



INDIANA COMMISSION *for* HIGHER EDUCATION

DATE: 6/30/2025

TO: Chad Ranney, State Budget Director

FROM: Chris Lowery, Commissioner; Indiana Commission of Higher Education

SUBJECT: Fiscal Year 2026 Strategic Spending Reduction Plans

Governor Mike Braun has made clear his vision and mission for the state of Indiana to “do more with less.” HEA 1001-2025 saw both administrative and financial aid funding at the Indiana Commission for Higher Education (Commission) reduced by 5%. Similarly, the memo entitled “FY26 Spending Plans and Strategic Spending Reduction Plans Aligned to FY26 Budgets” (Memo) released by the State Budget Agency (SBA) on June 2nd, 2025, formalized the 5% administrative reserves to be held by SBA. This impacts two funds at the Commission.

The Commission is proud that it has been a leader in actualizing Governor Braun’s mission of doing more with less, all while minimizing the impact on public services. After December’s revenue forecast, the Commission proactively took action to reduce its annual operating expenses by nearly \$700,000 via a reduction in workforce and administrative expenses. In May, the Commission partnered with Governor Braun to formally recommend that public institution tuition and fees remain flat over the course of the biennium. Subsequently, all public institutions have formally adopted this recommendation.

Not only does the Commission plan to continue to be leaders in strong fiscal stewardship but it also plans to capitalize on these efforts to achieve strategic goals. This includes keeping high-quality higher education affordable and accessible, as well as growing the rates at which students enroll and complete their chosen programs in a timely manner. This is at the heart of what it means for Hoosiers to have Freedom and Opportunity.

FY26 Pre-Approved Spending Plan

As is part of the fulfillment of IC 21-18-6-1 and in line with historical practice, the annual spending plan for the Commission is finalized and approved by its Members. This is currently planned to take place at the next meeting of the Commission on July 24, 2025. This will not prevent our ability to comply with the requests and deadlines described in the Memo. However, to honor the role Commission Members play in the leadership of the agency, the spend plan will be referred to as “pre-approved” until such time as approval has been formalized by the Members.

HEA 1001-2025 appropriates to the Commission \$7,480,198 in general fund administrative funding and \$417,571,628 in general fund student financial aid. The Commission also anticipates receiving an estimated \$1,371,000 in dedicated funds via the Mitch Daniel’s Early Graduation transfer from DOE and proprietary institution fee revenue in FY26 and will carry forward an estimated \$885,567 in philanthropic dedicated funds. Via the Perkins V Career and Technical Education program, the Commission anticipates federal awards in the amount of \$32,407,563 and will carry forward over \$20,000,000 in additional federal dollars associated with prior-year awards.



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1. Achieving the Reserve Target

Appendix A of the Memo requests the following management reserves held:

- \$368,542 from the Commission's main operating fund (5% of appropriation)
- \$5,463 from the Commission's Midwest Higher Education Compact fund (5% of appropriation)

Currently, the Commission plans to achieve this reserve target through several strategies which are discussed in the sections further below. The table below demonstrates the results of the Commission's plans. The Commission will achieve the reserve target in both funds.

	Appropriation	State Reserve	Est Expenditures
1000-14020-00719	\$7,370,948	\$368,547	\$6,991,187
1000-13342-00719	\$109,250	\$5,463	\$115,000*

*The Midwest Higher Education Compact expenditures represent a single contractual membership fee. This difference (\$11,213) to pay for this fee will be requested via Administrative Action transfer from 1000-14020-00719, which has been excluded from the Est Expenditures for 1000-14020-00719 above to avoid double counting.

To achieve the reserve target, the Commission currently estimates the following for its expenditure on its main operating fund.

	Available (After State Reserve)	Personnel	Professional Services	Other Administration
1000-14020-00719	\$7,002,401	\$5,007,696	\$1,562,593	\$432,112

2. Compliance with Financial Management Circular 1.2

The Commission began the development of its FY26 Spending Plan in April 2025. This pre-approved spending plan details budget limits across funds, departments, spending categories, anticipated requested administrative actions and state match transfers. The plan includes functionality that allows for drilling down to individual personnel control numbers, contracts, grants, and centralized service partners. It also includes prior year encumbrances and methods for tracking the spend-down of these encumbrances. The plan is stewarded by the Director of Finance who reports monthly to department leaders their budget-to-actual spending and tracks changes to the spend plan via a budget reconciliation process.

The Commission also utilizes SBA's SPEED tool to distribute the spend plan across the 12 months of the fiscal year. The Director of Finance is the Commission's main user of the SPEED tool and completed initial submission for approval on June 20th, 2025.



