Postsecondary Institution Expenses

In 2016–17, instruction expenses per full-time-equivalent (FTE) student (in constant 2017–18 dollars) was the largest expense category at public institutions ($10,800) and private nonprofit institutions ($18,400). At private for-profit institutions, the combined category of student services, academic support, and institutional support expenses was the largest category of expenses per FTE student ($10,500).

In 2016–17, degree-granting postsecondary institutions in the United States spent $584 billion (in current dollars). Total expenses were $372 billion at public institutions, $197 billion at private nonprofit institutions, and $15 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 missions of 2-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; student services, academic support, and 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 level and control of institution and expense categories: 2016–17

<table>
<thead>
<tr>
<th>Percent</th>
<th>Public</th>
<th>Private nonprofit</th>
<th>Private for-profit</th>
<th>2-year institutions</th>
<th>4-year institutions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Instruction</td>
<td>42</td>
<td>30</td>
<td>31</td>
<td>2</td>
<td>26</td>
</tr>
<tr>
<td>Academic support, students services, and institutional support</td>
<td>37</td>
<td>31</td>
<td>15</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Auxiliary expenses</td>
<td>10</td>
<td>12</td>
<td>12</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Research and public service</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Net grant aid to students</td>
<td>12</td>
<td>16</td>
<td>22</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hospital expenses</td>
<td>7</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Independent operations and other</td>
<td>9</td>
<td>9</td>
<td>14</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

¹ Not applicable
# Rounds to zero.
¹ For private for-profit institutions, hospital expenses are included in the “other” category.
² For public institutions, includes scholarship and fellowship expenses, net of discounts and allowances. 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, fee, 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.
³ Essentially self-supporting operations of institutions that furnish a service to students, faculty, or staff, such as residence halls and food services.
NOTE: Degree-granting institutions grant associate’s or higher degrees and participate in Title IV federal financial aid programs. Although rounded numbers are displayed, the figures are based on unrounded data.
Instruction, including faculty salaries and benefits, was the largest single expense category at public 2-year institutions (42 percent), public 4-year institutions (28 percent) and private nonprofit 4-year (32 percent) degree-granting postsecondary institutions in 2016–17. At private nonprofit 2-year institutions and private for-profit 2- and 4-year institutions, the largest 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. These expenses constituted 59 percent of total expenses at private nonprofit 2-year institutions, 53 percent of total expenses at private for-profit 2-year institutions, and 65 percent of total expenses at private for-profit 4-year institutions.

In 2016–17, combined expenses for research and public service (such as expenses for public broadcasting and community services) constituted 16 percent of total expenses at public 4-year institutions and 12 percent of total expenses at private nonprofit 4-year institutions. Combined expenses for research and public service were 2 percent of total expenses at public 2-year institutions and less than half of 1 percent of total expenses at private nonprofit 2-year institutions, private for-profit 2-year institutions and private for-profit 4-year institutions.

In 2016–17, net grant aid to students constituted 9 percent of total expenses at public 2-year institutions and was less than half of 1 percent of total expenses for all other categories of institutional control and level. Hospital expenses were 15 percent of total expenses at public 4-year institutions and 12 percent of total expenses at private nonprofit 4-year institutions and were zero or not available for 2-year institutions and private for-profit institutions. Auxiliary expenses ranged from 2 percent of total expenses at private for-profit 2- and 4-year institutions to 10 percent at public 4-year institutions.
In 2016–17, total expenses per full-time-equivalent (FTE) student at degree-granting postsecondary institutions were higher at private nonprofit 4-year institutions ($58,800) than at public 4-year institutions ($45,000) and private for-profit 4-year institutions ($16,500). For instruction expenses, private nonprofit 4-year institutions spent 46 percent more per FTE student ($18,500) than did public 4-year institutions ($12,700) and 337 percent more than did private for-profit 4-year institutions ($4,200). Similarly, for the combined expenses of student services, academic support, and institutional support, private nonprofit 4-year institutions spent 80 percent more per FTE student ($17,400) than did public 4-year institutions ($9,700) and 62 percent more than did private for-profit 4-year institutions ($10,700). Expenses per FTE student for the combined category of research and public service were much higher at public 4-year institutions ($7,400) and private nonprofit 4-year institutions ($7,100) than at private for-profit 4-year institutions ($20). Among 2-year institutions, public institutions and private nonprofit institutions spent more per FTE student on instruction ($6,900 and $6,300, respectively) than did private for-profit institutions ($5,500).
Between 2010–11 and 2016–17, the percentage change in inflation-adjusted instruction expenses per FTE student at degree-granting postsecondary institutions varied by level and control of institution. Among 2-year institutions, instruction expenses per FTE student were 19 percent higher in 2016–17 than in 2010–11 at public institutions ($6,900 vs. $5,800) and 13 percent higher at private for-profit institutions ($5,500 vs. $4,900). In contrast, at private nonprofit 2-year institutions, instruction expenses per FTE student were 7 percent lower in 2016–17 than in 2010–11 ($6,300 vs. $6,700). Among 4-year institutions, instruction expenses per FTE student were 6 percent higher in 2016–17 than in 2010–11 at public institutions ($12,700 vs. $11,900), 8 percent higher at private nonprofit institutions ($18,500 vs. $17,100), and 21 percent higher at private for-profit institutions ($4,200 vs. $3,500).

Endnotes:
1 For private for-profit institutions, hospital expenses are included in the "other" category.
2 Expenses per FTE student in this indicator are adjusted for inflation using constant 2017–18 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.

Reference tables: Digest of Education Statistics 2018, 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