

Postsecondary Institution Expenses

Overall, total expenses in constant 2021–22 dollars for U.S. postsecondary institutions were 2 percent lower in 2020–21 than in 2019–20 (\$702 billion vs. \$719 billion). In contrast, total expenses were 2 percent higher in 2019–20 than in 2018–19 (\$719 billion vs. \$704 billion).

In 2020–21, U.S.¹ degree-granting postsecondary institutions spent \$702 billion (in constant 2021–22 dollars).² Total expenses were

- \$450 billion at public institutions;
- \$239 billion at private nonprofit institutions; and
- \$14 billion at private for-profit institutions.

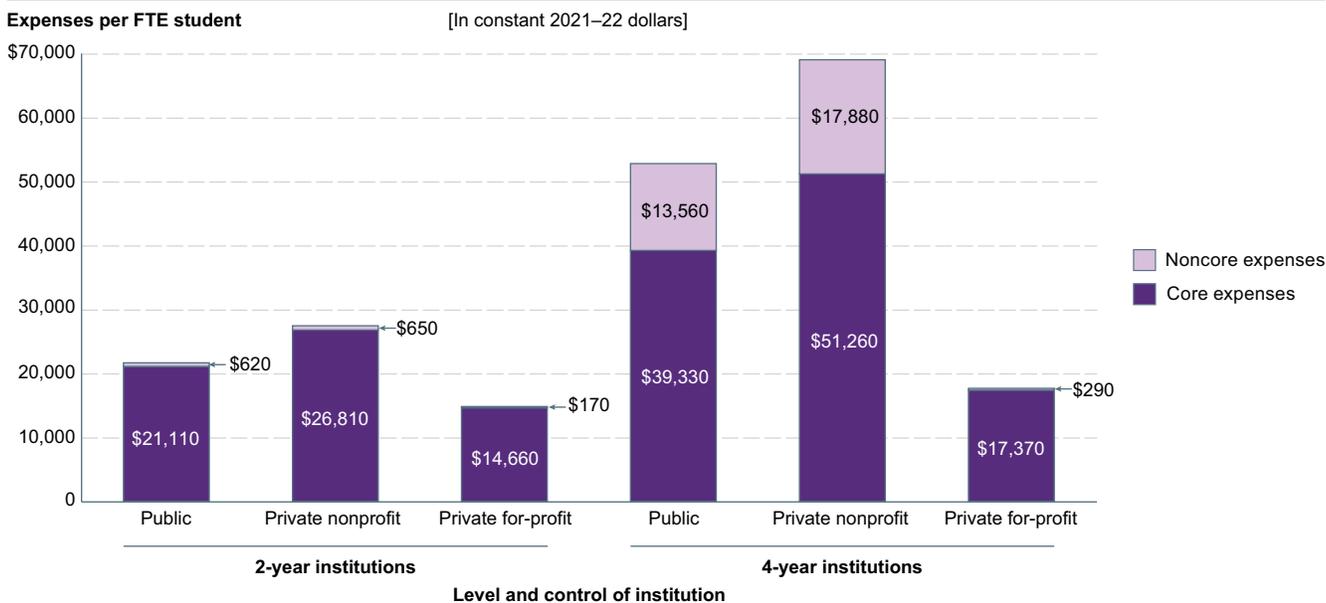
Overall, total expenses for postsecondary institutions in the United States were 2 percent lower in 2020–21 than in 2019–20 (\$702 billion vs. \$719 billion). In contrast, total expenses were 2 percent higher in 2019–20 than in 2018–19 (\$719 billion vs. \$704 billion). These data include changes in expenses that may have occurred related to the coronavirus pandemic, which began in early 2020. For instance, disruptions to on-campus housing early in the pandemic³ and demands on hospital services could have impacted these data.

Caution should be used when comparing data on postsecondary expenses by control categories (i.e., public, private nonprofit, and private for-profit) because of differences in accounting standards, known as the Financial Accounting Standards Board (FASB) for private institutions and the Governmental Accounting Standards

Board (GASB) for public institutions.⁴ When comparing data by level of institution (i.e., between 2-year and 4-year institutions), readers should keep in mind that 2- and 4-year institutions have 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 enterprises⁵ can also have a substantial impact on the financial structure of 4-year institutions. In this indicator, expenses are grouped into core and noncore expenses. Core expenses include the following broad categories: instruction;⁶ research and public service;⁷ academic support, student services, and institutional support;⁸ and other core expenses.⁹ Noncore expenses include auxiliary enterprises; hospital services;¹⁰ and independent operations.¹¹

