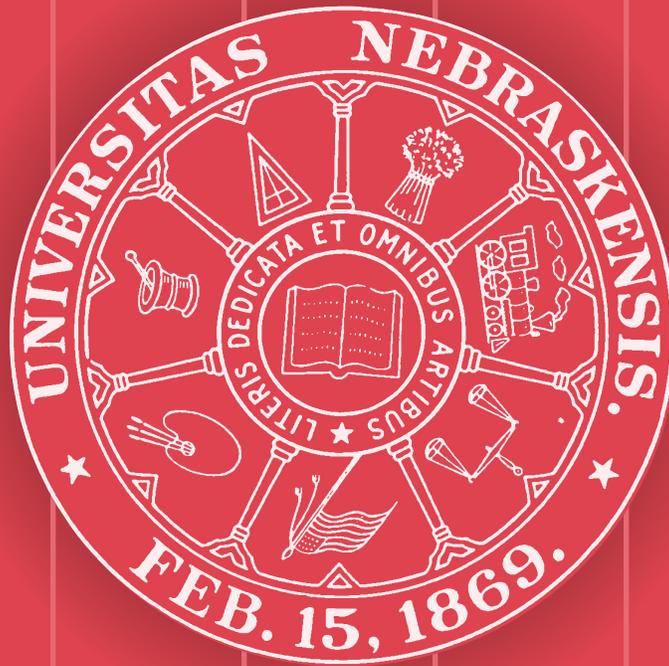


THE STATE OF THE UNIVERSITY
2007



JAMES B. MILLIKEN,
PRESIDENT
UNIVERSITY OF NEBRASKA
JANUARY 2007

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During 2006, I logged thousands of miles across Nebraska, from Scottsbluff to South Sioux City and many points in between, to see first-hand the ways in which the University of Nebraska serves the people of our state. As I talked to alumni, students, faculty, staff, parents and business and community leaders, it was clear that there is tremendous pride in the University of Nebraska and optimism for our future. It is against that backdrop of pride and optimism that I offer these annual observations on our recent accomplishments, as well as some perspective on our challenges, opportunities, and plans for the future.

2006 was marked by tremendous achievements – and difficult challenges. Controversy over a board member’s election

eventually led to his impeachment and conviction ... an historic event that carried the risk of significant negative attention for the university. The Board of Regents kept its focus on the important work of the university despite the considerable distractions, and set a positive tone and direction for the entire university.

Over the summer, a series of disclosures led to the resignation of a senior vice chancellor and ultimately the chancellor at UNO, again putting at risk public confidence in the university. I asked Vice Chancellor John Christensen to serve as interim chancellor, and in large measure due to his a steady hand the campus has maintained much of the tremendous momentum that it had been building in recent years.

2006: A YEAR OF ACHIEVEMENT AT NU

We were able to weather these storms because of the underlying strength of the university – thousands of good people who have made their careers here and work every day to help students learn, to conduct research, and to serve this state in many ways. Nebraskans understand this, and they had confidence that the university would survive these painful episodes.

Guided by strategic thinking and planning, we kept our focus on the university's priorities, and added specific, measurable objectives to track our progress toward the six overarching goals. Number one among those is affordable access to a quality education, and we made significant progress in several key related areas.

AFFORDABLE ACCESS

Affordable access depends on stable state support, sufficient financial aid, prudent management, and moderate tuition. In 2006, with strong support from the Legislature and Governor, we were able to hold tuition increases to five percent for the second year in a row, adding a one percent assessment needed to help pay for building renovations authorized by new legislation. And while this increase may still seem significant to many, it was below the national and peer average increases, and keeps our position at or below the average tuition at similar institutions. I believe that had a positive effect on access and university-wide enrollment, which increased last fall, including an impressive eight percent increase in first-time freshmen at UNL. We

also saw a five percent increase overall in minority students and a 9.5 percent increase in Latino students. As we face a huge demographic shift in Nebraska over the years ahead, our efforts to tap all the talent in our state will be increasingly important.

Several initiatives begun last year reflect our view that improving access to higher education must be a collaborative effort. Governor Heineman and I have joined to work to increase the college-going rate, to build on Nebraska's impressive high school graduation rate. It will take great commitment by many to meet the Governor's goal of increasing our college-going rate a full five percent in four years.

