

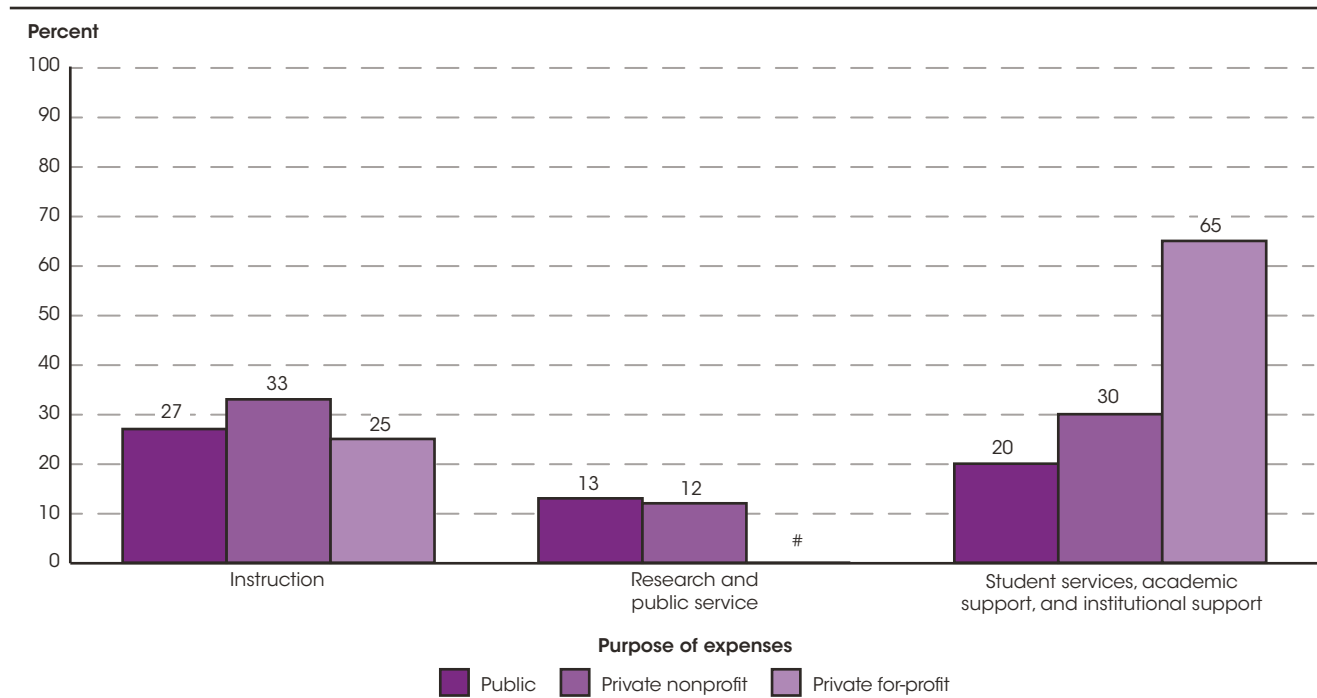
Expenses of Postsecondary Institutions

In 2012–13, instruction expenses per full-time-equivalent (FTE) student were \$7,814 (in constant 2013–14 dollars) at public institutions, \$16,432 at private nonprofit institutions, and \$3,893 at private for-profit institutions. Instruction was the largest expense category at public and private nonprofit institutions and the second largest expense category at private for-profit institutions.

In academic year 2012–13, postsecondary institutions spent \$499 billion (in current dollars). Total expenses were \$311 billion at public institutions, \$166 billion at private nonprofit institutions, and \$22 billion at private for-profit institutions. Some 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. Two-year institutions tend to have limited instructional missions focused on student instruction and related activities that do not extend beyond providing a range of career-oriented programs at the certificate and associate degree levels, and preparing students for transfer to

4-year institutions. Four-year institutions tend to have broader instructional missions that may include a range of programs at the undergraduate level, as well as more specialized graduate and professional programs. In addition, research activities, on-campus student housing, teaching hospitals, and auxiliary enterprises can have a substantial impact on the financial structure of 4-year colleges and universities. Expenses are grouped into broad categories, including salaries and wages, research, public service, academic support, student services, institutional support, operation and maintenance of plant, depreciation, scholarships and fellowships, auxiliary enterprises, hospitals, independent operations, interest, and other.

Figure 1. Percentage of total expenses at degree-granting postsecondary institutions, by purpose of expenses and control of institution: 2012–13



Rounds to zero.

NOTE: 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 2014, Finance component. See *Digest of Education Statistics 2014*, tables 334.10, 334.30, and 334.50.