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3. Identified Cost Savings

Beginning in May, the Commission had identified the following cost savings and begun action to realize them by July 1st, 2025:

- \$456,350: Eliminating six PCNs and utilization of Centralized Accounting Services for multi-module entry.
- \$1,372,402: Elimination of lower-priority contracts and consolidation of major services
- \$265,900: Elimination of Out-of-State Travel, limiting In-State Travel, elimination of three annual events, and reducing department administrative budgets to reflect actual spending in FY25.

Additionally, further savings have been achieved by reallocating expenses previously covered by general fund sources to our federal programs. The Commission has also identified potential contracts that may be duplicated across the Education Vertical and are actively collaborating with Vertical partners to explore possible consolidation, sharing, or further reduction of net expenses.

4. Federal Grant Opportunities

The Commission's single source of federal assistance in FY26 will be Perkins V, which funds career and technical education across the state. Perkins V is a formula grant. Allocation amounts were released May 5, 2025, with Indiana allocated \$32,407,563. The Commission does not plan on seeking additional federal funding.

5. Prioritizing Federal Spending

Indiana is limited to an administrative budget of \$1,000,000 as part of Perkins, \$500,000 of which is federal dollars and \$500,000 is state match. The Commission has reduced current expenditure to allow the reallocation of higher priority expenditures that would otherwise have been lost. In total, an estimated \$136,340.71 is being reallocated from the general fund to our federal fund.

- An estimated \$60,038.49 of our annual lease will be expensed to the Perkins grant. This will allow the agency to maintain its current square footage. The proportional amount of the lease represents the proportion of CTE/Perkins related staff compared to total agency staff.
- One FTE will be moved to the CTE/Perkins team and paid 80/20 federal/state. The Commission's Finance team already spent a significant amount of time supporting the CTE/Perkins team but would not be able to continue doing so without reallocation. This represents an estimated savings of \$76,302.22 to the general fund.

6. Staffing Plans

- a. Reorganization: As mentioned above, December's economic forecast and the Governor's subsequent Recommended Budget saw a call for agencies to reduce administrative budgets



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by 5%. The Commission responded immediately in January 2025 by eliminating four positions, resulting in an estimated \$682,000 in annual savings. Additionally, the Commission chose to not backfill and eliminate one PCN (Office Coordinator), resulting in an additional estimated \$64,000 in annual savings. The responsibilities of these PCNs have been redistributed across remaining staff or eliminated.

In June of 2025, the Commission implemented another reorganization prompted by the 5% management reserve and subsequent reversion plan. This included a reduction in headcount and elimination of six PCNs. In coordination with vertical leadership, three PCNs are being transferred to equivalent roles at the Department of Education. Additionally, one PCN has been partially reallocated to a federal funding source (same as noted above), resulting in an estimated annual general fund savings of \$76,303. This results in an estimated \$588,870 in gross annual savings beyond the savings realized in January. Simultaneously, the redistribution of responsibilities to remaining personnel includes an estimated \$70,351 in salary increases to recognize the additional workload. Finally, a key part of this restructuring is the reallocation of financial operations from internal staff at the Commission to Centralized Accounting. The Commission and Centralized Accounting were able to negotiate a rate schedule that is estimated to only increase annual obligations by \$138,472 annually. Thus, the June 2025 reorganization is expected to result in an estimated annual net savings of \$456,350.

- b. Vacant-but-Active PCNs: The Commission has included in its budget plan dollars for four vacant PCNs. First, the agency is actively hiring a Controller in the Financial Operations department. This role will be critical to lead and oversee daily financial operations at the agency and be the main liaison with Centralized Accounting. Second, the agency is actively hiring one and designing one other Manager level position in the Academic Affairs department, as well as a Manager level position in the Financial Aid department. These roles will replace recent attrition (not related to the June reorganization) and help meet the needs of recent statutory changes from the state 2025 legislative session and ongoing federal session. The total budget currently allocated for all four vacant PCNs is \$322,623.
- c. Summary: The table below summarizes the Commission's personnel budget plan. This includes salary, benefits, and estimated employer contributions using blended rates.



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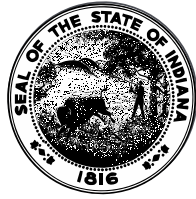
Department	Spend Plan
Agency and Vertical Leadership	\$ 990,840
Academic Affairs*	\$ 594,047
K-12 Strategies*	\$ 2,284,883
Financial Operations	\$ 374,894
Enterprise Solutions	\$ 327,000
Public Policy and Programs	\$ 330,503
Financial Aid*	\$ 772,901
Marketing and Communications	\$ 526,005
Business Intelligence	\$ 657,014
Spot Bonus Set-Aside	\$ 10,800

*Denotes at least partial use of dedicated or federal funds

7. Open Contract Analysis

The table below demonstrates major contracts funded via general fund dollars in FY25, as well as the Commission's plans for these contracts in FY26. As possible, contracts have been or will be held to FY25 amounts, reduced, or discontinued. In total adjustments to major contracts are expected to reduce spending by \$1,372,402 in FY26.

