



Trends in College Spending

Where does the money come from?
Where does it go?



Revised January 16, 2009

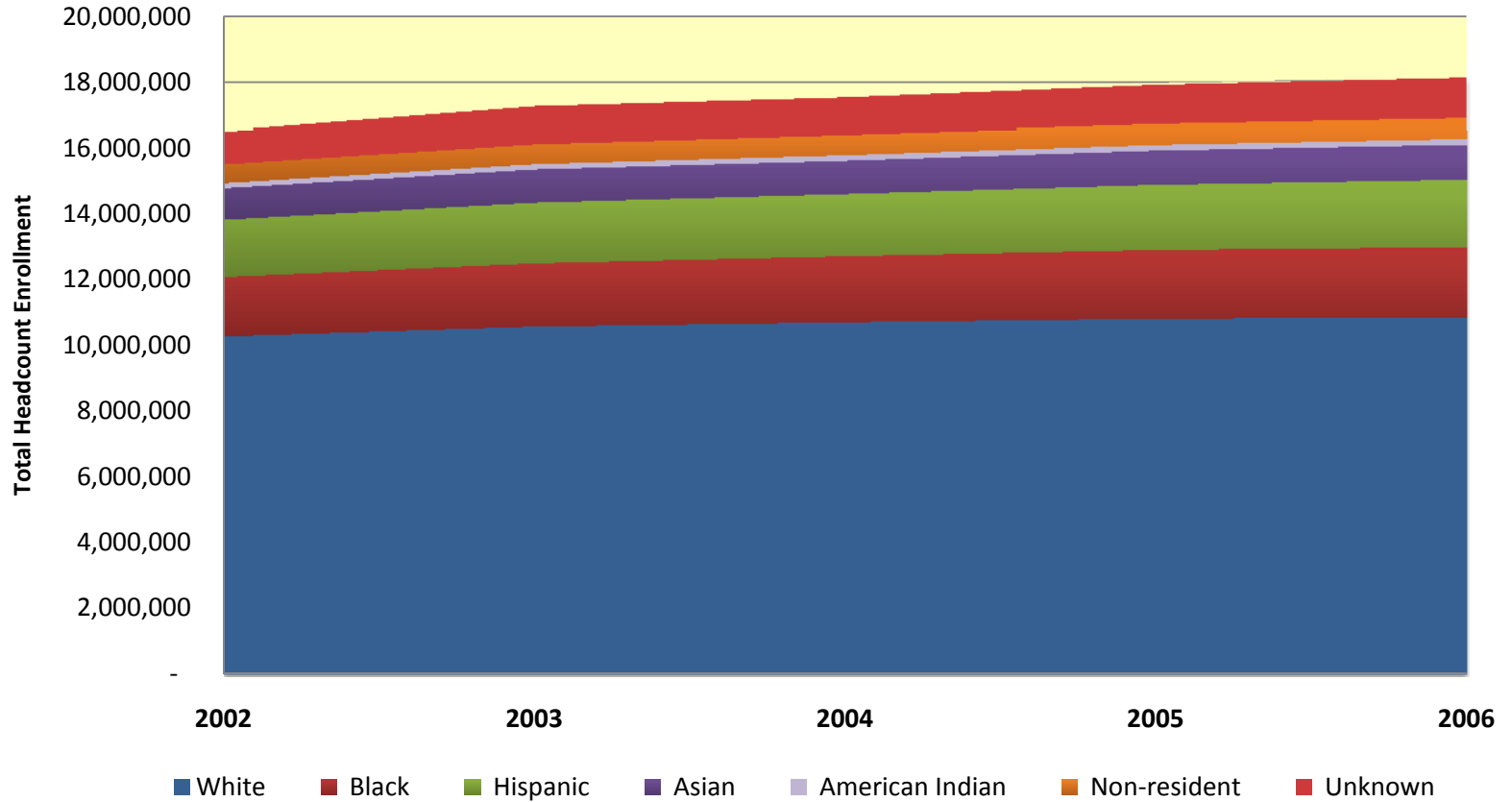


ABOUT THE METRICS

- **Spending = costs, not prices. Prices measured as “net tuition revenue”**
- **Trends over time... longitudinal data from 1987 – 2006, adjusted for FASB/GASB changes as much as possible**
- **All figures are per FTE student**
- **Inflation adjusted using CPI-U in 2006 constant dollars**
- **Put into major Carnegie groupings**
- **Funding analysis uses panel or sample of institutions that is consistent over time (see notes for details)**

Enrollment growth continues...

but rate of growth is tapering off, and most of the growth is among students of color



Total Headcount Enrollment by Carnegie Sector
...shift in market share to private institutions, including for-profit

	Total Headcount Enrollment		Average Annual % increase in enrollment		Market Share Change
	2002	2006	2002-2005	2005-2006	2002-2006
Public Research	3,679,764	3,911,193	1.8%	0.6%	-0.7%
Public Master's	2,298,487	2,472,460	2.1%	1.2%	-0.3%
Public Associate's	5,676,536	6,021,767	2.1%	-0.2%	-1.2%
Private Research	961,105	1,022,677	2.0%	0.4%	-0.2%
Private Master's	1,129,446	1,258,873	3.2%	1.4%	0.1%
Private Bachelor's	737,273	820,539	3.3%	1.1%	0.1%
Private For Profit	611,899	1,110,291	16.4%	15.0%	2.4%
Other	1,393,720	1,488,090	2.1%	0.4%	-0.2%
Total	16,488,230	18,105,890	2.7%	1.2%	0.0%

