EAB

STRATEGIC ADVISORY SERVICES

Cost Containment Playbook

3 Ways to Use This Playbook

- Source ideas for your institutional financial contingency plan
- Understand savings potential of proposed cost containment tactics
- Evaluate length of time to achieve potential savings relative to other tactics

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How to Use this Resource

This resource provides a menu of options for cost containment tactics to consider. Importantly, not every tactic is applicable for each institution because of unique logistical, cultural, or legal hurdles. Instead, this playbook is a picklist to help leaders evaluate and choose the tactics best suited for their institutions. To that end, each tactic is evaluated on three factors: **savings potential**, **time to achieve savings**, and **employee tolerance**. Each tactic description also includes a case study and implementation guidance, such as suggested implementation timelines and mistakes to avoid.

Cost Categories

- Academic Costs
- Benefits Vendor Management
- Compensation
- Employee Stipends and Perks
- Fringe Benefits
- Health Benefits
- Outsourcing
- Personnel Decisions and Staffing
- Physical Plant and Real Estate
- Purchasing and Procurement

Evaluation Factors

Savings Potential

£ (Low)

££ (Low-Medium)

£££ (Medium-High)

££££ (High)

Time to Achieve Savings

Semester (within six months)

Fiscal Year (within 12 months)

Year-Plus (within 18 months)

Employee Tolerance

Low: significant resistance

Low-Medium: moderate resistance

Medium-High: slight resistance

High: no resistance

Source: EAB interviews and analysis.

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I. Academic Costs

Tactic	Savings Potential	Time to Achieve Savings[1]	Employee Tolerance
#1: Reduce elective modules/courses (not necessary for degree completion)	££	Fiscal Year	Low-Medium
#2: Consolidate underfilled modules/course sections	££	Fiscal Year	High
#3: Limit offerings of nonessential small modules/courses	££	Fiscal Year	Low-Medium
#4: Share administrative support staff across academic units	£££	Fiscal Year	Medium-High
#5: Increase academic teaching loads	£	Fiscal Year	Low-Medium

1) While motivated institutions can begin to see savings in the specified periods, time to savings for academic costs is dependent on various factors including course planning timelines, staff/academic line openings, and contract terms.

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Capsule Description and Sample Institution	Implementation Guidance
#1: One private university reduced sections for courses that were not necessary to fulfil degree requirements. By eliminating duplicative offerings, they achieved $600K in cost savings.	Consolidation is often a more palatable alternative to course/module elimination. This tactic may reduce pushback from lecturers and students that frequently arises with course elimination. Institutions should still consider cancelling low-enrolment modules while allowing higher-enrolment modules to fulfil elective requirements.
#2: Eastern Kentucky University increased maximum course capacity in one school from sections of 22 to 25 students, consolidating 60 sections and saving $200K.	Lecturers' tolerance for this tactic is high if increases in course capacity are small. Institutions should communicate capacity changes in advance of scheduling and ensure lecturers understand the ultimate benefit of a reduced total course load. Additionally, small increases in course capacity are unlikely to impact student outcomes, alleviating student success concerns.
#3: Some institutions limit the frequency of small classes. An industry analysis suggested that small, teaching-focused institutions can save on average $330K in instructional salaries by offering small classes annually instead of by term.	Reducing the frequency of small class/module offerings addresses space and labour concerns and creates more capacity for scheduling larger, higher-demand modules. Academic leaders should work with department chairs and lecturers to identify courses or modules best suited for reduced frequency or increased capacity.
#4: Brown University reduces costs and redundancies through its centralised Academic Finance and Administration Center. This support unit performs finance, strategic budgeting, research administration, procurement, and HR for academic units.	Centralised shared service centres offer the greatest scale but take years to implement. Sharing administrative staff between units without fully centralising is a faster process with immediate cost savings.
#5: Institutions increase the number of credit hours lecturers teach per year to reduce the number of temporary lecturers necessary. The University of Wisconsin-OshKosh saved $1M on labour costs by setting a minimum of 21 credit hours, previously 18, per year for academics. The College of Arts and Sciences at Ohio State University sets yearly maximum targets for course releases, measured as a percentage of the total lecturer course load. Most departments aim for 15% of total course load for release time, adjusted for department mission and staffing.	While this tactic may face resistance from academics, it is more palatable than making programme cuts to reduce costs. In many cases, increasing teaching loads does not require academics to go above a standard course load but instead reduces the release time they receive. Targets for course releases will differ by department. Chairs and deans should collaborate to determine the right release goal for each department. Please note: Institutions in unionised environments may be limited in their ability to increase teaching loads based on collective bargaining agreements and contracts but may still have flexibility here.

Source: Flaherty, "Should Professors Teach More to Avoid Program Cuts?", *Inside Higher Ed*; October 31, 2018; Brown University, Providence, RI; Eastern Kentucky University, Richmond, KY; The Ohio State University, Columbus, OH; EAB interviews and analysis.

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I. Academic Costs

Tactic	Savings Potential	Time to Achieve Savings[1]	Employee Tolerance
#6: Reallocate vacancy savings from lecturer positions	£££	Year-Plus	Medium-High
#7: Consolidate small courses/modules	££	Fiscal Year	Medium-High
#8: Merge academic departments and/or colleges	££££	Year-Plus	Low
#9: Reduce lecturer contract terms	£££	Fiscal Year	Low
#10: Increase course sharing and/or join consortia	££££	Year-Plus	High

1) 1) While motivated institutions can begin to see savings in the specified periods, time to savings for academic costs is dependent on various factors including course planning timelines, faculty line openings, and contract terms.

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Capsule Description and Sample Institution	Implementation Guidance
#6: Institutions reallocate a portion of salary costs tied to academic unit positions (especially lecturers) as they become vacant. Indiana University shares vacancy savings from retirements by giving two-thirds of the retiree's salary to the dean for backfilling the role or reallocating within the college. The remaining one-third goes into a central Strategic Investment Fund.	This practice requires that vacant lecturer positions revert to the dean rather than the department. Institutions have gained campus-wide support for this contentious effort by involving senior academic leaders. Institutions that have successfully shifted control over lecturer positions typically do so all at once rather than incrementally, usually in conjunction with an external factor: a departing PVC Academic/Provost who declared a policy shift in response to tightening budgets or as a compromise with academics to avoid a prioritisation effort.
#7: Leaders consolidate guided independent study and other very small modules into medium group modules on related topics, promoting student collaboration and reducing instructor workloads. Dickinson State University in North Dakota instituted a policy to bundle small and guided independent study courses to meet new minimum class size requirements and increase efficiency.	The goal is not to eliminate all small courses/modules or necessarily to increase average course size significantly, but rather to limit their frequency. Even consolidating a small number of modules allows departments to redirect academics' time and financial resources toward strategic priorities. Deans and department chairs should work with academics to identify potential modules for consolidation.
#8: Following a $45M budget shortfall, West Virginia University consolidated smaller academic departments and programmes, including merging the College of Creative Arts and College of Media. This led to a $7M reduction in staff costs.	Consolidating departments and colleges reduces labour costs by eliminating duplicative roles. These mergers are also an opportunity for space reduction by bringing departments into one central location.
#9: Academic leaders reduce the contract terms for temporary lecturers, which allows them to right-size instructional staff as needed year-to-year. Virginia Commonwealth University replaced multi-year contracts for temporary lecturers with one-year contracts.	The impact of this strategy varies depending on the proportion of lecturers on term contracts, as opposed to being permanent staff. Academic leaders should consider instructional needs and capacity before pursuing this tactic.
#10: The Council of Independent Colleges offers an online course-sharing consortium, enabling members to expand their academic capacity and quickly launch new programmes. Participating in course sharing helps institutions save on lecturer and administrative costs associated with launching new programmes.	Course-sharing consortia provide a cost-effective method for expanding academic offerings, but they still incur costs. To ensure maximum cost savings, institutional leaders must compare the cost of internal programme launch with that of the consortia and ensure market demand for programmes offered by course-sharing arrangements.

Source: Academic Restructuring, West Virginia University, Morgantown, WV, 2024; Bauer-Wolf, "West Virginia University cuts £7M in staff amid budget crunch", *Higher Ed Dive*, June 26, 2023; Holquin, "Dickinson State University implements policy overhaul", *The Dickinson Press*, February 16, 2024; Online Course Sharing Consortium, The Council of Independent Colleges; Quinn, "At VCU, Even Less Job Security for Nontenured Faculty", *Inside Higher* Ed, May 18, 2023; Indiana University, Bloomington, IN; EAB interviews and analysis.

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II. Benefits Vendor Management

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#11: Renegotiate vendor premiums	££	Year-Plus	High
#12: *If applicable for institutions that provide private healthcare insurance:* Assess TPA[1]/network discounts	££	Year-Plus	Medium-High
#13: *If applicable for institutions that provide private healthcare/ pharmacy insurance:* Assess pharmacy benefit managers	££	Year-Plus	High
#14: Rebid vendor contracts	£	Year-Plus	Medium-High

1) Third Party Administrator.

Capsule Description and Sample Institution	**Implementation Guidance**
#11: Institutions revisit existing vendor premiums and fees and establish discounts based on utilisation, contract duration, and administration support requirements. By revisiting and renegotiating life insurance vendor contracts, University of Michigan received an 18% overall premium rate reduction, lowering the university's annual life insurance contribution by 23%, or $400K.	Regardless of its expiration date, restructuring an agreement entails reviewing the terms of the agreement, the nature of services provided, and current business needs to ensure the contract still provides value for all stakeholders. This tactic only positively impacts employees—if institutions negotiate price reductions, those savings can be passed down to employees.
#12:*Only relevant if institutions provide private healthcare insurance.* Self-insured institutions assess third-party administrator (TPA) network discounts against actual claims. One university requested that four large TPA/networks run three years of claims history through pricing systems to determine which network best fit its employee utilisation patterns. The results suggested that switching providers would provide better discounts, saving the institution $2M annually.	Although acceptance of this tactic will be relatively high, network changes have the potential to impact a small number of employees whose providers are no longer in network.
#13:*Only relevant if instructions provide private healthcare/pharmacy insurance.* University of Michigan negotiated a new Pharmacy Benefit Manager contract with SXC Health Solutions for prescription drug claims. The University realized a $4.3M reduction in contract pricing, much of which was due to average wholesale pricing discounts.	Pharmacy benefits are typically the most utilised benefit by plan members and one of the fastest growing in terms of cost. Consequently, selecting the right pharmacy benefit manager (PBM) is a critical decision in managing a plan and determining member satisfaction with that plan. A deeper review of potential PBM partners should include an understanding of (1) discounts for each year of the agreement, (2) pricing per pill, (3) generic fill rate and plan for transitioning to generics, (4) plan management and reporting capabilities, (5) mail order and retail maintenance medication capabilities, and (6) possible risk-sharing arrangements. A third-party carve-out PBM typically provides greater control over the terms of the contract and saves money by cutting out the middleman. However, bundling the PBM with the institution's medical insurance carrier is easiest to administer because there is only one carrier, one contact, and one service team. A third option of a consortium-based PBM gives institutions increased buying power, which presumably translates to better rates. However, individual institutions may lose some control over contract terms when dealing with brokers.
#14: Institutions leverage the bidding process to ensure existing vendor offerings are competitive and desired options are reflected in contracts. One university saved $248K in general funds by rebidding its current life insurance policy.	Due to vendor transition costs and penalties associated with contract termination, decisions to rebid should not be entered into lightly. It is most applicable when current agreements have not met expectations or if services are no longer relevant. One alternative to rebidding an entire contract is to terminate and re-source a subset of services. This offers an opportunity to "best source" a particular service or set of services but can potentially impact pricing for retained services with the current provider. Depending on the level of third-party integration with staff and current work processes, contract termination or introducing new vendor partners may have a greater impact on employees.

Source: Cost Containment Efforts, University of Michigan, Ann Arbor, MI, June 2012; EAB interviews and analysis.

