Revisiting the Financial Sustainability Playbook

Lessons from Initiatives Past, Present, and Future

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EAB

A Global Approach to Higher Education Research, Strategy, and Support

2,300+

Education institutions served through the EAB network around the globe

15

Years identifying solutions to operational, academic, and student challenges

26,000+

Campus leaders use EAB research and services in their daily workflows

Through EAB, universities have access to research, tools, and a global network of leaders addressing challenges such as:

Delivering a World-Class Student Experience

Enhancing the Academic Programme Portfolio

Transforming the Physical and Digital Estate

Hardwiring Financial Sustainability

Accessible Resources

You will find a copy of the presentation slides and supplemental resources at: https://pages.eab.com/UUK-DVC-Forum2025

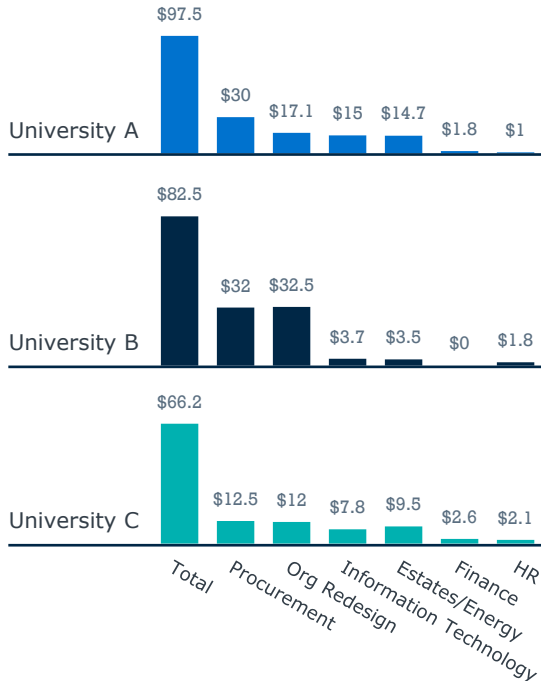**Resources**

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Financial Sustainability Past

Post-Mortem of Seven-Figure Consulting Engagements

Different Campuses – One Playbook

Consultants' Recommendations Highly Similar Across Institutions

'Base Case' Savings in Millions

University A
- Total: $97.5
- Procurement: $30
- Org Redesign: $17.1
- Information Technology: $15
- Estates/Energy: $14.7
- Finance: $1.8
- HR: $1

University B
- Total: $82.5
- Procurement: $32
- Org Redesign: $32.5
- Information Technology: $3.7
- Estates/Energy: $3.5
- Finance: $0
- HR: $1.8

University C
- Total: $66.2
- Procurement: $12.5
- Org Redesign: $12
- Information Technology: $7.8
- Estates/Energy: $9.5
- Finance: $2.6
- HR: $2.1

