From Wealth Transfer to Gen Z: What's Next for University Advancement

Advancement Advisory Services

ROADMAP

1 **The New Reality for Advancement**

2 The Generational Wealth Transfer on the Horizon

3 Gen Z and the Next Generation of Engagement

Higher Ed: Navigating Upheaval on Four Fronts

External Accountability

Adapting to Tenuous Public Support and Heightened Political Scrutiny

Financial Sustainability

Confronting Business Model Strain Amid Dual Revenue and Cost Shocks

Market Relevance

Preparing Students for an AI-Transformed Knowledge Economy with Fewer Jobs

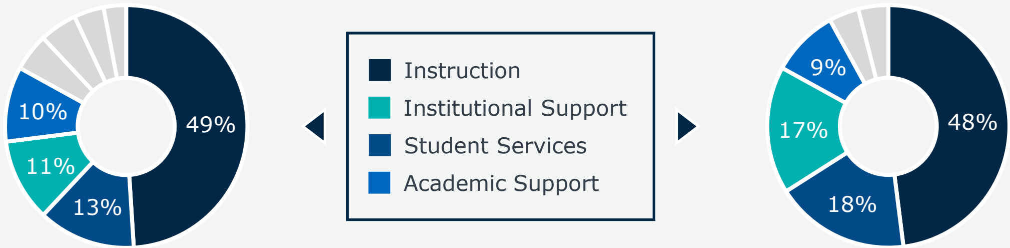
Institutional Agility

Driving Campus Change to Unlock Opportunity in a Disrupted Sector

Cost Rigidity Sets Higher Ed's Real Budget Ceiling

56% of All Expenses Are Labor, With Half Dedicated to Instruction

Breakdown of Total Salary Expenditures by Category[1]



Public Institutions — *Private Institutions*

Shifts in Cost Management Mark a New Era of Cost Discipline

Prestige No Longer a Shield	*Academic Labor Fair Game*	*Legislating Labor Productivity*
Stanford University: "Stanford Lays Off 363 Employees"	West Virginia University: "WVU Board Approves Dramatic Academic Cuts to Address $45M Deficit"	"Florida university system approves new tenure policy, spurning faculty critics"
Duke University: "Duke Doubles Down on Cost-Cutting"	William Paterson University: "William Paterson Plans to Lay Off 100 Full-Time Professors"	"4/4 Teaching Load Becomes Law at Most of Wisconsin's Public Universities"

1) Other expenditures in public graph: Research (5%), Auxiliary Enterprises (5%), Public Service (4%), and All Other Categories (3%). Other expenditures in private graph: Auxiliary Enterprises (4%) and All Other Categories (4%).

Source: Higher Ed Dive, Florida University System Approves New Tenure Policy, Stanford University Lays Off 363 Employees, and WVU Board Approves Dramatic Academic Cuts; Inside Higher Ed, William Paterson Plan To Lay Off 100 Full-Time Professors; The Chronicle, Duke Doubles Down; The Chronicle of Higher Education, 4/4 Teaching Load; EAB interviews and analysis.

Research Cuts by the Numbers

National Institutes of Health

National Science Foundation

2100+
Existing research grants cancelled[1]

2500+
New grant applications rejected

1500+
Existing research grants cancelled[2]

$1B
Reduction in new grant funding awarded

$6-10B
Total value of research grants that have been cancelled so far in 2025

The Trump Administration Proposed Unprecedented Budget Reductions…

-39% Proposed budget cut to NIH

-57% Proposed budget cut to NSF

…But Congress Is Poised to Temper Cuts

+2.3% Senate's proposed increase to NIH budget from prior year

+2% House's proposed increase to NIH budget from prior year

-0.7% Senate's proposed decrease to NSF budget from prior year

-23% House's proposed decrease to NSF budget from prior year

1) ~3.5% of NIH's total annual grants.

