

# Critical Considerations for Achieving Financial Sustainability and Resilience

New Presidents Intensive 2025

July 15, 2025

# Please Add Your Institution to Your Screen Name

The screenshot shows a Zoom meeting interface. The main window displays the EAB logo and "EAB Virtual Meetings 2020". The bottom toolbar includes icons for Mute, Stop Video, Invite, Participants (highlighted with a yellow box), Share, Chat, Record, and Leave Meeting. The Participants menu is open on the right, showing two participants: "Test Participant (Me)" and "Meeting Host (Host)". The "Rename" button for "Test Participant (Me)" is highlighted with a yellow box. A callout box points to the "Rename" button with the text "Update your name and add your institution". Another callout box points to the "Participants" button in the toolbar with the text "Open Participants menu". A "Rename" dialog box is open, showing the text "Enter a new screen name:" and "Jane Doe - Institution".

Update your name and add your institution

Open Participants menu

# New Presidents Intensive Curriculum



## VIRTUAL INTRODUCTION | 1:00 – 2:00 PM ET

**Tuesday, June 17, 2025**

## IN-PERSON SESSION | EAB HEADQUARTERS | WASHINGTON, DC

**Monday, June 23, 2025**

12:00 pm–7:00 pm ET

Reckoning with Relevance  
Dynamic Strategy  
Differentiating the Student Value Proposition  
Institutional Self-Assessment

**Tuesday, June 24, 2025**

8:00 am–3:00 pm ET

Exploring the Impact of Federal Policy Shifts and Beyond  
Implications of AI for Higher Ed and the Future of Work  
Special Presidential Panel  
The President as Fundraiser-In-Chief  
Shared Governance 2.0

## VIRTUAL SESSIONS | TUESDAYS | 1:00 – 3:00 PM ET

**July 1, 2025**

Blueprint for Growth

**July 8, 2025**

Rethinking Student  
Success

**July 15, 2025**

Critical Considerations  
for Achieving Financial  
Sustainability and  
Resilience

**July 22, 2025**

The New World of  
College Athletics

**July 29, 2025**

Balancing Inclusivity,  
Free Speech, and  
Academic Freedom

# A Decade of Best Practices in Financial Sustainability

Strategies Refined Through the Great Recession and Beyond



## Results Our 2,100+ Partner Institutions Achieved

**\$5M**

**Cost Savings Identified** without cutting full-time filled faculty lines or programs

(Large Public)

**\$550K**

**Cost Savings Identified** in first three months through academic portfolio review

(Regional Private)

**\$500K**

**Cost Savings Identified** in consolidating small and underutilized class sections

(Regional Public)

**180hrs**

**Hours saved** in one year not conducting manual data pulls and analysis via Edify

# Meet Your Presenter



**Dr. David Vuletich**

EAB

Managing Director, Research  
Advisory Services

[DVuletich@eab.com](mailto:DVuletich@eab.com)



# Special Guest Presidents



**Dr. Richard Helldobler**

William Patterson University

(Former Interim President,  
Northeastern Illinois University)

[helldoblerr@wpunj.edu](mailto:helldoblerr@wpunj.edu)



**Dr. Alison Morrison-  
Shetlar**

University of Lynchburg

[president@lynchburg.edu](mailto:president@lynchburg.edu)





# HE Sector Financial Outlook Stable—at Best

Moody's Outlook

Stable

S&P Global Outlook

Mixed

Fitch Outlook

Deteriorating

4%

Projected revenue growth

50%

of rated private institutions  
generated operating deficits

2-4%

Increase in net tuition  
revenue for most institutions



Revenue stable but  
external factors could drive  
costs up—and quickly

3:1

Ratio of unfavorable revisions  
in outlook to favorable ones



"Eroding budgetary flexibility"  
due to margins, enrollment, etc.

“While the outlook for overall sector credit conditions is stable, about a third of private colleges and a fifth of public universities will face more considerable headwinds.”

*Susan Fitzgerald, Managing Director  
Moody's Ratings*

# Elite Institutions Not Spared Budget Pressures



## *Questionable accounting*

- **University of Arizona** reports overspending by \$155M in FY23; only 97 days' worth cash on hand
- CFO resigns and president submits plan to board for immediate cuts
- Regents [blame](#) "a decentralized and unaccountable budgeting process"



## *Cost of elite competition*

- **University of Chicago** investigation reports a doubling of liabilities and quadrupling of annual debt service (\$45M to \$200M)
- Driven by research and cost of competing with other elites
- Institution currently carries \$239M deficit on \$3.1B operating budget



## *Perfect storm of forces*

- **Brown University's** FY25 budget contains a \$46M structural deficit (3% of operating budget)
- Provost and CBO [said it could deepen](#) to \$90M without significant corrective action
- Brown attributes deficit to flat net revenue, increased financial aid, and macro-economic forces