Usual Suspects in Savings Tactics

- Consolidate preferred vendor contracts

- Automate HR processes

- Centralise IT services

- Retrofit equipment to reduce energy consumption

- Pursue shared services of decentralised unit-based administrative tasks

- 60-65% of all savings depended on reducing labour costs in some way

**Aggregate Savings as a
Percentage of Operating Budget**

4.30%
2.61%
2.02%

Identified Best Case   Identified Base Case   Realised
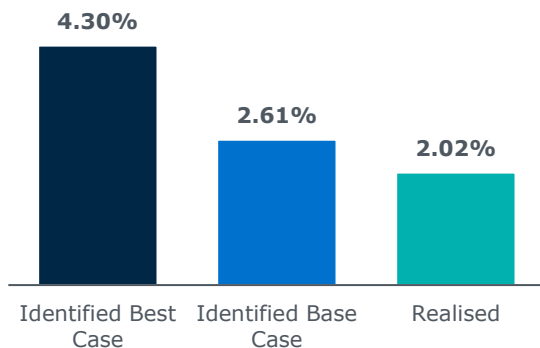
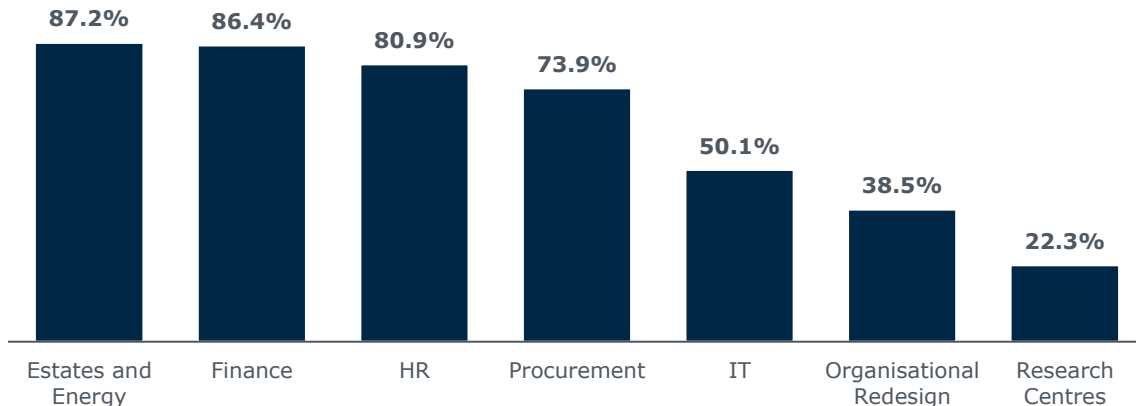**Realistic Limit of Savings Potential?**

70-75%
Typical per cent of
identified base case
savings realised

40-45%
Typical per cent of
identified best case
savings realised

Aggregate Percentage of Identified Base Case Savings Realised by Function

Estates and Energy	Finance	HR	Procurement	IT	Organisational Redesign	Research Centres
87.2%	86.4%	80.9%	73.9%	50.1%	38.5%	22.3%

Diminishing Returns Outside of Highly Centralised Units

1 Intentional approach to focus on operational savings over academy

2 Org redesign stymied by change management hurdles

3 Lack of consultant experience in HE led to inflated expectations

Source: Business Affairs Forum interviews and analysis.

Blanket Cuts Are Unsustainable, Can Damage Strategic Capacity

Impacts of Across-the-Board Cuts Identified in Multi-Sector Gartner Analysis

43%

of organisations achieve desired savings in first year of cuts

11%

of organisations able to sustain cuts over three years

Erode sources of persistent value

Penalise efficient parts of the org

Lock in status quo processes

IPEDS[1] Analysis of Cost Growth Following Across-the-Board Cuts

67%

of institutions saw three-year average cost growth increase following large cut
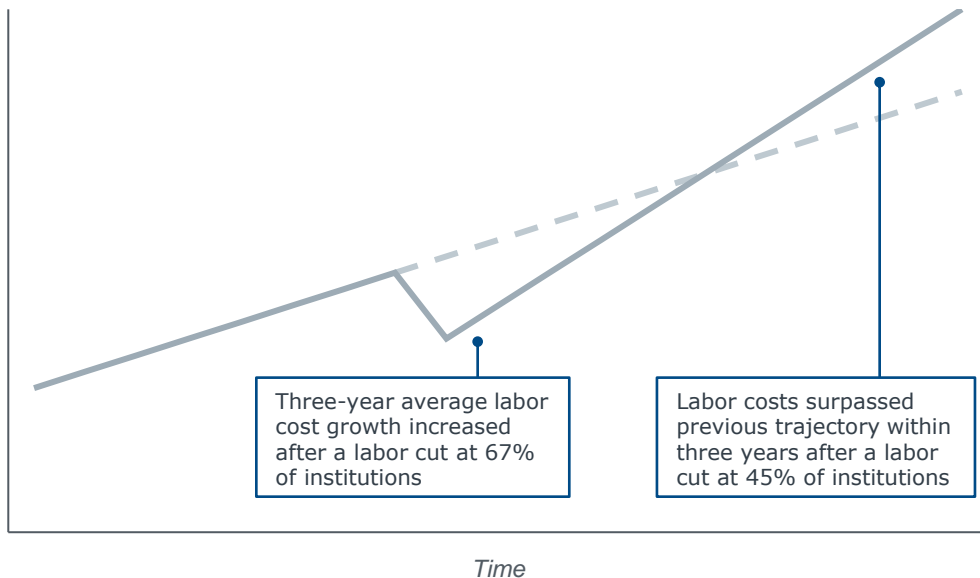
45%