Total Expenses by Type (Core vs. Noncore)

Figure 1. Total expenses per full-time-equivalent (FTE) student at degree-granting postsecondary institutions, by level and control of institution and expense type: Fiscal year 2020–21



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. In this figure, expenses are grouped into core and noncore expenses. Core expenses include the following broad categories: instruction; research and public service; academic support, student services, and institutional support; and other core expenses. Noncore expenses include auxiliary enterprises; hospital services; and independent operations. For private for-profit institutions, expenses associated with hospital services are included in the “other expenses” category. Expenses for independent operations are not applicable for for-profit institutions. Expenses per FTE student in this figure are adjusted for inflation using constant 2021–22 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 2022, Finance component; and Spring 2021, Fall Enrollment component. See *Digest of Education Statistics 2022*, tables 334.10, 334.30, and 334.50.

In 2020–21, total expenses per full-time-equivalent (FTE) student at degree-granting postsecondary institutions were higher at private nonprofit 4-year institutions (\$69,150) than at public 4-year institutions (\$52,900) and private for-profit 4-year institutions (\$17,660). Similarly, among 2-year institutions, total expenses per FTE student were higher at private nonprofit institutions (\$27,460) than at public institutions (\$21,730) and private for-profit institutions (\$14,830).

In 2020–21, total expenses at institutions of all levels and control types were driven primarily by core expenses. At 4-year public and private nonprofit institutions, core expenses accounted for 74 percent of total expenses per FTE student.¹² Across all types of 2-year institutions, as well as 4-year private for-profit institutions, core expenses accounted for at least 97 percent of total expenses per FTE student.

Core expenses were highest at private nonprofit institutions and lowest at private for-profit institutions at both the 2- and 4-year levels. In 2020–21, among 4-year institutions, total core expenses per FTE student were

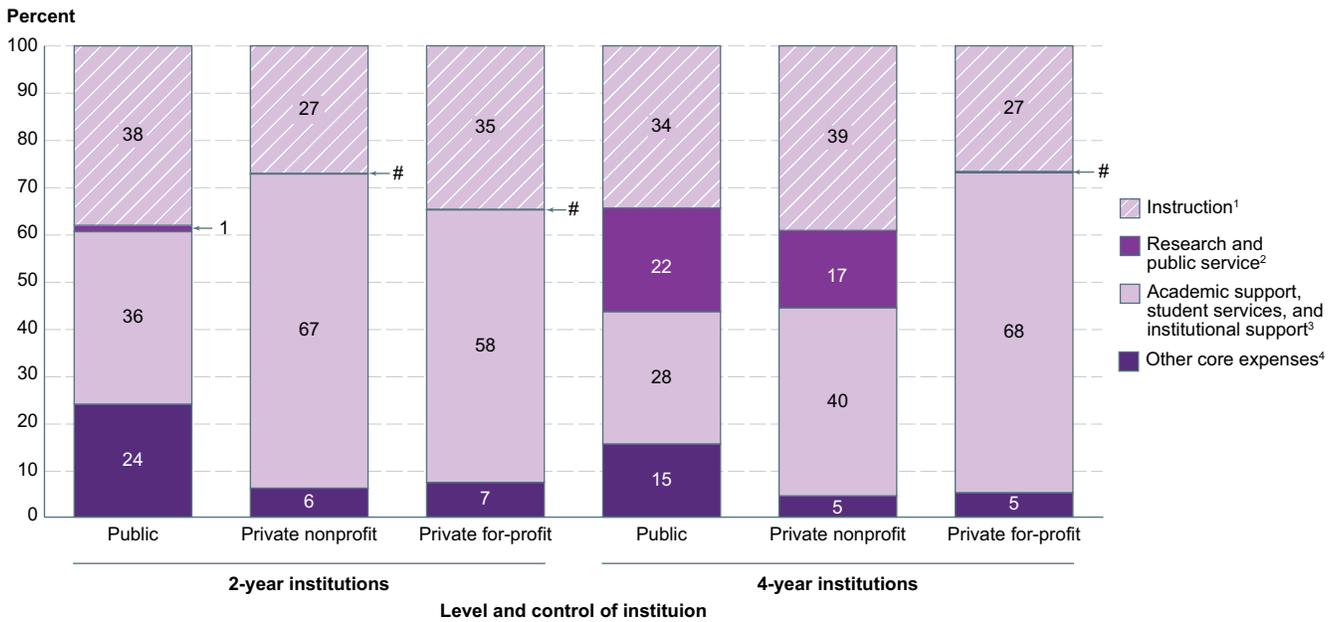
- \$51,260 at private nonprofit institutions;
- \$39,330 at public institutions; and
- \$17,370 at private for-profit institutions.