**34%** of R1 institutions in a structural deficit, based on EAB analysis of IPEDS FY22 data (n=50)

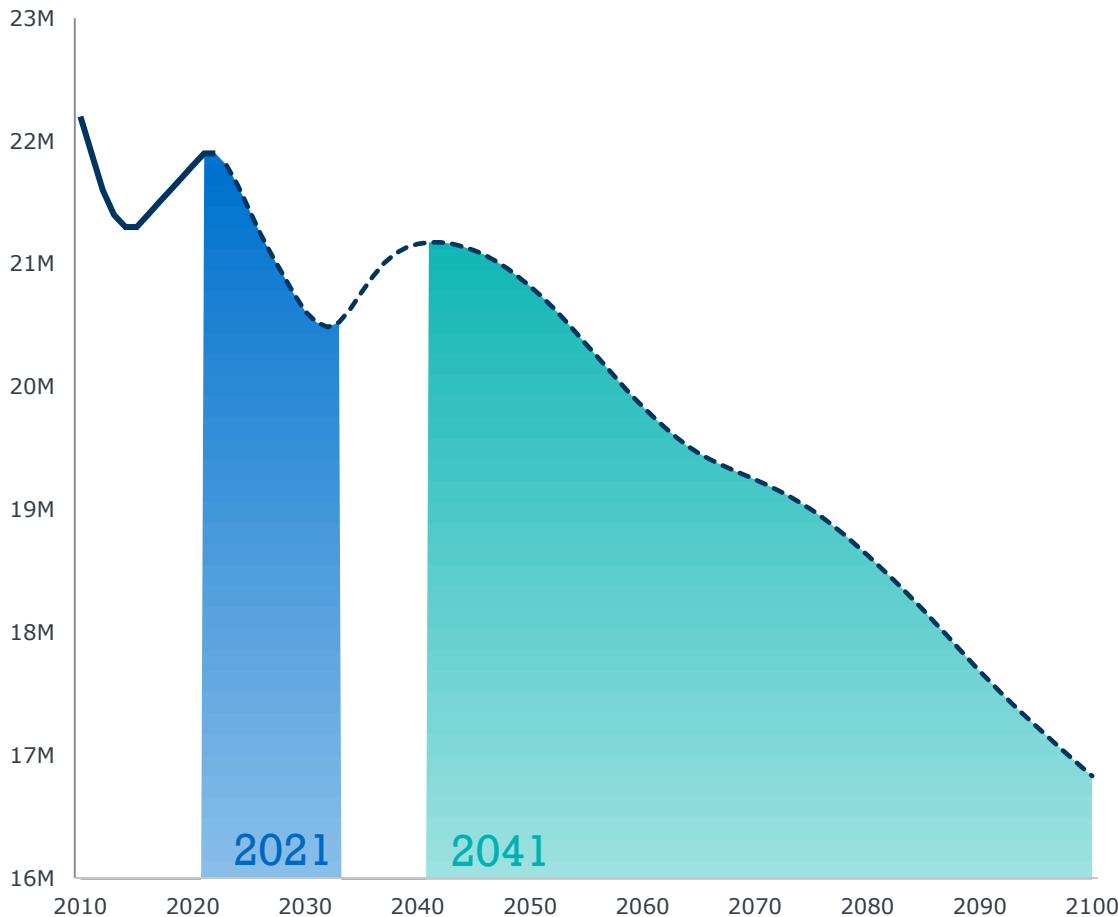




# Fewer People Means Fewer Enrollments

Demographic Cliff Followed by Even Steeper Decline Through 2100

## United States 15-19-Year-Old Population, IHME Projection



### The Demographic Cliff

**-6.3%** or **-1.4M**

*Decline in the 15-19-year-old youth population, 2021-2032*

### Peak Population

**-21%** or **-4.3M**

*Decline in the 15-19-year-old youth population, 2041-2100*

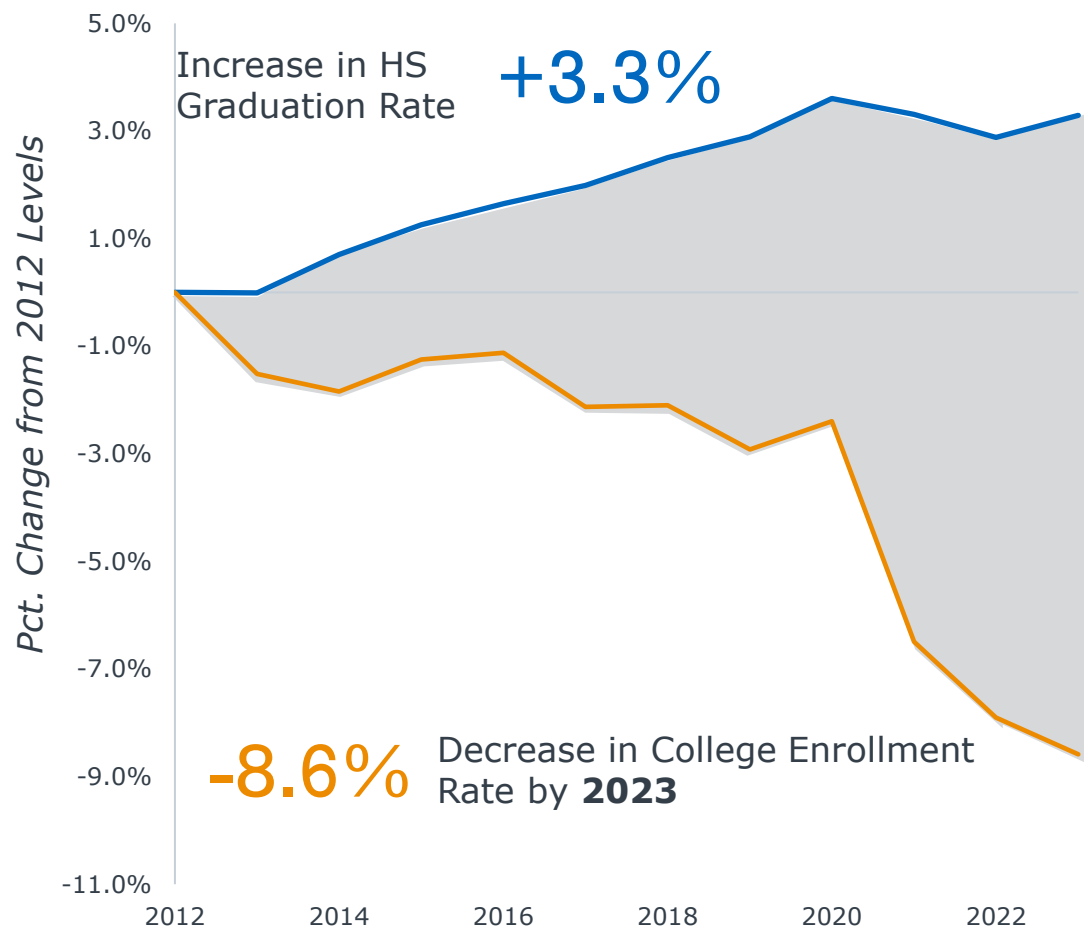
**3x**

Declines from 2041-2100 represent a reduction in the college-going population ~3x the size of pandemic-era enrollment losses

