

Remarks as prepared for delivery by Interim President Benjamin Allen

FY18 Budget Presentation for Board of Regents
August 2, 2017 | 9:00 a.m.
Telephonic Meeting

Thank you for this opportunity to discuss Iowa State's FY18 General University Operating Budget.

As Iowa's only land-grant institution, we are driven by our mission to provide a high-quality education that is accessible and inclusive of a diverse student body, and prepares students for successful careers and meaningful lives.

Consistent with that mission and the goals of the university's strategic plan, our FY18 budget was framed around the following four priorities:

1. Enhance access to an exceptional education and overall experience,
2. Expand research to address Iowa's and the world's grand challenges,
3. Promote job creation and improve quality of life for Iowans through service to the state, and
4. Enhance campus safety, inclusion, and well-being.

Budget planning is never an easy task, but it was made even more difficult this year by the recent legislative session. It was one of the most challenging and disappointing legislative sessions for Iowa State in recent history.

- Our base state appropriation was cut by 6.25% - the equivalent of \$11.5 million.
- We also experienced direct-line appropriation reductions to the Nutrient Research Center, Leopold Center, and Small Business Development Center – totaling \$1.8 million.

What's more: this year doesn't look any better. Given the recent headlines about worsening state revenue projections, we know we must be very cautious in our expectations for the 2018 legislative session.

Iowa State remains committed to running as efficiently as possible by keeping operational and administrative costs down.

- Our administrative spending has consistently been nearly half that of our peer group institutions.
- However, because of our rapid growth, those efficiencies allow us to do only so much with regard to scaling the university; annual revenue increases are essential.

Unfortunately, this pattern of inadequate or declining state support has shifted the burden to our students and their families as well as our faculty and staff.

- Students and families have been asked to pay more in tuition, while our faculty and staff did not receive a salary increase this year.

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Current enrollment projections indicate that the rapid growth we've experienced over the past eight years will level off this fall.

- Demand from nonresident students remains strong; however, we're seeing a notable decline in international student demand, not only here at Iowa State, but across the country.
- We're also graduating students in record numbers – and we're graduating more students in four to six years than ever before.
- There's a natural leveling-off starting to occur.

That being said, Iowa State will still be a vibrant, bustling university this fall with students from every corner of Iowa, the nation, and the world – and they are our top priority.

We understand the hardship of the last-minute tuition increase, especially considering this is the second year in a row for such an increase.

- Consequently, we made a difficult decision this year: with the exception of the previously negotiated increase for AFSCME-covered staff, there were no mandated salary increases for FY18.
- This was a difficult decision because it means we aren't able to recognize our faculty and staff for their hard work.
- It creates a burden for our employees who should at the very least be able to rely on annual salary increases to keep up with inflation.
- It's also concerning because inevitably the lack of raises will drive some of our faculty and staff to leave, putting our quality at risk.
- Competitive compensation must be a priority moving forward; however, this year we felt we could not justify another last-minute tuition hike to fund salary increases.

We were very intentional to put as much of our limited resources as possible toward the instructional and academic functions of the university to directly benefit our students. We allocated an additional \$6.8 million dollars this year to support these core areas.

- This includes hiring new tenure and tenure-track faculty as well as academic advisors and teaching assistants.
- Over the past five years, we've made an aggressive hiring push to accommodate the rapid increase in enrollment, particularly in STEM and STEM-related fields. But even with 450 new faculty hires in five years, our enrollment growth has far out-paced our faculty growth.
- With our very limited resources this year, we hope to at least maintain our current student-to-faculty ratio.
- But we will continue to focus on lowering that ratio to ensure our students receive the individualized attention and instruction they need to be successful.

We also continue to make student aid a high priority.

- Investments in financial aid help us attract and retain academically talented and diverse students – including National Merit and Achievement Scholars, George Washington Carver Scholars, and transfer and first-generation students.

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- This aligns directly with our first strategic priority to enhance Iowa State's accessibility.

This year marks the second phase of the three-year phased international tuition increase. These funds are being invested in programs and services such as international orientation, student counseling, tutoring, and international learning communities.

- We want to ensure a successful transition and a positive, inclusive college experience for these students who – in many cases – have traveled half-way around the world for their college education.

A new differential tuition structure has been implemented in five programs. (*note: animal science, biology, computer science, industrial design, and natural resource ecology and management*).

- These new dollars will support the higher instructional costs associated with these fields in order to maintain the excellence of these programs.

Finally, as Iowa State has grown 40 percent over the past decade, space on campus is at a premium. We're very grateful for the commitments made by both the state and private supporters to enable us to increase campus capacity. Two new buildings will open this academic year:

- The Bessey Hall addition will open in time for fall classes. This facility will serve as the new state-of-the-art home of our biology program.
- Early next calendar year, the Advanced Teaching and Research Facility will provide cutting-edge teaching and lab space for our plant pathology and microbiology department.

Funds were budgeted this year to cover the costs of opening both buildings along with outfitting the facilities with critical research and lab equipment.

As we look ahead – the stark reality remains: state funding is not adequately supplementing the lower tuition rates that resident students receive. Thus, we appreciate that the Board is taking a comprehensive look at our tuition model and structure.

Iowa State prides itself on its unique land-grant mission, the prestige associated with being an AAU institution – which makes an Iowa State degree more valuable for our students, and our stellar reputation as a student-centered university.

- Students choose Iowa State because we have a proven return on investment. We offer quality programs in high-demand fields – with many of our graduates (64% of resident graduates) remaining in Iowa to start their careers.

Moving forward, we must ensure our university has the resources to support the qualities that make Iowa State an exceptional institution now and in the future.

I'd be happy to answer any questions.