged financial strategy.

Making Strategic Expense Reductions and Making the Most of Every Dollar

We at Berkeley recognize that we cannot cut our way to excellence, but it is critical that we continue to strive to trim our expenses and control our costs. Every dollar we save is a dollar we can redeploy toward the highest need or is a dollar that our students will not have to pay. Operational Excellence (OE) is central to, but not the exclusive contributor toward, this vitally important work. Every unit and every employee can do their part to help reduce costs and create more efficient means of delivering on our collective mission, whether through strategic procurement using BearBuy to leverage our campus buying power or through local administrative process reform to save time and focus staff effort on higher value activities. Strategic investment in our facilities is also key. A current administrative space consolidation project will reduce the need for rental space as units create open floor plans. It will both produce a more efficient use of space as well as foster a work environment that promotes a more creative and motivated workforce.

Engaging Units across the Campus to Generate Revenues

Berkeley needs to both increase existing revenues and generate new ones. To do so, campus units will need to become more engaged in the process of generating and managing revenues. Our campus needs to transform the orientation of both our financial workforce and our financial management systems from a world driven by incremental appropriations to one of dynamic revenue generation and management. A coalition of vice chancellors, deans, and the provost is working to identify, incubate, and launch critical new revenue initiatives. Some of these initiatives are reflected in this budget plan.

Investing in Tools that Inform our Resource Allocation

Berkeley must improve our resource allocation strategies and budget process to ensure that we are doing the best possible job of allocating our scarce resources toward those areas most critical to Berkeley's success. Our campus must carefully optimize our current revenues and reserve balances to ensure we are meeting the needs of our mission today and for the long-term. Campus investments in tools like Cal Answers and CalPlanning are already providing us with better decision support and a more strategic view of campus finances. These will be important tools in strategically managing our revenues and expenses in the years ahead and in tracking the impact of those financial strategies. We must also use well defined metrics to link performance to the implementation of strategic priorities.

CONSOLIDATED BUDGET FOR OPERATIONS

In 2012-13, total revenues for the campus are projected to be about \$2.16 billion, with expenses and other changes in fund balances at \$2.18 billion, resulting in a planned net operating deficit drawn from reserves at just over \$20 million.

Because of its reserves, Berkeley has the capacity to assume strategic deficits in the short term while investing in systems that will produce longer-term efficiencies.



CAPITAL FINANCIAL PLAN

With the future of state funding for capital projects uncertain at best, the most likely scenario is that the state would make a single annual contribution to the university budget and the campus would then determine how much to contribute to facilities. Berkeley's Capital Financial Plan (CFP) reflects four strategic goals that collectively establish a framework for capital investment over the next decade.

Leverage Discretionary Campus Funds with External Funds to Maximize Their Impact

Given the fiscal constraints of the state, the future of capital investment lies in gifts and external funds and campus discretionary funds. The Berkeley CFP is based on a framework where each funding source is optimized for the types of projects most suited to it (e.g., discretionary campus funds prioritized for reinvestment in existing core instructional and research facilities and gifts and grants for new program initiatives).

Require Each Project Budget to Cover Its Entire Useful Life

The financial strategy for each new project must cover not only the initial capital cost of the project, but also the ongoing, incremental cost of operation, maintenance, and renewal

imposed by the project over its useful life. Our goal is to have a specific capital renewal plan for each major campus asset.

Commit to Sustained Investment in Capital Renewal of Buildings and Infrastructure

In 2012-13, Berkeley will increase its investment of campus funds in capital renewal, to nearly \$30 million a year and the Berkeley CFP continues this level of investment for the entire decade. These funds will cover replacement and improvement of existing buildings and systems, renovations to accommodate new program initiatives and improve space utilization, seismic and life safety upgrades, and renewal of existing roads, landscapes, and places of interaction.

Utilize Private-Sector Partnerships to Reduce Cost and Risk and Enhance Donor Confidence

Berkeley has implemented private-sector partnerships in a variety of forms and project types. The advantages tend to be greater in project types that are more similar to private-sector models. However, the donor-development model in particular has also been useful in giving prospective donors a greater level of confidence in the budget and schedule.

ACKNOWLEDGEMENTS

This budget plan is the result of an unprecedented effort from individuals across the campus to reframe our budget process and implement CalPlanning.

We thank Chancellor Birgeneau for his leadership and awareness that we needed to bring in the expertise to operate in our new financial reality. This new financial leadership team pushed for many fundamental changes on the campus. They also recognized that we needed a Berkeley solution consistent with our public mission. Critical engagement of campus leadership, including members of the cabinet and Academic Senate, has helped ensure that we maintain our academic values, while creating solutions consistent with the quality we expect at Berkeley.

Berkeley staff members continue to demonstrate the dedication they always have to ensuring that our campus succeeds. The Budget Office and CalPlanning team, partnering with critical campus outreach leaders and budget officers, are building our campus financial management capacity. Through learning and applying new tools, we are expanding financial management expertise across the campus that will help us continue to broaden our view from incremental issues and state funding to strategic directions and all funds.



TABLE OF CONTENTS

| | |
|---|-----------|
| EXECUTIVE SUMMARY | i |
| INTRODUCTION: BUDGETING AT BERKELEY | 1 |
| CHAPTER 1: CONSOLIDATED BERKELEY BUDGET | 4 |
| CHAPTER 2: EXECUTIVE VICE CHANCELLOR & PROVOST | 7 |
| CHAPTER 3: CAPITAL FINANCIAL PLAN | 11 |
| APPENDIX A: CAMPUS AND EVCP STATEMENT OF REVENUE, EXPENSE, AND CHANGES IN NET ASSETS | 14 |
| APPENDIX B: CONTROL UNIT HIGHLIGHTS AND DETAIL | 16 |

INTRODUCTION: BUDGETING AT BERKELEY

Appointed as Berkeley's ninth chancellor in September 2004, Chancellor Robert Birgeneau faced extraordinary challenges with California's economic crisis, where Berkeley experienced the most extreme disinvestment by the state in UC's history. Across the nation, public universities have been facing a similar plight; Chancellor Birgeneau recognized early on that a critical step would be to invest in financial management tools and leadership.

In 2011-12, Berkeley launched a new campus budget tool and refocused the budget process. Where it had been an incremental review of a portion of state funds, it became an all-funds, strategic review of unit operations. Below is an overview of how we got to this place, and where we are going in the near future.

RECOGNIZING A NEW FINANCIAL REALITY:

During Chancellor Birgeneau's tenure, state funds have dropped in half and now represent around 12% of campus revenues. While this economic downturn was not the first that Berkeley faced, it was different. With California's large structural deficit and long queue of underfunded "mandates" (e.g., K-12, infrastructure, pensions), it became apparent Berkeley would see future cuts in state funding. The campus realized that even when state revenues recovered, it would not be first in line to receive additional funding. Berkeley was operating in a different financial reality and began engaging in new approaches and leadership.

Our financial leadership team brought the expertise to help the campus adapt in this new financial reality and identified over 50 projects to modernize the financial infrastructure. In addition, through partnering with existing campus leadership and staff, they began to create a Berkeley solution to place the campus on a stable financial footing in a manner that is consistent with our public mission. We also leveraged contract expertise when necessary to support Berkeley through this transition and to train our workforce and expand our financial management capacity.

PARTNERING WITH UC OFFICE OF THE PRESIDENT (UCOP)

The partnership with UCOP is critical for Berkeley to be able to achieve our goals. In 2011-12, UCOP approved "Funding Streams Initiative," designed to simplify the flow of funds to and from UCOP and the campuses. This allows each campus

to better plan for and control its revenues in a number of areas. For example, each campus will retain the tuition and fee income it generates, which will promote better enrollment planning. This UCOP initiative to simplify and decentralize will enhance campus strategic planning efforts. This initiative should be expanded to include other financial transactions and any effort to revisit or complicate this approach should be resisted.



RECOGNIZING FINANCIAL SUSTAINABILITY AS A CRITICAL ENABLER FOR OPERATIONAL EXCELLENCE

In Fall 2009, Chancellor Birgeneau launched Operational Excellence (OE) to investigate ways to strategically respond to state budget cuts and invest in new processes to work more efficiently, further supporting efforts to protect and invest in teaching, research, and the student experience.

A critical enabler to the overarching success of OE was financial sustainability. It would not be enough to make one-time expense reductions; we needed to change from a focus on incremental funding to a strategic, all-funds view of what it took to operate the campus. However, Berkeley had limited management reporting and many shadow systems that further complicated providing a consistent view of campus finances.

OE invested in tools and staff to create a decision support environment that would help create a high-performing finance organization, including:

- Deploying new budgeting software, CalPlanning, to enhance analysis, shift emphasis to decision-support, and streamline the budget and planning processes.
- Investing in Cal Answers (our enterprise data warehouse tool) to provide standard reporting and expanded decision support for the campus.
- Leveraging expertise from other universities that had implemented such a change, bringing in consulting support, and identifying campus staff ready to help lead this change.

Through this investment, Berkeley would be able to (1) create a financial management model to respond quickly to changing priorities and provide incentives to encourage expense control and revenue growth, (2) align resource management with priorities, (3) transform the finance organization and increase financial acumen, and (4) maintain ongoing financial discipline to use financial performance metrics to make decisions and guide action, along with maximizing current analytical applications.



COMMUNICATING THE NEED FOR CHANGE:

A number of campus faculty and staff had gone through prior cutbacks in state support that were then followed by increases in state support. So, some believed it was only a matter of

time before state support would return. It was essential to communicate to the campus community that we were in a different financial position: We needed to change, and we had a plan that would get us there.

The vice chancellor of administration and finance and the associate vice chancellor - CFO launched a series of communication efforts to promote transparency of our current fiscal state, existing challenges, and a future plan to develop a stable financial model to help Berkeley to continue to succeed. These efforts included:

- Creation of a funding model based on standard financial data and future projections that demonstrated decreasing state support but growth in other revenue sources, increasing costs of pension and student financial aid, and a growing deficit if the campus didn't change financial management practices.
- An annual report which presented our current fiscal picture, major drivers of financial change, campus accomplishments and messages from vice chancellor – administration and finance and associate vice chancellor – CFO on Berkeley's financial future.
- A financial management summit with campus and academic leadership which highlighted the need for change and promoted a partnership with academics and financial experts to ensure a Berkeley solution consistent with our public mission.
- YouTube videos that presented the changing fiscal state and responded to questions about Berkeley's financial position.

CHANGING THE BUDGET PROCESS – FROM INCREMENTAL TO STRATEGIC:

In 2012, Berkeley implemented a new, holistic budgeting system that has eliminated the incremental budgeting view of the legacy “permanent budget” system. This new system allowed Berkeley managers to make more strategic prioritizations and trade-offs between competing priorities by presenting a full view of both restricted and unrestricted sources.

Using CalPlanning as the common tool to access and present financial data, the campus budget process shifted from a focus on incremental state funds to strategic issues for a unit by:

- Shifting the budget process to a new planning system with robust capabilities.

- Moving to a common financial statement view at both campus and division levels, which allows a standard framework for reviewing the fiscal state of units.
- Creating a budget narrative in each unit that set forth its major goals and priorities using a common format and language.
- Summarizing major issues to present at the recent chancellor’s cabinet retreat.

We know there is more work to be done, but already we have built a stable foundation from which we can continue to grow and succeed.

EMPOWERING CAMPUS UNITS TO BUILD FINANCIAL MANAGEMENT CAPACITY:

As we move from a focus on incremental changes to a strategic view, tools alone can’t make a difference; Berkeley needs a workforce that knows how to use the tools for reporting and analytical purposes. The associate vice chancellor—CFO, Budget Office, and CalPlanning staff created CalPlanning outreach teams to work with campus units to teach both how to use the CalPlanning tool, and how it changes the way they look at their unit finances. Mobile computing labs were set up across campus to help units through the budget process access and analyze their financial data during the budget process through CalPlanning. All these efforts help build our campus financial management capacity and a common financial language that allowed us to implement a completely new campus budget process.

ENHANCING THE GENERAL LEDGER:

Improving strategic planning is achieved not only by new planning tools and empowered campus units, but also by improving the underlying financial data. Led by the Budget Office, the campus worked toward the successful decommissioning of the historical “temporary budget” ledger for most operating funds as of July 1, 2012. The ledger will now capture operating fund transfers between campus units (“operating transfers”) and between operating funds and other fund groups (“changes in fund balance”), at the unit level. This makes it possible for units to use CalPlanning to plan for and report on these activities, in addition to revenues and expenses.