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II. Benefits Vendor Management

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#15: *Only relevant if instructions provide private healthcare insurance:* Reassess stop-loss insurance deductibles	£	Year-Plus	High
#16: *Only relevant if instructions provide private healthcare insurance:* Negotiate shared savings agreements with insurers	££	Year-Plus	High

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Capsule Description and Sample Institution	Implementation Guidance
#15: *Only relevant if instructions provide private healthcare/pharmacy insurance.* Conducting a broad RFP for stop-loss coverage, one institution received quotes from seven carriers at three deductible levels each. The institution ensured that each carrier would provide identical coverage, then examined three years of claims data to estimate expected high-cost claims in coming years. The institution used this information to mimic calculations made by the insurance company to set premiums—assigning costs to premiums and additional claims exposure under various deductible scenarios—and compared overall differences in cost. The institution ultimately elected to increase its deductible from $125K to $200K, with aggregate savings from the transition over the following three years totaling over $140K.	This tactic is applicable to self-insured institutions and involves applying three proven industry reference points to determine the appropriate deductible for stop-loss insurance: (1) The deductible should be set to roughly 2% to 5% of total health benefits plan spend, (2) Claims covered by stop-loss carrier should be about 3% to 6% of total health benefits plan spend, and (3) Premiums should be between $200K to $500K, regardless of institution size, as anything over $600K represents a markup by carrier for expected claims. Although raising the deductible is the right answer for most, institutions with limited cash flows should determine their ability to absorb occasional one-year hits.
#16: *Only relevant if instructions provide private healthcare/pharmacy insurance.* One institution in Ohio paid more in health benefits premiums than their insurance vendor paid out in medical claims. In response, the institution entered into a new agreement in which the college and the insurance company split savings that come from reduced employee healthcare spending. The college believes costs will drop this year due to the agreement to share savings below a negotiated threshold.	Extensive, ongoing assessments of claims and utilisation data are crucial for achieving savings. Negotiating such agreements is complex and will most likely require dedicated contract specialists. This tactic may be easier for self-insured institutions or for those participating in aggressive wellness and employee health initiatives.

Source: EAB interviews and analysis.

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III. Compensation

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#17: Eliminate manager incentive pay	££	Fiscal Year	Low-Medium
#18: End merit raises for underperformers	£	Fiscal Year	Medium-High
#19: Require online payroll and tax reporting distribution/retrieval	£	Fiscal Year	High
#20: Freeze pay raises	££££	Fiscal Year	Low-Medium
#21: Reduce pay for senior-level administrators and academic leaders	£	Fiscal Year	High
#22: Reduce staff merit pool	££	Fiscal Year	Low

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Capsule Description and Sample Institution	Implementation Guidance
#17: The University of California discontinued its incentive award pool for managers, leading to savings of $4.8M.	For institutions with performance-based merit structures, this tactic will disproportionately impact top performers accustomed to receiving such incentives. Incentive pay should be reinstated when financial outlooks improve to prevent unwanted turnover.
#18: Institutions eliminate merit salary increases for employees with the lowest performance score level, while merit increases for most staff are unaffected. At one university, employee merit pay increases range from 0% to 4% of salaries, based on performance evaluation scores and available university budget. Employees meeting or exceeding performance expectations receive a 2% or 4% annual merit pay increase, respectively. However, employees rated as "needs improvement" do not receive an increase.	This is a less complex method of reducing the staff merit pool. It does not mandate increase adjustments for all staff, but instead, requires withholding increases for one group of underperformers. As few staff will be impacted, resistance is low. Institutions may also consider redistributing some portion of savings to increasing merit pay for top performers to further differentiate pay. This may lead to higher turnover among low-performing staff, which may potentially further reduce costs through labour savings or reduce service quality through disengagement.
#19: Institutions save thousands by providing employees electronic access to payroll/taxpayer documentation rather than mailing them annually. One university in Kentucky saved $11,320 annually by automatically enrolling employees in online distribution.	To encourage employees to opt-in to online payroll/taxpayer documentation, institutions should be sure to clearly and frequently communicate online retrieval instructions, especially at the start of each year.
#20: Salary freezes are a common tactic for institutions facing budget shortfalls. During the COVID-19 pandemic, EAB found that 28% of surveyed institutions introduced salary freezes. The University of Michigan froze employee pay for one fiscal year due to reduced revenue and anticipated budget shortfalls.	This tactic poses a smaller risk to employee engagement during economic downturns as staff anticipate such action in these times. To prevent unwanted turnover, reductions in compensation should be adjusted back to market levels when financial outlooks improve.
#21: The President of the University of Iowa requested a 50% reduction in their base salary for one-time savings of $270K.	This tactic sends a positive message to staff and demonstrates decision-makers will also shoulder the burden of institutional hardships. To prevent unwanted turnover, reductions in compensation should be adjusted back to market levels when financial outlooks improve.
#22: Susquehanna University trimmed its merit pool for staff from 3% to 2%, resulting in savings of $250K.	Although many institutions have reduced merit increases in response to stiffening compensation budgets, many have maintained flat, across-the-board pay increases. This approach not only overpays low performers but sends a discouraging message to top performing staff that elevated discretionary effort is not valued. To get the most out of the smaller merit pools, institutions should consider allocating higher increases to a smaller group of top performers and reserving less for those needing improvement. By further differentiating merit pay, institutions create a powerful financial incentive to motivate improved performance.

Source: Budget Toolbox Project: Phase 1, University of California Los Angeles, Los Angeles, CA, 2008; Iseler, "U-M imposes hiring, salary freezes in face of expected shortfall", *The University Record*, April 20, 2024; Moran and Wiedeman, "How the Economic Downturn Is Affecting Colleges: a Sampling", *The Chronicle of Higher Education*, November 28, 2008; News and Announcements, Michigan State University; Office of Strategic Communications, "University of Iowa announces budget reductions to begin fiscal year 2021", University of Iowa, July 10, 2020; Susquehanna University, Selinsgrove, PA; EAB interviews and analysis.

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III. Compensation

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#23: Delay annual pay raises	£	Fiscal Year	Medium-High
#24: Offer lump sum staff bonuses rather than merit pay increases	£££	Year-Plus	Low-Medium
#25: Cap overtime	££	Semester	Low-Medium
#26: Require "max-out" of after-hours shifts	£	Semester	Medium-High
#27: Create off-schedule shifts	££	Fiscal Year	Medium-High
#28: Target incremental overtime	£	Semester	High

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Capsule Description and Sample Institution	Implementation Guidance
#23: Institutions wait to pay new staff salaries until a few months after pay increases are announced. Henderson State University in Arkansas saved $400K by deferring salary increases while the University of Arizona delayed its Salary Increase programme due to budget deficits.	Withholding pay increases for one to two months drastically improves the institution's short-term cash on hand and typically goes unnoticed by staff, since new pay rates have already been confirmed.
#24: One university paid merit increases as lump-sum bonuses instead of base salary increases. Staff received the same amount of money paid out in two large bonuses across the year while base salaries remained the same. The institution paid the first bonus roughly two months after pay increases typically go into effect and the second bonus six months later.	Salary increases compound year over year, so holding salaries flat one year alters compensation growth rates long term and leads to significant savings. However, institutions should be judicious in applying this tactic, as otherwise staff salaries will begin to vary too greatly from market, leading to potential turnover and difficulty hiring.
#25: After comprehensive reviews of where and when staff overtime was most likely to accrue, leaders at one university put upper limits on the amount of overtime various units could charge. This led to a 30% to 40% decrease in overtime costs. In addition, leaders required directors to view reports of overtime usage in their units to make them aware of the associated costs across the year.	Overtime represents an avoidable cost for many institutions and can be an indicator that staff are not properly deployed. A 2012 study showed that employees working in institutions that regulate overtime were 59% less likely to work overtime than their colleagues in other institutions. Enforcing a cap on overtime spending will encourage unit managers to allocate work and shifts more appropriately.
#26: At many US institutions, union contracts require that staff called in to work after hours must receive a minimum of four hours of overtime pay, even though activities rarely take a full four hours to complete. To maximise productivity, the Estates department at one institution created and maintained a list of outstanding tasks for any staff who came in after hours. All staff who work overtime are expected to work a full four hours. When the original after-hours request takes less than four hours, staff move to the next item on the standing list.	While this tactic does not lead to direct cost savings or reduction in overtime it ensures maximum staff productivity during overtime work. It also reduces outstanding work for staff on subsequent shifts, effectively reducing the need for additional overtime in the future. Institutions looking to implement this tactic must maintain a list of tasks that can be completed independently and during odd hours.
#27: Units add variation to the traditional 9am–5pm shift and introduce "off-shift" work hours. The Estates department at the University of Saskatchewan realised that most overtime requests occurred in the early evening. To reduce overtime costs, they moved a handful of staff to a newly created 3pm–11pm shift each weekday. This absorbed most of the previously after-hours work and reduced overtime pay by $500K.	Scheduling staff in off hours helps minimise the number of staff pulled to work overtime shifts. Employees may be more accepting of changes to existing schedules if shift differentials are provided to staff willing to work less desirable shifts. The added cost of introducing shift differentials is significantly less than those associated with paying otherwise necessary overtime rates.
#28: Incremental overtime refers to small blocks of time staff often work before or after a scheduled shift to complete paperwork, ensure proper shift transfers, and appropriately clock out. In contrast to scheduled overtime, incremental overtime is best addressed by relatively targeted adjustments to frontline workflows. One institution installed time clocks immediately outside buildings rather than in the parking lot to eliminate paying staff overtime for walks to and from their car.	Institutions should regularly review timecards to assess opportunities to reduce incremental overtime accrual, and subsequently, conduct staff education sessions to inform staff of clocking policies and provide insight into overtime use and the budgetary effects.

Source: Salary Increase Program, University of Arizona, Tucson, AZ; Henderson State University, Arkadelphia, AR; University of Saskatchewan, Saskatoon, Canada; EAB interviews and analysis.

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IV. Employee Stipends and Perks

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#29: Freeze travel for academics and professional staff	££	Semester	Low-Medium
#30: Cap employee travel expenses	£	Fiscal Year	Medium-High
#31: Limit professional development spending	£	Semester	High
#32: Limit staff retreats and internal programmes to on-campus or free spaces	£	Semester	Medium-High
#33: Limit conference attendance	£	Fiscal Year	Medium-High

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<table>
<tr><th>Capsule Description and Sample Institution</th><th>Implementation Guidance</th></tr>
<tr><td>#29: Travel budgets are often reduced or eliminated when budgets are tight. For much of 2023, Louisiana State University restricted academics and staff travel to avoid harsher cuts like layoffs, resulting in one administrative department saving $10K over one year. Additionally, the University of Pittsburgh's Katz School of Business was able to limit out-of-state recruitment travel by participating in a virtual career fair organised by The Economist, resulting in savings of $95K.</td><td rowspan="2">Though not all staff accrue travel expenses, costs associated with travel can be easily reduced with stricter travel policies and consistent enforcement. For example, staff might be required to book travel several weeks in advance to ensure low-cost fares or be restricted to preferred travel partners that offer lower rates for institution staff. Alternatively, institutions might consider setting broader rules that allow travel so long as it is in-state or falls beneath a predetermined expense cap. Video conferencing and virtual meetings are also alternatives to in-person travel. Regardless of the approach to cap travel spending, changes to travel policies should be crafted to ensure restrictions do not unduly impact staff's ability to perform in assigned roles. Exceptions to travel policies should also be defined and made available in select, mission-critical instances.</td></tr>
<tr><td>#30: Leaders at one university reduced travel budgets for departments institution-wide and limited per-employee expenses for each travel event to £2,500, including airfare, lodging, meals and registration fees. As a result, travel for most departments was limited to mission-critical trips, and teleconferencing was used whenever possible. As a result, the university achieved savings of more than £90K per year.</td></tr>
<tr><td>#31: Maryville College in Tennessee has saved on its professional development programme by using internal staff members to teach 31 development workshops ranging from Customer Service, Community Building, Computer Skills, Safety, Supervisory, Wellness, and Personal Development. The costs associated with this initiative have been minimal, including light refreshments, printing, and $20 gift cards to thank workshop leaders.</td><td rowspan="3">These tactics represent incremental adjustments that together have the potential to save institutions thousands annually. Although investment in staff development and academic networking should always be a top institutional priority, there are several ways to ensure that professional growth and learning opportunities are cost-effective. Reserving on-campus spaces for events or hosting conferences locally lets staff take advantage of available opportunities without revoking them altogether. However, institutions must ensure local alternatives are available, accessible, and capable of providing comparable experiences. Additionally, changes should be introduced gradually to give employees time to adjust.</td></tr>
<tr><td>#32: University of Pittsburgh's School of Pharmacy redesigned internal programmes such as the Distinguished Lecture Series to include more locally contained materials, seminars, and spaces. They were able to reduce expenses by $90K while maintaining high programme quality.</td></tr>
<tr><td>#33: Institutions budget specific funds, for which academics and staff can apply, to support conference attendance. Rice University created a scholarship programme for conference attendance that sets a fixed amount that staff can apply for. The fund is limited to 10 professional staff members and is not available for academics.</td></tr>
</table>

Source: Maryville University, Town and Country, MO; Louisiana State University, Baton Rouge, LA; Rice University, Houston, TX; University of Pittsburgh, Pittsburgh, PA; EAB interviews and analysis.

