

**STATE OF THE UNIVERSITY SPEECH  
BY NORTHWESTERN UNIVERSITY PRESIDENT  
HENRY S. BIENEN  
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Thank you for that kind introduction. I appreciate NUSAC providing this opportunity for me to address the Northwestern community each year. I also appreciate the time and effort given by the members of the group to the University throughout the year.

This year marks my ninth State of the University address and the second time that the speech is being Webcast so members of the Northwestern community on both campuses can view the speech. I understand that Information Technology recently increased the number of simultaneous viewers who can watch a Webcast at one time, so I hope this will enable people who otherwise could not attend to be part of this event. I know that there are likely be questions afterward so I will keep my remarks relatively brief in order to leave time for those.

First, let me again express my thanks to all the faculty and staff who help make Northwestern such a great university. I want to assure you that your dedicated efforts are both noticed and appreciated.

To touch briefly on world events, this clearly is a time of great uncertainty and anxiety in the country. These events affect our lives daily in many ways, even here on our campuses. I know that some members of the Northwestern community have a loved one serving in the military thousands of miles from home and potentially in harm's way, causing understandable concern. For others of us, the international tensions create a general sense of uneasiness as we wonder what will happen next. While our students sometimes talk about living in the "Northwestern bubble," isolated from the rest of the world, this simply is not the case. All of us are affected by the powerful events shaping the world today. Therefore, I ask all of us to realize that this is a time of heightened emotions, and to be supportive and understanding of one another as we pursue our important missions of teaching, learning and research here on our campuses.

Turning to things closer to home, as you know, we had several instances of racist and anti-Semitic graffiti in our residence halls last month. This was truly troubling, particularly because the timing and location of these incidents leads us to believe they were most likely committed by students. As I have stated previously, these actions will not be tolerated at Northwestern and I condemn them as strongly as possible. In the wake of these events, our Student Affairs staff has met with students in both small and large groups and has instituted a new campaign to reinforce our institutional values regarding tolerance and diversity. While these incidents were disturbing, I truly do believe they were the work of a few aberrant individuals and do not reflect Northwestern as a whole. And I want to reassure our students of all races, nationalities and religions that Northwestern is committed to providing a safe community in which they can feel welcome.

I'd now like to discuss another issue that certainly is on my mind much of the time – the University's financial situation. I will not belabor this, but at the same time, I feel it is best to share this information with you even though I understand that many of

you do not have direct budget responsibilities. I want to assure you that Northwestern remains on a very firm financial footing. While our endowment has dropped somewhat over the last three years, it nevertheless continues to provide important source of financial support for our operations. The success of Campaign Northwestern – about which I will say more later – has added to the endowment, particularly for scholarships and fellowships, which helps relieve our operating budget.

In addition, a Northwestern education continues to be very much in demand. Our enrollment is stable and the number of applications for our graduate and professional schools continues to grow. Our tuition revenue, however, will not grow significantly because we are increasing our tuition for next year relatively modestly, in line with increases at other major private universities.

The decline in the stock market has affected not just our endowment, but those of foundations and other potential donors as well, thereby reducing our fundraising opportunities. Also, when our endowment goes down in consecutive years, the payout from the endowment – the amount we use for operating funds – goes down as well. It is hard to make up those revenues.

At the same time, we face significant pressures on our expense side. Just to highlight a few: Our health insurance premiums increased by 10 percent this year and we anticipate another sharp increase in the coming year. The cost of complying with government regulations is growing sharply, particularly as the amount of sponsored research undertaken by the University increases. We simply must allocate more resources to providing the proper level of support for our research enterprise. And the economic downturn also means that it is possible that more Northwestern students will be in need of financial aid.