PLANNING FOR THE FUTURE:

In 2012-13, Berkeley will continue to leverage decision support capability with CalPlanning at a departmental level, further building our financial management capacity across the campus. In addition, as data is loaded into Cal Answers, Berkeley will begin to integrate reporting among data sets to demonstrate the impact of our financial allocations, starting with the academic side of the house.

Berkeley strongly believes that to be competitive, campuses must have the capacity to focus on their unique competitive advantages and develop their own business models that fully reflect their unique characteristics and create a more sustainable model to succeed.

The UC Berkeley Business Plan lays out a multi-pronged approach that includes:

- Working with federal and state governments on creative models for reinvestment in the campus and to address growing costs, such as pensions.
- Working with the UC system on greater latitude regarding tuition and fees, salary and benefit structures, financial aid packaging and alignment with revenue streams reform, financing structures for capital projects and deferred maintenance, investments, and campus governance structure¹.
- Working on campus to build fundraising capacity, expand research contributions, deliver education through digital channels, promote financial visibility and use of tools, increase partnerships with faculty and school leadership, and leverage the once-in-a-generation opportunity that the Richmond Bay campus development provides.

Berkeley recognizes that these actions are not all that is required, but that they do form the foundation of a plan that will move us in the right direction and a way for our key constituents to get engaged.

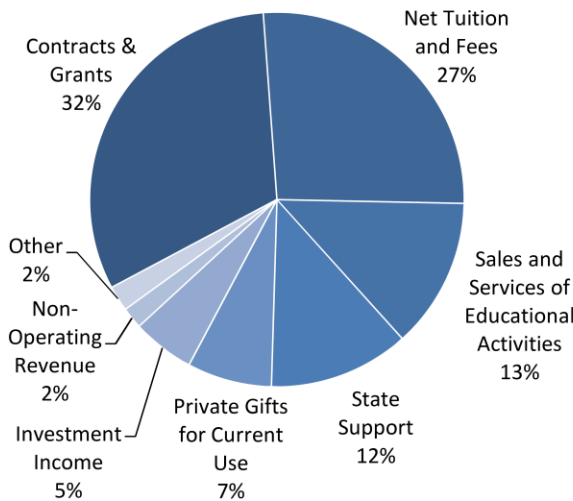
¹ MODERNIZING GOVERNANCE AT THE UNIVERSITY OF CALIFORNIA: A Proposal that the Regents Create and Delegate Some Responsibilities to Campus Boards by Robert Birge-neau, George Breslauer, Judson King, John Wilton and Frank Yeary, CSHE.4.12
<http://cshe.berkeley.edu/publications/publications.php?id=399>

CHAPTER 1: CONSOLIDATED BERKELEY BUDGET

UC BERKELEY TOTAL

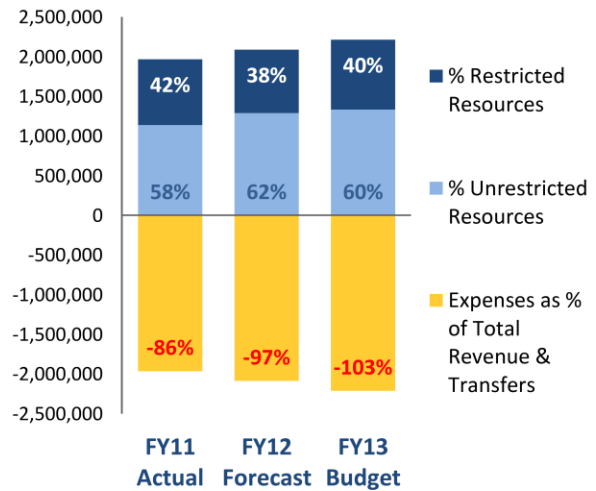
| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 2,284,054 | 2,146,506 | 2,158,795 |
| Operating Transfers | - | - | - |
| Total Revenues & Transfers | 2,284,054 | 2,146,506 | 2,158,795 |
| Compensation | 1,223,132 | 1,311,281 | 1,367,695 |
| Non Compensation | 640,014 | 587,297 | 663,100 |
| Total Expenses | 1,863,146 | 1,898,578 | 2,030,795 |
| Net Operating Surplus/(Deficit) | 420,907 | 247,928 | 127,999 |
| Changes in Fund Balance | -75,590 | -163,473 | -149,483 |
| Beginning Balance | 635,593 | 980,911 | 1,065,366 |
| Ending Balance | 980,911 | 1,065,366 | 1,043,882 |

2012-13 Budgeted Revenues:
\$2.16 Billion



Resource Trends

IN THOUSANDS OF DOLLARS



NOTE: As we convert from prior financial reporting systems to CalPlanning, there are some classification differences which we will continue to reconcile. However, it appears these differences tend to be less than 1% or in no case greater than \$100,000.

Campus Narrative

A new academic year brings new students and opportunities, along with recognition of the challenges that lie ahead. Despite recent years of state funding cuts, UC Berkeley continues to be the best public university in the world and not just because the rankings say so, though Berkeley ranks near the top of numerous national and international lists. Berkeley has high quality programs, award winning faculty, and top-caliber undergraduate and graduate students who come together to make a difference in the world.


Berkeley is implementing multiple tactics to build a stable financial model, including, but not limited to, cutting expenses and controlling costs (e.g., Operational Excellence), aligning existing resources with strategic goals, and generating and managing revenue growth. During challenging times, improved financial management enables Berkeley to make strategic financial decisions in support of *Access and Excellence*.

Berkeley made history by being the first public university to implement MCAP (Middle Class Access Plan), a needs-based

financial aid program for students from middle income families (those with parental incomes between \$80,000 and \$140,000). In addition, for California undergraduates whose family income does not exceed \$80,000, the UC Blue and Gold Opportunity Plan continues to cover systemwide tuition costs, through grants and scholarships. Last year, around 40% of undergraduates paid no tuition and Berkeley students graduated with one of the lowest cumulative debt liabilities of any public institution in the Association of American Universities.

provide undergraduates access to our university, Berkeley is improving the academic experience. Additional non-resident tuition has supported the expansion of the Common Good Curriculum (i.e., reading and composition, math and science gateway, and foreign language offerings). This benefits all undergraduate students through more timely declaration of major, leading to a shorter time-to-degree, thereby reducing the total cost of education. In addition, the increase in domestic non-resident and international students exposes our students to different perspectives and backgrounds, further enriching their educational experience by helping expand their global perspective.

Affordable Access




40%

of UC Berkeley students pay no tuition and receive grants / scholarships in excess of UC system wide tuition and fees


More than 9,700 Pell grant recipients
As many as all the Ivy Leagues, combined

65%

of UC Berkeley undergraduates receive some form of financial aid



The first public institution with an access program for the
MiddleClass





\$80k

Families with incomes below \$80,000* pay no tuition under UC's Blue and Gold Program

*must qualify for aid

Middle Class Action Plan (MCAP) sets a 15% cap on parental contributions for families with total income from \$80,000 to \$140,000





\$140k

MIDDLE CLASS ACCESS PI

*with typical assets



I got a gift I could never afford.

Brian Pak '12

In addition to providing student aid, UC Berkeley has focused on controlling the cost of education for students. For example, debt restructuring within Housing & Dining Services has allowed the unit to assume increased operational expenses without passing them on to the students. As a result, the average cost of student housing has not risen in the last four years.

Berkeley will continue to be a public university even though state funding is now only our 4th largest source of operating revenue. Our public character is a reflection of how we choose to use our resources. In addition to directing funds to

A growing number of students want to study at Berkeley. Both undergraduate and graduate applications reached an all-time high this year with 62,000 applying to become freshmen, more than 16,000 seeking transfers, and 40,000 graduate applications. For the 2012-13 academic year, we expect

to enroll around 25,700 undergraduates and 10,250 graduate students. Approximately 16% (4,250) of the Berkeley undergraduate population will come from outside of California. Our campus goal of 20% non-residents is still below that of many of our public research university peers. For example, Michigan now counts 36% non-resident undergraduates, and Virginia is at 26%.

Furthermore, Berkeley continues to be a good investment for research. The amazing breadth and depth of our academic programs, supported by a distinguished faculty with diverse research interests, along with close proximity to UC San Francisco, Stanford, and Lawrence Berkeley National Laboratory (LBNL), make Berkeley a superb place to study and perform research. In 2011-12, this unique position, in part, led to the campus's selection as the second campus for LBNL, and its award of \$60 million to host the Simons Institute for the Theory of Computing and a \$10 million National Science Foundation grant for a Big Data initiative.

Berkeley's contributions create value for the city, the Bay Area, the state, the nation and the world. But more importantly, for our students the difference a Berkeley education can make in their lives and that of their families is priceless.

Consolidated Budget Narrative

Total revenues for the campus are projected to be about \$2.16 billion with expenses and changes in fund balances at \$2.18 billion, resulting in a planned net operating deficit drawn from reserves at just over \$20 million.

Berkeley's prudent fiscal management in past years has built the capacity to assume strategic deficits in the short term while investing in systems that will produce longer-term efficiencies. Our reserves serve as a bridge to the future, when our current revenue generation and expense reduction efforts will have been realized.

Berkeley's shift to an all-funds budget highlights what we have known for some time: that we no longer live in a world of two revenue streams. We are projecting state funds to drop to about 12% of revenues, down from around 25% when Chancellor Birgeneau began. Tuition has not and will not serve as a replacement for that lost funding.

We must decouple the allocation of state funds from tuition in order to provide greater stability for both parents and campus. The recent decision to link future tuition increases to the November ballot initiative creates uncertainty for both.

To succeed, Berkeley must focus on those sources of revenue with the greatest growth potential. To that end, Berkeley is launching an initiative with our strategic partners to both identify new sources of revenue and to support efforts to grow existing revenue streams, such as philanthropy. The fact that Berkeley is making significant progress toward meeting fundraising goals, despite the headwinds of an economic recession, indicates our potential capacity in this area.

Major expense drivers continue to include health-care benefits and retirement costs due to our labor-intensive operation. Financial aid costs also have increased as a result of increases in student tuition. One-third of every dollar raised is returned to aid, to assist our students with economic needs. An all-too-easily-overlooked cost is the campus's need to increase investments in facilities, both to renew the current infrastructure and to improve the academic and research experience for faculty, students and staff. Finally, Berkeley must examine ways to provide competitive pay for faculty and staff.

Through OE, efforts are underway to promote efficiencies and cost savings. In addition, there are efforts to better use existing dollars, including a reduction in the amount of rental space and better utilization of university-owned property.

Notation on Control Unit Campus Support

The central campus receives multiple funding sources which are consolidated and then allocated to control units as campus support.

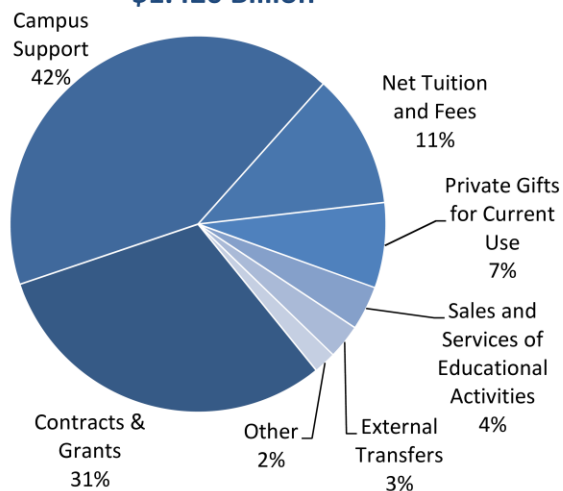
Where you see "Campus Support," it reflects allocations made from this pool of central resources. The majority of campus support comes from tuition and fees and state general funds, followed by indirect cost recovery, investment income, sales and services income and philanthropy.