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IV. Employee Stipends and Perks

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#34: Limit mobile phone offerings	£	Fiscal Year	Low-Medium
#35: Eliminate personal office technology	££	Fiscal Year	Medium-High
#36: Eliminate free or subsidised parking for employees	£	Semester	Low
#37: Freeze workstation technology updates	£	Semester	Medium-High
#38: Decrease employee dining/cafeteria subsidies	£	Semester	Medium-High

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<table>
<tr><th>Capsule Description and Sample Institution</th><th>Implementation Guidance</th></tr>
<tr><td>#34: Susquehanna University in Pennsylvania eliminated mobile phones for administrative department heads, instead offering reduced stipends. The institution achieved $100K in savings, with the majority stemming from the elimination of an $80K position charged with managing the phone services for administrators.</td><td rowspan="3">While seemingly small, these perks are often meaningful to impacted employees. Even so, these practices represent less drastic options compared to wage and workforce reductions. Institutions should expect some resistance, but employee pushback will likely be short-lived given the economic climate.</td></tr>
<tr><td>#35: By removing technology like phones and desktop printers from individual offices institutions can reduce their technology budgets. The University of Central Arkansas saved $112K by reducing the number of desktop printers.</td></tr>
<tr><td>#36: Penn State University raised the price of monthly parking permits for students and employees. Employee rates increased between $1-5 month and student rates increased between $9-41 per semester. Prior to this increase, they had not raised rates for employee permits for 10 years.</td></tr>
<tr><td>#37: IT offices halt non-value-added updates to operational technology and staff computers. The University of Pittsburgh's School of Pharmacy extended the standard computer replacement policy from every three to four years, resulting in savings of $16.8K.</td><td>Institutions employing this tactic must ensure core functions that depend on up-to-date hardware and software are not impacted. This requires periodic assessments of current technological capabilities to determine if legacy systems and equipment can fulfill current and near-future service expectations and performance standards.</td></tr>
<tr><td>#38: One university reduced staff subsidies for on-campus dining and increased lunch fees by more than 50%. This effort has saved the institution roughly $20K.</td><td>Institutions should be careful not to raise prices too much, or risk losing employee business altogether.</td></tr>
</table>

Source: "Reminder: University Park employee, student parking rates to increase July 1", Penn State University, University Park, PA, June 29, 2023; Resource Optimization Initiative, University of Central Arkansas, Conway, AR; Susquehanna University, Selinsgrove, PA; University of Pittsburgh, Pittsburgh, PA; EAB interviews and analysis.

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IV. Employee Stipends and Perks

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#39: Reduce department entertainment and food budgets	£	Semester	Medium-High
#40: Eliminate multiple or redundant holiday celebrations	£	Semester	High

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Capsule Description and Sample Institution	Implementation Guidance
#39: The University of Pittsburgh's School of Nursing saved $30K by eliminating complimentary wine from its major fundraising event and removing party favours from all events.	When pursuing this tactic, institutions should distribute reductions equitably across units to avoid employees in certain areas feeling unfairly targeted. If possible, department-funded events should be scaled down rather than eliminated completely, especially with regards to events staff have come to anticipate.
#40: The University of Tennessee in Chattanooga eliminated academic and professional staff summer picnics and found savings of $18K annually.	So long as holiday functions are not eliminated entirely, staff will most likely accept consolidated celebrations across departments or divisions to reduce overall institutional costs.

Source: University of Pittsburgh, Pittsburgh, PA; University of Tennessee, Chattanooga, TN; EAB interviews and analysis.

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V. Fringe Benefits

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#41: Reduce/End PTO (Paid Time Off) rollover	££	Fiscal Year	Medium-High
#42: *If applicable, depending on legal requirements for retirement benefits:* End PTO payout[1]	££	Semester	Low
#43: *If applicable, depending on legal requirements for retirement benefits:* Reduce PTO payout maximum	££	Semester	Low-Medium
#44: *If applicable, depending on legal requirements for retirement benefits:* Reduce PTO accrual	££	Fiscal Year	Low
#45: Require PTO draw-down	£	Fiscal Year	Low-Medium

1) Some states, counties and countries mandate PTO payout

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Capsule Description and Sample Institution	Implementation Guidance
#41: The University of Texas in San Antonio previously assigned 24 hours of floating holidays to employees to use at their convenience. Staff could also carry forward and cash out these holidays upon termination. The institution now assigns all holidays during a calendar year so that time is no longer carried forward. HR estimates annual savings to be approximately $100K per year.	These tactics represent opportunity for higher education institutions to right-size rollover rates that are currently more generous than in other industries. Reducing or eliminating PTO/annual leave rollover encourages PTO drawdown over time, reducing accounting liabilities and improving days' cash on hand.
#42: *If applicable, depending on legal requirements for retirement benefits:* PTO payout policies pay employees for unused PTO when they separate from the institution. Many universities no longer allow employees to receive a lump sum for their unused PTO/annual leave upon leaving the institution, saving on average $1M.	*If applicable:* Eliminating PTO payout options decreases accounting liability for time off and reduces the number of annual cash payments to employees. Institutions must give fair warning to staff before implementing this tactic. This tactic may induce early retirements since employees nearing retirement who have many years of PTO will not want to lose the payout opportunity.
#43: *If applicable, depending on legal requirements for retirement benefits:* One institution reduced the payout maximum for PTO accrued by staff from 4 years to 2 years. The institution expects to save $5M as a result.	*If applicable:* If eliminating payout options completely is not feasible, there are also opportunities to reduce payout maximums or the number of PTO days that can be applied to PTO payouts.
#44: *If applicable, depending on legal requirements for retirement benefits:* One institution saved over $90K in annual PTO payouts by eliminating an existing PTO policy allowing employees to accrue PTO days while on vacation, out sick, or when away from work.	*If applicable:* This tactic provides an opportunity for institutions to right-size accrual rates that are currently more generous than other industries. When reducing the maximum accrual, institutions may be required to cash-out excess PTO above the new maximum, if a cash-out option exists. However, phasing in the reduction over a period of years helps avoid such heavy payouts.
#45: Susquehanna University in Pennsylvania mandated that employees draw PTO/annual leave down to less than four weeks at the end of the year or lose it completely. This has helped the institution avoid large payouts when staff leave the organisation.	Although it does not amount to real cash savings, this tactic offers a way to quickly improve days cash on hand by reducing accounting liabilities for time off and potential PTO payouts. This tactic has the potential to disproportionately impact staff with inflexible work arrangements who are not able to expend PTO readily across the year.

Source: Cost Reduction Responses, University of Texas System, July 1, 2011; Susquehanna University, Selinsgrove, PA; EAB interviews and analysis.

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V. Fringe Benefits

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#46: *If applicable depending on legal requirements for statutory leave and sick leave:* Limit PTO/sick leave accrual for part-timers	**£**	Fiscal Year	Low-Medium
#47: Offer higher PTO accrual rates in exchange for lower commensurate pay	**£**	Fiscal Year	High
#48: Reduce tuition reimbursement	**£**	Semester	Low-Medium
#49: *If applicable, depending on legal requirements for retirement benefits:* Reduce employer contributions to retirement plans	**££££**	Fiscal Year	Low
#50: *If applicable, depending on legal requirements for retirement benefits:* Reduce or eliminate retirement contributions for employees with £0 self contributions	**££**	Fiscal Year	Medium-High
#51: *If applicable, depending on legal requirements for retirement benefits:* Match retirement contributions only once per year	**££**	Fiscal Year	Medium-High

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Capsule Description and Sample Institution	Implementation Guidance
#46: *If applicable depending on legal requirements for statutory leave and sick leave:* Institutions raise the minimum level of hours part-time employees must work to accrue PTO or sick leave. At the University of Michigan, part-time employees must have a 0.5 appointment to accrue PTO, instead of a previous requirement of a 0.2 appointment.	*If applicable, depending on legal requirements for statutory leave and sick leave,* Institutions should frequently monitor changes in employee status to ensure employees continue to meet requirements for part-time PTO and sick leave accrual.
#47: At one university, full-time staff are eligible to receive additional days of PTO/annual leave per month in conjunction with corresponding reductions in salary. The rate of additional PTO accrual and associated rate reduction is based on each employee's length of service. Most staff in this arrangement are near retirement and utilise the benefit as a gradual exit programme, phasing more personal time into weekly work schedules.	This tactic only saves money when offered to employees in positions where backfilling is unnecessary. Employees closer to retirement looking to scale back are more likely to accept such an option. Institutions should ensure those agreeing to this tactic draw down their accrued PTO in a timely fashion, especially when PTO cash outs are still in policy.
#48: Rensselaer Polytechnic Institute in New York raised tuition copay for employees, as well as their spouses and children, from 0% to 20%. As a result, the institution has recouped $1.5M annually.	Reducing tuition benefits is a relatively quick source of savings. However, because it represents one of the most obvious benefits to working in a higher education institution, employee resistance has the potential to be high.
#49: *If applicable, depending on legal requirements for retirement benefits:* Drew University in New Jersey reduced its contribution to employee retirement plans from 10% to 8% and achieved $1.2M in savings, approximately 2% of the institution's overall payroll. Another university reduced retirement contributions from 14.2% to 8% of employees' salary, resulting in savings of $18M. Make sure you do not go below any legal minimum contributions.	*If applicable, depending on legal requirements for retirement benefits:* This tactic represents a quick way for institutions to find savings and potentially avoid staff layoffs. However, employee pushback will be high. Eliminating contributions entirely should only be a temporary solution (if applicable, make sure you do not go below any legal minimum contribution). Employer contributions should be reinstated after institutions have rebounded from economic downturns.
#50: *If applicable, depending on legal requirements for retirement benefits:* Georgetown University in Washington D.C. contributes up to 10% of an employee's gross pay towards their defined contribution plan, conditional on an employee contribution of at least 3%. Employee contributions of less than 3% trigger diminished university contributions, down to just 0% for employees who do not contribute at all.	*If applicable, depending on legal requirements for retirement benefits:* This tactic represents a more palatable alternative to reducing retirement contributions across the board. In addition to creating savings for institutions, it discourages employees from relying solely on the institution for retirement contributions and encourages them to be more proactive in their retirement planning.
#51: *If applicable, depending on legal requirements for retirement benefits:* One university now deposits employer-match funds into the defined contribution retirement plan once a year, rather than each pay period. Employees must be employed on December 15th of each year to receive the funds, and the match is allocated on the last business day of each year. Savings result from not matching the annual contributions of employees who leave before the end of the year.	*If applicable, depending on legal requirements for retirement benefits:* Although the amount employees receive will not change, those who leave the institution prior to the end of the year will not receive that year's matching contribution. This tactic will have no impact on those who do not have immediate plans to leave the institution.

