

# Commonfund Higher Education Price Index

2024 Update



## Welcome

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As we at Commonfund continue to track the issues most important to the education and institutional investing space, inflation continues to be top of mind for leaders and practitioners alike. While inflation rates in fiscal year 2024 have tempered enough for the Federal Reserve to begin easing interest rates, the impact on institutions, students, and the broader economy are still being felt.

Commonfund understands the importance of having accurate and relevant data to support good governance and help address the challenges and uncertainties institutions encounter. After a period of heightened inflation across the biggest budget items for institutions such as faculty and administrative salaries and benefits, it is even more important for inflation measures to match the job at hand. However, measures of the price increases borne by consumers are vastly different from those impacting the operating budgets of educational institutions. Due to this fact, Commonfund's annual Higher Education Price Index (HEPI) may be the most accurate predictor of changes in costs for educational institutions since it isolates costs most relevant to the operation of these types of organizations.

As this year's HEPI report shows, costs for a market basket of items comprising operating budgets increased at an annual rate of 3.4 percent in FY2024 compared with 4.0 percent in FY2023. As the report explores in depth, inflation is easing, but for educational institutions, it is still well above the prior decade's norm. We anticipate the trifecta of higher costs, market volatility, and enrollment challenges will be top of mind for years to come.

Given our commitment to providing you with the most useful information, earlier this year we launched an initiative to assess the HEPI methodology to help ensure that HEPI in every way measures up its purpose. On behalf of our team and the broader community of HEPI users, thank you to those who contributed to that effort. We are grateful for the feedback we continue to receive on the importance of HEPI each year and are committed to ensuring its value to this community.



George Suttles  
Executive Director  
Commonfund Institute

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## About Commonfund Institute

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Commonfund Institute is among the nation's most trusted sources for relevant, useful, and proprietary data, analytics, and best practices in financial management. The Institute provides a wide variety of resources, including conferences, seminars, roundtables, and online learning through Commonfund Institute Online. Insights cover topics such as endowments and governance; proprietary and third-party research such as the Commonfund Benchmark Studies®; publications including the Commonfund Higher Education Price Index® (HEPI); and events such as the annual Commonfund Forum and Investment Stewardship Academy.

# Higher Education Price Index Introduction

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## Executive Summary

Commonfund's Higher Education Price Index® (HEPI) data show that costs for colleges and universities rose 3.4 percent in FY2024, a decreased rate of inflation compared with 4.0 in FY2023 and 5.2 percent in FY2022. (FY2024 covers the period from July 1, 2023, to June 30, 2024, and coincides with the budget year of most educational institutions.)

This year continues a tempering of price increases, falling 35 percent from 5.2 percent in FY2022, which had been the highest since FY2001. However, there is an ongoing trend of inflation rates remaining elevated compared with the previous decade. From 2010 to 2019, the average annual HEPI figure was 2.2 percent. By contrast, the average annual increase since 2020 has been 3.4 percent.

Year over year, inflation rates for educational institutions declined in six of the eight components tracked by HEPI, with the most pronounced decreases in two components: utilities and supplies and materials. In recent years these have been the most volatile categories, inflating dramatically in FY2022 before cooling in FY2023 and deflating in FY2024. Smaller decreases came in faculty salaries, clerical, service employees, and miscellaneous service costs.

Comparing HEPI and the Consumer Price Index<sup>1</sup> (CPI), while the former showed costs rising 3.4 percent in FY2024, costs rose in the latter by 3.3 percent. This is a return to the norm, as HEPI has exceeded CPI in eight of the past 10 years and historically HEPI exceeds CPI.

## About HEPI

The Higher Education Price Index is an inflation index designed specifically for use by educational institutions. HEPI measures the average relative level in the price of a fixed market basket of goods and services purchased by colleges and universities each year through current educational and general expenditures, excluding research. A more accurate indicator of cost changes for colleges and universities than the Consumer Price Index (CPI), HEPI is used primarily to project future budget increases required to preserve purchasing power.

With compilations dating back to 1961, HEPI offers more than 60 continuous years of higher education inflation data. It is an essential tool used by schools to determine increases in funding necessary to maintain both real purchasing power and investment.

In 2005, Commonfund Institute assumed responsibility for the index and the proprietary model used to calculate HEPI's values from Research Associates of Washington, D.C. In subsequent years, in keeping with its commitment to improving and expanding the index, Commonfund Institute has expanded HEPI to include additional calculations and measures.

HEPI is compiled using data items from publicly available sources (see page 20 for more details) that are released at different points in the academic fiscal year, which runs from July 1 through the following June 30. We use this data, as it is released, to calculate HEPI forecasts that are released each April, June and September. The final report is released each year in December.

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<sup>1</sup> The Bureau of Labor Statistics (BLS) updates CPI statistics monthly. It also provides a six- and 12-month average change; January-June, July-December and January-December. The CPI values reported on Commonfund's HEPI web site are based on fiscal year (July 1 through June 30) 12-month averages rather than the monthly (or point-to-point) CPI values usually reported by the BLS.

HEPI data are provided free of charge via Commonfund’s website at [www.commonfund.org/HEPI](http://www.commonfund.org/HEPI), where you can sign up to receive quarterly forecasts and the full HEPI report when it is published.

**The HEPI Tables**

Figure 1 shows HEPI and CPI from fiscal years 1961 to 2024, and table A on page 3 summarizes HEPI and CPI for the same period. Table B on page 4 summarizes the regression formula used since FY2002 to calculate HEPI. HEPI data beginning with FY2002 have been restated to reflect methodological improvements adopted in 2009.

**FIGURE 1**  
**HIGHER EDUCATION PRICE INDEX**

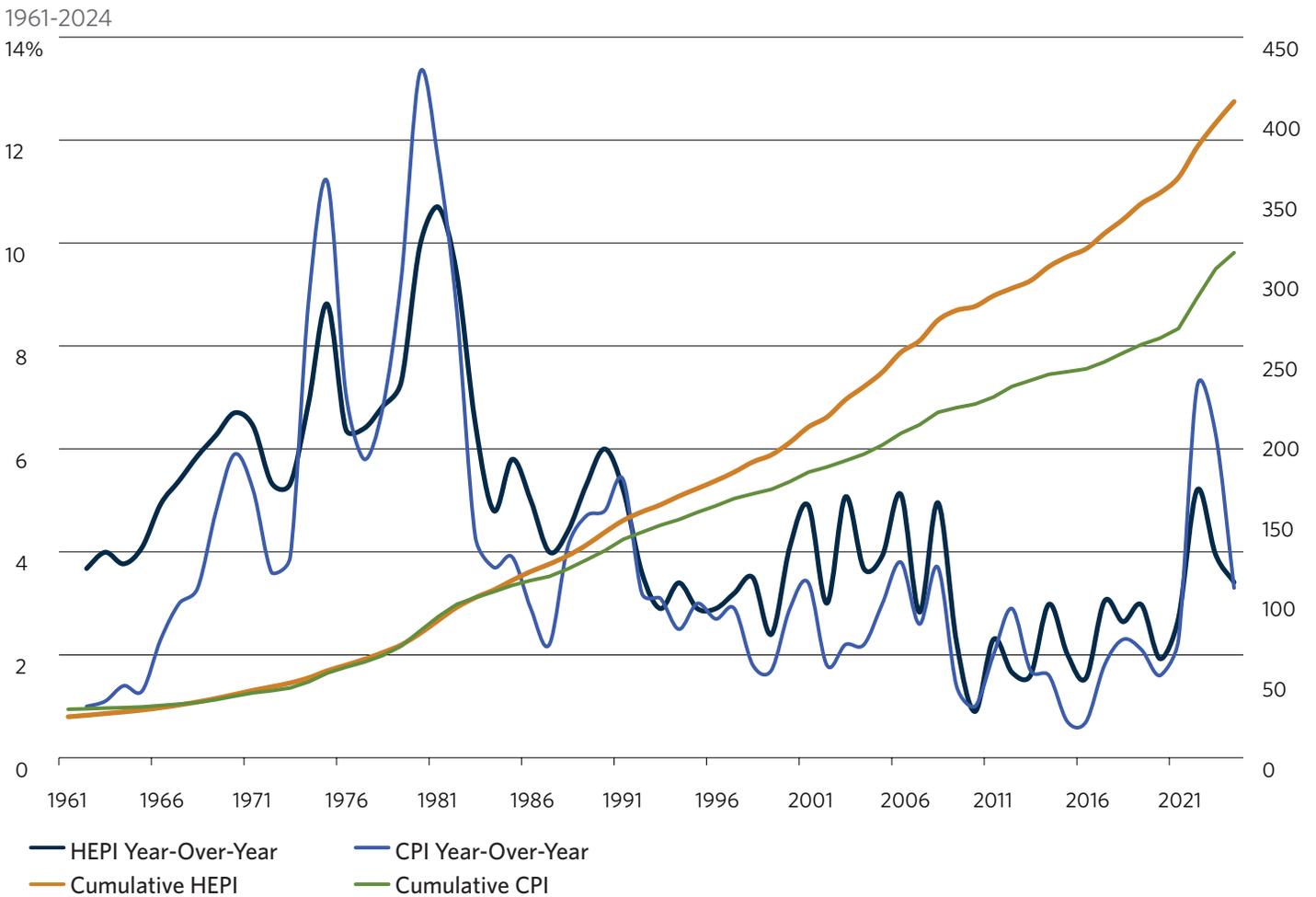


Figure 1 traces the Higher Education Price Index (HEPI) and the Consumer Price Index (CPI) from 1961 to 2024. Cumulative HEPI is represented by the steadily increasing orange line, indexed to 100 for 1983, and should be read using the right-hand scale. The jagged lines trace percentage year-over-year changes in HEPI and CPI and should be read using the left-hand scale. In this chart and in the supporting data in Table A on page 3, HEPI and CPI are presented in two ways—as an index level and as a year-over-year percent change. HEPI data beginning with FY2002 have been restated to reflect the methodological improvements adopted in 2009.

