

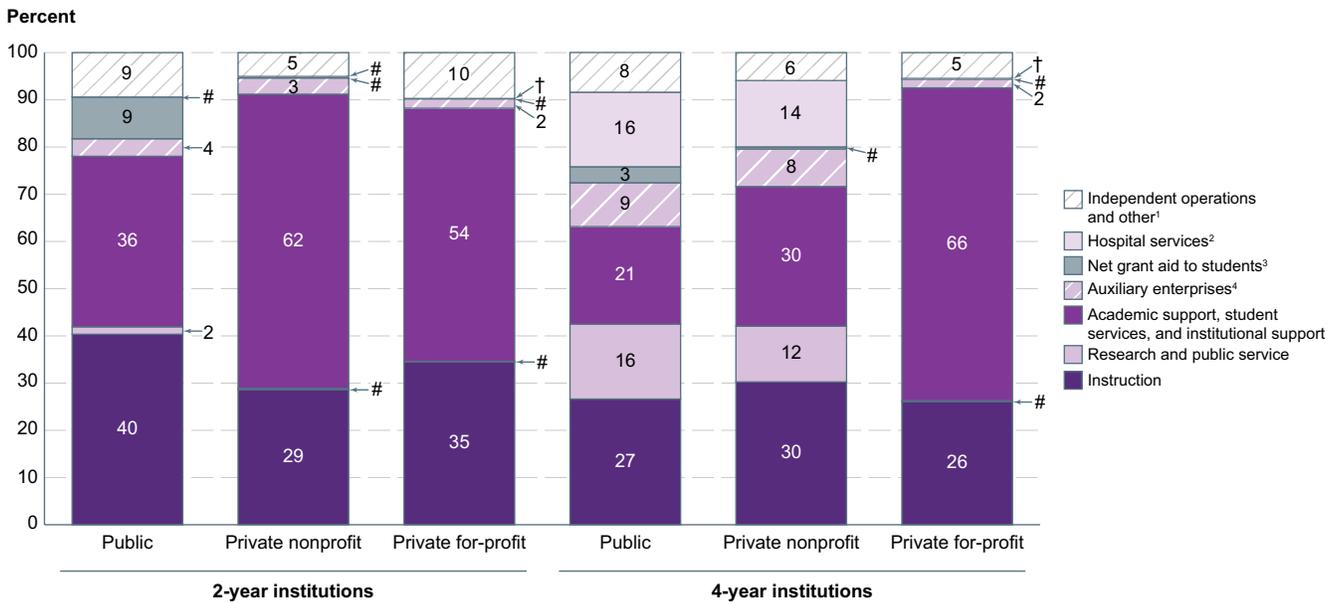
Postsecondary Institution Expenses

In 2018–19, instruction expenses per full-time-equivalent (FTE) student (in constant 2019–20 dollars) was the largest expense category at public 2-year (40 percent), public 4-year (27 percent), and private nonprofit 4-year (30 percent) degree-granting postsecondary institutions. At private nonprofit 2-year (62 percent), private for-profit 2-year (54 percent), and private for-profit 4-year (66 percent) institutions, the combined category of academic support, student services, and institutional support expenses was the largest category of expenses per FTE student.

In 2018-19, degree-granting postsecondary institutions in the United States¹ spent \$632 billion (in current dollars). Total expenses were \$401 billion at public institutions, \$219 billion at private nonprofit institutions, and \$12 billion at private for-profit institutions. Some data may not be comparable across institutions by control categories (i.e., public, private nonprofit, and private for-profit) 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. The missions of 2-year institutions generally focus on providing student instruction and related activities through a range of career-oriented programs at the certificate and associate's degree levels

and preparing students to transfer to 4-year institutions. Four-year institutions tend to have a broad range of instructional programs at the undergraduate level, leading to bachelor's degrees, and many offer graduate-level programs as well. Research activities, on-campus student housing, teaching hospitals, and auxiliary enterprises² can also have a substantial impact on the financial structure of 4-year institutions. In this indicator, expenses are grouped into the following broad categories: instruction; research and public service; academic support, student services, and institutional support; auxiliary enterprises; net grant aid to students;³ hospital services;⁴ and independent operations and other.⁵

Figure 1. Percentage distribution of total expenses for degree-granting postsecondary institutions, by level and control of institution and expense categories: 2018–19