METRICS FOR FINANCE TRENDS: 6 BUCKETS

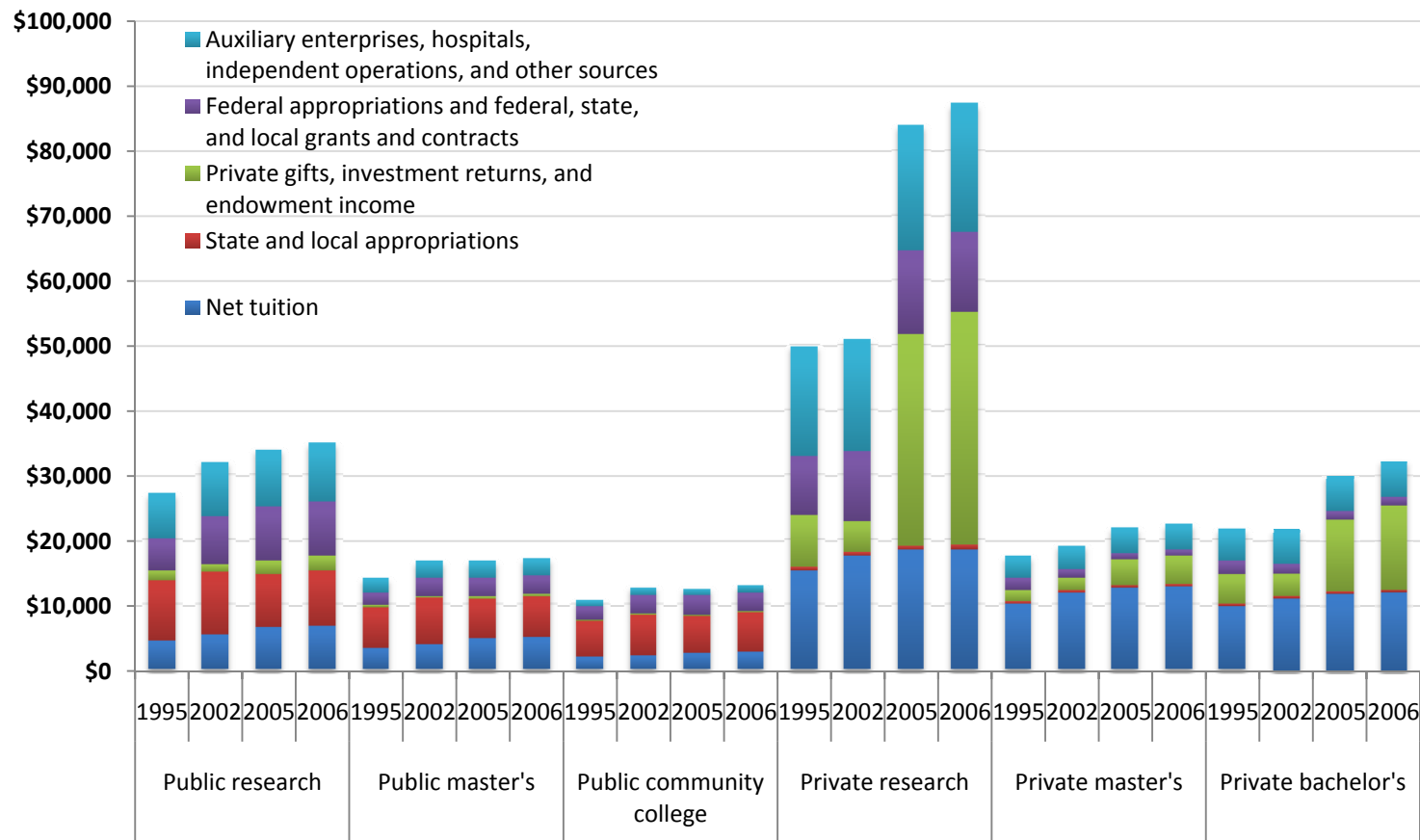
- 1. Where the money comes from – sources and levels**
- 2. Where the money goes (costs or spending)**
- 3. Costs and tuitions – cost shifting v. spending**
- 4. Cost-price-subsidy**
- 5. What the money buys in degrees/completions**
- 6. Student enrollments v. E&R spending per FTE**

WHY THESE METRICS?

- **Can be developed with existing data; can be developed for institution-level measures, or for systems, or states, or national (national presented in this report)**
- **Focus policy attention to critical decision areas, equally relevant to state legislators, system boards, and institutional leaders:**
 - **Revenues: all money isn't equally fungible; focus on bottom line and not just top-line**
 - **Spending: over time are resources being allocated/reallocated consistent with priorities?**
 - **Tuitions/spending: why are tuitions going up? Will spending cuts allow tuitions to be reduced?**
 - **Cost/Subsidy: are subsidies being targeted appropriately? What share of costs are students bearing?**
 - **Cost/Outcomes: can we improve efficiency and effectiveness? What is the evidence?**
 - **Spending/Enrollments: how equitable is spending across different types of institutions? Are differences in subsidies justified by policy goals?**

#1: TRENDS IN REVENUE/FTE 1995 – 2006

Theme: Privatization of finance continues. Biggest growth among publics in tuition; among privates, in PIE (private gifts, investment and endowment income) followed by tuition.