Therefore, the provost, senior vice president for business and I have asked each academic and administrative unit to reduce its operating expenditures by approximately 2 to 2.75 percent in the coming year. At the same time, the budget does include funds for modest salary raises, which I believe is important. I realize budget reductions, even small one such as these, are not pleasant, but I believe they are necessary for the long-term health of the institution. And while it may be small comfort, I would point out that in comparison with other universities, particularly state universities, we are in relatively good financial shape. Other private universities, some with larger endowments, are facing similar, if not more difficult, financial strains. So while I'm aware that these economy measures may force us to re-examine some of our operations, I believe that doing so is necessary. Northwestern has for many years operated on sound financial basis, and I intend to keep it that way.

Turning to a more upbeat subject, let me report briefly on the status of Campaign Northwestern. As you know, we reached our \$1.4 billion goal as of December 31st, some eight months ahead of schedule. While it will undoubtedly be a stretch, we hope to reach \$1.5 billion before the campaign ends August 31st. Needless to say, I am extremely pleased by the success of the campaign. We have been fortunate to have two trustee co-chairs, Don Perkins and Tom Hayward, who have been tremendous leaders. And the work of the Development office staff, under the guidance of campaign director Penny Hunt, former vice president Ron Vanden Dorpel and our new vice president Sarah Pearson, has been absolutely terrific.

Some of the results of the campaign are readily visible in the many new buildings either completed or under way on both campuses. On the Chicago campus, the Robert H. Lurie Medical Research Center, the largest construction project of the campaign, will be emerging from the ground by summer. By then we also should have two major projects on the Evanston campus completed, Crowe Hall, which is the addition to Kresge Hall, and the Pancoe-Evanston Northwestern Healthcare Life Sciences Pavilion. We also will begin work this summer on the Ford Engineering Design Center, another important project on the Evanston campus. Already completed are the Combe Tennis Center and a new Center for Nanotechnology, two residence halls, Kemper Hall and Slivka Hall, the Block Museum expansion, an addition to Kellogg's facilities comprising the Donald Jacobs Center, the wonderful new McCormick Tribune Center for Medill, renovations in Ward, Morton and Searle in the Feinberg School of Medicine and renovations in the Law School.

Other signs of the campaign's success are less obvious perhaps, but no less important. One of the reasons for the construction of Crowe Hall was to provide space for additional faculty in the Weinberg College of Arts and Sciences. With that space now coming on-line, we can move further forward with those plans to expand the number of faculty in the college. We've also made significant strides in increasing the number of endowed faculty chairs throughout the University. This will enable the university to attract top scholars and researchers to our faculty, thereby enhancing the educational experience of our students.

In addition, one of the most successful portions of the campaign has been our ability to raise funds for endowed scholarships and fellowships. Northwestern remains committed to the policies of need-blind admission and meeting the full financial needs of our students. So at a time when federal and state aid for students is failing to keep pace with rising costs, these new scholarship funds are particularly important.

Nevertheless, despite the campaign's many successes, there are still important goals to be met. As I've noted before, our inability to secure enough major gifts for an addition to Norris has been a source of frustration for us and our students. We are not, however, giving up on this project. We also have several other new buildings that are only partially funded. In addition, while the campaign was incredibly successful in terms of the amount of dollars given by Northwestern alumni, we still need to increase the percentage of alumni who give annually to the University. In the coming months, I will be working with Vice President for Development Sarah Pearson, Alumni Director Cathy Stembridge and our campaign leaders to develop ways to address these challenges. I assure you that even after we cross the finish line for the campaign, we will continue our vigorous efforts to raise funds for the University.

I realize may be somewhat ironic to be discussing budget control measures and then reporting on a fundraising campaign's success, but such is the nature of university finances. The campaign has already benefited Northwestern students, faculty and staff in many ways and it will continue to do so in the future as the remainder of the gifts and pledges come in. But it is not a cure-all for the challenging economic conditions in which we operate.

Let me turn briefly to a subject that I believe is of great importance nationally, the issue of affirmative action in admission in higher education. The U.S. Supreme Court will rule on this question later this year in a case involving the University of Michigan.