**TABLE A**

**HISTORICAL SUMMARY OF HIGHER EDUCATION PRICE INDEX AND CONSUMER PRICE INDEX**

Fiscal Years 1961 to 2024

College and university operations			Consumer prices			College and university operations		Consumer prices	
Fiscal year	HEPI Index Value 1983 = 100	Yearly % Change	CPI Index Value 1983 = 100	Yearly % Change	Fiscal year	HEPI Index Value 1983 = 100	Yearly % Change	CPI Index Value 1983 = 100	Yearly % Change
1961	25.6	-	30.3	-	1991	148.2	5.2%	136.4	5.4%
1962	26.5	3.7%	30.6	1.0%	1992	153.5	3.6%	140.8	3.2%
1963	27.6	4.0%	31.0	1.1%	1993	157.9	2.9%	145.2	3.1%
1964	28.6	3.8%	31.4	1.4%	1994	163.3	3.4%	148.8	2.5%
1965	29.8	4.1%	31.8	1.3%	1995	168.1	2.9%	153.2	3.0%
1966	31.3	4.9%	32.6	2.3%	1996	173.0	2.9%	157.4	2.7%
1967	32.9	5.4%	33.5	3.0%	1997	178.4	3.2%	161.9	2.9%
1968	34.9	5.9%	34.6	3.3%	1998	184.7	3.5%	164.8	1.8%
1969	37.1	6.3%	36.3	4.8%	1999	189.1	2.4%	167.6	1.7%
1970	39.5	6.7%	38.5	5.9%	2000	196.9	4.1%	172.5	2.9%
1971	42.1	6.4%	40.5	5.2%	2001	208.7	6.0%	178.4	3.4%
1972	44.3	5.3%	41.9	3.6%	2002	212.7	1.9%	181.6	1.8%
1973	46.7	5.3%	43.6	3.9%	2003	223.5	5.1%	185.5	2.2%
1974	49.9	6.9%	47.5	8.9%	2004	231.7	3.7%	189.6	2.2%
1975	54.3	8.8%	52.8	11.2%	2005	240.8	3.9%	195.3	3.0%
1976	57.8	6.4%	56.5	7.1%	2006	253.1	5.1%	202.7	3.8%
1977	61.5	6.4%	59.8	5.8%	2007	260.3	2.8%	208.0	2.6%
1978	65.7	6.8%	63.8	6.8%	2008	273.2	5.0%	215.7	3.7%
1979	70.5	7.3%	69.8	9.3%	2009	279.3	2.3%	218.7	1.4%
1980	77.5	9.9%	79.1	13.3%	2010	281.8	0.9%	220.8	1.0%
1981	85.8	10.7%	88.2	11.6%	2011	288.4	2.3%	225.3	2.0%
1982	93.9	9.4%	95.8	8.7%	2012	293.2	1.7%	231.9	2.9%
1983	100.0	6.5%	100.0	4.3%	2013	297.8	1.6%	235.7	1.7%
1984	104.8	4.8%	103.7	3.7%	2014	306.7	3.0%	239.4	1.6%
1985	110.8	5.8%	107.7	3.9%	2015	312.9	2.0%	241.1	0.7%
1986	116.3	5.0%	110.8	2.9%	2016	317.7	1.5%	242.8	0.7%
1987	120.9	4.0%	113.3	2.2%	2017	327.4	3.0%	247.2	1.8%
1988	126.2	4.4%	118.0	4.1%	2018	336.1	2.6%	252.8	2.3%
1989	132.8	5.3%	123.5	4.7%	2019	346.0	3.0%	258.0	2.1%
1990	140.8	6.0%	129.4	4.8%	2020	352.7	1.9%	262.2	1.6%
					2021	362.3	2.7%	268.1	2.3%
					2022	381.1	5.2%	287.3	7.2%
					2023	396.2	4.0%	305.3	6.3%
					2024	409.7	3.4%	315.4	3.3%

Sources: HEPI, Research Associates of Washington and Commonfund Institute, July 1 - June 30 data

CPI, U.S. Department of Labor, data is calculated July 1 - June 30 (annual published CPI is computed over the calendar 12-month period)

IMPORTANT NOTE: In 2015, the American Association of University Professors (AAUP) began using a new methodology to calculate salary and total compensation that was not directly comparable with the past. Further adjustments were made to the data for FY2022 and data for fiscal years 2015 through 2022 have now been restated to account for the change and to make the data compatible with past reporting. As of FY2023 and moving forward, HEPI incorporates an amended materials category due to expiration of collection for one of its many components, with no material change on the category outcomes when mapped to prior years.

**TABLE B****HIGHER EDUCATION PRICE INDEX COMPONENTS ANALYSIS**

Fiscal Years 2015 to 2024

	Fiscal	Regression HEPI	Faculty salaries	Administrative salaries	Clerical	Service employees	Fringe benefits	Miscellaneous services	Supplies and materials	Utilities
Index Value	2015	312.9	306.4	381.9	280.4	248.4	484.0	279.8	190.7	183.5
	2016	317.7	318.2	393.3	289.1	253.3	487.9	285.7	179.5	146.5
	2017	327.4	326.0	405.2	297.3	262.7	501.6	290.7	180.1	167.8
	2018	336.1	333.6	414.1	305.9	271.6	516.3	297.8	187.9	170.7
	2019	346.0	342.2	424.1	316.6	282.5	534.1	304.8	195.6	172.3
	2020	352.7	351.4	430.3	326.6	293.9	549.6	313.2	188.8	145.3
	2021	362.3	354.7	437.2	335.7	306.6	572.2	319.3	195.4	167.0
	2022	381.1	362.1	449.8	353.2	332.9	587.3	332.9	237.5	239.0
	2023	396.2	376.8	468.1	370.7	354.2	603.6	349.2	257.3	230.1
	2024	409.7	391.2	391.2	492.1	386.4	369.1	639.3	363.5	249.8
Standard Deviation	2002-2024	54.8	49.2	72.1	51.2	50.6	104.4	44.0	33.3	34.7
Yearly% change	2015	2.0%	1.8%	4.2%	2.1%	2.6%	5.6%	2.1%	-4.8%	-13.2%
	2016	1.5%	3.8%	3.0%	3.1%	2.0%	0.8%	2.1%	-5.8%	-20.2%
	2017	3.0%	2.5%	3.0%	2.8%	3.7%	2.8%	1.7%	0.3%	14.5%
	2018	2.6%	2.3%	2.2%	2.9%	3.4%	2.9%	2.4%	4.3%	1.7%
	2019	3.0%	2.6%	2.4%	3.5%	4.0%	3.5%	2.4%	4.1%	0.9%
	2020	1.9%	2.7%	1.5%	3.2%	4.0%	2.9%	2.8%	-3.5%	-15.7%
	2021	2.7%	1.0%	1.6%	2.8%	4.3%	4.1%	2.0%	3.5%	15.0%
	2022	5.2%	2.1%	2.9%	5.2%	8.6%	2.6%	4.3%	21.5%	43.1%
	2023	4.0%	4.0%	4.1%	5.0%	6.4%	2.8%	4.9%	7.3%	-3.7%
	2024	3.4%	3.8%	5.1%	4.2%	4.2%	5.9%	4.1%	-2.9%	-17.5%

IMPORTANT NOTE: In 2015, the American Association of University Professors (AAUP) began using a new methodology to calculate salary and total compensation that was not directly comparable with the past. Further adjustments were made to the data for FY2022 and data for fiscal years 2015 through 2022 have now been restated to account for the change and to make the data compatible with past reporting. As of FY2023 and moving forward, HEPI incorporates an amended materials category due to expiration of collection for one of its many components, with no material change on the category outcomes when mapped to prior years.

**Summary Output****Regression Statistics**

Multiple R	0.999998904
R Square	0.999997809
Adjusted R Square	0.999997261
Standard Error	0.096391663
Observations	41

**Coefficients**

Intercept	-0.286286907
Faculty	0.353741718
Admin	0.104289477
Clerical	0.18408585
Service	0.082314791
Fringe	0.131020859
Services	0.022899544
Supplies	0.055138426
Utilities	0.068247106

## Higher Education Price Index Analysis

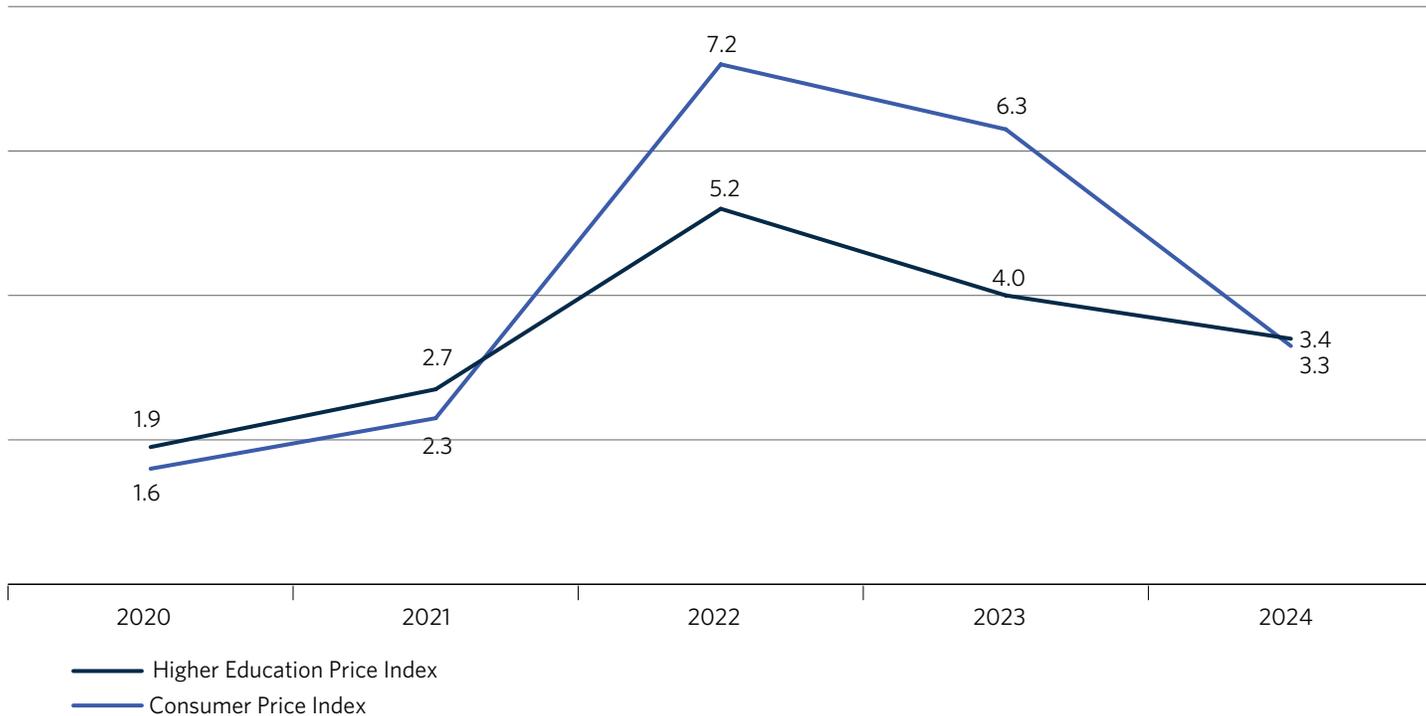
### HEPI for 2024

For fiscal year 2024, the HEPI calculation shows that inflation for colleges and universities was 3.4 percent, a decrease from FY2023's 4.0 percent, but still higher than FY2020's 1.9 percent before inflation began its ascent. The HEPI inflation figure for FY2024 is now equivalent to the average for the preceding five years (FY2019—FY2023). The question of whether this year would indicate ongoing price increases or a reversion to the mean has been answered. It is both: prices are still elevated but have fallen to a medium-term mean. Costs across the entire domestic economy continued to rise at a similar but slightly lower rate: the Consumer Price Index (CPI) increased 3.3 percent, down from last year's 6.3 percent. *Note: the CPI values reported by Commonfund for HEPI are based on fiscal year (July 1 through June 30) 12-month averages rather than the monthly (or point-to-point) CPI values usually reported by the Bureau of Labor Statistics.*

**FIGURE 2**

### THE HIGHER EDUCATION PRICE INDEX VERSUS THE CONSUMER PRICE INDEX

Fiscal years 2020 - 2024 | Numbers in percent



- There are eight cost factor components that contribute to the HEPI regression calculation: faculty salaries, administrative salaries, clerical costs, service employee costs, fringe benefits, miscellaneous services, supplies and materials, and utilities.
- The regression equation assigns a different weighting to each cost factor and, therefore, a change in one component may influence the final HEPI calculation more than another.
- The components that are most heavily weighted are faculty salaries, clerical costs, fringe benefits and administrative salaries.