Source: Retirement Savings Programs at Georgetown University, Georgetown University, Washington DC; Woodhouse, "University of Michigan to alter employee retirement benefits in 2015," *MLive*, March 17, 2014; Drew University, Madison, NJ; Rensselaer Polytechnic Institute, Troy, NY; EAB interviews and analysis.

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V. Fringe Benefits

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#52: *If applicable, depending on legal requirements for retirement benefits:* Limit types of income eligible for annual retirement contributions	£	Fiscal Year	Low-Medium
#53: *If applicable, depending on legal requirements for retirement benefits:* Introduce a waiting period for new-hire retirement plan eligibility	££££	Semester	High
#54: Shift from defined benefits to defined contribution retirement plans for new hires	££££	Semester	Medium-High

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Capsule Description and Sample Institution	Implementation Guidance
#52: *If applicable, depending on legal requirements for retirement benefits:* The University of Michigan limits the types of income eligible for annual retirement contributions, which can account for up to 10% of employees' salaries. Examples of ineligible compensation include overtime, shift differentials, and salary supplements. The institution estimates annual savings of roughly $4.4M.	*If applicable, depending on legal requirements for retirement benefits:* this tactic requires adjusting the calculation for base salary upon which retirement contributions are based. Compensation such as administrative and added-duty differentials (extra pay earned when employees take on tasks unrelated to their positions), overtime, and PTO payouts are no longer factored into base income calculations.
#53: *If applicable, depending on legal requirements for retirement benefits:* The University of Michigan reduced costs by $13M annually by adding a one-year waiting period before new employees receive university contributions toward retirement savings accounts.	*If applicable, depending on legal requirements for retirement benefits:* employee acceptance of this tactic will be higher than many other tactics impacting retirement plan changes because it only impacts newly hired employees.
#54: One university shifted from a defined benefits plan to a defined contribution plan for new employees. The institution expects millions in savings as generations of workers phase out of the fund.	This tactic represents a more tolerable solution for reducing institutions' long-term retirement benefit liability, as it only impacts newly hired employees. By shifting to a defined contribution plan for new hires, institutions can choose to match contributions to current employees' retirement accounts without guaranteeing a lifelong stream of income, resulting in significant savings in the long term. It also shifts plan ownership, costs, and long-term obligations associated with managing a pension plan onto employees and away from the institution.

Source: Cost Containment Efforts, University of Michigan, Ann Arbor, MI, June 2012; EAB interviews and analysis.

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VI. Health Benefits (Skip this section if your institution does not provide private health insurance benefits)

Leaders should proceed with caution in pursuing cost savings through changes to health benefits. Although the tactics below present significant savings potential, most savings will take several years or longer to actualise. Employers must follow legal requirements and give employees notice before implementing any material modification to benefits coverage (the actual amount of notice required may vary by country).

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#55: Raise deductibles	£££	Year-Plus	Low-Medium
#56: Raise out-of-pocket max	£££	Year-Plus	Medium-High
#57: Raise premiums	£££	Year-Plus	Low
#58: Eliminate retiree health coverage	££££	Year-Plus	Low
#59: Reduce retiree premium contributions	£££	Year-Plus	Low-Medium
#60: Offer retiree coverage only through Medicare Supplement plans	£££	Year-Plus	Medium-High

1) FindLaw, "Can You Rescind Benefits Without Notice?".

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Capsule Description and Sample Institution	Implementation Guidance
#55: After a reduction in state funding for the Public Employee Benefits Programme, the University of Nevada in Las Vegas increased deductibles from $800 to $1,900 for individuals and from $1,600 to $3,800 for families on the PPO (preferred provider organisation) high deductible plan.	Many institutions have shifted costs to their employees by increasing plan deductibles. By design, raising deductibles encourages healthy behaviour, as employees find opportunities to mitigate their own out-of-pocket expenses. Therefore, this tactic will inevitably garner less resistance than imposing prohibitive premium hikes.
#56: After a reduction in state funding for the Public Employee Benefits Programme, the University of Nevada in Las Vegas increased the annual out-of-pocket maximum from $3,700 to $3,900 for individuals and from $7,400 to $7,800 for families.	Employee tolerance is greatest when raising out-of-pocket maximums for out-of-network use, as employee likelihood of utilising higher cost out-of-network services is low.
#57: Iowa State University raised employee premiums in response to increasing costs in the university's health care program. Monthly premiums increased between $4-19 for the PPO option and $4-33 for the HMO(health maintenance organisation) plan.	Premium adjustments are less popular because they impact all employees. The potential for employee backlash may be greater, and the opportunity for cost shifting is limited, depending on how much this lever has been pulled in the past.
#58: Howard University eliminated its supplemental health insurance plan for retired academics and staff in 2017. Some institutions, like Michigan State University, have taken a phased approach to eliminating retiree health coverage by closing plans to new entrants.	Over the past several decades, many institutions have eliminated retiree coverage, the result of soaring health care costs and an accounting rule in place since the early 1990s that requires employers to report retiree health expenses as liabilities. As a result, retirees in the US over the age of 65 will rely on Medicare for sole coverage, and institutions can reduce insurance expenses while minimising balance sheet liabilities.
#59: The University of Kentucky regressively reduced its contributions toward retiree health plan premiums based on date of hire and date of eligibility to retire, reducing costs by roughly $13M annually.	Rather than eliminating retirement coverage altogether, this tactic gradually steps down the employer contribution toward institution-sponsored health care plans for retired employees. Although this tactic shifts the cost burden of health care premiums to retirees, health coverage itself remains intact, making it a more palatable change for those affected.
#60: In the US, Medicare Supplement plans cover benefits costs after Medicare pays its portions. At the University of Vermont, staff hired since 2012 are only eligible to participate in the University's Medicare Supplement Plan when they reach age 65 and have 15 years of benefits-eligible service. Employees pay 100% of the premium but can enrol in the Retiree Health Savings Plan, which includes $1,150 annually from the University after one year of service. This shift to supplemental plans for retirees saves substantial costs, even with this annual contribution.	For institutions in the US seeking to save benefits costs without eliminating retiree coverage completely, supplemental plan options that cover gaps in Medicare coverage is an alternative. Retirees must sign-up for both Medicare Part A and Part B to enrol in most supplemental plans. It's imperative that institutions pursuing this tactic communicate this requirement. Institutions should also instruct employees to sign up for Medicare Crossover Billing, which notifies the supplemental plan so it can pay any remaining balance, reducing claims paperwork for patients and improving convenience.

Source: Douglas-Gabriel, "Howard University ends group health plan for some retirees", *Washington Post*, May 5.2017; Krapfl, "Employee health care contribution increases reflect higher costs", Iowa State University, September 29, 2022; University of Kentucky, Lexington, KY; University of Las Vegas, Las Vegas, NV; University of Vermont, Burlington, VT; EAB interviews and analysis.

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VI. Health Benefits (Skip this section if your institution does not provide private health insurance benefits)

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#61: Offer insurance stipend instead of retiree health coverage	£££	Year-Plus	Medium-High
#62: Increase employee coinsurance/copays	££	Year-Plus	Low-Medium
#63: Move from copays to coinsurance for select drugs and services	££	Year-Plus	Medium-High
#64: Offer results-based premium discounting following premium increases	££	Year-Plus	Low-Medium

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Capsule Description and Sample Institution	Implementation Guidance
#61: Baylor University in Texas eliminated contributions to postretirement health care plans for those over the age of 65, and instead pays all retirees a stipend to supplement Medicare. Retirees were unhappy with how much they were paying for the health plan, and Medicare gives them comparable service. As a result, the university realised a 25% reduction in post-retirement health care costs.	A growing number of institutions that provide coverage to Medicare-eligible retirees are dropping single employer group insurance plans and pushing retirees to Medicare plans or plans purchased through privately run exchanges. Retirees can put direct institutional subsidies toward the coverage options of their choice. This tactic is less controversial than eliminating health coverage for retired employees completely. It will also benefit some retirees who can switch from a one-size-fits-all institutional plan to a more customisable offering. However, workers who need more coverage may ultimately pay more for their health care in the long run. Overall, reception to this tactic should be moderately positive since it impacts only retired staff and eligibles will not be deprived of benefits.
#62: To maintain the 70/30 university-to-employee coverage ratio for aggregate healthcare costs, the University of Michigan increased copays for urgent care visits, specialty office visits, emergency room visits that do not result in hospitalisation, and medication. Copay increases for non-generic prescription drugs were larger than increases for generic prescription drugs. Preventative care visits remain exempt from copayments.	Employee tolerance is greatest when increasing coinsurance or copays for out-of-network and emergency department visits, as the overall likelihood of employee utilisation is relatively low.
#63: The University of Baltimore moved its most popular plans to a coinsurance model for services not subject to a copay. Employees pay 10% of the allowed benefit for in-network providers and 30% of costs after deductible for out-of-network services.	Rather than co-pays, where employees pay a fixed amount for health care services, and the plan covers the rest, employers move toward coinsurance plans that charge workers a percentage of total costs. These plans are not only more affordable for institutions but also make consumers more aware of their health care costs. Compared to increasing employee premiums, this tactic is a more subtle way to increase employees' contributions to their health care benefits.
#64: One university increased premiums for all employees but created discounts back to previous levels for employees participating in biometric-goal setting. Nurses conduct biometric tests on employees who are then divided into three risk categories based on the number and types of risk factors present. Employees then set respective improvement goals for the following year. Those meeting their goals have their premiums reduced by $22 per pay period. Since the start of this initiative, the university has also seen dramatic reductions in health risk factors in their employees.	By tying plan incentives such as reduced premiums or deductible levels to biometric outcomes, institutions help staff discount rising rates. Doing so also helps keep employees accountable for managing their health risks, such as obesity, high cholesterol, high blood pressure, and tobacco use. This increases the number of employees who know their own health risks and enables organisations to promote a healthier workforce, ultimately, driving down overall plan premiums in the future.

Source: Baylor University, Waco, TX; University of Baltimore, Baltimore, MD; University of Michigan, Ann Arbor, MI; EAB interviews and analysis.

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VI. Health Benefits (Skip this section if your institution does not provide private health insurance benefits)

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#65: Introduce high deductible health plans	££	Year-Plus	High
#66: Incent utilisation of high-deductible plans	££	Year-Plus	High
#67: Consolidate or reduce the number of health benefit plans	££	Year-Plus	Low-Medium
#68: Eliminate "Cadillac" health plans	££££	Year-Plus	Low-Medium
#69: Audit and remove ineligible dependents	£££	Year-Plus	High

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Capsule Description and Sample Institution	Implementation Guidance
#65: Faced with rising healthcare costs, many institutions, including Auburn University, Lehigh University, and Alverno College have introduced high-deductible health plans for employees to their benefit options.	Offering low premium, high-deductible plans may attract employees away from higher cost employer plans, especially those employees who are young, relatively healthy, and infrequent utilisers of health services. These plans are also accompanied by tax-advantaged savings accounts funded by the employer and/or the employee. Overall, staff are accepting of alternative plan designs, so long as more comprehensive options remain available.
#66: To induce a shift to the institution's high-deductible health plan, one university offered employees $2,500 towards employee health savings accounts. 78% of employees enrolled in the plan, contributing to health benefits savings of approximately $10M.	
#67: The University of Iowa moved to one plan for dental insurance and one plan for health insurance, deciding to move all employees over for financial savings and improved service.	Consolidating or reducing the number of health benefit plans offered to employees reduces the burden associated with negotiating, administering, and educating employees on the numerous plans and annual plan changes, resulting in substantial administrative cost savings.
#68: A university in Kentucky eliminated their "Cadillac plan," limiting plan choices to an HMO, a PPO, and a High Deductible Health Savings Plan.	Eliminating long-standing, high-cost health care plans will disproportionately impact longer-tenured employees who are likely more frequent utilisers of health care benefits. Typically, these plans encourage the overuse of medical care and drive-up costs for those on other plans. Therefore, this tactic offers a way to right-size coverage. The savings potential associated with phasing out these plans is substantial.
#69: University of Georgia increased documentation requirements for dependent and spousal coverage and hired an external company to audit its dependent health insurance coverage. The audit found that 3,687 dependents did not meet plan eligibility guidelines. The resulting savings were close to $3M.	It is common for ineligible dependents of staff to receive health care coverage through institutionally funded health plans. However, employees often improperly claim dependents under the institution's health plan, or the institution itself fails to monitor common life changes leading to a dependent's ineligibility. Common sources of errors are children aging out of their parents' plans or recent divorces rendering a former spouse ineligible. Additionally, an employee's spouse or child may already have insurance elsewhere, but the institutional plan is not being used as secondary or supplementary insurance. This tactic not only helps institutions save on health care premiums but relieves the institution from medical bills of ineligibles who might have exceeded coverage limits. This is especially salient given higher education institutions tend to pay a higher percentage of health care costs for employees and their families than other industries.