In one new university program, 40 high school freshmen are part of a College Prep Academy, developed by UNL with Grand Island Senior High School, to encourage and prepare first-generation students to attend college. And another 30 students from Lexington and North Platte – all of whom would be the first in their family to attend college – will participate in UNK's "Kearney Bound" program. Both programs evolved from work with school superintendents and principals who are part of our P-16 initiative. With a new \$2 million grant from the National Science Foundation, UNL will also work with Nebraska's six community colleges to encourage community college students to continue their education in engineering.

The entire state will benefit from efforts to increase access to a college education in Nebraska. Among our most important initiatives in reaching this goal is our Tuition

Assistance Program – one of the first in the nation to *promise* qualified students adequate financial support to complete their undergraduate education. TAP was first approved in 2004, and this innovative program has not received the attention it is due. As other similar programs have been announced with much fanfare across the country, we have come to understand the great value in the messages sent to young students and their families: if you prepare academically, it will be possible for you to go to college. In 2007, we will concentrate on expanding TAP to more students and families, increasing public awareness of the program so it can serve as a motivating force for elementary, middle and high school students, and raising private funds to support it.

Distance education represents another means of expanding access to our educational programs. Already the University of Nebraska offers nearly 900 courses on-line, as well as more than 60 degree and certificate programs. This year, we are planning a new university-wide approach to distance education – offering new on-line programs and broader access to all of our offerings, and building on our success by more aggressively marketing the quality and convenience of the programs we offer. The Distance Education Coordinating Committee, chaired by Arnold Bateman, has embraced this challenge. With excellent degree and certificate programs backed by the reputation of the University of Nebraska – including our first completely on-line bachelor's degree, developed jointly by UNO and UNK – I believe we can and should become a global leader in distance education.

PREPARING STUDENTS FOR WORK AND LIFE

The university's strategic framework also focuses on building a talented, competitive workforce for the 21st century and ensuring the global literacy of our students. Strategies to achieve that include retaining and attracting more top students, bringing more out-of-state and international students to Nebraska, and providing students opportunities for internships and service learning. There is success to report on several counts this year.

Record high average ACT scores of incoming freshmen demonstrate our success in recruiting high-achieving students – and our students continue to shine. Last year the university had its first Marshall Scholar, UNL's Aaron Eske, as well as seven Fulbright scholars, and – for the third year in a row – a team in the world finals of IBM's collegiate programming competition.

The university had a four percent increase in students from out of state in 2006, with about 7,000 students representing all 50 states. Our campuses are also home to nearly 2,400 international students from 120 countries. In April, I traveled to Japan to meet students who were planning to enroll as undergraduates in the U.S. this year – 50 of whom were on their way to be freshmen at UNK. These students participate in the National Collegiate Network, which partners with 70 universities across the U.S., including some of the largest American universities. UNK, it usually surprises people to learn, receives more students through this program than

any other institution, and now enrolls about 250 Japanese students. In addition to helping us meet our goal of attracting more nonresident students, this program provides an invaluable opportunity for Nebraska students to learn more about cultures, languages and people from the other side of the globe. I commend Jerry Fox and his colleagues at UNK, as well as the recruiters at the other campuses, for their entrepreneurial spirit and success.

Preparing students for the 21st century also requires that we offer a range of opportunities and experiences that enhance their education, enrich their lives and connect students to their communities and the world. Internships, for example, now include experiences that expand students' cultural horizons. A UNO program matches students who have strong computer and technology skills with Hispanic-owned businesses in South Omaha. And UNK is now one of 14 schools selected to send students to Beijing to develop an industrial technology internship program with Chinese businesses.

Service learning initiatives have also become a significant part of our curriculum.

In September, I had the opportunity to help launch the Campus Kitchen at UNK – an affiliate of a national program led by Nebraskan Karen Borchert – in which college students partner with local companies and agencies to prepare and deliver meals to families in need. UNK can boast of being the first Campus Kitchen that is completely run by students, and dozens of volunteers served more than 1,600 meals to families in Kearney

and nearby communities in just their first four months.