## Highlights of the FY2024 Study

Inflation rates were lower in FY2024 than in FY2023 for six out of the eight cost components tracked by HEPI. While inflation rates are still elevated compared with historical HEPI figures, they are starting to subside in key categories when compared with the most recent years of data. For example, after two years of increases to faculty salaries—2022 and 2023—this most heavily weighted component in the index saw a slight decline in inflation this year. Faculty salaries, a measure that aggregates data across institution types and faculty credentials, was 3.8 percent in FY2024—a rate lower than last year’s 4.0 percent, but still elevated above the 2.1 percent rate in FY2022. The second highest weighted component that HEPI measures is the clerical category, which captures office and administrative support roles; data here show inflation falling for the second fiscal year in a row to 4.2 percent, from a high of 5.2 percent in FY2022 and 5.0 percent in FY2023.

Other components with the highest inflation rates last year reported lower inflation rates in FY2024. Among the lowest-weighted categories, supplies and materials slowed to 2.9 percent, from 7.3 percent and 21.5 percent inflation rates in fiscal years 2023 and 2022, respectively. The service employees category fell to a rate of 4.2 percent from 6.4 percent in FY2023, and the lowest-weighted category of miscellaneous services fell to 4.1 percent from 4.9 percent in FY2023. Utilities, among the lowest-weighted but most volatile components in the overall HEPI measure, increased by 17.5 percent in FY2024, from 3.7 percent in FY2023 and 43.1 percent inflation in FY2022.

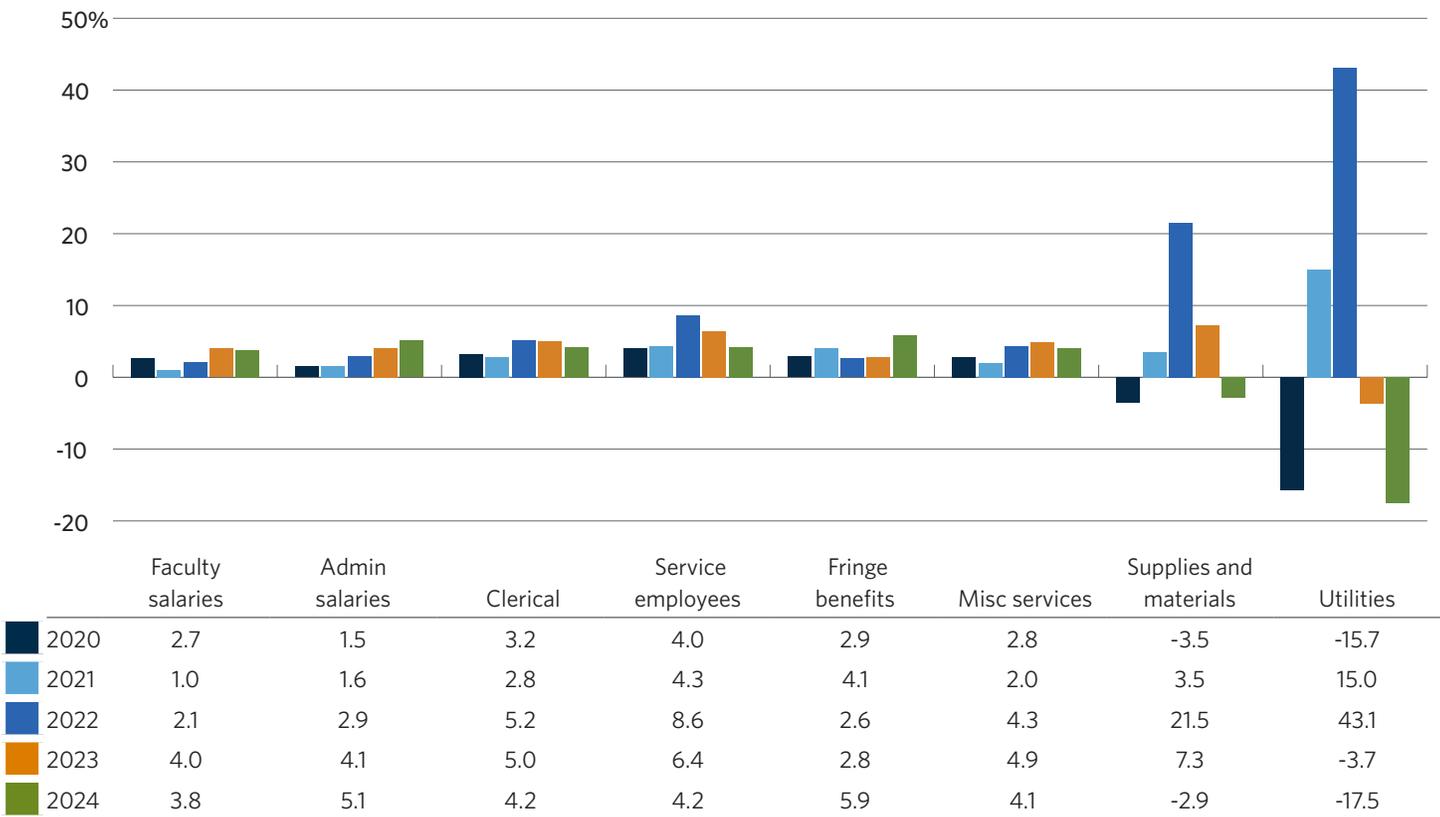
Categories that showed increases in inflation rates in FY2023 include fringe benefits, the third highest-weighted category, which reported a 5.9 percent inflation rate in FY2024, more than doubling the FY2023 rate of 2.8 percent. The fourth highest-weighted category, administrative salaries, which includes executive officers across roles rose to 5.1 percent in FY2024 from 4.1 percent in FY2023.

### 5-Year Changes in Cost Factors: Figure 3 Analysis

Figure 3 is a graphical representation of the changes in the eight cost factors from FY2020 to FY2024. Six cost factors have remained reasonably stable over the period, aside from significant jumps to service employee and clerical costs in FY2022. Considerable volatility continues to be seen in supplies and materials and utilities. The most dramatic year-over-year changes occurred in utilities, which saw inflation rates 13.8 percentage points lower in FY2024 than in FY2023, after falling 46.8 percentage points from the prior year. Supplies and materials also fluctuated by more than 10 percentage points for the third year in a row. While less dramatic, the key categories of faculty salaries, clerical costs, and fringe benefits were all elevated above FY2020 rates.

**FIGURE 3**  
**ANNUAL PERCENTAGE CHANGES IN THE 8 HEPI COST FACTORS**

Fiscal Years 2020 - 2024



**HEPI for FY2024 versus a 5-Year Average: Figure 4 Analysis**

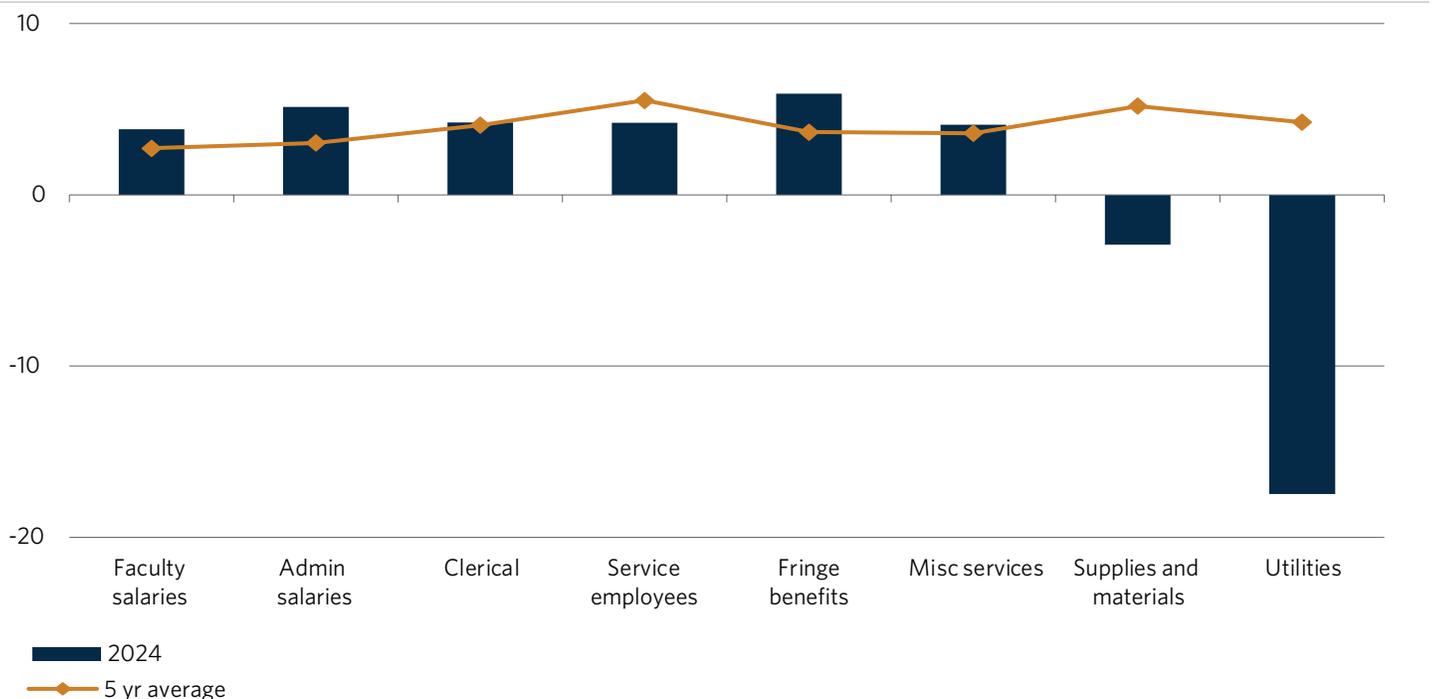
Figure 4 shows a longer-term analysis of HEPI’s components, comparing the reported rates for FY2024 against their five-year averages. Of the eight cost factors, five were above their five-year average in FY2024 and three were below.

For the first time in three years, service employees had the highest 5-year average inflation rate at 5.5 percent, and supplies and materials (5.2 percent) and utilities (4.2 percent) fell to the second and third slots, respectively. Clerical costs, fringe benefits, and miscellaneous services followed. Faculty and administrative salaries were again at the bottom, each edging up to 2.7 percent and 3.0 percent five-year average, respectively.

