

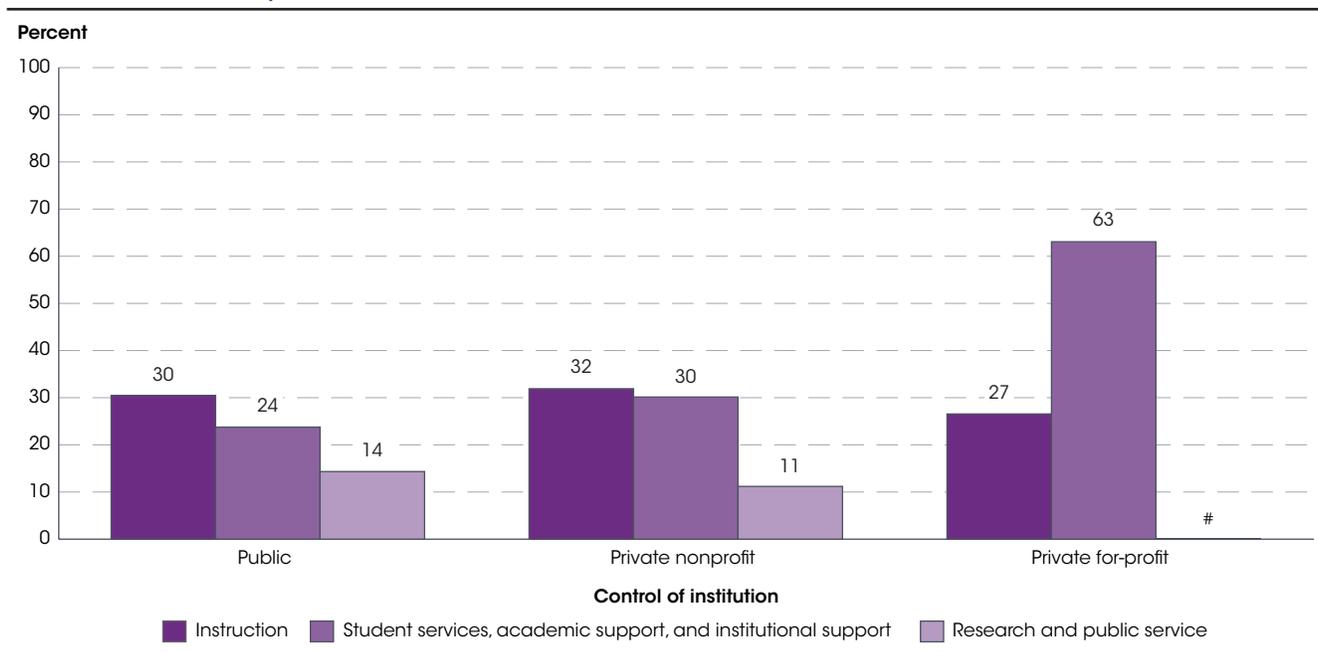
Postsecondary Institution Expenses

In 2015–16, instruction expenses per full-time-equivalent (FTE) student (in constant 2016–17 dollars) was the largest expense category at public institutions (\$10,422) and private nonprofit institutions (\$17,860). 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 (\$10,398).

In 2015–16, postsecondary institutions in the United States spent \$559 billion (in current dollars). Total expenses were \$355 billion at public institutions, \$189 billion at private nonprofit institutions, and \$16 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 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. 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, public service, academic support, student services, institutional support, scholarships and fellowships, auxiliary enterprises, hospitals, independent operations, and other.¹

Figure 1. Percentage of total expenses at degree-granting postsecondary institutions, by control of institution and purpose of selected expenses: 2015–16



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 2017, Finance component. See *Digest of Education Statistics 2017*, tables 334.10, 334.30, and 334.50.