# Non-Consumption Comes to Higher Ed

## The Non-Consumer Undergraduate Market Getting Bigger Every Year

*Pct. Change in K-12 to College Pipeline (2012 to 2023)*



**The decline in college-going students far outstripped the decline in HS Graduates, or even overall demographic decline.**

*Change in 19 & 20 year-olds from 2012 to 2023 - ACS*

**-596K** Total 19 & 20 Year-Olds

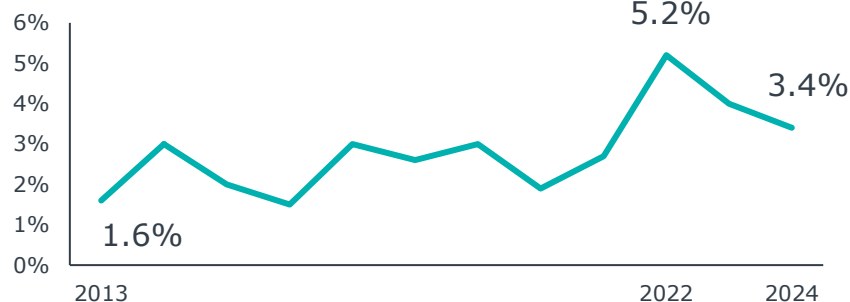
**-276K** High School Graduates

**-708K** Enroll in College

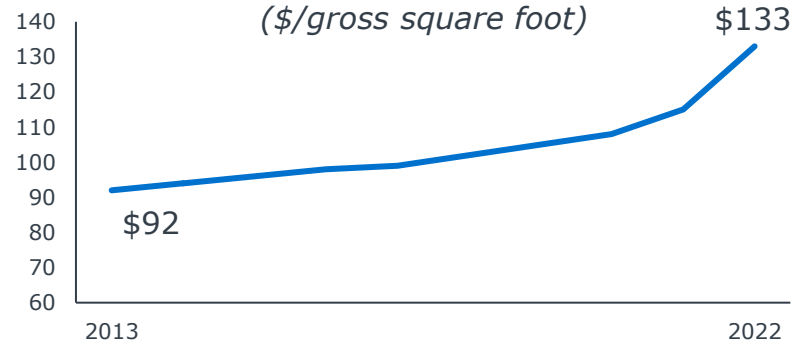
# Converging Challenges Squeeze University Budgets

But Signs of “Improvement” Present Their Own Challenges

*Average Yearly Increase in Higher Ed Inflation Rate<sup>1</sup>*



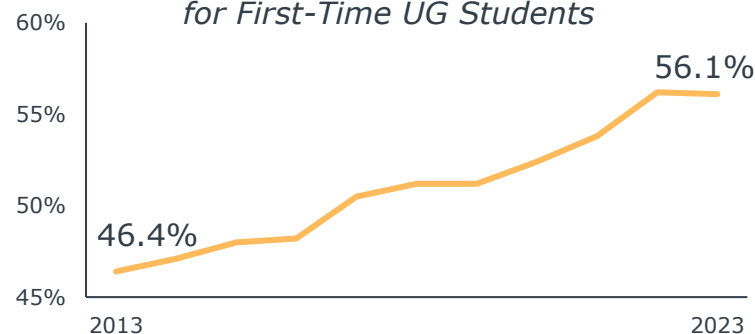
*Total Asset Backlog (\$/gross square foot)*