of institutions exceeded previous cost-growth trajectory within three years

1) Integrated Postsecondary Education Data System

Source: Wiles, "7 Cost-Reduction Mistakes to Avoid," Gartner, Aug. 17, 2022; IPEDS, Delta Cost Project Database, National Center for Education Statistics; EAB interviews and analysis.

Many Institutions Actually Worse Off After Cost Cutting

Modeled Cost Growth Following Significant Cut
n = 1,307

Three-year average labor cost growth increased after a labor cut at 67% of institutions

Labor costs surpassed previous trajectory within three years after a labor cut at 45% of institutions

Time

Discussion

For those that have embarked on big efficiency and effectiveness initiatives (with or without outside help) in the past, when and where did you actually realise savings?
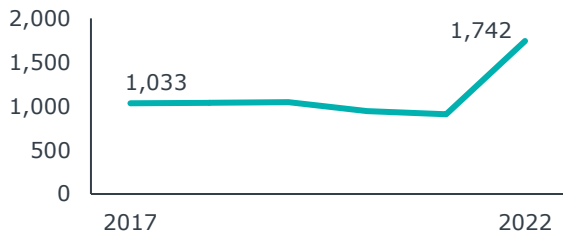
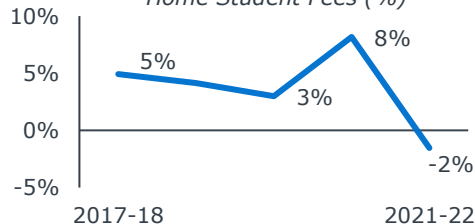# Financial Sustainability Present

Revisiting the Cost Savings Playbook

Energy Prices and Staff Costs Rise as Income Sources Fall

Average Annual Domestic Gas and Electricity Bills Per Year (£)

1,033

1,742

2017

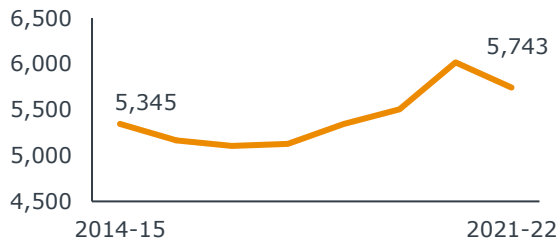2022

Yearly Growth in Total Home Student Fees (%)

5%

3%

8%

-2%

2017-18

2021-22

Staff Costs Per Year (£ millions)

18,210

30,571

2014-15

2021-22
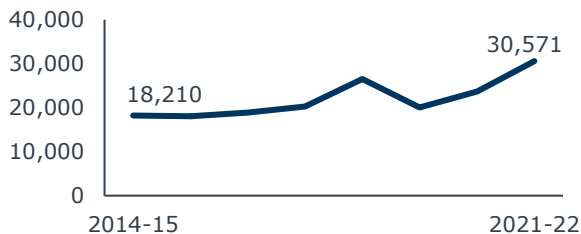
Income From Funding Body Grants (£ millions)

5,345

5,743

2014-15

2021-22

As Financial Pressures Take a Toll…

Percentage of English Universities Reporting an In-Year Deficit

54%

5%

2015-16   2022-23
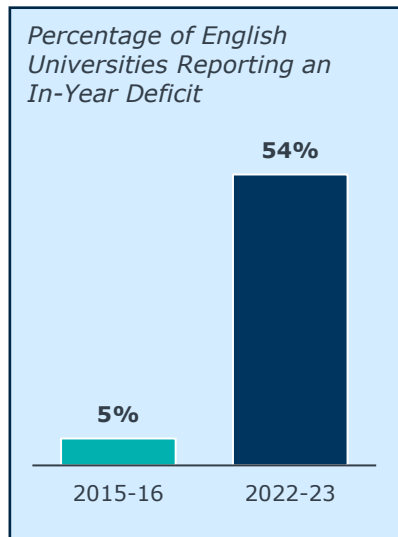
…Institutions Turn to Familiar Cost-Cutting Measures

