Good afternoon and thank you for choosing to spend this time with us. I also want to thank you for caring about North Dakota State University. Whether you are a faculty member, student, administrator, staff member, or alumni or development board member, legislator, or other friend of the university, I understand that you have a full schedule and that it involves a commitment on your part to be here. You make this commitment because you care.

This is a very special institution at a very unique time in its history. Most institutions change slowly, and that is understandable. But in a very short time, we have created a meaningful transformation in this university. For more than 100 years, the faculty, staff and students of North Dakota State have made life in this state better. We've done this through our three-fold missions of teaching, conducting research, and performing public service. Our effort will not change, but how we conduct our missions will constantly evolve.

Three years ago, in my first State of the University Address, I presented a challenge to the entire campus to define and move to the next level. People were listening, because your response has moved us forward in remarkable ways.

Three years ago, we talked about expanding our programs and services to students because they are the foremost reason we are here. I asked that we make significant progress on faculty and staff salaries. I asked that we expand our efforts in the research arena and in graduate education to advance to the highest level in the Carnegie classification system. And I said it was time to move ahead with the research and technology park.

In each of these goals, you have responded remarkably in ways that have propelled us far ahead of projections. Beyond expectations. You have risen to the challenge and today we are, in measurable ways, a different university. A research university that still embraces the importance of teaching, to be sure, and a university where people are also conducting their daily activities at a new and higher level. Three years ago, we set out on a path that had a beginning and a destination. We aren't at that destination yet, but we are so much farther than we could have hoped.
Let's take a few moments to measure this progress and give it some perspective. Let's start with enrollment.

In 1890, North Dakota Agricultural College started with 30 students. This fall, 112 years later, NDSU's graduate and undergraduate enrollment is 11,146. Our goal is 12,000 students by the year 2005. Since 1999, our enrollment has grown by more than 14 percent. Why is this good? For a number of reasons. First, the growth is in the targeted areas of retention of upperclassmen and in graduate enrollment. Retention is important because it is a measure of our success in helping students complete programs of study. With funding from a Bush Foundation grant, faculty and staff in academic affairs and student affairs are working to enhance the quality of student education and by further improving retention rates by building learning communities, implementing a practice-oriented curricula, and incorporating leadership and service learning into residential and classroom settings.

 Increases in graduate enrollment are significant because North Dakota can no longer afford to export its undergraduates to other states for graduate education. Our goal is to help as many young people stay in this region as is possible, and to attract graduate students from other areas of the United States and the world. This serves our state because those with higher levels of education can be particularly productive in developing our regional economy.

To the challenge of increasing graduate enrollment, the faculty of this university has responded by creating 19 new doctoral programs during the past 3 years, which has facilitated a 50 percent increase in graduate enrollment. Music, for example, has 11 new doctoral students. Cereal and Food Science has 15 doctoral students. Human Development and Education - 16. Engineering - 34. Communication - 31. Criminal Justice has 18 new doctoral students. If there is another university that has seen this growth in the same period, I am not aware of it.

Increases in enrollment also have a positive economic impact on our campus. A recent change by the legislature and North Dakota Board of Higher Education allows tuition dollars to follow the students. When a student enrolls at an institution, the tuition dollars stay at that institution. It is a positive way of rewarding campuses for enrollment growth.

Our 14 percent enrollment growth since 1999 has provided funding for many campus initiatives, including the creation of new faculty positions. Just this year, we created and filled 23 additional new tenure-track faculty positions, thus improving our student:faculty ratio. In conducting these searches, we found that NDSU's reputation as a campus on the move has allowed us to recruit from among the nation's best and brightest. We are now an institution of choice for many researchers and scholars.

I have been asked, "Why set an enrollment goal of 12,000, and not 11,000 or 15,000?" The 12,000 figure is what we believe this campus can accommodate with the current infrastructure and a realistic building construction program. It is also a number that considers the demographic projections of this region. We are targeting upper-class retention and graduate education as the keys to sustainable growth. Further, a part of our growth plan assumes the continuing desire from the place-bound residents of this region for life-long learning. With the construction now underway or recently completed, we have added
significantly to our ability to serve a growing student body with new classroom space, laboratory space and living space.

One student-focused project to be on the lookout for this year is the one-stop student service center. For some time, we have been looking at successful models at other universities and we hope to take the first steps towards creating one of our own, as our students have encouraged us to do.