*Average Yearly Increase in Higher Ed Staff Wages*



*Average Tuition Discount Rate for First-Time UG Students*



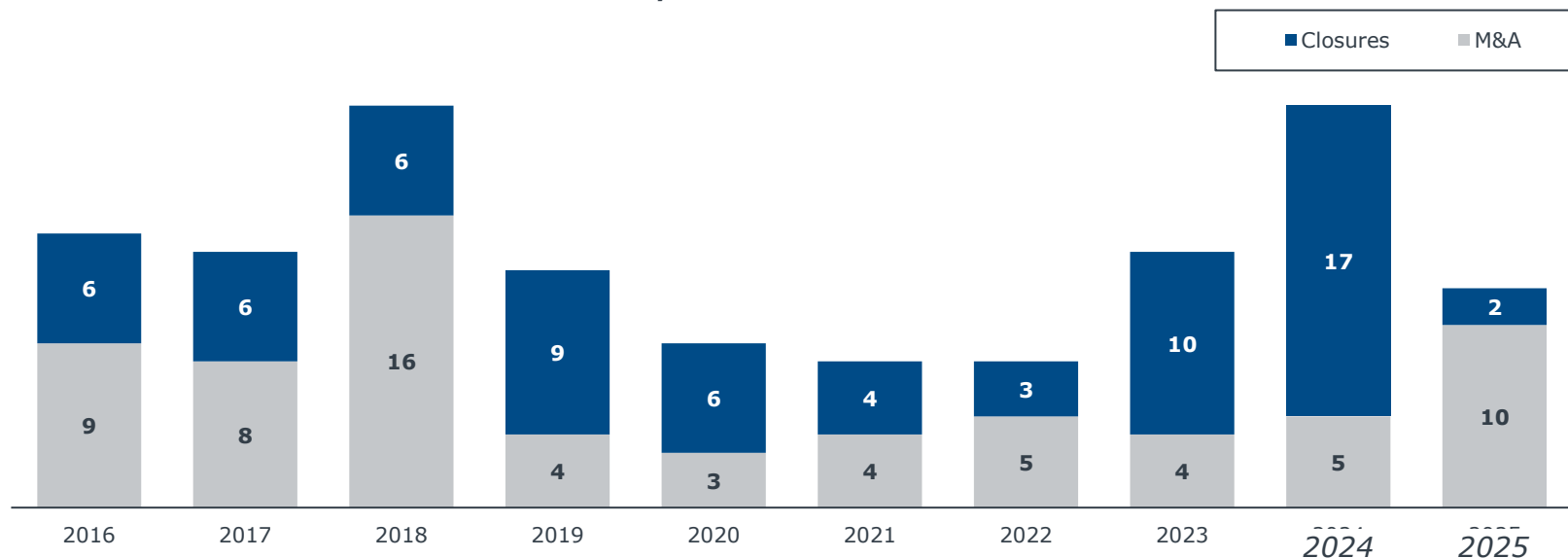
To see EAB's latest research on cost containment, download [Cost Containment Playbook: 130+ Tactics for Immediate Cost Savings in Higher Education](#).

1) From the Commonfund Institute's Higher Education Price Index

# Consolidation Activity by the Numbers

Fewer M&As and Closures Than Soundbites Suggest

## M&A Transactions<sup>1</sup> and Closures, 2016-2025<sup>2</sup>



### Recent Patterns in Closures and Consolidations

**66%**

of changes have  
been closures

**100%**

of institutions that  
closed were private

**975**

Average enrollment of  
institutions that closed

1) M&A transactions involving public and private non-profit 4-year degree-granting institutions.

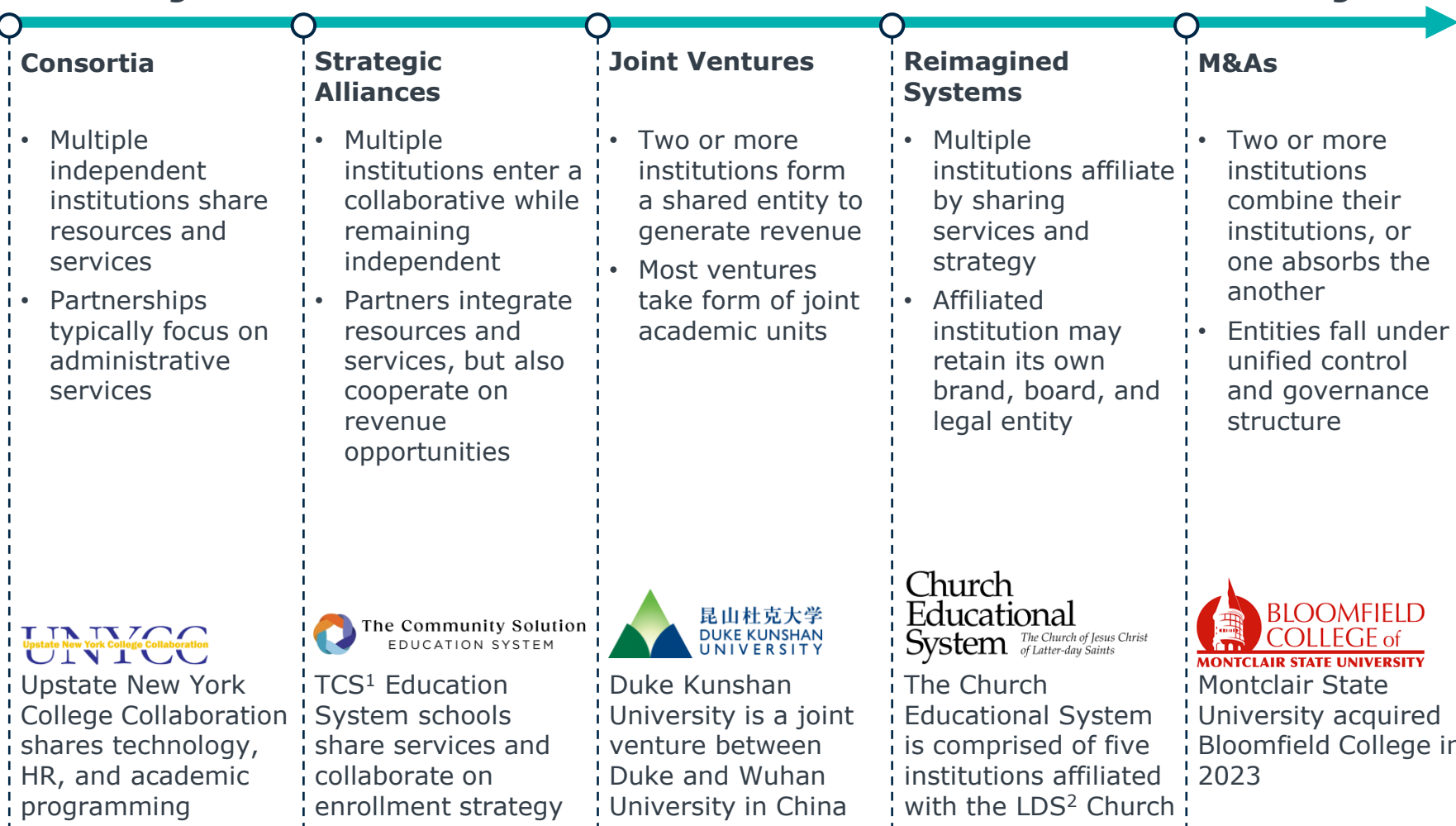
2) 2025 data represents planned transactions.