† Not applicable.
Rounds to zero.
1 For private for-profit institutions, expenses associated with hospital services are included in the “other” category. Expenses for independent operations are not applicable for for-profit institutions.
2 Expenses associated with a hospital operated by the postsecondary institution and reported as a part of the institution; include nursing expenses, other professional services, general services, administrative services, and fiscal services as well as information technology expenses, actual or allocated costs for operation and maintenance of plant, interest, and depreciation related to hospital capital assets.
3 For public institutions, net grant aid to students includes scholarship and fellowship expenses, net of discounts and allowances. Excludes the amount of discounts and allowances that were recorded as a reduction to revenues from tuition, fees, and auxiliary enterprises, such as room, board, and books. For private nonprofit and private for-profit institutions, excludes tuition, fees, and auxiliary enterprise allowances and agency transactions, such as student awards made from contributed funds or grant funds. These exclusions account for the majority of total student grants.
4 Auxiliary enterprises, such as residence halls and food services, are essentially self-supporting operations of institutions that furnish a service to students, faculty, or staff.
NOTE: Data are for the 50 states and the District of Columbia. Degree-granting institutions grant associate’s or higher degrees and participate in Title IV federal financial aid programs. Although rounded numbers are displayed, the figures are based on unrounded data. Detail may not sum to totals because of rounding.
SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2020, Finance component. See *Digest of Education Statistics 2020*, tables 334.10, 334.30, and 334.50.

Instruction, including faculty salaries and benefits, was the largest single expense category at public 2-year (40 percent), public 4-year (27 percent), and private nonprofit 4-year (30 percent)⁶ degree-granting postsecondary institutions in 2018-19. At private nonprofit 2-year institutions and private for-profit 2- and 4-year institutions, the largest expense category was the combined category of academic support, student services, and institutional support, which includes expenses associated with noninstructional activities, such as admissions, student activities, libraries, and administrative and executive activities. These combined expenses constituted 62 percent of total expenses at private nonprofit 2-year institutions, 54 percent of total expenses at private for-profit 2-year institutions, and 66 percent of total expenses at private for-profit 4-year institutions.

In 2018-19, combined expenses for research and public service (such as expenses for public broadcasting and community services) constituted 16 percent of total expenses at public 4-year institutions and 12 percent of total expenses at private nonprofit 4-year institutions.

Combined expenses for research and public service were 2 percent of total expenses at public 2-year institutions and less than one-half of 1 percent of total expenses at private nonprofit 2-year institutions, private for-profit 2-year institutions, and private for-profit 4-year institutions.

In 2018-19, expenses for auxiliary enterprises ranged from 2 percent of total expenses at private for-profit 2- and 4-year institutions to 9 percent at public 4-year institutions. Net grant aid to students constituted 9 percent of total expenses at public 2-year institutions and 3 percent of total expenses at public 4-year institutions. Net grant aid to students was less than one-half of 1 percent of total expenses for all other categories of institutional control and level. Expenses associated with hospital services were 16 percent of total expenses at public 4-year institutions and 14 percent of total expenses at private nonprofit 4-year institutions. Expenses associated with hospital services were zero percent at both public and private nonprofit 2-year institutions. For private for-profit institutions, expenses associated with hospital services are included in the “other” category.

Figure 2. Expenses per full-time-equivalent (FTE) student at 4-year degree-granting postsecondary institutions, by control of institution and expense categories: 2018–19



† Not applicable.

¹ For private for-profit institutions, expenses associated with hospital services are included in the “other” category. Expenses for independent operations are not applicable for for-profit institutions.

² Expenses associated with a hospital operated by the postsecondary institution and reported as a part of the institution; include nursing expenses, other professional services, general services, administrative services, and fiscal services as well as information technology expenses, actual or allocated costs for operation and maintenance of plant, interest, and depreciation related to hospital capital assets.

³ For public institutions, net grant aid to students includes scholarship and fellowship expenses, net of discounts and allowances. Excludes the amount of discounts and allowances that were recorded as a reduction to revenues from tuition, fees, and auxiliary enterprises, such as room, board, and books. For private nonprofit and private for-profit institutions, excludes tuition, fees, and auxiliary enterprise allowances and agency transactions, such as student awards made from contributed funds or grant funds. These exclusions account for the majority of total student grants.