West Virginia University

- $75M deficit [1]
- Approved plan to cut 28 programs, 143 staff

University of Brighton

- £21.4M deficit [2]
- 103 academic staff redundancies [3]

The University of Manchester

- Over 500 staff redundancies [4]

ACU — AUSTRALIAN CATHOLIC UNIVERSITY

- Over 100 jobs cut [5]
- Disbanded philosophy and history institutes

University of East Anglia

- £30M deficit [6]
- Voluntary redundancies
- Removed vacant posts

VICTORIA UNIVERSITY OF WELLINGTON TE HERENGA WAKA

- $33M deficit [7]
- 140 redundancies [8]
- Six courses discontinued

Queen's UNIVERSITY

- $62.8M budget deficit [9]
- Hiring freeze

University of the Highlands and Islands — Oilthigh na Gàidhealtachd agus nan Eilean

- £3M deficit [9]
- Up to 50 jobs cut
- Course cuts planned

Sources not otherwise noted: 'Sharp rise in number of universities in deficit, report finds,' *The Argus,* March 2022; 'What is the income of HE providers?', HESA, April 2023; EAB interviews and analysis.

A Known Playbook, But Not Fully Adopted

Operational Cost-Saving Strategies

OPPORTUNITY	WHAT WE'VE DONE	WHAT WE'VE NOT DONE	WHAT'S DIFFERENT TODAY
Centralisation	Opportunistically consolidated units/staff when doing so posed low change-management risk…	…without systematically reviewing chances to consolidate and centralise work across campus	Shifts to cloud-based and remote/hybrid work dampen largest complaints (e.g., staff proximity, access) about redesigns
Workflow	Simplified processes (e.g., removed duplicative steps) to ease workloads…	…without eliminating the paper-based processes and unnecessary steps (e.g., approvals) that slow action	Forced remote work during the pandemic catalysed widespread digitalization; democratisation of AI and RPA tools
Vacancy Review	Asked the right questions about whether to backfill a position…	…without mandating hold-open periods to analyse multiple vacancies together	As job-switching increases with each generation, higher number and more regular vacancies likely
Energy	Achieved visibility into the biggest energy draws…	…without replacing legacy systems with more energy-efficient technologies	Improvements in technology (e.g., solar, water) and costs make green energy ROI more achievable
Purchasing	Increased enforcement of on-contract spending and purchasing policies…	…without automating procurement processes that enhance compliance	Advances in AI, such as robotic process automation, can streamline repetitive buyer tasks like issuing purchase orders

Source: EAB interviews and analysis.

A Known Playbook, But Not Fully Adopted

Academic Cost-Saving Strategies

OPPORTUNITY	WHAT WE'VE DONE	WHAT WE'VE NOT DONE	WHAT'S DIFFERENT TODAY
Space Utilisation	Deployed a range of occupancy trackers to collect utilisation data…	…without creating any incentives for departments to relinquish under-utilised offices and classrooms	Remote and hybrid work have changed and, in many cases, reduced the use of space, creating potentially large opportunities for rationalisation
Academic Programme Review	Gathered data on cost, enrolment, student success, and other metrics…	…without divesting from programmes that require difficult resourcing decisions	Future efforts may be able to ride in the wake of current first-movers who are absorbing worst of PR pushback
Instructional Capacity	Reduced underfilled sections and excessive numbers of small modules…	…without reviewing and optimising instructor course loads or reducing overall curricular complexity	Better data today than in the past, and news of programme closures likely makes lecturers more willing to tackle curricular complexity
Departmental Reorganisation	Aligned departmental evaluation with institutional priorities…	…without making wholesale changes to organisational designs	Expected wave of academic retirements may enable leaders to redesign departments from the ground up with fewer change-management battles
Course Sharing Consortia	Partnered on some small, mostly invisible back-office services…	…without pursuing partnerships to streamline academic offerings	Increases in quality and willingness to take online courses mean physical distance, location matter less

Source: EAB interviews and analysis.

