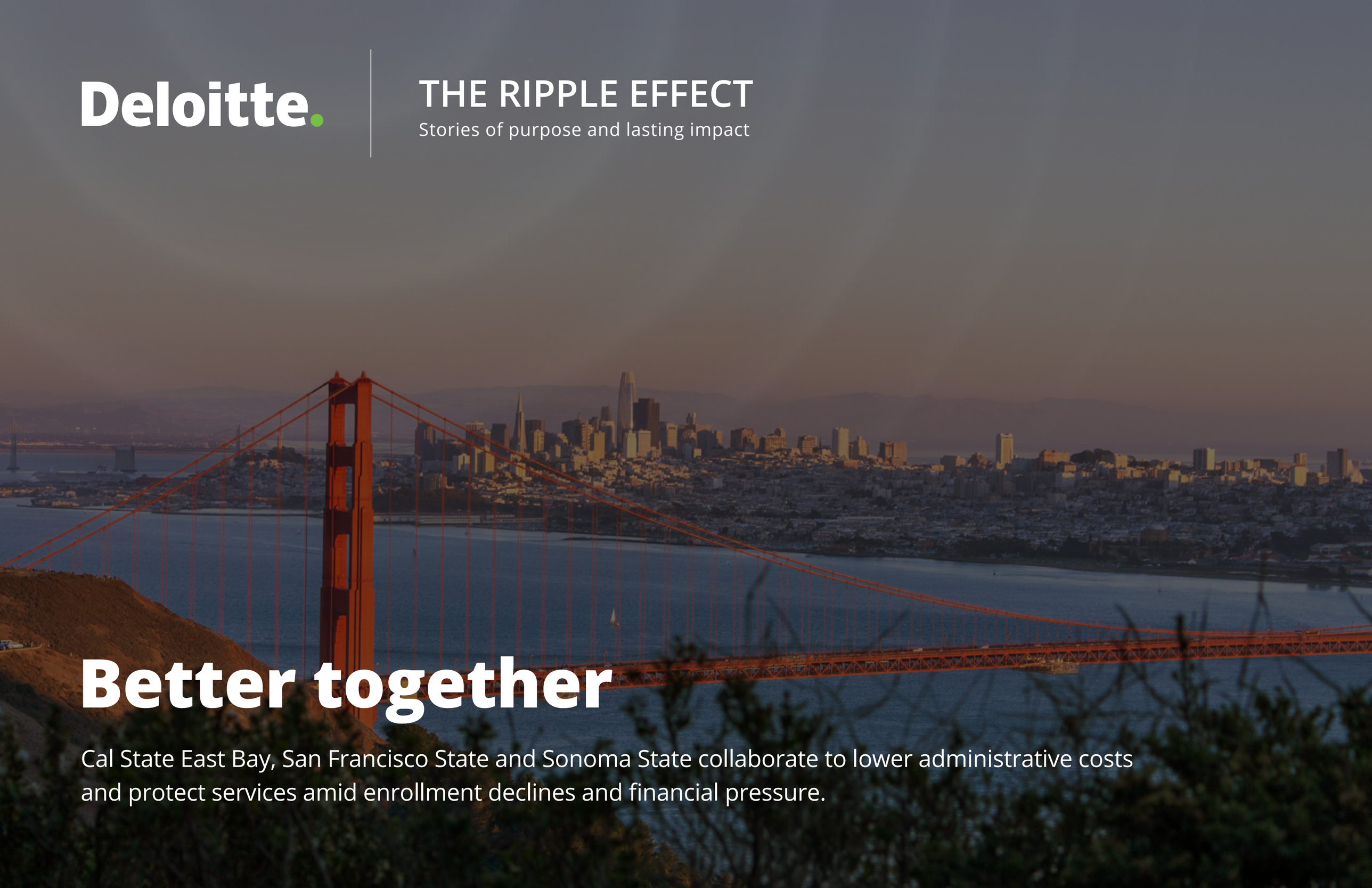
Deloitte.

