

**Georgia House Subcommittee
Higher Education Appropriations
Coverdell Legislative Office Building · January 31, 2006**

Good afternoon, Chairman Smith and members of the committee. I appreciate the invitation to speak to you today about opportunities and challenges faced by Georgia's flagship institution, the University of Georgia.

The context for this discussion is important. The Chronicle of Higher Education reported earlier this month that state appropriations for higher education nationally rose by six percent this year, the largest increase since 2001. In fiscal year 2004, state appropriations for higher education actually fell by 2.1 percent for the first time since 1992.

According to the Chronicle, state funding for higher education in Georgia rose by 7.9 percent this year, and all of us here today are grateful for that. At the University of Georgia, our funding increased by 4.8 percent.

This is a welcome change from the budget cuts of the past few years. There is no way to avoid the fact that students were directly impacted by those cuts, through larger class sizes, difficulty in obtaining needed classes and, to be frank, the loss of some of our best faculty to institutions who could pay them more.

Thankfully, we seem to be past that point.

At the University of Georgia, we have been undergoing an important transition in the composition of our budget for the past decade or so.

In FY98, state funding accounted for 42.7 percent of the UGA budget, which totaled \$891.5 million that year. This year, state funding accounts for 32.5 percent of the UGA budget, which totals \$1.3 billion.

In fairness, the dollar value of the state portion has increased from \$381 million in 1998 to \$430.8 million

this year – but expressed as a percentage of the total UGA budget, the state portion has dropped significantly.

This trend has profound implications for what it means to be a public university, and it is not limited to Georgia. In fact, this state has traditionally provided a greater portion of its flagship's budget than have states such as North Carolina, Virginia, Michigan and California.

We are good stewards of what the state provides for us. We are providing a top-quality education for the students who come to campus. We are conducting meaningful research across a broad range of disciplines, and I will speak more about that later. And, as a land grant institution, we are carrying out the historic mission to serve the people of Georgia by connecting them to the resources of the University of Georgia.

But you might be curious about how the total UGA budget has grown beyond the state's direct support. Tuition and fees remained relatively stable from 1998 through 2002, at about 10 percent of the total budget. But, coinciding with the budget cuts beginning that year, tuition rose slightly and now comprises 13 percent of the UGA budget.

I would remind you, however, that tuition in Georgia this year is lowest of the 16 states which comprise the Southern Regional Education Board, and that UGA was once again recognized by Kiplinger's as a Top 10 value in higher education. While I appreciate the recognition, that is a short-term benefit with negative long-term implications.

Funding for sponsored research and service, including state, federal and private sources, increased from \$264 million to \$459 million. Internal revenue, including tuition, increased from \$143 million to \$265 million.

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Revenue from auxiliary sources, such as housing, parking and dining services, increased from \$93 million to \$144 million.

What has happened over the past decade or so is that we have become more creative in developing revenue sources in order to carry out our missions. Federal funding for research has increased significantly – from \$101.9 million in 2000 to \$159.4 million last year – because we set out to secure more such funding.

We have become much more aggressive in the area of private fundraising – as you may know, we are the midst of the \$500 million Archway to Excellence campaign, and have raised more than \$380 million.

The very best public universities are increasingly reliant on their endowments to finance the pursuit of their goals.

Once again, we enrolled a very strong freshman class this fall, with an average SAT score of 1241 and a GPA of 3.74. This year's class is also the most diverse ever, with a 20 percent minority component; that number was 15 percent only last year. That is important as we strive to represent the best of Georgia's college-prepared student population.

Over the past several years, UGA students have won some 30 national academic awards, such as the Rhodes, the Marshall, the Truman, the Goldwater and the Gates-Cambridge. Our best students can compete with the best students anywhere.

For the sixth consecutive year, UGA was ranked among the nation's Top 20 public universities by U.S. News & World Report. Now, you should take all such rankings with a grain of salt, but it is important to recognize that the University of Georgia is now consistently listed

among this country's very best public universities.

Before I begin to tell you about some of the exciting things that are happening in research at the University of Georgia, I would like to take a moment to talk about my colleagues at Georgia's other three research universities. We all take seriously our specific mission, which is to conduct an active and aggressive research program which advances knowledge and meets critical needs.

Research is the least understood of the activities that are carried out at large universities like ours. People know what happens in a classroom and they understand the kinds of public service that we do. But research seems remote and complex, and what does get reported about research often are those projects that do not appear to be a good use of financial resources.

But let me assure you that what we are doing at UGA, and what is happening at Georgia Tech, Georgia State and the Medical College of Georgia, is in the best interests of the people of this state, and, increasingly, the world.