# Alternatives to M&A and Closure

## Spectrum of Partnership Pathways to Bolster Institutional Mission and Margin

*Least Integrated*

*Most Integrated*



1) The Community Solution.  
2) The Church of Jesus Christ of Latter-day Saints.

# Highlights from the Last 24 Months...

Vermont State University System launches. Combines Castleton U, Northern Vermont U, and Vermont Technical College

July  
2023

VTSU Plans announced to eliminate 10 academic programs and up to 33 faculty positions. Similar cuts for admin

October  
2023

Council of Independent Colleges launches Work-based Learning Consortium to provide employer-led micro-internships into the curriculum at 25 institutions

Summer  
2024

Georgia Southern and East Georgia State to merge as the next move in 15-year consolidation of University System of Georgia

June  
2025

Indiana's state government sets enrollment limits for academic programs. IU plans to cut 100 programs.

July  
2025

<https://www.insidehighered.com/news/business/cost-cutting/2023/10/11/cuts-follow-consolidation-vermont-state-university>.  
<https://www.forbes.com/sites/michaelnietzel/2025/07/01/indiana-university-to-discontinue-more-than-100-academic-programs/>.  
[https://www.highereddive.com/news/georgia-southern-university-east-georgia-state-college-merger-regents-approval/745579/?utm\\_source=chatgpt.com](https://www.highereddive.com/news/georgia-southern-university-east-georgia-state-college-merger-regents-approval/745579/?utm_source=chatgpt.com).  
<https://cic.edu/insights/independent-newsletter/summer-2024/>.

# No One Is Coming to Save Us



The implicit assumption within higher education communities was that by broadening access to higher education, we would win more public approval for higher education finance. Instead, by making higher education the norm, we made the 'gains' from higher education a lot harder for graduates to see since they weren't as 'exceptional' anymore. [...] Which means we finally have to confront the problem of **nobody wanting to pay for the system we have created.**"