The following observations assess how this year’s figures relate to their historical averages:

- Cost increases in FY2024 were above their five-year average for all four of the most heavily weighted HEPI components. FY2024 HEPI increases surpassed five-year averages in the faculty salaries component (3.8 percent in FY2024 versus 2.7 percent 5-year average), in fringe benefits (5.9 percent versus 3.7 percent respectively), clerical costs (4.2 percent versus 4.1 percent respectively), and in administrative salaries (5.1 percent versus 3.0 percent respectively). Cost increases were also higher for miscellaneous services, at a rate of 4.1 percent in FY2024 compared with the 5-year average of 3.6 percent.
- Both fringe benefits and administrative salaries reported annual inflation rates in FY2024 that were more than two percentage points higher than their five-year averages.
- Cost increases in FY2024 fell below their five-year average for service employees, supplies and materials, and utilities.
- As was true for the previous four years, the greatest deviation from the five-year average in FY2024 was in the utilities component, which fell 17.5 percent compared with its five-year average of positive 4.2 percent.

**FIGURE 4**  
**ANNUAL PERCENTAGE CHANGES IN THE 8 HEPI COST FACTORS VS. 5-YEAR AVERAGE**

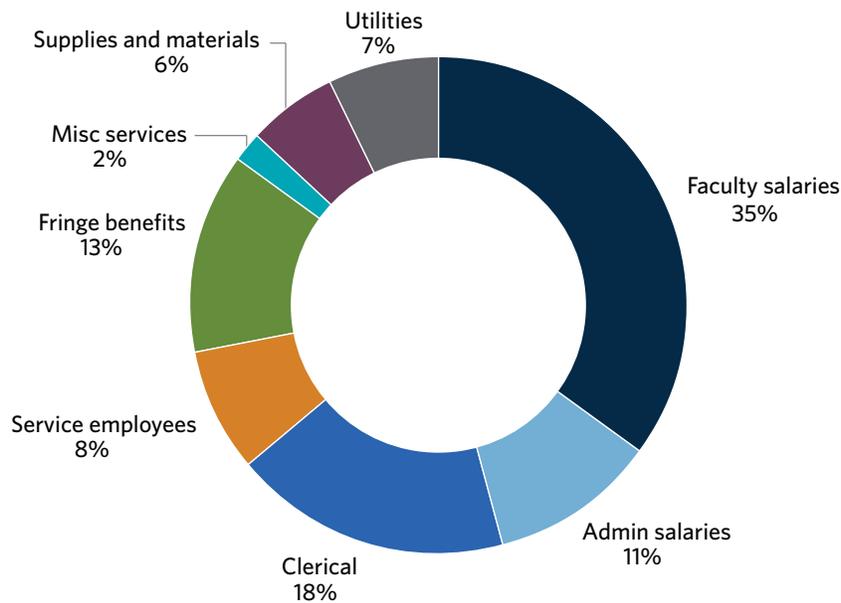


### Sensitivity Analysis of the 8 HEPI Regression Components: Figure 5 Analysis

Figure 5 shows how the HEPI regression equation assigns a different weighting to each cost factor.

- Owing to the large variance in these weightings (a difference of 33 percentage points between the high and low), an increase in one component may influence the final HEPI calculation more than an identical increase in another.
- Those components that are most heavily weighted are faculty salaries, clerical costs and fringe benefits.
- Utilities represent the third lowest weighting and supplies and materials the second lowest. The low weightings of these two components have served to mitigate the effect of the high volatility that has characterized these cost factors in recent years.

**FIGURE 5**  
**HEPI COST FACTOR WEIGHTINGS**



**Sensitivity of HEPI to a 5 Percent Increase in Faculty Salaries or Miscellaneous Services: Figure 6 Analysis**

The sensitivity analysis in Figure 6 shows that a 5 percent increase in faculty salaries, the largest component of HEPI, from an index value of 391.2 to 410.7, has the effect of increasing HEPI by 180 basis points, keeping all other components constant. However, a similar 5 percent increase in the index for miscellaneous services, the smallest component, has the effect of adding only 10 basis points to HEPI.

**FIGURE 6**  
**SENSITIVITY OF HEPI TO A 5 PERCENT INCREASE IN FACULTY SALARIES OR MISCELLANEOUS SERVICES**

	Total	Faculty salaries	Admin salaries	Clerical	Service employees	Fringe benefits	Misc. services	Supplies and materials	Utilities
Current									
Index Value	409.7	391.2	492.1	386.4	369.1	639.3	363.5	249.8	189.9
Yearly % Change	3.4%	3.8%	5.1%	4.2%	4.2%	5.9%	4.1%	-2.9%	-17.5%
Scenario: Faculty Salaries up 5%									
Index Value	416.7	410.7	492.1	386.4	369.1	639.3	363.5	249.8	189.9
Yearly % Change	5.2%	9.0%	5.1%	4.2%	4.2%	5.9%	4.1%	-2.9%	-17.5%
Δ	<b>180 b.p.</b>	<b>520 b.p.</b>							
Scenario: Misc. Services up 5%									
Index Value	410.2	391.2	492.1	386.4	369.1	639.3	381.7	249.8	189.9
Yearly % Change	3.5%	3.8%	5.1%	4.2%	4.2%	5.9%	9.3%	-2.9%	-17.5%
Δ	<b>10 b.p.</b>						<b>520 b.p.</b>		

## Higher Education Price Index for Different Types of Educational Institutions

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Beginning in 2007 Commonfund expanded the calculations of HEPI to eight types of educational institutions:

- Public institutions as a whole
- Public doctoral degree-granting institutions
- Public master's degree-granting institutions
- Public two-year colleges
- Private institutions as a whole
- Private doctoral degree-granting institutions
- Private masters' degree-granting institutions
- Private baccalaureate institutions

These indices were calculated using the appropriate faculty salary and fringe benefit information for each type of institution, while holding the other six HEPI cost factors constant. Table C on page 12 shows HEPI for FY2015-FY2024 for these institution types.

For FY2024, HEPI data showed that costs for public institutions rose by 3.3 percent and for private institutions by 3.7 percent. Private institutions' price increases exceeded those for public institutions more than half of the time since we began tracking them in 2005, albeit by a marginal 0.1 percent on average. However average five-year rates of inflation for public institutions (3.4 percent) have slightly exceed private institutions' 5-year rate (3.3 percent).

For private institutions the 3.7 percent increase in costs for FY2024 was a reprieve from the 4.5 percent increase in FY2023 and 5.4 percent in FY2022. For public institutions, the FY2024 increase of 3.3 percent is the lowest rate since FY2020, and follows the FY2023 increase of 3.8 percent and FY2022 increase of 5.1 percent.

**TABLE C****HIGHER EDUCATION PRICE INDEX BY MAJOR CATEGORIES  
OF PUBLIC AND PRIVATE EDUCATIONAL INSTITUTIONS**

Fiscal Years 2015 - 2024

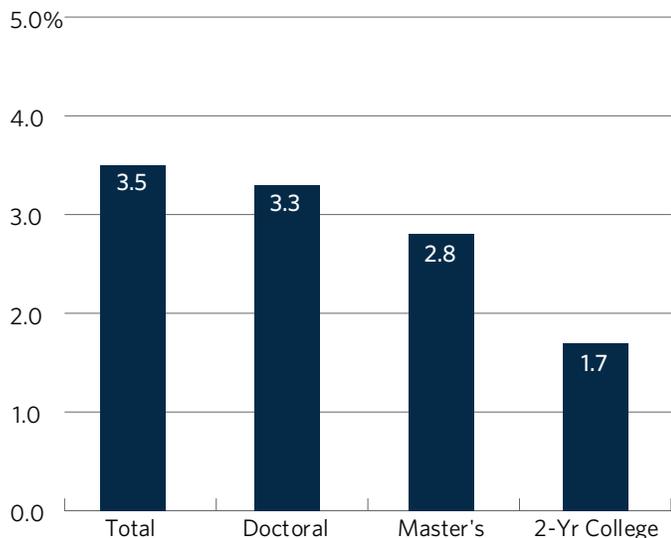
	Fiscal year	NATIONAL	PUBLIC INSTITUTIONS				PRIVATE INSTITUTIONS			
		Total	Total	Doctoral	Master's	2 Year College	Total	Doctoral	Master's	Baccalau- reate
Index Value	2015	312.9	308.3	340.1	306.2	300.9	328.7	374.6	321.8	328.4
	2016	317.7	311.7	347.8	313.8	312.3	321.3	375.7	321.3	318.3
	2017	327.4	322.9	360.4	325.0	319.5	332.8	389.1	337.1	330.4
	2018	336.1	332.0	371.3	334.3	334.1	359.3	405.1	353.2	368.2
	2019	346.0	341.0	381.9	342.5	341.4	367.6	417.9	351.4	374.2
	2020	352.7	346.1	387.6	344.3	340.9	380.0	427.4	360.8	376.8
	2021	362.3	357.7	400.4	359.8	345.5	377.4	431.4	360.1	373.4
	2022	381.1	375.9	419.0	378.1	362.2	397.9	454.2	380.4	394.7
	2023	396.2	390.1	433.0	393.1	378.4	415.9	476.1	392.5	412.7
	2024	409.7	403.1	446.7	408.4	386.8	431.3	495.3	406.7	420.0
Yearly % Change	2015	2.0%	1.9%	1.7%	1.7%	1.7%	2.1%	2.3%	0.6%	1.4%
	2016	1.5%	1.1%	2.3%	2.5%	3.8%	-2.3%	0.3%	-0.2%	-3.1%
	2017	3.0%	3.6%	3.6%	3.6%	2.3%	3.6%	3.6%	4.9%	3.8%
	2018	2.6%	2.8%	3.0%	2.8%	4.6%	8.0%	4.1%	4.8%	11.4%
	2019	3.0%	2.7%	2.9%	2.5%	2.2%	2.3%	3.2%	-0.5%	1.6%
	2020	1.9%	1.5%	1.5%	0.6%	-0.1%	3.4%	2.3%	2.7%	0.7%
	2021	2.7%	3.4%	3.3%	4.5%	1.3%	-0.7%	0.9%	-0.2%	-0.9%
	2022	5.2%	5.1%	4.7%	5.1%	4.8%	5.4%	5.3%	5.6%	5.7%
	2023	4.0%	3.8%	3.3%	4.0%	4.5%	4.5%	4.8%	3.2%	4.6%
	2024	3.4%	3.3%	3.2%	3.9%	2.2%	3.7%	4.0%	3.6%	1.8%

**Faculty Salary Differences by Institution Type**

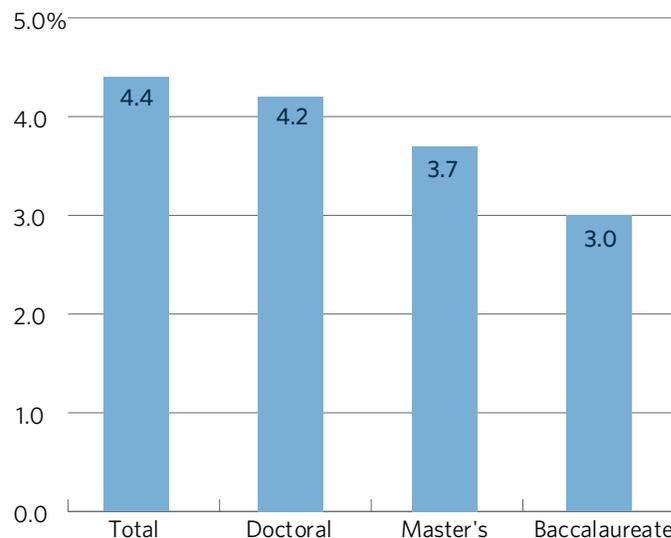
As shown in Figures 7 and 8 on the following page, faculty salaries—the most heavily weighted component of HEPI—saw an increase of 3.5 percent at public institutions and 4.4 percent at private institutions. After these rates increased substantially from FY2022 to FY2023 this year's inflation in faculty salaries reflects continued price pressures, albeit at a slightly lesser rate for public institutions and slightly higher for privates.