THE RIPPLE EFFECT

Stories of purpose and lasting impact



Better together

Cal State East Bay, San Francisco State and Sonoma State collaborate to lower administrative costs and protect services amid enrollment declines and financial pressure.

CALIFORNIA, THE MOST POPULOUS STATE IN THE NATION, IS **PROJECTED TO LOSE MORE THAN 800,000 K-12 STUDENTS BY 2045.**

THE SITUATION

The public higher education industry across the United States has been grappling with persistent financial challenges, driven by declining student enrollment, shrinking funding and rising operating costs. Despite an increase in 2025, enrollment in public colleges and universities is still below pre-pandemic levels, and total education revenue dropped 1.9% from 2024, the third consecutive year of decline.[1]

To address rising costs, many institutions in the past implemented measures such as administrative hiring freezes, delayed investments, and gradual budget reductions.[2] While these strategies provide temporary relief, they may not address the root causes of financial challenges and, if not effectively planned and implemented, could result in compromising quality of services that support students, staff, and faculty in the long run. As an industry, colleges and universities have urgently acknowledged the need to make structural changes to realign their costs with the new funding and revenue realities of higher education.[3]

Three campuses of the California State University (CSU) system in the San Francisco Bay Area—California State University, East Bay (CSUEB), San Francisco State University (SFSU), and Sonoma State University (SSU)—have been affected by these trend lines. For example, San Francisco State saw its student body drop from over 30,000 in 2015 to approximately 20,000 in 2025, a nearly 30% decline, while Cal State East Bay experienced a 30% reduction in enrollment over the same period. Sonoma State encountered the most significant contraction, losing nearly 40% of its students, resulting in reductions to programs that support the mission of the institution.[4]

These campuses are not alone. Trends reflect broader statewide and national demographic shifts, which can heavily affect regional public universities that are more dependent on student tuition for revenue. For example, the number of high school graduates in 2025 has peaked, with just under 3.9 million high school graduates in 2025 across the United States, according to the Western Interstate Commission for Higher Education (WICHE).[5] The decline of the overall US birthrate, a drop of about 23% since 2007, according to the CDC's National Center for Health Statistics, is driving this continued demographic slope.[6]

Because of this, the number of high school graduates (the pool of potential college recruits) will decline at least throughout the next decade, although the impacts vary by state. California, the most populous state in the nation, is one of the most impacted by this trend, as it is projected to lose more than 800,000 K-12 students by 2045.

Facing these pressures, universities within the California State University System, like many institutions across the country, are urgently seeking solutions to support long-term survival.



THE SOLVE

In the summer of 2023, the Cal State System, the largest higher education system in the United States, started the Multi-University Collaboration Initiative (“Multi-U”), a broader effort to enhance cost structures and administrative efficiency. Since then, individual university leaders across the system have collaborated on a variety of initiatives focusing on reducing redundancy, improving customer service, and using economies of scale to improve pricing structures.

To follow, SSU, SFSU, and CSUEB approached the Cal State system with an innovative idea to develop a transformative operational model that could consolidate back-office and transactional functions, optimize resources, and deliver substantial cost savings. Leaders wanted nimbleness with a consortium of nearby campuses able to make faster decisions and implement at a deliberate pace. Yet, the initiative also needed to maintain each university’s distinct identity, accreditation, and academic mission while supporting more than 40,000 stakeholders.

The challenge was to design and implement a scalable operating model that would enhance efficiency while fostering collaboration across campuses. This required effective change management and transparent communication to support stakeholders and allow them to feel invested in the adoption of the model and sustained journey of improvement.

The three presidents of CSUEB, SFSU, and SSU in March 2025 committed to the concept. In May 2025, these leaders asked Deloitte to support the design and implementation of the San Francisco Bay Region Network (SFBRN or Network), a new shared operating structure for CSUEB, SFSU, and SSU. And on May 21, 2025 the Board of Trustees of the California State University System approved moving forward.

