

To: State Budget Director, Chad Ranney

From: Chris Ruhl, Chief Financial Officer, Purdue University

Date: July 14, 2025

RE: FY 26 Spending and Reduction Plans

Director Ranney,

Purdue University greatly appreciates our continued partnership with the State of Indiana. Considering the current revenue forecast, corresponding tax collections and reductions to state agencies and programs, we understand the hard decisions the State Budget Agency will have to make in the coming fiscal year. As such, we are not yet requesting the Budget Agency release the 5 percent reserve of Purdue's operational funds, as described in section 53 of HEA 1001-2025.

Purdue University prides itself on prudent fiscal stewardship in all aspects of the university's finances, including the use of state dollars. Each university budget is constructed with the following principles in mind: student affordability, structural operating surplus, funding strategic investments to move the University and state forward and proactive longer-term planning to ensure fiscal sustainability for future years.

With these guide rails, at least 75,000 graduates and 10 graduating classes will never experience a tuition increase at Purdue. We have remained steadfast in this commitment even before the "0% tuition increase" was recommended by the Commission for Higher Education.

Currently, Indiana residents pay less than \$10,000 per year in tuition. This commitment to affordability has saved Purdue's students and families over \$1.7B on tuition alone since 2012-2013. This number continues to grow as Purdue's enrollment systemwide has reached over 100,000 students.

Our fiscal year 2026 operating budget, as approved by our Trustees in June, is structurally balanced. Within our university operating budget, we hold a reserve percentage so we can navigate the inevitable variances that come with the university fiscal environment, both internally and externally. Even though we maintain a AAA credit rating, we have made a strategic choice to reduce the amount of our institutional debt over the prior decade and instead cash flow and fundraise for larger projects. This provides our institution with additional stability and certainty for the future and decreases reliance on state funds.

Our commitment to affordability can only be achieved because we carefully leverage our resources. We understand the necessity to continually reevaluate the best use of our dollars, regardless of source. We are in a continual phase of rightsizing and restructuring our enterprise to

meet the needs of not only our students, but the needs of our industry partners and the State of Indiana as well. To that end, we carefully measure and track key workforce ratios (Purdue's largest expense) to ensure resources are prioritized to delivering our instruction, discovery and engagement missions as the state's land-grant institution. The University has been identified as best in class in managing health care costs for our self-insured health plan and was an early adopter in the shift to defined contribution retirement plans. We leverage shared services models, utilize the private sector to perform non-core functions and are currently implementing a series of projects leveraging artificial intelligence to enhance operational effectiveness and efficiency.

In recent budget cycles, we have been intentional that any capital requests to the State will not only have a clear return-on-investment for Indiana's economy but will also be accompanied by university resources and philanthropic and industry support. We continue to leverage our expertise in agriculture, engineering, and life sciences to keep Indiana moving forward through innovative public private partnerships, such as SK Hynix, Eli Lilly and Company and Elanco. As such, we believe that any state dollars currently invested, or potential operating funds released to the university will have a positive net impact on the State as whole.

Thank you for your leadership and careful stewardship of resources in this challenging fiscal environment. We look forward to a continued dialogue with the Braun Administration in the coming months about opportunities to invest in the workforce through higher education should economic and fiscal conditions stabilize and improve.



Christopher A. Ruhl
Executive Vice President, Chief Financial Officer and Treasurer