Source: AAAS, FY 2026 R&D Appropriations Dashboard; Grant Witness, NIH and NSF; Nature, NIH grant rejections; The New York Times, Trump has cut science funding to its lowest level in decades; Urban Institute, NSF Cancellations; EAB interviews and analysis.

Deeper Damage Comes After the Cuts

Trickle-Down Effects Just as—If Not More—Harmful in the Long-Term

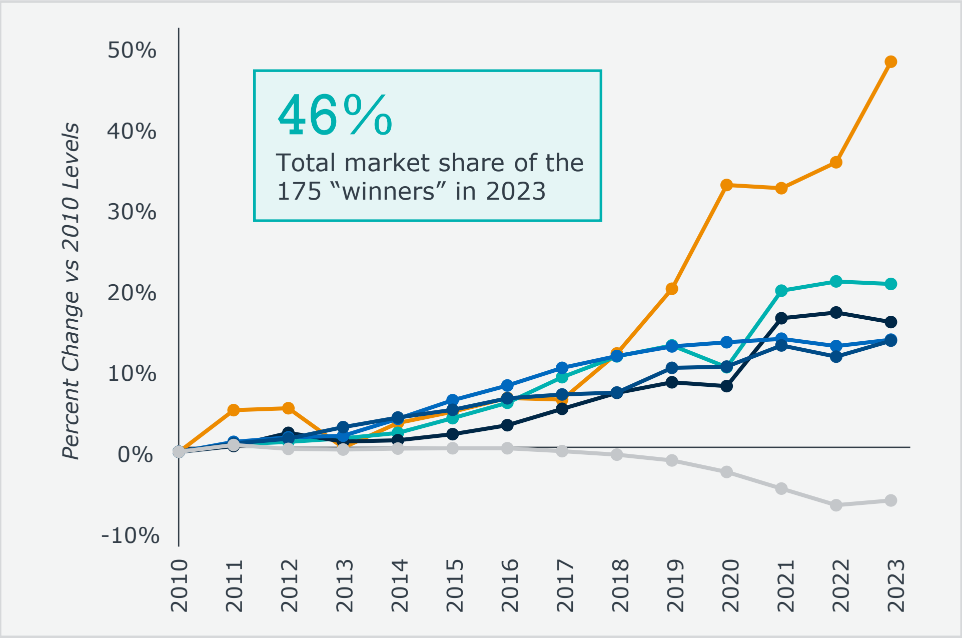
	Faculty Exodus	PhD Pipeline	Regional Fallout
Near-Term Risks	• Loss of some faculty to international competitors and domestic competitors doubling down amid cuts • Departures reduce lab and research continuity	• Downsized cohorts, with some fields collapsing outside select elite schools • Destabilized teaching and lab staffing that hinges on doctoral students	• **$11B** in economic and **49K** in job losses due to federal health research cuts • Projected loss of **$47B** and **202K** jobs in FY26 due to federal health research cuts
Long-Term Risks	• Loss of competitiveness in fast-moving fields as new competitors emerge • Weakened productivity, talent pipeline, and global reputation	• Collapse of academic career ladder • Labor force disruptions and rising personnel costs due to limited capacity • Talent shortages at R&D firms and national labs	• **$17B** economic and **72K** job losses annually • Sustained contraction of regional job markets • Declining healthcare access/quality, weaker innovation ecosystem

Source: Science & Community Impacts Mapping Project (SCIMaP), Impact of Federal Health Research Cuts and FY26 Projections; EAB interviews and analysis.

Enrollment: A Problem for Most, Not Coast to Coast

Growth in Total Enrollment Highly Concentrated in Five Groups of "Winners"

Percent Change in Total Enrollment (Undergrad and Grad), IPEDS, 2010-2023



Online Giants[1]
N=29

Ivy Plus[2]
N=14

Large Selective Privates[3]
N=18

Large Urban Publics[4]
N=60

State Flagships[5]
N=54

All Other 4-Year Institutions
N=2,117

1) >10,000 UG and G, >75% online.
2) Ivy League institutions plus Johns Hopkins University, Stanford University, University of Chicago, Duke University, MIT, and CalTech.
3) >8,500 UG and G, <25% selectivity.
4) >20,000 UG and G, <75% online, in a city.
5) Includes dual flagships in Texas, California, Virginia, and New York.

