

TO: Daniel Craig, Fiscal Analyst
State Budget Agency, State of Indiana

FROM: Diann E. McKee, Senior Vice President for Finance and Administration/Treasurer 

DATE: July 10, 2025

RE: FY26 5% Reserve Plan

The Indiana State University Board of Trustees approved the 2025-26 operating budget on June 27, which incorporates the 5.0% reduction (\$3,890,016) in State Operating Appropriation primarily through strategic reallocations within expense budgets. To create a reserve for the additional 5.0% withhold (\$3,703,116), the University has implemented the following strategic measures:

- **Unused FY25 General Fund departmental budgets** will be redirected to offset the 5% withhold.
- **Eliminating out-of-state travel**, unless under exceptional circumstances with prior approval.
- **Maintaining vacancies** in open positions when operationally feasible throughout the FY26 fiscal year.
- **Limiting Deferred Maintenance** expenditures to those only deemed critical.
- **Closely monitoring expenditures** to ensure alignment with adjusted budget allocations.

In light of these budgetary constraints, all University divisions and departments have been instructed to exercise prudent financial management throughout the 2025–26 fiscal year.

Please feel free to reach out with any questions.

cc: President Mike Godard