



UNIVERSITY OF CALIFORNIA OFFICE OF THE PRESIDENT

STATEMENT

University of California Office of the President

December 18, 2003

Subject: Governor's implementation of mid-year budget cuts

Gov. Arnold Schwarzenegger today (Dec. 18) ordered the implementation of \$150 million in mid-year state budget cuts in order to preserve scheduled payments to local governments in California. The mid-year cuts include \$29.9 million in cuts at the University of California.

While state funding to the affected areas apparently will stop flowing immediately, UC officials emphasized that programs and jobs in the affected areas will not come to an immediate end. The University will continue operations at current levels for the time being and will not make decisions in response to the governor's announcement until after the governor's full state budget proposal for the 2004-05 fiscal year is issued in January.

"These are distressing cuts to programs that provide valuable services to the people of California," said Larry Hershman, UC vice president for budget. "We clearly recognize that the state is facing a major budget challenge and that broad participation is needed to solve the problem. At the same time, we do not want to act on today's announcement in a precipitous way. We need to understand the total picture, and we have an obligation to work with our employees and the people they serve in an orderly, deliberate, responsible way.

"We are going to take a close look at what the governor has announced today, and we particularly want to look at this announcement in the context of what the administration proposes for the full 2004-05 fiscal year. Having the full picture will give us a better understanding of what options are available to us and how to proceed."

The mid-year cuts for UC as announced by the governor today include:

- An unallocated reduction of \$15.7 million.
- A reduction of \$12.2 million for K-12 outreach programs.
- A reduction of \$2 million for the Institute for Labor and Employment.

The governor originally proposed the mid-year cuts for UC on Nov. 25. Today he indicated that the 2003 Budget Act gives him the authority to redirect up to 5 percent of funding for any state agency to other purposes, allowing him to implement the proposed mid-year cuts immediately.

The mid-year cuts come on top of significant prior cuts to the University of California. Over the last three years, UC's net state-funded operating budget has fallen 14 percent at the same time as student enrollments have increased 18 percent. UC has taken \$424 million in base budget cuts, offset another \$230 million in cuts with student fee increases, and failed to receive \$424 million in anticipated funding for employee salary increases and other cost increases. The University's total state-funded operating budget is approximately \$2.9 billion.

When the governor originally proposed the mid-year cuts – and it was assumed that they would not be enacted until they received legislative approval – UC President Robert C. Dynes issued a statement, still available at <http://www.ucop.edu/news/archives/2003/nov25art2.htm>.

In addition, President Dynes co-authored a letter with the leaders of California's other segments of public education, expressing deep concern to the governor about the cut to outreach. The letter is available at <http://www.universityofcalifornia.edu/news/budget/outreachcutsltr.pdf>.

“These pre-collegiate programs are a core part of California's public educational mission,” the letter said. “Using diverse strategies, they assist to raise academic achievement for all groups, enrich academic content, assist students to become the first in their families to go to college, align instruction among all segments of education, and increase our economic competitiveness. These programs positively benefit K-12, community colleges, the four-year universities, the economy, and society in general.”

###