Reflection

For which tactics in the 'traditional' operational or academic savings playbook do you sense you have the most runway?

What other 'new' opportunities have recently emerged that were previously unavailable or untenable?
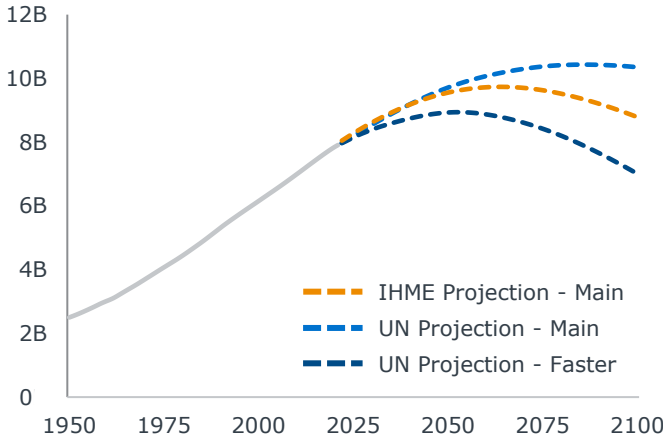
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Financial Sustainability Future

Preparing for the Realities of 'Peak Population'

World Population Could Peak by 2055

Global Population and Projections through 2100

Legend:
- IHME Projection - Main
- UN Projection - Main
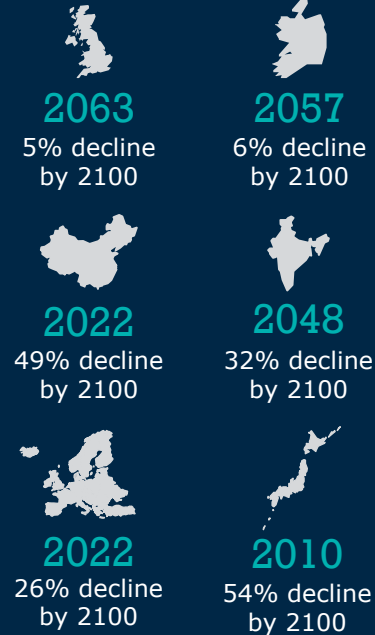- UN Projection - Faster

'Most of the world is transitioning into natural population decline. I think it's incredibly hard to think this through and recognise how big a thing it is; **it's extraordinary, we'll have to reorganise societies.**'

Christopher Murray, Director
Institute for Health Metrics and Evaluation

Some Countries Peaking Far Earlier than Global Estimate

2063
5% decline by 2100

2057
6% decline by 2100

2022
49% decline by 2100

2048
32% decline by 2100

2022
26% decline by 2100

2010
54% decline by 2100

Source: Institute for Health Metrics and Evaluation, "Global Fertility, Mortality, Migration, and Population Forecasts 2017-2100," 2020; Department of Economic and Social Affairs Population Division, "World Population Prospects," United Nations, 2022; Human Capital Data Explorer," Wittgenstein Centre, 2018; Silver, Huang, "Key facts about China's declining population," Dec. 5, Pew Research Center2022; EAB interviews and analysis.

Environmental Relief

Fewer people will mean **less pollution** and **decreased** demand for **fossil fuels** [1].

Education Improvements

Fewer students will allow more focus on **individualized learning** [2, 3].

Elimination of Extreme Poverty

Fewer workers will increase **wage growth**, growing the middle class and **reducing poverty** [3, 4].

Labor Market Equity

Tight labor markets should lead to better employment **opportunities for minorities** [5, 6].