Source: Introducing the benefits of the HDHP, Lehigh University, Lehigh, PA; High Deductible Health Plan and Health Savings Account, Auburn University, Auburn, AL; Alverno College, Milwaukee, WI; University of Georgia, Athens, GA; University of Iowa, Iowa City, IA; University of Kentucky, Lexington, KY; EAB interviews and analysis.

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VI. Health Benefits (Skip this section if your institution does not provide private health insurance benefits)

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#70: Add surcharge to monthly premium of working spouses electing institution health plan	££	Fiscal Year	Low-Medium
#71: Require working spouses to use their employers' health plan	££££	Year-Plus	Low-Medium
#72: Incentivise spouses to go off institution health plan	££	Year-Plus	High
#73: Offer only secondary spousal coverage	£££	Year-Plus	Medium-High
#74: Incent employee utilisation of spousal health plans	££	Year-Plus	High

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Capsule Description and Sample Institution	Implementation Guidance
#70: Penn State University added a $100 surcharge for spouses and domestic partners eligible for insurance through their own employer.	Introducing a surcharge to monthly premiums reduces institutions' subsidies for working spouses with alternative coverage options. Although likely to trigger some employee pushback, it is a win-win from a financial perspective. The surcharge either reduces the number of covered spouses on the institution's plan or increases employee premium contribution.
#71: The University System of Georgia implemented a $150 monthly surcharge for working spouses who choose to enroll in the institution’s benefits instead of health insurance through their employer.	Employing this tactic will reduce the number of covered spouses on the institutions plan. While this tactic will most likely trigger the most aggressive employee pushback as compared with other tactics that impact spousal coverage (as higher education institutions have more generous health benefit offerings), the savings potential is among the highest.
#72: One university issues opt-out cash payments of $71 per month to employees whose spouses have waived institution health care coverage and secured health coverage through their own employer or elsewhere.	Rather than introducing a surcharge for spouses electing coverage through the institution, this approach incentivises employees to remove their spouses from institution plans completely. Like the surcharge, this tactic can reduce the number of covered spouses on the institution's plan. Incentive payments can be paid as pay-period allocations or periodic lump sums.
#73: Spouses with access to employer-sponsored health and/or dental coverage through their employer cannot receive primary coverage under Ivy Tech Community College's plans. Instead, spouses enrolled in their employer’s health and/or dental plans must complete an Eligibility Questionnaire to receive secondary coverage from the College’s plan. Secondary coverage refers to the charges, damages, or risks denied by the primary policy and assumed by the College's health plan. This change saved the institution $1.3M, about 5% of its $27M health care budget, in one year.	A compromise solution for discouraging spousal coverage, this tactic adds the administrative burden of benefit coordination. It also puts the institution at risk for some employee fallout, especially for spouses caught in the middle of scope-of-coverage disputes.
#74: At one university, employees who receive benefits from spousal plans can keep a portion of the university health plan contribution and put it towards dependent coverage or flexible spending. As a result, the university reduced its overall healthcare contribution by encouraging certain employees to use these alternative plans.	This strategy reduces covered lives on the plan but can lead institutions to make pay-outs to employees who would have chosen other coverage anyway. Additionally, higher education institutions have more generous health benefit offerings compared to other industries, and with modifications, higher education benefits may still appear more desirable than the alternatives offered by a spouse's employer. Employers should discontinue this practice once employee shifts have plateaued.

Source: Flaherty, “Do You Smoke? Pay £75 a Month”, *Inside Higher Ed*, July 28, 2013; Surcharges, University System of Georgia; Ivy Tech Community College of Indiana, Carmel, IN; EAB interviews and analysis.

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VI. Health Benefits (Skip this section if your institution does not provide private health insurance benefits)

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#75: Increase premium for dependent and family coverage	££	Year-Plus	Low-Medium
#76: Limit employee eligibility for health benefits based on employment status	££	Year-Plus	Low-Medium
#77: Mandate in-network pharmacy utilisation	££	Year-Plus	Medium-High
#78: Mandate mail-order pharmacy utilisation	££	Year-Plus	Low-Medium
#79: Mandate generics for most costly pharmaceuticals	££	Year-Plus	Medium-High

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Capsule Description and Sample Institution	Implementation Guidance
#75: Lafayette College increased overall employee health care premiums by 9.8%. The college pays 90% of the premium for an individual employee, and only 67% of the combined premium for employees, spouses, and dependents.	Increasing institutional health plan premiums may encourage staff members to seek coverage through working spouses or through public exchanges. However, changing plans to discourage dependent and family coverage may be less effective in economic downturns, as more family members may be reliant on institutions' employees for their own coverage.
#76: University of Vermont's food services contract with Sodexo previously defined full-time as those who work at least 30 hours for at least six of the 13 weeks in a fiscal quarter. Additionally, changes in employment status could only be applied after three consecutive quarters not meeting this definition. A new contract with the vendor now requires employees to average at least 30 hours per week over a 52-week span to be considered full-time. As a result, University of Vermont food service workers who do not work during the University's summer vacation will no longer receive health care benefits.	This tactic involves changing eligibility requirements and dropping members whose employment status no longer meets eligibility guidelines. It requires reviews of employees covered by the institution's health plan to ensure insurance is limited to qualified employees. Institutions should frequently monitor changes in employee status to ensure they meet requirements for full-time or part-time benefits.
#77: Institutions adjust plans to narrow pharmacy coverage for drugs purchased from out-of-network pharmacies. Vanderbilt University in Tennessee incentivises employee utilisation of its own pharmacies (associated with the Vanderbilt Medical Center) by offering $1 copays. It otherwise restricts pharmacy utilisation to its broader in-network pharmacies and its in-house, mail-order prescription drug service.	Self-insured institutions negotiate favourable pricing with preferred pharmacies to create noticeable price differentials, a share of which can be passed down to enrolees and encourage lower-cost utilisation.
#78: A mail-order pharmacy contract for the University of Michigan's prescription drug plan led to annual savings of $1M.	This tactic involves rolling back pharmacy coverage for drugs purchased from brick-and-mortar pharmacies to incentivise lower-cost utilisation of mail-order options.
#79: The University of Michigan increased the use of generic prescriptions leading to roughly $23M in savings for the University and employees.	Historically, 20% of drugs drive 80% of pharmacy costs. This tactic involves adjusting plans to more aggressively target highest-cost drugs and narrow coverage to generics. Although tremendous employee pushback should not be anticipated, institutions can expect some resistance from those who believe generic medications are not as effective as their brand name counterparts. Before mandating this tactic, institutions should educate staff that although generic drugs may look different, they have the same active ingredients as the brand name equivalents. National drug laws require that generics be the same quality and work the same way as brand name versions. Additionally, institutions should promote the overall cost savings for both the institution and the consumer.

Source: Cost Containment Efforts, University of Michigan, Ann Arbor, MI, June 2012; Dobbs, "UVM Food Service Workers Face Benefits Cuts, Faculty Union Steps In," October 9, 2013, VPR; Lafayette College, Easton, PA; Vanderbilt University, Nashville, TN; EAB interviews and analysis.

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VI. Health Benefits (Skip this section if your institution does not provide private health insurance benefits)

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#80: Incent domestic utilisation	££	Fiscal Year	Low-Medium
#81: *If applicable, ensure that your institution abides by legal requirements:* Reduce percentage of weekly salary paid out for short-term and long-term disability benefit	£	Semester	High
#82: I*f applicable, ensure that your institution abides by legal requirements.:* Reduce time period for which employees receive full or partial pay under extended sick leave/short-term disability	£	Semester	High
#83: *If applicable, ensure that your institution abides by legal requirements.:* Reduce time period for which employees receive partial pay under long-term disability	£	Semester	High
#84: *If applicable, ensure that your institution abides by legal requirements.:* Switch to a shared-cost or employee-funded short- or long-term disability plan	£	Year-Plus	Medium-High

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Capsule Description and Sample Institution	Implementation Guidance
#80: One university partners with its medical centre to route employees toward the institution's doctors and hospitals. Senior leaders credit this strategy with helping the institution avoid healthcare cost increases for the last three years.	Institutions affiliated with a medical school can implement exclusive provider organisations with their own systems as covered networks. This tactic offers an opportunity to more aggressively penalise non-domestic utilisation. Institutions should anticipate some employee pushback, as many previously in-network providers may now be out-of-network.
#81: *If applicable, ensure that your institution abides by legal requirements.* By lowering the monthly benefit employees would receive if they became disabled from 70% down to 60% for short-term disability, and from 66.6% down to 50% for long-term disability, one university significantly reduced disability benefits premiums.	*If applicable, ensure that your institution abides by legal requirements.* Employees are not likely to resist modifications to either short- or long-term disability coverage, as the individual likelihood of utilising either benefit is low compared to more commonly utilised health benefits. Also, employees should have the option of purchasing an individual supplemental plan.
#82: *If applicable, ensure that your institution abides by legal requirements.* This tactic involves shortening the duration of extended sick leave or short-term disability benefit payouts for eligible employees. At one college, employees eligible for short-term disability benefits now receive partial pay for 15 weeks, up to a maximum benefit of $1,500 per week, after a seven-calendar-day wait period before receipt of benefit payments. This is down from 26 weeks under the previous leave policy.	*If applicable, ensure that your institution abides by legal requirements.* Adding an elimination period to the policy or a waiting period between an injury and the receipt of benefit payments can help keep disability premiums low. Additionally, for institutions that do not guarantee employees their full pay during an extended sick leave or through disability payments, a policy requiring employees to use sick days and PTO before going on leave can help eligible employees receive their full pay for a longer duration.
#83: *If applicable, ensure that your institution abides by legal requirements.* This tactic involves tightening the long-term disability payout period for eligible employees. One university reduced the long-term benefit period from "to age 65" to ten years for employees suffering from a disability that began before the age of 60. It also added a 90-day waiting period before the benefit can be received, helping to further reduce costs to the institution. This policy change saved the institution approximately 20% on the original benefit premium cost.	*If applicable, ensure that your institution abides by legal requirements.* A decision about long-term disability start date depends on the length of the institution's current short-term disability plan. Long-term disability benefits should start just as the short-term plan stops, to avoid paying an employee twice. Additionally, long-term disability has the potential to pay out until the age of 65. However, plan options are available that limit disability payments to five or 10 years beyond where short-term disability policies leave off. Adding an elimination period or a waiting period between an injury and the receipt of benefit payments can also help keep disability premiums low.
#84: *If applicable, ensure that your institution abides by legal requirements.* The University of Southern California shifted its employees to a voluntary, 100% employee-funded plan programme for disability benefits. Employees who opt in make their contributions on a pre-tax basis.	*If applicable, ensure that your institution abides by legal requirements.* Many institutions offer both short- and long-term disability benefits. However, this tactic shifts the costs of disability benefits away from the institution and onto employees. Institutions can expect minimal employee resistance, as the likelihood of needing short-term disability is relatively low, and employees can opt out of the coverage.

Source: Short-Term Disability Benefit Plan, University of Southern California, Los Angeles, CA; EAB interviews and analysis.