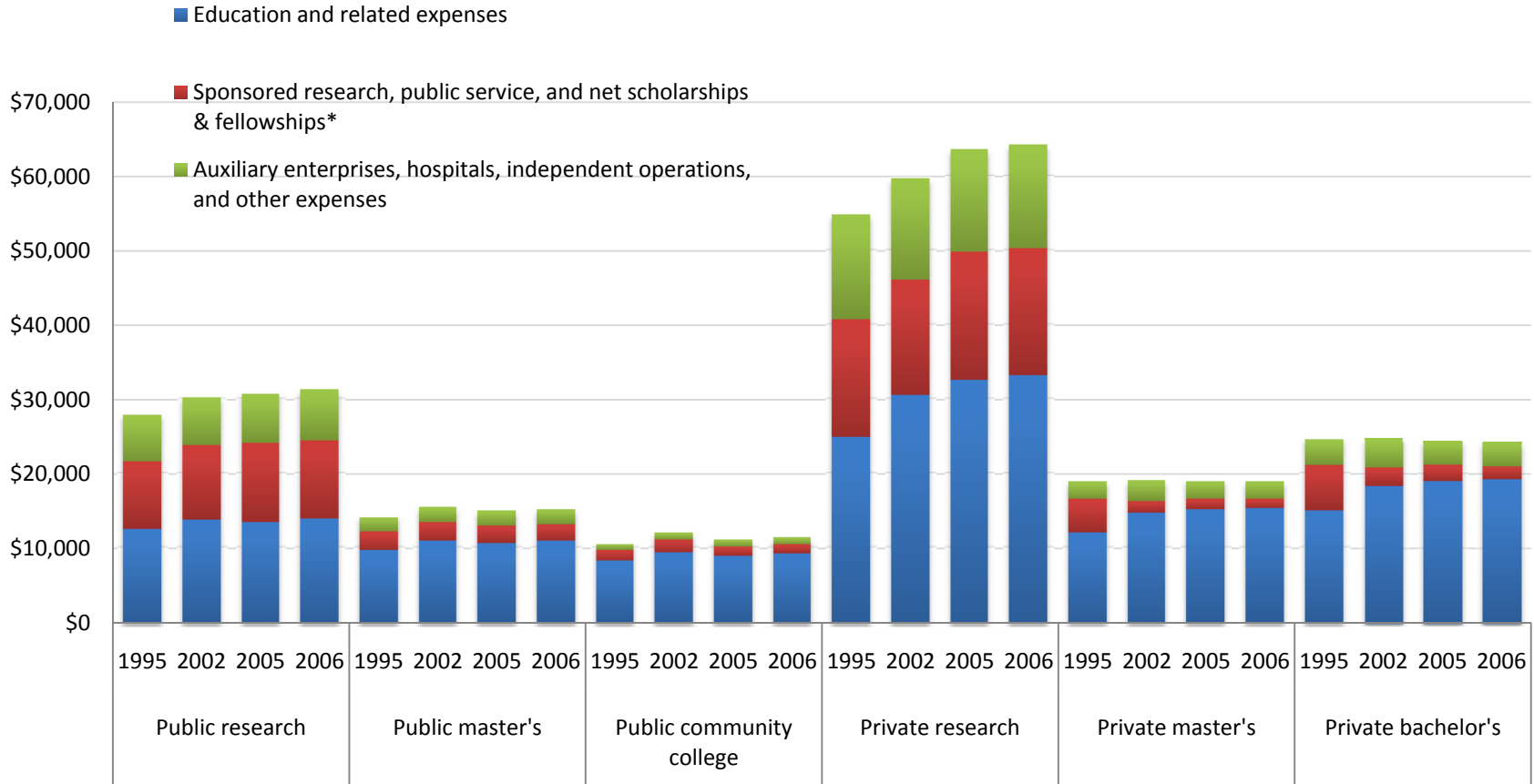
#2:WHERE THE MONEY GOES

How much goes to core academic/educational programs?

- **Snapshot of spending and changes in spending by standard categories, and also organized by:**
 - **Education and related expenses (E&R)**
 - **Instruction, student services, and educational share of academic & institutional support and Operations and Maintenance (O&M)**
 - **Education and general expenses (E&G)**
 - **E&R plus sponsored research and public service**
 - **Total operating expenses**
 - **All of the above plus auxiliary enterprises and hospitals**
 - (self-supporting revenue-producing activities like dormitories, bookstores, some but not most of intercollegiate athletics, clinics and hospitals)

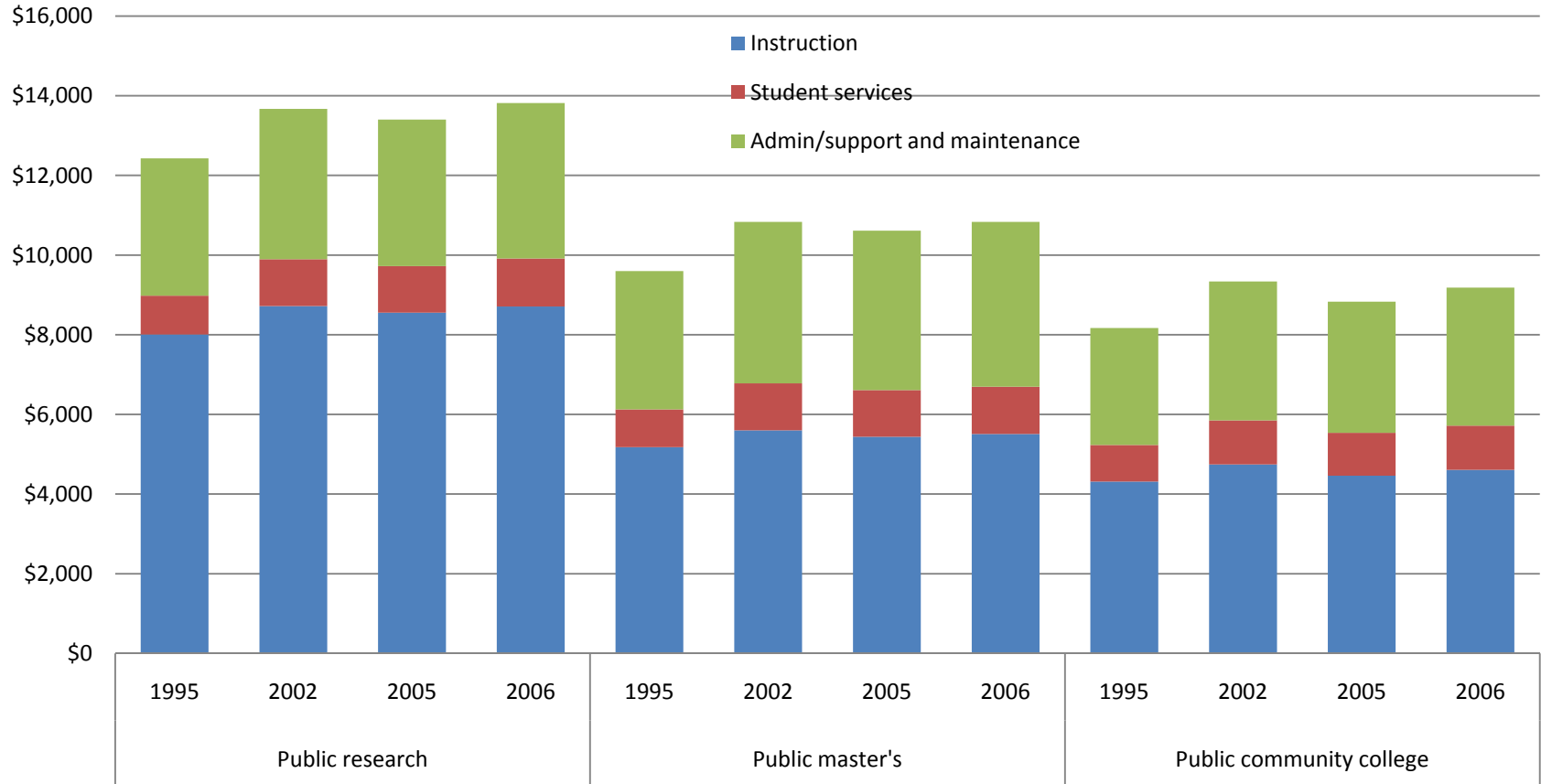
WHERE THE MONEY GOES: E&R, E&G AND TOTAL

