OVERCOMING BUDGET CONSTRAINTS:

HOW UNIVERSITIES ARE DOING MORE WITH LESS IN SHARED SERVICES

WHAT'S INSIDE:

Real-world case studies from leading universities that have successfully expanded their shared services, demonstrating proven strategies, measurable results, and key lessons learned.

Blueprints for Success:

- **Policy and institutional approaches to budget constraints**
- **Contrasting regional strategies for shared services in Higher Ed**
- **How the University System of Georgia achieved $30m in annual savings with a SSC**

A FINANCIAL RECKONING IN HIGHER EDUCATION

By Will Thomae

At the University of California, administrators faced a grim reality. Faced with significant reductions in state funding, the institution was staring down a multimillion-dollar budget gap, prompting concerns about cuts to essential services. Meanwhile, there are even more ominous signs nationwide: looming federal budget cuts have led some universities to freeze hiring and shrink doctoral cohorts, underscoring how quickly financial strains can trickle down to students. Yet rather than axing jobs and diminishing student support, the leadership at this UC campus chose a different path: they doubled down on shared services.

Across the country, colleges and universities are rethinking how they operate, driven by a harsh financial landscape. Rising operational costs, shrinking state budgets, and growing public skepticism about tuition rates have forced administrators into a corner. The answer, for many, has been shared services - consolidating administrative functions across departments or even multiple institutions to cut costs while maintaining service levels.

This shift is more than a cost-saving maneuver. It is a survival strategy.

A wave of recent case studies and financial reports reveal the extent to which universities are restructuring their operations. From California to Pennsylvania, institutions are pooling resources, outsourcing non-core functions, and leveraging technology to stay afloat. But the transition is not always smooth. Resistance from faculty, concerns about job losses, and the logistical challenges of large-scale restructuring make shared services a politically fraught endeavor.

Yet, in an era of tightening belts, universities have little choice but to adapt. The question is not whether they should reform but how far they are willing to go.

This article contains research and data from a variety of scholarly papers and studies. All sources can be found at the end of the article.

This article includes research and data from:

- *Teusch, J., Saavedra, B. N., Scherr, Y. O., & Müller, J. P. (2025). Strategic planning of geo-fenced micro-mobility facilities using reinforcement learning. Transportation Research Part E: Logistics and Transportation Review.*
- *Lazari, E., & Matsoukas, I. G. (2025). Bridging divides: The bold new era of university internationalization. Frontiers in Education.*
- *Thetsane, R. M., & Tilo, N. L. (2024). Insights into incubatees' deficiencies of university innovation. International Journal of Research in Education.*
- *Ng, Q. X., Ong, C., Chan, K. E., Ong, T. S. K., & Lim, I. J. X. (2024). Comparative policy analysis of national rare disease funding policies in Australia, Singapore, South Korea, the United Kingdom, and the United States: A scoping review. Health Economics, Policy and Law.*
- *McCollister, M. K., Gregory, K., et al. (2025). Impact of state policies in Iowa on the National School Social Work Practice Model 2.0. Children & Schools.*
- *University System of Georgia Financial Efficiency Report (2023). Internal report on the financial impact of shared services consolidation across the University System of Georgia.*
- *Arizona State University Administrative Efficiency Case Study (2024). Internal evaluation of HR consolidation and cost reductions.*
- *University of California Budget for Current Operations (2024–25). Office of the President. Official plan outlining reduced state appropriations and projected budget shortfalls.*
- *Texas Tech University Predictive Enrollment Case Study (2023). Othot Analytics. Documentation of TTU's AI-driven recruiting model to optimize enrollment and financial aid spending.*
- *Oregon State University Regional Business Centers Case Study (2009). Internal implementation report on phased administrative consolidation.*
- *Pennsylvania State System Consolidation Report (2022). Internal overview of merging six campuses into two unified institutions.*
- *California State University Multi-Campus Collaboration Initiative (2023). Executive summary on shared administrative services.*
- *Saul, S. (2025, March 6). As Trump goes after universities, students are now on the chopping block. The New York Times, A22.*

STRATEGIC FINANCIAL PLANNING IN SHARED SERVICES: THE ART OF STRETCHING EVERY DOLLAR

A parallel story of data-driven efficiency is playing out at Texas Tech University, where administrators have adopted advanced predictive analytics to optimize spending on recruitment and financial aid. Rather than using a one-size-fits-all recruiting budget, the university relies on AI-informed models that identify prospective students most likely to enroll and succeed.