CHAPTER 2: EXECUTIVE VICE CHANCELLOR AND PROVOST

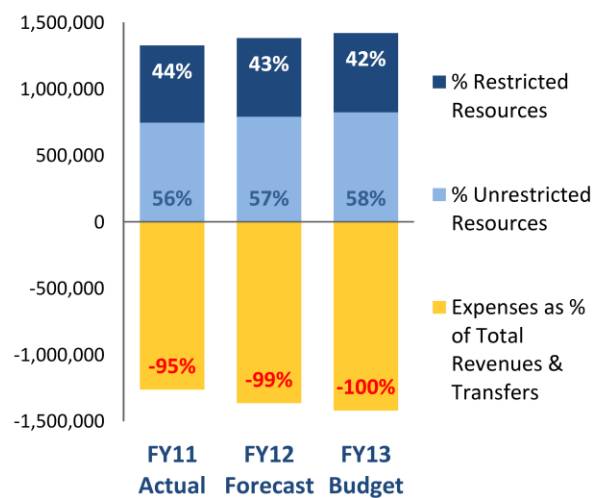
EXECUTIVE VICE CHANCELLOR AND PROVOST

| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 718,966 | 756,346 | 798,206 |
| Operating Transfers | 607,803 | 627,373 | 621,993 |
| Total Revenues & Transfers | 1,326,769 | 1,383,719 | 1,420,198 |
| Compensation | 741,599 | 777,693 | 824,850 |
| Non Compensation | 520,649 | 559,656 | 597,389 |
| <i>Adjustments to Forecast/Budget</i> | - | 26,505 | -1,532 |
| Total Expenses | 1,262,247 | 1,363,854 | 1,420,707 |
| Net Operating Surplus/(Deficit) | 64,522 | 19,864 | -509 |
| Changes in Fund Balance | 0 | -6,382 | -17,310 |
| Beginning Balance | 397,016 | 461,538 | 475,020 |
| Ending Balance | 461,538 | 475,020 | 457,201 |

2012-13 Budgeted Revenues & Transfers:
\$1.420 Billion



Resource Trends
IN THOUSANDS OF DOLLARS



NOTE: Operating transfers as represented in the pie chart will be close, but not equal their percentage of revenue as represented in the table in all cases. This is due to the fact that the table nets transfers flowing in and out whereas the pie chart focuses on total inflows and disregards certain outflows.

Program Narrative

As the Berkeley campus's chief academic officer, the executive vice chancellor and provost (EVCP) oversees the campus's largest control unit, encompassing all of the campus's schools, colleges, and academic functions. The control unit comprises roughly 30 separate units and approximately two-thirds of the total campus budget. Total revenue and ex-

penses in the control unit's operating budget are expected to be \$1.42 billion in 2012-13.

The EVCP has principal responsibility for the planning, development, implementation, and assessment of all academic policies and programs, including faculty appointments, tenure and promotion, and attendant budgetary matters. In that capacity, the EVCP controls a separate annual budget of approximately \$40 million that is used primarily to fulfill three

strategic goals: (1) to support faculty hiring, startup, and retention, (2) to support temporary teaching and instruction in the control unit's various schools and colleges, and (3) to ensure funding where it is required to provide for common good, incentivize or support fundraising and other revenue generating activities, or otherwise support the academic enterprise.

For 2012-13, campus leadership was able to eschew a further round of budget cuts to campus units, absorbing the mounting uncertainty surrounding the developing state budget with central reserves. This strategic investment of central reserves will allow campus units to focus on the implementation and integration of the campus's new, all-funds budget system, CalPlanning, in unit financial processes rather than focusing on how to absorb yet another round of funding cuts. Ultimately, the improved financial intelligence and reporting capabilities afforded by the new budget system will better position the campus to make optimal use of our resources, identify opportunities for cost savings, and support robust analysis of new revenue generating opportunities.

The EVCP's office will focus on the following strategic priorities in 2012-13:

- New Models for Supporting Faculty Startup – The EVCP and vice provost for the faculty will continue exploring new financial models for supporting faculty startup costs. With an aging faculty, Berkeley may have to increase our hiring in the years ahead, even as state funding declines and the cost of startup packages for new faculty continues to climb. We will continue to explore ways to fund this critical need.
- Investments and Oversight in Fundraising Activities – Strategic investments in fundraising could pay significant dividends in the mid-term, but must be integrally linked to specific goals and performance metrics. The EVCP will partner with University Relations and the schools and colleges to identify new strategies and investments to improve Berkeley's fundraising performance in 2012-13 and beyond.
- Support for Unit-Based Revenue Generating Activities – Berkeley cannot cut its way to sustained excellence. New revenue streams will be required to support our core mission in the years ahead. The most significant opportunities for these will come from the schools and colleges, long-standing hotbeds of new ideas and innovation. But the academic units sometimes lack the infrastructure to evaluate the business model and financial case for competing revenue generating ideas. The opportunity costs of pursuing the wrong ideas can be staggeringly

high. The EVCP will collaborate with the vice chancellor – administration and finance to help develop a new infrastructure to help schools and colleges to evaluate the many competing opportunities.



I love what I study because I have the choice to study what I love.

Robyn Comfort

'12

- Budget Reform and Financial Intelligence – The academic enterprise faces both a significant challenge and a material opportunity in integrating the new CalPlanning budget system in the coming year. The all-funds view of campus resources it affords is substantially different from that provided by our legacy systems and incorporating it into our operations will require significant effort. Other significant opportunities relate to the possible installa-

tion of budget process improvements including periodic variance analysis and a department-level budget process. The EVCP's office will partner with the vice chancellor – administration and finance to explore these possibilities in 2012-13.

- Capital Infrastructure – As part of our new budget process for 2012-13, academic units identified a host of capital investment needs and deferred maintenance issues. These will receive significant attention in the coming year as they will be incorporated into the new campus capital-budget framework which is currently in development and should be available in the fall of 2012.
- New Models for Supporting Temporary Academic Support (TAS) – Support for non-faculty instruction is a major goal for the EVCP budget, but some schools and colleges are challenged by fluctuations in revenue streams available to support TAS. Future funding and delivery of a Cal Answers curriculum project will provide data to inform this process and support efforts for the EVCP to explore new funding models to better support our TAS needs.

Consolidated Budget Narrative

Total revenues and expenses in the EVCP control unit are projected to be \$1.38 billion and \$1.36 billion respectively for 2011-12. Revenues are projected to grow by 2.6% to \$1.42 billion for 2012-13 while expenses are projected to grow by 4% to \$1.42 billion, driven primarily by the increasing cost of retirement benefits. Employer contributions to the UC Retirement Plan will increase from 7% of eligible payroll to 10% in the year ahead and will continue to provide significant expense pressure in future, climbing to as high as 18% by 2015-16. Berkeley's academic enterprise, like the rest of the UC system at large, will have to contain other expense growth and identify new revenue streams to maintain and improve its comprehensive excellence in the years ahead.

In addition to mounting expense pressures, the academic enterprise at Berkeley has faced significant challenges in recent years as a result of the economic downturn and several rounds of massive state budget cuts. The latest of these came in 2011-12 when the control unit was forced to absorb a one-time cut of \$19.5 million, equivalent to roughly 4.3% of the control unit's remaining \$450 million general funds budget. These cuts were distributed to the schools, colleges, and other units in proportion to their ability to pay based on an array of indicators of capacity. That said, the impact has been felt more acutely in some areas than in others, with some schools implementing staff layoffs, reductions in course offer-

ings, and even retrenchment in financial aid offerings as a result.

A primary focus of the EVCP's budget in recent years has been to ensure that, despite the budget cuts absorbed by our schools and colleges, the core academic mission is preserved. One primary initiative was launched in 2009-10 when the EVCP expanded the common good curriculum on campus. Various critical gateway courses had been seriously impacted by recent budget cuts, meaning that the courses were sometimes unavailable to Berkeley students who needed them to continue in their chosen majors. This effort has been a great success and its scope was broadened and expanded in each of the last several budget years.

Spending on TAS salaries has increased by roughly \$10 million, from \$72 million to \$82 million, over the last two years, funded in equal measure by new investments from the EVCP, chancellor, and the deans. Of this total, \$16.4 million was funded by the EVCP in 2011-12, and EVCP funding will increase to \$18 million in 2012-13.

The campus plans to hire around 70 new tenure-track faculty in the coming year. Schools and colleges face the increasing funding challenge of startup costs. The EVCP has budgeted for an 18% increase in total startup funding to aid schools and colleges in their recruiting efforts, increasing the total contribution from \$9.4 million to \$11 million in the coming year, but, even with this increased investment, campus requirements could well outstrip available resources. At the same time, however, balances locked up in committed startup and retention accounts have increased substantially over the last five years, rising from \$37 million at the end of 2006-07 to \$58 million in 2010-11. The EVCP and vice provost for the faculty will work together to investigate new financial models to support faculty startup costs that could make better use of available resources.

Capital Plan

Berkeley continues to make major investments in expanding our capital infrastructure. 2011-12 saw the opening of several major academic buildings on campus, including the Li Ka Shing Center for Biomedical and Health Sciences and a major new addition to Boalt Hall at the law school. 2012-13 will see the opening of the new Energy Biosciences building, bringing an additional 112,000 gross square feet of research laboratory space to the Berkeley campus.

Other major projects are in various stages of planning and execution, including a Campbell Hall replacement building,

expansion plans for the Haas School of Business, a new facility for the Berkeley Art Museum and Pacific Film Archive, and the new Lower Sproul suite of projects that will transform student space on the Berkeley campus.

But as the campus continues to make major new investments in our future, the academic enterprise remains challenged with respect to operations, maintenance, and renewal of our capital inventory. Most every school or college has an inventory of maintenance or renovation projects that are currently waiting for funding. For decades, the State of California provided funds that helped the campus meet these needs, but

for many years now state monies have been in decline. Both the UC system and the Berkeley campus have been forced to take large cuts in capital operations and maintenance and the current situation is no longer tenable. Berkeley will have to chart its own course to ensure the proper investment in the upkeep of our capital infrastructure.

The EVCP and the vice provost - teaching, learning, academic planning & facilities will continue to work with the vice chancellor – administration and finance, associate vice chancellor – CFO, and UC Office of the President to continue to build a comprehensive capital budget.

CHAPTER 3: CAPITAL FINANCIAL PLAN

When the state was the primary source of capital funds for the university, and those funds could be spent only on capital investment, the “capital plan” was a relatively straightforward exercise: Which projects should be done first? Today, the question is far more complex. Although the future of state university capital funding remains uncertain at best, the most likely scenario is one in which the state makes a single yearly contribution to the UC operating budget, and the university and each campus then determine how much of their budgets should be directed toward the construction, operation, maintenance, and renewal of facilities.

Today, in other words, each dollar spent to construct, operate, maintain, or renew a facility is one less dollar the campus has for, say, student aid, faculty pay, or plant operations. The old paradigm of an “operating budget” and a “capital budget” has become obsolete. In reality, there is simply a “campus budget”, and the need for capital investment must be weighed against the many other demands on campus resources. The Berkeley Capital Financial Plan (CFP) reflects this new paradigm in its strategic and focused use of discretionary campus resources.

Strategic Goals

The CFP for the Berkeley campus reflects four strategic goals which, together, establish a framework for capital investment over the next decade, in order to ensure each capital investment represents the optimal use of campus resources.

1. Leverage discretionary campus funds with external funds to maximize their impact.

If at some point the Berkeley campus is fortunate enough to receive an infusion of capital funds from the state - for example, through a future general obligation bond or through restructuring of existing state debt - those funds would be directed primarily toward seismic and life safety upgrades, for which there are few other fund sources.

But for the balance of capital investment needs at Berkeley, the future lies in (1) gifts and other external funds, and (2) discretionary campus funds. And since those discretionary campus funds are limited, we must be strategic about how they are spent.



The Berkeley CFP is based on a framework in which each funding source is optimized for the types of projects to which it is most suited:

Base Investment Program. Discretionary campus funds are prioritized for reinvestment in existing core instructional and research facilities, including building renewal, infrastructure renewal, and life-safety upgrades, particularly where modest investments can yield significant reductions in life-safety risk.

Enhanced Investment Program. The major source of capital funds for other new construction and major, transformational renovations would be external and auxiliary funds:

- state funds: seismic replacement or major renovation of education and research facilities
- gifts and grants: construction or renovation of education and research facilities (e.g. for new program initiatives)
- student fee referenda: construction or renovation of student life and service facilities
- auxiliary revenues: construction or renovation of housing and parking facilities
- rent derived from third party operators

Campus funds may be used to make strategic, leveraged contributions to those projects when they address key mission goals: for example, as the “final” increment of funding for a project otherwise supported by gifts.

The one notable exception to this general framework in the Berkeley CFP is the investment of \$75 million in campus debt for the seismic replacement of Tolman Hall, in the form of century bonds. The justification for this exception is twofold: First, the magnitude of the seismic risk means we may be taking an unacceptable level of risk if we wait for state funding; and second, the favorable terms obtained for the century bonds provide a source of capital, albeit one the campus must finance at the expense of other priorities. The taxable nature of the bonds also enables the Berkeley campus to consider a broader range of private sector partnerships for delivery, with potential reductions in both cost and risk. In order to maximize the leveraging of campus resources, the campus is actively seeking gifts for the balance of funds required.