Source: EAB analysis of IPEDS data.

The Harsh Reality of “Full Pay” Market Share

For Every 100 High School Graduates…

…**1** Can Afford a Private College Without Aid

Source: FAFSA; EAB interviews and analysis.

What This Means for Advancement

Budget Cuts Across the Board

We haven't had a budget cut since 2008…until this year. Now we're doing a lot of scenario-planning exercises about what will happen if certain executive orders manifest. Our institution asked us all to make **5% cuts in our budget**.

That may not sound huge on paper, but in practice it means **putting long-planned initiatives on hold, delaying key hires, and rethinking how we prioritize programs**. It's forcing us to make some tough decisions and really focus on the work that will have the greatest impact on our ability to generate private support."

— Vice President of Advancement, Private Elite R1

Even Elite Universities Announce Budget Cuts and Layoffs

Harvard · Johns Hopkins University · Cornell University · Columbia · Northwestern University · Stanford University · Princeton University · Carnegie Mellon University · Duke · USC University of Southern California

Source: J Moody, "How Trump Forced Cuts at Wealthy Universities," *Inside Higher Ed*, August 7, 2025; EAB interviews and analysis.

A Future With Constant Budget Challenges

The Crystal Ball Discussion

1. Advancement **pays for its own growth** using strategies like gift fees
2. All institutions set **ROI requirements** for advancement investment
3. **Contract workers and outsourcing** increase to save recurring costs
4. Institutions create **shared services models** across multiple campuses

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Generational Challenges on the Horizon

Great Wealth Transfer Coming Soon

Boomers hold majority of wealth

Current wealth: $83 Trillion

2025

Millennials and Gen X to inherit $124 trillion

Current Wealth: $60 Trillion

2050

50% of wealth transfer will come from **2% of households**

$105 trillion will be transferred to heirs with $18 trillion going to charity

Boomers **prefer direct giving** (e.g., cash and equities)

72% of young people are **skeptical of traditional investments** (i.e., stocks and bonds)

Older generations more likely to give to **"institutions"**

Millennials motivated by **social impact** and **transparency**

Source: "Cerulli Anticipates $124 Trillion in Wealth Will Transfer Through 2048," *Cerulli Associates*, December 5, 2024; "2024 Bank of America Private Bank Study of Wealthy Americans," *Bank of America Private Bank*, 2024; J Coacci, "America's Richest Generation is Only Getting Richer," *Fortune*, September 3, 2025; EAB interviews and analysis.

Hollowing Out the Middle

Success Above a Million Dollars Will Separate Haves and Have-Nots

Wealth Concentration Adds to Waning Middle Pipeline

"I know we only have a short period of time to start getting more principal gifts. ***Success begets success****. Big donors will give to us more after big donations come in. I'm worried if we don't capture their mindshare now, even though they're our alumni, they will build connections with other organizations and be their principal gift donors. I guess what I'm trying to say is* ***with wealth concentration I'm afraid there won't be enough to go around*** *because so few people will hold the ability to give meaningful gifts."*

- Chief Advancement Officer, Regional Public University

78% Of Americans **live paycheck** to paycheck

50% Of wealth held by **2% of households** in the U.S.

Source: "Cerulli Anticipates $124 Trillion in Wealth Will Transfer Through 2048," *Cerulli Associates*, December 5, 2024; "Living Paycheck to Paycheck Statistics 2024," *Forbes Advisor*, April 2, 2024; EAB interviews and analysis.