At UNO, the “Seven Days of Service” project brings several hundred students together – over their spring break – to develop leadership and organizational skills while rehabilitating homes in South Omaha. UNO faculty have also participated in North Omaha and South Omaha seminars, to increase their awareness of the needs of the city's minority populations. This commitment to service learning is recognized by the Carnegie Foundation, which has added UNO to its list of universities leading in community engagement.

Students and faculty from all four campuses continue their outreach to families affected by Hurricane Katrina. Since the disaster, more than 250 UNL students, faculty and staff have participated in relief efforts in the Gulf Coast during their winter break, spring break and the week following graduation. In January 2007, UNL students initiated a new cultural exchange program with the Omaha Tribe in Macy, Nebraska. Among their objectives was to encourage Native American students to attend college.

The university is developing academic programs in which Nebraska can be a national or international leader and which are aligned with 21st century career opportunities and the needs of the state. For example, we will soon become the first university in the country to offer a master of law degree in space law. While the program offers opportunities for collaboration with the government, including the US Strategic Command, it also

has significant potential for legal education and research with commercial implications. And, I believe that our new College of Public Health at UNMC, the only one of its kind in the Upper Great Plains, will become a major regional and international public health education and research resource, with a focus on areas such as pandemic disease, childhood obesity, health care costs, and bioterrorism preparedness.

Meaningful opportunities like these, both inside and out of the classroom, are often the work of outstanding faculty members who are dedicated to teaching and to creating innovative learning environments.

As a student here, I was fortunate to experience many outstanding faculty who instilled a love of learning that has only increased over time. One of the best was Paul Olson, a Wahoo, Nebraska, native who studied in London on a Fulbright scholarship, earned a doctorate from Princeton and then – to his credit and our great benefit – returned to Nebraska to teach English. He did so for half a century, before retiring in 2006. The university will miss Paul’s intellect, leadership and character. He represents the best qualities of the remarkable faculty that we are so fortunate to have at Nebraska.

FACILITIES FOR THE FUTURE

While continuing to attract great faculty like Paul Olson is the key to providing a quality education, we must also ensure that we have excellent classrooms, research space and other campus facilities. To that end, each

chancellor presented new five- and 10-year facilities plans, which the Board of Regents approved during the last year.

Developed with input from faculty, staff, students, and community and business leaders, these plans envision campuses that are more innovative, more connected to their communities, more attractive, and more functional. The plans are based on our desire for stronger academic programs, significantly expanded research capacity, and the amenities that 21st century students expect (and which are required to be competitive) – from housing to recreation to smart classrooms.

UNO’s facilities plan, for example, shows a campus that extends two miles, north and south, with new student housing, athletic facilities, classrooms and recreation space. The Aksarben Village project – in which the university is a central partner – will provide the campus with a new center of retail, business and entertainment. This is an example of the kind of public-private partnerships that can capture imaginations, transform communities, and leverage the strength of our campuses.

The plan for the Medical Center likewise extends the footprint of the campus, with a new comprehensive cancer center, additional research towers, more clinical facilities for patient care and new education facilities. UNMC is a key part of Destination Midtown, another ambitious public-private partnership that seeks to revitalize one of Omaha’s most historic areas with \$865 million in investments that will create what one com-

munity planner calls “college town meets research town meets neighbors.” It is an exciting prospect for Omaha and for the university.

In Lincoln, plans for both City Campus and East Campus include new facilities and green space to enhance campus life and new entry points to campus created by the Antelope Valley Project. Additional research space – including a research corridor anchored by the former Textron/Cushman property and Whittier Junior High School – would support UNL’s highly successful research enterprise. Lincoln business leaders’ 2015 Vision project is bringing public and private interests together to plan for a revitalized city, with innovative proposals that directly involve the university. I firmly believe that to fully benefit from the growing research enterprise at UNL, there must be ample, contiguous areas near the campus for public and private sector development.

At UNK, the commitment to developing a leading residential, undergraduate-based campus is reflected in plans to renew the academic infrastructure; expand student facilities including housing, parking, athletics and recreation; and enhance the physical environment of the campus. Recently acquired land across from the campus to the south holds great promise for expansion of recreational, student life and public-private partnership opportunities.