Breaking down the data, among public institutions faculty salaries rose 3.3 percent at doctoral institutions and 2.8 percent at master's degree-granting institutions—both rates down from FY2023 but above those in FY2022. Faculty salaries at private doctoral institutions increased 4.2 percent and 3.7 percent at master's degree-granting institutions, each slightly higher than in FY2023. Public two-year colleges and private baccalaureate institutions saw faculty salaries rise 1.7 percent and 3.0 percent, respectively, each lower than the rates in FY2023.

**FIGURE 7**  
**FY2024 FACULTY SALARIES**  
**PUBLIC INSTITUTIONS**



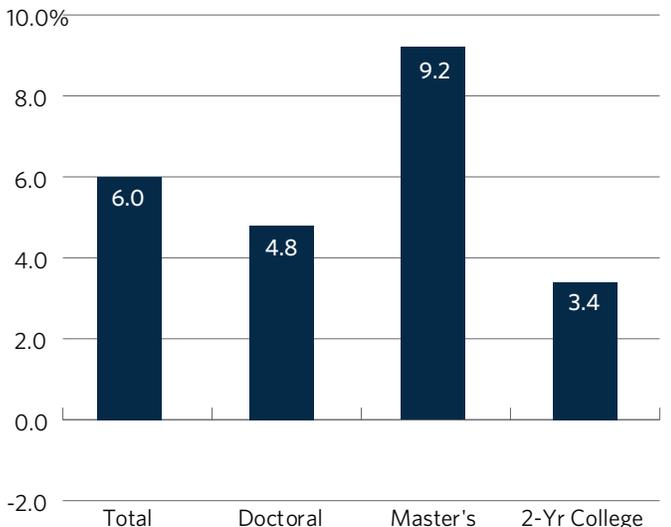
**FIGURE 8**  
**FY2024 FACULTY SALARIES**  
**PRIVATE INSTITUTIONS**



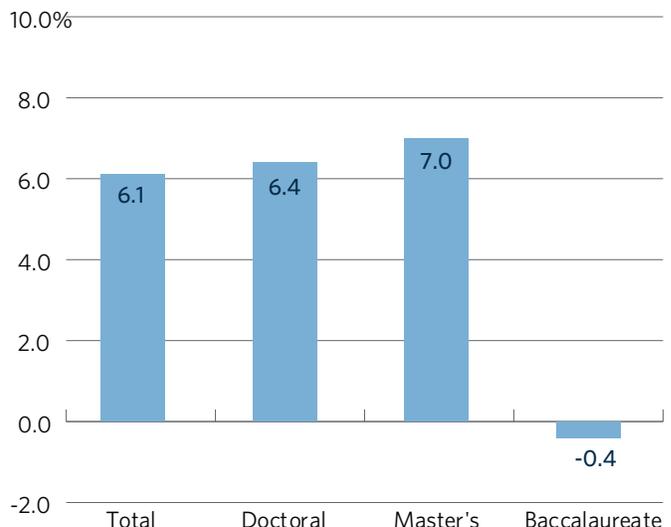
On average, fringe benefit costs rose 6.0 percent at public institutions, far exceeding the FY2023 rate of 1.3 percent, but falling below the FY2021 rate of 7.3 percent. At private institutions, fringe benefit costs increased 6.1 percent in FY2024, unchanged from the prior year.

Among both public and private institutions, fringe benefit costs rose the most at master's degree-granting institutions in FY2024, at a rate of 9.2 percent and 7.0 percent respectively. Fringe benefits increased at doctoral institutions by 4.8 percent and 6.4 percent for public and private institutions respectively. For two-year colleges fringe benefits rose at a rate of 3.4 percent in FY2024, and for private baccalaureate institutions they deflated by 0.4 percent.

**FIGURE 9**  
**FY2024 FRINGE BENEFIT COSTS**  
**PUBLIC INSTITUTIONS**



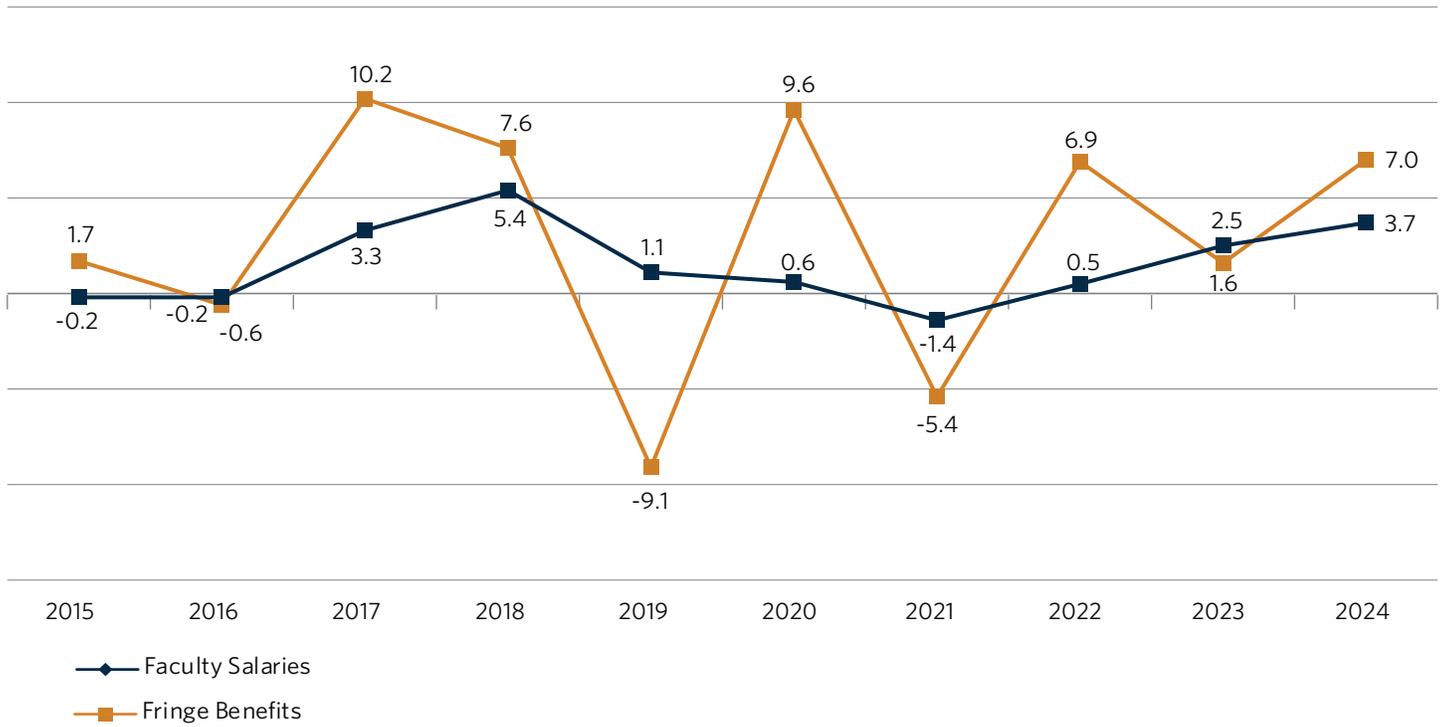
**FIGURE 10**  
**FY2024 FRINGE BENEFIT COSTS**  
**PRIVATE INSTITUTIONS**



As shown in Figure 11, faculty salaries at private master’s degree-granting institutions increased 3.7 percent in FY2024 following an increase of 2.5 percent in FY2023 and a 0.5 percent increase in FY2022. Fringe benefit costs jumped to a 7.0 percent inflation rate in FY2024 after increasing 1.6 percent in FY2023 and 6.9 percent in FY2022. As Figure 11 also shows, fringe benefit costs have been highly volatile, rising or falling by more than five percentage points in six of the past seven years that this category has been documented.

**FIGURE 11**  
**FY2024 FACULTY SALARIES AND FRINGE BENEFIT COSTS**  
**PRIVATE MASTER’S DEGREE-GRANTING INSTITUTIONS**

Numbers in percent



## Higher Education Price Indices for Different Regions of the Country

Since FY2009, Commonfund has been providing calculations of HEPI for the nine standard divisions of the United States:

- New England Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont
- Middle Atlantic New Jersey, New York, Pennsylvania
- East North Central Illinois, Indiana, Michigan, Ohio, Wisconsin
- West North Central Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
- South Atlantic Delaware, District of Columbia, Florida, Georgia, Maryland, North Carolina, Puerto Rico, South Carolina, Virginia, West Virginia
- East South Central Alabama, Kentucky, Mississippi, Tennessee
- West South Central Arkansas, Louisiana, Oklahoma, Texas
- Mountain Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, Wyoming
- Pacific Alaska, California, Guam, Hawaii, Oregon, Washington

These indices were calculated using the appropriate faculty salaries and fringe benefits information for each region, while holding the other six HEPI cost factors constant. Table D below shows HEPI for FY2015 – 2024 for the nine regions.