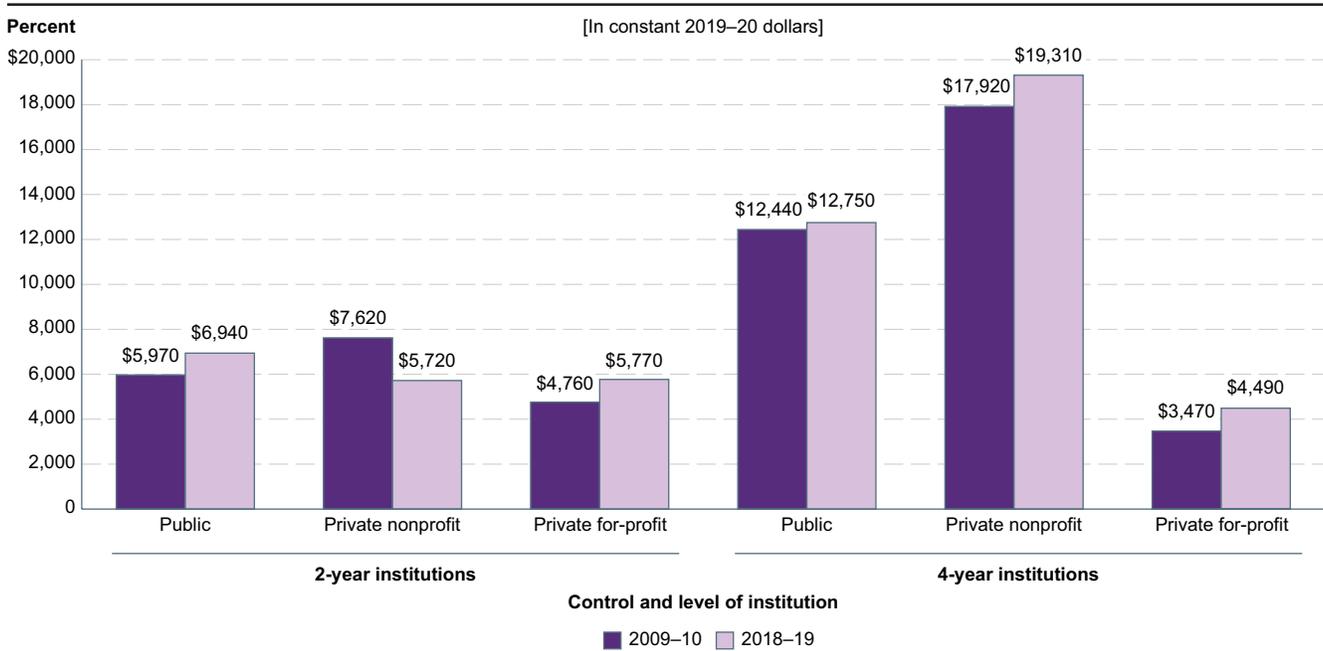
⁴ Auxiliary enterprises, such as residence halls and food services, are essentially self-supporting operations of institutions that furnish a service to students, faculty, or staff. NOTE: Data are for the 50 states and the District of Columbia. Full-time-equivalent (FTE) students include full-time students plus the full-time equivalent of part-time students. Expenses per FTE student in this indicator are adjusted for inflation using constant 2019–20 dollars, based on the Consumer Price Index (CPI), prepared by the Bureau of Labor Statistics, U.S. Department of Labor, adjusted to a school-year basis. Degree-granting institutions grant associate’s or higher degrees and participate in Title IV federal financial aid programs. Detail may not sum to totals because of rounding.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2020, Finance component; and Spring 2019, Fall Enrollment component. See *Digest of Education Statistics 2020*, tables 334.10, 334.30, and 334.50.