Elements of these plans are already being realized on our campuses. This year, we broke ground on a number of important facilities, most supported by private donations:

- The Mike Sorrell Center for Health Education Sciences at UNMC – a facility noteworthy not only for the contribution it will make in teaching future medical professionals, but for its name. Generous donors to the center chose to recognize an outstanding member of our faculty, Dr. Mike Sorrell, by naming the building in his honor.
- The Ken Morrison Life Sciences Research Center on UNL’s East Campus, which will house the Nebraska Virology Center. Among those researching the world’s plant, animal and human viruses is Charles Wood, who is leading important research into the spread of the HIV/AIDS virus in Africa.
- The second Research Center of Excellence tower at UNMC, supported heavily (as was its predecessor) by Chuck Durham. The center will house 98 additional laboratories and support the operations of the new College of Public Health and the Center for Biosecurity.
- Impressive new residence halls now under construction at UNK, to strengthen the campus’ residential mission and create a new gateway to the campus from the east.
- And, a new home for the International Quilt Studies Center, also on UNL’s East Campus. The center’s unmatched collection of quilts will be housed in a world class building designed by Robert Stern. The center represents an opportunity for the study of textiles and an expansion of the university’s tradition of outreach in the arts.

Several projects exemplify the revitalization of the UNO campus. Last fall, we dedicated the expanded library, named for Dr. C.C. and Mabel Criss and Dr. Guinter Kahn. Renovation of the College of Public Affairs and Community Service – made possible by a combination of public and private support – will bring the departments and schools of that leading college together for the first time. And, U.S. Strategic Command’s new Global Innovation and Strategy Center – created to provide collaboration between the Department of Defense and the public and private sectors – is now located on our south campus, in part because of the unique resources and capabilities of the nearby Peter Kiewit Institute and Scott Technology Center.

At UNL, the School of Natural Resources opened its new home in the completely renovated Hardin Hall – formerly the Nebraska Center for Continuing Education. State-of-the-art laboratories, classrooms and offices support programs in natural resources that are vitally important to Nebraska. And, UNL dedicated the new Diocles laser – part of an initiative that will position Nebraska as a leader in high-field physics and laser research.

Some of the physical changes planned for our campuses – including renovations of Bruner Hall of Science at UNK, the Eppley Cancer Center in Omaha and a new physics building at UNL – can be attributed to LB 605, legislation passed in 2006 that provides state and university funds to undertake \$175 million in building renovation and replace-

ment on all four campuses. This was our highest legislative priority, and it won the support of many individuals and organizations throughout the state. It’s an investment that will pay dividends for decades to come.

THE IMPORTANT ROLE OF PRIVATE SUPPORT

Private support also plays a major role in the expansion and renovation of campus facilities, of course, and last year was a banner year for the University of Nebraska Foundation, which raised a record \$127 million. The endowment the Foundation manages for the benefit of the university is an important source of permanent support, generating income for facilities and campus improvements, student scholarships, faculty-support and academic programs, as designated by donors. I am certain that the reason we have been so successful in recent years with private fundraising is that alumni and other supporters can see the potential and have a sense of the great momentum at the university.

RESEARCH SUCCESS

Strong private support has played an especially important role in our success as a research institution, by supporting new and expanded research space, and by improving our ability to attract and keep outstanding research faculty. The results are clear. In 2006, we reached a record \$184 million in external funding for research ... double what

it was in 2000. According to the National Science Foundation, we are now ranked 33rd among all public universities in R&D spending.

Among the successes in the last year were:

- A \$6.2 million grant from the U.S. Department of Transportation designating UNL as a regional University Transportation Center. The grant recognizes our leadership in transportation research – an area that is closely aligned with the interests of Nebraska as a regional transportation hub.
- IANR received a \$9 million, five-year grant to continue international sorghum and millet research, continuing their long tradition of agricultural research with global importance.
- UNMC researchers received five grants totaling \$3.8 million for inter-related research on lung disease, as well as a \$2.6 million NIH grant to study vascular disease in kidney transplants.
- And one of the most significant grants this year established a partnership between the university and Nebraska Public Power District. With a \$5 million grant, the new Center for Alternative Energy at UNL will focus on alternative energy research with an eye toward its commercial potential.