Focus on the "top line" significantly overstates resources that pay for the core academic program



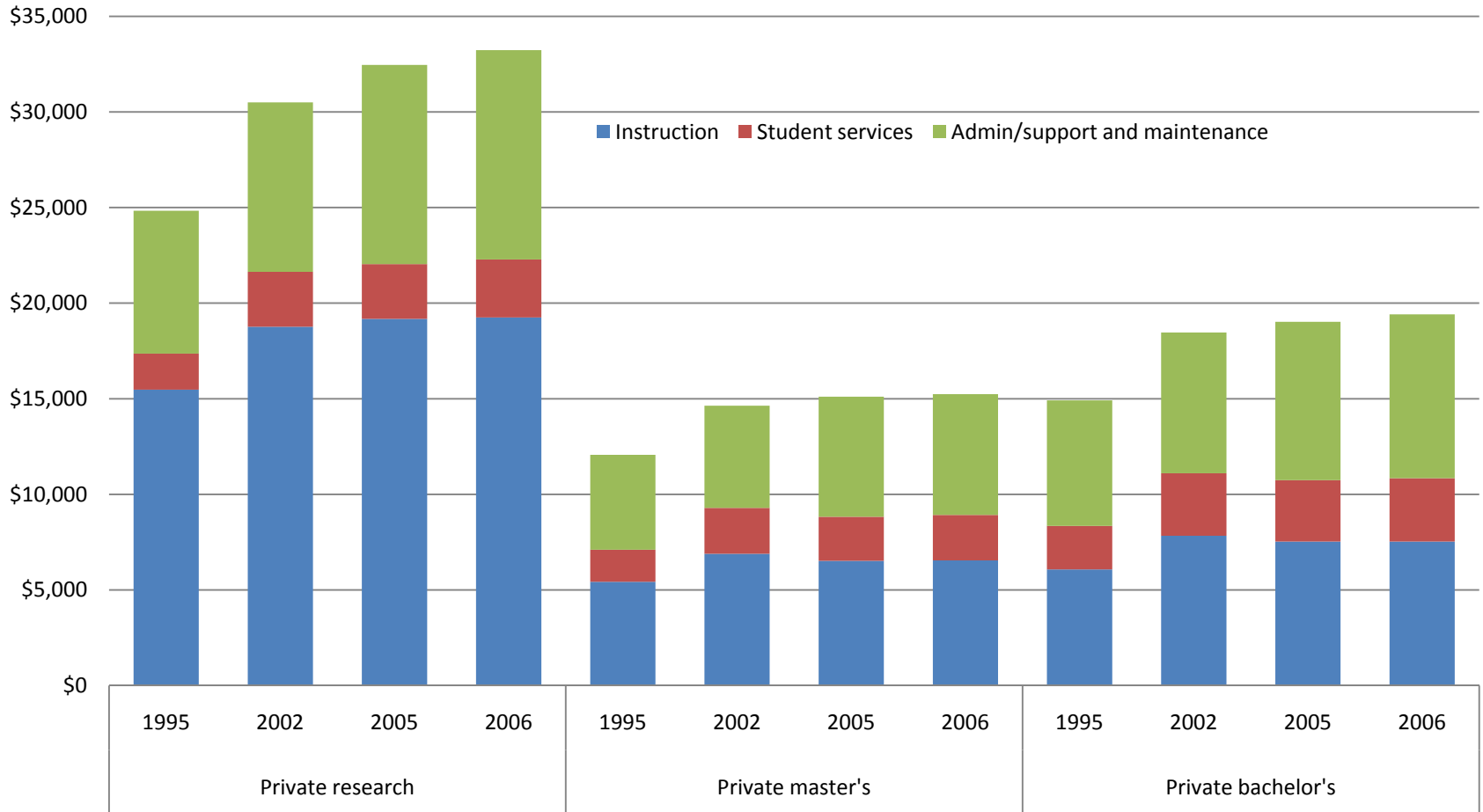
SPENDING WITHIN E&R OVER TIME, PUBLICS

Overall costs quite steady since 2002; Instructional share is down, biggest increase in support/admin/maintenance



#2: SPENDING WITHIN E&R OVER TIME, PRIVATE NONPROFITS

Overall costs are growing, although the instructional share is declining relative to increases primarily in academic support, administration and maintenance



#3:TUITION INCREASES AND SPENDING

Are tuitions going up because spending is increasing?

- **Portion of tuition increases attributable to increased spending...
calculated by comparing**
 - **Sticker price increase to...**
 - **E&G spending increases, to get**
 - **“What if” tuition had increased only enough to accommodate
E&G spending increases**

#3:TUITION INCREASES AND SPENDING, PUBLICS

	Public research			Public master's			Public community college		
	2002	2006	% Change	2002	2006	% Change	2002	2006	% Change
In-state average tuition for FT-Ugs	\$4,486	\$5,825	29.8%	\$3,652	\$4,710	29.0%	\$2,218	\$2,619	18.1%
Education and general spending per FTE student	\$23,812	\$24,411	2.5%	\$13,417	\$13,141	-2.1%	\$11,060	\$10,416	-5.8%
<i>If tuition increased only at spending rate (2002-2006)</i>		\$4,599			\$3,574			\$2,087	
<i>% of tuition increase attributed to increased spending</i>		8.4%			n/a			n/a	

#3:TUITION INCREASES AND SPENDING, PRIVATE NON-PROFIT

	Private research			Private master's			Private bachelor's		
	2002	2006	%Change	2002	2006	%Change	2002	2006	%Change
In-state average tuition /FT Ugs	\$23,497	\$26,468	12.6%	\$16,429	\$18,571	13.0%	\$17,162	\$19,301	12.5%
Education and general spending per FTE	\$45,647	\$49,801	9.1%	\$15,773	\$16,037	1.7%	\$19,999	\$20,373	1.9%
<i>If tuition increased only at spending rate (2002-2006)</i>		\$25,635			\$16,704			\$17,483	
<i>% of tuition increase attributed to increased spending</i>		72.0%			12.8%			15.0%	

#3: RE-CAP: PROPORTION OF 2002-2006 STUDENT TUITION INCREASES GOING TO NEW SPENDING

Public perceptions that tuition increases are not going to pay for increases in quality are right... except for private research universities, tuition increases are replacing other revenues, even in private institutions*

Public research universities: 8.4%

Public master's: spending was reduced

Community colleges: spending was reduced

Private research universities: 72.0%

Private master's: 12.8%

Private bachelor's: 15.0%

* "Squeeze Play," Public Agenda, 2007.

