

How Did Revenue and Spending per Student Change at Four-Year Colleges and Universities Between 2006-07 and 2012-13?

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Key Findings

(All figures in 2013 Constant Dollars)

- State and local appropriations substantially declined across the board from 2006-07 to 2012-13. APLU institutions' state and local appropriations per FTE student declined by approximately \$2,700 after adjusting for inflation, compared to a losses of nearly \$3,500 and \$2,000 at very high research and high research institutions.
- During the same period, an increase of about \$2,400 in tuition and fee revenue made up for much of the decline in state appropriations at APLU institutions. (Tuition and fee revenue was up nearly \$3,200 at "very high" and \$1,800 at "high" research institutions).
- Taken together, the sum of state and local appropriations plus tuition and fee revenues—which are the core revenues typically available for instruction and related activities—declined by \$320 at APLU institutions in constant dollars on an FTE student basis (down \$280 at "very high" and \$230 at "high" research institutions).
- Education and related (E&R) expenditures per FTE student at APLU institutions increased by about 4% from 2006-07 to 2012-13 after adjusting for inflation. E&R Expenditures per FTE increased by 7% at Carnegie "very high research" institutions and 1% at "high" research institutions.

1. General Trends in Enrollment, E&R Expenditures, and Core Revenues

Table 1 below shows the trends in student enrollmentⁱ, Education and Related (E&R) expendituresⁱⁱ, and the sum of tuition and fee revenues and state and local appropriations from 2006-07 to 2012-13 for public 4-year institutions with the Carnegie classificationⁱⁱⁱ of very high research activities (VHR), high research activities (HR), and “Other” Carnegie classification categories (“Other”). E&R expenditures are the estimated expense dedicated to education related activities, whereas tuition revenues and appropriations are considered a rough proxy of revenues available for such activities. Highlighted findings are:

- Enrollment grew across the groups, by 10% at VHR institutions, 12% at HR institutions, 8% at “Other” institutions, and 10% at APLU institutions.
- E&R expenditures per FTE increased by 4% at APLU institutions after adjusting for inflation. Expenditures increased by 7% at VHR institutions and 1% at HR and “Other” public institutions.
- The sum of tuition revenues and state and local appropriations, the core revenues that support basic operations of institutions, declined on an FTE student basis across all groups by 1% at VHR and HR, and by 5% at “Other” institutions after adjusting for inflation. APLU institutions also experienced a decline of 2%.

Table 1:
Trends in Enrollment, Education & Related Expenditures, and Tuition Revenues & State Appropriations in 2013 Constant Dollars^{iv}

Institutions	Indicators	2006-07	2012-13	Difference (06-07 to 12-13)	Growth % (06-07 to 12-13)
Public Institutions, Very High Research	# of Institutions in Analysis	63			
	Student FTE (Undergraduates and Graduates)	1,782,910	1,952,913	170,003	10%
	Education and Related Expenditures per FTE	\$19,896	\$21,224	\$1,328	7%
	Tuition & Fee Revenues + Appropriations per FTE	\$21,440	\$21,163	-\$277	-1%
Public Institutions, High Research	# of Institutions in Analysis	76			
	Student FTE (Undergraduates and Graduates)	1,204,722	1,348,351	143,629	12%
	Education and Related Expenditures per FTE	\$14,064	\$14,183	\$118	1%
	Tuition & Fee Revenues + Appropriations per FTE	\$15,940	\$15,708	-\$232	-1%
Public Institutions, Other 4-year	# of Institutions in Analysis	482			
	Student FTE (Undergraduates and Graduates)	2,821,824	3,036,721	214,897	8%
	Education and Related Expenditures per FTE	\$13,904	\$14,082	\$178	1%
	Tuition & Fee Revenues + Appropriations per FTE	\$13,332	\$12,666	-\$666	-5%
Public Institutions, 4-year Total	# of Institutions in Analysis	621			
	Student FTE (Undergraduates and Graduates)	5,809,456	6,337,985	528,529	9%
	Education and Related Expenditures per FTE	\$15,776	\$16,304	\$528	3%
	Tuition & Fee Revenues + Appropriations per FTE	\$16,361	\$15,931	-\$430	-3%
APLU Institutions	# of Institutions in Analysis	193			
	Student FTE (Undergraduates and Graduates)	3,580,628	3,951,968	371,340	10%
	Education and Related Expenditures per FTE	\$17,078	\$17,740	\$663	4%
	Tuition & Fee Revenues + Appropriations per FTE	\$18,346	\$18,025	-\$320	-2%

Source: Postsecondary Analytics using IPEDS data

2. Changes in Core Revenues

Table 2 below presents trend data in the two largest core revenue components—tuition revenues and state and local appropriations—and shows how their shares in total revenues have shifted over time. Some highlights include:

- State and local appropriations substantially declined in all groups over the last six years. APLU institutions' state and local appropriations declined by \$2,718 (27%) on an FTE student basis in 2013 dollars, while VHR and HR institutions declined \$3,460 (29%) and \$1,989 (24%), respectively.
- Consequently, the share of state and local government appropriations in total revenues also declined in all groups. The 2012-2013 share was 20% at APLU institutions, down 4 percentage points since 2006-07.
- While government appropriations declined, tuition revenues increased in all groups. Tuition revenues per FTE student increased by 29% at APLU institutions, compared to 33% at VHR institutions, 23% at HR institutions, and 22% at "Other" public 4-year institutions. The real increase was probably higher because of a change in accounting practices for Pell grants.^v
- Increases in tuition and fee revenue made up for much of the decline in state appropriations. The sum of state and local appropriations plus tuition and fee revenues, declined by \$320 (2%) at APLU institutions, \$277 (1%) at VHR institutions and \$232 (1%) HR institutions in 2013 constant dollars on an FTE student basis.

