



# INDIANA UNIVERSITY

OFFICE OF THE VICE PRESIDENT  
AND CHIEF FINANCIAL OFFICER

To: Courtney Everett, Deputy Director, Indiana State Budget Agency  
Daniel Craig, Budget Analyst, Indiana State Budget Agency

From: Jason D. Dudich, Vice President for Finance and Chief Financial Officer

CC: Michael Huber, Vice President for University Relations, Indiana University  
Cindy Morse, Chief of Staff to the President  
Todd Richardson, Chief Operating Officer and Acting Vice President for Human Resources

Date: July 9, 2025

Re: FY 2026 Spending Plans & Strategic Spending Reduction Plans

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Pursuant to your email dated June 20, 2025, IU was requested that in lieu of a strategic spending reduction plan referenced in your June 2, 2025 memo, the State Budget Agency (SBA) requested Indiana University provide a memo outlining our approach to meeting the 5% reserve.

As part of IU's fiscal year 2026 annual operating budget recently approved by the Board of Trustees on June 16, 2025, we included reductions to our operating budget as a result of not only the original 5% reduction to our operating appropriation (approximately \$30 million), but also the 5%+ reserve required by HEA 1001-2025 by the State Budget Director (approximately \$27 million).

IU focused on three areas of our general fund operating budget to address the reductions in state operating funding:

- 1) Salary and Employees:**
  - a. Eliminated select unfilled vacant staff positions at the campus and administration level
  - b. Enacted a voluntary retirement incentive program for faculty at all campuses
- 2) Employee Benefits:**
  - a. Reduced IU's employer retirement contribution by 1% for all employees
  - b. Potential changes to other employee benefits for the 2026 calendar year
- 3) Non-Compensation and Other Operating Expenses:**
  - a. Reduced general supplies and expenses by 5%
  - b. Reduced travel operating expenses at the campus and administration level
  - c. Eliminated or reduced non-academic degree program expenses at the campus level

The above noted changes to IU's operating budget will address the reduction in state funding for fiscal years 2026 and 2027. Additional smaller reductions and operational changes to IU's annual budget contributed to the overall reduction target, but the items noted above represent the majority of the reductions.

If you have any questions or additional follow-up, please contact me anytime at [jdudich@iu.edu](mailto:jdudich@iu.edu).