While I truly appreciate the $12 million increase in state appropriations to be split among the Regents institutions for general operations, this amount falls well short of the Board’s $18 million request, a request that was supported by the Governor.

We are disappointed to see the trend of underfunding public higher education continue. Currently, Iowa State’s general fund appropriation is **$20 million less** than our appropriation in the year 2000. In 2000, we had 26,845 students and this year we had **34,992 students**. **More than 19,000 ISU students are from Iowa.**

As President, I am committed to maintaining Iowa State University’s high quality.

Accordingly, our budget priorities include:

1. Retaining and recruiting high quality faculty and staff to ensure our students learn from and are supported by the best. We compete for top talent on a national level and we must be able to provide competitive salaries and salary increases to attract and keep the best and brightest.
2. Ensuring that a high quality Iowa State education remains accessible to a diverse student body by providing appropriate financial aid and scholarships.
3. And optimizing and renovating building capacity and addressing our staggering deferred maintenance issues.

We reported to the Board in September that we would need **$32.5 million in new resources** – through a combination of state funding, tuition revenue, and savings and realignments – to advance these priorities in the coming fiscal year.

We promised to do our part through internal savings and strategic realignments. Last year, for example, we identified $12 million in strategic realignments. We’re also implementing a new enterprise management system and streamlining our Human Resources and Finance services, which will allow us to optimize the day-to-day business of the university.

We support the Board’s 5-year tuition plan to make tuition increases predictable and transparent. This plan keeps annual undergraduate resident tuition increases at a modest 3 percent, contingent on state funding.

But… we needed the state to do its part by fully funding our legislative request. Unfortunately, that did not happen… continuing a long-term trend by the state of underfunding or cutting support for public higher education and shifting the burden to our students and their families.
Remarks as prepared for delivery

To better understand the ramifications of state funding and tuition trends, one of our graduating seniors conducted his own research. After poring over nearly 30 years of financial statements, Brandon Beecham, an Honors student from Ankeny, found that at ISU, state funding is no longer subsidizing resident tuition the way it once did.

He also linked the decline in state funding to a drop in faculty pay relative to Iowa State's peer institutions.

Beecham, who is a double major in accounting and finance, said and I quote “we can’t keep cutting instructor pay or our faculty will leave, our national rankings will go down and we’ll lose international students who use those rankings when determining where to go to college.”

My team and I are working on a salary proposal for faculty and staff that we'll share with the Board next month. We’re also working hard to increase scholarship funding for our students, and our alums and friends are responding. More than $18 million in private scholarships was awarded last year. In addition, Iowa State has made significant progress in reducing the cost of textbooks to our students. This past year, Iowa State students saved $2.5 million by having access to free or low-cost electronic textbooks and other course content.

Iowa State provides a great return on investment to the state. Last year, faculty generated $246 million in external grants and contracts. In addition, Iowa State is partnering with the Iowa Economic Development Authority to create wealth in Iowa by commercializing research discoveries. I am very appreciative of new legislative funding of $825,000 that will support increased research in biobased chemicals. ISU research and extension programs are also focused on critical Iowa challenges including water quality and nutrient management and supporting our livestock and poultry industries through a strong veterinary diagnostic clinic. Economic development and company assistance programs like our Center for Industrial Research and Service leverage our research and expertise for the benefit of Iowans in every single county. Last year, CIRAS served 5,700 Iowa companies in all 99 counties, generating more than $840 million of total economic impact. To put that in perspective, $840 million – from just ONE program at Iowa State – is more than four times that of our annual state appropriations.

I promise Iowa State University will do everything possible to help the people of Iowa and our legislators better understand the benefits of increased investments in Iowa State University. I need to do a much more effective job of helping Iowans know the value to this state of supporting the students who attend Iowa State University. I will make it clear that investments made in university research benefit Iowa’s businesses, communities and people. I must make the case that Iowa State’s research park is a powerful economic engine of growth for this great state. The future of Iowa is closely tied to the future of our Regent universities, and we must begin to recognize the great return on investment our universities bring to the state.