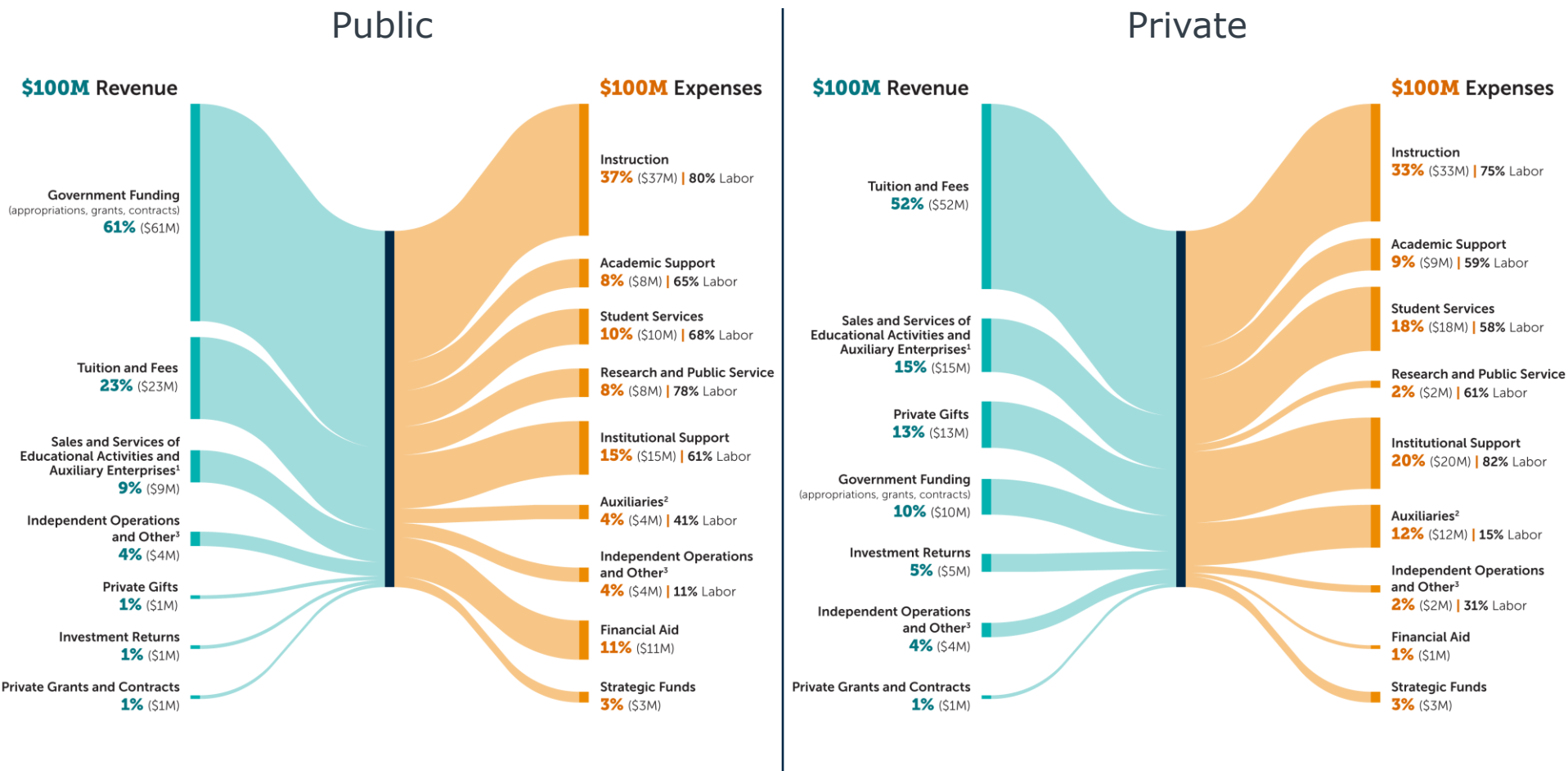
— Alex Usher

*Founder and CEO, Higher Education Strategy Associates*

# The Simple Equation for Financial Sustainability



## Limited Levers to Pull to Ensure Revenue Outpaces Cost





# Leaders Can No Longer Defer Tough Decisions

Get Started Now—Because Savings Will Not Materialize for Years



**Stewardship**



**Vigilance**



**Concerned**

## Institutional Financial Status Worsening

- Steady enrollment
- Positive annual operating margins

- Stagnate or fluctuating enrollment
- Cost growth outpacing revenue growth

- Enrollment decreasing for more than one year
- Structural deficit in operating budget

## Cost Management Strategies

- Create 5-year Budget Plan
- Organizational Review Committee
- Process Improvement Team

- Position Control
- Travel Restrictions
- Interinstitutional Partnerships

- Benefit Evaluation
- Hiring Freeze
- Shared Services

**Importance of proactive planning:** Longer term strategies to reduce costs (such as academic program reductions) take years to achieve savings. Partially, the strategies are often not paired with immediate reductions in headcount. E.g., cutting a low-enrollment program but protecting existing faculty lines. **Therefore, institutions cannot wait until they are under financial duress to pursue larger strategies.** Savings will take too long to realize and will not address short-term budget gaps.

# Increased Urgency Requires Harder Choices

Failure to Plan Proactively Limits Recovery Options to Most Severe



**Crisis**



**Existential Threat**

## Institutional Financial Status Worsening

- Significant enrollment declines over past 5+ years
- Structural deficit in operating budget for multiple years
- Aggressive action required to meet debt service obligations

- Breach of debt covenants
- Failing credit rating
- Loss of accreditation

### Cost Management Strategies

- Layoffs to Faculty and Staff
- Pay Reductions
- Exit Leases

- Sell Assets
- Eliminate Departments
- Consolidate with Other Institution

### Proactive Planning Helps Avoid Drastic Action

Institutions that fail to implement cost containment strategies in advance of worsening finances must resort to the most severe strategies including:

- ▶ Declaring financial exigency
- ▶ Laying off tenured faculty
- ▶ Reducing senior leader team
- ▶ Sale of storied buildings
- ▶ Merging or being acquired
- ▶ Closure

Download [The Five Levels of Financial Performance to Guide Proactive Planning](#) infographic.

# Foster a Culture of Continuous Improvement

## EAB Resources to Help Support Process Improvement



### [Process Improvement Introductory Webinar Series](#)

- Expose campus to process improvement methodology
- Understand the foundations and investment necessary for a campus-wide process improvement culture

#### *Ideal Outcomes:*

- ▶ Campus buzz for process improvement
- ▶ Process improvement team volunteers



### [Process Improvement Primer](#)

- Detailed guidance and tools for the five essential steps of process improvement
- Engage with stakeholders and the executive sponsor to roll out the new process

#### *Ideal Outcomes:*

- ▶ Prioritized list of potential projects
- ▶ Team roster for the first project



### [‘Train the Trainer’ Process Improvement Workshop](#)

- Engage staff in identifying opportunities for improvement—and possible solutions
- Understand components of process improvement needing executive support