Collaborating with Deloitte, the three universities planned an approach to deliver results promptly within six months. Working in parallel, multidisciplined teams at Deloitte and the campuses:

- **Designed the operating model:** Working closely with campus leaders, Deloitte and university teams mapped out the network’s operating model, service delivery approach, and organizational structure. The focus was on centralizing internally facing administrative functions, such as Information Technology, Procurement and Accounts Payable, into a single, cost-efficient entity while standardizing critical business processes and service catalogs. This was done by introducing a minimum viable product to be improved continuously, well after the integrations went live.
- **Actively engaged stakeholders and managed change:** The project team prioritized transparent communication, launching a dedicated website with monthly achievement notes, countdown messages and targeted outreach. Changing an organizational chart is straightforward; changing how people identify with their work and their institution is a longer, more difficult process, and one that remains ongoing. Town halls and milestone celebrations, along with business process conversations, fostered cross-campus collaboration and readiness.
- **Implemented and introduced service:** On Jan. 30, 2026, SFBRN officially went live with Phase 1 operations, providing IT, Procurement and Accounts Payable services to over 40,000 stakeholders. In addition, the SFBRN launched a Network Support Center, which operates as a centralized intake and coordination hub, complementing local campus staff, enabling continuity of front-facing support for multiple functional areas.
- **Improved continuously while expanding:** Building on Phase 1 momentum, Deloitte secured a follow-on contract to design and implement subsequent functions, expanding SFBRN services to Human Resources and Accounting and Financial Reporting in Phase 2 (go-live was July 31, 2026) and additional functions in Phase 3 (planned go-live on Jan. 29, 2027). The Network’s guiding principles emphasized alignment of resources with student achievement, challenging the status quo, streamlining and standardizing processes, and maintaining distinct campus identities.
- **Gained consolidation efficiencies:** The consolidation of administrative functions at the three campuses into a single Network has also introduced the potential for significant technology-related savings. Many of the same platforms are used at each of the three universities, with separate contracts existing at each campus. Taking advantage of economies of scale and renegotiating contracts at the Network level is expected to enable a significant reduction in spending on software products. Additionally, redundant systems and contracts can be downsized when a similar solution on another campus is standardized across the Network.