2. Require each project budget to cover its entire useful life.

The old paradigm for capital investment featured not only state funds dedicated to new construction, but also incremental increases in the annual state contribution to cover the

operation, maintenance, and renewal of new facilities. Today, there is no link between state funding and capital needs (or any other needs) and thus we think it is prudent to assume those expenses must be borne by the campus budget.

At Berkeley, the financial strategy for each new project must cover not only the initial capital cost of the project, but also the ongoing, incremental cost of operation, maintenance, and renewal imposed by the project over its useful life. What’s more, each project also has an obligation to contribute to the campuswide infrastructure of utilities, roads, and landscape which, although outside the scope of the project itself, are essential to its function: At Berkeley, each new project is assessed a fee of 4% of project cost for this purpose.

Our long term goal at Berkeley is to have a specific capital renewal plan for each major campus asset. Our first priority for these plans is the new, high-performance buildings completed at Berkeley within the last decade.

3. Commit to sustained investment in capital renewal of buildings and infrastructure.

While the Berkeley campus has made several major capital investments over the past decade to house exciting new initiatives in education and research – investments that leverage campus funds with state funds, grants, gifts, and student fee referenda – we must also commit to a significant and sustained program to renew our inventory of existing buildings and infrastructure. In 2012-2013, the Berkeley campus will increase its investment of campus funds in capital renewal, to nearly \$30 million per year, and the Berkeley CFP continues this level of investment for the entire decade.

This program includes:

- Replacement of existing building, utility, and information systems at or beyond the end of their useful lives and/ or unable to meet current performance demands.
- Improvement of existing building and utility systems to reduce operations costs and resource consumption.
- Renovations to accommodate new program initiatives, methods, and work styles and to improve space utilization.
- Seismic and life safety upgrades where modest investments can yield significant reductions in risk.
- Renewal and enhancement of existing roads, landscapes, and places of interaction.

To the extent external funds are available for certain types of renewal expenditures, the program for each year will be de-

signed to capture these external funds, and reserve discretionary campus funds for those expenditures with no alternate fund sources.

4. Utilize private-sector partnerships to reduce cost and risk and enhance donor confidence.

The university has implemented private-sector partnerships in a variety of forms, from ground lease-leasebacks to donor developments, and for a variety of project types, from student housing to research labs. In general, the advantages tend to be greater in project types that are more generic and more similar to private-sector models. However, the donor-

development model in particular has also been useful in giving prospective donors a greater level of confidence in the budget and schedule.

The Berkeley campus routinely considers private-sector partnerships as a potential delivery model in every major new construction project, as well as in renovation projects where the scope and logistics are conducive. Private-public partnerships in the Berkeley CFP include expansion and renovation of Haas School of Business; construction of new student apartments in the Southside; replacement of Tolman Hall; expansion of Soda Hall; and construction of the East Asian Studies Center.

BERKELEY CAMPUS

**U.C. Berkeley Consolidated Budget for Current Funds, 2012-13
Statement of Revenue, Expense and Changes to Net Assets**

| [in thousands] | Total FY 2012-13 | | Unrestricted | | Restricted | | |
|--|---------------------|----------------|------------------|----------------|-----------------------|--------------------------------------|----------------------|
| | Current Funds | Designated | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs Funds | Contracts and Grants |
| Revenues and Operating Transfers | | | | | | | |
| State Support | 262,057 | 0 | 262,019 | 0 | 0 | 0 | 38 |
| Net Tuition and Fees | 572,443 | 34,278 | 538,020 | 34,278 | 125 | 20 | 0 |
| Contracts & Grants | 682,220 | 0 | 0 | 0 | 16 | 8 | 682,197 |
| Private Gifts for Current Use | 157,887 | 0 | 13,789 | 0 | 97,697 | 46,011 | 389 |
| Investment Income | 116,545 | 0 | 40,867 | 0 | 13 | 75,248 | 417 |
| Sales and Services of Educational Activi | 280,276 | 3,473 | 276,297 | 3,473 | 0 | 504 | 2 |
| Nonoperating Revenue | 39,754 | 0 | 102 | 0 | 0 | 7 | 39,645 |
| Adjustment: Revenue - Plan | 47,613 | 126 | 45,684 | 126 | 9,338 | 377 | (7,911) |
| Operating Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Revenue & Transfers | 2,158,795 | 37,877 | 1,176,778 | 37,877 | 107,189 | 122,175 | 714,776 |
| Expenses | | | | | | | |
| Total Compensation | 1,367,695 | 80,983 | 944,670 | 80,983 | 50,019 | 38,583 | 253,440 |
| Total Non Compensation | 660,887 | (44,351) | 277,884 | (44,351) | 50,323 | 67,252 | 309,778 |
| Adjustment: Total Expenses - Plan | 2,214 | 725 | 1,329 | 725 | 19 | 140 | 0 |
| Total Expenses | 2,030,795 | 37,357 | 1,223,884 | 37,357 | 100,362 | 105,975 | 563,218 |
| Net Operating Surplus/(Deficit) | 127,999 | 520 | (47,105) | 520 | 6,827 | 16,200 | 151,557 |
| To/From Plant Funds | (130,030) | 0 | (118,030) | 0 | (12,000) | 0 | 0 |
| To/Fr Rgnts Endow - FFE Principal | 226 | 0 | (180) | 0 | 0 | 150 | 255 |
| To/From All Other Fund Balance | (19,680) | (2,000) | 133,246 | (2,000) | 0 | (9,925) | (141,000) |
| Changes in Fund Balance | (149,483) | (2,000) | 15,036 | (2,000) | (12,000) | (9,775) | (140,745) |
| Beginning Balance | 1,065,366 | 35,714 | 690,324 | 35,714 | 204,770 | 134,558 | 0 |
| Ending Balance | 1,043,882 | 34,234 | 658,255 | 34,234 | 199,597 | 140,983 | 10,812 |

**EXECUTIVE VICE CHANCELLOR &
PROVOST (incl. ACADEMIC UNITS)**

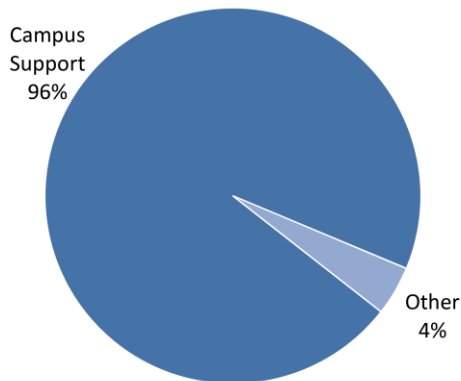
| [in thousands] | Total FY 2012-13 | | Unrestricted | | Restricted | | |
|--|---------------------|----------------|----------------|------------|--------------------------|--------------------------------------|-------------------------|
| | Current Funds | Designated | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs | Contracts and Grants |
| Revenues and Operating Transfers | | | | | | | |
| Net Tuition and Fees | 164,044 | 804 | 163,120 | | 120 | 0 | 0 |
| State Support | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracts & Grants | 435,131 | 0 | 0 | 0 | 16 | 8 | 435,108 |
| Private Gifts for Current Use | 103,960 | 0 | 0 | 0 | 73,432 | 30,139 | 389 |
| Investment Income | 359 | (18) | | 0 | 13 | 114 | 250 |
| Sales and Services of Educational Activities | 53,798 | 52,308 | 1,490 | | 0 | 0 | 0 |
| Nonoperating Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | 40,913 | 34,780 | 152 | | (360) | 6,585 | (244) |
| Operating Transfers | 621,993 | 564,117 | 7,148 | | 3,741 | 42,567 | 4,420 |
| Total Revenue & Transfers | 1,420,198 | 814,308 | 9,594 | | 76,961 | 79,413 | 439,922 |
| Expenses | | | | | | | |
| Salaries & Wages | 647,832 | 450,599 | 13,844 | | 24,314 | 22,847 | 136,228 |
| Employee Benefits | 177,165 | 128,779 | 4,593 | | 6,894 | 5,641 | 31,258 |
| Adjustment: Total Compensation - Plan | (147) | (747) | 1,063 | | (232) | 489 | (720) |
| Total Compensation | 824,850 | 578,630 | 19,500 | | 30,976 | 28,977 | 166,766 |
| Supplies, Materials and Equipment | 93,764 | 34,689 | 5,175 | | 3,829 | 9,238 | 40,834 |
| Scholarships and Fellowships | 202,410 | 114,075 | 1,339 | | 6,506 | 24,216 | 56,274 |
| Other Operating Expenses | 279,606 | 53,110 | (9,280) | | 22,285 | 13,195 | 200,297 |
| Adjustment: Total Non Compensation - Plan | 21,608 | 23,851 | (395) | | 4,598 | 82 | (6,528) |
| Total Non Compensation | 597,389 | 225,726 | (3,161) | | 37,217 | 46,730 | 290,876 |
| Adjustment: Total Expenses - Plan | (1,532) | (1,691) | 0 | | 19 | 140 | 0 |
| Total Expenses | 1,420,707 | 802,666 | 16,339 | | 68,213 | 75,847 | 457,643 |
| Net Operating Surplus/(Deficit) | (509) | 11,642 | (6,745) | | 8,749 | 3,566 | (17,720) |
| To/From Plant Funds | (16,100) | (4,100) | 0 | | (12,000) | 0 | 0 |
| To/Fr Rgnts Endow - FFE Principal | (30) | (180) | 0 | | 0 | 150 | 0 |
| To/From All Other Fund Balance | (1,180) | (1,255) | 0 | | 0 | 75 | 0 |
| Changes in Fund Balance | (17,310) | (5,535) | 0 | | (12,000) | 225 | 0 |
| Beginning Balance | 475,020 | 172,117 | 8,379 | | 145,842 | 116,365 | 32,317 |
| Ending Balance | 457,201 | 178,225 | 1,633 | | 142,591 | 120,155 | 14,597 |

APPENDIX B: CONTROL UNIT HIGHLIGHTS AND DETAIL

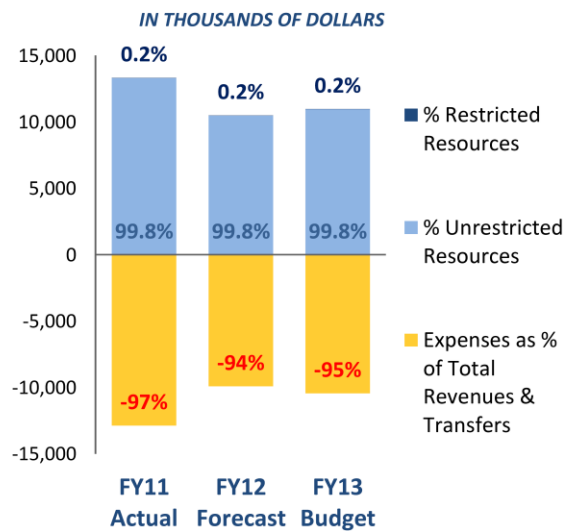
CHANCELLOR

| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 34 | 52 | 52 |
| Operating Transfers | 13,296 | 10,451 | 10,931 |
| Total Revenues & Transfers | 13,330 | 10,502 | 10,983 |
| Compensation | 5,501 | 6,266 | 6,661 |
| Non Compensation | 7,375 | 3,854 | 3,854 |
| <i>Adjustments to Forecast/Budget</i> | - | -206 | -80 |
| Total Expenses | 12,875 | 9,914 | 10,434 |
| Net Operating Surplus/(Deficit) | 455 | 589 | 549 |
| Changes in Fund Balance | 0 | 0 | 0 |
| Beginning Balance | 1,316 | 1,771 | 2,360 |
| Ending Balance | 1,771 | 2,360 | 2,908 |

**2012-13 Budgeted Revenues & Transfers:
\$11.0 Million**



Resource Trends



Program Highlights and Narrative

The Office of the Chancellor supports the chancellor’s leadership as chief executive officer by providing administrative, organizational, communications support, and strategy development and services, to advance the chancellor’s vision, core values, and priorities for the University of California, Berkeley. In 2012-13 we will be transitioning to a new chancellor. The Office of the Chancellor hopes to take advantage of Cal-

Planning to effect a smooth hand-off of our budget to the new Chancellor.

The Office of the Chancellor provides immediate support to the chancellor as well as services to the campus at large through a number of offices that function under the auspices of the chancellor. These include: Audit & Advisory Services, Ethics, Risk & Compliance Services, Government & Community Relations, Office of Legal Affairs, and The Staff Ombuds Office.