Contract ID	Vendor	Short Description	FY25 (\$)	FY26 Status	FY26 (\$, Est)
X15183	Anthony Wayne Rehab Center	Printing and Mailing	\$4,700	Continued	\$4,700
X84970	Credential Engine	API Services	\$100,000	Terminated	\$0
X89241*	IQ4 Corporation	Cybersecurity	\$55,000	Evaluating	\$55,000
X86057	Parchment LLC	Transcript Exchange	\$439,881	Evaluating	\$415,675
X85300*	Smart IT Staffing	College Core Tech	\$50,000	Evaluating	\$50,000
X89655*	Bruman Group, PLLC	Compliance Advisory	\$40,000	Continued	\$40,000
X86660*	Counterpart (WDD Software)	Application Dev and Support	\$338,637.50	Terminated	\$0
X90161	Columbia Properties	Event/Conference Space	\$49,8000	Discontinued	\$0
X90581	CS Kern Inc	Website Hosting	\$27,500	Continued	\$27,500
X92507	Diversity Press Inc	Printing and Mailing	\$29,720	Discontinued	\$0



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X84790	Diversity Press Inc	Printing and Mailing	\$145,000	Evaluating	\$70,000
X86065	Fineline Graphics Inc	Printing and Mailing	\$426,741	Discontinued	\$0
X80897	Heart and Mind Strategies Inc	Research	\$1,000,000	Discontinued	\$0
X86333	Proof Digital	Website Maintenance	\$15,000	Continued	\$15,000
X91403*	Radio One of Indiana LP	Marketing	\$21,400	Continued	\$21,400
X82650*	National Student Clearinghouse	Data Access	\$108,035	Continued	\$108,035
X93360	EOS Growth Spark	Vertical Leadership Support	\$64,000	Discontinued	\$0
TBD*	Moser Consulting	Application & Development Support	\$0	Beginning	\$887,737.52
TBD*	Phoenix Innovate	Printing and Mailing	\$0	Beginning	\$296,165.41

*Denotes full or partial dedicated or federal funding source.

Most of the Commission's major contracts are related to mailing communications and data/technology infrastructure. In FY25, the agency completed an RFP process to consolidate the Commission's printing and mailing service needs into a single contract with Phoenix Innovate. These mailings include communications to students and families regarding FAFSA, Pre-Admissions, and 21st Century Scholars automatic enrollment. In FY26, the Commission has reallocated a portion of these expenses to financial aid administrative funds.

The Commission has also consolidated several technological supports into a single contract with Moser Consulting via the RFP process. The Commission sits at an important junction between K-12, higher education institutions, and workforce development. Over the last decade, the Commission has been a key player in vastly improving data collection, organization, and communication in this grey-matter space. To do that, the agency has implemented and will continue to require innovative applications and solutions. Much of the work Moser Consulting will complete is required by statute and is a great example of "doing more with less," as the manual alternative is no longer acceptable. For the next biennium, this contract will utilize set-aside and dedicated funds. Once the new solutions are fully operational, the agency will reallocate portions of this contract across the Commission's financial aid administrative funds but will look to future increases in general funding to help support ongoing costs in future biennia.

8. Procurement and Technology

The Commission's internal technology assets will be supported via the Moser Consulting contract, which will soon be finalized and will cover the next four years. The Commission has incorporated SBA's updated guidance on anticipated IOT expenses into the Commission's spending plan. The agency also analyzed



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the previous year's purchasing patterns and identified where purchasing should continue or where it can be improved. The table below demonstrates the Commission's budgets for non-contract-related purchasing across general fund, dedicated fund, and federal fund dollars. These are predominately made up of 1) office supplies, 2) support services and subscriptions, 3) in-state travel, and 4) lease or rentals.