Texas Tech's Predictive Enrollment Approach

- Deployed analytics to target financial aid where it has the highest enrollment impact
- Maintained stable or improved enrollment despite a flat marketing budget

Not every institution has the resources for sophisticated AI modeling. Many colleges have taken a phased approach to financial restructuring - gradually centralizing administrative services to reduce overhead without sacrificing service quality. One well-documented example is Oregon State University's "business center" model. Instead of immediate, across-the-board cuts, OSU consolidated departmental finance, HR, and payroll tasks into regional hubs over a multi-year rollout, ultimately eliminating redundant positions and saving operational costs.

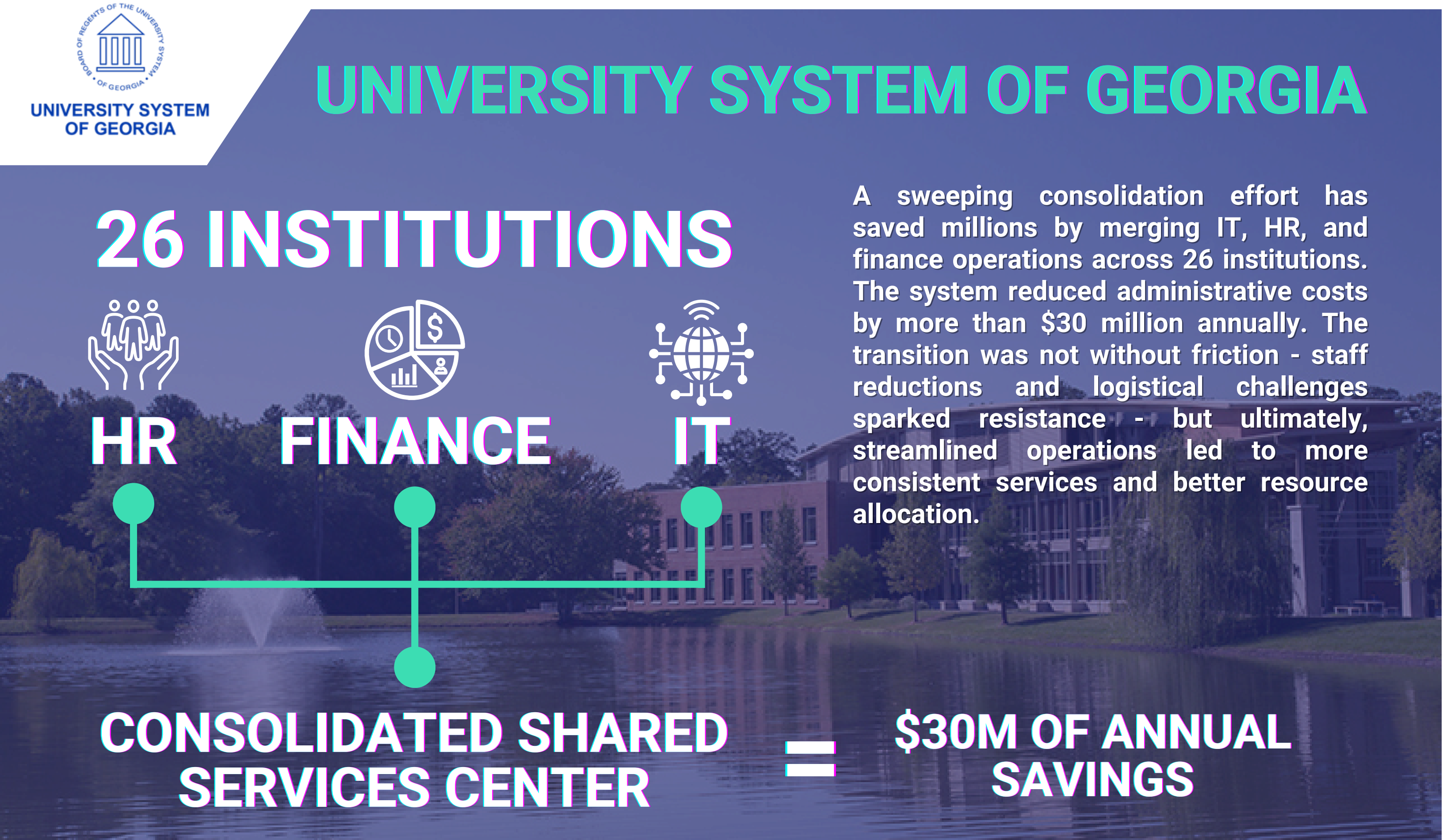
At the core of these strategies is a fundamental rethinking of financial priorities. Rather than treating each department as a separate entity with independent budgets, universities are beginning to see themselves as unified institutions with shared financial responsibilities. This mindset shift is crucial for institutions looking to stay solvent while upholding their commitments to students, faculty, and staff.

