THE CHANGE IN STATE FUNDING
Our revenue structure has changed dramatically in the last decades:
State funding has declined from 52% of our budget to less than 11%
And further state operating shortfalls are expected:

2011-12
$750M cut ($650 + $100 “trigger”)

2012-13
• $100M “trigger” permanent
• No capital budget
• Benefits cost increases
• Small pension contribution ($90M UC-wide)
• Possible additional $250M cut + no $125M tuition “buy back” in 2013-14

BUT THAT’S NOT THE WHOLE STORY
Overall, revenues have increased and Berkeley has continued to grow and excel.
**SHORT TERM:** we will manage through using our financial reserves and pushing ahead with our ongoing Operational excellence program (targeted to yield $75 million in savings from operational expenses).

**MEDIUM TERM:** we confront a structural deficit due primarily to underfunding by the State and increased costs, including pension and health care. Consequently, we need to work on both sides of the ledger: costs and new net revenue generation. There is no silver bullet.

**LONG TERM: INVEST TO GROW**

*We can’t cut our way to excellence*

Build on *our unique strengths*

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**Portfolio Profile**

Portfolio Investment and Savings Projections by Fiscal Year approved portfolio as of June 1, 2012

- Committed OE Investment
- Projected annual savings during OE implementation phase.
- Projected annual savings beyond OE implementation.

All figures shown in $M.

- 2011: 9.8
- 2012: 26.7
- 2013: 25.4
- 2014: 42.8
- 2015: 46.7
- 2016: 40.6
- 2017: 37.6
- 2018: 35.4
- 2019: 15.5
- 2020: 19.2
- 2021: 94.6
- 2022: 95.2

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**Unit-level entreprenurialism**

**Richmond Bay Campus**

Operate on *all sources* of funding

**Research**

Set growth priorities

**Online Strategy**

**Philanthropy**

Support our *public mission*