Rising Inflation

A **diminishing labor force** will bring supply constraints, resulting in **higher prices** [7].

Financial Market Volatility

A **smaller consumer base** will cause some businesses to struggle or go under [8].

Burden on Younger Adults

An aging population will strain public budgets and **increase tax burdens** for younger adults [9].
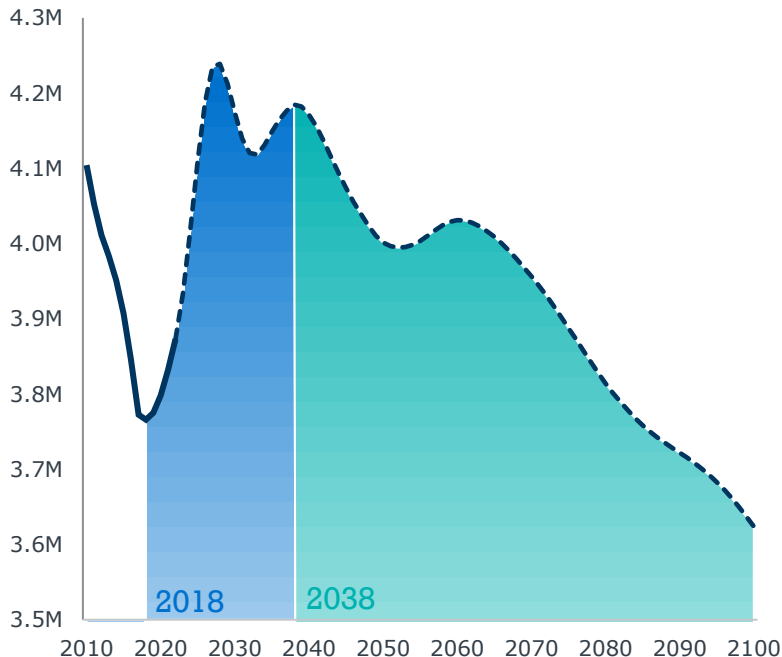
Psychological Impacts

Countries experiencing population severe decline will struggle with **isolation and loneliness** [10].

In the UK, Short-Term Growth Precedes Steep Decline Through 2100

United Kingdom 15-19-year-old population, IHME Projection

The Student "Swell"

+11% or +419K

Growth in the 15-19-year-old youth population, 2018-2037
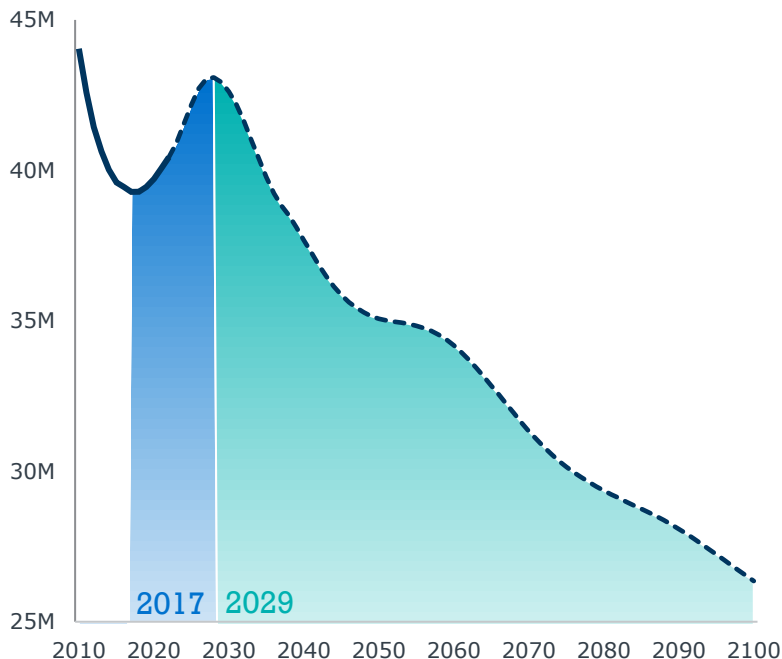
Peak Population