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VI. Health Benefits (Skip this section if your institution does not provide private health insurance benefits)

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#85: Implement tobacco surcharge	£	Semester	Medium-High
#86: Shift employees to private insurance exchanges	£££	Year-Plus	Low

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Capsule Description and Sample Institution	Implementation Guidance
#85: The University System of Georgia implemented a tobacco surcharge for employees enrolled in the institution's health care plan. Employees are charged $150 a month if they or their dependents use tobacco products.	Depending on the surcharge amount, this tactic could be an effective way of motivating smokers to quit. Lowering the prevalence of serious medical conditions associated with smoking will also positively impact institutions' overall health care costs.
#86: Walgreens moved 160,000 workers to a new health insurance model, joining a growing list of large employers seeking to control costs by having employees shop for coverage in a private marketplace. The drugstore chain gives employees a set amount of money to choose health insurance coverage from a wide range of offerings in a fast-expanding private online marketplace run by Aon Hewitt, a large employee benefits consulting firm.	Moving to exchanges helps employers avoid the looming risk of the so-called "Cadillac tax" on rich-benefit insurance plans. Starting in 2018, under the Affordable Care Act, US group insurance plans for active or retired workers whose benefits exceed $10,200 for individuals and $27,500 for families are subject to a 40% excise tax. Exchange coverage is not subject to the excise tax. Under this arrangement, institutions set up a health care allowance instead of a traditional group health insurance plan to subsidise employee exchange premiums. Although positive for the institution's cost structure, implementing this tactic will impact all employees, many of whom may be put off by more complex insurance choices as compared to the more familiar group insurance system.

Source: Fletcher, "Walgreens moves workers to private health-care exchange", *Washington Post*, September 18, 2013; Surcharges, University System of Georgia; EAB interviews and analysis.

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VII. Outsourcing

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#87: Outsource institutional units or departments	£££	Fiscal Year	Low-Medium
#88: Outsource staff processes or functions	££	Fiscal Year	Medium-High

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Capsule Description and Sample Institution	Implementation Guidance
#87: Outsourcing is a common tactic for institutions looking to reduce costs while improving or expanding current service capabilities. Outsourcing support units and non-core functions provides the scale necessary to cost-effectively support institutional growth. University of Texas outsourced Custodial Services, resulting in savings of $500K in labour costs alone.	Although the driving force behind outsourcing has primarily been to lower costs, other benefits include fewer internal staff adjustments to handle fluctuations in work demand and reduced risk associated with internally maintaining inventories and/or equipment. When contracting with third-party vendors, institutions should include service-level guarantees to maintain quality. Additionally, institutions must clearly communicate the business case for outsourcing and create a seamless transition plan to mitigate campus resistance and safeguard the engagement of remaining staff. Departments most commonly outsourced, in order from most common to least common are: Dining/Food Services, Bookstore, Custodial/Housekeeping Services, Grounds Keeping, Print/Copy Services, Legal, Campus Security, Student Housing, Student Health Services, Parking Services, Mail Services, Estates/Facilities Management, Travel Office, Fleet Services and Maintenance, and Childcare Centres/Services.
#88: Examining functions at a process or task level allows for a more targeted outsourcing strategy. Outsourcing specific functions within larger units provides institutions with more flexibility regarding which processes would be best performed in-house. Individual units and departments perform numerous activities, each conducted with varying levels of quality and efficiency. Thus, some functions represent institutional competencies, while others may naturally benefit from being outsourced. One Canadian university outsourced the filing of research grants and contractual arrangement forms. By outsourcing these activities, the university has been able to increase the number of contracts processed without corresponding increases in cost.	Institutions need clearly defined performance metrics to make accurate assessments of the outsourcing opportunity for specific functions. Tolerance for this tactic should be relatively high, given the activities most likely to be outsourced tend to be lower-level, high-frequency tasks. However, depending on the activity, this tactic could mean certain staff roles will no longer be necessary.

For more guidance on outsourcing, please see EAB's
Optimising Outsourcing Arrangements in Estates/Facilities

Source: Messamore, "University May Accept Proposals Regarding Outsourcing, Following Long History Since 1990s," The Daily Texan, February 21, 2013,; EAB interviews and analysis.

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VIII. Personnel Decisions and Staffing

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#89: Freeze hiring	£££	Semester	Low-Medium
#90: Incentivise early retirement	££	Fiscal Year[1]	High
#91: Offer voluntary severance[1]	£££	Fiscal Year	High
#92: Enact targeted layoffs	££££	Semester	Low

1) Best practice is to give employees at least 45 days for consideration.

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Capsule Description and Sample Institution	Implementation Guidance
#89: The University of South Florida froze 75 positions with salaries ranging from $30K to $135K for three months, resulting in savings of roughly $1.2M. This tactic was popular during the Covid-19 pandemic with 68% of surveyed institutions enacting hiring freezes in 2020.	Hiring freezes can generate immediate cost savings and serve as a mechanism by which the need for new or vacant positions can be scrutinized. However, care should be taken not to "cut too deep" when deciding not to backfill vacant positions—ensure existing staff can maintain current service levels and handling potential increases in work volumes.
#90: Employees eligible for early retirement programmes often decline participation out of monetary concerns such as a lapse or reduction in health insurance coverage. The University of Central Arkansas offered stopgap insurance to incentivise early retirement for staff not yet eligible for Medicare. This helped reduce staff from 1,400 to 1,320 over six years, contributing to $3M in labour cost savings.	Early retirement incentives have been used by many institutions to reduce staff and cut expense. It is a particularly appealing tactic to highly unionised US institutions unable to selectively trim the workforce. To garner savings, institutions should limit backfilling workers who accept this incentive. If a replacement is necessary, new employees would ideally be brought into lower positions or pay grades. A possible downside to offering such an incentive is losing crucial staff members or high-performing workers with difficult-to-replace skills. To avoid this, institutions pursuing this tactic should direct offers toward specific business units or job classifications that are effectively target areas with redundancies or pockets of poor performance. Additionally, institutions should be conscious of over-incentivising, as being too generous could spur mass separations and potentially negate any anticipated cost savings.
#91: Oberlin College offered voluntary separations to all employees in 2016, with 98 accepting. Those who accepted received a year's salary, leading to annual savings of around $3M.	This tactic is similar to offering early retirement incentives, but has a greater reach—with few exceptions, most regular status employees are eligible to participate in severance programmes. However, to ensure savings are realised, institutions should avoid backfilling vacated positions and maintain headcount reductions necessary to fund such programmes.
#92: Texas A&M University used a combination of data analytics, workflow process scrutiny, and unit leader input to enact a principled layoff process. The result was the targeted dismissal of 255 employees, 150 in administration and 105 academics.	This tactic is often thought of as the option of "last resort" for reducing administrative overhead. Rather than pursuing across-the-board cuts, positions should be eliminated based on business need and strategy alignment. Coordinated communication is critical to maintaining the morale of existing employees.

Source: Rosenthal, "Library Hours Funded by Hiring Freeze", *The Oracle*, University of South Florida, October 9, 2013; Update on Voluntary Separation Plan, *Office of* Communications, Oberlin College, July 26, 2016; Texas A&M University, College Station, TX; University of Central Arkansas, Conway, AR; EAB interviews and analysis.

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VIII. Personnel Decisions and Staffing

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#93: Expand management oversight to like departments	£	Semester	Medium-High
#94: Consolidate management layers within departments	££	Fiscal Year	Medium-High
#95: Allow temporary labour contracts to expire	£££	Fiscal Year	Low-Medium
#96: Reduce adjunct/sessional/contract instructor staff	£££	Semester	Low
#97: Move select employees to seasonal contracts	££	Fiscal Year	Low-Medium

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Capsule Description and Sample Institution	Implementation Guidance
#93: Alfred State College merged two Director-level positions—Director of Financial Aid and Director of Student Accounts—into a Director of Student Financial Services role that oversees both Financial Aid and Financial Services. As a result, the institution eliminated a senior management position and recouped the salary savings.	This tactic involves broadening the span of director-level oversight to multiple departments or units to reduce the number of high-paid management positions. Pairing like departments will help leaders pinpoint where this tactic would be best deployed. Careful consideration should be made when identifying which directors will take on a broader scope of management responsibilities. The same consideration should also be applied to ensuring these individuals are not spread too thin.
#94: One university used its vacancy review process to cut administrative layers by eliminating a full-time project manager position which made over $100K. Instead of backfilling this role, the VP overseeing the division distributed the duties across three line managers.	This tactic involves reducing administrative layers by holding vacant management positions open and distributing tasks up or down to existing management staff. Depending on the institutional bureaucracy, this tactic has the potential to significantly reduce staffing layers contributing to burdensome structures and overinflated administrative costs.
#95: The University of Arkansas in Fort Smith saved $47K by discontinuing temporary employment services primarily obtained through external temp firms and staffing agencies.	Terminating the contracts of supplemental labour is a straightforward tactic that can provide significant savings for institutions. However, institutions should not proceed with this practice without first assessing how it will impact current work processes and remaining full-time staff. Units relying on contract labour to deliver new service offerings should be spared, as internal staff need sufficient time to acquire the skills necessary to perform new tasks. Additionally, institutions should not let all supplemental labour contracts expire at once. The approach should be gradual, starting with contracts in support of less critical functions or functions with full-time staff available to fulfil roles and allow for extensions when and where appropriate.
#96: Over a two-year period, Hartwick College academic leaders worked with administration to reduce its temporary lecturer budget by more than 50% through honing scheduling processes and fine-tuning curriculum. This additionally led to a desired reduction in full-time lecturer overloads.	Reducing adjunct/sessional/contract staff may be met with resistance as it touches the academic core. Institutions should proceed with caution, coordinating with deans and preparing a communications plan.
#97: Leaders at one university recognised that work demand in certain units dipped significantly in the summer. As a result, several 12-month positions in their Procurement/AP[1] business service centre were reduced to 10- or 11-month positions through the vacancy review process.	This tactic involves hiring staff on a seasonal rather than indefinite basis. Shorter-term contracts for staff help institutions avoid overstaffing when work demands decline during certain periods of the year. To mitigate employee resistance to these arrangements, institutions should consider employing seasonal staff in other areas on campus with complementary demands in work on an as-needed basis.

1) Accounts Payable.

Source: Cost Containment 2010–2011, University of Arkansas, Fort Smith, AR; Alfred State College, Alfred, NY; Hartwick College, Oneonta, NY; EAB interviews and analysis.

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VIII. Personnel Decisions and Staffing

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#98: Out-counselling underperformers	£	Fiscal Year	Medium-High
#99: Shorten work week	££	Semester	Medium-High
#100: Shorten service window hours	££	Semester	Low-Medium
#101: Reduce task frequency	£	Semester	High

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Capsule Description and Sample Institution	Implementation Guidance
#98: Managers at a university in Missouri are incented to proactively outcounsel underperformers throughout the year. Leaders give managers a choice to either selectively manage out under-performers or have their units' budgets indiscriminately cut. The institution has also invested in managerial training for how to manage out underperformers as part of a push to reduce headcount.	Out-counselling chronic underperformers is recommended as a primary strategy for reducing headcount while protecting high performers. For organisations with suboptimal performance management processes, several months should be allocated to properly document disciplinary action and make the case for rightful termination. However, institutions with a unionised workforce may find it difficult to lay off its lowest performing workers under a collective-bargaining agreement.
#99: Due to low customer volumes, one university closed its financial aid, registrar, and bursar offices each Friday during the summer. All staff and management work four 10-hour days per week. During this time, offices were open from 7:30am– 5:30pm, rather than from 9am–5pm. The institution was able to save tens of thousands of dollars in reduced energy costs by not air conditioning the associated buildings over the three-day weekends.	When deploying these tactics, institutions should ensure that operating hours are adequate for handling customer volumes. Potential areas to target should include those where work volumes decline significantly during parts of the year, as well as those with the lowest impact on students and critical functions—examples include purchasing, mail and print centres, and travel offices. Although shortening service hours for non-exempt staff will contribute directly to salary savings, reducing days or hours for exempt staff is unlikely to yield direct labour savings. However, potential facilities and associated energy savings are worth considering.
#100: To meet a 10% budget cut, one university's IT department eliminated 21.75 positions. As a result, they discontinued weekend help desk operations and shortened weekday help desk hours from 7am–7pm to 8am–5pm.	
#101: By reallocating tasks, reducing task frequency, and redistributing service areas, one institution reduced custodial staffing from 99 to 86 through natural attrition. For example, service area allocations increased from one custodian per 20,000 square feet to one custodian per 30,000 square feet. Additionally, custodians now perform tasks such as emptying trash and vacuuming offices 3 times per week rather than 5 times per week. This effort has led to savings of £250K per year.	When redistributing service areas, institutions should avoid expanding areas too broadly—spreading staff too thin will inevitably impact service quality. It is important to maintain the frequency of more visible tasks (e.g., cleaning entryways and restrooms). Institutions should also consider which routine tasks are more and least valued by staff to prevent negative responses or pushback.