PUBLIC-PRIVATE PARTNERSHIPS

Several other important partnerships were initiated or expanded this year. Our long-standing relationship with the Gallup Organization took on a new dimension when

we announced a new University of Nebraska Washington Center in Gallup's D.C. headquarters. The center will serve as a site for classes, executive seminars and symposia that bring together academic leaders, business professionals, and government staff and officials, to share information and showcase research in areas such as water resource management, biosecurity and alternative energy sources.

The Nebraska P-16 initiative, a public-private consortium of which we are a leading partner, hosted an education roundtable last spring to discuss ways in which Nebraska can be more competitive in the information economy. The P-16 initiative is on firm footing, with a new full-time director soon to be hired and a budget leveraged with support well beyond what the university provides.

A year ago, I announced a reorganization to expand the university's partnerships with Nebraska business, education and government organizations so that we would be more involved in identifying and working on strategies for Nebraska's economic future. Pete Kotsiopoulos has helped bring important partners together – including the Department of Economic Development, the Nebraska Business Development Center and campus-based entrepreneurship programs, local chambers of commerce and economic development groups, to name just a few. With the support of the Governor and DED, Pete led the university's efforts to assume responsibility for the state's Small Business Research Innovation program. Other states have used this important tool successfully to

help build new tech-based businesses, and we expect to see similar results.

Another essential component of business development – seed money and early stage capital – is also now available to businesses with ties to Nebraska through the new Nebraska Angels organization, created last spring. These highly successful private investors provide start-up funding to promising new companies that have potential to produce a large return on investment and share their experience as entrepreneurs and business leaders. They have already begun selecting businesses for investment.

In March, our Innovation Forum brought business and technology leaders together for a conference on economic

growth through the application of science and technology. In November, we joined with Gallup and the Nebraska Business-Higher Education Forum to host a summit on entrepreneurship that drew nearly 200 leaders of business, education and government, as well as a number of successful Nebraska entrepreneurs, to discuss the climate for entrepreneurship in Nebraska. We are building an impressive bank of resources through the Nebraska Business Development Center, our campus-based centers for entrepreneurship, and programs like the Food Processing Center, all of which provide education and assistance for start-up businesses and continue the university's tradition of outreach and engagement.

CHALLENGES FOR THE FUTURE

In 2007, the University of Nebraska – and the state of Nebraska – are at a critical juncture. The university is poised to help Nebraska become a state that not only offers a great quality of life, but that also provides great opportunities for individual development and success, business growth, expansion of research and development, fostering entrepreneurship and building a foundation for long-term economic growth.

At the same time, our state is faced with structural fiscal challenges that require our political leadership to make difficult choices. We recognize the signifi-

cance of these policy choices, and at the same time, we are unwavering in our belief that a significant investment in the University of Nebraska is essential to the kind of future that Nebraskans desire and deserve.

The magnitude of our challenges does not require that we turn inward and think small; in fact, it demands just the opposite. Fortunately, we can look to our own past and find encouragement and strength. Two years ago, I noted at my installation that the founders of a university situated in the middle of a prairie – in 1869, when the economic

climate was certainly worse than today – were met with considerable skepticism. However, they took bold steps and built a university based on hope and optimism – a university which has contributed immeasurably to the economy and quality of life in Nebraska.

To this day, Nebraskans have continued to demonstrate we are not afraid to dream big. For instance, in athletics we've said we will compete on the playing field or on the court with anyone, any place, and be the best. And we have done so. We have invested in finding the best talent and building the best facilities to make our ambitious dreams come true. That's the kind of thinking that national championships are made of. Our willingness to think big in other arenas is more important because it will ultimately determine what kind of lives we lead and what kind of state we will leave to our children and grandchildren. I believe that Nebraskans can think big ... and that the University of Nebraska is essential to helping the state achieve its goals.

A CHANGING POLITICAL ENVIRONMENT

Last fall, Nebraska became a national testing ground for a state spending lid. The presence of Initiative 423 on the ballot provided the opportunity for a statewide conversation on the state's priorities. I believe overwhelming defeat of that proposal was a vote of sup-

port for education and other important state priorities, and for confidence in our elected officials to make decisions that are in the state's best interests. Nevertheless, there is legitimate concern about our ability as a state to continue to provide important services unless we grow our economy.

