



HowCollegesSpendMoney.com

Frequently Asked Questions

Where did the data come from to create HowCollegesSpendMoney.com?

All of the data on HowCollegesSpendMoney.com is drawn from the Integrated Postsecondary Education Data System (IPEDS), unless noted otherwise. Each year, institutions that receive federal financial aid are required to report their financial data to the National Center for Education Statistics (NCES) through IPEDS, which is the most comprehensive government database on post-secondary education in the United States.

It's critical to note, however, that the IPEDS website is highly complex and cannot be used effectively without significant expertise. *HowCollegesSpendMoney.com* is the first and only resource of its kind that makes this information instantly and easily accessible for college trustees and the public.

For more information, visit <https://nces.ed.gov/ipeds>.

What is covered in administrative costs?

On *HowCollegesSpendMoney.com*, administrative costs are defined as a function of what institutions report to IPEDS as “institutional support” expenses for the “day-to-day operational support of the institution.” This commonly includes costs for executive management, a legal department, fiscal operations, public relations, or a development office.

Institutional support does not include items like student activities, career services, or financial aid staff (which fall under a separate category of expenses called student services), or parking facilities, housing, or food services (which are reported as auxiliary enterprises). For most schools, institutional support does not include expenses for operating on-campus hospitals, with some exceptions.

To ensure that data are as comparable as possible both year-to-year and across institutions, *HowCollegesSpendMoney.com* excludes from administrative costs any amount the institution allocated as building expenses (which include “operation and maintenance of plant, interest, and depreciation”). For financial data after 2015, this site estimates the percent of administrative costs allocated as building expenses using the institution’s average over five years, or as many years’ data that are available.

What is covered in instructional costs?

For the purposes of this site, instructional costs are defined as a function of what institutions report to IPEDS as “instruction” or “academic support” expenses. Instruction includes general academic instruction, occupational and vocational instruction, etc. Academic support includes academic administration (such as deans), as well as functions like libraries, museums, and galleries.

As with administrative costs, *HowCollegesSpendMoney.com* excludes from instructional costs any amounts allocated as building expenses.



Are sports-related costs factored into either of these categories?

Costs related to intercollegiate athletics **are not** included in either of the variables for administrative or instructional costs.

Do trustees and college leaders already have this data available to them?

Yes, all of the data used by *HowCollegesSpendMoney.com* is publically available, but this site is the first built specifically for trustees and the public to equip them with the tools to perform their own analysis of higher education spending trends and create benchmarks in comparison with other institutions.

What is the role of a trustee at a college or university?

A trustee is a fiduciary. And “fiduciary” is a broad, encompassing term. This means more than simple adherence to legal rules and technicalities. It means that trustees stand in trust for the institution and the public. They are responsible for the college or university’s overall health and the wise and effective use of its resources.

The challenges facing American higher education demand that trustees take an active and informed role in institutional governance. As the ultimate stewards of their institution’s mission, trustees ought to commit to understanding the academic enterprise and acting decisively to ensure academic excellence, accountability, and transparency.

Does ACTA have recommendations for schools/trustees to address the rising tuition crisis and rein in spending?

In ACTA’s report [*How Much is Too Much? Controlling Administrative Costs through Effective Oversight*](#), ACTA specifically urges trustees to:

- Familiarize themselves deeply with trends in administrative spending at their institution.
- Create and use financial dashboards with at-a-glance metrics to monitor spending.
- Ensure that financial data are reported clearly, accurately, and consistently year-over-year.
- Consolidate and streamline programs wherever possible to achieve greater cost efficiency.

Is my school performing well?

Unfortunately, there is no single statistic or value that can be used to measure a school’s performance. The data provided by *HowCollegesSpendMoney.com* should be viewed as a baseline for understanding how an institution compares to similar colleges and universities. It is an important indicator of an institution’s budget priorities, but it is important to recognize that there are many factors that can contribute to variation in ratios across different types of institutions. For example, large state flagship universities may experience economies of scale in administrative functions that do not necessarily occur at smaller schools, while institutions that rely on philanthropy for funding may report greater spending on the maintenance of a development office than publically-funded schools.



Does ACTA recommend that students avoid schools with high cost ratios?

No. The purpose of this site is to provide a resource which can be used by trustees, alumni, donors, or prospective students and their families to investigate how an institution allocates its resources. It is our hope that this site will allow the public to ask the right questions and make informed decisions.

Why would a school I am looking for not appear on the list?

This site includes nearly 1,500 Title IV-participating four-year public and private, not-for-profit colleges and universities in the United States. If your school fits into these categories but does not appear, please contact us at info@HowCollegesSpendMoney.com.

Does the database cover community colleges?

Community colleges have their own unique financial structure and are currently outside the scope of this project.

For more information, contact Armand Alacbay at aalacbay@goacta.org.