**TABLE D**  
**HIGHER EDUCATION PRICE INDEX SUMMARIZED BY REGION**

Fiscal years 2015-2024

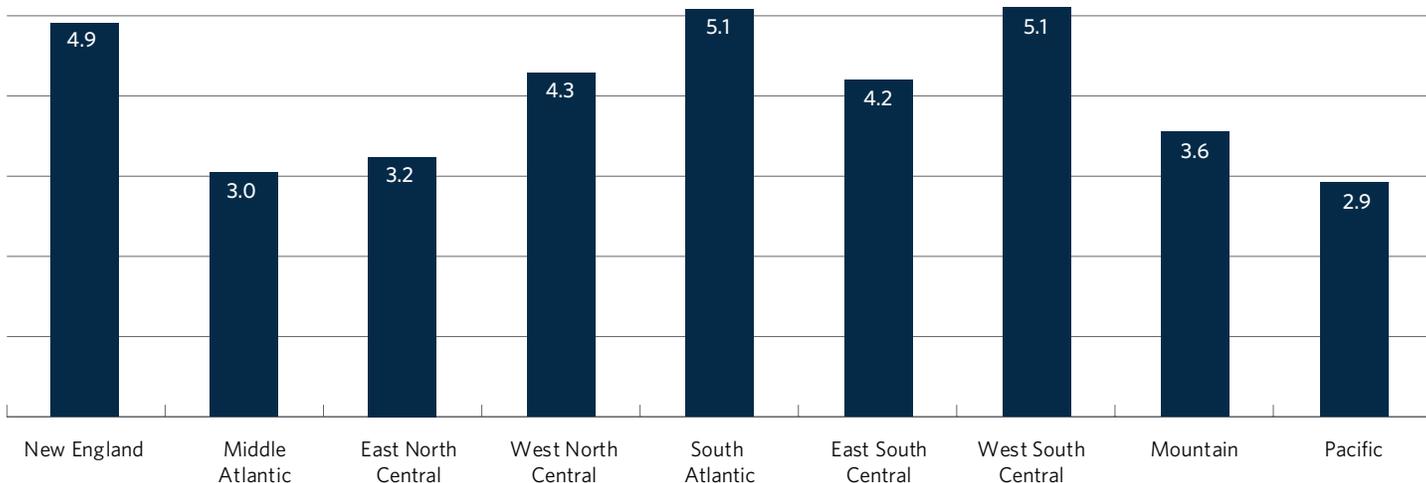
	Fiscal Year	HEPI National	New England	Middle Atlantic	East North Central	West North Central	South Atlantic	East South Central	West South Central	Mountain	Pacific
Index Value	2015	312.9	320.6	310.1	308.1	314.3	304.9	312.5	319.6	316.2	331.8
	2016	317.7	326.5	316.5	314.1	319.4	312.6	313.9	327.9	322.9	329.5
	2017	327.4	334.6	324.1	320.4	325.3	323.6	322.1	333.5	327.9	350.3
	2018	336.1	343.5	333.6	323.6	335.3	333.2	331.6	345.6	335.7	363.7
	2019	346.0	350.2	342.7	338.3	341.4	341.3	343.5	351.6	342.9	373.7
	2020	352.7	360.2	344.7	343.1	353.9	350.3	352.7	359.8	350.5	383.4
	2021	362.3	366.1	354.5	348.2	358.5	357.7	357.6	366.2	354.6	403.8
	2022	381.1	388.0	374.3	361.3	379.2	378.7	376.8	384.9	373.4	433.3
	2023	396.2	404.4	389.1	377.0	392.5	396.9	391.3	398.2	390.1	453.5
	2024	409.7	420.5	400.3	392.0	407.8	412.2	402.8	414.3	400.7	467.5
Yearly % Change	2015	2.0%	2.0%	0.9%	2.0%	1.9%	1.6%	1.7%	1.8%	2.9%	2.5%
	2016	1.5%	1.9%	2.0%	1.9%	1.6%	2.5%	0.5%	2.6%	2.1%	-0.7%
	2017	3.0%	2.5%	2.4%	2.0%	1.8%	3.5%	2.6%	1.7%	1.6%	6.3%
	2018	2.6%	2.6%	2.9%	1.0%	3.1%	3.0%	2.9%	3.6%	2.4%	3.8%
	2019	3.0%	2.0%	2.7%	4.5%	1.8%	2.4%	3.6%	1.7%	2.1%	2.8%
	2020	1.9%	2.9%	0.6%	1.4%	3.6%	2.6%	2.7%	2.3%	2.2%	2.6%
	2021	2.7%	1.6%	2.8%	1.5%	1.3%	2.1%	1.4%	1.8%	1.2%	5.3%
	2022	5.2%	6.0%	5.6%	3.7%	5.8%	5.9%	5.4%	5.1%	5.3%	7.3%
	2023	4.0%	4.2%	4.0%	4.4%	3.5%	4.8%	3.9%	3.5%	4.5%	4.6%
	2024	3.4%	4.0%	2.9%	4.0%	3.9%	3.9%	2.9%	4.0%	2.7%	3.1%

### Faculty Salary Differences by Region

Data in Figure 12 show that regional faculty salary increases in FY2024 ranged from a high of 5.1 percent in the West South Central (last year this region reported the lowest inflation rates in faculty salaries) and South Atlantic regions to a low of 2.9 percent in the Pacific region. Inflation of faculty salaries rose from the prior year rates in five of the nine regions for the second year in a row.

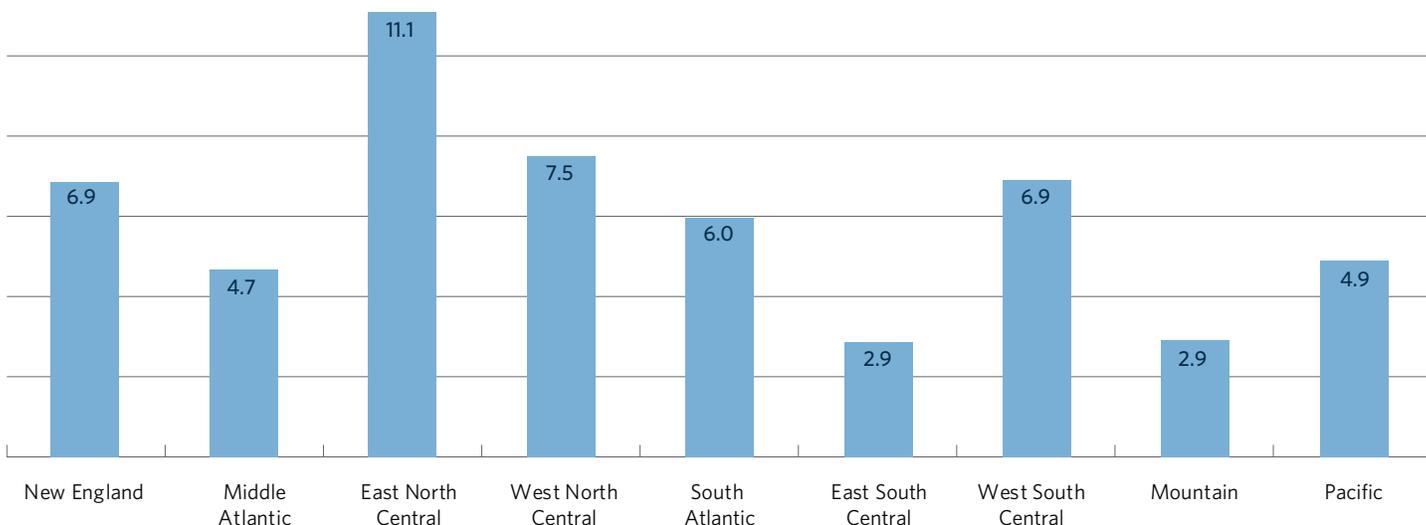
**FIGURE 12**  
**FY2024 FACULTY SALARIES BY REGION**

Numbers in percent



**FIGURE 13**  
**FY2024 FRINGE BENEFITS BY REGION**

Numbers in percent



Overall, fringe benefits costs varied widely across regions in FY2024, ranging from a high of 11.1 percent in the East North Central region, up from 3.4 percent in FY2023, to a low of 2.9 percent in the Mountain and East South Central regions. Other notable increases year over year were seen in the West North Central region, 1.7 percent in FY2023 to 7.5 percent in FY2024 and the West South Central, 3.6 percent last year to 6.9 percent in FY2024. Fringe benefit costs rose in all but one region in FY2024 - East South Central.

## Limitations and Opportunities of HEPI by Institutional Type and Region

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In providing HEPI figures and analysis by type of institution and geographical region, it is appropriate to bear in mind the limitations of the methodology employed while also recognizing the potential opportunities for users of these indices to improve their fit with their own institution.

As noted, the institutional and regional HEPI indices are derived by substituting appropriate data for faculty salaries and fringe benefits into the standard HEPI regression equation, while leaving the other six cost factors unchanged. These two components, which together account for nearly half of the factor weighting in the HEPI equation, are the only ones for which information by institutional type and region is available. Since the other six factors, representing over half the weighting, are not changed the institutional and regional HEPI indices are approximations and should be used accordingly.

In deriving the institutional and regional indices, the standard HEPI equation's factor weightings are also left unchanged. This is of relatively little importance in the institutional HEPI, where each component includes schools throughout the nation; in the regional HEPI, however, the weightings are kept the same because there is no standard source of information to serve as a guide to how they might be appropriately adjusted for each region.

For example, in a region where weather patterns are comparatively moderate the weighting assigned to utilities may be too high, while in a region of severe weather it might be appropriate to increase it. Users of the regional HEPI who are confident of the proportional composition of their institution's budgets, as expressed in the eight cost factors, may want to adjust the relative weightings of the factors in order to produce a HEPI that is more appropriate for their own institution.

## Purchasing Power and Salaries of Full-Time Professors

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As part of the calculation of HEPI, Commonfund Institute gathers information about the salaries of full-time professors at public and private institutions. As illustrated in Tables E and F, these salaries have been restated in constant dollar terms so that they reflect the impact of inflation as measured by CPI.

Table E on page 18 shows that average salaries of professors at public doctoral-level institutions have increased in constant terms over the last 55 years by \$14,319, evidencing an increase in real purchasing power since 1970. However, over the past 10 years, data show that faculty at doctoral-level institutions have seen a decline in CPI-adjusted salaries by \$10,172. Faculty at public comprehensive and two-year colleges have seen a decrease in real salaries of \$15,205 and \$9,559 since 1970, respectively. Further, for public comprehensive institutions, salaries in FY2024 contracted in constant terms by \$582 from the prior year since 1970, and for public two-year colleges by \$1,499.

Table F shows salaries at doctoral-level institutions saw the highest nominal and real increases in FY2024 compared with comprehensive and baccalaureate institution salaries. Following the trend of public institutions, this group's salaries have increased in real terms over the past 55 years (by \$71,721) but are lower in real terms than they were 10 years ago (by \$5,136). Faculty salaries at private comprehensive schools have increased by \$8,776 in constant dollars since 1970, and at private baccalaureate institutions by \$25,206 over the shorter 48-year period that they have been tracked.

Comparing public and private institutions, it is apparent that salaries for professors at public institutions have lagged those for professors at comparable private institutions for each institution type. Measured in 1970 dollars when calculations began, full professors at private doctoral-level institutions earned \$1,152 more than their counterparts at public doctoral-level institutions. Now, that gap in current dollars is \$67,246. The history is somewhat different among comprehensive institutions: In this case, in 1970 dollars, full professors at public institutions earned \$1,076 more. Now, salary levels have reversed and full professors at private comprehensive institutions earn more: \$124,435 versus \$111,117, or a gap of \$13,318 in current dollars.

