



Report

Division of Agriculture and Natural Resources

July 31, 2003 SPECIAL EDITION

INSIDE

2 [More details on cuts to UC's state budget](#)

No early retirement incentive option for Division employees

Unlike the early 1990s, UC employees won't be offered a voluntary early retirement incentive option to help deal with the budget crisis.

During the July 28 town-hall conference call, Vice President *Gomes* confirmed that UC will not approve an early retirement package for 2003-04.

His months-long, persistent and innovative efforts in working with UCOP officials to come up with a special package for CE-funded employees ended last Friday, when he was informed that UC could not provide an early retirement incentive option for any UC employee.

Two committees will suggest how to adjust for CE budget cuts

The two committees Vice President *Gomes* appointed in April to explore options for accommodating major budget cuts to Cooperative Extension are finishing their assignments.

The committee on structuring county-based Cooperative Extension in the future, led by CE specialist *Jim Hill*, has made a presentation to *Gomes* concerning its recommendations and will be submitting its report soon.

[continued on p. 3](#)

2003-04 state budget bill advances to governor's desk

With the passage on Tuesday (July 29) of the 2003-04 state budget bill in the Assembly, the budget outlook for the Division is clearer.

The state Senate approved the budget on Sunday (July 27) and sent it to the Assembly.

Gov. *Davis* has indicated he will sign the Legislature's budget bill, which totals nearly \$100 billion, as soon as possible.

The budget compromise in the Legislature was achieved through a combination of spending cuts, borrowing, fee increases and deferred debt, but no new sales or income taxes.

UC's budget is being cut by \$410 million, about \$111 million more than the governor had proposed (see story below).

Vice President *Gomes* discussed the state budget and ANR budget reduc-

tion plans and answered questions during a July 28 town-hall conference call. Division members and others from 173 sites logged into the conference call.

In the final allocation for this year, Cooperative Extension received a 25 percent permanent cut in state funding (this includes the 5 percent mid-year cut made in 2002-03).

State-funded research, which includes the Agricultural Experiment Station, was cut another 10 percent, in addition to last year's 10 percent cut.

Gomes said the news could have been even worse for the Division.

A last-minute proposal in the Senate to cut Cooperative Extension by an additional \$3 million was averted with the help of stakeholders and UC budget negotiators. Instead, the \$3 million reduction was included in a larger

[continued on p. 2](#)

State budget includes deep cuts to UC

By *Brad Hayward*, assistant director, UCOP Strategic Communications

- All non-instructional programs take major cuts
- Additional 5 percent student fee increase to be implemented
- UC Merced will not enroll undergraduates until 2005
- Legislature says following year's budget will not fund enrollment growth

The 2003-04 state budget adopted by the California Legislature will lead to deep cuts in non-instructional programs at the University of California, a 30 percent student fee increase, the UC system's first instance of borrowing to cover regular operations since the early 1990s, and a one-year delay in the opening of UC Merced. The budget also provides no state funding for salary increases for faculty and staff.

In addition, facing a \$38 billion state budget deficit, the Legislature adopted language indicating that the state will not provide funding the following year—the 2004-05 fiscal year—for any student enrollment growth, employee salary increases, or other inflationary cost increases at UC.

[continued on p. 3](#)

Division budget [\(from p. 1\)](#)

undesigned cut to UC and will not be applied to CE.

The Division had already prepared plans to deal with a 15 percent budget cut in Cooperative Extension in anticipation of the state budget being signed. This first wave of cuts will be announced in the next two weeks.

These are not across-the-board reductions. Rather, ANR administration and statewide special programs funded through Oakland will take the largest cuts, with county-based programs protected as much as possible, Gomes said.

The initial round of cuts for Oakland is about 30 percent, with the campuses planning for 15 percent and the counties about 7.5 percent, he said.

Citing an example of an ANR administrative program that has been hit hard, Gomes said funding for Development Services has been cut dramatically. He noted that following last year's retirement of Assistant Vice President *Toby Winer*, he froze that position. The remaining development staff person was laid-off at the end of June and all that remains is a position that handles retiree relations among other duties, he said.

"We need a Development office, but unfortunately we can't afford it now," he noted. "And we're going to see that [kind of reduction] on other fronts."

Gomes said the Division will work out how to take the remaining 10 percent reduction in CE's budget over the next few weeks, as well as the 10 percent cut to AES funds managed by his office.

"When we get closer to making these decisions, we'll make them public," he said. "We've avoided top-down edicts so that we can have input from people throughout the Division. We're trying to leave as much flexibility as possible for local decision-making."

He stressed, however, that he hopes cuts made by the campuses, regions and counties will be "consistent philosophically" throughout the Division.

Two committees that he appointed last April to come up with recommendations for responding to the budget cuts are completing their work (see ar-

ticle on p. 1). Their suggestions—for restructuring CE and for recovering some of the costs of CE services—will be presented to internal groups and

'We're trying to leave as much flexibility as possible for local decision-making.'

— VP Gomes

then be made public for comment.

The budget outlook for next year is also challenging, Gomes said. The state already faces an \$8 billion deficit for 2004-05. "I cannot imagine how we will get through next year without more cuts," he said.

With the 2003-04 fiscal year already under way, the Division faces a \$1 million shortfall each month it operates without implementing spending cuts. Currently the Division is using temporary funds and savings from frozen positions, recent layoffs and other sources to fill the gap. Giving an example, Gomes said ANR funding for the workgroups has been significantly reduced.