At UGA, we are aligning our research agenda with the needs of this state in a number of ways. The Paul D. Coverdell Center for Biomedical and Health Sciences, which will open soon, is the centerpiece of UGA's rapidly expanding interdisciplinary biomedical research agenda. Within this facility – which this body helped finance – UGA faculty will conduct research into public health issues, into global diseases and into methods and techniques of communicating advances in disease prevention and treatment to the public.

The Center will house a state-of-the-art facility to produce images of brain activity as well as soft tissues

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and tumors. The building was designed to promote collaboration among the scientists there; for example, interdisciplinary teams of scientists will work together in the Coverdell Center to decipher the molecular events that cause diseases such as cancer.

We have great strength in the area of diseases that can be spread from animals to humans. The avian flu threat has heightened our awareness of this issue, but there are many other such diseases, including equine encephalitis, Chagas disease, e. coli, salmonella and Lyme disease. At UGA, we are fostering collaboration between the bioscientists, including the College of Veterinary Medicine, and our nanotechnology experts, who work at the level of individual atomic structures.

Our behavioral science researchers are working to prevent mental health problems, strengthen family relationships and monitor the effectiveness of health care delivery systems. In this area, too, we are seeing collaboration between the bioscience research faculty and the behavioral scientists to explore the nature-nurture question in such areas as diabetes, depression and substance abuse.

Our College of Education is building a core of expertise in measurement and testing to provide assistance to state and national testing organizations. As we all know, testing has become more and more prevalent in the K-12 schools, and we all want to be sure that the tests we are using are as good as they can be.

Given that agriculture remains Georgia's top industry, the College of Agricultural and Environmental Sciences is continuing to work to improve the productivity and profitability of food and fiber production in Georgia.

Additionally, we have created new academic units such

as the College of Environment and Design, the School of Public and International Affairs and the Faculty of Engineering to address specific needs facing the state of Georgia in these areas.

Finally, I am happy to announce the birth of Moonshine, the second calf born to K.C., who was cloned from kidney cells taken from a slaughtered cow a few years ago. As I said at the time, anybody can make hamburger from a cow; at UGA, we made a cow out of hamburger.

I hope it is clear that the research we are conducting at UGA is focused on issues that are critically important to the daily lives of Georgians. It is also part of the significant economic impact that the university has on the state. As the Governor indicated in announcing \$10 million in support for seed capital and facilities for bioscience entrepreneurs, the research that we do often results in marketable products, processes or services that create jobs and revenue for the state.

Let me end with two requests. The first is for an appropriate salary pool to help us attract and retain the very best faculty and staff at the University of Georgia. I want to thank Governor Perdue for the four percent salary pool recommendation in his budget.

We compete today on a national, and even international, scale for faculty. In the past few years, we have seen a number of our best faculty leave UGA for other institutions which could offer better compensation packages.

We are proud of UGA's rising stature among American public universities, but we are not content. We want to remain there, and remaining there requires a commitment to nationally competitive salaries for faculty and staff.

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Second, we need funding for the expansion of the Pharmacy building. This is not just a UGA need – it is a state need. There simply are not enough pharmacists to meet the demand in Georgia, but we cannot expand our enrollment without increased physical capacity.

Thank you for the opportunity to speak with you today on where we are, where we are going and what we need to help us get there. I am grateful for your continued support for higher education and The University of Georgia.



