

Annual Giving: The Smartest Revenue Investment for Institutions Right Now

There is no question that higher education is facing a period of significant change. Recent federal budget cuts, funding freezes, and shifting policies are creating new financial pressures that will have lasting effects on colleges and universities.

While budget discipline is necessary, now is not the time to cut back on advancement, particularly annual giving. Philanthropic support is one of the only growing and flexible revenue sources available to institutions today. Pulling back on advancement may feel like a way to close a budget gap, but **EAB research shows that every \$1 taken away reduces fundraising outcomes by \$8.25** — an impact few institutions can afford. As leaders rethink how they fund their missions, annual giving remains one of the most direct and scalable ways to generate flexible funding and engage donors.

What's Changed?

In recent months, federal policy shifts and growing public skepticism have introduced new challenges for higher education, particularly research funding, student aid, and institutional support.



Student financial aid is uncertain.

The freeze on Pell Grants and broader questions about federal financial aid could make it harder for students to afford tuition. This may contribute to enrollment challenges and financial strain for institutions that rely on tuition revenue.



DEI-related funding has been reduced.

Federal funding for scholarships and student support programs tied to diversity initiatives has been cut, requiring institutions to find new ways to support historically underrepresented students.



Research funding is tightening.

Reductions in NIH and other federal research grants are creating financial pressure for R1 institutions. As a result, some universities may face challenges in sustaining faculty research, maintaining labs, and attracting top scholars.



Public perception of higher education is shifting.

Growing skepticism about the role and value of colleges and universities is making it harder to engage alumni and donors. As trust in institutions declines, more alumni are pulling back from engaging and giving.

Why Investing in Annual Giving Is the Smartest Financial Decision Right Now

As institutions adjust to a shifting funding landscape, annual giving is an effective tool to generate flexible revenue and sustain long-term growth. More than just a fundraising tactic, annual giving brings in dollars that institutions can use today, grows the donor base, and creates a pipeline for future leadership and major gifts.



Annual giving brings in the flexible dollars institutions need.

Unlike restricted gifts, annual giving generates unrestricted funds that can be used where they are needed most. These dollars help fill gaps left by reduced federal support and give institutional leaders the ability to respond to emerging needs.



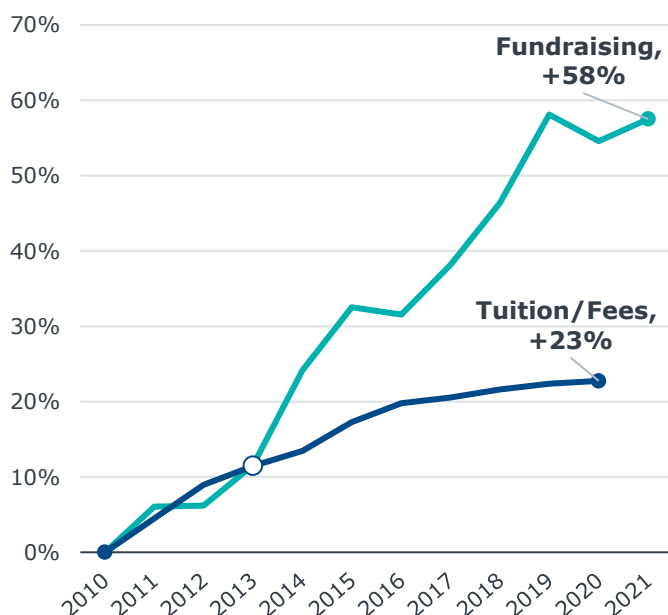
It fuels the long-term donor pipeline.

Annual giving is often where donors begin their relationship with a university. Without ongoing donor acquisition, institutions risk shrinking their pipeline and relying too much on a small group of major donors. A healthy annual giving program builds a consistent stream of supporters, including younger and first-time donors, who are critical to sustaining momentum over time.



A digital-first strategy makes annual giving scalable and cost-effective.

Traditional fundraising methods alone are no longer enough to reach today's donors. Digital strategies allow institutions to reach more donors, deploy campaigns faster, and optimize resources. With more advancement teams facing staffing constraints, digital annual giving provides an efficient, scalable, and high-ROI solution to engage alumni and donors at scale.



Cumulative fundraising and tuition/fee revenue change, 2010-2021, inflation-adjusted.

Advancement Revenue Is Growing Faster Than Tuition

As tuition revenue slows and funding declines, philanthropy can help sustain institutional priorities. Fundraising has outpaced tuition growth over the past decade, making advancement a critical driver of stability.

Still, we know investing in advancement can feel difficult when the institution needs to reduce spending. But advancement is a revenue center, one of the only areas that can generate new dollars quickly. **Institutions that invest in EAB's Advancement Marketing Services see a return of 2:1 or more**, making it one of the smartest financial decisions they can make today.

How EAB Supports Institutions Like Yours

Investing in annual giving has never been more important, but most institutions can't take on this work alone. Federal policy changes, budget shifts, and funding reductions are creating new financial pressures that require strategic action. Institutions need partners who can help them grow flexible revenue and build stronger donor relationships, especially in today's uncertain environment.

EAB's Advancement Marketing Services is a trusted partner in navigating these challenges. We work alongside campus teams to grow annual giving, expand digital fundraising, and deepen donor engagement — all while helping teams extend their reach and impact.



INSTITUTION #1
Large, public university

This institution partnered with EAB to revitalize their annual giving program, achieving the highest number of donors and gifts in five years and **increasing annual giving revenue by 121%** over the prior year. They also saw a surge in new and returning donors across every college and unit, rebuilding their pipeline for future giving.



INSTITUTION #2
Mid-sized, private university

This institution was able to rebuild trust with donors after years of inconsistent outreach by focusing on personalized engagement and clearer communication of impact. With EAB's support, they **grew their donor base by 222%** in one year, **raised \$720,000 in unrestricted revenue**, and **improved donor retention from 46% to 87%**, turning one-time givers into loyal supporters.



"EAB's partnership has **elevated our annual giving** program and **deepened our relationships** with alumni, parents, and donors across all fundraising channels.

Our program has benefited from the personalized and cohesive campaign design and messaging that inspires investing in our mission. We're excited to continue a donor-centered **trajectory of growth and innovation.**"

- Assistant Vice President of Operations and Fundraising Strategy

Advancement Marketing Services

We deliver the analytics, omnichannel campaigns, and performance data that leaders need to cultivate more alumni donors, increase levels of giving, and engage supporters throughout their donor lifecycle.



7% average annual growth in gift revenue



2:1 or better return on investment



11% higher donor retention rates than the national average



Capacity equivalent to 3-4 full-time staff