

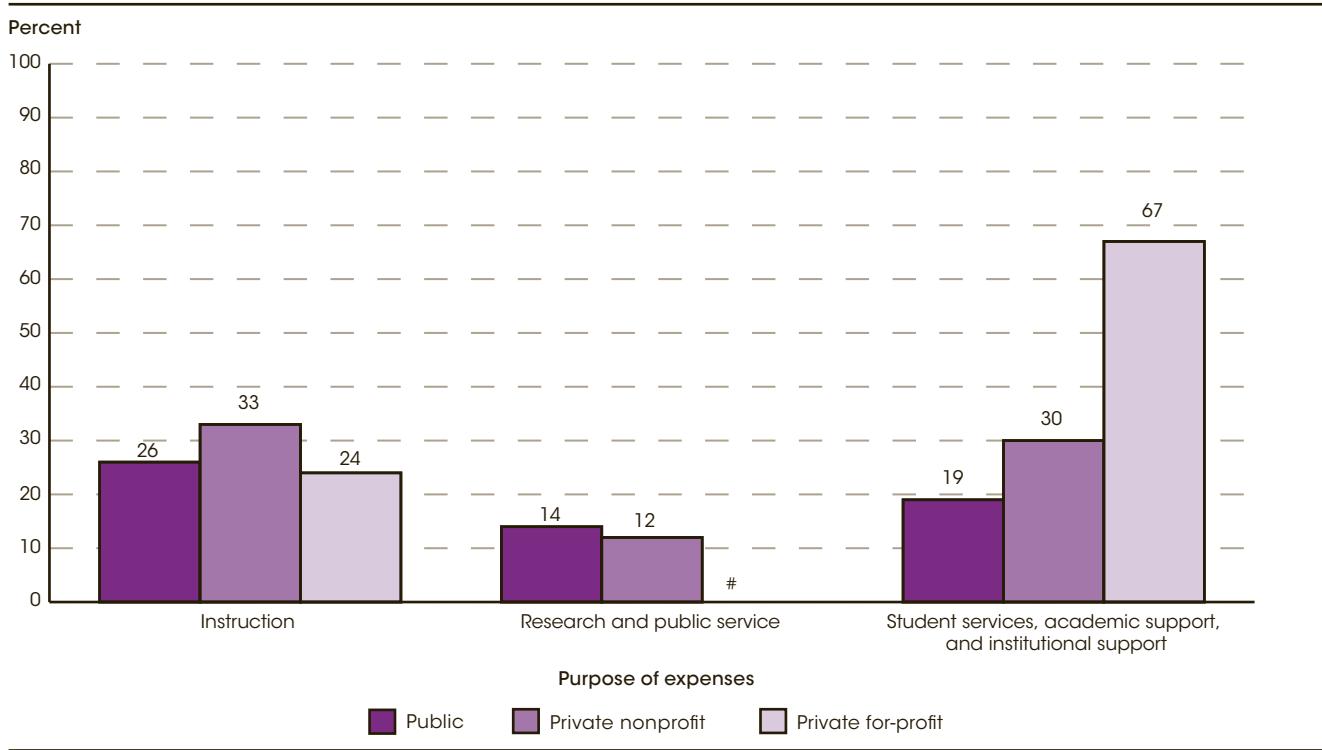
Expenses of Postsecondary Institutions

In 2011–12, instruction expense per full-time-equivalent (FTE) student was \$7,512 (in constant 2012–13 dollars) at public institutions, \$16,015 at private nonprofit institutions, and \$3,542 at private for-profit institutions. Instruction expense was the largest expense category at public and private nonprofit institutions and the second largest expense category at private for-profit institutions.

In 2011–12, more than \$488 billion was spent by postsecondary institutions. Total expenses were \$306 billion (in current dollars) at public postsecondary institutions, \$160 billion at private nonprofit institutions, and \$23 billion at private for-profit institutions. Some

financial data may not be comparable across institutions by control categories because of differences in accounting standards. Comparisons by institutional level (i.e., between 2-year and 4-year institutions) may also be limited because of different institutional missions.