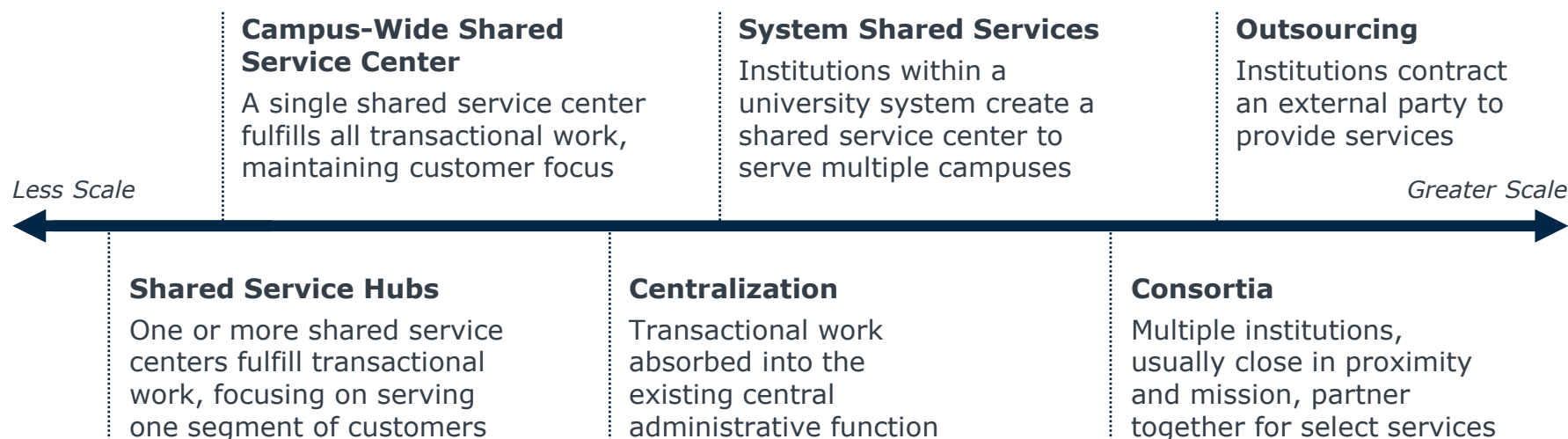
#### *Ideal Outcomes:*

- ▶ Buy-in for the potential of process improvement
- ▶ Concrete next steps for implementation

# Implement Shared Services to Achieve Scale



## *Spectrum of Organizational Options for Achieving Scale*



## **University of Louisville Business Operations Center**

Established in 2016, the structure consists of multiple, centrally managed hubs. Service areas include finance, strategic budgeting, procurement/purchasing, HR, and customer service and quality improvement.