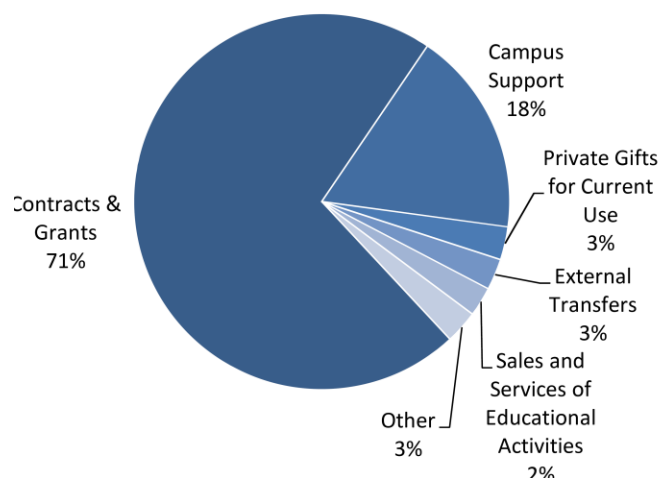
CHANCELLOR

| [in thousands] | Total FY 2012-13 | | Restricted | |
|--|---------------------|---------------|-----------------------------|--------------------------------------|
| | Current Funds | Unrestricted | Restricted Gift Funds | Restricted Endowments and FFEs |
| Revenues and Operating Transfers | | | | |
| Net Tuition and Fees | 0 | 0 | 0 | 0 |
| State Support | 0 | 0 | 0 | 0 |
| Contracts & Grants | 0 | 0 | 0 | 0 |
| Private Gifts for Current Use | 0 | 0 | 0 | 0 |
| Investment Income | 0 | 0 | 0 | 0 |
| Sales and Services of Educational Activities | 52 | 52 | 0 | 0 |
| Nonoperating Revenue | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | 0 | 0 | 0 | 0 |
| Operating Transfers | 10,931 | 10,722 | 0 | 23 |
| Total Revenue & Transfers | 10,983 | 10,774 | 0 | 23 |
| Expenses | | | | |
| Salaries & Wages | 5,072 | 5,068 | 0 | 0 |
| Employee Benefits | 1,589 | 1,589 | 0 | 0 |
| Adjustment: Total Compensation - Plan | 0 | 0 | 0 | 0 |
| Total Compensation | 6,661 | 6,657 | 0 | 0 |
| Supplies, Materials and Equipment | 101 | 101 | 0 | 0 |
| Scholarships and Fellowships | 0 | 0 | 0 | 0 |
| Other Operating Expenses | 3,752 | 3,734 | 0 | 19 |
| Adjustment: Total Non Compensation - Plan | 0 | 0 | 0 | 0 |
| Total Non Compensation | 3,854 | 3,835 | 0 | 19 |
| Adjustment: Total Expenses - Plan | (80) | (80) | 0 | 0 |
| Total Expenses | 10,434 | 10,411 | 0 | 19 |
| Net Operating Surplus/(Deficit) | 549 | 363 | 0 | 5 |
| To/From Plant Funds | 0 | 0 | 0 | 0 |
| To/Fr Rgnts Endow - FFE Principal | 0 | 0 | 0 | 0 |
| To/From All Other Fund Balance | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | 0 | 0 | 0 | 0 |
| Beginning Balance | 2,360 | 2,303 | 18 | 33 |
| Ending Balance | 2,908 | 2,666 | 18 | 37 |

VICE CHANCELLOR RESEARCH

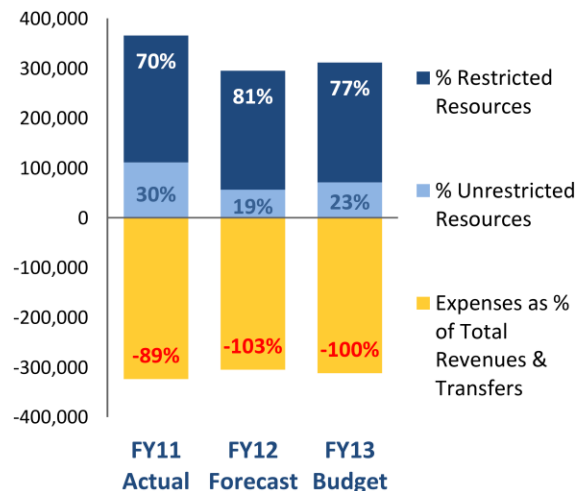
| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 333,924 | 234,647 | 240,143 |
| Operating Transfers | 31,858 | 60,228 | 71,328 |
| Total Revenues & Transfers | 365,782 | 294,875 | 311,471 |
| Compensation | 141,821 | 143,068 | 141,017 |
| Non Compensation | 182,152 | 182,642 | 170,872 |
| <i>Adjustments to Forecast/Budget</i> | - | -20,958 | - |
| Total Expenses | 323,973 | 304,752 | 311,889 |
| Net Operating Surplus/(Deficit) | 41,808 | -9,877 | -418 |
| Changes in Fund Balance | 0 | 0 | 0 |
| Beginning Balance | 43,377 | 85,185 | 75,308 |
| Ending Balance | 85,185 | 75,308 | 74,890 |

2012-13 Budgeted Revenues & Transfers: \$311.5 Million



Resource Trends

IN THOUSANDS OF DOLLARS



Program Highlights and Narrative

The Office of Research encompasses three major areas: 1) development and support of major new initiatives; 2) support and oversight of existing ORUs, centers, institutes, museums and field stations; and, 3) research administrative support and compliance.

Major Research Initiatives:

The Office of Research is a crucial component of the campus financial strategy and two major new initiatives address important aspects of the campus financial model. The success of the proposal to host the Simons Institute for the Theory of Computing shows the importance of the role of the Office of Research in coordinating such efforts.

A focus this year will be in formulating and refining plans for the development of the Richmond site, in conjunction with

LBNL, with initial focus on developing the concept and path forward for a Berkeley Institute for Better Health Technologies (placeholder name). The Institute will have three components: 1) Translational Medical/Health Laboratories; 2) Health Care System Change and Implementation, and 3) Global Health Services and Partnerships.

Funding highlights:

\$5M Raymond Sackler (2 Hewlett Chairs + \$1M)
 \$5M Philomathia Foundation (BECI)
 \$1M Stuart Bernstein (BECI for clean tech to market)
 \$4M Global Change Biology Keck/Moore Foundations
 \$60M Simons Foundation

Other highlights:

Creation of Skydeck (VCR in partnership with COE and Haas)
 Roll out of Bakar Fellows program.

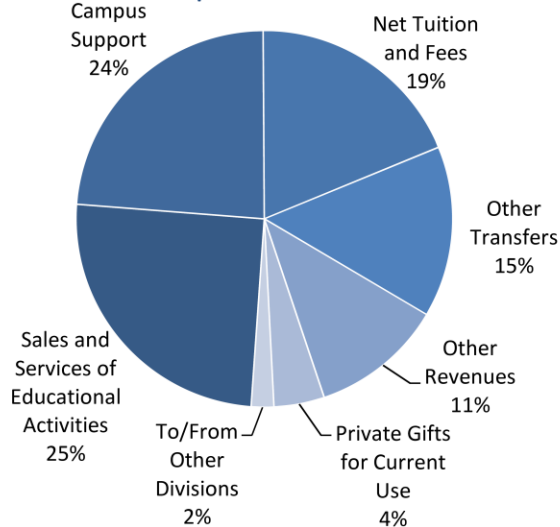
VICE CHANCELLOR FOR RESEARCH

| [in thousands] | Total FY 2012-13 | | Unrestricted | | Restricted | | |
|--|---------------------|---------------|---------------|----------------|-----------------------------|--------------------------------------|-------------------------|
| | Current Funds | Designated | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs | Contracts and Grants |
| Revenues and Operating Transfers | | | | | | | |
| Net Tuition and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Support | 20 | 0 | 20 | 0 | 0 | 0 | 0 |
| Contracts & Grants | 222,504 | 0 | 0 | 0 | 0 | 0 | 222,504 |
| Private Gifts for Current Use | 8,882 | 0 | 0 | 0 | 5,751 | 3,131 | 0 |
| Investment Income | 138 | (2) | (2) | 0 | 0 | 0 | 139 |
| Sales and Services of Educational Activities | 7,829 | 7,404 | 7,404 | 425 | 0 | 0 | 0 |
| Nonoperating Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | 770 | 2,500 | 2,500 | 0 | 270 | 0 | (2,000) |
| Operating Transfers | 71,328 | 60,175 | 60,175 | 639 | 500 | 8,334 | 1,680 |
| Total Revenue & Transfers | 311,471 | 70,097 | 70,097 | 1,064 | 6,521 | 11,465 | 222,323 |
| Expenses | | | | | | | |
| Salaries & Wages | 116,018 | 36,137 | 36,137 | 4,082 | 3,258 | 5,669 | 66,872 |
| Employee Benefits | 34,999 | 12,876 | 12,876 | 1,551 | 963 | 1,630 | 17,979 |
| Adjustment: Total Compensation - Plan | (10,000) | 0 | 0 | 0 | 0 | 0 | (10,000) |
| Total Compensation | 141,017 | 49,013 | 49,013 | 5,633 | 4,220 | 7,300 | 74,851 |
| Supplies, Materials and Equipment | 23,491 | 1,212 | 1,212 | 4,818 | 490 | 580 | 16,391 |
| Scholarships and Fellowships | 9,902 | 970 | 970 | 98 | 429 | 1,319 | 7,086 |
| Other Operating Expenses | 149,479 | 19,300 | 19,300 | (7,314) | 2,164 | 2,965 | 132,365 |
| Adjustment: Total Non Compensation - Plan | (12,000) | 0 | 0 | 0 | 0 | 0 | (12,000) |
| Total Non Compensation | 170,872 | 21,482 | 21,482 | (2,398) | 3,082 | 4,864 | 143,842 |
| Adjustment: Total Expenses - Plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 311,889 | 70,495 | 70,495 | 3,235 | 7,303 | 12,164 | 218,693 |
| Net Operating Surplus/(Deficit) | (418) | (397) | (397) | (2,171) | (782) | (699) | 3,630 |
| To/From Plant Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From Rgnts Endow - FFE Principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From All Other Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Balance | 75,308 | 34,254 | 34,254 | 3,125 | 18,623 | 12,135 | 7,171 |
| Ending Balance | 74,890 | 33,857 | 33,857 | 955 | 17,841 | 11,436 | 10,801 |

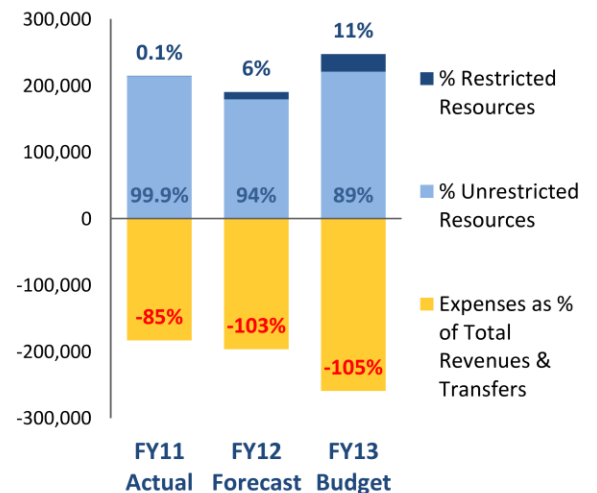
VICE CHANCELLOR ADMINISTRATION & FINANCE

| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|---|-------------------|---------------------|-----------------------------|
| Revenues | 115,530 | 134,248 | 148,020 |
| Operating Transfers | 99,002 | 56,150 | 99,294 |
| Total Revenues & Transfers | 214,532 | 190,397 | 247,314 |
| Compensation | 104,191 | 125,418 | 152,615 |
| Non Compensation | 78,883 | 56,591 | 106,286 |
| <i>Adjustments to Forecast/Budget</i> | - | 14,525 | 307 |
| Total Expenses | 183,074 | 196,533 | 259,208 |
| Net Operating Surplus/(Deficit) | 31,458 | -6,136 | -11,894 |
| Changes in Fund Balance | 0 | -43,604 | 0 |
| Beginning Balance | 51,910 | 83,368 | 33,627 |
| Ending Balance | 83,368 | 33,627 | 21,733 |

2012-13 Budgeted Revenues & Transfers:
\$247.3 Million



Resource Trends
IN THOUSANDS OF DOLLARS



NOTE: 2011-12 reflects a transfer of fund balance, rather than an operating transfer.