Responding to a caller who asked if there is a specific date for announcing the remaining cuts, Gomes said he expects that the Division will implement cost-cutting changes all year.

"We don't have a lot of time to make these decisions, but they will be permanent cuts," and so ANR managers will be looking at all scenarios very carefully, he said. "Nothing is off the table," he noted.

Gomes emphasized that he welcomes all comments and suggestions from Division members.

And he added: "I hope that you'll talk with me and email me so that we can handle the rumors that are bound to surface."

Gomes reiterated that despite the grim budget scenario, the Division is better off than it would have been because of the concerted efforts of ANR clientele and advocates to get the word out during the budget process about the severe impact of the proposed cuts.

"I can't emphasize enough the tremendous help and support we have received from people across the state who told legislators and the governor that our programs are very important to them," Gomes said.

More details on how the state budget cuts impact UC programs and students

During the July 28 town-hall meeting, Vice President *Gomes* provided several examples of additional UC budget cuts by the Legislature.

- He said state funding for UC outreach programs to K-12 schools and students has been slashed by 50 percent.

- The Digital California Project, which brings the next-generation Internet2 to California public schools, took a 35 percent hit (\$6.6 million).

- State funding for Community Teaching Fellowships for

Mathematics and Sciences (\$1.3 million) has been eliminated entirely.

- UC Merced's budget was cut by \$4 million compared to the Governor's Budget. The one-time operational funds are for campus start-up. Language in the budget bill calls for a one-year delay in opening the campus.

In addition, the Regents approved a student fee increase of up to 30 percent for 2003-04.

This is on top of an 11.8 percent increase they approved in December.

UC budget [\(from p. 1\)](#)

“This is an extremely difficult budget for the University,” said President *Atkinson*. “It is clear that the UC system will be taking major cuts that will greatly impact our ability to serve students and the state as a whole. We recognize that the challenges facing the Legislature were huge and that compromise was necessary in order to get a budget at all. But the state’s budget situation now very clearly threatens the University of California’s historic promise of access and quality.”

The budget makes \$410 million in state funding cuts to UC programs. All non-instructional programs are affected, including administration, libraries, research, student services, K-12 outreach, teacher professional development, Cooperative Extension, and many others. Elimination of employee positions, including layoffs, is being planned or implemented in most of these areas.

Cuts to the student instructional program also would have been required without an increase in student fees. Consistent with authority granted him by the Board of Regents, *Atkinson* said yesterday (July 30) that he is implementing an additional 5 percent fee increase, on top of the 25 percent increase adopted by the Regents, in order to help cope with additional budget cuts made by the Legislature near the end of the budget process. ...

... In sum, the University’s net state-funded budget in 2003-04 will be \$2.9 billion. ...

Since 2001-02, the UC system’s net state-funded budget has fallen 13.6 percent (\$455 million) [while student enrollment has increased 18 percent]. With the state still facing a structural budget deficit of \$7.9 billion, state agencies including UC will likely be subject to further dramatic budget reductions next year. ...

More budget information is available at www.ucop.edu/news/budget.

(This is an excerpt from a much longer UCOP press release that can be read at www.ucnewswire.org.)

Committee reports [\(from p. 1\)](#)

The committee looking into the feasibility of recovering some costs for CE services, led by San Diego County director *Terry Salmon*, has turned in its preliminary findings to *Gomes*, with the final report expected in the next three weeks.

After review by internal groups, the reports will be made available for comment.

In another matter, a report has been posted on the ANR announcements website (<http://ucanr.org/announce.shtml>) that is from a committee appointed in February 2002 to review the effectiveness of the mission-based organizational structure that ANR implemented in 1999.

The committee, chaired by UC Berkeley professor *Gordon Rausser*, made 10 recommendations for improving the structure.

In his June 12, 2003, cover letter to the report, *Rausser* notes that the review was conducted prior to the current budget crisis.

ANR REPORT

UNIVERSITY OF CALIFORNIA DIVISION OF AGRICULTURE AND NATURAL RESOURCES: (ANR). Serving California through the creation, development and application of knowledge in agricultural, natural and human resources.

We invite you to visit ANR's website: www.ucanr.org.

To access back issues of **ANR Report**, log on to <http://danr.ucop.edu/anr-report/>

Send news items and comments to Gabriele Kassner, **ANR Report** editor, Office of Governmental & External Relations, 1111 Franklin St., 6th Floor, Oakland, CA 94607-5200. Telephone: 510/ 987-0631; fax: 510/ 465-2659; email: gabriele.kassner@ucop.edu

ANR Report is issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture, W.R. Gomes, Director of Cooperative Extension, University of California.

The University of California prohibits discrimination against or harassment of any person on the basis of race, color, national origin, religion, sex, physical or mental disability, medical condition (cancer-related or genetic characteristics), ancestry, marital status, age, sexual orientation, citizenship, or status as a covered veteran (special disabled veteran, Vietnam-era veteran or any other veteran who served on active duty during a war or in a campaign or expedition for which a campaign badge has been authorized). University policy is intended to be consistent with the provisions of applicable state and federal laws. Inquiries regarding this policy may be addressed to the Affirmative Action Director at ANR, 300 Lakeside Dr., 6th Floor, Oakland, CA 94612-3550. Telephone: 510/987-0096.