

State of the University Address 2009
The Chapel • January 22, 2009

Thank you, Bruce, for that introduction and for your leadership on Council this year.

Good afternoon to each of you, and thank you for joining me as I am privileged to report annually to the faculty on the state of the university.

Who could have predicted the changes and challenges that 2008 would bring locally, nationally and internationally? An African-American and a woman in the Democratic presidential primary, competing for the opportunity to face the oldest presidential candidate in history in one of the most unusual elections ever in America. A man named Wakamatsu became a manager in major league baseball, while in Chicago “Da Bears” were coached by a man named Lovie and the White Sox managed by a Hispanic.

Couple all that with one of the oddest vice presidential picks in history, and “you betcha” it was a year of change.

The world is changing.

On a serious note, these events highlight the kind of world for which we are preparing our students.

This has been both a rewarding and challenging year for the University of Georgia. Great successes in some areas have been tempered somewhat by the difficulties in the state budget. The markets remain low with a high degree of volatility. The optimism generated by the success of the Archway to Excellence campaign has been offset by these uncertainties. Despite challenges, we are committed together, without hesitation, to our core missions of teaching, research and service. Indeed, many of you have gone the extra mile and carried heavier burdens, and I am indebted to you for that.

I particularly wish to recognize the faculty of this great university. Through these difficult times, despite the larger classes, despite the late hours, despite decreased office resources, and other obstacles that have positioned themselves before you, you have stepped up your efforts and labored to teach, to serve and to inquire into the nature of things. Your commitment to the academy and to this institution is what has helped sustained our progress, and for that I am truly grateful.

If you are a faculty member here today, I would like to ask you to please stand, so that we can express our gratitude to you.

As difficult as some of the circumstances we face may seem, we have faced obstacles here before. Listen now to these words from Tom Dyer’s excellent bicentennial history of the University of Georgia, written to describe the outlook for this place in its earliest days:

“Baldwin’s prophecy (that Georgians ‘may soon see under their fostering care a very respectable literary institution’) proved overly sanguine, for the enthusiasm that marked the early planning soon faded. Sixteen years dragged by before the charter’s design was implemented and the university opened its doors to students in 1801. In the hiatus, false starts, incessant haggling, a declining interest in higher education, and even hints of embezzlement plagued the efforts of those who sought to establish a seat of higher education for the state.”

And these:

“{B}y 1806 a variety of religious, political and personality difficulties threatened to tear the institution apart. No single cause stood at the base of the problems, but religious disputes assumed increasing importance.”

State of the University Address 2009
The Chapel • January 22, 2009

“So desperate had the financial situation become by 1806 that the trustees petitioned the legislature for permission to conduct a lottery ‘to raise \$3,000 to purchase books for the use of the University.’ The accumulating problems convinced the legislature to order the trustees to account for the low state into which the university had fallen.”

Some things never change. Instead of a \$3,000 shortfall, University Librarian Bill Potter tells me that today it’s more like \$3 million.

In 1818 there was a legislative attempt to move the university to Milledgeville. In 1830, New College burned. In 1841, the General Assembly, unhappy with what it perceived to be an elitist cast to the university (history does echo, doesn’t it?), voted to cut the year’s appropriation by half that year and in full the following year. Dyer writes:

“Soon after the unwelcome legislation, the Board of Trustees moved to reduce the size of the faculty by one third, with the dismissal of two faculty members. Although the board regretted the action, it saw no other course, thus lowering the faculty from six to four. With six faculty members, Georgia stood respectably among the better colleges in the country . . . but with the reduction in force came a reduction in status and a lowering of prospects for future growth. ”

In the spring and summer of 1861, 75 of the 123 enrolled students withdrew to fight in the Civil War. By early 1862, there were only 39 students on campus; three trustees would die in battle. In the fall of 1863, the board voted to suspend the operation of the university; it would not re-open until January 1866, with 78 students.

In the 1920s, concern grew over the prominence of athletics (I’m glad we don’t face that issue today), to the point that some wondered whether the city of Athens would have to expand the streets to accommodate gameday traffic. (Clearly an ancient concern that is not meaningful in 2009.)