Instruction, including faculty salaries and benefits, is the largest single expense category at public and private nonprofit postsecondary institutions and the second largest category at private for-profit institutions. At public

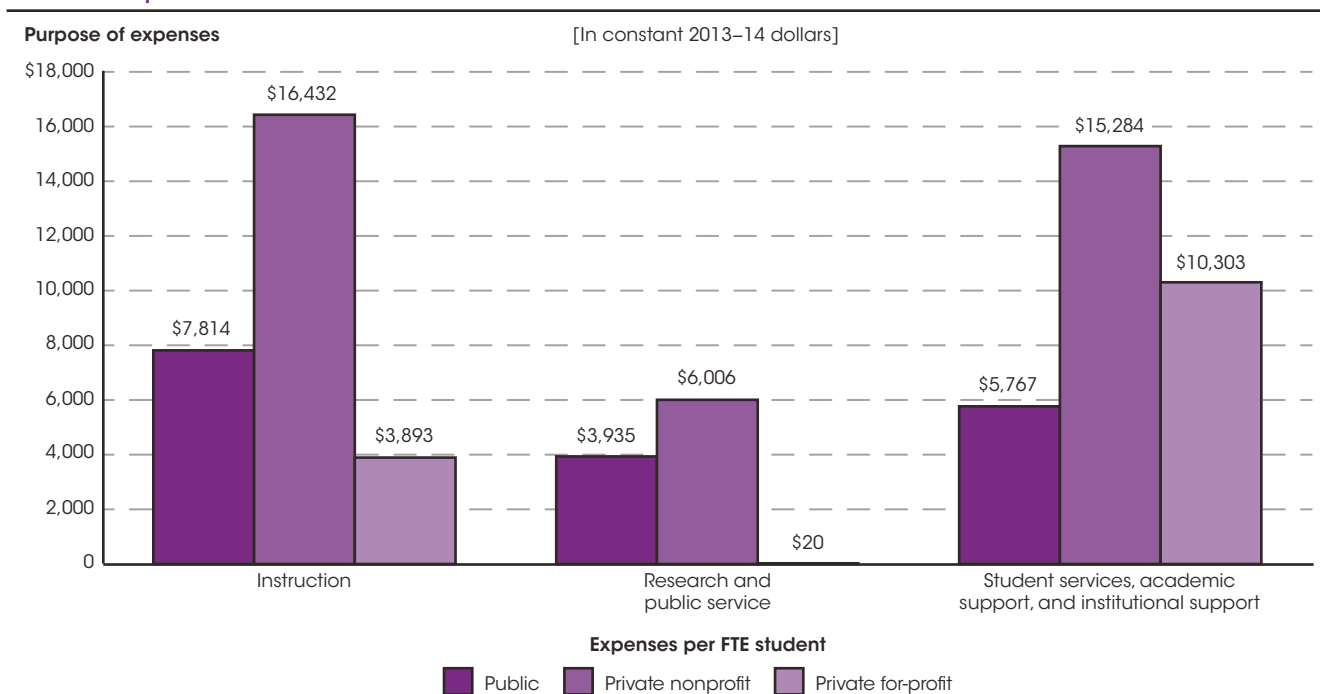
institutions in 2012–13, some 27 percent of total expenses were spent on instruction, compared with 33 percent at private nonprofit institutions and 25 percent at private for-profit institutions. The largest expense category

(65 percent) at private for-profit institutions in that year was for the combined expenditures of 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 20 percent of total expenses at public institutions and 30 percent of total expenses at private nonprofit institutions. Other large categories of expenses at public institutions (i.e., those accounting for 8–11 percent of expenses) included hospitals, research, and institutional support. At private nonprofit institutions, some of the large categories (i.e., those accounting for 8–14 percent of expenses) were institutional support, research, hospitals, auxiliary

enterprises (i.e., self-supporting operations, such as residence halls), academic support, and student services.

In 2012–13, across all types 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 36 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: 2012–13