**TABLE E**  
**HIGHER EDUCATION FACULTY SALARIES IN CURRENT AND CONSTANT FY2024 DOLLARS**

Illustrative data—Fiscal Years 1970 to 2024

<i>Public Faculty Salaries</i>									
<b>Full professor average 9 - 10 month salaries by type of institution</b>									
	<b>Category I (Doctoral-Level)</b>			<b>Cat IIA (Comprehensive)</b>			<b>Cat III (Two-Year Colleges)</b>		
<b>Fiscal year</b>	<b>Amount</b>	<b>Yearly %</b>	<b>Constant FY24 dollars</b>	<b>Amount</b>	<b>Yearly %</b>	<b>Constant FY24 dollars</b>	<b>Amount</b>	<b>Yearly %</b>	<b>Constant FY24 dollars</b>
1970	\$17,750	5.0%	\$145,598	\$15,400	5.8%	\$126,322	\$12,950	9.7%	\$106,225
1971	\$18,600	4.8%	\$144,987	\$16,350	6.2%	\$127,448	\$14,150	9.3%	\$110,299
1972	\$19,678	5.8%	\$147,995	\$17,313	5.9%	\$130,208	\$15,217	7.5%	\$114,444
1973	\$20,545	4.4%	\$148,691	\$18,446	6.5%	\$133,500	\$17,080	12.2%	\$123,614
1974	\$21,400	4.2%	\$142,191	\$19,600	6.3%	\$130,231	\$18,100	6.0%	\$120,264
1975	\$22,648	5.8%	\$135,378	\$20,840	6.3%	\$124,570	\$19,312	6.7%	\$115,437
1976	\$24,277	7.2%	\$135,555	\$22,067	5.9%	\$123,215	\$20,254	4.9%	\$113,092
1977	\$25,210	3.8%	\$133,028	\$23,190	5.1%	\$122,369	\$21,860	7.9%	\$115,351
1978	\$26,420	4.8%	\$130,622	\$24,290	4.7%	\$120,091	\$23,240	6.3%	\$114,900
1979	\$28,000	6.0%	\$126,592	\$25,030	3.0%	\$113,165	\$23,420	0.8%	\$105,886
1980	\$30,120	7.6%	\$120,129	\$27,200	8.7%	\$108,483	\$25,190	7.6%	\$100,467
1981	\$32,850	9.1%	\$117,473	\$29,580	8.8%	\$105,779	\$26,200	4.0%	\$93,692
1982	\$35,680	8.6%	\$117,417	\$31,700	7.2%	\$104,320	\$27,720	5.8%	\$91,222
1983	\$38,180	7.0%	\$120,422	\$33,490	5.6%	\$105,629	\$30,480	10.0%	\$96,135
1984	\$39,770	4.2%	\$121,015	\$34,560	3.2%	\$105,161	\$31,510	3.4%	\$95,881
1985	\$42,560	7.0%	\$124,627	\$37,090	7.3%	\$108,610	\$33,230	5.5%	\$97,306
1986	\$45,560	7.0%	\$129,659	\$39,720	7.1%	\$113,039	\$34,870	4.9%	\$99,236
1987	\$48,740	7.0%	\$135,683	\$42,290	6.5%	\$117,727	\$37,460	7.4%	\$104,281
1988	\$51,080	4.8%	\$136,533	\$46,060	8.9%	\$123,115	\$38,230	2.1%	\$102,186
1989	\$54,240	6.2%	\$138,523	\$46,920	1.9%	\$119,828	\$41,200	7.8%	\$105,220
1990	\$57,520	6.0%	\$140,202	\$49,610	5.7%	\$120,922	\$43,000	4.4%	\$104,810
1991	\$60,450	5.1%	\$139,782	\$52,190	5.2%	\$120,682	\$45,050	4.8%	\$104,172
1992	\$61,950	2.5%	\$138,774	\$53,750	3.0%	\$120,405	\$47,700	5.9%	\$106,852
1993	\$63,250	2.1%	\$137,392	\$54,240	0.9%	\$117,821	\$47,820	0.3%	\$103,875
1994	\$64,860	2.5%	\$137,481	\$55,690	2.7%	\$118,044	\$49,120	2.7%	\$104,118
1995	\$67,560	4.2%	\$139,091	\$57,090	2.5%	\$117,536	\$51,490	4.8%	\$106,007
1996	\$69,750	3.2%	\$139,768	\$58,520	2.5%	\$117,265	\$51,560	0.1%	\$103,318
1997	\$72,220	3.5%	\$140,695	\$60,481	3.4%	\$117,826	\$52,752	2.3%	\$102,769
1998	\$75,154	4.1%	\$143,835	\$61,839	2.2%	\$118,352	\$53,024	0.5%	\$101,481
1999	\$79,284	5.5%	\$149,204	\$63,817	3.2%	\$120,097	\$55,326	4.3%	\$104,118
2000	\$82,535	4.1%	\$150,910	\$66,657	4.5%	\$121,878	\$57,089	3.2%	\$104,384
2001	\$84,007	1.8%	\$148,521	\$68,828	3.3%	\$121,686	\$57,932	1.5%	\$102,422
2002	\$89,631	6.7%	\$155,715	\$72,770	5.7%	\$126,422	\$60,997	5.3%	\$105,969
2003	\$92,387	3.1%	\$157,051	\$74,545	2.4%	\$126,721	\$65,730	7.8%	\$111,736
2004	\$94,606	2.4%	\$157,380	\$74,872	0.4%	\$124,552	\$64,439	-2.0%	\$107,197
2005	\$97,948	3.5%	\$158,180	\$76,665	2.4%	\$123,809	\$66,405	3.1%	\$107,240
2006	\$101,620	3.7%	\$158,090	\$78,884	2.9%	\$122,719	\$66,011	-0.6%	\$102,693
2007	\$106,495	4.8%	\$161,497	\$81,855	3.8%	\$124,131	\$68,424	3.7%	\$103,763
2008	\$111,807	5.0%	\$163,494	\$85,642	4.6%	\$125,233	\$71,936	5.1%	\$105,191
2009	\$115,509	3.3%	\$166,582	\$88,357	3.2%	\$127,425	\$74,933	4.2%	\$108,065
2010	\$116,750	1.1%	\$166,773	\$89,648	1.5%	\$128,059	\$74,103	-1.1%	\$105,854
2011	\$118,054	1.1%	\$165,301	\$89,808	0.2%	\$125,751	\$74,092	0.0%	\$103,745
2012	\$120,955	2.5%	\$164,542	\$88,940	-1.0%	\$120,990	\$73,534	-0.8%	\$100,033
2013	\$123,393	2.0%	\$165,111	\$88,988	0.1%	\$119,074	\$74,845	1.8%	\$100,149
2014	\$126,981	2.9%	\$167,299	\$90,517	1.7%	\$119,257	\$77,671	3.8%	\$102,332
2015	\$130,039	2.4%	\$170,089	\$91,389	1.0%	\$119,536	\$79,234	2.0%	\$103,637
2016	\$133,552	2.7%	\$173,514	\$95,433	4.4%	\$123,989	\$84,848	7.1%	\$110,236
2017	\$134,562	0.8%	\$171,668	\$97,406	2.1%	\$124,266	\$84,871	0.0%	\$108,275
2018	\$138,377	2.8%	\$172,643	\$99,307	2.0%	\$123,899	\$88,168	3.9%	\$110,001
2019	\$141,327	2.1%	\$172,744	\$100,775	1.5%	\$123,177	\$91,418	3.7%	\$111,740
2020	\$145,768	3.1%	\$175,428	\$102,218	1.4%	\$123,017	\$91,949	0.6%	\$110,658
2021	\$145,710	0.0%	\$171,413	\$102,450	0.2%	\$120,522	\$91,196	-0.8%	\$107,283
2022	\$148,414	1.9%	\$162,909	\$104,175	1.7%	\$114,350	\$91,282	0.1%	\$100,197
2023	\$154,784	4.3%	\$159,890	\$108,132	3.8%	\$111,699	\$95,030	4.1%	\$98,165
2024	\$159,917	3.3%	\$159,917	\$111,117	2.8%	\$111,117	\$96,666	1.7%	\$96,666

\*Constant dollars based on inflation measured by the Consumer Price Index.  
 Sources: FY1970 - FY1976, NCES; FY1977 - present, AAUP

**TABLE F**  
**HIGHER EDUCATION FACULTY SALARIES IN CURRENT AND CONSTANT FY2024 DOLLARS**

Illustrative data—Fiscal Years 1970 to 2024

<i>Private Faculty Salaries</i> Full professor average 9 - 10 month salaries by type of institution									
Fiscal year	Category I (Doctoral-Level)			Cat IIA (Comprehensive)			Cat III (Two-Year Colleges)†		
	Amount	Yearly %	Constant FY24 dollars	Amount	Yearly %	Constant FY24 dollars	Amount	Yearly %	Constant FY24 dollars
1970	\$18,950	5.0%	\$155,442	\$14,100	6.4%	\$115,659			
1971	\$19,800	4.5%	\$154,340	\$14,950	6.0%	\$116,535			
1972	\$20,775	4.9%	\$156,245	\$15,899	6.3%	\$119,573			
1973	\$21,507	3.5%	\$155,653	\$16,501	3.8%	\$119,423			
1974	\$22,600	5.1%	\$150,164	\$17,200	4.2%	\$114,284			
1975	\$23,832	5.5%	\$142,455	\$18,047	4.9%	\$107,875			
1976	\$25,368	6.4%	\$141,647	\$19,153	6.1%	\$106,945			
1977	\$27,810	9.6%	\$146,748	\$22,020	15.0%	\$116,195	\$20,780		\$109,652
1978	\$28,880	3.8%	\$142,784	\$23,380	6.2%	\$115,592	\$21,790	4.9%	\$107,731
1979	\$31,090	7.7%	\$140,563	\$24,830	6.2%	\$112,260	\$23,230	6.6%	\$105,027
1980	\$33,400	7.4%	\$133,211	\$26,160	5.4%	\$104,335	\$24,740	6.5%	\$98,672
1981	\$36,000	7.8%	\$128,737	\$28,710	9.7%	\$102,668	\$27,030	9.3%	\$96,660
1982	\$40,220	11.7%	\$132,358	\$31,530	9.8%	\$103,760	\$29,720	10.0%	\$97,804
1983	\$43,950	9.3%	\$138,621	\$33,750	7.0%	\$106,449	\$32,410	9.1%	\$102,223
1984	\$47,070	7.1%	\$143,228	\$36,000	6.7%	\$109,543	\$34,140	5.3%	\$103,883
1985	\$49,880	6.0%	\$146,062	\$37,980	5.5%	\$111,216	\$36,500	6.9%	\$106,882
1986	\$53,190	6.6%	\$151,373	\$40,170	5.8%	\$114,320	\$38,200	4.7%	\$108,713
1987	\$56,900	7.0%	\$158,398	\$42,680	6.2%	\$118,813	\$40,460	5.9%	\$112,633
1988	\$59,850	5.2%	\$159,975	\$44,010	3.1%	\$117,635	\$42,540	5.1%	\$113,706
1989	\$64,290	7.4%	\$164,189	\$47,010	6.8%	\$120,058	\$44,770	5.2%	\$114,338
1990	\$68,360	6.3%	\$166,624	\$51,000	8.5%	\$124,310	\$46,830	4.6%	\$114,145
1991	\$72,950	6.7%	\$168,686	\$52,820	3.6%	\$122,139	\$49,610	5.9%	\$114,716
1992	\$76,890	5.4%	\$172,241	\$54,980	4.1%	\$123,160	\$52,230	5.3%	\$117,000
1993	\$80,280	4.4%	\$174,385	\$57,060	3.8%	\$123,946	\$54,620	4.6%	\$118,646
1994	\$82,520	2.8%	\$174,914	\$59,610	4.5%	\$126,353	\$56,780	4.0%	\$120,354
1995	\$84,790	2.8%	\$174,564	\$60,830	2.0%	\$125,236	\$58,040	2.2%	\$119,492
1996	\$88,050	3.8%	\$176,438	\$63,430	4.3%	\$127,104	\$59,830	3.1%	\$119,890
1997	\$92,112	4.6%	\$179,448	\$64,468	1.6%	\$125,593	\$62,047	3.7%	\$120,877
1998	\$95,023	3.2%	\$181,861	\$67,282	4.4%	\$128,769	\$64,784	4.4%	\$123,988
1999	\$98,606	3.8%	\$185,566	\$69,509	3.3%	\$130,808	\$67,180	3.7%	\$126,425
2000	\$103,761	5.2%	\$189,720	\$71,547	2.9%	\$130,819	\$70,528	5.0%	\$128,956
2001	\$107,633	3.7%	\$190,291	\$75,143	5.0%	\$132,850	\$74,031	5.0%	\$130,884
2002	\$112,534	4.6%	\$195,504	\$77,310	2.9%	\$134,310	\$76,692	3.6%	\$133,236
2003	\$118,269	5.1%	\$201,048	\$80,011	3.5%	\$136,013	\$79,928	4.2%	\$135,871
2004	\$122,158	3.3%	\$203,214	\$81,570	1.9%	\$135,695	\$82,344	3.0%	\$136,982
2005	\$127,214	4.1%	\$205,443	\$83,986	3.0%	\$135,632	\$85,575	3.9%	\$138,198
2006	\$131,292	3.2%	\$204,250	\$88,800	5.7%	\$138,146	\$87,779	2.6%	\$136,557
2007	\$136,689	4.1%	\$207,286	\$91,197	2.7%	\$138,298	\$90,353	2.9%	\$137,018
2008	\$144,428	5.7%	\$211,196	\$95,114	4.3%	\$139,084	\$94,139	4.2%	\$137,659
2009	\$151,403	4.8%	\$218,347	\$99,555	4.7%	\$143,574	\$98,808	5.0%	\$142,497
2010	\$153,332	1.3%	\$219,029	\$99,963	0.4%	\$142,794	\$98,098	-0.7%	\$140,130
2011	\$157,282	2.6%	\$220,229	\$101,290	1.3%	\$141,828	\$99,976	1.9%	\$139,988
2012	\$162,561	3.4%	\$221,142	\$103,094	1.8%	\$140,245	\$101,568	1.6%	\$138,169
2013	\$167,118	2.8%	\$223,619	\$104,186	1.1%	\$139,410	\$104,335	2.7%	\$139,610
2014	\$173,890	4.1%	\$229,102	\$107,082	2.8%	\$141,082	\$106,641	2.2%	\$140,501
2015	\$177,600	2.1%	\$232,299	§	§	\$139,770	\$108,741	2.0%	\$142,232
2016	\$177,513	0.0%	\$230,629	§	§	§	§	§	§
2017	\$181,416	2.2%	\$231,443	§	§	§	§	§	§
2018	\$189,889	4.7%	\$236,911	§	§	§	§	§	§
2019	\$195,995	3.2%	\$239,565	\$117,355	1.1%	\$143,443	\$125,025	1.8%	\$152,818
2020	\$203,221	3.7%	\$244,572	\$118,076	0.6%	\$142,102	\$127,137	1.7%	\$153,006
2021	\$202,623	-0.3%	\$238,365	\$116,452	-1.4%	\$136,994	\$125,420	-1.4%	\$147,544
2022	\$210,260	3.8%	\$230,796	\$117,082	0.5%	\$128,517	\$126,336	0.7%	\$138,675
2023	\$217,929	3.6%	\$225,117	\$120,027	2.5%	\$123,986	\$130,965	3.7%	\$135,285
2024	\$227,163	4.2%	\$227,163	\$124,435	3.7%	\$124,435	\$134,858	3.0%	\$134,858

