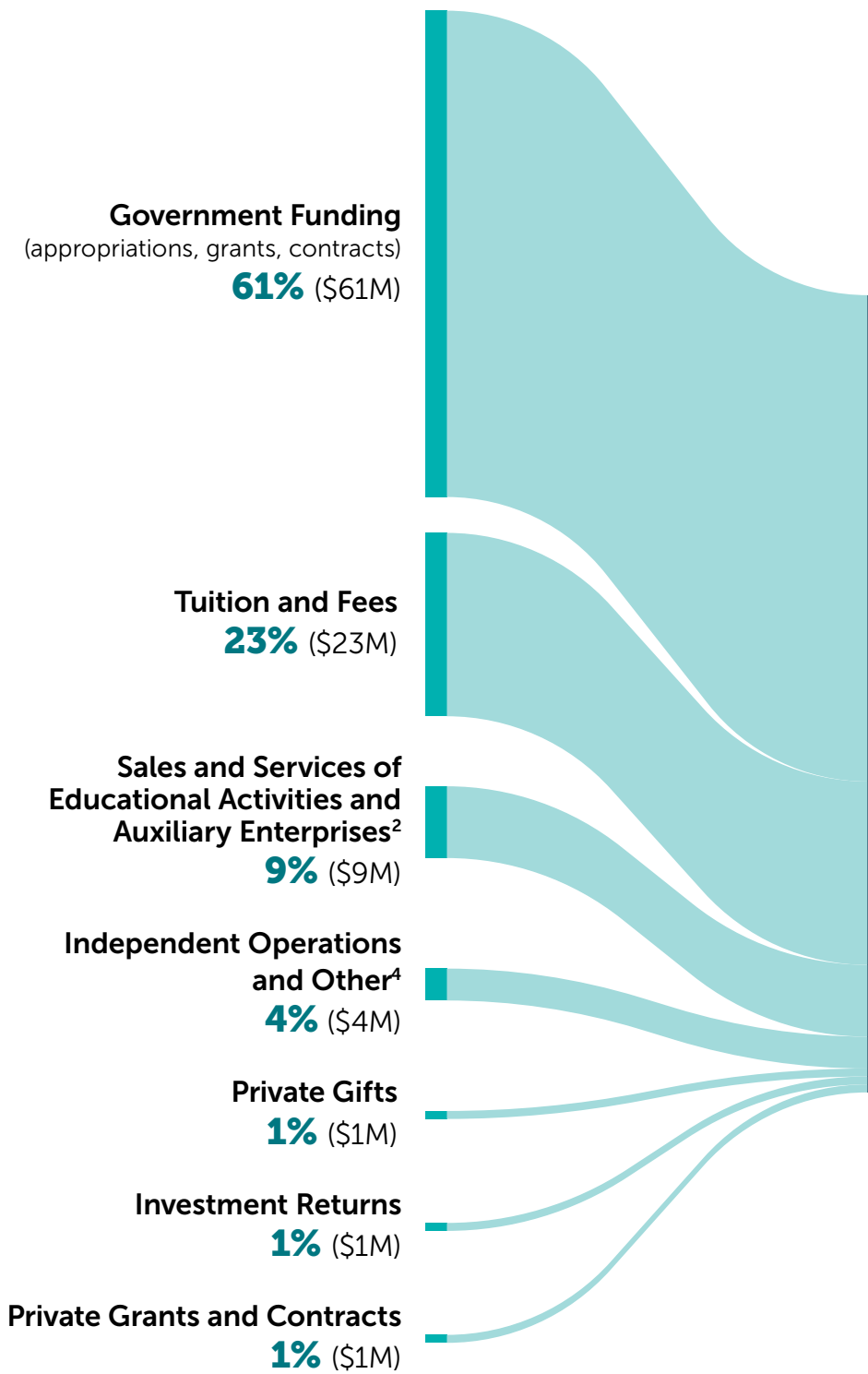


# Understanding the Revenues and Costs of Public Colleges and Universities

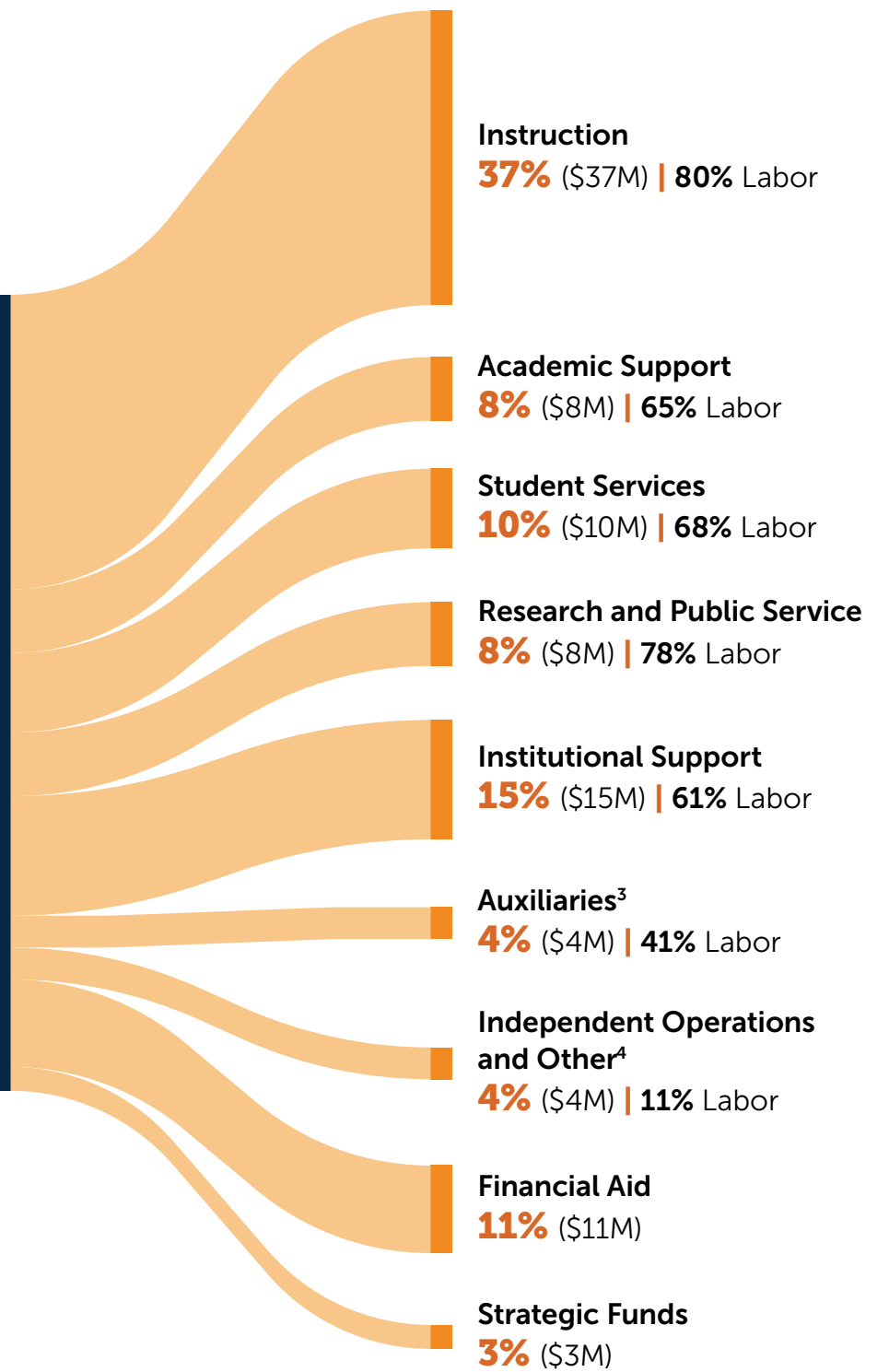
As higher education faces growing fiscal pressures, it is crucial that all stakeholders understand the budget. A top-level snapshot reveals how reliant an institution is on different revenue streams as well as their largest expense categories. This showcases that higher ed is fundamentally a human capital business and that people—faculty, students, and staff—have an outsized impact on both revenue growth and expense management. With this knowledge, institutions can assess if there is flexibility in their budgets and identify what is and what is not possible financially.

This infographic shows findings from EAB’s analysis of IPEDS<sup>1</sup> data and university budgets. It highlights the typical distribution of revenue and expenses by category. Use this infographic to educate campus stakeholders on the importance of various revenue streams and containing growth across major cost centers, such as labor.

## \$100M Revenue



## \$100M Expenses



Source: IPEDS; EAB interviews and analysis.

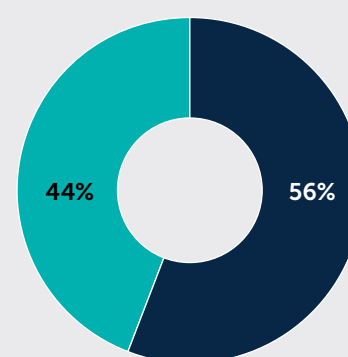