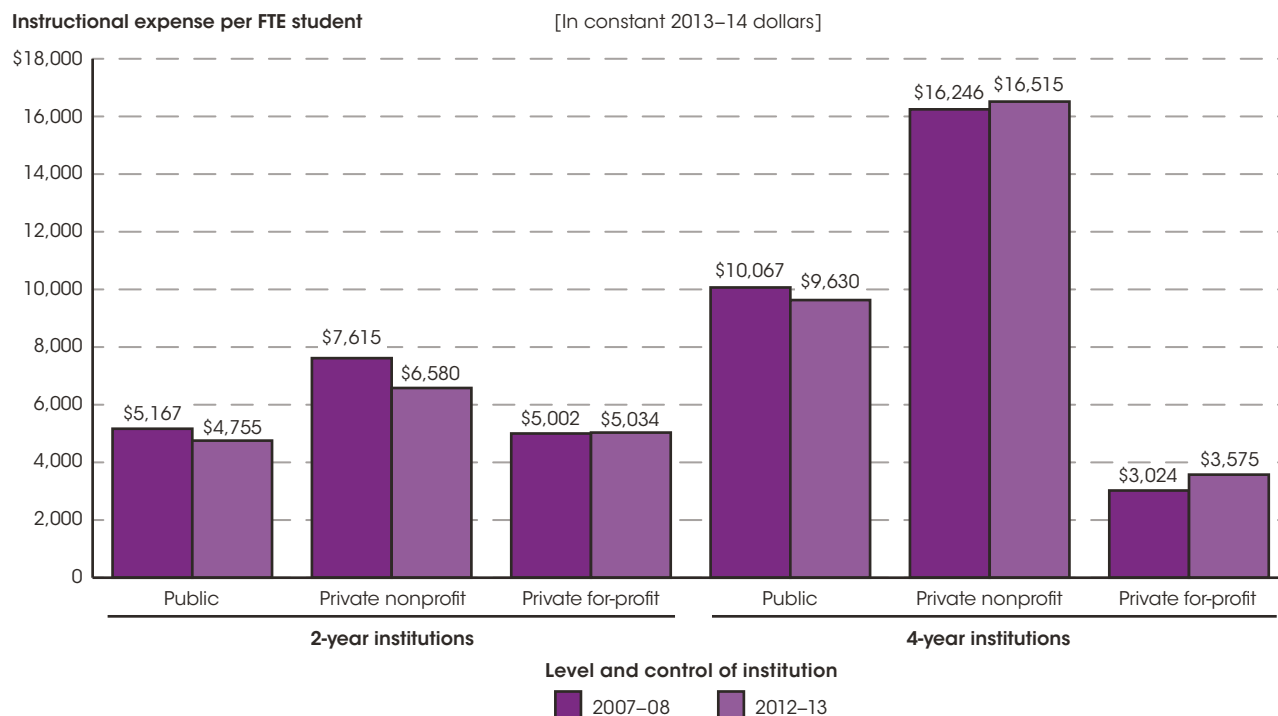
NOTE: Degree-granting institutions grant associate's or higher degrees and participate in Title IV federal financial aid programs. Full-time-equivalent (FTE) students include full-time students plus the full-time equivalent of part-time students. Expenses per FTE student are reported in constant 2013–14 dollars, based on the Consumer Price Index.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2013, Enrollment component; and Spring 2014, Finance component. See *Digest of Education Statistics 2014*, tables 334.10, 334.30, and 334.50.

In 2012–13, total expenses per full-time-equivalent (FTE) student were much higher at private nonprofit postsecondary institutions (\$50,145) than at public institutions (\$29,338) and private for-profit institutions (\$15,745). Expenses per FTE student are reported here in constant 2013–14 dollars, based on the Consumer Price Index (CPI). Private nonprofit institutions spent more than twice as much per student on instruction (\$16,432) than did public institutions (\$7,814). Similarly, for the combined expenditures of student services, academic support, and institutional support a total of \$15,284 was spent at private nonprofit institutions versus \$5,767

spent at public institutions. Expenses per FTE student for research and public service, such as expenses for public broadcasting and community services, followed the same pattern, with private nonprofit institutions spending more than public institutions (\$6,006 vs. \$3,935). Expenses per FTE student for instruction were more than twice as high at public institutions as at private for-profit institutions (\$7,814 vs. \$3,893), but expenses per FTE student for student services, academic support, and institutional support were higher at private for-profit institutions (\$10,303) than at public institutions (\$5,767).

Figure 3. Expenses per full-time-equivalent (FTE) student for instruction at 2-year and 4-year degree-granting postsecondary institutions, by level and control of institution: 2007–08 and 2012–13



NOTE: Degree-granting institutions grant associate's or higher degrees 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 2013–14 dollars, based on the Consumer Price Index.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), Spring 2008 and Spring 2013, Enrollment component; and Spring 2009 and Spring 2014, Finance component. See *Digest of Education Statistics 2014*, tables 334.10, 334.30, and 334.50.

Changes in expenses per FTE student for instruction, after adjusting for inflation, varied between 2007–08 and 2012–13 at the different postsecondary institution types. At public 4-year institutions, instruction expenses per FTE student were 4 percent lower in 2012–13 (\$9,630) than they were in 2007–08 (\$10,067), and at public 2-year institutions, these expenses were 8 percent lower in 2012–13 (\$4,755) than in 2007–08 (\$5,167). At private nonprofit institutions, instruction expenses per FTE

student in 2012–13 were 2 percent higher than they were in 2007–08 for 4-year institutions (\$16,515 vs. \$16,246), but they were 14 percent lower for 2-year institutions (\$6,580 vs. \$7,615). At private for-profit institutions, instruction expenses in 2012–13 were 18 percent higher than they were in 2007–08 for 4-year institutions (\$3,575 vs. \$3,024) and 1 percent higher for 2-year institutions (\$5,034 vs. \$5,002).

Reference tables: *Digest of Education Statistics 2014*, tables 334.10, 334.30, and 334.50

Related indicators: Postsecondary Revenues by Source (indicator 37)

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