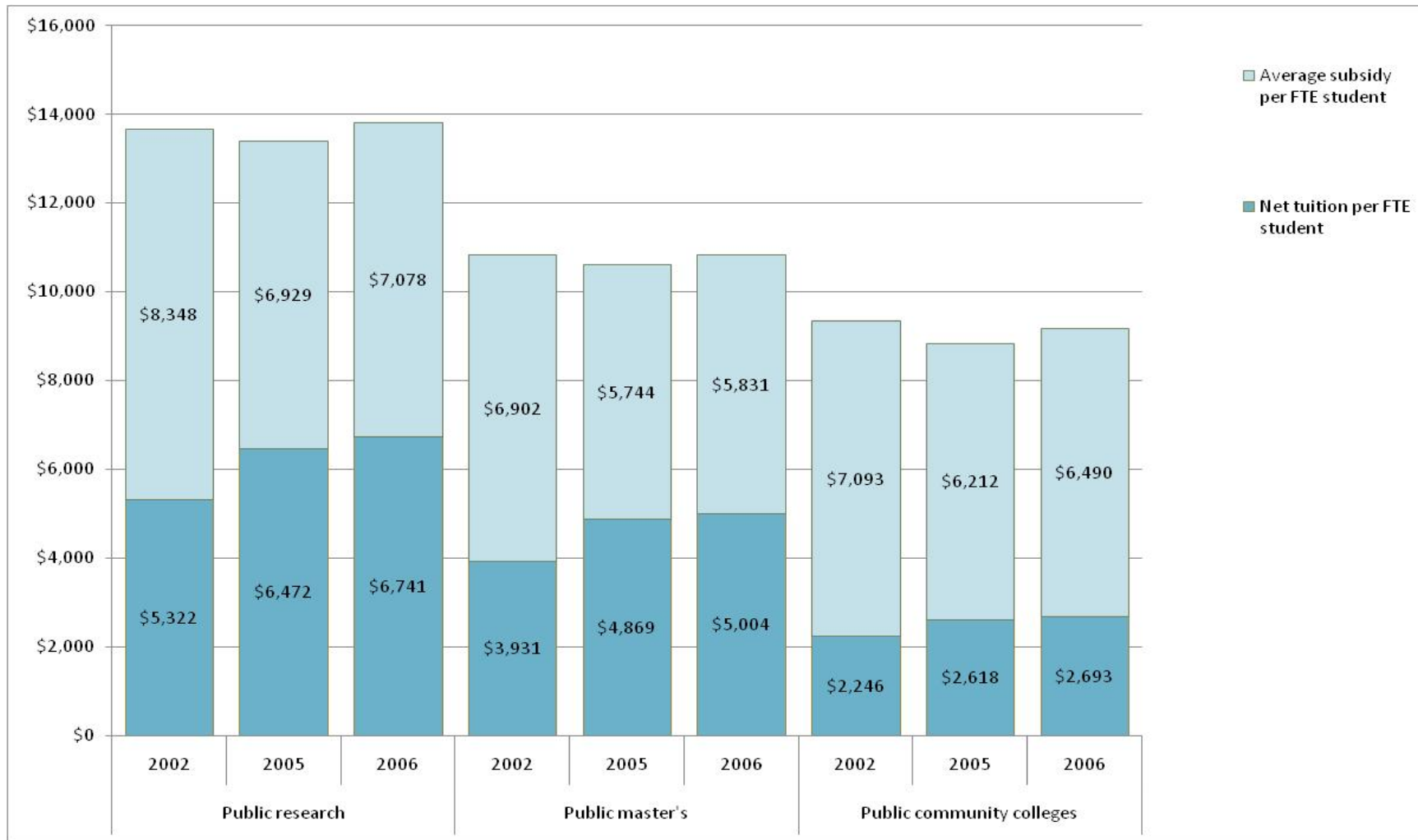
#4: COST/PRICE/SUBSIDY

What proportion of E&R costs are paid by students, and what by the institution/state?

- **Cost: Average E&R spending per student**
- **Price: Proportion of cost paid from net tuition revenues**
- **Subsidy: Proportion of cost paid from institutional revenues (Cost less price)**

#4: SHIFT IN SUBSIDY SHARE OF COSTS, 2002-2006, PUBLICS

The student share of costs is increasing everywhere – although students in public research universities on average still get the largest subsidy among public institutions