Program Highlights and Narrative

The mission of the vice chancellor – administration and finance is to provide high-quality, cost-effective services that support UC Berkeley’s mission of teaching, research, and public service while fostering a safe, engaging, and multicultural environment. It is our goal to be recognized as the leader in higher education administration, and the control unit has made significant strides towards this goal with campus’s assistance in recent years.

The focused attention on administrative reforms came not a moment too soon. Years of state budget cuts and instability have presented UC Berkeley with both a serious challenge and an opportunity for meaningful change. In our own unit, this has required us to abandon old ways of thinking and to

find new ways to succeed in our transformed environment. Significant financial challenges in the years ahead will require significant reform of our administrative infrastructure to help us optimize our utilization of scarce resources and improve nimbleness to thrive in an increasingly dynamic financial environment.

While there remains much work to be done in this area, the payoff will be significant and potentially transformative to our ability to effectively deliver Berkeley’s core mission of teaching, research, and public service. Through an ambitious suite of initiatives, primarily organized under the banner of Operational Excellence, we have made significant progress toward the goal of a leaner, more responsive and effective organization.

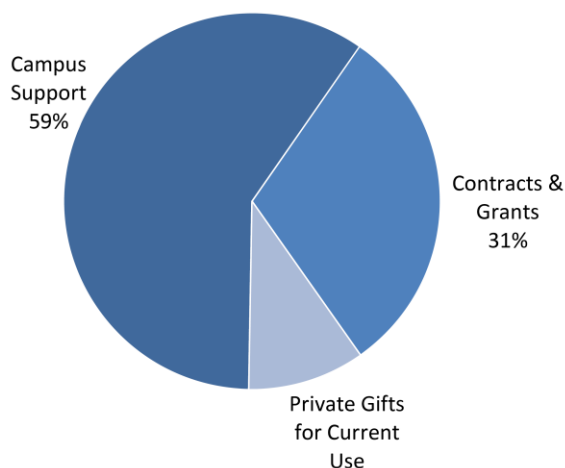
VICE CHANCELLOR FOR ADMINISTRATION & FINANCE

| [in thousands] | Total FY 2012-13 | | Unrestricted | | Restricted | | |
|--|---------------------|----------------|-----------------|----------------|-----------------------------|--------------------------------------|-------------------------|
| | Current Funds | Designated | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs | Contracts and Grants |
| Revenues and Operating Transfers | | | | | | | |
| Net Tuition and Fees | 46,846 | 0 | 46,846 | 0 | 0 | 0 | 0 |
| State Support | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracts & Grants | 1,914 | 0 | 0 | 0 | 0 | 0 | 1,914 |
| Private Gifts for Current Use | 10,739 | 0 | 0 | 0 | 6,058 | 4,681 | 0 |
| Investment Income | (12) | (12) | (12) | 0 | 0 | 0 | 0 |
| Sales and Services of Educational Activities | 62,255 | 1,210 | 61,045 | 1,210 | 0 | 0 | 0 |
| Nonoperating Revenue | 99 | 0 | 99 | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | 26,178 | (161) | 12,687 | (161) | 10,322 | 4,466 | (1,136) |
| Operating Transfers | 99,294 | 10,125 | 88,988 | 10,125 | 129 | 52 | 0 |
| Total Revenue & Transfers | 247,314 | 11,174 | 209,653 | 11,174 | 16,509 | 9,199 | 778 |
| Expenses | | | | | | | |
| Salaries & Wages | 113,210 | 11,219 | 101,238 | 11,219 | 251 | 83 | 419 |
| Employee Benefits | 38,061 | 1,638 | 36,193 | 1,638 | 57 | 46 | 127 |
| Adjustment: Total Compensation - Plan | 1,344 | 2 | (9,470) | 2 | 10,812 | 0 | 0 |
| Total Compensation | 152,615 | 12,858 | 127,961 | 12,858 | 11,121 | 130 | 545 |
| Supplies, Materials and Equipment | 10,223 | 336 | 1,447 | 336 | 5,170 | 3,220 | 51 |
| Scholarships and Fellowships | 10,313 | 0 | 8,909 | 0 | 18 | 1,163 | 224 |
| Other Operating Expenses | 37,975 | (6,937) | 44,384 | (6,937) | 201 | 3 | 323 |
| Adjustment: Total Non Compensation - Plan | 47,775 | (2,450) | 45,447 | (2,450) | 0 | 4,684 | 94 |
| Total Non Compensation | 106,286 | (9,051) | 100,187 | (9,051) | 5,389 | 9,070 | 692 |
| Adjustment: Total Expenses - Plan | 307 | 0 | 307 | 0 | 0 | 0 | 0 |
| Total Expenses | 259,208 | 3,807 | 228,455 | 3,807 | 16,509 | 9,200 | 1,237 |
| Net Operating Surplus/(Deficit) | (11,894) | 7,367 | (18,802) | 7,367 | 0 | 0 | (459) |
| To/From Plant Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From Rgnts Endow - FFE Principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From All Other Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Balance | 33,627 | 17,663 | 14,528 | 17,663 | 835 | 237 | 364 |
| Ending Balance | 21,733 | 25,030 | (4,273) | 25,030 | 834 | 237 | (95) |

VICE CHANCELLOR EQUITY & INCLUSION

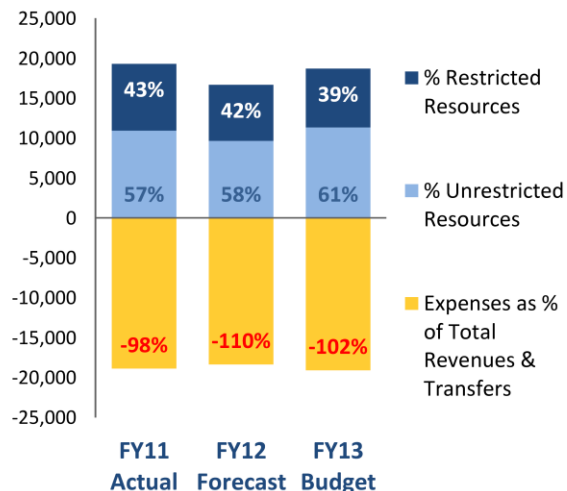
| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|---|-------------------|---------------------|-----------------------------|
| Revenues | 8,591 | 6,713 | 7,615 |
| Operating Transfers | 10,698 | 9,961 | 11,082 |
| Total Revenues & Transfers | 19,289 | 16,674 | 18,697 |
| Compensation | 14,772 | 14,622 | 14,731 |
| Non Compensation | 4,107 | 4,106 | 4,361 |
| <i>Adjustments to Forecast/Budget</i> | - | -359 | - |
| Total Expenses | 18,879 | 18,369 | 19,092 |
| Net Operating Surplus/(Deficit) | 410 | -1,695 | -396 |
| Changes in Fund Balance | 0 | 0 | 0 |
| Beginning Balance | 6,633 | 7,043 | 5,349 |
| Ending Balance | 7,043 | 5,349 | 4,953 |

2012-13 Budgeted Revenues & Transfers: \$18.7 Million



Resource Trends

IN THOUSANDS OF DOLLARS



Program Highlights and Narrative

Founded in 2007, the Division of Equity & Inclusion has a bold vision: become the national leader in equity and inclusion in higher education. Our new mission statement (which is currently under review by our staff and stakeholders) states: we will create an equitable and inclusive university that prepares faculty, students, and staff to lead in a diverse world. We provide the leadership to the campus in the areas of responsive research, teaching, and public service, expanding pathways for access and success, and supporting a healthy campus climate.

From a budgetary point of view, E&I's full mission is less obvious since the division was organized by the transfer of campus units that are almost exclusively devoted to student services. It consists of two large subgroups: units that provide

co-curricular, academic, and life advising for students in underrepresented or underserved groups, and outreach to high schools and community colleges which help prepare students for a potential UC Berkeley (or more generally, 4-year college) entry. Smaller units focus on current and prospective graduate students, postdoctoral fellows, faculty, and staff.

Moreover E&I's reach extends its organization by impacting other areas of the campus including: faculty research via the Haas Diversity Research Center (the division is deeply involved in the startup of the new center); faculty recruitment through the faculty search progress; departmental strategic planning by incorporating diversity initiatives in the academic program review; campus climate issues; and institutional research and data analysis through the Diversity Data Dashboard and investments in Cal Answers.

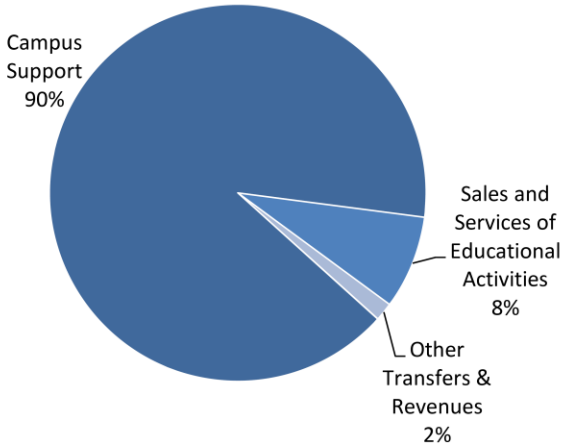
VICE CHANCELLOR FOR EQUITY & INCLUSION

| [in thousands] | Total FY 2012-13 | Unrestricted | | Restricted Restricted Endowments and FFEs | Contracts and Grants | |
|--|---------------------|--------------|--------------|--|--------------------------------------|-------------------------|
| Revenues and Operating Transfers | Current Funds | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs | Contracts and Grants |
| Net Tuition and Fees | 0 | 0 | 0 | 0 | 0 | 0 |
| State Support | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracts & Grants | 5,727 | 0 | 0 | 0 | 0 | 5,727 |
| Private Gifts for Current Use | 1,886 | 0 | 0 | 1,735 | 151 | 0 |
| Investment Income | (2) | (3) | 0 | 0 | 0 | 1 |
| Sales and Services of Educational Activities | 1,139 | 1,139 | 0 | 0 | 0 | 0 |
| Nonoperating Revenue | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | (1,135) | 161 | 0 | (340) | 252 | (1,208) |
| Operating Transfers | 11,082 | 6,702 | 3,344 | 46 | 5 | 985 |
| Total Revenue & Transfers | 18,697 | 7,998 | 3,344 | 1,441 | 408 | 5,505 |
| Expenses | | | | | | |
| Salaries & Wages | 11,377 | 5,266 | 2,113 | 674 | 131 | 3,193 |
| Employee Benefits | 4,113 | 1,869 | 763 | 190 | 47 | 1,245 |
| Adjustment: Total Compensation - Plan | (760) | (899) | (427) | 728 | (4) | (158) |
| Total Compensation | 14,731 | 6,236 | 2,449 | 1,591 | 174 | 4,280 |
| Supplies, Materials and Equipment | 187 | (66) | 68 | 123 | 7 | 55 |
| Scholarships and Fellowships | 432 | 12 | 54 | 131 | 116 | 120 |
| Other Operating Expenses | 3,487 | 904 | 547 | 703 | 152 | 1,182 |
| Adjustment: Total Non Compensation - Plan | 255 | 311 | (142) | (87) | (18) | 191 |
| Total Non Compensation | 4,361 | 1,160 | 527 | 870 | 257 | 1,547 |
| Adjustment: Total Expenses - Plan | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenses | 19,092 | 7,396 | 2,976 | 2,461 | 431 | 5,827 |
| Net Operating Surplus/(Deficit) | (396) | 602 | 368 | (1,020) | (23) | (322) |
| To/From Plant Funds | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From Rghts Endow - FFE Principal | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From All Other Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Balance | 5,349 | 2,806 | 1,293 | 1,191 | 271 | (213) |
| Ending Balance | 4,953 | 3,409 | 1,660 | 171 | 248 | (535) |

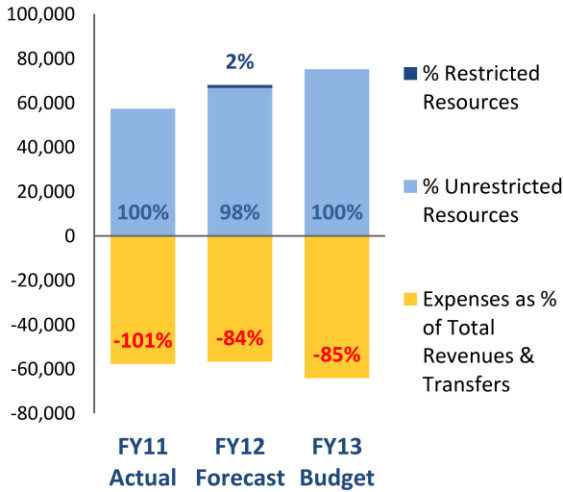
VICE CHANCELLOR FACILITIES SERVICES

| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 11,024 | 7,163 | 6,086 |
| Operating Transfers | 45,530 | 60,727 | 69,043 |
| Total Revenues & Transfers | 56,555 | 67,890 | 75,129 |
| Compensation | 40,245 | 35,677 | 46,247 |
| Non Compensation | 17,517 | 26,038 | 17,797 |
| <i>Adjustments to Forecast/Budget</i> | - | -4,944 | 86 |
| Total Expenses | 57,762 | 56,771 | 64,130 |
| Net Operating Surplus/(Deficit) | -1,208 | 11,119 | 10,999 |
| Changes in Fund Balance | 0 | -6,631 | -6,379 |
| Beginning Balance | 4,404 | 3,197 | 7,684 |
| Ending Balance | 3,197 | 7,684 | 12,305 |

2012-13 Budgeted Revenues & Transfers:
\$75.1 Million



Resource Trends
IN THOUSANDS OF DOLLARS



Program Highlights and Narrative

Facilities Services acts responsibly as a steward of the buildings and landscapes of UC Berkeley. We create and sustain a beautiful campus environment that furthers the mission of the University and highly value our most important resource – our people.