In 1941, one of the most serious threats to the University of Georgia originated in the Governor’s office, when Governor Eugene Talmadge, angered over what he interpreted to be a pro-integration stance in the College of Education, “began a purge of the University System of Georgia.” Talmadge bullied the Board of Regents into firing Dean Walter Cocking; when UGA Chancellor Caldwell threatened to resign in protest, the board voted to rehire Cocking.

An angry Talmadge then stacked the board with members who had agreed to fire Cocking. Emboldened, Talmadge sought the removal of other University System faculty for allegedly supporting racism and communism.

In December 1941, the Southern Association of Colleges and Schools voted unanimously to strip the University System – not just UGA – of its accreditation in the fall of 1942. Accreditation became the central issue of the 1942 gubernatorial campaign, and Ellis Arnall won that race easily. The controversy resulted in the reformation of the Board of Regents, most significantly giving that board constitutional status. Accreditation was restored on September 1, 1942.

In the early 1960s the university was again the scene of racial strife, and only the late Ernest Vandiver’s willingness to change his mind after running on a segregationist platform kept UGA open for the admission of Charlayne Hunter and Hamilton Holmes. Governor Vandiver’s courageous action

State of the University Address 2009
The Chapel • January 22, 2009

changed the direction of the University of Georgia toward greater inclusion forever.

You can be certain that throughout Georgia history the most pressing social issues have hit this campus before they hit the rest of the state. In many ways, UGA is a town hall where state can vocalize its various opinions.

In more recent times, we have dealt with significant budget cuts in the early 1990s and during the 2002-2003 budget cycle, both of which resulted in multi-million-dollar programmatic cuts and layoffs.

I hope the point is clear – UGA has faced many significant challenge -- even threat -- that at the time seemed to portend doom. Yet every time, this great university came out of those challenges stronger, more focused and more committed to serving the state of Georgia.

Today we again face a significant challenge, yet I am fully confident that we will emerge from this as we always have – stronger, more focused and more committed to serving the people of Georgia.

The human tendency in times like these is to focus on the negative; we all fall prey to that temptation periodically. I have spent more time in the past year on options for reducing expenditures than I ever care to again.

And yet, the net result is that while we have contracted through attrition in several ways, we have to this point avoided layoffs. The Herculean management efforts of many, but especially the fiduciary leadership of Arnett Mace, Tim Burgess, Ryan Nesbit and Chris Miller has allowed us to protect jobs. I would like for them to stand so that you may join me in thanking them publicly.

Among the documents that cross my desk every week are those that remind me of what we do well around here. I want to share some of those things with you today, in no particular order, but simply to demonstrate the depth of good work done by the people of this great university:

UGA is tied for 20th among public universities in the 2009 edition of U.S. News & World Report's "Best Colleges" edition. UGA has been in the top 20 eight out of the past 10 years.

UGA was the only public university to have two students in the 2008 class of Rhodes Scholars. In addition, we had students receive Truman, Marshall and Goldwater scholarships. Only three other schools in the country had students win all of those honors – Columbia, Stanford and Yale. Late last year, we learned that a UGA student had received a Mitchell scholarship.

The Center for Tropical and Emerging Global Diseases received the largest medical grant in UGA history -- \$18.7 million from the Gates Foundation – to continue and expand research into treatments for schistosomiasis. That disease affects more than 200 million people in Africa, the Middle East and the Americas.

Two UGA faculty were among the 68 recipients of the Presidential Early Career Award for Scientists and Engineers. Presented during a White House ceremony, the award recognizes young faculty who have made significant advances in their fields of study.

In four out of the past five years, a UGA law graduate has been selected to clerk in the U.S. Supreme Court.

The Archway Project, which connects the resources of the university with communities

State of the University Address 2009
The Chapel • January 22, 2009

in need, now serves seven communities: Moultrie/Colquitt County; Sandersville/Tennille/Washington County; Brunswick/Glynn County; Clayton County; Hart County; and Americus/Sumter County.

The Carl Vinson Institute of Government has signed a contract with the State Personnel Administration to conduct training for all state agencies.

The Institute also provides training and certification for county commissioners, city council members and judges, and more than 20,000 of them registered for those programs last year.