### ***Costs and Savings***

**\$100K**

Business Operations Center startup costs

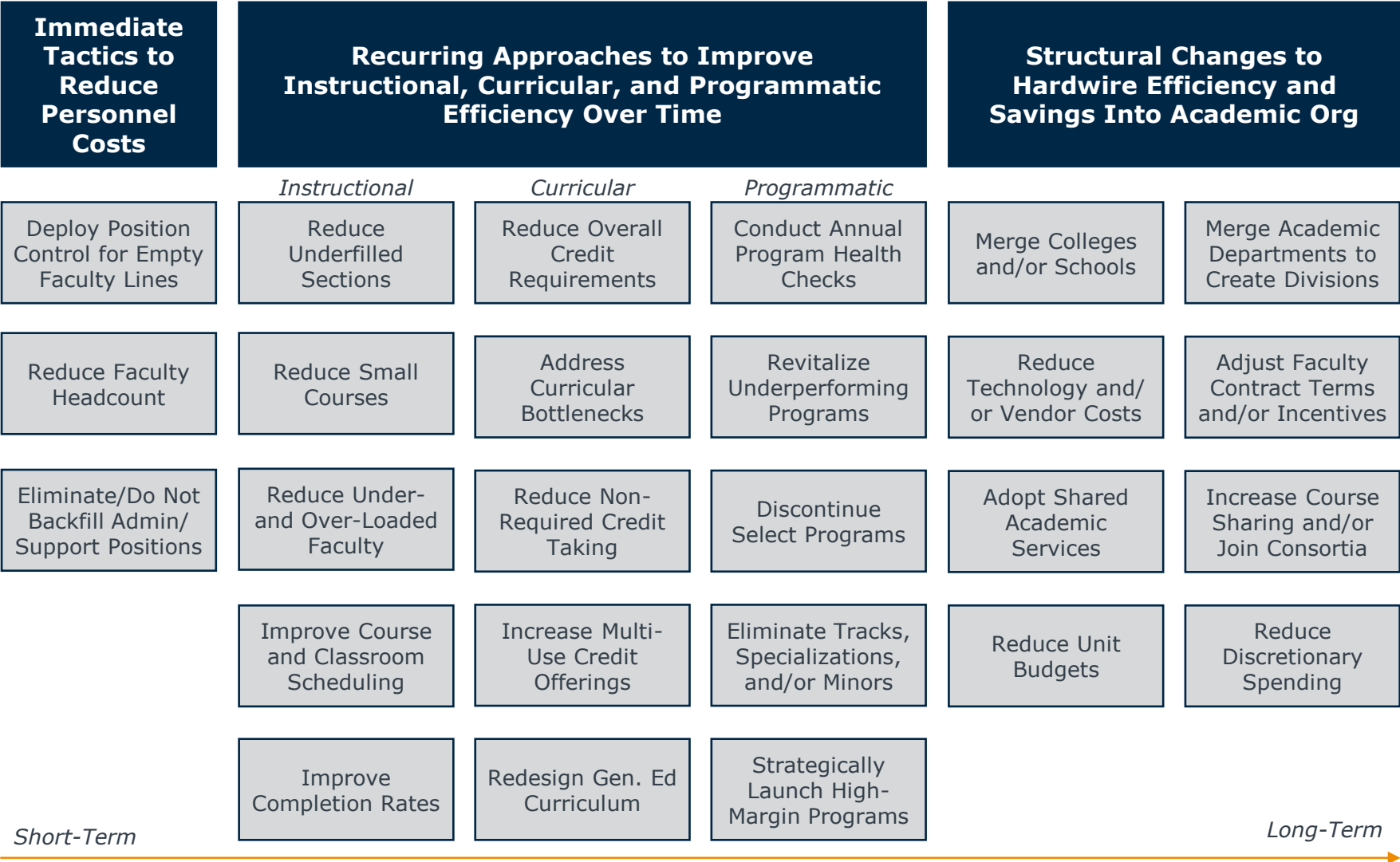
**\$2M**

Cost savings over two years

**\$2M**

Reallocated time savings over two years

# The Full Spectrum of Academic Cost Savings Tactics



# How to Maximize Your Efforts on Revenue Side



## Enrollment and Net Tuition Revenue Growth

- Policies or capacity may constrain undergraduate enrollment growth
- Other markets (online, graduate, int'l) hold some growth potential—with high effort and longer time horizon until ROI
- Best (near-term) bet is bolstering differentiators of existing programs



## Advancement, Fundraising, and Investment Returns

- Despite volatility of current administration, stock market likely to see positive returns
- EAB data shows clear correlation between size of Advancement shop and production
- However, institutions should prioritize future needs and focus on endowment



## Federal Research Funding

- Leadership teams should temper some of their optimism around growth in federal research funding
- Research is not a self-sustaining activity; all institutions must cover the difference through other revenue sources
- Consider strategies to contain research cost growth and diversify funding portfolio



## Alternative Revenue Streams

- Non-traditional revenue sources may require institutions to step outside normal bounds of institutional mission, expertise
- No revenue stream is likely to “correct” a deficit—at least not immediately or without upfront investment

# Strategies to Increase Net Tuition Revenue

What Is the Appetite for These Strategies Amongst Cabinets and Boards?

Strategy	Pros	Cons
<b>Recruit international students</b>	This population historically demonstrates a higher ability to pay sticker price	More aid needed as source markets shift to developing regions
<b>Chase improved rankings (e.g., USNWR)</b>	Can grow prestige along with ranking (and potentially grow sticker price)	Costly to change things like student/teacher ratio
<b>Change admissions standards</b>	May increase institution's appeal and perceived accessibility	May result in decreased prestige; may be scrutinized by accreditors
<b>Go 'test-optional'</b>	Increases pool of eligible students, reduces barriers to application	May reduce admission chances for underrepresented minorities
<b>Be more strategic with aid packages</b>	Merit aid may attract wealthier students	Targeting students who have access to federal or state grant/loan programs may not be predictable
<b>Increase number of out-of-state students (for publics)</b>	May increase diversity of class composition	Limited running room given state restrictions
<b>Improve student retention</b>	Can increase net tuition revenue for upper-class students (assuming built-in increases)	Will require costly investments, outreach, etc. with unclear ROI timeframe

## 1 Increased Pressure on the Higher Ed Business Model

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Questions about the value of higher education and rising costs are compounding traditional pressures on revenue from softening enrollments and lower net tuition. Most institutions will need to explore different business models that allow for broader cost sharing while protecting revenue streams.

## 2 Financial Sustainability Should Be Strategic, not Reactionary

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More than ever, Presidents are responsible for the financial sustainability of their institutions through strategic plans that prepare for a future with fewer students, higher labor costs, and increased reliance on non-traditional revenue streams.

## 3 Should We Cut Costs or Grow Revenue? The Answer is Yes

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We've all heard you can't cut your way to growth, but it's also unlikely in our current environment that you can grow your way out of increasing costs. Growth should not come with equal growth in cost, and if revenue is shrinking, cost control measures need to be even more extreme.



# Breakout Groups

In your breakout groups, please discuss how the information presented today might affect your approach to your institution's short-term and long-term strategy. How will you focus on financial sustainability during your presidency?

# See You Next Time!

## Tuesday, July 22<sup>nd</sup>, 2025 | 1:00 pm – 3:00 pm ET



**Mary Frances Harris**

EAB

Associate Director, Research  
Discovery & Design



**Dr. Jennifer Latino**

EAB

Senior Director, Research  
Advisory Services



**Dr. Brian Noland**

East Tennessee State  
University

### Topic

- The New World of College Athletics | What Every President Needs to Know (and Ask)

### EAB Presenter

- Mary Frances Harris, Associate Director, Research Discovery & Design
- Dr. Jennifer Latino, Senior Director, Research Advisory Services

### Special Guest President

- Dr. Brian Noland | East Tennessee State University



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