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### **New Online Tool Helps Compare Spending and Revenues across U.S. Campuses; Study Reveals Patterns in Higher Education Spending**

WASHINGTON – A national trends report and cost-comparison tool released today by the Delta Project on Postsecondary Costs, Productivity, and Accountability provide significant insight into how thousands of the nation’s colleges and universities are spending their resources, with implications for what that means for “the new normal” in college spending.

The report – *Trends in College Spending 1998-2008: Where Does the Money Come From? Where Does It Go? What Does It Buy?* – examines national college spending and resource trends in the years leading up to the current recession. Focusing on the period from 1998 to 2008 (the most recent year for which data is available), the report highlights several ongoing patterns in how institutions get and spend their money. *TCS Online* ([www.tcs-online.org](http://www.tcs-online.org)), a new web-based application of the Delta project database, complements the national trends report with easy access to institution and state-level details.

#### **Major findings in the “Trends” report:**

- Sharp increases in spending between 1998 and 2003 by a handful of colleges and universities, creating competitive pressures on spending everywhere.
- Regular cycles in funding for both public and private non-profit institutions: up in good times, down in bad. The one constant is growing dependence on tuition revenues, now the most stable and predictable source of revenues in higher education.
- The share of spending going to pay for instruction has consistently declined when revenues decline, relative to growth in spending in academic and student support and administration. This erosion persists even when revenues rebound, meaning that over time there has been a gradual shift of resources away from instruction and towards general administrative and academic infrastructure.
- Except for private research universities, tuitions are not increasing because spending is going up. They are going up because of cost-shifting—meaning that instead of cutting spending in the face of revenue declines, institutions consistently shift to higher tuitions.
- There are wide variations between states in the ways they invest in higher education. A few states have actually increased spending for higher education over this decade, although many did not. There has also been a slight shift in state subsidy patterns, away from public research universities and toward masters’ and community colleges.

“The current prolonged recession means that we can no longer expect new revenue to pay for increasing attainment in higher education,” says Jane V. Wellman, Executive Director of the Delta Cost Project. “In the next decade, we are going to be lucky to hold onto the resources we have. That means that all institutions – from the Ivies to the community colleges –are going to have to develop investment strategies that support goals for attainment. That will require new habits: looking at spending, and promoting the values of efficiency and cost effectiveness as co-partners to the never-ending search for new revenues.”

### **New Online Resource Allows Comparisons across Institutions and Sectors**

To make spending data more transparent and accessible, the Delta Project unveiled a web-based tool, *Trends in College Spending (TCS) Online* ([www.tcs-online.org](http://www.tcs-online.org)) that can be used to examine and compare nearly 2,300 public and private non-profit colleges and universities. Institutions in the database comprise about 90 percent of U.S. student enrollment in higher education. (For-profit institutions are excluded because of gaps in their spending data.)

The tool enables reporters, officials, policymakers, and the public to examine spending in such areas as instruction, student services, and research on an institution-by-institution basis. Users can also explore other trends, including the share of education and related costs borne by students and their families, the relationship between spending and degree completion, and whether public resources are spent equitably across public institutions. (*See attached backgrounder.*)

“We hope that *TCS Online* will be a major step toward inviting people to look at spending, and to use data to ask better questions—and get better answers—about spending and effectiveness,” said Wellman. “College costs are far too opaque, and the result is that higher education is losing credibility with the public and policy makers. We know we don’t have all the answers, but transparency is the first step to better questions, and better decision-making.”

“Higher education leaders, policymakers, and the public need to ask hard questions about how money gets spent,” said Robert Atwell, Delta Board chairman and president emeritus of the American Council on Education. “They now have a decade’s worth of baseline trend research; a tool to look at spending inside individual institutions; and specific questions to ask based on the research.”

The data used in *TCS Online* and cited in the report come from the federal government’s Integrated Postsecondary Education Data System (IPEDS) database, which is information in the public domain reported by institutions themselves. The data are limited by the areas in which data are reported, lag time in reporting, and the fact that some campuses do not report independently.

*Trends in College Spending* is the third in a series of annual reports on higher education finances and results. TCS Online and additional information about the report and the Delta Project are available at [www.deltacostproject.org](http://www.deltacostproject.org).

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*The Delta Project on Postsecondary Education Costs, Productivity and Accountability was formed as an independent, nonprofit research organization to help improve college affordability by focusing on institutional spending and productivity. The project intends to develop metrics and public accountability tools focused on the intersection among resource use, college access and learning outcomes.*