The UGA Alumni Association is the oldest such group in the South and the fourth oldest in the nation. There are some 250,000 living alumni of the University of Georgia, and I have had the privilege of conferring almost one-third of those degrees.

Fulbright grants for international travel and study were awarded to six UGA students, five UGA faculty members and one staff member.

UGA is one of only two universities in the country to earn the Cleaning Industry Management Standard Certification with Honors. The certification applies to the management of the 28 buildings in the green corridor on North Campus.

Through the Warnell School of Forestry and Natural Resources, we own or manage with great care 23,928 acres around the state.

During the 2007-2008 academic year, more than 10,000 UGA students contributed nearly 300,000 hours of service to the community. For two years we have been recognized by the Corporation for National and Community Service for our programs to encourage and support student volunteerism.

UGA was included on the President's Higher Education Community Service Honor Roll, which recognizes colleges and universities that support innovative and effective community service and service-learning programs.

According to the Institute of International Education, we are now fifth in the country in students having a long-term, residential study abroad experience.

Coincidentally, our Oxford program celebrates its 20th anniversary this year, and Cortona celebrates its 40th. I continue to believe that international education changes lives.

UGA operates 77 weather stations around the state which monitor temperature, humidity, wind speed and direction, solar radiation and soil moisture continuously. (We do everything but produce rain.)

Our Visitors Center recorded more than 55,000 contacts last year. Almost 19,000 people took a campus tour, with requests coming from 45 states and 13 countries.

Licensing revenues from research discoveries reached almost \$24 million in fiscal year 2008, up almost 47 percent over the previous year and the seventh consecutive year of increased revenue.

We operate 157 Cooperative Extension Service offices around the state, putting the expertise of the University of Georgia within reach of everyone in the state. There are 163,000 students in Georgia enrolled in 4-H programs.

In a facility in Griffin are stored samples of more than 1,500 plant species from around the world, part of a USDA program to rebuild the world's agricultural infrastructure in the event of a global catastrophe. UGA is one of

State of the University Address 2009
The Chapel • January 22, 2009

four institutions in the nation where such samples are stored.

I could go on, but I will stop there. The point is that the University of Georgia, through its people, is continuing to do the good work that it has done for decades. More importantly, we will continue to do that good work in the coming years. The people of Georgia need us more today than they have in many years.

Indeed, 2010 marks the 225th anniversary of the signing of the UGA charter, and offers an opportunity both to recall the grand and glorious history of this place and, more importantly, to look to its future. I believe that in 2010, we will be a stronger university than than we are today, and we will celebrate our past as we move briskly toward our future. To that end, I am appointing a university committee this year that will plan an anniversary celebration and symposium to be held during the spring semester of 2010.

Emeritus University professor and former vice president of instruction Dr. Tom Dyer, now retired, has accepted my request to chair that committee. Dr. Dyer authored a wonderful book on the history of the University of Georgia, and you have heard me reference passages from it today. Dyer also helped the university with its bicentennial celebration in 1985. Among the many great things that happened during that celebration was the inauguration of the Holmes/Hunter Lecture.

I can think of no other more suited to provide lead our celebratory efforts in this regard, and I am grateful to Dr. Dyer for graciously stepping forth to do so.

Perhaps the most important thing that was completed in 2008 was the Archway to Excellence campaign. Frankly, I was a bit

surprised when I reviewed previous State of the University speeches and realized how little I had said about the campaign or about the important role of fundraising in general.

What was the Archway to Excellence campaign? What did we do, and why did we do it? First, we did our research. We analyzed the development statistics, with particular attention to the endowment, which was the single greatest deficiency.

In 1997, when I arrived, UGA's endowment was approximately \$220 million. It reached \$700 million before the downturn in the markets and will get there again, with another \$200 million in income-producing properties.

How did we get there? First and foremost, through the loyalty and support of UGA's friends and alumni, who have come to understand that private support is a necessity, not a luxury. Truly great universities have very high levels of private support, and our alumni and friends want the University of Georgia to be one of those truly great universities. Second is the hard work and shoe leather of the vice presidents, deans and development staff, who cultivate prospects and link their interests to our needs. The simple fact is that fundraising is friendraising first. We have hundreds of thousands of friends out there, and we want to meet them all. And frankly we want all of them to give a little something to little old UGA.