Source: EAB interviews and analysis.

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VIII. Personnel Decisions and Staffing

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#102: *If applicable, ensure your institution abides by employment law requirements:* Mandate management furloughs	££	Semester	Low-Medium
#103: *If applicable, ensure your institution abides by employment law requirements:* Mandate staff furloughs	£££	Semester	Low
#104: Offer voluntary prescribed unpaid leave days	£	Semester	High
#105: Offer voluntary seasonal flextime	££	Fiscal Year	High
#106: Offer voluntary (or require) reduced hours in exchange for lower base pay	££	Semester	Low-Medium[1]

1) Employee tolerance is dependent on whether practice is voluntary or required. There will be a higher tolerance among volunteers.

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Capsule Description and Sample Institution	Implementation Guidance
#102: Mount Royal University required managers to take five days of unpaid leave, spreading salary deductions over 24 pay periods and saving approximately $633K. #103: Kansas State University deployed emergency furloughs in response to increased costs and reduced revenue. The furloughs impacted 430 employees and generated $2.75M in savings and cost avoidance.	Although furloughs are never welcomed, they may be preferable to large-scale employee layoffs. Furloughs do not have to be attributed across the board. The highest-paid employees often experience more lengthy furloughs, while lower-salaried employees might be spared or furloughed for fewer days. Furlough days do not have to be consecutive. Employees can work on the days they are furloughed, but they are not required to do so. Although academics are almost always included in furloughs, efforts should be made to minimise the impact on class hours. Benefits, annual leave allowances, and retirement packages should not be affected.
#104: During one financially challenging year, Mount Royal University offered staff the option to take 3/4/5 days of leave without pay on pre-determined days primarily around the Thanksgiving and Christmas holidays. About 30% of staff volunteered to take the unpaid days off, resulting in savings of $567K.	Unless operationally unfeasible, management should prescribe the dates on which leave should be taken, to optimise potential savings. Institutions should consider selecting days near end-of-year holidays, as operations tend to slow during this time. Deductions should not apply to overtime payments.
#105: The University of Kentucky offers a voluntary seasonal hours programme, in which staff reduce the number of hours they work during their units' least busy periods. About 228 employees volunteer, resulting in savings of $560K.	This tactic has the potential to generate savings when employees taking voluntary leave do not need to be backfilled, and the remaining staff can avoid overtime shifts. Institutions should limit the number of consecutive days eligible employees can take to prevent costly temporary replacements. The extent to which staff hours can be flexed down will vary from unit to unit. Each unit should thoughtfully forecast service demands and staffing needs and create flexible options per those needs. The status of full-time employees should not be affected by seasonal hour changes. Thus, benefits, annual leave allowances, and retirement packages should remain unaffected as well.
#106: One institution allowed staff in HR, Procurement, Finance, Accounting, and IT to work eight fewer hours per week if they agreed to a 20% salary reduction. Since implementing this, the institution has saved $326K annually.	Going to a shortened workday or work week in return for a lower salary or wage may be welcomed by staff who have more demanding personal obligations. Additionally, flexible work arrangements enable units to better match staff to the busiest times of the day or week. If applicable, institutions pursuing this tactic should ensure that pay reductions do not bring exempt employees' salaries below the legally required threshold amount per week. Institutions should also ensure that employees' full-time employment status is not affected by reductions in hours stipulated by the arrangement.

Source: Administrative Furlough Plans- FY21, Kansas State University, Manhattan, KS; Mount Royal University, Calgary, Alberta, Canada; University of Kentucky, Lexington, KY; EAB interviews and analysis.

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VIII. Personnel Decisions and Staffing

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#107: Create hold period for vacancies	££[1]	Semester[1]	High
#108: Conduct vacancy-triggered role redesign	££	Fiscal Year	Medium-High
#109: Set vacancy savings targets	£££	Fiscal Year	High
#110: Introduce managed competition	££	Year-Plus	Low-Medium

1) Savings potential and time to savings depend on the length of the hold open period. Savings will be greater positions are held open.

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Capsule Description and Sample Institution	Implementation Guidance
#107: This tactic involves intentionally holding all vacancies open for a set period before posting or filling the position. Typical time frames range from two to six months. For the University of Arkansas in Fort Smith, temporarily keeping position vacancies open has led to an estimated annual savings of $500K.	Mandatory hold periods intentionally slow down the hiring process, allowing units to reexamine processes and workflows, and pinpoint actual staffing needs. It pushes units to use existing resources more efficiently, potentially reducing the need to hire more staff. Additionally, it lets vacancy review leaders "batch" vacancies from across units to determine where the greatest need for staff exists and prioritise filling those roles. Along with marginal savings created by the hold, institutions can achieve more substantial year-over-year savings when they use vacancy review process and mandatory hold periods to identify excess capacity and prevent automatic, sometimes unnecessary, backfilling of roles. Institutions can create exceptions to the hold period in cases where the job has a disproportionate impact on public safety, requires highly specialised or hard-to-find skill sets, or is in a unit with exceptionally high turnover.
#108: Institutions automatically place a hold on any "as-was" position request—a request to fill a position exactly as it was—and prompt unit leaders to consider ways to efficiently redesign the role, including automating, eliminating, or reassigning associated tasks. In one case, Glendale Community College saved $65K in labour costs by reassigning tasks from a vacated Media Services Coordinator position.	Vacancy is the best time to redesign positions, as shifting or automating tasks is simpler with no incumbent staff. By requiring unit leaders to review work processes when filling vacant positions, institutions often refocus positions on higher-value work or sufficiently streamline roles to allow for less expensive or part-time replacements.
#109: Institutions set a specific amount to save through vacancy review, which they achieve by holding positions open for a set amount of time, redesigning roles, and eliminating unnecessary positions. The University of Central Arkansas set a target of $£5.3M in savings, which they achieved through three voluntary retirement programmes, vacancy-triggered role redesign, and not backfilling vacancies.	Without a clear goal of what the vacancy review is expected to achieve, vacancy review leaders may struggle to develop a standard for how rigorously to evaluate position requests. Setting a concrete target helps establish a bar to measure positions against. It also ensures leaders evaluate all positions in the context of a broader institutional goal, rather than viewing each in isolation.
#110: Institutions request formal RFPs[1] to outsource services and then allow internal unit leaders to compete against external bids by proposing efficiency improvements and cost savings they could make on their own.	By soliciting proposals to outsource units or subunits and equipping unit leaders with a point of comparison for processes and operations, business executives can build a sense of competition that incentivises unit leaders to improve services and costs.

1) Requests for Proposals.

Source: Resource Optimization Initiative, University of Central Arkansas, Conway, AR; Glendale Community College, Glendale, AZ; University of Arkansas, Fort Smith, AR; EAB interviews and analysis.

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VIII. Personnel Decisions and Staffing

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#111: Create full-time casual pool	££	Fiscal Year	High
#112: Offer high-skill administrative internships to students	£	Fiscal Year	Medium-High

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Capsule Description and Sample Institution	Implementation Guidance
#111: To reduce the likelihood that individual units or departments address staffing needs by hiring a full-time administrator, institutions create an internal casual pool of administrative workers to fill temporary labour needs.	Staffing the casual pool with full-time, benefited employees allows institutions to attract higher-skilled employees. Leaders can create excess demand for casual staff and ensure full-time work by hiring 10% to 15% fewer employees than typically needed.
#112: Institutions design internships and jobs for high-skill students, allowing units to refocus full-time employees on more complex and high-value work and/or reduce their workforce altogether. Catholic University created micro-jobs for graduate students that pay $1000 per project. The University of Maryland Baltimore County's IT department employs over 80 student workers each year.	While student employees are common across campus, they rarely work in business and financial units. Because of the nature of the work and concerns about information security, business and financial units do not have as many roles that students naturally plug into. If unit leaders craft roles specifically designed for the highest-skilled students who can take on more complex work, business units can take greater advantage of economical student labour. Examples of tasks that are well-suited for student workers include data entry, report creation, office operations, and staff communications.

Source: Micro Jobs, The Catholic University of America, Washington, DC; University of Maryland Baltimore County, Baltimore, MD; EAB interviews and analysis.

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IX. Physical Plant and Real Estate

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#113: Reduce office space through flexible work arrangements	£££	Fiscal Year	Medium-High
#114: Reduce private offices	££	Fiscal Year	Low-Medium
#115: Exit leases	£££	Year-Plus[1]	Medium-High
#116: Reduce air flow in unoccupied buildings	£££	Semester	High
#117: Reduce heating or cooling in unoccupied buildings	£££	Semester	High
#118: Turn off non-emergency lights, equipment, and appliances and close lab hoods in unoccupied buildings	££	Semester	High

1) Time to savings depends on whether leases are exited before the end of the term.

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Capsule Description and Sample Institution	Implementation Guidance
#113: As of 2023, 54% of higher education staff were hybrid or fully remote. In response to increases in flexible work, the New School cut offices and assigned desks to most back-office staff allowing them to shed leased space for $3.4M in savings.	Institutions need to consider which roles are best suited for flexible work arrangements before making any changes to policy. Many back-office functions are well-suited to flexible work arrangements as location does not impact service delivery. Shifting staff to remote and hybrid work may require additional technology investments and reduce overall net savings from reduced office space.
#114: Given the high fixed costs associated with space and growing deferred maintenance backlogs, many institutions seek to decrease their physical footprint. The New School incentivised academics to give up private offices and saw $3M in savings through avoided renovations.	Reducing and/or eliminating private office space is a contentious topic that generates resistance from academics and staff. Institutions may incentivise employees to give up private office space through increased flexibility or compensation.
#115: An increase in hybrid and remote work allowed Pepperdine University to consolidate on-campus administrative and academic staff, freeing up an entire office building. Pepperdine then exited the lease early, decreasing their campus footprint alongside their rent.	Exiting a lease before the end of the lease term typically means an institution will incur a financial penalty. Leaders should evaluate immediate and long-term costs and benefits before implementation.
#116: Texas A&M installed occupancy and humidity sensors and reduced air changes as part of its Energy Performance Improvement pilot programme. From the four occupied buildings in the pilot group, the university saved $500K.	Estates leaders should evaluate which buildings are appropriate for implementing these tactics and then periodically monitor the buildings to ensure equipment and the building infrastructure remain safe. Campus stakeholders are more likely to embrace this tactic as a proactive cost-saving measure that doesn't negatively impact academics, staff, or students.
#117: Institutions reclaim savings by reducing heating and energy use in their low- or zero-occupancy buildings. The University of North Carolina at Chapel Hill turns off HVAC units during winter break, leading to over $325K in avoided energy costs across four years.	
#118: Estates leaders minimise unnecessary energy utilisation by turning off nonemergency lights, equipment, and appliances during low occupancy times like summers. By initiating this energy management, Cornell University reached its lowest electrical demand in five years within three weeks.	

Source: Campus Sustainability Office, "Advancing Energy Efficiency During COVID-19," Cornell University, March 25, 2020; The New School, "Create Real Estate Opportunities and Support Your Workforce Through a Hybrid Work Model," NACUBO; "Winter Break Initiative Reduces Campus Energy Use", University of North Carolina at Chapel Hill, March 18, 2020; Pepperdine University, Malibu, CA; Texas A&M University, College Station, TX; EAB interviews and analysis.