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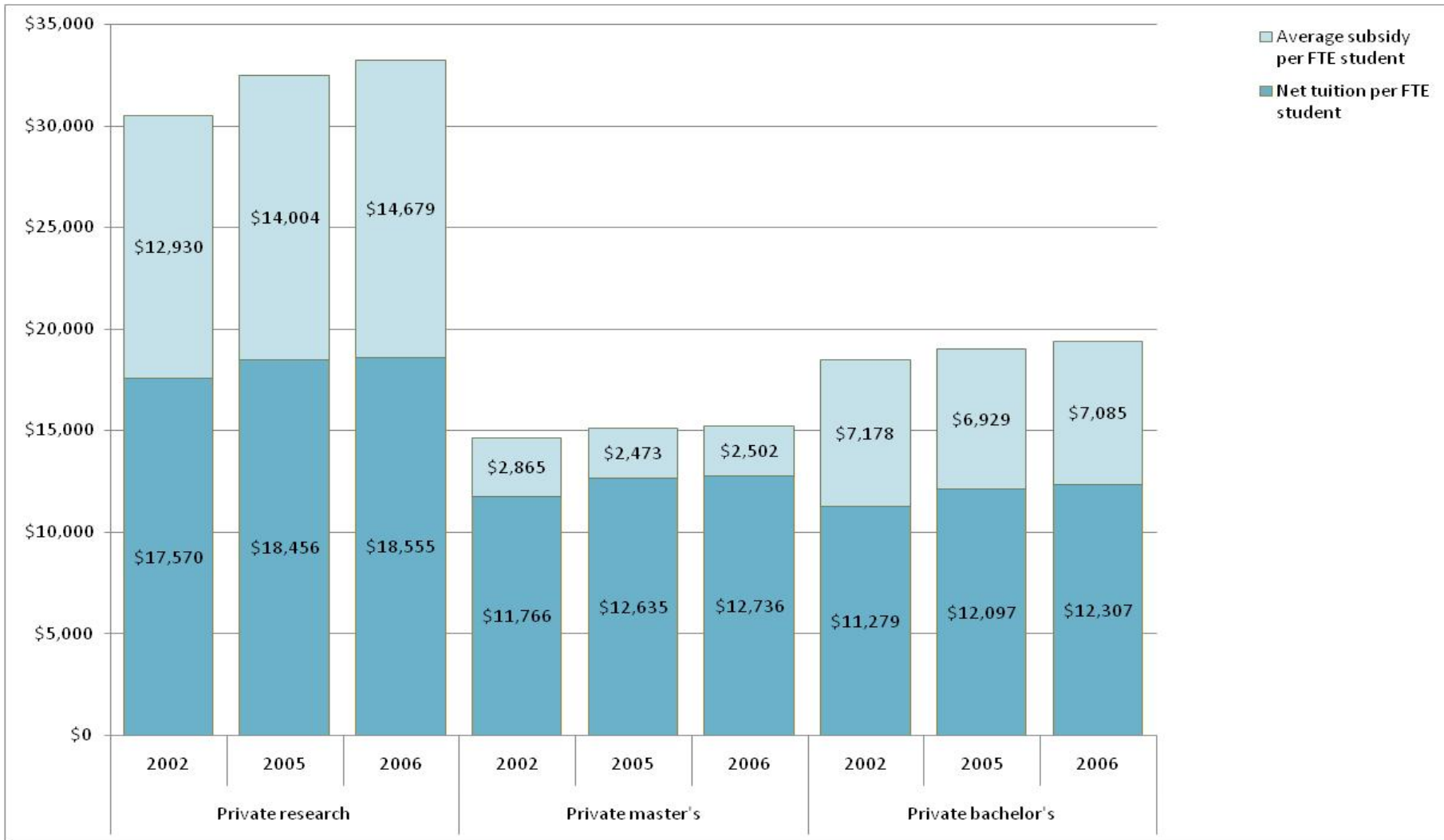
#4 COST/PRICE/SUBSIDY REDUX: PUBLICS, 2002-2006

	Public research			Public masters			Community Colleges		
	2002	2005	2006	2002	2005	2006	2002	2005	2006
Student share of costs	39%	48%	49%	36%	45%	46%	24%	30%	29%
State Subsidy	\$8,348	\$6,929	\$7,078	\$6,902	\$5,744	\$5,831	\$7,093	\$6,212	\$6,490
Net tuition	\$5,322	\$6,472	\$6,741	\$3,931	\$4,869	\$5,004	\$2,246	\$2,618	\$2,693
Total E&R	\$13,670	\$13,401	\$13,819	\$10,833	\$10,613	\$10,835	\$9,339	\$8,830	\$9,183

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#4: SHIFT IN SUBSIDY SHARE OF COSTS, PRIVATE NON-PROFIT, 2002-2006

Even after discounts, students pay the majority of costs – and close to full costs in private master’s institutions



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#4 COST/PRICE/SUBSIDY REDUX: PRIVATE NON-PROFITS, 2002 - 2006

	Private research			Private master's			Private bachelor's		
	2002	2005	2006	2002	2005	2006	2002	2005	2006
Student Share of Costs	58%	57%	56%	80%	84%	84%	61%	64%	64%
Institutional Subsidy	\$12,930	\$14,004	\$14,679	\$2,865	\$2,473	\$2,502	\$7,178	\$6,929	\$7,085
Net tuition	\$17,570	\$18,456	\$18,555	\$11,766	\$12,635	\$12,736	\$11,279	\$12,097	\$12,307
Total E&R (Subsidy+ Tuition)	\$30,500	\$32,460	\$33,234	\$14,631	\$15,108	\$15,238	\$18,457	\$19,026	\$19,392

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#5: COMPLETIONS AND DEGREES PER 100 STUDENTS ENROLLED

	Total degrees per 100 FTE students enrolled			Total completions per 100 FTE students enrolled		
	2002	2005	2006	2002	2005	2006
Public research	23	24	25	23	25	25
Public master's	22	23	23	22	23	23
Public community college	15	15	15	22	24	24
Private research	30	31	31	31	31	32
Private master's	30	30	30	31	31	31
Private bachelor's	22	23	23	23	23	24

DEFINITIONS: DEGREES/COMPLETIONS

- **Standard IPEDS category for many years**
- **Different than “cohort” – aggregate measure of all degree/completion output per enrolled student**
- **Captures CC transfers and other students who do not start as full-time freshmen**
- **“Degrees” = all degrees, all levels and disciplines**
- **“Completions” = all degrees plus any other ‘completion’ – diploma, certificate, etc. Most relevant for community colleges.**