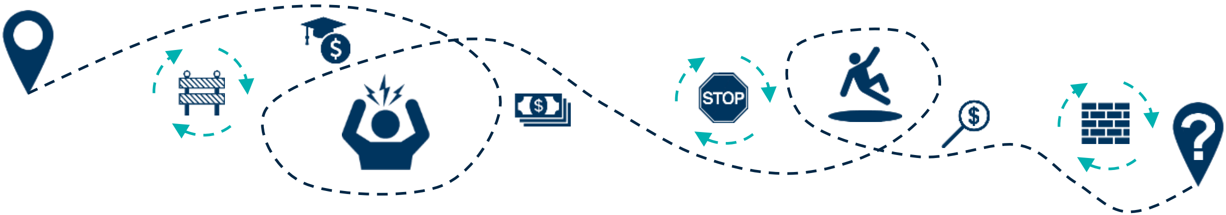
Individuals Face Mounting Financial Pressures

Debt, Housing Costs, and Wealth Loss Limit Capacity to Give

Today's "Student Loan Alumni"
3.5M Americans 60 and older hold over $125B in student loans

Rising Housing Burden
Housing affordability is at a 40-year low; one in three adults under 35 spend over **30% of income on rent**

COVID Upended Careers and Finances (Again)
25% of U.S. families reported being impacted by **layoffs**



Bearing the Scars of the Great Recession
One quarter of U.S. families lost at least **75% of their wealth**

Caught in a Cycle of "Endless Parenting"
46% of U.S. families reported having had an **adult child move home** at some point

Retirement Prospects Increasingly Bleak
Experts predict **Social Security** funds will run out **by 2033**

54% of U.S. adults say they could not cover **a $1,000 emergency expense** from savings

Source: AARP, "Family Caregivers Spend More Than $7,200 a Year on Out-of-Pocket Costs," 2024; Thrivent, "Rising Housing Prices Force Adult Kids Back Home," 2024; Pew Research Center, "Economic Fallout From COVID-19 Continues to Hit Lower-Income Americans the Hardest," 2023; New America, "Why Do So Many Older Americans Owe Student Loans?" 2024; CBS, "Will the Social Security Fund Run Out – And What Happens If It Does?" 2025; Forbes Advisor, "Living Paycheck to Paycheck Statistics 2024," 2024; NIH, "Wealth Disparities Before and After the Great Recession," 2024.

A New Set of Expectations From Top Donors

Prospects Expect Even More

Today's Donor Mindset

Return on Investment

"I just want to know my gift made a difference."

Access to Leadership

"It'd be nice to meet the president at the annual gala."

Gift Personalization

"I'd love a scholarship named after my family."

Tomorrow's Donor Mindset

Impact Accountability

"I'd like quarterly ROI reports and a benchmark analysis against other donors' gifts."

Influence Equity

"Can I get a standing calendar invite for cabinet meetings and faculty retreats?"

Philanthropic Control

"I've drafted a 40-page brand guide for how my gift should be talked about on social media."

Meeting Gift Execution Expectations

Advancement May Take on a Larger Role

Gift Project Manager Role

- Monitors capital projects on behalf of donors
- Engages principal gift donors throughout the project lifecycle
- Collaborates with various units for clear communication
- Maps processes from concept to completion

"If the donor commits at the level we're talking about, **we'll hire a full-time position in advancement to manage that gift.**

Because every other project underway right now is failing to some degree because of poor coordination and communication with the campus. Budgets have ballooned; costs are up 40%"

Senior Executive Director for Principal Gifts, Large Public University

Source: EAB interviews and analysis.

Transformational Gifts After the Wealth Transfer

The Crystal Ball Discussion

1. Donor **consortiums** form around shared interests to drive pooled giving
2. Principal gift donors expect **real-time ROI dashboard** and reporting
3. Institutions create **impact networks for donors,** spanning multiple non-profits and campuses
4. Advancement **shifts solely to principal gifts**, offloading pipeline and engagement

