Top 10 Reasons Cal Is A Sound Financial Investment

Berkeley
UNIVERSITY OF CALIFORNIA

Strong Systemwide Bond Ratings In March 2013, Moody's issued an Aa1 rating for general revenue bonds for the University of California (UC) system. This rating means the UC system has a very strong capacity to meet its financial commitments. 10

Strong Composite Financial Index for UC Berkeley The Composite Financial Index (CFI) gives a more accurate picture of overall financial health than a comparison of revenues to expenditures. The CFI is calculated based on four core ratios that compare the institution's operating commitments (Primary Reserve Ratio) and long-term obligations (Viability Ratio) against its expendable wealth. It also measures the institution's short-term ability to live within its means (Net Income Ratio) and the ability to generate overall return against all net resources (Return on Net Assets Ratio). The National Association of College and University Business Officers (NACUBO) has established a CFI threshold value of 3.0. Berkeley's CFI value of 4.4 is above that threshold and demonstrates the campus is in a relatively strong financial position. 9

Planned Long-Term Expenditure Reductions Operational Excellence is a multi-year, multi-project effort to make the operations of UC Berkeley more efficient so that the University may direct more resources away from administrative expenses and toward teaching and research. Unit restructuring and procurement projects have resulted in over $50 million in savings to date. The goal is to reduce administrative costs by $75 million annually by 2016. 8

Maintaining Faculty Excellence In the last five years, UC Berkeley has created 100 new endowed faculty chairs as part of an unprecedented challenge begun in 2007 when it received $113 million, the largest private grant in its history from the William and Flora Hewlett Foundation. Berkeley exceeded its own expectation in completing the Hewlett Challenge more than two years ahead of schedule. "The success of the Hewlett Challenge makes me very confident about the future of our great University," said Chancellor Robert J. Birgeneau. In addition, the campus is funding a three-year, $1.5 million targeted decoupling program to compensate more adequately the most accomplished faculty who currently do not have salaries that reflect the market rate and to ensure there is no brain drain here at Cal. 7

Making History Around Financial Aid Launched in late 2011, Berkeley made history by being the first public university to provide needs-based financial aid through the Middle Class Access Plan (MCAP). With increasing tuition, we knew that students from middle income families would be the hardest hit. Therefore to support our campus goal of *Access and Excellence*, Berkeley created MCAP – an innovative financial aid program to help middle-class families pay for the cost of an undergraduate degree. For families whose gross income ranges from $80,000 to $140,000 annually and who have typical assets, the groundbreaking plan caps the contribution parents make toward the annual cost of a UC Berkeley student's education at 15 percent of their total income. 6

Keeping Berkeley Affordable The Financial Aid and Scholarships Office helps determine what financial aid options are best for you. At Berkeley, 40% of undergraduates pay no tuition, including families below $80,000 who receive support under UC's Blue and Gold Plan. In large part due to this financial support, less than 50% of our undergraduate borrow and of those who do, the average level of indebtedness is around $17,000, compared to a $26,600 national average. In addition, Berkeley's loan default rate is 2.6%, compared to a 13.4% national average. 5

Success with Philanthropy Berkeley is close to completing its historic $3 billion dollar campaign, one of the largest for a public university. The Campaign for Berkeley will provide financial support for faculty chairs and funding, research, graduate fellowships and undergraduate scholarships, program support, and facilities. 4

Renewing Campus Facilities Over the last decade, the state legislature has slowed its funding of capital projects. As a result, Berkeley has initiated several transformative changes in resource management and investment decisions to create investments plans based on campus strategic objectives, leverage the impact of campus funds with external funds and partnerships, and optimizing the use of campus resources. We have had new and planned construction on campus, including the graphic image of the Lower Sproul Plaza project – a major initiative galvanized and led by students themselves to create a vibrant and modern gathering place for generations to come. In addition, Berkeley has created a ten-year capital plan which now includes a target investment of $30 million a year in the renewal of existing buildings and infrastructure. 3

Expansion of the Curriculum Berkeley recognizes that one way to control college expenses is to ensure that students get access to the classes they need in a timely manner and graduate on-time. To this end, Berkeley directed a portion of tuition revenue to expand common good offerings. Over the last three years, Berkeley has invested over $11 million to increase provide almost 8,200 lecture and 10,500 lab/discussion seats in math and science entry level courses, over 4,000 seats in reading and composition and an additional 75 sections of foreign language offerings. Recent time-to-degree and graduation rates illustrate a successful start to meeting those challenges. The average time to degree for freshmen is now below 4 years (7.98 semesters) for single majors and just over 2 years (4.41 semesters) for transfers and over 90% of freshmen and transfer students graduate. 2

Best Investment You Will Ever Make College still is one of the best investments you can make. Students who graduate with a bachelor's degree will earn more than those with some college or just a high school diploma. Last year, Bloomberg released a study on return of investment in college education that showed Berkeley at the top for public institutions. It estimated a 13.2% annualized return on investment and estimated a 30 year return on investment for graduates to be almost $1 million. 1