

MEMORANDUM

TO: State Budget Agency
FROM: Mary Jane Michalak, Senior Vice President, Legal and Public Affairs
Dom Chase, CFO and Senior Vice President, Business Affairs
DATE: July 11, 2025
RE: Ivy Tech Community College FY26 Strategic Spending Reduction Summary

In response to the 5% base budget cut and 5% reserve target required under IC 4-13-2-30 and outlined in the State Budget Agency's June 2, 2025, guidance, Ivy Tech Community College has taken decisive action to align expenditures with reduced appropriations while preserving essential academic and workforce training services.

Key Actions Taken:

1. Structurally Balanced Budget Adopted

- Like the State of Indiana, Ivy Tech adopted a structurally balanced budget for fiscal year 2026, with recurring revenues matched to expected recurring expenses. This approach ensures long-term sustainability and avoids reliance on one-time reserves.

2. Workforce Reduction

- Ivy Tech implemented a reduction in force affecting more than 200 employees across the state. This included both campus- and Systems Office-based roles across academic, administrative, and support functions. These reductions represent a significant share of institutional operating costs.

3. Reductions in Campus/System Budgets

- Targeted reductions were made to campus budgets, with careful consideration given to minimizing the impact on students. While some student services and academic support areas were affected, every effort was made to preserve core functions. At the Systems Office level, divisional budgets were also reduced, limiting some centralized service capacity. These decisions were difficult and required trade-offs, but our focus remained on protecting the student experience to the greatest extent possible.

4. Deferred Technology Modernization Projects

- To preserve liquidity, Ivy Tech placed on hold the implementation of Workday Student, a modern student information system expected to drive long-term operational efficiencies and service improvements.

5. Reduced Marketing and Enrollment Outreach

- Marketing investments were scaled back statewide, which may affect enrollment in the short term. This reflects the College's commitment to immediate fiscal discipline.

6. Other Operational Cost Reductions

- Individual campuses and departments have reviewed and renegotiated contracts, cancelled agreements, reduced professional development and training expenses, and reduced expected travel for the biennium. Additionally, campuses are reviewing the number of elective courses offered, which will increase class sizes in the remaining courses, but allow the College to reduce adjunct faculty by non-renewal of some faculty contracts.

Reserve Planning and Fiscal Strategy

Ivy Tech has fully incorporated the 5% reserve into its FY26 spending plan and continues to review contracts, procurement, and capital activities for additional savings opportunities. These measures demonstrate the College's alignment with state policy and commitment to financial stewardship.

If you have any questions, please contact Mary Jane Michalak, Senior Vice President of Legal and Public Affairs, mmichalak@ivytech.edu or 317-679-2192.