In 2018-19, total expenses per full-time-equivalent (FTE) student⁷ at degree-granting postsecondary institutions were higher at private nonprofit 4-year institutions (\$63,830) than at public 4-year institutions (\$47,890) and private for-profit 4-year institutions (\$17,190). For instruction expenses, private nonprofit 4-year institutions spent 51 percent more per FTE student (\$19,310) than did public 4-year institutions (\$12,750) and 330 percent more than did private for-profit 4-year institutions (\$4,490). Similarly, for the combined category of academic support,

student services, and institutional support, private nonprofit 4-year institutions spent 91 percent more per FTE student (\$18,880) than did public 4-year institutions (\$9,890) and 66 percent more than did private for-profit 4-year institutions (\$11,380). Expenses per FTE student for the combined category of research and public service were much higher at public 4-year institutions (\$7,600) and private nonprofit 4-year institutions (\$7,540) than at private for-profit 4-year institutions (\$40).

Figure 3. Instruction expenses per full-time-equivalent (FTE) student at degree-granting postsecondary institutions, by level and control of institution: 2009–10 and 2018–19



NOTE: Data are for the 50 states and the District of Columbia. Full-time-equivalent (FTE) students include full-time students plus the full-time equivalent of part-time students. Expenses per FTE student in this indicator are adjusted for inflation using constant 2019–20 dollars, based on the Consumer Price Index (CPI), prepared by the Bureau of Labor Statistics, U.S. Department of Labor, adjusted to a school-year basis. Degree-granting institutions grant associate’s or higher degrees 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 2011 and Spring 2020, Finance component; and Spring 2010 and Spring 2019, Fall Enrollment component. See *Digest of Education Statistics 2020*, tables 334.10, 334.30, and 334.50.

Between 2009–10 and 2018–19, the percentage change in inflation-adjusted instruction expenses per FTE student at degree-granting postsecondary institutions varied by control and level of institution. Among 2-year institutions, instruction expenses per FTE student were 16 percent higher in 2018–19 than in 2009–10 at public institutions (\$6,940 vs. \$5,970) and 21 percent higher at private for-profit institutions (\$5,770 vs. \$4,760). In contrast, at private nonprofit 2-year institutions, instruction expenses

per FTE student were 25 percent lower in 2018–19 than in 2009–10 (\$5,720 vs. \$7,620). Among 4-year institutions, instruction expenses per FTE student were 2 percent higher in 2018–19 than in 2009–10 at public institutions (\$12,750 vs. \$12,440), 8 percent higher in 2018–19 than in 2009–10 at private nonprofit institutions (\$19,310 vs. \$17,920), and 29 percent higher in 2018–19 than in 2009–10 at private for-profit institutions (\$4,490 vs. \$3,470).

Endnotes:

¹ Data in this indicator represent the 50 states and the District of Columbia.

² Auxiliary enterprises, such as residence halls and food services, are essentially self-supporting operations of institutions that furnish a service to students, faculty, or staff.

³ For public institutions, net grant aid to students includes scholarship and fellowship expenses, net of discounts and allowances. Excludes the amount of discounts and allowances that were recorded as a reduction to revenues from tuition, fees, and auxiliary enterprises, such as room, board, and books. For private nonprofit and private for-profit institutions, excludes tuition, fees, and auxiliary enterprise allowances and agency transactions, such as student awards made from contributed funds or grant funds. These exclusions account for the majority of total student grants.

⁴ Expenses associated with a hospital operated by the postsecondary institution and reported as a part of the institution; include nursing expenses, other professional services,

general services, administrative services, and fiscal services as well as information technology expenses, actual or allocated costs for operation and maintenance of plant, interest, and depreciation related to hospital capital assets.

⁵ For private for-profit institutions, expenses associated with hospital services are included in the “other” category. Expenses for independent operations are not applicable for for-profit institutions.

⁶ Although both instructional expenses and the combined expenses for academic support, student services, and institutional support categories constituted 30 percent of total expenses at private nonprofit 4-year institutions, instructional expenses were slightly higher.

⁷ Expenses per FTE student in this indicator are adjusted for inflation using constant 2019-20 dollars, based on the Consumer Price Index (CPI), prepared by the Bureau of Labor Statistics, U.S. Department of Labor, adjusted to a school-year basis.

Reference tables: *Digest of Education Statistics 2020*, tables 334.10, 334.30, and 334.50

Related indicators and resources: [Education Expenditures by Country](#); [Postsecondary Institution Revenues](#)

Glossary: Constant dollars; Consumer Price Index (CPI); Control of institutions; Full-time-equivalent (FTE) enrollment; Postsecondary education; Postsecondary institutions (basic classification by level); Private institution; Public school or institution