Steve Wrigley, now vice president for government relations who also served as senior vice president for external affairs through much of the campaign, and Tom Landrum, who now holds that senior vice president's post, have been often praised for their leadership.

State of the University Address 2009
The Chapel • January 22, 2009

But there are five other people who have played critical roles in this success, and I want to recognize them today. Robert Hawkins is associate vice president for development, with primary responsibility for directing the institution's fundraising efforts. Keith Oelke is executive director of both corporate and foundation relations and gift and estate planning. With \$108 million, or 16.5 percent, of the campaign total coming from those two sources, it is easy to see what an important role Keith has played.

Greg Daniels is senior director of principal and major gifts. Any successful campaign is built on a foundation of large gifts, and Greg is responsible for cultivating those people with the capacity for multi-million gifts. And Tammy Gilland is senior director of constituent-based programs. She manages the relationship between the university's fundraising efforts and those of the more than two dozen development officers for the schools, colleges and other units at UGA.

Finally, David Jones is the director of the Donor Research unit and he also directs the Annual Fund, which raises critically important unrestricted funds for UGA as well as money designated for specific schools and colleges.

Please join me thanking them for their very good work on behalf of the University of Georgia.

The Archway to Excellence campaign set out with a goal of \$500 million in support of the mission of this university. It closed on June 30, 2008 with \$653.4 million in gifts and pledges. I am deeply grateful to the alumni, friends and supporters of this university for their tremendous support of the campaign and UGA.

More important than the total, though, is the fact that the people of Georgia now fully understand the role that private giving plays in building a top-quality flagship university for this state.

So what did the campaign do for UGA? More than 102,000 donors made gifts or pledges totaling \$653.6 million. By category, those gifts were

- \$82 million for student scholarships, awards and other support
- \$54 million for endowed professorships, chairs and faculty support
- \$174 million for academic and research program support
- \$51 million to help build the new learning environment
- \$38 million to serve the state and nation with outreach programs
- \$84 million for general unrestricted support
- \$151 million for the Georgia Bulldog Club's support of varsity athletic programs
- And millions more for other projects and needs. This is a historic record for UGA.

Given those, what did the campaign not do? A campaign, no matter how successful, never solves all problems. Most gifts and pledges are restricted – the donor gives money to the institution for a specific purpose, program or project. Few of the funds go toward operating expenses. As I noted earlier, some of the gifts are planned or deferred – wills, estates, trusts or other vehicles that dedicate future revenue to the university.

State of the University Address 2009

The Chapel • January 22, 2009

Yet as the prior list demonstrated, virtually everybody on campus has benefited or will benefit from the campaign in some way.

This is certainly not the last campaign that UGA will undertake. But in the next few years, what you will see is a shift from overall university fundraising to a focus on school, college and unit fundraising.

The responsibility is now on the Franklin College and the Terry College and the Grady College and the School of Law and the College of Veterinary Medicine and the School of Social Work and all the colleges and schools to build the same sort of case for support among their constituencies that we built for the Archway campaign. It is on the State Botanical Garden and the Athletic Association and the Performing Arts Center and other units to do the same. The construction that will soon begin on the much-needed expansion of the Georgia Museum of Art is a good example of the kind of constituent-based fundraising that will be required for units to meet their own goals. That project will cost \$20 million, and it is all private money.

The biggest challenge for us right now is that just when it appeared that we were beginning to recover from the \$54 million in cuts we suffered in FY03-04, we are again facing substantial cuts in the FY09 budget that will clearly stretch into FY10 as well.

We have two choices. We can sit around and whine and wring our hands, bemoaning our fate and pointing fingers, or we can produce our way out of this by generating additional revenue and becoming more self-sustaining. It will not be easy, and yet it is not easy for the Governor and the Legislature, either. State tax receipts are down relative to budget expectations, and the predictions for a quick and full recovery are not good. The University

System is 10.4 percent of the state's \$22 billion budget, and UGA's portion of the state budget is about 2.35%. With some 38 percent of our budget coming directly from the state, we are not well insulated from a sustained downturn in the state's economy. This is not to criticize the state, which has been quite helpful to UGA. But we do need to understand the gravity of the situation and we need to say to the state that we will help.