Capital Projects manages the planning, design, construction, retrofitting, and restoration of campus buildings and their surroundings.

Physical Plant-Campus Services (PP-CS) seeks to continuously improve facilities for the campus community. To maintain a campus that is conducive to excellence in learning and research, PP-CS provides a full range of services including: custodial and grounds support, building maintenance, pest man-

agement, recycling and refuse collection, and management of the utility infrastructure, along with the purchase and operation of energy resources and provides specialized engineering and technical services.

The Real Estate Services Office (RESO) is responsible for commercial real estate leasing and property management, on- and off-campus. RESO offers a full range of services to campus departments needing off-campus space or leasing out campus space: from articulating space requirements to negotiating and executing leases.

Facilities Services is also a critical player in controlling campus expense. For example, PP-CS spent \$3.07/mgsf (maintained gross square feet) in FY11 compared to a nine-UC system average of \$3.73/mgsf, with UCLA reporting \$4.63/mgsf.

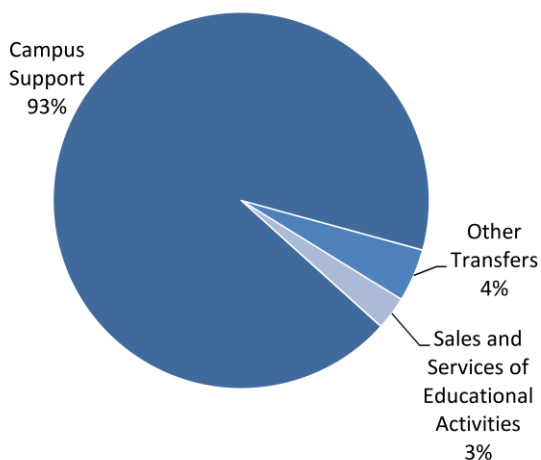
**VICE CHANCELLOR FOR FACILITIES
SERVICES**

| [in thousands] | Total FY 2012-13 | | Restricted | |
|--|---------------------|-----------------|--------------------------|--------------------------------------|
| | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs |
| Revenues and Operating Transfers | | | | |
| Net Tuition and Fees | 0 | 0 | 0 | 0 |
| State Support | 0 | 0 | 0 | 0 |
| Contracts & Grants | 0 | 0 | 0 | 0 |
| Private Gifts for Current Use | 0 | 0 | 0 | 0 |
| Investment Income | 0 | 0 | 0 | 0 |
| Sales and Services of Educational Activities | 6,026 | 0 | 0 | 0 |
| Nonoperating Revenue | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | 60 | 0 | 0 | 0 |
| Operating Transfers | 69,043 | 0 | 0 | 7 |
| Total Revenue & Transfers | 75,129 | 0 | 0 | 7 |
| Expenses | | | | |
| Salaries & Wages | 31,444 | 12,246 | 0 | 0 |
| Employee Benefits | 13,256 | 4,651 | 0 | 0 |
| Adjustment: Total Compensation - Plan | 1,547 | (43) | 0 | 0 |
| Total Compensation | 46,247 | 16,855 | 0 | 0 |
| Supplies, Materials and Equipment | 4,168 | 196 | 1 | 0 |
| Scholarships and Fellowships | 0 | 0 | 0 | 0 |
| Other Operating Expenses | 12,884 | (20,454) | 3 | 0 |
| Adjustment: Total Non Compensation - Plan | 744 | 3,536 | 0 | 0 |
| Total Non Compensation | 17,797 | (16,722) | 4 | 0 |
| Adjustment: Total Expenses - Plan | 86 | 0 | 0 | 0 |
| Total Expenses | 64,130 | 133 | 4 | 0 |
| Net Operating Surplus/(Deficit) | 10,999 | (133) | (4) | (2) |
| To/From Plant Funds | (6,379) | 0 | 0 | 0 |
| To/From Rghts Endow - FFE Principal | 0 | 0 | 0 | 0 |
| To/From All Other Fund Balance | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | (6,379) | 0 | 0 | 0 |
| Beginning Balance | 7,684 | 5,079 | 242 | 13 |
| Ending Balance | 12,305 | 4,946 | 238 | 19 |

ASSOCIATE VICE CHANCELLOR IST

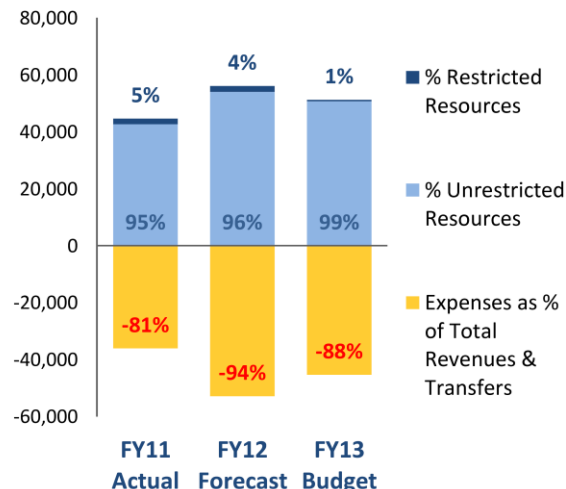
| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 3,041 | 1,754 | 1,469 |
| Operating Transfers | 41,633 | 54,316 | 49,735 |
| Total Revenues & Transfers | 44,674 | 56,070 | 51,204 |
| Compensation | 34,198 | 36,233 | 42,157 |
| Non Compensation | 1,888 | 11,045 | 2,404 |
| <i>Adjustments to Forecast/Budget</i> | - | 5,613 | 723 |
| Total Expenses | 36,087 | 52,891 | 45,285 |
| Net Operating Surplus/(Deficit) | 8,587 | 3,179 | 5,919 |
| Changes in Fund Balance | 0 | 0 | 0 |
| Beginning Balance | 8,736 | 17,323 | 20,502 |
| Ending Balance | 17,323 | 20,502 | 26,421 |

2012-13 Budgeted Revenues & Transfers: \$51.2 Million



Resource Trends

IN THOUSANDS OF DOLLARS



Program Highlights and Narrative

Information Systems & Technology (IST) is dedicated to providing systems and technology needs that enable UC Berkeley to extend its preeminence in research, teaching, and public service in the 21st century. IST consists of the following four central departments: Architecture and Middleware, Enterprise Data, Infrastructure and Systems, and Telecommunications, along with four divisions that directly support Students, Academic Engagement, Administration and Research Information Technology.

The IST's budget has successfully transitioned from many independent departmental budgets to a common Chief Information Officer unit budget with consistent forecasting,

reporting and management. Each service, regardless of funding sources, has budgets with clear cost accounting at the component level, which allows solutions to be built from foundational services. This has resulted in significant economies of scale, far greater adoption of services, and flat total gross spend for far more services. However, managing these services via recharge carries significant overhead. Recharges are managed in compliance with A-21 to support federal grant recharge however many services are less than 5% federal recharge revenue.

It is our position that for the next generation of services provided at the shared services level on campus, all effort should be made to deliver those services as Common Good or at the very least simplified services.

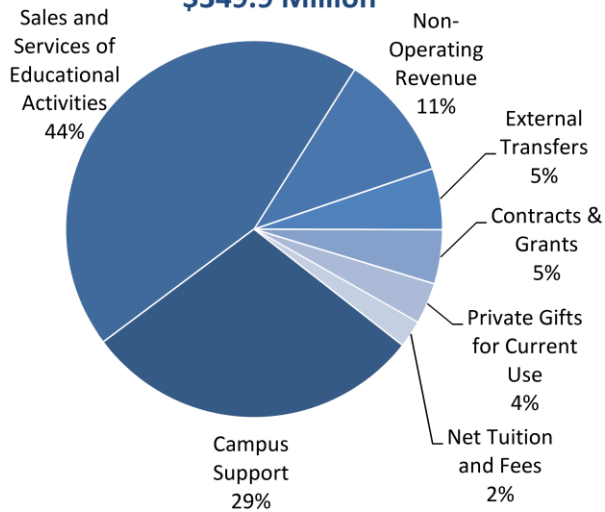
**ASSOCIATE VICE CHANCELLOR FOR
INFORMATION SYSTEMS & TECHNOLOGY**

| [in thousands] | Total FY 2012-13 | | Restricted | |
|--|---------------------|---------------|---------------------|--------------------------------------|
| | Current Funds | Unrestricted | Restricted Funds | Restricted Endowments and FFEs |
| Revenues and Operating Transfers | | | | |
| Net Tuition and Fees | 0 | 0 | 0 | 0 |
| State Support | 0 | 0 | 0 | 0 |
| Contracts & Grants | 0 | 0 | 0 | 0 |
| Private Gifts for Current Use | 0 | 0 | 0 | 0 |
| Investment Income | 0 | 0 | 0 | 0 |
| Sales and Services of Educational Activities | 1,469 | 1,123 | 346 | 0 |
| Nonoperating Revenue | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | 0 | 0 | 0 | 0 |
| Operating Transfers | 49,735 | 42,157 | 7,041 | 537 |
| Total Revenue & Transfers | 51,204 | 43,280 | 0 | 0 |
| Expenses | | | | |
| Salaries & Wages | 30,697 | 17,424 | 13,199 | 75 |
| Employee Benefits | 11,460 | 6,439 | 5,002 | 19 |
| Adjustment: Total Compensation - Plan | 0 | 0 | 0 | 0 |
| Total Compensation | 42,157 | 23,863 | 18,200 | 94 |
| Supplies, Materials and Equipment | 3,680 | 164 | 3,493 | 23 |
| Scholarships and Fellowships | 15 | 15 | 0 | 0 |
| Other Operating Expenses | (1,291) | 13,291 | (15,153) | 485 |
| Adjustment: Total Non Compensation - Plan | 0 | 0 | 0 | 0 |
| Total Non Compensation | 2,404 | 13,470 | 17 | 70 |
| Adjustment: Total Expenses - Plan | 723 | (2) | 725 | 0 |
| Total Expenses | 45,285 | 37,331 | 17 | 70 |
| Net Operating Surplus/(Deficit) | 5,919 | 5,949 | (17) | (70) |
| To/From Plant Funds | 0 | 0 | 0 | 0 |
| To/From Rgnts Endow - FFE Principal | 0 | 0 | 0 | 0 |
| To/From All Other Fund Balance | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | 0 | 0 | 0 | 0 |
| Beginning Balance | 20,502 | 13,596 | 64 | 77 |
| Ending Balance | 26,421 | 19,545 | 47 | 7 |

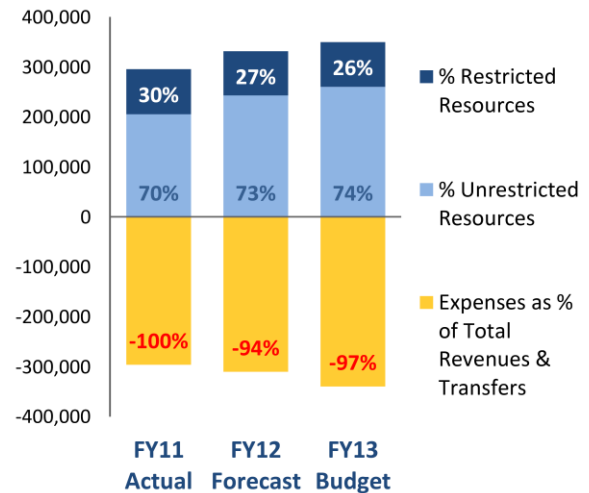
VICE CHANCELLOR STUDENT AFFAIRS

| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 215,778 | 217,897 | 220,822 |
| Operating Transfers | 79,707 | 113,648 | 129,126 |
| Total Revenues & Transfers | 295,485 | 331,545 | 349,948 |
| Compensation | 87,900 | 105,553 | 114,239 |
| Non Compensation | 207,942 | 207,476 | 226,663 |
| <i>Adjustments to Forecast/Budget</i> | - | -2,669 | -1,042 |
| Total Expenses | 295,843 | 310,361 | 339,860 |
| Net Operating Surplus/(Deficit) | -358 | 21,184 | 10,088 |
| Changes in Fund Balance | 0 | -29,142 | -17,080 |
| Beginning Balance | 90,136 | 89,778 | 81,820 |
| Ending Balance | 89,778 | 81,820 | 74,827 |

2012-13 Budgeted Revenues & Transfers:
\$349.9 Million



Resource Trends
IN THOUSANDS OF DOLLARS



Program Highlights and Narrative

Two years ago, Student Affairs implemented the Strategic Priorities of *Access, Service, and Engagement* to focus divisional efforts in response to the increasing expectations and demands from a growing diverse student body. The rapid immersion of international and nonresident students, for example, presented intentional opportunities for the campus but also created a challenge to meet their unique transitional requirements. This also holds true for California residents as they seek to thrive not only academically but in co-curricular endeavors to learn leadership competencies and to demonstrate real world applicability of those skills.

