

February 2025



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
- Will re-open for adjustments in April



Three Year Model

Year End Projections (General Fund Only)

FY25 (current)	FY26	FY27	FY28
\$ 1,258,237	\$ 1,521,634	\$ 140,215	\$ (1,139,314)



Three Year Model – Notes and Takeaways

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

- The fall enrollment study is used to project revenue, and there is a 2.3% decline in FY26.
- Assumes no increase in our state appropriation for the next 3 years
- Assumes we will have a general salary increase every year



State Budget Process

Distinct budget proposals are created by 3 groups:

1. Indiana Commission of Higher Education
2. Governor's Office
3. Indiana House/Senate

The Commission and Governor's proposals have been published, and the House/Senate is forthcoming.



State Budget Process

Link to Indiana Budget Development Site:

https://www.in.gov/che/budget-and-finance/current-and-historic-budgets/#2025_2027_Budget_Development

CHE Proposal for FY26

- Increased state appropriation by 3%, which equates to \$798,535 in operating budget
- Repair and Rehab (R&R) = increased by \$75,042 for a total of \$743,826
- Did not recommend capital funding for regional campus projects (science lab reno for IUSB)

Governor's Proposal for FY26

- Decreased state appropriation by 1.3%, which equates to \$333,520 in operating budget
- Eliminated R&R, which was a decrease of \$668,784
- Did not recommend capital funding for regional campus projects (science lab reno for IUSB)



State Budget Process

- Typically, the commission's proposal is more generous than the Governor for higher education
- House/Senate proposal is yet to come
- Important to realize that it is still early in the process
- Final budget should be known by end of April

Ultimately, the final state budget will be a major factor in determining our approach to tuition rates, salary increases, etc.



University Administration (UA)

University-wide leadership and functional areas that advance and implement strategic goals and priorities of the institution

Provides critical and highly specialized enterprise services across the university

- INFORMATION TECHNOLOGY
- CHIEF FINANCIAL OFFICER
- RESEARCH
- COMMUNICATION AND MARKETING
- HUMAN RESOURCES
- GENERAL COUNSEL
- INTERNATIONAL AFFAIRS
- UNIVERSITY STRATEGIC OPERATIONS
- CAPITAL PROJECTS & FACILITIES
- STUDENT SUCCESS
- UNIVERSITY RELATIONS
- OFFICE OF THE PRESIDENT
- DIVERSITY, EQUITY & INCLUSION
- ALUMNI RELATIONS
- REGIONAL CAMPUSES & IU ONLINE*
- BOARD OF TRUSTEES



UA Budget Model Redesign

- Working group reviewed the current allocation model and proposed UA assessment for FY26, and created a new assessment model
- The new assessment model is based on data and metrics tied to campus spending, employee FTE, student FTE, research activity, and space.
- Student FTE metric is pro-rated to account for lower regional campus tuition rates

Metrics Assigned to Each UA Unit:

- 1. All Student Enrollment (FTE)**
 - a. Alumni Association
 - b. International Affairs
 - c. Regional Campuses & IU Online
 - d. Student Success
- 2. All Employee Count (FTE)**
 - a. General Counsel
 - b. Human Resources
- 3. Campus Expenditures**
 - a. Board of Trustees
 - b. President's Office
 - c. Chief Finance Officer
 - d. University Relations
 - e. Communication & Marketing
 - f. University Strategic Operations
- 4. Research Proposals**
 - a. Research
- 5. Square Footage (assignable)**
 - a. Capital Planning and Facilities
- 6. Employee and Student FTE**
 - a. Diversity, Equity, and Inclusion
 - b. Public Safety
 - c. Information Technology



Balancing Act

- Software solution that allows the end user to explore the financial impact of budget-related decisions in real time.
- Emphasis on underbudgeted items and future investment opportunities
- Updated version for FY26 is live at the following link:

<https://iu.abalancingact.com/fy26-iu-south-bend-campus-budget-exercise>