But financial models and strategic plans are only part of the equation. The real test comes in execution - and that means overcoming deep-seated resistance to change.

COST REDUCTION THROUGH SHARED SERVICES

For decades, universities have operated as self-contained ecosystems, each department managing its own administrative functions, IT services, and procurement. That model is now proving unsustainable. Facing shrinking budgets, institutions are increasingly turning to shared services - centralized units that handle administrative functions across multiple schools or even multiple universities.

Nowhere has this shift been more evident than in the University System of Georgia:



University System of Georgia Financial Efficiency Report (2023)

In Europe, a similar story has played out in the United Kingdom:

- Universities have banded together to cut costs without compromising academic quality.
- A consortium of institutions formed a centralized procurement office, allowing universities to negotiate better contracts for everything from office supplies to software licenses.
- By leveraging collective purchasing power, the **universities saved an estimated 20% on operational expenses**, money that was redirected to student services and academic programs.

Other institutions have taken a more surgical approach, identifying key areas where shared services can yield the greatest savings. At Arizona State University:

- A data-driven analysis found that **separate HR offices across various schools were duplicating efforts.**
- The university consolidated HR functions into a single, centralized office, reducing administrative overhead by 18%.
- Processing efficiency for hiring and payroll improved while addressing duplication of effort.

But these transformations do not happen in a vacuum. Shared services require significant cultural shifts within universities. Faculty and staff often fear that centralization will lead to job losses or a one-size-fits-all approach that overlooks individual departmental needs. The most successful cases - like those in Georgia and the UK - have prioritized transparency, stakeholder engagement, and phased implementation plans to ease the transition.

Even with these challenges, the evidence is clear: universities that have embraced shared services are finding ways to do more with less - and in an era of financial uncertainty, that may be the only viable path forward.

POLICY AND INSTITUTIONAL APPROACHES TO BUDGET CONSTRAINTS

Universities worldwide have experimented with shared services to manage budget constraints:

- **United States:** Some state legislatures (e.g., California, Texas) encourage consolidation by offering incentives, though strict oversight in other states can slow progress.
- **United Kingdom:** The UK took a more proactive approach over a decade ago, supporting shared service centers to cut costs while preserving institutional autonomy.
- **Australia:** Cross-institutional agreements enable cost-sharing in non-academic areas, creating economies of scale where budgets are tight.

However, **rigid funding models and bureaucratic red tape can still hinder shared services** in each of these regions. Even when cost-cutting measures show promise, administrators often struggle to move funds across departments or institutions. This underscores the role of government policy in shaping an institution's capacity for internal reforms.

In the current U.S. landscape, several public systems are taking more decisive steps. Pennsylvania, for instance, approved consolidating six public universities into two integrated institutions, aiming for substantial savings by unifying administrative functions. Meanwhile, the California State University system recently launched a multi-campus collaboration initiative, pooling resources in procurement, IT security, and benefits to reduce overhead.

Recent developments also highlight the urgency of cost-saving reforms. A March 2025 New York Times report describes how universities like the University of Pennsylvania and the University of Louisville have enacted hiring freezes or reduced Ph.D. admissions in response to looming federal budget cuts. **Some departments at Penn even rescinded offers to incoming doctoral students** - a stark reminder that, in times of funding uncertainty, institutions must move quickly to contain costs. This climate of rapid change underscores why many colleges embrace shared services: by streamlining administrative structures, they can better insulate core academic programs from sudden financial shocks.

> **The most adaptable universities are not waiting for policymakers to dictate financial reforms. Instead, they are actively engaging with government agencies, advocating for policy changes that support operational efficiency.**

They recognize that long-term financial sustainability requires both internal innovation and external cooperation - and in a time of shrinking resources, universities that master this balancing act will be best positioned for the future.

Universities grappling with budget shortfalls face mounting pressure to cut costs without undermining core services. As this article demonstrates, the strategic use of shared services can help institutions do more with less - by streamlining administrative functions, leveraging data-driven financial models, and advocating for supportive policies. While challenges remain, **institutions that embrace transparency, phased implementation, and cross-functional collaboration stand the best chance of thriving despite economic constraints.**

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