Among 2-year institutions, total core expenses per FTE student in 2020–21 were

- \$26,810 at private nonprofit institutions;
- \$21,110 at public institutions; and
- \$14,660 at private for-profit institutions.

Core Expenses by Category

Figure 2. Percentage distribution of core expenses for degree-granting postsecondary institutions, by level and control of institution and expense category: Fiscal year 2020–21



Rounds to zero.

¹ "Instruction" includes 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. It also includes expenses for both credit and noncredit activities and excludes expenses for academic administration where the primary function is administration.

² "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. Public service also includes expenses for community services, cooperative extension services, and public broadcasting services.

³ "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 for which the 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.

⁴ "Other core expenses" include net grant aid to students and other expenses.

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. In this figure, expenses are grouped into core and noncore expenses. Core expenses include the following broad categories: instruction; research and public service; academic support, student services, and institutional support; and other core expenses. Noncore expenses include auxiliary enterprises; hospital services; and independent operations. For private for-profit institutions, expenses associated with hospital services are included in the "other expenses" category. Expenses for independent operations are not applicable for for-profit institutions. Expenses per FTE student in this figure are adjusted for inflation using constant 2021–22 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 2022, Finance component; and Spring 2021, Fall Enrollment component. See *Digest of Education Statistics 2022*, tables 334.10, 334.30, and 334.50.

As noted above, core expenses include instruction; research and public service; academic support, student services, and institutional support; and other core expenses. The distribution of these expenses as a percentage of total core expenses varied by institutional level and control. In 2020-21, instruction, including faculty salaries and benefits, was the largest single expense category at public 2-year and 4-year degree-granting postsecondary institutions. Instruction expenses made up

- 38 percent of core expenses (or \$8,040 per FTE student) at public 2-year institutions; and
- 34 percent of core expenses (or \$13,540 per FTE student) at public 4-year institutions.

Although it was not the largest core expense category, private nonprofit 4-year institutions spent a higher percentage of core expenses on instruction per FTE (39 percent) than public 2- or 4-year institutions.

At both private nonprofit and private for-profit institutions at the 2- and 4-year levels, the largest core 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

- 68 percent of core expenses (or \$11,790 per FTE student) at private for-profit 4-year institutions;
- 67 percent of core expenses (or \$17,860 per FTE student) at private nonprofit 2-year institutions;
- 58 percent of core expenses (or \$8,490 per FTE student) at private for-profit 2-year institutions; and
- 40 percent of core expenses (or \$20,400 per FTE student) at private nonprofit 4-year institutions.

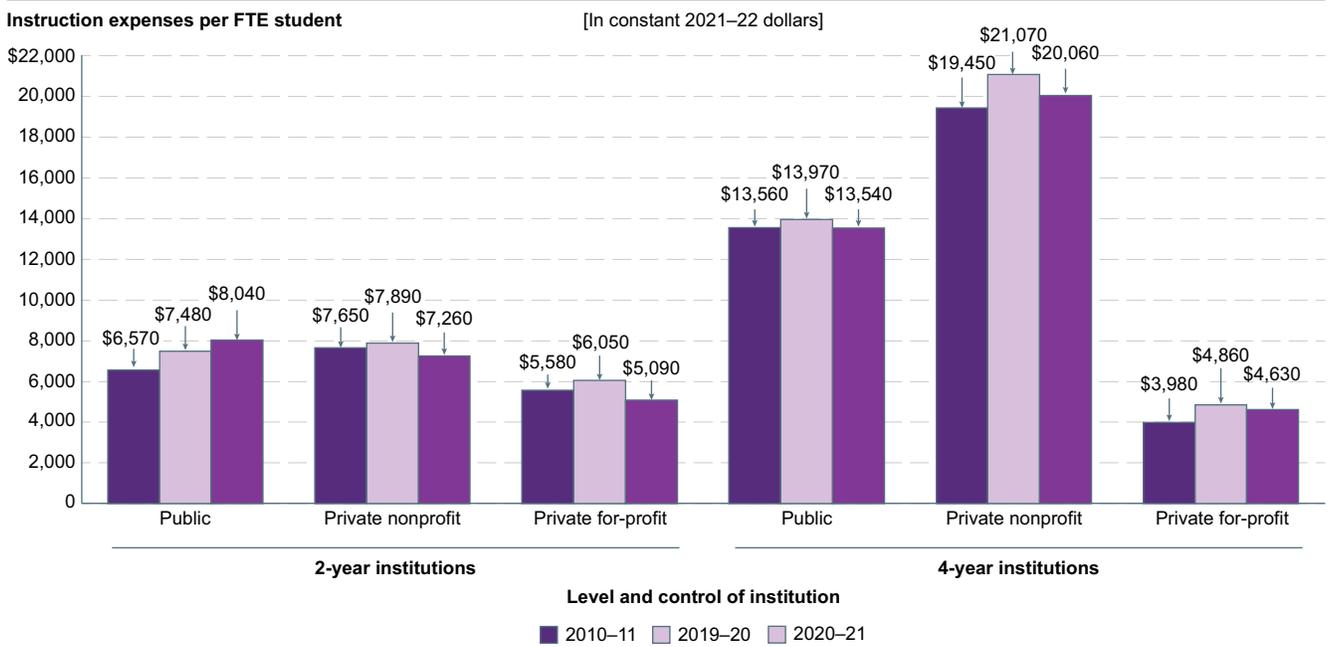
In 2020-21, combined expenses for research and public service (such as expenses for public broadcasting and community services) were highest at public 4-year institutions and private nonprofit 4-year institutions and lowest at private for-profit 2-year institutions. Specifically, expenses for research and public service were