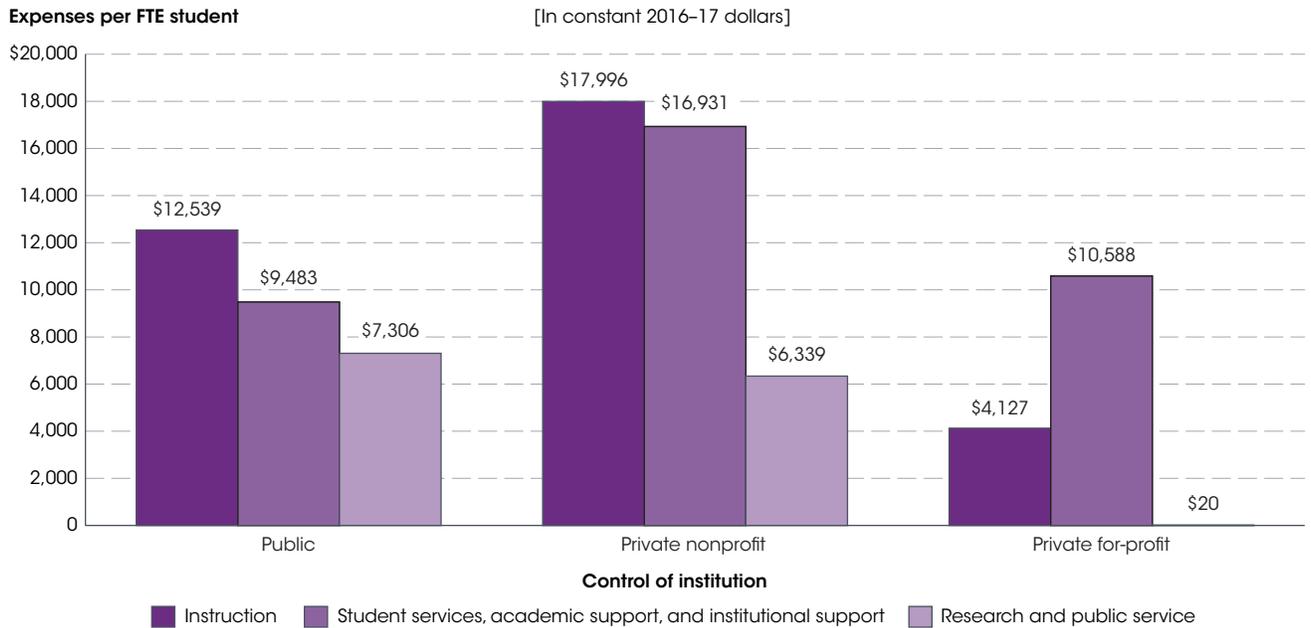
Instruction, including faculty salaries and benefits, was the largest single expense category at public and private nonprofit postsecondary institutions in 2015–16, accounting for 30 percent of total expenses at public institutions and 32 percent of total expenses at private nonprofit institutions. At private for-profit institutions, the largest single expense category was the combined category 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. By comparison, student services, academic support, and institutional support made up 24 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 14 percent of total expenses at public institutions, hospital expenses accounted for 13 percent, and auxiliary enterprises (e.g., self-supporting operations,

such as residence halls) constituted 9 percent of total expenses in 2015–16. At private nonprofit institutions, combined expenses for research and public service constituted 11 percent of total expenses, as did hospital expenses; auxiliary enterprises constituted 9 percent of total expenses. At private for-profit institutions, combined expenses for research and public service accounted for less than 1 percent of total expenses and auxiliary enterprises accounted for 2 percent of total expenses.

In 2015–16, the percentage of total expenses going toward instruction varied by institutional control and level. At public and private for-profit institutions, 2-year institutions spent a greater share of their total expenses on instruction than did 4-year institutions. Instruction expenses accounted for 42 percent of total expenses at public 2-year institutions, compared with 28 percent at public 4-year institutions. Instruction expenses accounted for 31 percent of total expenses at private for-profit 2-year institutions, compared with 25 percent at private for-profit 4-year institutions. At private nonprofit institutions, instruction accounted for 32 percent of total expenses at 4-year institutions and 31 percent at 2-year institutions.

Figure 2. Expenses per full-time-equivalent (FTE) student at 4-year degree-granting postsecondary institutions, by purpose of selected expenses and control of institution: 2015–16