Figure 1. Percentage of total expenses at degree-granting postsecondary institutions, by purpose of expenses and control of institution: 2011–12



Rounds to zero.

NOTE: Degree-granting institutions grant associate's degrees or higher and participate in Title IV federal financial aid programs.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2013, Finance component. See *Digest of Education Statistics 2013*, tables 334.10, 334.30, and 334.50.

Instruction, including faculty salaries and benefits, is the largest expense category at public and private nonprofit postsecondary institutions and the second largest category at private for-profit institutions. At public institutions in 2011–12, some 26 percent of total expenses were spent on instruction, compared with 33 percent at private nonprofit institutions and 24 percent at private for-profit institutions. The largest expense category (67 percent) at private for-profit institutions in that year was student

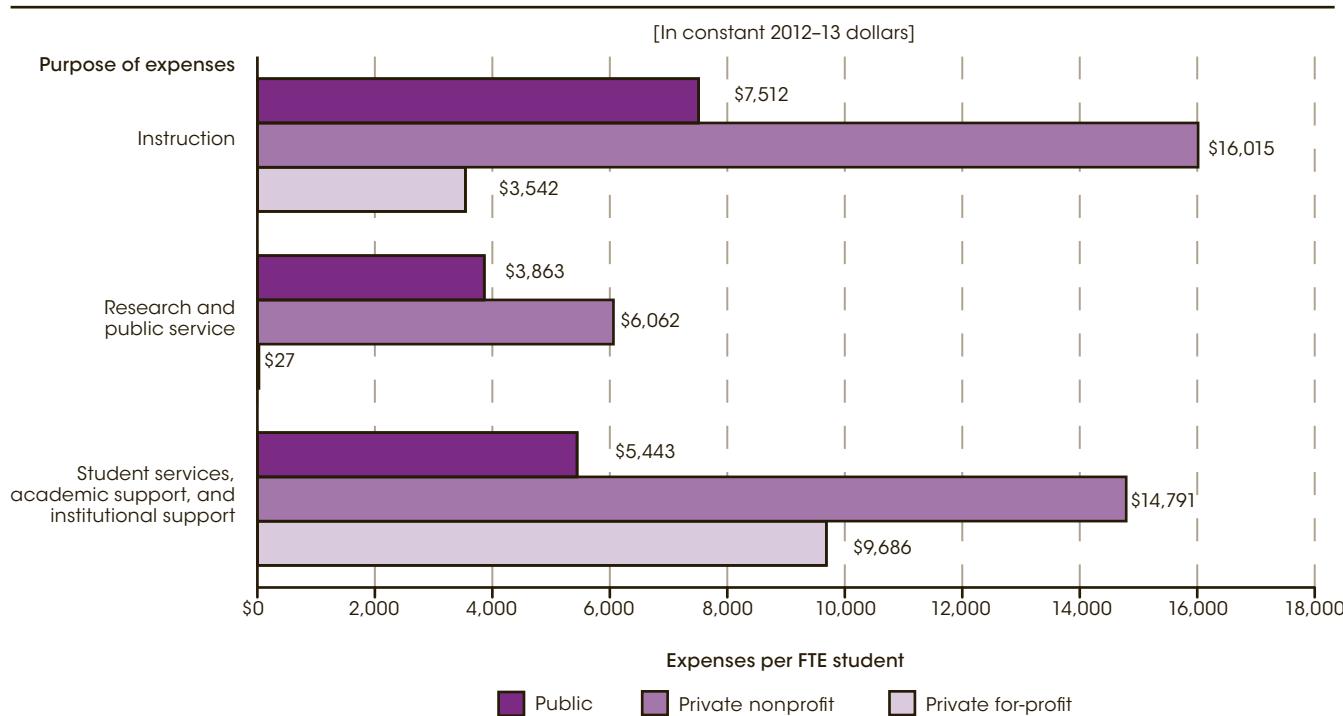
services, academic support, and institutional support, which includes expenses associated with admissions, student activities, libraries, and administrative and executive activities. By comparison, student services, academic support, and institutional support made up 19 percent of total expenses at public institutions and 30 percent of total expenses at private nonprofit institutions. Other relatively large categories at public institutions (i.e., those accounting for 8–10 percent of expenses, not shown

