Postsecondary Institution Expenses

Overall, total expenses in constant 2020–21 dollars for U.S. postsecondary institutions in 2019–20 were 2 percent higher than in 2018–19 ($671 billion vs. $657 billion), which was similar to the difference between 2018–19 and 2017–18 ($657 billion vs. $642 billion).

In 2019-20, U.S.° degree-granting postsecondary institutions spent $671 billion (in constant 2020-21 dollars). Total expenses were $430 billion at public institutions, $228 billion at private nonprofit institutions, and $13 billion at private for-profit institutions. These data include any changes in expenses that may have occurred due to the coronavirus pandemic in the spring of 2020. For instance, disruptions to on-campus housing early in the pandemic or demands on hospital services could impact these data. Overall, total expenses for postsecondary institutions in the United States in 2019-20 were 2 percent higher than in 2018-19 ($671 billion vs. $657 billion), which was similar to the difference between 2018-19 and 2017-18 ($657 billion vs. $642 billion).

Some data on postsecondary expenses 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 level of institution (i.e., between 2-year and 4-year institutions) may also be limited because of different institutional missions. Two-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 enterprises 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; hospital services; independent operations; and other.
In 2019-20, total expenses per full-time-equivalent (FTE) student at degree-granting postsecondary institutions were higher at private nonprofit 4-year institutions ($65,190) than at public 4-year institutions ($50,460) and private for-profit 4-year institutions ($17,140). Similarly, among 2-year institutions, total expenses per FTE student were higher at private nonprofit institutions ($26,200) than at public institutions ($17,950) and private for-profit institutions ($16,210).
The percentage distribution of postsecondary institution expenses in 2019-20 was similar to 2018-19, the year before the coronavirus pandemic began. In 2018-19 and 2019-20, instruction expenses were the largest single expense category at private nonprofit institutions (30 percent) and public institutions (28 percent in 2018-19 and 27 percent in 2019-20). At private for-profit institutions, the largest expense category was the combined category of academic support, student services, and institutional support, which constituted 64 percent in 2018-19 and 65 percent in 2019-20.
Instruction, including faculty salaries and benefits, was the largest single expense category at public 2-year, private nonprofit 4-year, and public 4-year degree-granting postsecondary institutions in 2019-20. Instruction expenses made up 39 percent of total expenses (or $6,980 per FTE student) at public 2-year institutions, 30 percent of total expenses (or $19,670 per FTE student) at private nonprofit 4-year institutions, and 26 percent of total expenses (or $13,030 per FTE student) at public 4-year institutions. At private for-profit 4-year institutions and private nonprofit and for-profit 2-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 made up 67 percent of total expenses (or $11,540 per FTE student) at private for-profit 4-year institutions, 62 percent of total expenses (or $16,340 per FTE student) at private nonprofit 2-year institutions, and 54 percent of total expenses (or $8,760 per FTE student) at private for-profit 2-year institutions.

In 2019-20, combined expenses for research and public service (such as expenses for public broadcasting and community services) made up 16 percent of total expenses (or $7,890 per FTE student) at public 4-year institutions and 12 percent of total expenses (or $7,740 per FTE student) at private nonprofit 4-year institutions. Combined expenses for research and public service were 1 percent of total expenses (or $260 per FTE student) 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 4-year institutions, and private for-profit 2-year institutions (or $70, $40, and $10 per FTE student, respectively).