NDSU continues to be concerned about how alcohol and drugs can negatively impact the safety and academic success of our students. We are funding a number of programs that offer alcohol-free alternative entertainment, working with students, we have revised campus alcohol policies and a new wellness education leader program speaks to our students' interest in developing life-long healthy living habits.

A growing student body needs more space to study. New classroom space will be found in a major renovation and expansion of Minard Hall, as you noticed today weaving your way to Festival Concert Hall. The Sudro Hall expansion, the new Animal Nutrition and Physiology Building, and the Robinson Hall renovation are now complete. The former student health center in Nelson Hall is now a dedicated classroom building. And the Living/Learning Center, now under construction, incorporates classroom space in its design. At the Research and Technology Park space for student/faculty interaction in formal and informal settings is incorporated, as well as three classrooms.

Planning continues on NDSU Downtown, a project that serves both on campus and off campus needs. When it opens for the Fall 2004 semester, it will replace antiquated, completely inadequate Quonset huts with some of the finest studio space possible. It will also meet the community's desire for downtown redevelopment as 500 students a day breath new life into our city's historic core.

Look, too, this year for news about a new business building. Putnam Hall, now home to the College of Business Administration, is a fine old building but completely inadequate for the needs of this growing college. It is time we move forward.

I'll talk more about buildings in a bit, but here's my key point: NDSU's enrollment growth is proceeding along a strategic plan. It is serving the citizens of this region by allowing NDSU to offer a greater choice of quality academic programs, and it is bringing additional resources to the campus. It is a part of how we are institutionally taking responsibility for finding the resources we need to develop NDSU into the land-grant university that North Dakota needs.

In my first State of the University Address, we talked about bolstering our efforts in the research arena, and that we would strive to be a national model of the engaged university. Now, through the dedication and commitment of all of you, NDSU is emerging as a respected and recognized leader among our land-grant peers.
We demonstrate engagement on many levels. When we introduced the Alsen scab resistant wheat variety, we anticipated North Dakota's agricultural producers would see a $100 million per year impact from the variety. We were correct. In just two years, it has become the state's leading new variety.

The NDSU Extension Service continues to serve the state as they work with the citizens of North Dakota on projects that include connecting more than 50 crop and livestock marketing clubs with specialists at NDSU through video-conferencing, and recently training 310 individuals in the Master Internet Volunteer Program who have contributed 6,680 hours of volunteer time to help others utilize technology locally.

NDSU's affiliated agencies reach out even further. The Forest Service, Upper Great Plains Transportation Institute, the Northern Crops Institute and others form a vital bridge between the campus and the greater community.

As you can see, our commitment to region wide engagement is strong and growing stronger. Let me share one more example. We are in the early stages of an effort with land-grant colleagues at the University of Minnesota, South Dakota State University and tribal colleges to establish a Native American Experiment Station. The question being explored in this Kellogg Foundation funded initiative is how can the 1862 land-grants help the newest group of land-grant institutions be more successful.

Let's talk now of the remarkable expansion of our research programs. North Dakota State's research portfolio has risen to more than $80 million in expenditures, and the rapid development of the NDSU Research and Technology Park points to even more exciting opportunities in the future.

NDSU will soon attain a $100 million annual research budget, a truly significant milestone. This, of course, means good news for our faculty and students as they work on the leading edge of their respective fields. While providing funding for salaries and equipment, it gives us enhanced opportunities for scientific investigation and application. Moving forward with research efforts will help us recruit and retain quality faculty and students.

A $100 million research budget will also have a tremendous impact on the economy of this region.

A recent study by Professor Larry Leistritz found that a $100 million research budget would mean annual outlays of $78 million to persons or entities within North Dakota and $235 million in direct and secondary impacts. That is an impressive and necessary partnership with our colleagues in the business community.

Active collaborations and a quality "town and gown" relationship have been evident every step of the way, as we work to meet the changing needs of our state, region and nation. Strong support from our Congressional delegation and the support and flexibility given us by the state's elected leadership and the Board of Higher Education have allowed some very good things to happen.
Our anchor tenant, Phoenix International, continues its fantastic work, with 165 employees in our park. The $6.2 million Research 1 building, which opened earlier this year, currently houses more than 80 faculty and staff.

Recently, ground was broken for the 76,000-square foot Center for Nanoscale Science and Engineering. The structure will contain clean rooms, electronics fabrication tools and state-of-the-art synthesis and characterization equipment. When completed in spring 2004, there will be space for more than 125 faculty and research staff.