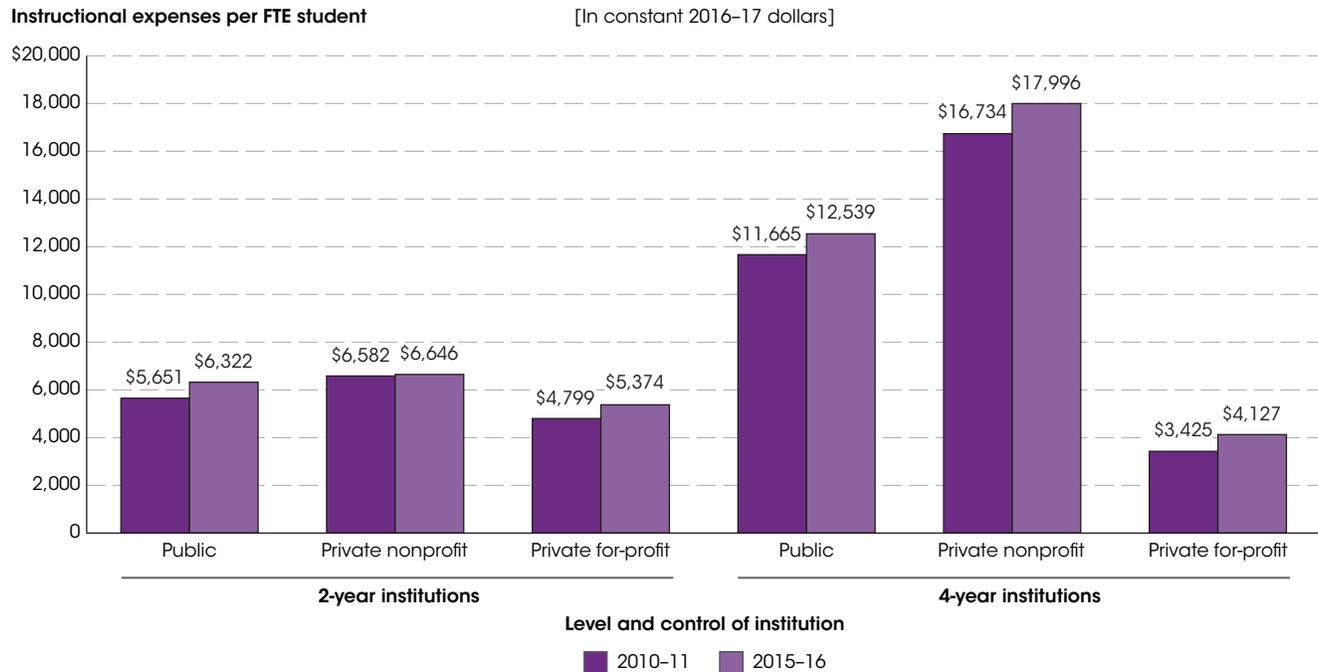
NOTE: Full-time-equivalent (FTE) students include full-time students plus the full-time equivalent of part-time students. Expenses per FTE student are reported in constant 2016–17 dollars, based on the Consumer Price Index (CPI) adjusted to a school-year basis. Degree-granting institutions grant associate’s 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 2017, Finance component; and Spring 2016, Fall Enrollment component. See *Digest of Education Statistics 2017*, tables 334.10, 334.30, and 334.50.

In 2015–16, total expenses per full-time-equivalent (FTE) student were higher at private nonprofit 4-year postsecondary institutions (\$56,401) than at public 4-year institutions (\$44,009) and private for-profit 4-year institutions (\$16,208). Expenses per FTE student in this indicator are adjusted for inflation using constant 2016–17 dollars, based on the Consumer Price Index (CPI). For instructional costs, private nonprofit 4-year institutions spent 44 percent more per FTE student (\$17,996) than public 4-year institutions (\$12,539) and 336 percent more than private for-profit 4-year institutions (\$4,127). Similarly, for the combined expenses of student services, academic support, and institutional support, private

nonprofit 4-year institutions spent \$16,931 per FTE student, which was 79 percent higher than the amount spent at public 4-year institutions (\$9,483 per FTE student) and 60 percent higher than the amount spent at private for-profit 4-year institutions (\$10,588 per FTE student). Expenses per FTE student for research and public service were much higher at public (\$7,306) and private nonprofit 4-year institutions (\$6,339) than at private for-profit 4-year institutions (\$20). Among 2-year institutions, private nonprofit institutions and public institutions spent more per FTE student on instruction (\$6,646 and \$6,322, respectively) than did private for-profit institutions (\$5,374).

Figure 3. Expenses per full-time-equivalent (FTE) student for instruction at degree-granting postsecondary institutions, by level and control of institution: 2010–11 and 2015–16



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 2016–17 dollars, based on the Consumer Price Index (CPI) 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 2017, Finance component; and Spring 2011 and Spring 2016, Fall Enrollment component. See *Digest of Education Statistics 2017*, tables 334.10, 334.30, and 334.50.

Changes in inflation-adjusted instruction expenses per FTE student between 2010–11 and 2015–16 varied by postsecondary institution control and level. Among 2-year institutions, instruction expenses per FTE student increased by 12 percent at both public and private for-profit institutions (from \$5,651 to \$6,322 and from \$4,799 to \$5,374, respectively). At private nonprofit 2-year institutions, instruction expenses per FTE student were

1 percent higher in 2015–16 than in 2010–11 (\$6,646 vs. \$6,582). Among 4-year institutions, instruction expenses per FTE student were higher in 2015–16 than in 2010–11 at public (\$12,539 vs. \$11,665, an increase of 7 percent), private nonprofit (\$17,996 vs \$16,734, an increase of 8 percent), and private for-profit institutions (\$4,127 vs. \$3,425, an increase of 20 percent).

Endnotes:

¹ For private for-profit institutions, hospital expenses are included in the “other” category.

Reference tables: *Digest of Education Statistics 2017*, 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, Tuition and fees