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The University of Georgia

Dr. Michael F. Adams, President

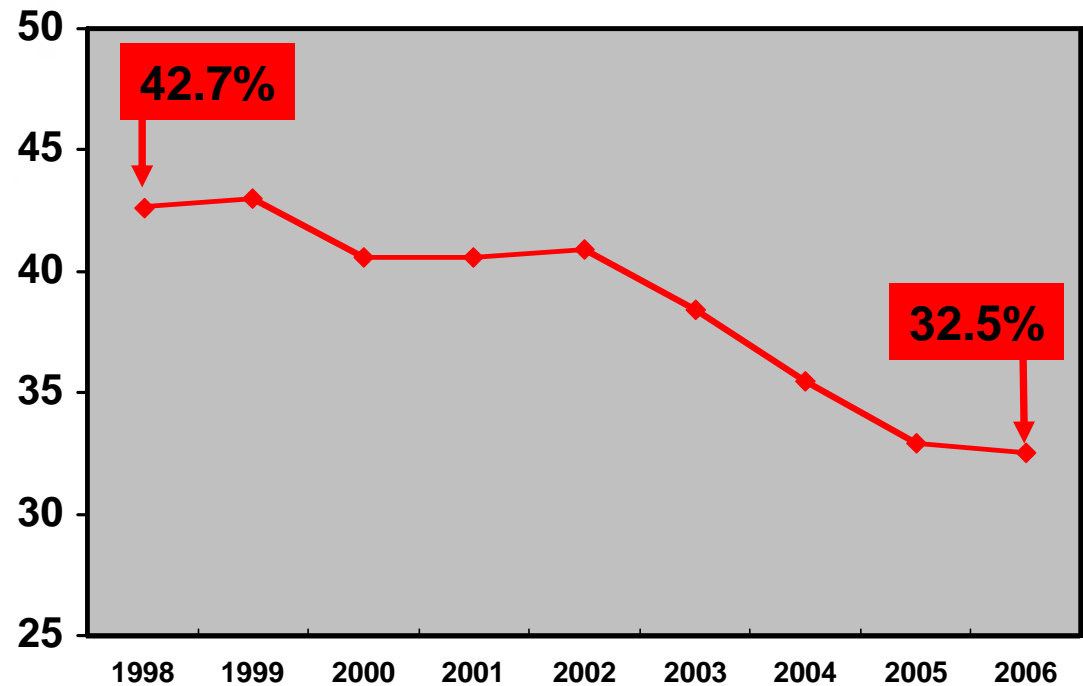
presentation to

**House Higher Education
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January 31, 2006

Budget Transition

State Appropriations to UGA as % of UGA's Total Budget



FY98-UGA Budget, \$891.5 million
FY06-UGA Budget, \$1.3 billion

Budget Transition

Tuition and Fees

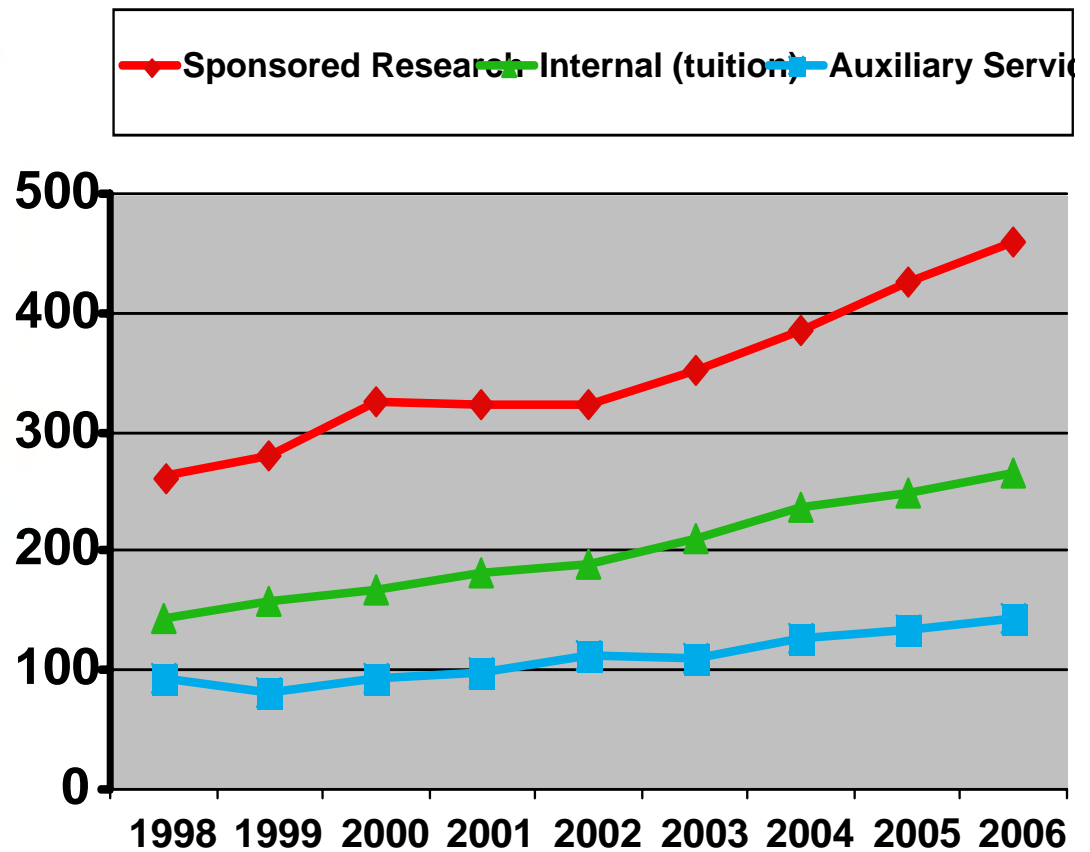
1998 - 2002	2003 - present
about 10% of UGA budget	about 13% of UGA budget

**Tuition in Georgia is lowest among
16 SREB states**



Budget Transition

Revenue Sources



Private Fundraising



**Raised more than
\$380 million**

(01-31-06)

Paul D. Coverdell Center for Biomedical and Health Sciences



**Centerpiece of UGA's rapidly expanding
interdisciplinary biomedical
research agenda**