

February 2026



# Financial Update

# Three Year Model

## Campus 3 Year Financial Model (Previously known as the 5 Year Model)

- Budget Office tool that allows the campus to project the financial health of the campus for the next 3 years.
- Relies heavily on revenue and expense projections in future years
- Submitted to University Budget Office in January



# Three Year Model

## Year End Projections (General Fund Only)

	FY26 (current)	FY27	FY28	FY29
Surplus/Deficit	\$ 492,865	\$ 28,291	\$ (1,160,405)	\$ (1,459,219)



# Three Year Model – Notes and Takeaways

We take a conservative approach to estimate future revenue and expenses:

- In prior years, we have used the fall enrollment study to predict tuition and fee revenue.
- This year we decided to hold enrollment flat for future year projections.
- Assumes no increase in our state appropriations or tuition rates for the next 3 years
- Assumes we will have a general salary increase every year



# VP Iwama/Philemon Visit

On Thursday January 29<sup>th</sup>, VP Iwama and Philemon Yebei visited campus prepare for their budget meeting with the President in early March.

## Key points:

- Overall, they were complimentary on how we've managed the budget in recent years, considering the challenges we've faced.
- Expense control will continue to be an area of focus.
- We all need to continue to “daylight” the great work that is being done at the regional campuses.
- There's a lot of excitement for Regionals at the Rotunda on February 18<sup>th</sup>.



# FY27 Budget Guidance

Expense Control: FY27 Budget Guidance memo from VP/CFO Jason Dudich calls for a university-wide net reduction of expense of \$20M.

- Operating expenses at many campuses, colleges, and schools exceed operating revenues. Other income, such as gifts and investment income cover the difference.
  - This is not the case at IUSB
- Due to volatility of other income streams, there is a need to close the gap between operating revenues and expenses



# FY27 Budget Guidance

Total FY27 net reduction requirement for regional campuses = \$1,074,563:

- East: \$170,635
- Kokomo: \$165,057
- Northwest: \$211,359
- South Bend: \$299,922
- Southeast: \$227,589



# FY27 Budget Guidance

- Our portion of the expense reduction is \$299,922
- Reductions in the “Use of Cash” budget line item will count toward our campus target.
- Recall that we had a use of cash in our FY26 budget of \$1,007,307 to offset the state appropriations reduction and holdback.
- Ultimately, we will not need to use cash to offset expenses in the FY26 budget, largely due to revenue from enrollment gains and tight expense control
- We are confident that our FY27 budget construction will include a large reduction (if not elimination) of the use of cash. This will satisfy our expense reduction target.



# Looking ahead to year end

After a reserve contribution, if there is money left over, where should we invest?

Keep in mind:

- There may not be a year end surplus
- Any investment/expenditures should be considered one-time in nature
- This will be an ongoing discussion, and will ultimately be the Chancellor's decision
- If you have ideas, please share with the faculty members of the Senate Budget Committee, and CBAC.