#5: E&R SPENDING PER DEGREE/COMPLETION

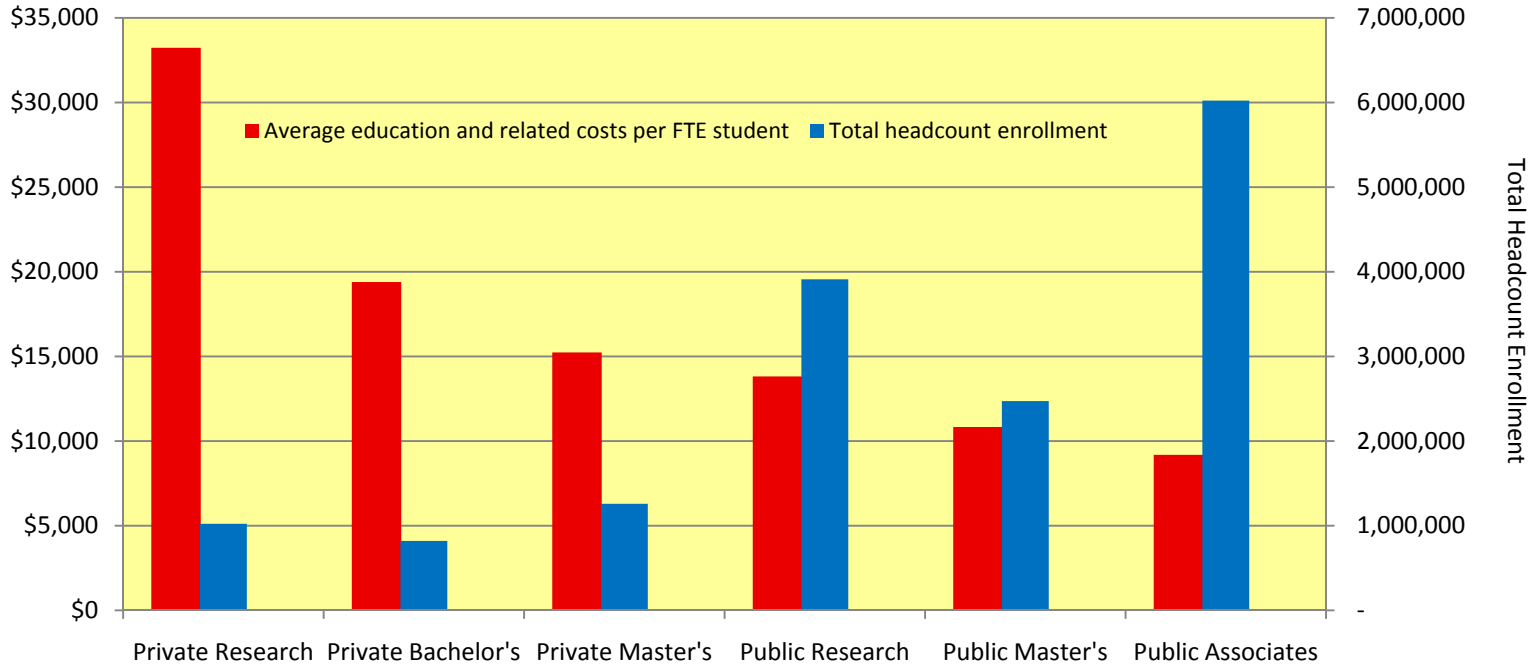
Spending closely tracks general spending trends, and shows modest reductions in \$/completions in the public sector

	Aggregate E&R spending per degree completed				Aggregate E&R spending per completion			
	1995	2002	2005	2006	1995	2002	2005	2006
Public research	\$53,261	\$61,829	\$55,814	\$56,743	\$52,346	\$60,805	\$54,782	\$55,637
Public master's	\$45,863	\$51,722	\$49,446	\$49,881	\$45,401	\$50,977	\$48,569	\$48,914
Public community college	\$64,982	\$72,097	\$63,602	\$63,954	\$42,062	\$47,830	\$41,966	\$42,450
Private research	\$83,054	\$102,056	\$107,165	\$109,954	\$81,827	\$100,160	\$104,853	\$107,335
Private master's	\$46,309	\$51,781	\$53,727	\$54,058	\$45,281	\$50,602	\$52,625	\$52,825
Private bachelor's	\$72,796	\$86,642	\$86,027	\$86,634	\$71,295	\$85,481	\$84,791	\$85,502

#6: WHERE THE MONEY GOES, WHERE THE STUDENTS ARE ENROLLED: E&R SPENDING PER FTE STUDENT/ENROLLMENTS

Averages are misleading: there is significant stratification between institutions in access to revenues, with the majority of students enrolling in institutions spending \$10,000 or less per student

Average education and related costs per FTE student



RECAP OF FINDINGS

- Enrollments: *growth is slowing; most growth is among students of color; market share declining among public institutions*
- Revenues: *growth from private funds – tuitions and PIE*
- Spending: *'top line' overstates spending on core program; E&R reductions except in research institutions since 2002; E&R share going to instruction declining, spending increases going to academic and administrative support*
- Tuition increases v. spending: *most tuition increases don't go for new spending, they are replacing other funds – exception is private research institutions*
- Subsidy shifts: *students paying a higher share of costs everywhere*
- Spending and results: *very slight increases in degrees/completions per \$ spent except in private research sector*
- Spending and enrollments: *spending per student greatest in institutions with the fewest students*

Appendix: Details of spending per FTE by standard expense areas

Public Research	Academic Year					
	1995	2002	2003	2004	2005	2006
Instruction	\$8,007	\$8,722	\$8,526	\$8,378	\$8,554	\$8,711
Research	\$4,183	\$4,949	\$5,058	\$5,276	\$5,377	\$5,297
Public Service	\$1,459	\$1,790	\$1,755	\$1,797	\$1,812	\$1,783
Academic Support	\$2,067	\$2,236	\$2,175	\$2,187	\$2,217	\$2,300
Student Services	\$975	\$1,173	\$1,151	\$1,153	\$1,168	\$1,202
Institutional Support	\$1,756	\$2,032	\$1,998	\$1,964	\$1,999	\$2,093
Operations and Maintenance	\$1,544	\$1,844	\$1,769	\$1,815	\$1,889	\$2,017
Scholarships and Fellowships	\$1,607	\$1,092	\$1,028	\$973	\$1,015	\$1,021
Education and General	\$21,561	\$23,812	\$23,445	\$23,530	\$24,016	\$24,411
Auxiliary Enterprises, Hospitals, Independent and Other Operations	\$6,351	\$6,380	\$6,439	\$6,348	\$6,713	\$6,877
Total Operating Expenditures	\$27,912	\$30,192	\$29,884	\$29,878	\$30,729	\$31,288