Significant Milestones

In our efforts to proactively build a preeminent co-curricular experience and prevent stagnation of critical student ser-

vices, major initiatives were undertaken in the past year by creatively and efficiently utilizing human and fiscal capital:

1. Student Affairs Information Technology (SAIT): consolidation of divisional IT services to create the 3rd shared services center within the division.
2. Continued significant progress on the revitalization of Lower Sproul, which includes the relocation of the Career Center to a space adjacent to Lower Sproul.
3. Planning for implementation of a one-stop-shop for students, a student portal, and a comprehensive review of divisional space needs.
4. ASUC Auxiliary Transition Planning Team: to integrate a major student facing operation and recalibrate the nature of the relationship to serve the student body.
5. Development of the Middle Class Access Plan (MCAP).

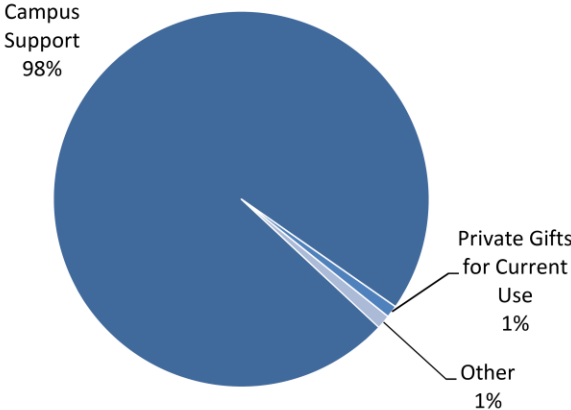
VICE CHANCELLOR FOR STUDENT AFFAIRS

| [in thousands] | Total FY 2012-13 | | Unrestricted | | Restricted | | |
|--|---------------------|--|-----------------|--------------|-----------------------------|--------------------------------------|-------------------------|
| | Current Funds | | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs | Contracts and Grants |
| Revenues and Operating Transfers | | | | | | | |
| Net Tuition and Fees | 8,508 | | 8,474 | 8 | 5 | 20 | 0 |
| State Support | 38 | | 0 | 0 | 0 | 0 | 38 |
| Contracts & Grants | 16,944 | | 0 | 0 | 0 | 0 | 16,944 |
| Private Gifts for Current Use | 12,958 | | 0 | 0 | 5,483 | 7,475 | 0 |
| Investment Income | 28 | | 2 | 0 | 0 | 0 | 26 |
| Sales and Services of Educational Activities | 161,865 | | 161,357 | 2 | 0 | 504 | 2 |
| Nonoperating Revenue | 39,655 | | 3 | 0 | 0 | 7 | 39,645 |
| Adjustment: Revenue - Plan | (19,173) | | (4,504) | 135 | (554) | (10,926) | (3,323) |
| Operating Transfers | 129,126 | | 86,260 | 8,501 | 1,181 | 22,821 | 10,363 |
| Total Revenue & Transfers | 349,948 | | 251,592 | 8,646 | 6,115 | 19,900 | 63,695 |
| Expenses | | | | | | | |
| Salaries & Wages | 86,945 | | 72,759 | 3,750 | 1,683 | 1,932 | 6,820 |
| Employee Benefits | 35,159 | | 30,138 | 1,659 | 595 | 595 | 2,172 |
| Adjustment: Total Compensation - Plan | (7,865) | | (4,926) | 0 | (272) | (525) | (2,141) |
| Total Compensation | 114,239 | | 97,971 | 5,409 | 2,006 | 2,002 | 6,851 |
| Supplies, Materials and Equipment | 21,566 | | 20,532 | 149 | 505 | (58) | 438 |
| Scholarships and Fellowships | 175,138 | | 108,312 | 600 | 1,564 | 15,950 | 48,712 |
| Other Operating Expenses | 33,602 | | 26,435 | (639) | 1,939 | 822 | 5,044 |
| Adjustment: Total Non Compensation - Plan | (3,643) | | (1,125) | 0 | (263) | (486) | (1,768) |
| Total Non Compensation | 226,663 | | 154,155 | 110 | 3,744 | 16,228 | 52,426 |
| Adjustment: Total Expenses - Plan | (1,042) | | (1,042) | 0 | 0 | 0 | 0 |
| Total Expenses | 339,860 | | 251,084 | 5,520 | 5,750 | 18,230 | 59,277 |
| Net Operating Surplus/(Deficit) | 10,088 | | 508 | 3,126 | 365 | 1,670 | 4,419 |
| To/From Plant Funds | (17,336) | | (17,336) | 0 | 0 | 0 | 0 |
| To/From Rgnts Endow - FFE Principal | 256 | | 0 | 0 | 0 | 0 | 255 |
| To/From All Other Fund Balance | 0 | | 0 | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | (17,080) | | (17,336) | 0 | 0 | 0 | 255 |
| Beginning Balance | 81,820 | | 75,128 | 1,325 | 5,575 | 5,195 | (5,403) |
| Ending Balance | 74,827 | | 58,300 | 4,451 | 5,940 | 6,865 | (729) |

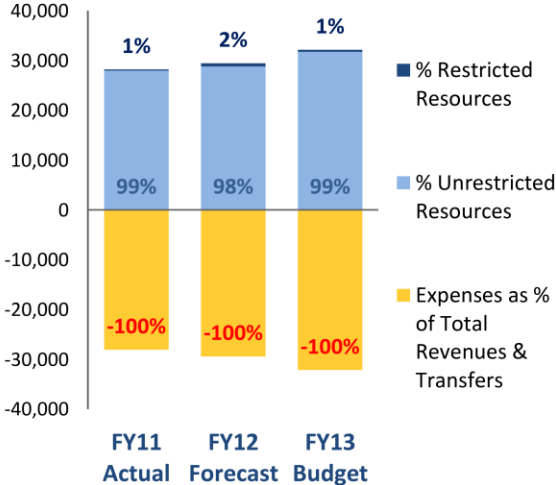
VICE CHANCELLOR UNIVERSITY RELATIONS

| CURRENT FUNDS <i>IN THOUSANDS OF DOLLARS</i> | 2010-11 Actual | 2011-12 Forecast | 2012-13 Operating Budget |
|--|-------------------|---------------------|-----------------------------|
| Revenues | 386 | 746 | 746 |
| Operating Transfers | 27,855 | 28,700 | 31,430 |
| Total Revenues & Transfers | 28,242 | 29,445 | 32,176 |
| Compensation | 22,703 | 22,672 | 24,024 |
| Non Compensation | 5,400 | 6,773 | 6,773 |
| <i>Adjustments to Forecast/Budget</i> | - | - | 1,379 |
| Total Expenses | 28,103 | 29,445 | 32,176 |
| Net Operating Surplus/(Deficit) | 139 | 0 | 0 |
| Changes in Fund Balance | 0 | 0 | 0 |
| Beginning Balance | 1,754 | 1,892 | 1,892 |
| Ending Balance | 1,892 | 1,892 | 1,892 |

2012-13 Budgeted Revenues & Transfers:
\$32.2 Million



Resource Trends
IN THOUSANDS OF DOLLARS



Program Highlights and Narrative

University Relations has had the same mission for the past decade: to increase support for and enhance knowledge of the University of California, Berkeley through public outreach and through fundraising.

As fiscal year 2012 comes to a close, University Relations’ mission remains unchanged but the responsibilities for fulfilling the mission have increased greatly. In the past two years, Chancellor Birgeneau has made it clear to all of the campus’s internal and external constituencies that the financial model for the campus has changed drastically, and that the campus must plan for a financial future that does not rely on significant funding from the state. It is clear that philan-

thropy must play a growing role in sustaining the campus’s legacy of access and excellence.

In fiscal year 2011, fundraising totals exceeded \$300 million, despite the headwinds of an economic recession and negative communications environment. This fiscal year, we project to exceed \$320 million -- perhaps significantly, depending on the timing of large outstanding proposals. This would bring us to \$2.5 of the \$3 billion campaign goal. We understand that we will need to complete the campaign successfully, which will result in raising the floor for annual campus fundraising. We also understand we will need to set the stage for future growth in fundraising at perhaps an even steeper trajectory than during the campaign period.

**VICE CHANCELLOR FOR UNIVERSITY
RELATIONS**

| [in thousands] | Total FY 2012-13 | | Unrestricted | | Restricted | | |
|--|---------------------|------------|---------------|------------|-----------------------------|--------------------------------------|-------------------------|
| | Current Funds | Designated | Unrestricted | Designated | Restricted Gift Funds | Restricted Endowments and FFEs | Contracts and Grants |
| Revenues and Operating Transfers | | | | | | | |
| Net Tuition and Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State Support | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Contracts & Grants | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Private Gifts for Current Use | 363 | 4 | 4 | 0 | 297 | 62 | 0 |
| Investment Income | 5 | 0 | 0 | 0 | 0 | 5 | 0 |
| Sales and Services of Educational Activities | 378 | 378 | 378 | 0 | 0 | 0 | 0 |
| Nonoperating Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Adjustment: Revenue - Plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Transfers | 31,430 | 7 | 31,390 | 7 | 0 | 34 | 0 |
| Total Revenue & Transfers | 32,176 | 7 | 31,771 | 7 | 297 | 101 | 0 |
| Expenses | | | | | | | |
| Salaries & Wages | 17,700 | 0 | 17,586 | 0 | 68 | 0 | 46 |
| Employee Benefits | 6,325 | 0 | 6,287 | 0 | 38 | 0 | 0 |
| Adjustment: Total Compensation - Plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Compensation | 24,024 | 0 | 23,872 | 0 | 105 | 0 | 47 |
| Supplies, Materials and Equipment | 541 | 1 | 534 | 1 | 0 | 6 | 0 |
| Scholarships and Fellowships | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Operating Expenses | 6,232 | 3 | 6,221 | 3 | 0 | 8 | 0 |
| Adjustment: Total Non Compensation - Plan | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Non Compensation | 6,773 | 4 | 6,755 | 4 | 0 | 14 | 0 |
| Adjustment: Total Expenses - Plan | 1,379 | 0 | 1,379 | 0 | 0 | 0 | 0 |
| Total Expenses | 32,176 | 4 | 32,006 | 4 | 105 | 14 | 47 |
| Net Operating Surplus/(Deficit) | 0 | 3 | (235) | 3 | 192 | 87 | (47) |
| To/From Plant Funds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From Rgnts Endow - FFE Principal | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| To/From All Other Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Changes in Fund Balance | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Beginning Balance | 1,892 | 4 | (318) | 4 | 1,689 | 531 | (13) |
| Ending Balance | 1,892 | 7 | (553) | 7 | 1,881 | 617 | (60) |

University of California
Berkeley