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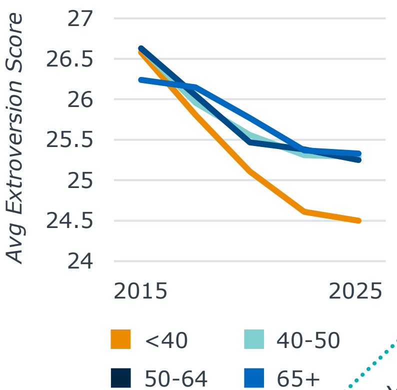
Three Forces Locking Gen Z Into Weaker Social Ties

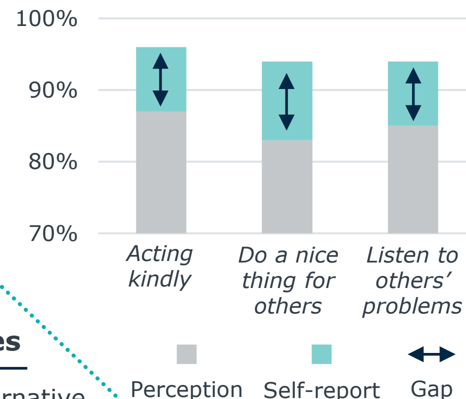
Lower Baseline

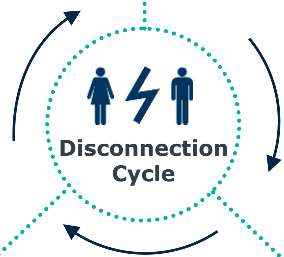
Young people's lower extroversion makes initiating social ties harder[1]



Perception Spiral

Gen Z underestimates how much peers want to connect, reinforcing isolation[2]





Parasocial Substitutes

Young people use AI as an alternative to fill void in human relationships

52% *of teens have used AI companions at least a few times a month*

33% *of teens choose AI companions over humans for serious conversations*

1) Data from Understanding America Study.
2) Based on study of 5,000+ Stanford University students

Source: Common Sense Media, How and Why Teens Use AI Companions; Pei, R., & Zaki, J., How Social Connections Improve the Happiness of Young Adults; USC, Understanding America Study; EAB interviews and analysis.

The Rise of Dopamine Culture

	Slow Traditional Culture	Fast Modern Culture	Dopamine Culture
Athletics	Play a sport	Watch a sport	Gamble on a sport
Journalism	Newspapers	Multimedia	Clickbait
Video	Film & TV	Video	TikToks
Images	View on gallery wall	View on phone	Scroll on a phone
Communication	Handwritten letters	Voice/email/memo	Short texts

Dopamine Culture Re-Engineers Attention Spans To Produce Profit and Power

"The tech platforms aren't like the Medici in Florence, or those other rich patrons of the arts. They don't want to find the next Michelangelo or Mozart. They want to create a world of junkies—because they will be the dealers. **Addiction is the goal**."

Ted Gioia, Cultural Critic and Musical Historian

$330B

Self-valuation of ByteDance, parent company of TikTok, 2025

$99B

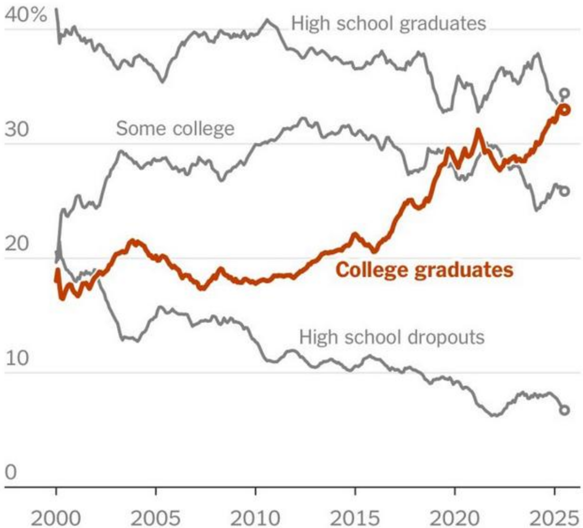
Valuation of global sports betting market size, 2024

Source: Business Insider, Fidelity Has a Bullish Valuation of TikTok Parent ByteDance; Polaris Market Research, Sports Betting Market Size, Share, Trend, and Industry Analysis Report; The Honest Broker, The State of Culture, 2024; EAB interviews and analysis.