in the figures) were research, hospitals, and institutional support. At private nonprofit institutions, some of the other large categories (i.e., those accounting for 8–13 percent of expenses) were institutional support, research, auxiliary enterprises (i.e., self-supporting operations, such as residence halls), hospitals, academic support, and student services.

In 2011–12, across all levels of postsecondary institutional control, 2-year institutions spent a greater share of their

total expenses on instruction than did 4-year institutions. The percentage of total expenses at public institutions for instruction was 35 percent at 2-year institutions, compared with 25 percent at 4-year institutions. At private nonprofit institutions, instruction accounted for 35 percent of total expenses at 2-year institutions and 33 percent at 4-year institutions; at private for-profit institutions, the percentages of total expenses for instruction at 2-year and 4-year institutions were 30 and 23 percent, respectively.

Figure 2. Expenses per full-time-equivalent (FTE) student at degree-granting postsecondary institutions, by purpose of expenses and control of institution: 2011–12



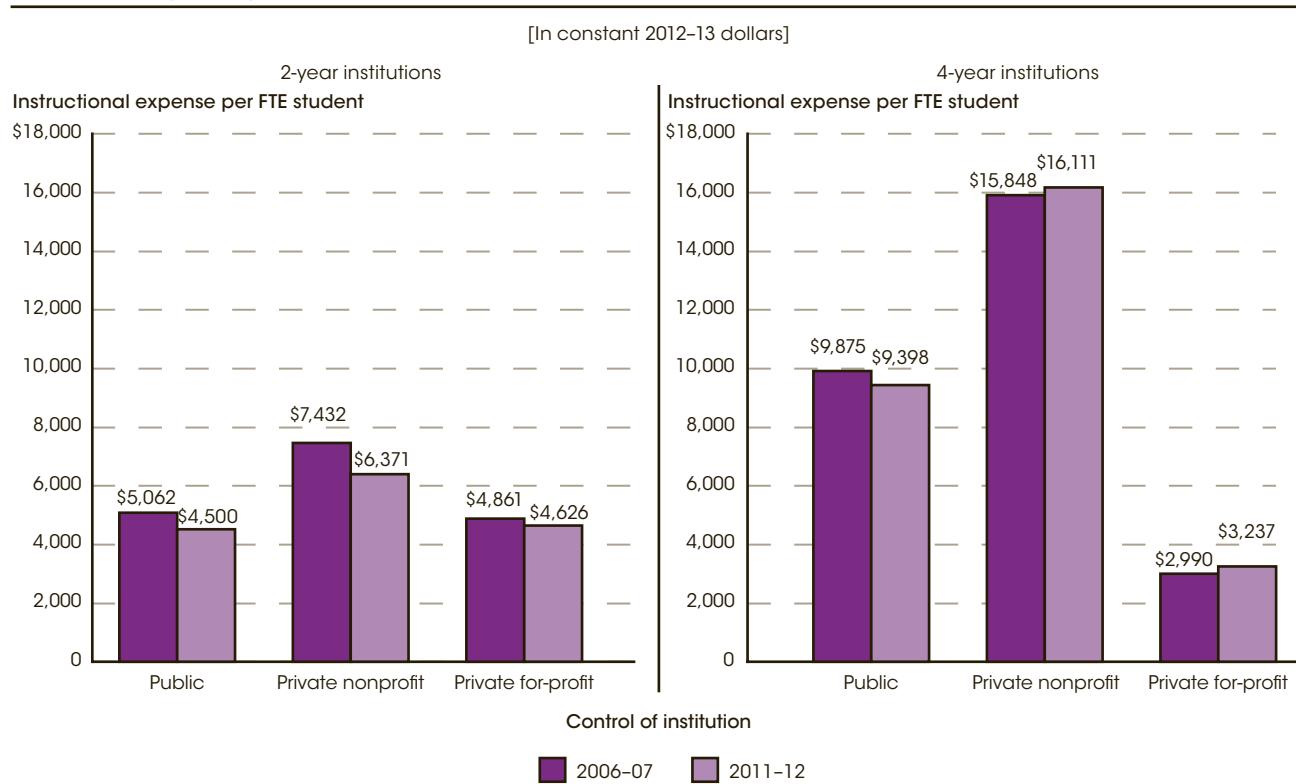
NOTE: Degree-granting institutions grant associate's degrees or higher and participate in Title IV federal financial aid programs. Full-time-equivalent (FTE) students include full-time students plus the full-time equivalent of part-time students. Expenses per FTE student are reported in constant 2012–13 dollars, based on the Consumer Price Index (CPI).