This year's major political decisions will be heavily influenced by significant changes in leadership. Twenty-two new state senators – nearly half the Unicameral – took office in January ... the first "class" in the post-term-limits era. While we lost some key leadership, I have had the opportunity to spend time with many of the new legislators, and I am heartened to find that we have gained some healthy new perspectives and ideas.

It is within this environment of new leadership, a comparatively strong state economy and legitimate concerns about our future economic and fiscal condition that the University of Nebraska must make its case. And while the ongoing challenge is to secure adequate investment for each biennium, we have a bigger story to tell ... about how successful the university has been, how well-respected our research and academic programs are in the national arena, how important the university is to the future of individuals and the state, and how an investment in higher education is a long-term investment in the people and the state of Nebraska.

THE ROLE OF THE UNIVERSITY IN NEBRASKA'S FUTURE

The responsibility for Nebraska's future doesn't rest entirely with the university, of course, but as I look back on the accomplishments of the past year, and look forward to the opportunities in 2007 and beyond, I am convinced that our role is more important today than ever.

We must increase the pool of talent in Nebraska – including, particularly, educated young people who have the knowledge and skills to compete for (and create) 21st century jobs. The University of Nebraska is in the best position of any institution to build that pool. Entire fields of study that didn't exist a generation ago are being taught in our classrooms. New technologies are being applied to traditional areas of study. Nebraska business leaders are helping us define areas that have the greatest career potential. A strong university can help build a competitive workforce for Nebraska, contributing mightily to the economy of our state and providing economic opportunity to our citizens.

It is important to understand and apply new knowledge and rapidly advancing technologies, but it is also the role of a great university to help create them. That is one of the functions of university research – creating new knowledge and leveraging technology to improve our health, strengthen families, manage our natural resources, develop new products, and increase productivity. Economic experts agree that universities and research centers are driving forces behind innovation, creating jobs by helping new businesses get started and existing businesses grow.

I am convinced that Nebraska's ability to become more competitive in the 21st century will also depend in large part on creating and nurturing public-private partnerships that leverage the collective resources of the business community, the university, government and private citizens. A strong university can foster this culture of partnership and innovation – a culture that attracts and welcomes economic growth in Nebraska.

This is not a high-risk proposition, but one that has proved successful in other regions. More and more states have come to recognize this, and are investing billions of dollars in innovative ideas, facilities and public-private partnerships. The Centennial Campus of North Carolina State University is a 20-year-old success involving a 1,300-acre expansion of that land-grant university to provide for public and private research and development. The Kansas Economic Growth Act anticipates an investment over the next 10 years of \$580 million in state funds to drive research and commercialization, and to recruit and keep bright people in the state. The Iowa Values Fund is a seven-year, \$503 million state investment that adds \$5 million each year to university research and development infrastructure. And in Wisconsin, the governor has earmarked \$375 million for the Wisconsin Institute for Discovery, a public-private interdisciplinary research center that will occupy a full city block on UW-Madison's campus. Those states are thinking big, and I believe that Nebraska can and must do the same.

LOOKING AHEAD

As I look ahead to 2007 ... and beyond ... I see unprecedented opportunities for the university to make a difference in Nebraska's future.

Perhaps the most significant potential for growing the state's economy lies in expanding our research enterprise and strengthening partnerships with the private sector. I am encouraged by the enthusiasm that Nebraskans have shown for innovative ideas to revitalize our communities and strengthen public-private partnerships. We must continue to find new ways to bring businesses and our campuses together, to create an environment in which creativity flourishes and great ideas generate new companies and new jobs.

We must continue to understand the unique needs of Nebraska ... to ensure that our education and outreach programs are

accessible and beneficial to the people of the state, that our research addresses issues and problems that concern them, and that we continue to serve the public in everything we do.

And finally, we must think big ... as a university and as a state. John F. Kennedy (or was it Ted Sorensen?) once said, "The problems of the world cannot possibly be solved by skeptics or cynics whose horizons are limited by the obvious realities. We need men who can dream of things that never were." At this pivotal point in Nebraska's history, we have to have goals that may seem lofty or even unattainable ... and then set out to achieve them. I believe the University of Nebraska is the right institution at the right time to help Nebraskans achieve big dreams for the future of our state.

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