In 2019-20, expenses for auxiliary enterprises ranged from 1 percent of total expenses (or $230 per FTE student) at private for-profit 2-year institutions to 8 percent (or $4,280 per FTE student) at public 4-year institutions. Net grant aid to students made up 10 percent of total expenses (or $1,770 per FTE student) at public 2-year institutions and 4 percent of total expenses (or $1,990 per FTE student) at public 4-year institutions. Net grant aid to students was less than one-half of 1 percent of total expenses for private nonprofit institutions at the 2- and 4-year levels as well as private for-profit institutions at the 2- and 4-year levels. Expenses associated with hospital services were 16 percent of total expenses (or $8,180 per FTE student) at public 4-year institutions and 15 percent of total expenses (or $9,580 per FTE student) 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.
Between 2009–10 and 2019–20, the percentage change in inflation-adjusted instruction expenses per FTE student at degree-granting postsecondary institutions varied by control and level of institution. Over this period, instruction expenses per FTE student increased by 16 percent (from $4,870 to $5,640) at private for-profit 2-year institutions and by 14 percent (from $6,110 to $6,980) at public 2-year institutions. Compared with 2009-10, instruction expenses per FTE student were 6 percent lower in 2019–20 ($7,790 vs. $7,360) at public 2-year institutions. Among 4-year institutions, over this period, instruction expenses per FTE student increased by 7 percent (from $18,330 to $19,670) at private nonprofit 2-year institutions and by 2 percent (from $12,730 to $13,030) at public institutions. Compared with 2009-10, instruction expenses per FTE student were 27 percent higher in 2019-20 ($3,550 vs. $4,520) at private for-profit institutions, although there was no consistent pattern of change throughout the period.

Reported expenses were impacted by disruptions to education during the coronavirus pandemic in 2019-2020. Compared with the prior year, instruction expenses were generally lower in 2019-20, ranging from less than 1 percent lower in public 4-year and private nonprofit 4-year institutions to 4 percent lower in private for-profit 2-year institutions. In contrast, instruction expenses at private nonprofit 2-year institutions were 26 percent higher in 2019-20 than in 2018-19, although expenses at these institutions were still lower than in 2009-10.
Endnotes:
1 Data in this indicator represent the 50 states and the District of Columbia.
2 Expenses in this indicator are adjusted for inflation using constant 2020–21 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.
3 According to the 2019–20 National Postsecondary Student Aid Study (NPSAS:20), 27.5 percent of undergraduates experienced housing disruption or change, including 22.0 percent who moved back to their permanent address in spring 2020.
4 Auxiliary enterprises, are essentially self-supporting operations of institutions that furnish a service to students, faculty, or staff, such as residence halls and food services.
5 Expenses related to colleges, schools, departments, and other instructional divisions of the institution and expenses for departmental research and public service that are not separately budgeted. Includes expenses for both credit and noncredit activities. Excludes expenses for academic administration where the primary function is administration.
6 “Research” includes activities specifically organized to produce research outcomes and commissioned by an agency either external to the institution or separately budgeted by an organizational unit within the institution. “Public service” includes activities established primarily to provide noninstructional services beneficial to individuals and groups external to the institution. Includes expenses for community services, cooperative extension services, and public broadcasting services.
7 “Academic support” includes activities and services that support the institution's primary mission of instruction, research, and public service. “Student services” includes admissions, registrar activities, and activities whose primary purpose is to contribute to students’ emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program. Intercollegiate athletics and student health services may also be included except when operated as self-supporting auxiliary enterprises. “Institutional support” includes expenses for the day-to-day operational support of the institution.
8 For public institutions, net grant aid to students includes scholarship and fellowship expenses, net of discounts and allowances. It 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.
9 Expenses associated with a hospital operated by the postsecondary institution and reported as a part of the institution. They include nursing expenses, other professional services, general services, administrative services, and fiscal services.
10 Independent operations are expenses associated with operations that are independent of or unrelated to the primary mission of the institution, although they may contribute indirectly to the enhancement of these programs. This category is generally limited to expenses of a major federally funded research and development center. Expenses related to operations owned and managed as investments of the institution’s endowment funds are excluded. Expenses for independent operations are not applicable for for-profit institutions.
11 Other expenses are the sum of operating and nonoperating expenses not classified as salaries and wages, benefits, operation and maintenance of plant, interest, or depreciation. For private for-profit institutions, expenses associated with hospital services are included in the “other” category.

Reference tables: Digest of Education Statistics 2021, 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