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2012, Enrollment component; and Spring 2013, Finance component. See *Digest of Education Statistics 2013*, tables 334.10, 334.30, and 334.50.

In 2011–12, total expenses per full-time-equivalent (FTE) student were much higher at private nonprofit postsecondary institutions (\$49,036) than at public institutions (\$28,371) and private for-profit institutions (\$14,545). Expenses per FTE student are reported in constant 2012–13 dollars, based on the Consumer Price Index (CPI). Private nonprofit institutions spent more than twice as much per student on instruction (\$16,015) than did public institutions (\$7,512). A similar pattern was found for most other expense classifications, such as student services, academic support, and institutional support (a total of \$14,791 for private nonprofit

institutions vs. \$5,443 for public institutions). Expenses per FTE student for public services, such as expenses for public broadcasting and community services, were an exception to this pattern, with public institutions spending more than private nonprofit institutions (\$1,109 vs. \$716). Expenses per student for instruction were more than twice as high at public institutions as at private for-profit institutions (\$7,512 vs. \$3,542), but expenses per student for student services, academic support, and institutional support were higher at private for-profit institutions (\$9,686) than at public institutions (\$5,443).

Figure 3. Instructional expenses per full-time-equivalent (FTE) student for instruction at 2-year and 4-year degree-granting postsecondary institutions, by control of institution: 2006–07 and 2011–12



NOTE: Degree-granting institutions grant associate's degrees or higher and participate in Title IV federal financial aid programs. Full-time-equivalent (FTE) students include full-time students plus the full-time equivalent of part-time students. Expenses per FTE student are reported in constant 2012–13 dollars, based on the Consumer Price Index (CPI).

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2007 and Spring 2012, Enrollment component; and Spring 2008 and Spring 2013, Finance component. See *Digest of Education Statistics 2013*, tables 334.10, 334.30, and 334.50.

Expenses per FTE student for instruction, after adjusting for inflation, have shown varying patterns of change between 2006–07 and 2011–12 at the different postsecondary institution types. At public 4-year institutions, instruction expenses per FTE student were 5 percent lower in 2011–12 (\$9,398) than they were in 2006–07 (\$9,875); at public 2-year institutions, these expenses were 11 percent lower in 2011–12 (\$4,500) than

in 2006–07 (\$5,062). At private nonprofit institutions, instruction expenses per FTE student increased by 2 percent at 4-year institutions but decreased by 14 percent at 2-year institutions. At private for-profit institutions, expenses per FTE student for instruction in 2011–12 were 8 percent higher than they were in 2006–07 for 4-year institutions (\$3,237 vs. \$2,990) and 5 percent lower for 2-year institutions (\$4,626 vs. \$4,861).

Reference tables: *Digest of Education Statistics 2013*, tables 334.10, 334.30, and 334.50

Glossary: Consumer Price Index (CPI), Full-time-equivalent (FTE) enrollment, Private institution, Public school or institution, Revenue, Tuition and fees