Referring again to Dr. Leistriz's study, the total economic impact of the construction projects at the Research and Technology Park is $82 million. He also found that Phoenix International, Research 1 and a $100 million research budget would translate into a $9.3 million annual contribution to North Dakota's tax base.

But, that is just the beginning.

Research and education at the park are going to be the stuff science fiction writers talked about only a few years ago. Through sponsored programs, our researchers will work on microsensors, wireless electronics miniaturization, electronic and magnetic nanomaterials, coatings for ships and aircraft, and they will use robot-automated tools for new materials discovery.

In addition, partnerships with such companies as Alien Technology will give NDSU researchers access to more than $200 million worth of nanotechnology research support.

Here are a couple of other new technologies you will hear about in the coming year. The first is rapid throughput technology from Symyx Corporation of Santa Clara. It will allow NDSU researchers to prepare and analyze very large numbers of samples, such as drugs, coatings, semi-conductors and catalysts, and receive the results in hours instead of years. This puts in motion a new paradigm for basic research that allows for parallel experimental design instead of serial design. This technology will be licensed exclusively to NDSU.

A second new area is in wireless technology in collaboration with Tessera Corporation of San Jose. Their chip scale packaging puts very complex electronics in formats suitable for cell phones and very small communications devices. Some day soon, we will see Dick Tracy video wristwatch phones here at NDSU.

People are noticing our transformation and our hard work, and they recognize the possibilities.

The Forum's editorial for Sept. 18 said, "As North Dakota State University's drive to expand its research work unfolds, the enormous potential of the effort is becoming clearer." They went on, "The investments and economic impacts thus far are impressive."
Attention to NDSU is coming from beyond Fargo media, as well. In the past two weeks, reporters from the Minneapolis Star-Tribune and the Wall Street Journal have come to campus to report on what is going on here.

Let me say, our transformation is just getting started.

We are optimistic that additional partnerships will bring even greater research opportunities to this campus. There are plans on the drawing board for a business incubator at the Research and Technology Park, and there is great potential for spin-off businesses developing nearby that could provide excellent employment opportunities that would help keep our young people here in North Dakota.

These are truly exciting times for scholarship and research at this institution. The opportunities that lie before us will help to create a future that will benefit our students, the public, businesses, our faculty and staff.

North Dakota State University has defined five campus themes. As you recall, they are: It's About People, Students are Paramount, Leveraging Support, Programs, and Status and Reputation. Our enrollment growth and student retention are testimony to our efforts under the theme of Students are Paramount. Our success in the expansion of our research portfolio demonstrates our commitment to leveraging support, increasing the reputation of our institution, and program expansion.

Let me expand now on our efforts driven by the theme It's About People. It is a phrase we take very much to heart. Our students, faculty and staff are the fundamental building blocks that have made our university such a vibrant and respected institution.

Our people work hard and deserve to be rewarded for their efforts, including having access to opportunities for professional development. Let's discuss some of the steps we are taking.

Salaries affect us all and we continue to make them a priority. Through the expansion of NDSU's research portfolio and through the redirection of additional tuition revenue, we have made increases to the salary pool beyond state general fund appropriations. As of July 2002, an additional $1 million of indirect cost funding was put into base salary increases from our own resources.

In a related matter, salary compression is a subject that concerns many. We are working to correct this problem in the cases where there is documented internal inequity. In my salary adjustment guidelines for 2002-03, I directed campus leaders to pay special attention to compression and to allocate at least 40 percent of the available salary pool to addressing compression problems.

Our new tuition waiver for spouses and children of university employees is off to a good start. Under the program, family members receive a 50 percent reduction in tuition. This year, 175 individuals have used the benefit, and I'm hopeful that more of you will take part in the program during the semesters and years ahead.
The professional development grant program is again being offered this academic year. Under the program, faculty and staff may receive up to $1,000 for travel to a professional conference. Last year, 740 members of our academic community used this to participate in conferences and programs. Increasing our participation in conferences and professional activities is a means of increasing NDSU’s visibility and stature.

Today, we take another step in our investment program in people. Let’s talk now about diversity. Diversity encompasses the many different aspects that make up our identity and contribute to our value and creativity as people. The NDSU Diversity Council is focusing primarily on the dimensions of diversity that have significant impact on individuals and groups in our society, such as age, ethnicity, gender, mental and physical abilities, race, religion, and sexual orientation. I invite your attention to their work.

