

HOW MUCH ARE COLLEGES SPENDING ON OVERHEAD?

SUMMARY OF “TRENDS IN ADMINISTRATIVE EXPENSES IN AMERICAN HIGHER EDUCATION”

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Over the past four decades, America's colleges have quietly shifted billions in resources from the classroom to administrative overhead. While official reports from schools downplay the trend, newly collected payroll data tells a starkly different story: administrative costs are exploding.

KEY FINDINGS:

1) Traditional government data underestimates administrative growth

If you look at the federal government's survey data, specifically self-reported accounting in its Integrated Postsecondary Education Data System (IPEDS), you'll find that administrative spending has only increased 1 to 3 percentage points since the 1980s.

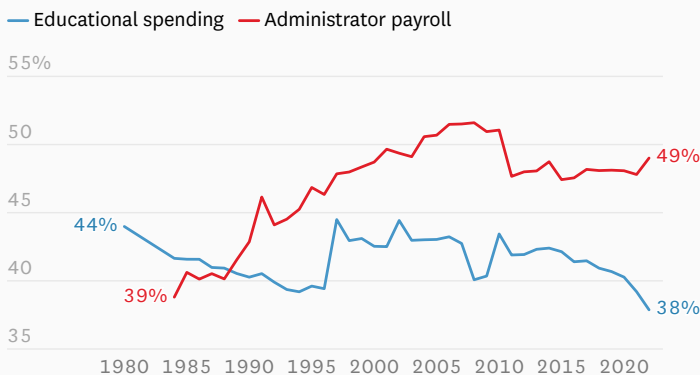
But these reports are often inconsistent and subjective. What's more, schools have broad discretion in how they categorize staff — not to mention incentives to downplay administrative costs.

2) Payroll records reveal a much steeper rise

Using payroll data from 140 public colleges across four states (CA, MI, TX, VA), the authors found something startling. Namely, the share of total payroll going to administrative roles has increased by 6 to 9 percentage points — roughly 20% to 25% — since the 1980s. This means that in 2021 alone, had all colleges and universities maintained their 1980 to 1985 spending share on core educational expenses, they would have allocated an additional \$15 billion to \$22 billion toward teaching, research, financial aid, or making tuition more affordable.

Trends in College & University Educational Spending & Administrator Payroll (1980-2022)

Median percent of total spending



“Educational spending” includes instruction, research, & academic support. “Administrator payroll” includes the pay of titles classified as “Administrative” & “Other.”
Source: Kay & Honeycutt, 2025 (https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5279495)

While the cost of college has remained flat for students since 2010, a college education isn't getting any cheaper to provide. In fact, the real cost per student for schools has skyrocketed from \$21,500 in 2010 to \$32,000 in 2021, driven in part by back-office expansion rather than classroom investment.

That means students and taxpayers are getting less for their money because more of it is going to coordinators, compliance officers, consultants, and student life officials.

If we care about academic freedom, affordability, and the quality of education, we need to rethink how higher education allocates its resources — and demand more transparency about how our dollars are being spent.

WHAT'S DIFFERENT ABOUT THIS STUDY:

- Uses actual payroll records, not just schools' own financial reports.
- Sorts more than 130,000 job titles into clear academic vs. administrative categories, cutting through the fog of self-reported data to show where the money is really going.
- Tracks nearly four decades of trends, offering the most comprehensive long-term data to date.
- This approach gives a more accurate picture of how resources are being used on campus — and reveals a much steeper rise in administrative spending than widely understood.