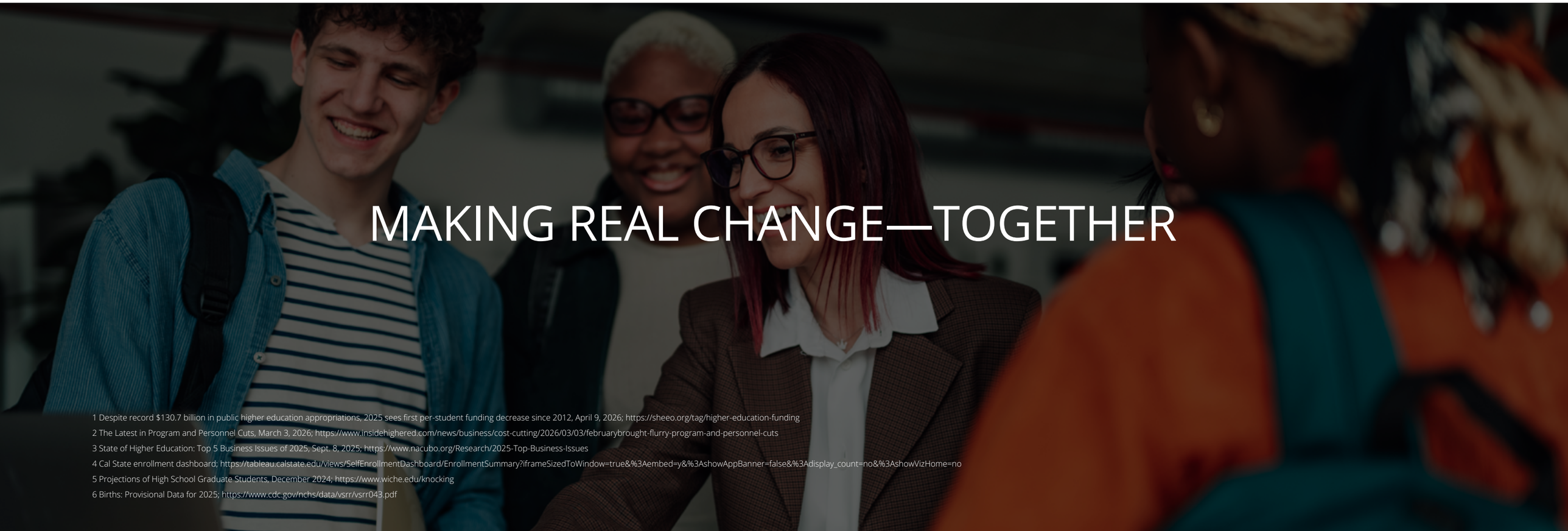
COLLABORATION FOR THE WIN

THE IMPACT

The San Francisco Bay Region Network achieved millions in annual recurring savings within six months of design and launch. This implementation timeframe was swift even by non-higher education standards and rare in the industry. The Network's streamlined structure is projected to deliver further cost savings as operations stabilize and expand. By integrating back-office administrative and transactional operations into a single shared core, SFBRN improved efficiency, reduced duplication, and enhanced resource allocation, while maintaining each university's identity, accreditation, and academic mission.

Workforce reductions were managed primarily through attrition, functional reassignments, and professional growth opportunities, reducing disruption and supporting staff development. The Network's transparent communication and stakeholder engagement fostered trust and buy-in, with design and implementation decisions guided by data and nationwide leading practices.

An early understanding and unity of mission between Deloitte and the Network leadership team enabled a trusted environment of shared workload and swift decision-making. With Phase 1 live, SFBRN entered its next chapter focused on service stabilization, continuous improvement, and laying a strong foundation for future phases. The collaborative approach not only addressed urgent fiscal and demographic challenges but also positioned the universities for long-term operational resilience and student success.



MAKING REAL CHANGE—TOGETHER

1 Despite record $130.7 billion in public higher education appropriations, 2025 sees first per-student funding decrease since 2012, April 9, 2026; https://sheeo.org/tag/higher-education-funding

2 The Latest in Program and Personnel Cuts, March 3, 2026; https://www.insidehighered.com/news/business/cost-cutting/2026/03/03/februarybrought-flurry-program-and-personnel-cuts

3 State of Higher Education: Top 5 Business Issues of 2025, Sept. 8, 2025; https://www.nacubo.org/Research/2025-Top-Business-Issues

4 Cal State enrollment dashboard; https://tableau.calstate.edu/views/SelfEnrollmentDashboard/EnrollmentSummary?iframeSizedToWindow=true&%3Aembed=y&%3AshowAppBanner=false&%3Adisplay_count=no&%3AshowVizHome=no

5 Projections of High School Graduate Students, December 2024; https://www.wiche.edu/knocking

6 Births: Provisional Data for 2025; https://www.cdc.gov/nchs/data/vsrr/vsrr043.pdf

LET'S CONNECT.

Do these challenges sound familiar?



MEGAN CLUVER
Principal, Higher Education
Deloitte Consulting LLP
mcluver@deloitte.com
+1 212 436 3279



SCOTT FRIEDMAN
Principal, Higher Education
Deloitte Consulting LLP
scottfriedman@deloitte.com
+1 267 290 5973

Deloitte.

About this publication

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional adviser.

Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

About Deloitte

As used in this document, "Deloitte" means Deloitte Consulting LLP, a subsidiary of Deloitte LLP. Please see www.deloitte.com/us/about for a detailed description of our legal structure. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2026 Deloitte Development LLC. All rights reserved.