Department	4. Supplies	5. Capital	9. Admin and Operations
Commission	\$10,000	\$0	\$446,437
Office of the Commissioner	\$0	\$0	\$8,000
Academic Affairs	\$0	\$0	\$4,000
K-12 Strategies	\$3,000	\$0	\$62,000
Financial Operations	\$0	\$2,000	\$30,000
Enterprise Solutions	\$0	\$0	\$500
Public Policy	\$0	\$0	\$3,000
Financial Aid	\$0	\$0	\$4,000
Marketing and Communications	\$5,000	\$2,000	\$30,000
Business Intelligence	\$0	\$0	\$5,000
Ed Vertical Support	\$2,000	\$2,000	\$4,000
TOTAL	\$18,000	\$6,000	\$596,937

The Commission anticipates continuing negotiations in relation to the Parchment contract in FY26 as clarity develops about automatic enrollment and the new high school diplomas. The agency is working closely with the Department of Education, the Commission's Education Vertical partners, and the vendor to determine what may need to be removed or added to the existing contract and the proper funding for any new services.



9. Capital Plans

The Commission was not appropriated capital in FY26 or FY27. The \$6,000 above designated for point 5 capital assets are set aside in the case that furniture or technology assets outside of what's provided via IOT and over the applicable thresholds need replaced.

10. Anticipated Exceptions to FMCs or State Policies

As good fiscal stewards, the Commission celebrates our compliance with all FMC and state policies. In limited circumstances, the Commission has received statutory exemptions or waivers from certain policies. These are detailed below:

- IC-21-18-5-2: This statute provides that policies outlined in IC 4-13-1, IC 4-13-2, IC 4-13.6, and IC 5-22 “apply to the commission to the same extent these provisions apply to state educational institutions.” This includes policies related to the Indiana Department of Administration, the Department of Public Works, contracting, and public purchasing. The Commission has documented our internal procurement policies in alignment with these requirements and allowances.
- The Commission requested partial exemption from FMC 4.1, particularly related to the use of eCivis for portions of subrecipient monitoring. In that waiver request, the Commission detailed how existing systems currently hold functionality that has not yet been developed on the eCivis system and are necessary for effective and efficient stewardship of the Perkins V award. On June 11th, 2025, the Commission received verbal approval of the waiver from Luke Kenworthy, Director of Federal Grants Policy and Management.

In summary, the Commission’s FY26 spend plan represents an estimated total reduction in spending from FY25 of \$31,477,040 (6.2%). Across funding sources, personnel expenses are expected to decrease by a net total of \$434,470 (5.9%) primarily due to reorganization. Professional service expenses are expected to decrease by \$901,033 (23.0%) due to consolidation or termination of contracts. Other administrative expenses are expected to decrease by \$177,870 (22.2%) due to the elimination of non-priority operations and events. Grants and awards will also see a reduction of \$30,116,292 (6.0%) due to reductions in HEA 1001-2025 and statutory changes to the Frank O’Bannon Grant. However, though total spending will decrease, the portion of total spending allocated to grants and awards, that goes directly to serving students and institutions, will increase, as can be seen summarized in the graph below. Lastly, we are proud to share that our FY26 budget for administrative costs is estimated to be 2.19% of total spending, well below the 4-5% industry standard.



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	Personnel	Professional Services	Grants & Awards	Other Administration	Reserve (State & Internal)
% of Total Expenditure (FY25)	1.43%	0.77%	97.65%	0.16%	0.03%
% of Total Expenditure (FY26)	1.43%	0.63%	97.78%	0.13%	0.11%

The Commission aims to be a leader in strong fiscal stewardship in the state. The Commission's leaders believe that the agency's financial management plans for FY26 not only demonstrate that but also enable us to more aggressively pursue the strategic goals outlined in the HOPE Agenda, the agency's strategic plan. While this has meant making difficult decisions along the way, the Commission has always and will continue to prioritize students and their ability to live a life of choice via access to, affordability of, and empowerment through Indiana's higher educational system.

Brooke Kile

Brooke Kile, Senior Associate Commissioner of Business Solutions

Chris Lowery

Chris Lowery, Commissioner

Dr. Katie Jenner

Dr. Katie Jenner, Secretary of Education



State of Indiana

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Mike Braun, Governor

Chad Ranney, Director

Approved Fiscal Year 2026 Strategic Spending Reduction Plan

Agency Name: Commission for Higher Education

Pursuant to applicable state budgeting and financial management guidelines, the undersigned hereby affirm that the Fiscal Year 2026 Strategic Spending Reduction Plan submitted for the above-named agency has been reviewed and is approved for implementation. This approval signifies the plan submitted is in alignment with agency priorities, applicable legal requirements, and available funding levels.

Chad E. Ranney

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State Budget

Director

Date: 9/8/25

Dr. Katie Jenner

Dr. Katie Jenner

Secretary of Education

Date: 9/8/2025

Chris Lowery

Chris Lowery

Commissioner

Date: 9/8/2025

Ensuring that Indiana's priorities are funded today and tomorrow.