Table 2:
Trends in Tuition Revenues and State Appropriations per FTE Student (2013 dollars)

Institutions	Indicators	2006-07	2012-13	Difference (06-07 to 12-13)	Growth % (06-07 to 12-13)
Public Institutions, Very High Research	State & Local Appropriations	\$11,865	\$8,405	-\$3,460	-29%
	Tuition Revenues	\$9,575	\$12,758	\$3,183	33%
	State Appropriations & Tuition Revenues	\$21,440	\$21,163	-\$277	-1%
	Total Revenues (Less Hospital and Independent Operation)	\$54,609	\$44,079	-\$10,529	-19%
	State and Local Appropriations as a % of Total Revenues	22%	19%	-3%	
	Tuition Revenues as a % of Total Revenues	18%	29%	11%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	39%	48%	9%	
Public Institutions, High Research	State & Local Appropriations	\$8,433	\$6,443	-\$1,989	-24%
	Tuition Revenues	\$7,507	\$9,264	\$1,758	23%
	State Appropriations & Tuition Revenues	\$15,940	\$15,708	-\$232	-1%
	Total Revenues (Less Hospital and Independent Operation)	\$28,755	\$28,509	-\$246	-1%
	State and Local Appropriations as a % of Total Revenues	29%	23%	-7%	
	Tuition Revenues as a % of Total Revenues	26%	32%	6%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	55%	55%	0%	
Public Institutions, Other 4-yr	State & Local Appropriations	\$7,947	\$6,093	-\$1,854	-23%
	Tuition Revenues	\$5,385	\$6,573	\$1,188	22%
	State Appropriations & Tuition Revenues	\$13,332	\$12,666	-\$666	-5%
	Total Revenues (Less Hospital and Independent Operation)	\$23,348	\$22,515	-\$834	-4%
	State and Local Appropriations as a % of Total Revenues	34%	27%	-7%	
	Tuition Revenues as a % of Total Revenues	23%	29%	6%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	57%	56%	-1%	
Public Institutions, 4-yr Total	State & Local Appropriations	\$9,250	\$6,880	-\$2,370	-26%
	Tuition Revenues	\$7,111	\$9,051	\$1,940	27%
	State Appropriations & Tuition Revenues	\$16,361	\$15,931	-\$430	-3%
	Total Revenues (Less Hospital and Independent Operation)	\$34,063	\$30,435	-\$3,629	-11%
	State and Local Appropriations as a % of Total Revenues	27%	23%	-5%	
	Tuition Revenues as a % of Total Revenues	21%	30%	9%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	48%	52%	4%	
APLU Institutions	State & Local Appropriations	\$9,957	\$7,239	-\$2,718	-27%
	Tuition Revenues	\$8,388	\$10,786	\$2,398	29%
	State Appropriations & Tuition Revenues	\$18,346	\$18,025	-\$320	-2%
	Total Revenues (Less Hospital and Independent Operation)	\$42,303	\$36,450	-\$5,852	-14%
	State and Local Appropriations as a % of Total Revenues	24%	20%	-4%	
	Tuition Revenues as a % of Total Revenues	20%	30%	10%	
	State, Local Approps, Tuition Revenues as a % of Total Revenues	43%	49%	6%	

Source: Postsecondary Analytics using IPEDS data

NOTES

ⁱ Including both undergraduate and graduate annualized FTE as estimated by NCES.

ⁱⁱ Education and Related Expenditures follow the definition used by the Delta Cost Project and include functional expenditures for instruction and student services, plus a portion of aggregated functional expenditures for Academic Support, Institutional Support, and Operation and Maintenance. The allocation portion is determined by dividing the sum of instructional and student service expenditures by the aggregated amount of these two expenditures and research and public service expenditures. Expenditures for interest payments and depreciation are not included in E&R expenditures.

ⁱⁱⁱ Carnegie classification is based on 2005 basic Carnegie classification. Institution groups were held constant across the time period based on status in 2006-07, so that changes reflect trends within institutions rather than in the composition of the groups.

^{iv} CPI-U is used for inflation adjustment. The inflation rate from 2006-07 to 2012-13 was approximately 12%.

^v Note that a change in accounting practices for Pell grants means that this increase was probably larger, since Pell revenue was almost universally excluded from tuition in 2011-12, but was often (but not always) included in 2006-07. See NACUBO's guidance, which most institutions followed when it was released, at:

http://www.nacubo.org/Business_and_Policy_Areas/Student_Financial_Services/Student_Financial_Services_News/Public_Institutions_Should_Categorize_Pell_Grants_As_Non-operating_in_IPEDS.html