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IX. Physical Plant and Real Estate

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#119: Recommission existing buildings	££	Year-Plus	High
#120: Launch a continuous commissioning programme	££	Year-Plus	High
#121: Incentivise research lab occupants to reduce energy consumption	£	Semester	Medium-High
#122: Participate in demand response programmes	££	Fiscal Year	High

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Capsule Description and Sample Institution	Implementation Guidance
#119: Oregon State University analyses energy usage across campus to identify buildings for recommissioning. By recommissioning HVAC systems in two buildings OSU saved $41K in energy costs in one year.	Institutions recommission buildings that have drifted from their original efficiency to reduce energy loads (and therefore costs). Recommissioning existing buildings requires few personnel and resources and generates significant energy savings through low-cost operational and maintenance improvements. However, the process of auditing building infrastructure is often time-consuming, and an individual building can take months to recommission. Institutions considering this tactic should first target their biggest energy hogs.
#120: Continuous commissioning uses predictive analytics to address building energy deficiencies as they arise so that staff intervene before the deficiencies become larger problems. The University of Iowa uses Fault Detection and Diagnostics (FDD) technology to monitor buildings. Iowa gained $780,000 in energy savings in one year using FDD software for one large lab building. As of 2019, Iowa equipped a total of 48 buildings on campus with FDD software and employs an Analytic Response Group to triage faults the software identifies.	Continuous commissioning is the most impactful type of commissioning for existing buildings as it avoids alarms, excessive waste of resources, occupant discomfort, or even system failure. Continuous commissioning not only helps a building maintain or improve energy usage over time but improves the customer service experience for students.
#121: The "Shut the Sash" Programme at Harvard University is a monthly competition in which labs across campus compete to achieve the most energy savings from properly using and shutting fume hoods. Every lab has a customised goal depending on the size of the lab and number of fume hoods. The programme saves Harvard approximately 300-350 metric tons of carbon dioxide equivalent (MTCDE) per year, as well as about $200K-250K in annual utilities costs.	Fume hoods are significant energy consumers in most campus labs. Institutions can save energy (and increase safety) by publishing guidelines and rewarding lab occupants for properly shutting fume hoods when they are not in use.
#122: Demand response programmes encourage institutions to reduce electricity usage during certain (often high-use) periods, which may earn institutions incentive payments or reduced electricity prices. Temple University has participated in several demand response programmes with its energy provider over the past decade, resulting in almost $4.1M in gross revenue from incentive payments, $1.5M in energy cost savings, and $9M in avoided capacity costs.	Institutions need to consider which spaces on campus are best suited for the initial implementation of demand response programmes. Additionally, administrative and Estates leaders should monitor usage data to target buildings for future update opportunities.

Source: Biemiller, "Don't let energy costs devour your budget", *The Chronicle of Higher Education,* November 19, 2017; "Recommissioning campus buildings reduces carbon impact", Oregon State University, Corvallis, OR, July 13, 2023; Sustainable Labs, Harvard University, Cambridge, MA; "Temple University Earns Millions by Stacking Demand Response Programs", enel x; University of Iowa, Iowa City, IA; EAB interviews and analysis.

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IX. Physical Plant and Real Estate

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#123: Delay new capital projects	£££	Fiscal Year	Medium-High
#124: Pause current capital projects	£££	Semester	Low-Medium

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Capsule Description and Sample Institution	Implementation Guidance
#123: Increased construction costs, materials, and labour, along with material delays have caused institutions to reconsider capital projects. According to a NACUBO[1] poll, 64% of institutions have delayed or canceled projects due to added cost pressures.	Business leaders should be aware that, in some cases, an institution will still owe the contractor money for stopping construction; if necessary, seek in-house counsel about the terms of the contract.
#124: The University of Arizona deferred all nonessential capital projects to reduce expenditures and close a significant budget deficit. They saved $9M by pausing capital projects that had not started construction.	

1) National Association of College and University Business Officers.

Source: Moody, "College Building Projects: Behind Schedule and Over Budget", *Inside Higher Ed*, August 7, 2023; Robbins, "University of Arizona Financial Action Plan", University of Arizona, Tucson, AZ, December 13, 2023; EAB interviews and analysis.

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X. Purchasing and Procurement

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#125: Eliminate/minimise purchase of discretionary goods and services	££	Semester	Low-Medium
#126: Use preferred vendors for goods and services that cannot be eliminated	£	Semester	Medium-High
#127: Centrally approve all purchase orders above a certain threshold	£	Semester	Medium-High
#128: Delay vendor payments	£	Semester	High
#129: Renegotiate contracts for unnecessary items	££	Fiscal Year	High

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Capsule Description and Sample Institution	Implementation Guidance
#125: In response to financial pressures, many universities are eliminating or minimising the purchase of nondiscretionary goods and services. University of Auburn, Cornell University, and Harvard University have each suspended such purchasing for set periods of time.	Institutions considering this tactic should also ensure appropriate processes are in place for considering requests for exceptions.
#126: Preferred vendor use can yield cost savings by increasing an institution's price negotiation power on high-volume contracts. It also improves contract and supplier performance management and lowers overall procurement costs by reducing the number of transactions that require a competitive bidding process. Northwestern University encourages its staff to use its preferred vendors to help the university achieve the best price, delivery, and quality as possible.	Institutions interested in this tactic should communicate the importance of only using preferred vendors to distributed campus buyers. Northwestern's campus communications can be accessed here.
#127: Institutions reduce procurement spend by requiring central approval of orders above a certain threshold. The University of North Carolina requires approval from the Chancellor, Vice Chancellor for Finance and Operations, or the Associate Vice Chancellor for Finance and Budget for purchases above a certain amount.	Leaders should clearly designate those with the power to approve transactions, as well as the specific transactions that require submission for approval.
#128: Institutions save money in the short-term by delaying costs until they are in a stronger financial position. One public university system in the Northeast delayed vendor payments after incurring losses of nearly 4% of its budget.	Delaying vendor payment is a tactic especially common in the public sector. Institutions should negotiate longer payment terms by first focusing on the vendors that make up most of their spending. Procurement leaders should coordinate with the vendor contact in charge of payment solutions and make the negotiation mutually beneficial if possible.
#129: One institution found they needed fewer uniforms for facilities staff after reassessing their needs. They renegotiated the contract with their uniform supplier to purchase fewer uniforms than originally stipulated.	Procurement teams should identify contracts with strategic and non-strategic suppliers where the university can leverage lower market prices. In addition to achieving lower prices, buyers can also use contract renegotiation to improve efficiency and achieve higher service levels.

Source: COVID-19 Campus Procurement Guidelines, University of North Carolina, March 19, 2020; 2019 Preferred Vendor Expo, Northwestern University, August 7, 2019; Rosenberg, "Harvard Announces Salary, Hiring Freezes, and Other Spending Cuts," *Harvard Magazine*, April 13, 2020; Auburn University, Auburn, AL; Cornell University, Ithaca, NY; EAB interviews and analysis.

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X. Purchasing and Procurement

Tactic	Savings Potential	Time to Achieve Savings	Employee Tolerance
#130: Engage in multi-institutional contracts for goods/services	££££	Fiscal Year	High
#131: Right size vendor spend for software contracts	£££	Year-Plus	High

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Capsule Description and Sample Institution	Implementation Guidance
#130: Multi-institutional contracts reduce the costs of goods and services for each participating institution. The Wisconsin Association of Independent Colleges and Universities (WAICU) provides cost-saving programmes on insurance, benefits, procurement, and Estates/Facilities for its 22 members.	Through interinstitutional partnerships, two or more institutions provide compulsory goods or services—like office equipment—at a lower price point. Partnerships also enable institutions to provide more diverse or higher-quality services that they could not afford on their own, enhancing their value proposition or administrative effectiveness. For example, a group of institutions can partner to offer academic programmes or student activities at a cost-effective price point, increasing their individual appeal among prospective students.
#131: At Webster University, the identity and access management team developed a single sign-on rerouting protocol for all software downloads and log-ins. This allowed IT to assess the number of users accessing the service and right size. Instead of spending $460K on an enterprise licence, IT renegotiated 250 a-la-carte licenses, saving $300K.	Campuses often invest heavily in technologies that few people use. IT leaders make good-faith investments based on the perceived value of a tool, but often fail to verify if the perceived value matches the actual usage. Tracking usage can provide IT leaders with crucial rightsizing information, but this data isn't always readily available. Enterprise licencing for campus software can be especially challenging, as some vendors may hesitate to share usage data that could lead to cost reductions.

Source: Wisconsin Association of Independent Colleges, Madison, WI; Webster University, Webster Groves, MO; EAB interviews and analysis.

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Tactics That May Not Require Union Negotiation

While labour costs comprise 50-70% of university budgets, institutions may be limited in implementing cost containment strategies by collective bargaining agreements (CBAs) with academic and professional services staff. For institutions looking to contain costs without union negotiations, we have compiled a list of tactics that are less likely to require union negotiations or changes to CBAs.

Cost Category	Tactics
Academic Costs	#1: Reduce non-degree applicable modules/courses #2: Consolidate underfilled modules/course sections #3: Limit offerings of nonessential small modules/courses #4: Share administrative support staff across academic units #6: Reallocate vacancy savings from lecturer positions #7: Consolidate small coursesmodules #8: Merge academic departments and/or colleges #10: Increase course sharing and/or join consortia
Benefits Vendor Management	#11: Renegotiate vendor premiums #12: Assess pharmacy benefit managers #13: Assess TPA[1]/network discounts #14: Rebid vendor contracts #15: Reassess stop-loss insurance deductibles #16: Negotiate shared savings agreements with insurers
Compensation	#17: Eliminate manager incentive pay #19: Require online payroll/taxpayer documentation distribution/retrieval #21: Reduce pay for senior-level administrators and academic leaders
Employee Stipends and Perks	#29: Freeze travel for academics and professional staff #30: Cap employee travel expenses #31: Limit professional development spending #32: Limit staff retreats and internal programmes to on-campus or free spaces #33: Limit conference attendance #34: Limit mobile phone offerings #35: Eliminate personal office technology #36: Eliminate free or subsidised parking for employees #37: Freeze workstation technology updates #38: Decrease employee dining/cafeteria subsidies #39: Reduce department entertainment and food budgets #40: Eliminate multiple or redundant holiday celebrations
Fringe Benefits	#47: Offer higher PTO accrual rates in exchange for lowered commensurate pay

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Union Negotiation May Not Be Required

Cost Category	Tactics
Personnel Decisions and Staffing	#89: Freeze hiring #90: Incentivise early retirement #91: Offer voluntary severance #93: Expand management oversight to like departments #94: Consolidate management layers within departments #95: Allow temporary labour contracts to expire #98: Outcounsel underperformers #100: Shorten service window hours #101: Reduce task frequency #104: Offer voluntary prescribed unpaid leave days #105: Offer voluntary seasonal flextime #106: Offer voluntary (or require) reduced hours in exchange for lower base pay #107: Create hold period for vacancies #108: Conduct vacancy-triggered role redesign #109: Set vacancy savings targets #110: Introduce managed competition #111: Create full-time casual pool #112: Offer high-skill administrative internships to students
Physical Plant and Real Estate	#113: Reduce office space through flexible work arrangements #115: Exit leases #116: Reduce airflow in unoccupied buildings #117: Reduce heating or cooling in unoccupied buildings #118: Turn off non-emergency lights, equipment, and appliances and close lab hoods in unoccupied buildings #119: Recommission existing buildings #120: Launch a continuous commissioning programme #121: Incentivise research lab occupants to reduce energy consumption #122: Participate in demand response programmes #123: Delay any new capital projects #124: Pause current capital projects

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Union Negotiation May Not Be Required

Cost Category	Tactics
Purchasing and Procurement	#125: Eliminate/minimise purchase of discretionary goods and services #126: Use preferred vendors for goods and services that cannot be eliminated #127: Centrally approve all purchase orders above a certain threshold #128: Delay vendor payments #129: Renegotiate contracts for unnecessary items #130: Engage in multi-institutional contracts for goods/services #131: Right size vendor spend for software contracts

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