The best course of action for the University of Georgia is to continue to generate more revenue on our own, reducing the need for state funding. To that end, there are five actions we must undertake.

First, we must be successful in the move to unit-based fundraising. There are faculty in law, in ecology, in family and consumer sciences, in environment and design and in every school and college who deserve to be in endowed professorships and chairs. There are students who likewise deserve scholarships and fellowships. There are alumni and friends of every college and school with the capacity and desire to make those gifts.

There are programs in the Institute for Behavioral Research, in the Graduate School, at the Ag farms and across this campus that deserve outside support, and there are people with the capacity and the desire to support them.

The task at hand is to identify those people, build relationships with them and connect their resources to our needs as we did so successfully in the Archway campaign.

A dean, vice president or, yes, president at any college or university who is not spending at least one-third of his or her time on development is not going to be successful and,

State of the University Address 2009
The Chapel • January 22, 2009

frankly, is holding the institution back. It is an essential part of the job.

This does not signal the end of the campaign but a refocusing of our efforts toward the birth of a new culture of development at the University of Georgia.

Second, we must generate more money on our own. We have had some successes in this area – after several relatively flat years, research grants are now on an upward trajectory. In 2008, UGA received \$4.1 million from the Department of Agriculture to study the mysterious deaths of honeybee colonies; \$9.2 million from the National Institutes of Health to look into the molecular underpinnings of the early steps that cells take in becoming specialized cell types; and a \$9 million NIH grant to study barriers to effective addiction treatment, among many others.

I have no doubt that there is additional research currently underway at UGA that is deserving of such funding, if we are willing to do the work of seeking it and applying for it.

In what is a very competitive grant environment, we simply have to do more and do better. Faculty must be more aggressive in pursuing grant funding.

The initiative with the Medical College of Georgia to train physicians in Athens will provide opportunities to boost proposals and grants for the College of Public Health, communications, business, law, biostatistics and other areas.

Third, we must raise tuition at least to the mid-range of Southern Regional Education Board flagships. Currently, we are at the bottom of that list. I never thought I would live to see the day where tuition at the University of Georgia, a top-20 public university, was \$80 below Alabama, \$300

below Tennessee, \$2,700 below South Carolina and \$1,500 below Kentucky.

I am willing to move tuition toward the middle of the SREB pack either through straight tuition or through a fee structure. Tuition is an investment in the quality of the educational experience for every student at UGA. All the good intentions in the world are not going to pay faculty at an appropriate level.

In December, Smart Money magazine, a publication of the Wall Street Journal, published a story entitled, “Why the Ivies Aren’t Worth It.” The story looked at the return on investment by comparing what students paid in tuition and what they earned in their early and mid-careers. UGA placed fourth on that ranking, with a return almost twice that of Harvard. As I told the reporter, “We are such a bargain.”

In recent months, the Governor of Florida and that state’s higher education leadership have approved tuition increases that will float to the national norm. I don’t want to be behind Florida in anything.

Fourth, we must develop a realistic pricing structure for auxiliary units such as athletics, housing, student activities, food services, transportation and parking. I will recommend to the Cabinet that we assess a percentage of auxiliary revenues for the purpose of supporting the academic mission of the university.

The university provides central administrative and leadership support to the auxiliaries, and they all ultimately rise and fall on the strength of the academic program. (Nobody comes to UGA for our parking, after all.)

State of the University Address 2009
The Chapel • January 22, 2009

The captured dollars will go to funding the core instructional mission of the University of Georgia.

Fifth, and perhaps most importantly, we must produce more credit hours. In the past five years, credit hour production has remained flat, as has enrollment.

The formula which determines the level of our funding has a two-year lag, meaning that this year's funding is based on enrollment and credit-hour production during the 2006-07 academic year; enrollment and credit-hour production this year will fund the 2010-11 academic year. It is easy to see how the number of credits we generate can stagnate that revenue source for years at a time if we are not more intentional about teaching more.

