



Early Indications of 2003-04 Budget Cuts

Facing a state budget deficit of more than \$21 billion, Gov. Gray Davis on Dec. 6 proposed mid-year spending reductions across state government, including cuts in non-instructional areas at the University of California.

The governor proposed \$10.2 billion in state budget adjustments over a two-year period, including \$3.4 billion in actions for the current 2002-03 year. The governor outlined \$74 million in cuts at UC to help achieve that level of savings in the current fiscal year. Details are available at www.ucop.edu/news/budget/issue5.html.

Budget cuts listed on the Department of Finance web site – http://www.dof.ca.gov/HTML/BUD_DOCS/midyr02.pdf – focus on 2002-03. However, additional materials released subsequently by the administration provide an indication of how the governor intends to apply 2002-03 budget cuts to the 2003-04 budget year. The mid-year cuts outlined for this year are proposed to become much larger next year, as follows:

Program Area	Mid-Year Cut Proposed for 2002-03	Cut Intended for 2003-04
Administration and libraries	\$20 million	\$36.5 million
Research	\$18 million (one-time)	\$28.8 million (permanent)
Student services	\$6.3 million	\$25.4 million
AP online	\$4 million (one-time)	\$4.4 million (permanent)
Educational outreach	\$3.3 million	\$33.3 million
Other public service	\$2.5 million	\$15 million
K-12 Internet	\$1.1 million	\$1.1 million

The University’s understanding is that the above cuts do not reflect all of the governor’s proposed budget actions affecting UC in the 2003-04 year – they only address certain areas already being cut in the current 2002-03 year. Additional budget cuts are likely to be proposed in the governor’s 2003-04 budget when it is released in January.

The total proposed permanent cut in UC’s budget in each area is reflected in the 2003-04 column; it is not obtained by adding the two columns together. For instance, after administration/libraries is cut \$20 million in the current year, the proposal would require an additional \$16.5 million in savings in 2003-04 to reach the \$36.5 million figure. The total permanent cut to administration/libraries would be \$36.5 million, not \$56.5 million.

If the above cuts were to be implemented, the magnitude of the reductions suggests that job impacts would not be entirely avoidable in affected program areas. **However, the proposed cuts are not final; they are expected to be part of a lengthy budget debate in the Legislature in 2003. In addition, the University is evaluating a range of options for implementing those budget cuts that ultimately are approved, looking first to such things as hiring freezes; reductions in travel, equipment purchases, and contracts for goods and services; and potential reduction-in-time/pay programs and other strategies to achieve savings with the least possible impact on jobs.**

UC representatives will continue to make an aggressive case in Sacramento for the University’s needs and for the major impact of UC’s programs on California’s economy, health, and quality of life. More information about the state budget situation will be provided as it becomes available at www.ucop.edu/news/budget/.