



**BALL STATE
UNIVERSITY**

Date: July 7, 2025
 To: Chad Ranney, State Budget Director
 From: Geoffrey S. Mearns, President, Ball State University
 Cc: Katie Jenner, Secretary of Education
 Chris Lowery, Commissioner for Higher Education
 Courtney Everett, Deputy Budget Director
 Jonathan Eccles, Division Director – Education, Development, and Management
 Daniel Craig, Fiscal Analyst – Education, Development, and Management
 Re: 5% Operating Reserve

On June 13, the Ball State University Board of Trustees unanimously approved a balanced operating budget for FY 2026. The budget plan accounts for both a 5% cut in appropriation, as well as a 5% withhold, in accordance with HEA 1001 (2025). The reduction in appropriations, combined with the withhold, is a total reduction of approximately \$14 million. The University’s operating budget also accounted for no increase in tuition and fees, as directed by Governor Braun and recommended by the Commission for Higher Education.

To balance the budget, our Board of Trustees approved a Salary and Wage Plan that included no recurring increase to base salaries. However, in order to ensure the quality of the student experience, we will invest \$350,000 for additional funding for faculty promotions. While recurring salary increases were not possible, Ball State will support our employees with a one-time salary supplement of \$1,500 for all full-time employees and \$750 for all part-time employees. We will fund this one-time expense through our strategic investment reserves. We also restructured our retiree benefits, assumed a higher amount of anticipated salary savings, and reallocated revenue from designated funds to our operating fund. As some of these actions are not sustainable beyond the upcoming biennium, over the next year, we will engage in a deliberate and comprehensive process to identify prudent and strategic steps to operate more efficiently, yet equally effectively. Please see below for the FY 2026 General Fund Budget Plan approved by our Board of Trustees:

2025-26 General Fund Budget Plan

	Budget 2024-2025	Budget 2025-2026	Change
General Fund Operating Revenue			
State Appropriation			
a. General Operating Appropriation	\$ 138,952,000	\$ 125,271,000	\$ (13,681,000)
b. Entrepreneurial University	2,500,000	2,375,000	(125,000)
c. Dual Credit	290,000	276,000	(14,000)
d. Academic Building Bond Payments	21,841,000	21,836,000	(5,000)
Student Fees	215,500,000	222,432,000	6,932,000
Other Sources	9,353,000	8,256,000	(1,097,000)
Total Operating Revenue	\$ 388,436,000	\$ 380,446,000	\$(7,990,000)
General Fund Operating Expenses			
Salary & Wages	\$ 193,421,000	\$ 191,886,000	\$ (1,535,000)
Employee Fringe Benefits	69,901,000	61,488,000	(8,413,000)
Other Expenses			
a. Fuel & Utilities	14,415,000	15,030,000	615,000
b. Student Aid	40,034,000	42,928,000	2,894,000
c. Academic Building Bond Payments	21,841,000	21,836,000	(5,000)
d. Contingency & Strategic Initiatives	2,000,000	-	(2,000,000)
e. Account Pool and Other Expenses	46,824,000	47,278,000	454,000
Total Operating Expenses	\$ 388,436,000	\$ 380,446,000	\$(7,990,000)

Ball State is proud to have a long history of fiscal discipline, which has allowed us to manage our budget prudently. During the COVID pandemic, our institution reduced expenses by more than \$14 million to balance the budget, rather than using Federal funds to compensate for the loss. We instituted a faculty early retirement incentive program, where we strategically deployed \$10.3 million and realized annual savings of \$10.2 million. Ninety-two full-time faculty members opted into this program, which has allowed our University and each academic unit to use those savings to fund positions in growing programs. We are also internally pruning academic programs to ensure our resources are being used for programs that most benefit our Hoosier students. Since 2014, Ball State has eliminated 59 degree programs at the bachelor's (22), master's (33), and associate degree (4) levels.

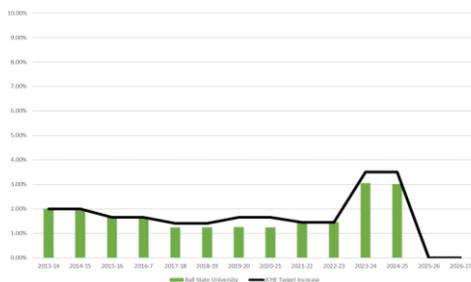
Ball State has also reviewed our academic programs with low enrollments as required by HEA 1001 (2025). Of the 110 programs identified by ICHE to be under the threshold, we have identified 51 programs for Voluntary Early Action. Of those 51 programs:

- Seven (7) programs are included for Routine Staff Action - Eliminating a Program
- One (1) program is included for Routine Staff Action - Suspending a Program (Teach-Out Toward Elimination)
- Five (5) programs are included for Written Commitment to Suspend the Program before AY26-27 (e.g., Teach-Out Toward Elimination)
- Two (2) programs are included for Routine Staff Action - Merge/Consolidate a Program(s)
- Thirty-six (36) programs are included for Written Commitment to Merge/Consolidate the Program before AY26-27

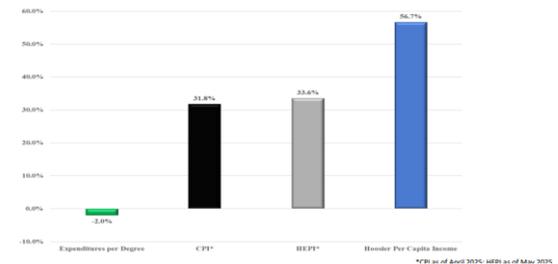
Throughout the fiscal year, we will continue review of the remaining 59 programs. We have also worked to reduce expenditures in ways that are not readily apparent to students. For example, we have reduced the trash collection and mail delivery schedules.

These efforts have helped us manage expenses and maintain affordable tuition. Ball State has kept tuition at or below the ICHE recommended levels and below the Consumer Price Index and the Higher Education Price Index for the past 14 years. Expenses per degree awarded (expenditures divided by total degrees) have actually fallen by 2% from FY 2014 to FY 2024.

Affordable: Tuition Increases at or below ICHE Target



Expenditure Growth per Degree Awarded 2013-2014 to 2023-2024



In balancing our budget, our University's goal was to keep tuition and fees at levels allowing and encouraging access to a Ball State education while engaging students in the highest quality educational experience. In carrying out this goal, we set forth the following objectives:

- Maintain a growth in revenues and expenditures that is consistent with or below the growth in appropriate expenditure indices, being good stewards of University resources.
- Align resources with strategic goals and maintain or improve the quality of the student experience.
- Maintain existing offset of any increases in terms of financial aid.
- Consider our market position relative to peer universities' tuition.
- Consider the overall cost of attendance.