The formula's most serious flaw, however, is that it is exclusively quantity-driven, with no qualitative indicators. Call me biased, but I believe that a credit hour at the University of Georgia is one of the very best credit hours in the system, but the formula does not. There is no consideration of the value – and expense – of producing a credit hour at a research university. No consideration of retention, of graduation rates, of the success of our alumni. Until the formula recognizes quality, we, like most major public universities, have little choice but examine revenue production and use in every phase of this endeavor.

Instead of worrying about what is being done to our budget, we can work in this area to improve a revenue stream to the benefit of the entire university community.

The fact is that this one area, particularly with the new facility for graduate programs in Gwinnett and the undergraduate programs in Griffin and Tifton, may offer the greatest potential for enhancing the university's

bottom line. And lest these measures seem too stringent, remember that that the only end of these means is to benefit students and faculty.

The University of Georgia has endured hard times before – closing the campus during war, integration, political threats to academic freedom, budget cuts – and every time, the people of this university have risen to the challenge, done what had to be done and lived to enjoy even greater success. I am confident that we will do so again. The choice for us, again, is clear – carp and moan and sit by while the quality we have built at this university declines, or produce ourselves through this challenge.

For me, it's an easy choice. I will not allow us to wallow in self-pity.

I wish that the trajectory of this university were always upward, without interruption. I wish we never had to face the challenges we have faced this year. I wish that the hardships placed upon the faculty and staff, and particularly those at the lower end of the wage scale, were not as significant as they have been. But an institution that has been around for 224 years will face times like these periodically.

There can be no doubt that UGA is infinitely stronger today than it was 15 or 20 years ago. Indeed that strength, coupled with a palpable commitment to excellence by all of my colleagues and the efficient and innovative management of those I have already mentioned will allow us to weather this downturn as we have done before.

For the average student there was relatively little impact from the budget crisis in 2008. The imposition of a \$100 temporary student fee does require our students to assist with the management of this situation as we have

State of the University Address 2009
The Chapel • January 22, 2009

been asking faculty and staff to do at, frankly, a greater level.

In that regard, just this morning, Dr. Arnett Mace shared with his staff his intention to retire as Provost at the end of this calendar year -- something that he shared with me just a few weeks ago. You may not know that he first approached me two years ago expressing those very same intentions. However, I prevailed upon him to remain and provide leadership to our academic enterprise and help steward us through these financially challenging times. He selflessly agreed to serve longer than he had originally planned.

I will have more to say about his retirement from the Provost's position at an appropriate time at the end of the year. But it behooves me to share with you today that Arnett's contributions to the University of Georgia have made this a better place for everyone. I am neither exaggerating nor being melodramatic when I say that there are many people who would, quite frankly, not be employed today but for Dr. Mace's extraordinary management leadership, particularly during these past two years. And there are literally thousands of students who would have experienced an education of lesser quality and value if not for Arnett's efforts.

Even as he retires, I've asked him to continue to serve this institution on a part-time basis for another two years to help shepherd the medical initiative to its permanent location at the Navy School property and to help assist with a few key donors that provide promise for the University of Georgia going forward.

Arnett, we thank you for your stalwart dedication, commitment and service to this university community. I ask you to please stand, and I ask the audience to join me in

expressing our gratitude to Provost Arnett C. Mace Jr.

We are here, first and foremost, to serve the students in good times and bad, and we will continue to do so to the best of our ability. We will continue to make progress in 2009.

We will finish the new Pharmacy Building. We will open the Tate Center Expansion. We will begin to expand the Georgia Museum of Art. We will open the expanded Student Health Center. We will begin the Special Collections Library.

We will teach more effectively, we will manage more prudently, we will research with a wider scope and we will not take one step back from serving the people of Georgia.

We will work with our friends in government and with our many alumni and supporters. We will not whine or criticize. But when recovery comes, as it surely will, we will hold our funding partners to the same level of cooperation that we have demonstrated to them.

We will not retreat. We will not accept a march toward mediocrity. This will be a better place in 2009 and beyond than it was when the 21st century began.

I am privileged to work with the quality of people who commit their talents to the University of Georgia, and it is an honor to continue to call you colleagues and friends.

Thank you.