

*Remarks as prepared for delivery by President Wintersteen*

FY20 Budget Presentation for Board of Regents  
August 1, 2018 | 9:00 a.m.

Thank you for this opportunity to discuss Iowa State University's FY20 General Operating Budget. This Budget serves as the foundation for our comprehensive mission of teaching, research, extension and outreach in all 99 counties. This Budget also supports economic development and entrepreneurship at the ISU Research Park, which now houses 90 businesses, employing 2,000 people and 300 student interns, and making central Iowa a magnet for high technology, research based growth and business spinoffs. The state's investment in Iowa State University continues to pay dividends in job creation, new research and high student placement rates.

As President, I am working hard to make Iowa State known for promoting student innovation and entrepreneurship, across all colleges and disciplines. Around the nation, Iowa State students are winning awards for their entrepreneurial ideas, and our faculty and staff are licensing and patenting their new discoveries. Already, hundreds of new businesses have been established across Iowa, as ISU entrepreneurs graduate and return to their homes, farms and small towns. Someday I believe ISU's acronym will have a second meaning, as the state's largest generator of 'Iowa start ups'.

Embedding entrepreneurial thinking and skills into the curriculum is one powerful way that Iowa State is using its budget to scatter the seeds of future growth across the state. With the opening of the Student Innovation Center next spring, students and faculty will have an exciting hub to test theories, build prototypes, pitch ideas and spin off exciting new businesses to help grow Iowa from the ground up. More than 18,000 ISU students come from inside the state of Iowa. Imagine the impact they will have on the future of this state, when they take their innovations and entrepreneurial ideas to the next level.

Like all Iowa businesses, Iowa State is experiencing increased costs for employee salaries, infrastructure, technology and services. These increased costs are making it much more difficult to compete with other state universities, who have tuition rates that range from 20% to 80% higher than ours and can offer compelling amenities to students or higher salaries and better facilities to faculty and staff. As an engine of economic growth for Iowa, Iowa State needs the necessary resources to compete in this environment and help move this state's economy forward.

Iowa State University continues to leverage our state funds and tuition dollars to provide an exceptional return on investment for our students, Iowans and their families. One way we do this is by operating more efficiently than other universities. Between 2009 and 2016, Iowa State reduced our administrative costs per student by 28%.

In keeping with our persistent efforts for greater efficiency, Iowa State recently launched a state-of-the-art financial and human resources administrative system, Workday. This modernized, streamlined software technology will provide best-in-class processes and significant gains in efficiency for the institution for years to come. Along with Workday, we created a new organizational structure to provide improved finance and human resource services to campus.

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We will have fewer students enrolled at Iowa State in the coming year, which further reduces our overall income. This new trend reflects the shrinking pool of high school graduates and potential community college transfers. Iowa State is also seeing overall lower international enrollment, which is a major issue for universities nationwide, as international students choose Canadian or European universities. It is important to note that Iowa State's *total enrollment will remain robust*; however, any decline in student numbers has a significant impact on our budget.

As a result of increasing costs and lower tuition revenue, Iowa State found it necessary to reallocate \$23 million in our FY20 budget, which equates to 3.1% of our general university budget. These budget reallocations provided the necessary funds to support a modest salary increase for faculty and staff, cover mandatory cost increases for supplies and services, and support areas that enhance student success.

Our priority to invest in quality faculty and staff supports our mission to prepare Iowa's workforce and future STEM leaders. This past spring, more than 5,300 students – a record number – completed their degrees. And within six months, 95% of our graduates will secure a job or continue their education. Nearly two-thirds of our resident graduates and more than 50% overall stay here in Iowa to work.

Our missions of research, extension and economic development are supported with state funds, federal funds and private sector investments. Iowa State is partnering with the Iowa Economic Development Authority to expand the state's bioeconomy – a sector primed for growth as highlighted in the state's 2017 TEconomy Report. New legislative funding of \$825,000 will support increased research in bio-based chemicals and also smaller startup activities in vaccines and immunotherapies, and precision and digital agriculture.

The state's \$300,000 increase for operations at ISU's Veterinary Diagnostic Laboratory will support the VDL's leading role in protecting animal and human health. This funding will support equipment, technologies, and faculty and staff in order to advance our diagnostic testing capabilities for Iowa livestock and poultry producers. The work of the VDL is critical to the health and vitality of the state's \$32.5 billion animal agriculture industry.

Our faculty continue to pioneer research innovations that strengthen the state's economy and directly impact Iowans' quality of life – such as innovative approaches to water quality challenges, efforts to mitigate antibiotic resistance, and advances in cancer and Parkinson's disease treatments. In FY19, ISU set a new record for external research funding of nearly \$261 million.

ISU extension and outreach professionals live and work in every single county and work hand-in-hand with Iowans -- including farmers impacted by the devastating spring floods and the challenges of a delayed planting season. Each year we provide skills training for more than 50,000 community leaders, local government officials, business owners, entrepreneurs and volunteers. Nearly 100,000 young Iowans participate in our 4-H programs each year, allowing them to explore interests in key fields like STEM and become college-ready.

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I resolve to do everything possible to help more Iowans and legislators better understand how our teaching, research, and extension programs positively impact our state and their communities and families. I also resolve to do a better job of making the case that an investment in Iowa State University, the ISU research park, and our exciting focus on innovation and entrepreneurship is truly an investment in a strong future for all Iowans.

Thank you and I'd be happy to answer any questions.