- 22 percent of core expenses (or \$8,650 per FTE student) at public 4-year institutions;
- 17 percent of core expenses (or \$8,480 per FTE student) at private nonprofit 4-year institutions;
- 1 percent of core expenses (or \$300 per FTE student) at public 2-year institutions; and
- less than one-half of 1 percent of core expenses at private nonprofit 2-year institutions, private for-profit 4-year institutions, and private for-profit 2-year institutions (or \$60, \$40, and \$10 per FTE student, respectively).

In 2020-21, other core expenses, including net grant aid, ranged from 5 percent of core expenses at private nonprofit and private for-profit 4-year institutions (or \$2,320 and \$910 per FTE student, respectively) to 24 percent (or \$5,070 per FTE student) at public 2-year institutions.

Instruction Expenses

Figure 3. Instruction expenses per full-time-equivalent (FTE) student at degree-granting postsecondary institutions, by level and control of institution: Fiscal years 2010–11, 2019–20, and 2020–21



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. "Instruction" includes 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. It also includes expenses for both credit and noncredit activities and excludes expenses for academic administration where the primary function is administration. Expenses per FTE student in this indicator are adjusted for inflation using constant 2021–22 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 2012 and Spring 2022, Finance component; and Spring 2011 and Spring 2021, Fall Enrollment component. See *Digest of Education Statistics 2022*, tables 334.10, 334.30, and 334.50.

Between 2010-11 and 2020-21, inflation-adjusted instruction expenses per FTE student at degree-granting postsecondary institutions generally increased at

- public 2-year institutions (by 22 percent, from \$6,570 to \$8,040); and
- private nonprofit 4-year institutions (by 3 percent, from \$19,450 to \$20,060).

While instruction expenses increased at these institutions, total expenses increased even more, resulting in a decrease in the percentage of expenses spent on instruction. At other levels and controls of institutions, there was no consistent trend in instruction expenses per FTE from 2010-11 to 2020-21.

Instruction expenses in 2020-21, during the coronavirus pandemic, were generally lower than in 2019-20, ranging from 3 percent lower at public 4-year institutions to 16 percent lower at private for-profit 2-year institutions. In contrast, instruction expenses at public 2-year institutions were 7 percent higher in 2020-21 than in 2019-20.

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. For more information, see the *First Look at the Impact of the Coronavirus (COVID-19) Pandemic on Undergraduate Student Enrollment, Housing, and Finances (Preliminary Data)* (NCES 2021-456).

⁴ More information on the FASB and GASB is available from <https://nces.ed.gov/ipeds/report-your-data/data-tip-sheet-distinguishing-finance-standards-fasb-gasb>.

⁵ 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.

⁶ “Instruction” includes 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. It also includes expenses for both credit and noncredit activities and excludes expenses for academic administration where the primary function is administration.

⁷ “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. “Public service” also includes expenses for community services, cooperative extension services, and public broadcasting services.

⁸ “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 for which the 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.

⁹ “Other core expenses” include net grant aid to students and other expenses. 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, net grant aid 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. 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.

¹⁰ 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.

¹¹ 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.

¹² The largest noncore expense was hospital services, which made up 17 percent of total expenses (or \$9,230 per FTE student) at public 4-year institutions and 16 percent of total expenses (or \$10,820 per FTE student) at private nonprofit 4-year institutions.

Reference tables: *Digest of Education Statistics 2022*, 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