Postsecondary Institution Expenses

In 2014–15, instruction expenses per full-time-equivalent (FTE) student (in constant 2015–16 dollars) was the largest expense category at public institutions ($8,433) and private nonprofit institutions ($17,426). At private for-profit institutions, the combined category of student services, academic support, and institutional support expenses per FTE student was the largest expense category ($9,905).

In academic year 2014–15, postsecondary institutions in the United States spent $536 billion (in current dollars). Total expenses were $336 billion at public institutions, $182 billion at private nonprofit institutions, and $18 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 instructional missions of 2-year institutions generally focus on student instruction and related activities that often include providing a range of career-oriented programs at the certificate and associate’s degree levels and preparing students for 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. Many 4-year institutions offer graduate-level programs as well. Also, research activities, on-campus student housing, teaching hospitals, and auxiliary enterprises can 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, 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 select expenses and control of institution: 2014–15

<table>
<thead>
<tr>
<th>Purpose of expenses</th>
<th>Public</th>
<th>Private nonprofit</th>
<th>Private for-profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>27</td>
<td>32</td>
<td>27</td>
</tr>
<tr>
<td>Student services, academic support, and institutional support</td>
<td>20</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>Research and public service</td>
<td>13</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

# Rounds to zero.

NOTE: Expense categories at private institutions include allocated amounts of operation and maintenance of plant, interest, and depreciation while expense categories at public institutions do not. Due to categories not shown, detail does not sum to 100 percent. For data on other expense categories, see source tables in the Digest of Education Statistics 2016. Degree-granting institutions grant associate’s or higher degrees and participate in Title IV federal financial aid programs.

Instruction, including faculty salaries and benefits, was the largest single expense category at public and private nonprofit postsecondary institutions in 2014–15, accounting for 27 percent of total expenses at public institutions and 32 percent of total expenses at private nonprofit institutions. The largest expense category at private for-profit institutions in that year was for the combined expenses of student services, academic support, and institutional support, which includes expenses associated with noninstructional activities, such as admissions, student activities, libraries, and administrative and executive activities. At private for-profit institutions, these expenses accounted for 63 percent of total spending, more than twice the percentage spent on instruction (27 percent). 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.

Combined expenses for research and public service (such as expenses for public broadcasting and community services) constituted 13 percent of total expenses at public institutions; hospital expenses constituted 11 percent and auxiliary enterprises (i.e., self-supporting operations, such as residence halls) constituted 7 percent of total expenses at public institutions. At private nonprofit institutions, research and public service combined, hospitals, and auxiliary enterprises constituted 12, 11, and 9 percent of total expenses, respectively.

In 2014–15, 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. For example, instructional expenses accounted for 35 percent of total expenses at public 2-year institutions, compared with 25 percent at public 4-year institutions.
In 2014–15, total expenses per full-time-equivalent (FTE) student were higher at private nonprofit 4-year postsecondary institutions ($54,157) than at public 4-year institutions ($41,074) and private for-profit 4-year institutions ($15,470). Expenses per FTE student in this indicator are adjusted for inflation using constant 2015–16 dollars, based on the Consumer Price Index (CPI). Private nonprofit 4-year institutions spent nearly twice as much per FTE student on instruction ($17,567) as public 4-year institutions ($10,221) and more than four times as much as private for-profit 4-year institutions ($3,948). Similarly, for the combined expenses of student services, academic support, and institutional support, $16,309 per FTE student was spent at private nonprofit 4-year institutions, which was higher than the amount spent at private for-profit 4-year institutions ($10,168 per FTE student), which was, in turn, higher than the amount spent at public 4-year institutions ($7,490 per FTE student). Expenses per FTE student for research and public service were higher at private nonprofit 4-year institutions ($6,268) and public 4-year institutions ($6,131) than at private for-profit 4-year institutions ($19). Among 2-year institutions, private nonprofit institutions spent more per FTE student on instruction ($6,931) than did private for-profit ($5,219) and public institutions ($5,131).
Figure 3. Expenses per full-time-equivalent (FTE) student for instruction at degree-granting postsecondary institutions, by level and control of institution: 2009–10 and 2014–15

NOTE: 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 2015–16 dollars, based on the Consumer Price Index (CPI) adjusted to a school-year basis. Instruction expenses at private institutions include allocated amounts of operation and maintenance of plant, interest, and depreciation while instruction expenses at public institutions do not. Degree-granting institutions grant associate’s or higher degrees and participate in Title IV federal financial aid programs.


Changes in inflation-adjusted instruction expenses per FTE student between 2009–10 and 2014–15 varied by postsecondary institution control and level. Among 2-year institutions, instruction expenses per FTE student were higher in 2014–15 than in 2009–10 at public (11 percent higher) and private for-profit institutions (18 percent higher). At private nonprofit 2-year institutions, instruction expenses per FTE student were 2 percent lower in 2014–15 than in 2009–10. Among 4-year institutions, instruction expenses per FTE student were higher in 2014–15 than in 2009–10 at public (3 percent higher), private nonprofit (6 percent higher), and private for-profit institutions (23 percent higher).

Reference tables: Digest of Education Statistics 2016, tables 334.10, 334.30, and 334.50

Related indicators and resources: Postsecondary Institution Revenues, Education Expenditures by Country

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, Tuition and fees