### There is no margin for error in higher ed budgets.

Higher ed budgets have little to no wiggle room with nearly all institutions committing 100% of revenue toward the fixed expense categories. When revenue is fully allocated, with no buffer on the expense side of our budgets, a slight miss on revenue means falling into a structural deficit.

**21%** of public institutions posted a structural deficit.<sup>5</sup>

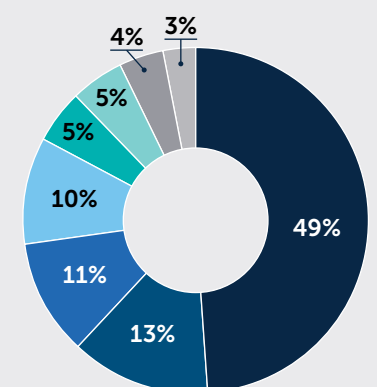
1. Integrated Postsecondary Education Data System  
 2. Revenues generated from the sales of goods or services and auxiliary enterprise operations of the institution. Examples include sales of publications, university presses, residence halls, and food services  
 3. Includes expenses associated with athletics programs  
 4. Revenues and expenses associated with operations independent of or unrelated to the primary missions of the institution (i.e., instruction, research, public service)  
 5. EAB analysis of IPEDS data for Fiscal Year 2022

### Labor Costs as Percentage of Total Expenses



■ Labor Expenses  
 ■ Other Expenses

### Breakdown of Total Salary Expenditures by Category



■ Instruction  
 ■ Institutional Support  
 ■ Student Services  
 ■ Academic Support  
 ■ Research  
 ■ Auxiliary Enterprises  
 ■ Public Service  
 ■ All Other Categories



For more research on administration, finance, and operations priorities, visit our resource center.

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