While Northwestern is a private institution and uses an admissions system quite different from those at Michigan, we nevertheless have a strong interest in this case and have supported the use of affirmative action in admissions in a filing with the court.

Diversity is an important component in the education of our students. As we prepare students to assume leadership positions in our multicultural society, it is essential that they have the opportunity to interact with students whose backgrounds and perspectives differ from their own. From such interaction comes a broadening of understanding that will equip them to function effectively in our society.

Northwestern continues to believe strongly that diversity enhances the educational programs of the University. We believe further that the pursuit of diversity among students, faculty, and staff is related to our institutional mandate to achieve the highest order of excellence. Finally, our commitment to diversity is grounded in our commitment to do the right thing. We have a responsibility to offer the benefit of a Northwestern education to talented students from all segments of our society.

Turning to admissions, at the undergraduate level the number of applications was almost even with last year, approximately 14,100. We will begin extending offers of admission to students in a few weeks under our regular admissions program, and I expect that we will once again enroll another very strong class of approximately 1,925 new students.

Applications continue to increase sharply for our professional and graduate schools. In the law school, applications are up about 20 percent. Particularly encouraging is the fact that applications from minority students are up by 37 percent.

Kellogg last year received more than 7,600 applications, up 23 percent from the prior year, for its full-time MBA program and the numbers are strong again this year.

At the Feinberg School of Medicine one of every five applicants to U.S. medical schools for the current academic year applied to Feinberg – 6,054 applicants for the 131 positions available through the regular admissions process. This enabled us to enroll another outstanding group of first-year medical students from 58 different institutions in 32 states and nine foreign countries.

Our other graduate programs also continue to be in strong demand. For example, applications for the graduate programs at Medill for the current year increased by more than 100 and remain at that level. While the current economic downturn is undoubtedly partially responsible for renewed interest in graduate education, I believe that Northwestern's excellent reputation in all of these fields also is attracting these applicants.

Also this fall Kellogg regained the number one rating in Business Week's biennial survey of MBA schools. In addition, the Economist Intelligence Unit, publishers of The Economist magazine, ranked Kellogg as the "Number one MBA in the World." This was followed by a "poll-of-polls" in the Economist that also ranked Kellogg as best in the world. Finally, in January this year, the Financial Times of London did a similar ranking and had Kellogg number one in the U.S. and number one in the world using two different measurements.

Our current students and recent graduates continue to receive many honors. I was particularly pleased to see that one of my former seminar students, Michael Aktipis, received a Marshall Scholarship. Over the past five years, we have had seven students selected for this prestigious program. Another student, Nathan Gouwens, a Weinberg

senior, has been selected as a Churchill Scholar, which provides support for a year of study at Cambridge University. In addition, in the past year our undergraduate students have earned 12 Fulbright Scholarships and four Javits Fellowships.

I'm also pleased to note that junior Jason Wright of our football team was named a first team Academic All-American, one of only two running backs chosen at the Division I-A and I-AA level for the first team Academic All-American.

Our faculty also have earned recognition for their work in the past year. Among them are:

- Three faculty members were elected to National Academy of Sciences: Zdenek Bazant in civil and environmental engineering; Pat Spear in microbiology-immunology; and Mark Ratner in chemistry. Northwestern was among the leading institutions in the country in terms of the number of faculty elected to this prestigious group.
- Four faculty were elected to American Academy of Arts and Science: Ted Belytschko, mechanical engineering; Brian Hoffman, chemistry; Doug Medin, psychology, and George Schatz, chemistry.
- Hillary Godwin in chemistry was one of only 20 scientists in the country to receive an inaugural Howard Hughes Medical Institute professorship.
- Craig Jordan, director of breast cancer research at The Robert H. Lurie Comprehensive Cancer Center, received a medal of honor from the American Cancer Society.
- Tobin Marks in chemistry and materials science received the gold medal from the American Institute of Chemists.
- Chad Mirkin, director of the Institute for Nanotechnology, received the 2002 Feynman Prize for Experimental Molecular Nanotechnology. It's worth noting the prize last year went to Mark Ratner, also in our chemistry department.
- And in what I think may be a first for a faculty member, John Pople, our Nobel laureate chemistry professor, was awarded the Insignia of a Knight Commander of the Civil Division of the Most Excellent Order of the British Empire.