Another initiative we are involved in is TOCAR, a collaborative effort with Minnesota State University Moorhead, Concordia College, and Northwest Technical College. TOCAR stands for Training Our Campuses Against Racism. So far, more than 40 NDSU faculty, staff and students have participated in the first level of training.

Today, we commission a second group of fifteen that has already completed initial training. They are about to begin an important effort to combat racism. Overt racism is an easy target, but more challenging is the unintentional institutional racism that can in subtle ways be a part of our everyday practices. The members of TOCAR will help identify and confront those subtleties with an honest and unflinching eye. North Dakota State University simply cannot be the kind of university we strive to be without this self-examination.

The campus themes of It's About People and Students are Paramount complement each other. This past year, nearly 140,000 hours of volunteer work was performed as a result of classroom service learning and Volunteer Network service. Our faculty, staff and students truly care about others.

NDSU Downtown and our involvement with the state's new horse park illustrate our campus theme of Leveraging Support. Our new academic program in Equine Studies, to be located at the park, brings resources to the project that the organizers could not secure without this partnership. NDSU students, in turn, benefit from the same synergy that creates better facilities than we could secure ourselves.

I said at the beginning of this presentation that we are a campus on the move, and that we have made significant progress toward our goals. This means, of course, that there is still work to do as campus units continue to define their own next levels. For some units, fully achieving their next level will require more effort. Bison Athletics, for example, is pursing an ambitious path that will take several years to complete. It was a decision that attracted much media attention, but the decision to advance to NCAA Division I is but one part of our institutional move to the next level. It fits with our campus vision and I am pleased that after a thoughtful examination, it proved to be viable choice.
There is another ambitious effort that I would like to discuss with you this afternoon. The expansion of our campus programs is being financed through the concerted efforts of many people and entities. In recent years, higher education in North Dakota has been given unprecedented flexibility to direct our own destiny, to make decisions quickly and locally, and to make investments that bring rewards. For example, NDSU has had major capital projects from fiscal year 1999 through 2004 totaling more than $85 million dollars. Of this, $3.4 million came from the state's general fund. The balance we raised through grants, locally generated funds, collaborative partnerships with outside groups and philanthropy.

We are showing that we are, indeed, an outstanding investment for the people of this state. We are doing exactly what we have been asked to do by our state's elected leadership, and we are doing exactly what we said we would do. We are taking a greater responsibility for securing the resources needed to provide a higher level of service for North Dakota.

A critical element of our financial program is philanthropy. Last year, the NDSU Development Foundation had its biggest year ever, as our friends and alumni contributed at a record level in excess of $11 million. Today, the Development Foundation Board of Directors will discuss the biggest, most aggressive capital campaign in our history. It will provide funds for scholarships, academic support and much needed facilities, such as the new business building. It will provide the financial resources we need as we continue to grow as a nationally recognized land-grant university.

Every day, in very personal ways, we confront the challenges of daily life. Our work. Our families. The issues are great and small, from world peace to remembering to bring home a gallon of milk. We don't always take the time to sit back and reflect on where we are and where we are headed. We are fortunate to be at a very special university at a very special time in its history. I believe that is true because we have a tremendous opportunity to chart our destinies. There are many problems in this world, no doubt, and the conventional wisdom is that the next session of the North Dakota legislature will be difficult as our state's leaders grapple with the gap between what we want and what we can afford.

But here at North Dakota State University, we have the freedom to define our next level and we have the flexibility to achieve our goals. We can be the teachers we want to be. We can be the researchers we want to be. We can be the public servants we want to be. We can create the institution we want NDSU to be. This is a tremendous opportunity and a tremendous responsibility.

In the 1961 history of NDSU, Beacon Across the Prairie, Professor William C. Hunter wrote that October 15, 1890, is the commonly accepted date of the founding of this institution. And so today, 112 years and two days later, we are privileged to be a part of a university that is much different than when it was founded. We teach more students, have more buildings, offer more courses and programs, and provide a greater range of outreach at centers and stations across our state. But NDSU remains a Beacon for those who seek knowledge and discovery. We daily engage in the process of expanding humanity's body of knowledge. And we help individuals build better lives on a foundation of truth.
This is a remarkable point in the history of North Dakota State University and I am very proud to be with you at this extraordinary time. Thank you.