-13% or -561K

Decline in the 15-19-year-old youth population, 2038-2100

In Europe, Short-Term Growth Precedes Steep Decline Through 2100

Europe 15-19-year-old population, IHME Projection

The Student 'Swell'

+10% or +380K

Growth in the 15-19-year-old youth population, 2018-2028
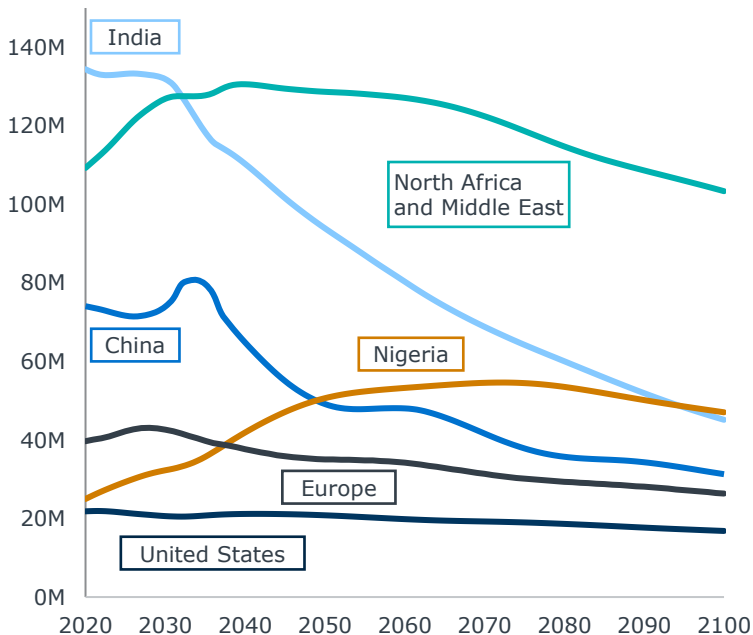
Peak Population

-39% or -1.7M

Decline in the 15-19-year-old youth population, 2029-2100

Source: IMHE Global Burdens of Disease Population Projections 2019-2100; EAB interviews and analysis.

More Students Set to Come from 'Emerging Markets'

15-19-Year-Old Population, IHME Projection

By 2030, young Africans are expected to make up **42% of the world's youth population**

In 2022, **107% increase in the number of Nigerian students in the UK**, and the number of students from Nepal and Sri Lanka also doubled

In Ireland, the number of **African students increased 67%** between 2018 and 2021

International enrolments from China will peak in 2027, declining through the 2030s

Source: "Africa's Future: Youth and the Data Defining Their Lives," Population Reference Bureau 2019; Cuthbert, "Danger! Beware of cliff edge; population numbers affecting int'l education," *The PIE News*, Feb. 16, 2023; "70% of 10-Year-Olds Now in Learning Poverty, Unable to Read and Understand a Simple Text," The World Bank, June 23, 2022; "Higher Education Institutions Awarding Financial Aid to International Undergraduate Students," College Board, 2020 EAB interviews and analysis.

Pivoting to a Strategic Model that Reflects Changing Market Realities

2000s   2010s   2020s   2030s…

More with More

- 'If we build it, they will come' mentality fuels growth-minded boom of programmes, facilities, and research expenditures
- Emphasis on high-impact amenities and experiences requires more tech and staff to deliver
- Share-the-wealth budget decisions promote stability in times of growth

More with Less

- Emphasis on 'efficiency' to keep output constant despite declining resources
- Difficult prioritisation and trade-offs deferred when metrics show incremental improvement
- Growing workloads lead to staff burnout, as there's always more to do

Less with Less

- Intentionally decreasing 'productivity' in favour of sustainable operations
- Budget decisions must reflect market realities of enrolment, funding
- Saying 'no' is rewarded
- Ruthless prioritisation
- Potentially better staff experience; work is scaled to reasonable level

Discussion

Which mentality most closely aligns with how your institution is currently operating?

Is there any way to make 'less with less' more palatable to a sector chronically adverse to saying 'stop'?