Public Master's	Academic Year					
	1995	2002	2003	2004	2005	2006
Instruction	\$5,178	\$5,602	\$5,541	\$5,466	\$5,438	\$5,509
Research	\$341	\$436	\$426	\$422	\$434	\$426
Public Service	\$481	\$598	\$589	\$584	\$568	\$579
Academic Support	\$1,134	\$1,334	\$1,310	\$1,293	\$1,323	\$1,342
Student Services	\$947	\$1,179	\$1,148	\$1,142	\$1,175	\$1,185
Institutional Support	\$1,568	\$1,854	\$1,844	\$1,820	\$1,772	\$1,819
Operations and Maintenance	\$1,157	\$1,428	\$1,346	\$1,328	\$1,446	\$1,530
Scholarships and Fellowships	\$1,424	\$1,063	\$920	\$850	\$827	\$815
Education and General	\$12,106	\$13,425	\$13,056	\$12,834	\$12,919	\$13,141
Auxiliary Enterprises, Hospitals, Independent and Other Operations	\$1,989	\$1,974	\$1,964	\$1,987	\$2,016	\$2,029
Total Operating Expenditures	\$14,086	\$15,400	\$15,020	\$14,821	\$14,935	\$15,170

Public Associate's	Academic Year					
	1995	2002	2003	2004	2005	2006
Instruction	\$4,314	\$4,746	\$4,511	\$4,471	\$4,460	\$4,609
Research	\$97	\$65	\$57	\$36	\$43	\$66
Public Service	\$309	\$384	\$361	\$342	\$339	\$344
Academic Support	\$744	\$922	\$838	\$823	\$831	\$858
Student Services	\$920	\$1,106	\$1,081	\$1,065	\$1,079	\$1,110
Institutional Support	\$1,404	\$1,647	\$1,548	\$1,578	\$1,561	\$1,634
Operations and Maintenance	\$907	\$1,086	\$1,036	\$1,018	\$1,032	\$1,114
Scholarships and Fellowships	\$1,186	\$1,297	\$1,128	\$1,041	\$957	\$894
Education and General	\$9,700	\$11,068	\$10,345	\$10,180	\$10,105	\$10,416
Auxiliary Enterprises, Hospitals, Independent and Other Operations	\$763	\$896	\$923	\$976	\$965	\$961
Total Operating Expenditures	\$10,406	\$11,911	\$11,218	\$11,099	\$11,019	\$11,317

Private Research	Academic Year					
	1995	2002	2003	2004	2005	2006
Instruction	\$15,476	\$18,765	\$18,636	\$18,774	\$19,182	\$19,251
Research	\$6,948	\$10,311	\$10,543	\$11,004	\$11,278	\$11,110
Public Service	\$1,499	\$1,404	\$1,446	\$1,381	\$1,400	\$1,273
Academic Support	\$3,056	\$5,289	\$5,027	\$5,021	\$5,066	\$5,312
Student Services	\$1,883	\$2,875	\$2,712	\$2,724	\$2,859	\$3,037
Institutional Support	\$4,295	\$6,169	\$5,984	\$6,139	\$6,166	\$6,316
Operations and Maintenance	\$2,935	\$4,074	\$3,877	\$3,970	\$4,178	\$4,492
Scholarships and Fellowships	\$5,472	\$1,322	\$1,413	\$1,515	\$1,509	\$1,198
Education and General	\$40,726	\$45,647	\$47,249	\$48,119	\$49,307	\$49,801
Auxiliary Enterprises, Hospitals, Independent and Other Operations	\$14,034	\$13,609	\$13,562	\$13,714	\$13,785	\$13,984
Total Operating Expenditures	\$54,759	\$58,936	\$60,652	\$61,511	\$62,768	\$63,456

Private Master's	Academic Year					
	1995	2002	2003	2004	2005	2006
Instruction	\$5,424	\$6,890	\$6,554	\$6,521	\$6,520	\$6,545
Research	\$726	\$889	\$756	\$770	\$717	\$631
Public Service	\$415	\$618	\$621	\$564	\$450	\$428
Academic Support	\$1,159	\$1,605	\$1,514	\$1,508	\$1,524	\$1,529
Student Services	\$1,683	\$2,398	\$2,273	\$2,283	\$2,311	\$2,381
Institutional Support	\$2,715	\$3,584	\$3,403	\$3,414	\$3,457	\$3,429
Operations and Maintenance	\$1,317	\$1,671	\$1,747	\$1,726	\$1,758	\$1,805
Scholarships and Fellowships	\$3,851	\$1,314	\$1,202	\$1,144	\$1,112	\$829
Education and General	\$16,567	\$15,773	\$16,050	\$16,014	\$16,061	\$16,037
Auxiliary Enterprises, Hospitals, Independent and Other Operations	\$2,279	\$2,764	\$2,459	\$2,451	\$2,420	\$2,402
Total Operating Expenditures	\$18,809	\$18,482	\$18,469	\$18,401	\$18,409	\$18,383

Private Bachelor's	Academic Year					
	1995	2002	2003	2004	2005	2006
Instruction	\$6,074	\$7,830	\$7,535	\$7,530	\$7,529	\$7,534
Research	\$604	\$656	\$637	\$677	\$678	\$673
Public Service	\$513	\$681	\$678	\$635	\$606	\$567
Academic Support	\$1,439	\$1,989	\$1,894	\$1,882	\$1,879	\$1,893
Student Services	\$2,273	\$3,274	\$3,126	\$3,142	\$3,213	\$3,311
Institutional Support	\$3,541	\$4,756	\$4,490	\$4,421	\$4,446	\$4,607
Operations and Maintenance	\$1,863	\$2,812	\$2,580	\$2,587	\$2,606	\$2,661
Scholarships and Fellowships	\$5,610	\$2,902	\$2,569	\$2,457	\$2,542	\$1,462
Education and General	\$21,148	\$19,999	\$20,330	\$20,251	\$20,342	\$20,373
Auxiliary Enterprises, Hospitals, Independent and Other Operations	\$3,462	\$3,934	\$3,437	\$3,345	\$3,324	\$3,295
Total Operating Expenditures	\$24,579	\$23,889	\$23,737	\$23,552	\$23,614	\$23,603

For more information, visit the Delta Project website, at:

<http://www.deltacostproject.org>

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