Employment Trends Causing Concern for Gen Z

A Growing Share of College Grads are "Long-Term Unemployed"

Out of work for 6+ months[1]



More Than Half Start Their Careers Underemployed[2]

Burning Glass Institute, 2024

52% of college graduates are underemployed one year post-completion

73% of college graduates who start underemployed remain so 10 years post-completion

The New York Times

"There are simply more college graduates today than there were 10 years ago, and the job market for people without college degrees improved, reducing their share of long-term unemployed.

But employers also appear to have less need for college-educated workers, driven by technological change, automation and, most recently, President Trump's cuts to federal workers and funding, which have disproportionately affected the college educated."

1) 12-month rolling average from the Current Population Survey
2) In an occupation that does not require a bachelor's degree or for which the majority of workers do not have a bachelor's degree

Sources: NYTimes, The Newest Face of Long-Term Unemployment? The College Educated; Burning Glass Institute, Talent Disrupted: College Graduates, Underemployment, and the Way Forward.

Networking Will Be the New Name of the Game

Students Are Frustrated With Job Postings… And So Are Employers

61%
Of Gen Z job seekers submit at least 100 applications

11K
Applications per minute on LinkedIn, hundreds of applications per post

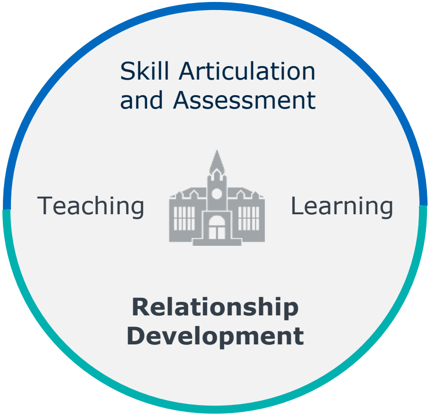
43%
Of HR professionals use AI to manage volume of applications

25%
Of job applicants worldwide could be fake by 2028

Networks May Matter More Than Ever

- Referred applicants have a **50%** chance of advancing past resume review (compared to 12% for non-referrals)
- Employers are investing more in referral programs to boost verified candidates
- Recruiters are posting fewer jobs publicly to avoid application overload, fake profiles
- Smaller, local firms may hire junior talent at higher rates moving forward

Higher Ed's Pivotal Roles



Source: Ashby, Are referred candidates more likely to get hired?; Forbes, Networking: It's Not What You Think; NYT, Employers are Buried in AI-Generated Resumes; RippleMatch, Navigating Next Gen Talent; SHRM, Uncertain Economy Adds to Recruitment Challenges; WSJ, Landing a Job is All About Who You Know (Again); EAB interviews and analysis.

Moving Forward with Gen Z

The Crystal Ball Discussion

1. Engagement teams' contract with **online influencers** to reach young alumni
2. **Networking** becomes advancement’s greatest value-add for young alumni
3. Pipeline health becomes **measured by engagement online hours**
4. **AI takes over annual giving** because younger alumni feel more comfortable talking with robots

Making Strategic Choices for Sustained Success

Questions to Drive Our Conversation

Opportunities to Invest in

- **Principal Gifts:** *Are principal gift operations set up to sustain advancement and drive institutional growth?*
- **Technology Integration:** *Can advancement adopt new technology while preserving authentic philanthropy?*
- **Corporate & Foundation Relations:** *Will corporate and foundation partnerships be able to meaningfully fill revenue gaps?*

Risks to Mitigate

- **Advancement Investment:** *How can advancement grow with flat or declining investment?*
- **Campaign Relevance:** *Are campaigns still relevant for higher education leaders, advancement, and constituents?*
- **Pipeline Erosion:** *Is a large lower-level pipeline still essential to advancement success?*
- **Engagement:** *Are we prepared to engage younger generations effectively?*