Our research efforts continue to increase. The recently released annual report from the Office of the Vice President for Research shows that for 2002 research awards totaled \$324.5 million. This represents more than a 15 percent increase from the previous year and nearly double what the University's research volume was just nine years ago. And although it is early, our research volume for the first three months of this year is up 17 percent.

These increases are a tremendous accomplishment, but even more awaits us. As the Pancoe-Evanston Northwestern Healthcare building and the Robert H. Lurie Medical Research Center are completed in the next two years, our opportunities to do research in medicine and the life sciences will be much greater. This is important work, not just because it brings research dollars into the University, but because the research being done will benefit society as a whole.

At the same time, as our research has more than doubled during the last nine years, we have not fully addressed as well as we should have the administration and support of research. We are now engaged in doing so and we will be announcing several key measures in this area later this spring.

We have made several important appointments this academic year. I've already benefited greatly from the addition of Sarah Pearson, the new vice president for development. With her assistance, I'm confident that Campaign Northwestern will conclude very successfully in August. We also named a new dean for the School of Music, Toni-Marie Montgomery, and I'm looking forward to her joining us next summer.

Our new dean in the School of Continuing Studies, Tom Gibbons, is providing effective leadership for SCS. And under the guidance of new director David Robertson, the Block Museum has brought in some outstanding exhibits, as well as created an interesting new film series.

We also have had a very successful year in hiring key new faculty members.

Among them are:

- Thomas Meade, professor of chemistry; biochemistry, molecular biology and cell biology; and neurobiology and physiology.
- Olke Uhlenbeck, professor in chemistry and BMBCB.
- Charles Taylor in law and philosophy and John McGinnis in law.
- Bachir Diagne in philosophy.
- Yuri Manin in mathematics.
- Dwight McBride, chair of African-American studies.
- Jeffrey Sconce and Lynn Spigel in Radio-TV-Film.
- Noel Koran, professor of voice and opera in Music.
- In Feinberg, two new chairs, Sherman Elias in OB/GYN and John Ansel in dermatology. Also, William Catalona in urology and Lori Zoloff in ethics.
- In Kellogg, Hayagreeva Rao in management and organizations and Larry Rothenberg in management and strategy.

I also want to acknowledge the tremendous service given to the university by Bernie Dobroski, who will step down next summer after 13 years as the dean of the School of Music. We will have other occasions in the future to thank Dean Dobroski more fully, but I wanted to recognize his dedication at this time. I'm confident that our new music dean will find the music school in good shape thanks to the leadership of Dean Dobroski.

At this time I also would like to acknowledge our staff members who earned the most service excellence commendations for the past year. If any of these award winners are here, I'd like you to stand.

Receiving three commendations were:

- Rodney Greene, Cardiothoracic Surgery
- Catherine Prullage, Biochemistry/Molecular Biology/Cell Biology
- Evelyn Small, Human Resources

Receiving two commendations were:

- Jeffrey Aaberg, Student Affairs
- Barbara Lynch, Budget and Planning
- Andrew Sandley, Development
- Sandra Shaver, Economics
- Jo Anne Szabo, Human Resources
- Brett Young, Engineering

Please join me in giving these outstanding staff members a round of applause. We thank you for your efforts.

As always, in recognizing a few faculty and staff members in my speech, I know there are many, many more of you who contribute tremendously to Northwestern's success. One of the many good things about being here as long as I have been now has been the opportunity to get to know so many of our dedicated faculty and staff and our talented students. Even in these uncertain times and facing financial challenges, I am proud to serve as president of this great institution and, with your assistance, confident of its success.

Thank you. I will now be glad to take any questions that you might have.