

Testimony before House Higher Education Appropriations Subcommittee State Capitol · January 24, 2007

Good afternoon, Chairman Smith, and members of the Committee. Thank you for the opportunity to talk with you today about my favorite subject, the University of Georgia.

The world is a different place than it was just a few decades ago – smaller, more accessible, with more overlapping opportunities and challenges than ever before. There is no more powerful preparation for life in the 21st century than for a UGA student to spend a semester or more in another country, outside the comfort and familiarity of home, learning to see the world in a broader way.

For the eighth consecutive year, the University of Georgia was ranked among America's best public universities by *U. S. News & World Report*, coming in this year at 22nd. In November, UGA was one of a handful of selective public universities featured in a *Wall Street Journal* story entitled "Beyond Berkeley." The story detailed the rising quality of the student body, and the attendant pressure for admission, here and at the University of Florida, Chapel Hill and the University of Wisconsin, among others. We must always take such rankings for what they are, but the fact that UGA is consistently placed in a very strong peer group is something of which we can all be proud.

There are three items on my agenda today: facilities, operations and the remarkable opportunity for this state presented by the Navy School property in Athens.

The Governor has included the funding for an expansion of the College of Pharmacy, and we are grateful for that. The supply of pharmacists in Georgia is one of the most serious public health issues this state faces – frankly, Georgia imports far too many pharmacists from out of state because we do not have the capacity to educate and train many Georgians who want to be pharmacists.

All of us have probably stood in line at Revco or Eckerd or the Publix pharmacy, waiting our turn to have a prescription filled. The need is clear, and as a land-grant institution, UGA has a responsibility to meet that need.

At present, the College of Pharmacy admits a class of 125 students each fall. The expansion will allow us to add 50-75 students per year, for a potential class size

of 200. Clearly, this will be a tremendous service to the people of Georgia.

Expansion has additional benefits as well. More faculty will conduct more research, generate more research funding from external sources, hire more research technicians and other skilled workers, and generate new drugs and products with great economic development potential. A report prepared for the Regents in 2004 by UGA's Jeff Humphreys estimated that every dollar spent by UGA generates an additional 52 cents in the regional economy; expanding Pharmacy will benefit the people of the region and the state in many, many ways.

You provided funding a few years ago for a new home for the Lamar Dodd School of Art on East Campus, near the Georgia Museum of Art, and that project is well underway. Speaking of the Museum, we are very close to meeting our target of \$20 million in private gifts for a much-needed expansion of that facility, which, as you know, serves as the state's museum of art.

And we are doing our part – in FY 2006, we raised \$108 million in private gifts to support the students, faculty and programs at UGA.

Finally, we have great plans and hopes for the Rock Eagle 4-H Center, which each year serves thousands of Georgia young people. Tim Burgess, senior vice president for finance and administration, will talk to you about that project after my testimony.

Second, we have some operational challenges, the greatest of which is faculty and staff salaries. I will not burden you with a lot of numbers, but it is important that you know that UGA has slipped relative to its peer institutions. In 2000, faculty salaries at UGA were above the national average, but by 2005 had fallen below the national average. (Nationally, salaries increased by 19.2% over that period, and 14.7% at UGA.)

In 2000, UGA was 6th across all faculty ranks among the Regents-established peer group of 16 universities. By 2006, we had fallen to 12th. Among SEC institutions, in 2000, UGA was second only to Vanderbilt – and therefore first among public universities – but had dropped to third overall in 2006. (It's bad enough to get beat by Florida in football and basketball – surely we can beat them in

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what we pay our faculty!)

Finally, among the 16 Southern Regional Education Board schools, UGA was sixth overall in 2000; today, UGA ranks seventh.

Why does it matter, you may ask? We compete in a national and international labor market for faculty. And even after we have hired them, once they get established, other universities try to hire our best faculty away. Every year at this time we have to fend off approaches from the best public and private universities to hire our faculty. In recent years we have lost star faculty to places like Vanderbilt and Penn.

If we want to continue to offer the best possible educational experience for the best of Georgia's young people, we must put the best faculty in front of them in the best possible learning environment. I am very concerned that we are losing some of the best young faculty to states and institutions that will pay them better for the same work.

Full funding of the formula is always critical to us as it provides our basic operating dollars.

The University of Georgia campus is home to more than half of the state's century-old, or older, buildings. We are proud of those buildings – they are a tangible link to the beginnings of public higher education in America, and we very much want them to be around for decades to come. But that care comes with a cost, and we ask that you assist us with the MRR budget request.

This is a serious issue – there is a \$300 million deferred maintenance backlog at UGA for things like electrical system repairs, HVAC, plumbing and fire protection.

Two other issues quickly: health insurance rates and utility costs. The 75 percent share that UGA pays for each employee's and retiree's premium has increased \$10.7 million – or 23 percent – since FY 2004, when the UGA share was \$46.3 million. The shortfall between what the System provided to address the increase and the actual increase totals \$5 million.

If no additional funding is provided, the shortfall will exceed \$10 million in FY 2008.

One cannot help contemplating how \$10 million might be otherwise be used at the University of Georgia.

Utility costs have hit all of us hard, and UGA is no exception. When gas prices peaked last year, it cost UGA millions of dollars more to pull up to the pump than it had the year before. Utility costs in FY 2004 totaled \$17 million; in FY 2007, we project \$25.2 million, with only \$1.5 million in additional state support, leaving a \$6.7 million gap. Again, one wonders: What else could that \$6.7 million do at UGA?

Third, the decision by the Department of Defense to move the function of the Navy School in Athens to Rhode Island presents the state of Georgia with an unprecedented opportunity, the likes of which we will not see again.

As you know, the University of Georgia has submitted a proposal for a Health Sciences Campus on the 58-acre site. While our colleagues at Emory are doing very good work in the area of public health – particularly international public health – it is incumbent upon the public flagship institution to mount a response to the public health challenges in Georgia. Teaming up with the clinical staff at the Medical College of Georgia, the academic programs of Athens Technical College and the two local hospitals will provide here in Athens a public health campus that promises to have a significant positive impact on the quality of life in our state.

Coupled with newly established College of Public Health and the commitment to expanding medical research, the acquisition of the Navy School property would be a terrific boon for the city of Athens, the University of Georgia and the state of Georgia. The economic development potential of a full health science and health research campus in Athens has almost unlimited reach.

The Governor included \$3.8 million in his budget for planning and initial funding for the expansion of Medical College of Georgia programs in Athens, based on a joint proposal presented to him by MCG and UGA. The proposal calls for 40 medical students in Athens in August 2009 and is an exciting first step

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in Georgia's meeting the medical needs of her citizens.

I would like to echo Mike Cassidy's earlier support for the \$10 million vaccinology initiative. Georgia has the opportunity to become a world leader in this field, and the University of Georgia stands ready to help. You know that GRA has been highly successful in attracting world-class researchers to Georgia, and we ask for your support of the proposal for additional Eminent Scholars.

We work hard to provide our students a great education in great facilities taught by great faculty so that the state of Georgia each year can count on a well-educated group of graduates to further our state's economic development and enhance the quality of life.

All the indicators show that the jobs of the future will require greater levels of education, and we want to be a part of making sure that the state is competitive and even more, a leader in highly qualified graduates who will lead our state in the coming decades.

Thank you for what you do for our state, the University System and the University of Georgia. I will be happy to take your questions, and then Tim Burgess will speak to you briefly about Rock Eagle.