\*Constant dollars based on inflation measured by the Consumer Price Index.

†Data collection by AAUP did not begin until FY1977 for this category.

§Due to a change in the methodology used by AAUP there was a discontinuity and these data cannot be cited reliably.

Sources: FY1970 - FY1976, NCES; FY1977 - present, AAUP

## Sources

Data for the eight HEPI components are gathered from the following sources:

- Faculty Salaries: American Association of University Professors Survey Report
- Administrative Salaries: [CUPA-HR 2023 Higher Ed Workforce Surveys](#)
- Clerical: U.S. Bureau of Labor Statistics Employment Cost Index
- Service Employees: U.S. Bureau of Labor Statistics Employment Cost Index
- Fringe Benefits: American Association of University Professors Survey Report
- Miscellaneous Services: U.S. Bureau of Labor Statistics Employment Cost Index
- Supplies and Materials: U.S. Bureau of Labor Statistics Producer Price Index (18 selected categories)
- Utilities: U.S. Bureau of Labor Statistics Producer Price Index (4 selected categories)

Have any questions about the data contained in this report? Please contact us at [hepi@commonfund.org](mailto:hepi@commonfund.org).



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## The Design of HEPI

The Higher Education Price Index (HEPI) measures price levels from a designated reference year in which budget weights are assigned. This base year is FY1983 and is assigned a price value of 100.0 for index compilation.<sup>1</sup> Comparing one year's index value with that of another year reflects relative change. An index value of 115.0, for example, represents a 15 percent price increase over 1983 values. This change can also be expressed in monetary terms so that the price of \$100 worth of goods and services purchased in 1983 in this example would have risen to \$115. Movements of the index from one year to another are usually expressed as percent changes by dividing a later year's value by that of any earlier year and subtracting 1.00. Thus, an increase in index values from 125.6 in 1987 to 134.4 in 1988 would be a yearly increase of  $134.4/125.6 = 1.07$  minus 1.00, or 7 percent. The HEPI in this study represents fiscal year (July 1 to June 30) average values. Values are compiled by computer and reported to the nearest tenth, which properly suggests the degree of accuracy involved.

Since FY2002 HEPI has been based on a regression formula. The eight regression components employed represent 79.6 percent of the HEPI weighted whole in 1990. The regression-based index values are essentially equal to those resulting from complete data. The R-square value of the regression is .999997809 based

on 41 observations. Regression-calculated HEPI values are not likely to vary from fully compiled values by more than 0.1 parts out of 200.0 or  $\pm 0.05$  percent. The regression analysis is shown below Table B in the report.

## Price Index Theory and Design

A price index measures the effects of price change and price change only, as reflected by differences in the overall price level of a fixed group of items. The procedure in calculating the index is to measure the price level of purchased items each year, comparing the aggregate amount paid to that of the base period. The amount and quality of the selected commodities that make up the market basket being indexed must remain constant so that only the effects of price changes are reflected. The quantities represent not only annual consumption of the specific sample items actually priced by the index, but also consumption of related items for which prices are not obtained, so that the total cost of the market basket represents total spending for goods and services. Under these restrictive conditions, the change in price index values from year to year may be interpreted as the change in dollars required to offset the effects of inflation in buying the same kinds and amounts of goods and services previously purchased.

What makes a price index so valuable is that by reporting only price increases, without quality or quantity changes, the series documents the additional revenues required for continuation of "business as usual." Few financial supporters can deny that funding should at least maintain the status quo, if not improve it. Thus, price indices reliably report increased funding requirements that can be defended as essential if the same services are to be maintained. If quality changes were to be included, then the force of the argument would be lost, since justification of the added costs to improve operations is seldom obvious.

To achieve its intended purpose of reporting only price changes, a price index attempts to hold constant all other factors. A persistent and nearly irresolvable problem in this regard is eliminating the effect on prices of quality changes in purchased goods and services. When possible, a process of "linking" is used whereby the price of a new item is tied to the price of an old item by factoring out the price difference due to the change in quality involved. For personnel services, quality is fixed by specific job descriptions. Improvements in training and growth in individual talents brought to professional positions are considered constant in the sense that the present mix of new practitioners and senior personnel consistently represents the current average "state-of-the-art" in training and tenure.

<sup>1</sup>Once compiled, index values can be converted to any year equal to 100 simply by dividing all indices in the series by the subject year's value. Thus, a price series with the base year 1983=100.0 and 2001=195.0 can be converted to a 2001=100 base year with 1983 then equal to  $100.0/195.0=51.3$ . Converting index values to the current (2001) base year places all adjusted figures in the most recent (2001) dollars, which is a useful, recognized point of reference.

## HEPI Design and Use

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A price index holds constant the mix of purchases and, implicitly, the mix of their general use by a single type of consumer. This consistency is accomplished by designing and fix-weighting the index components according to the buyer's budget composition.

The price series for each component must be set equal to 100 in the base year for which the budget weights are established. (FY1983 is the base year for the HEPI in this report.) Each year the price changes or price relatives (ratio of following to previous year price) for the various items being priced are weighted according to this base year expenditure pattern. The budget percentages (weights) represent the actual physical count mix of items involved. The index must not be re-weighted unless there is a substantial change in the consumer's buying pattern, which results in a different mix in the actual physical count of goods and services purchased.

To the extent that college faculty, university researchers and school teachers use different pedagogy, analyses, instruments, equipment and materials from year to year—or that institutions employ different mixes of personnel and capital to accomplish their objectives—the use of a fixed-weight index fails to price current actual practices. Also, a price index does not account for changes in the mix of students; for example, in the higher education community an increase over time in the proportion of handicapped or graduate students and the associated higher

overall per-student costs would not be reflected in a price index series.

Re-weighting the index is required when such changes result in large differences in the physical count proportions involved.

### HEPI Uses

The most frequent use colleges and schools make of the HEPI is in projecting future budget increases required to preserve purchasing power. If next year's inflation affecting current operations is expected to be 6 percent, the budget must be increased by this amount if the same level and quality of goods and services are to be purchased.

The basic nature of price indices in reflecting yearly percent changes, however, cannot be projected in the traditional manner. Incremental changes seldom exhibit trends on which an extrapolation can be based. A two- or three-year average increase in annual percentage changes is not predictive that this phenomenon will continue into the future.

HEPI can also serve the following additional uses:

- Index values may be projected into the future to estimate the degree of change in expenditures that will be necessitated by anticipated price changes. If price increases are expected, the projected index value are used to inflate expected real resource needs to equal future funding requirements in actual dollars.

Usually, these real resource needs are expressed in user unit terms, e.g., constant (inflation-adjusted) dollars per full-time-equivalent student. Budget requests based on a projected HEPI account only for inflation, i.e., provision of additional funding sufficient to purchase the same resources as acquired in the previous year. Additional funding for greater student load, program expansion, and improvements in quality would need to be separately requested and justified.

- Past expenditures may be compared with movements in a price index to ascertain whether spending has kept pace with price level changes. Adjusting expenditures by an appropriate price index to convert actual or current dollars to constant dollars permits comparison over time of the real purchasing power of funding levels.
- Similarly, dollar incomes may be deflated by a price index to identify trends in the level of real purchasing power of funding by various sources.
- Price indices may be used to provide automatic inflation adjustment of various administrative and contractual transactions. The price charged for a particular service, for example, may be tied to input prices or the cost of labor as measured by an appropriate price index.

## HEPI Questions and Answers

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### What is the Higher Education Price Index?

The Higher Education Price Index (HEPI) is an inflation index, released each year, that is designed specifically for higher education and is a more accurate indicator for colleges and universities than the Consumer Price Index (CPI).

From its inception in 1961, HEPI was produced by Research Associates of Washington, D.C. In 2005, Commonfund Institute assumed management of the Index. The Institute manages the database, publishes the Index, and makes available analytical and descriptive materials using HEPI data.

The HEPI report is published based on data released each July for the previous fiscal year (July 1 to June 30), which may be subject to a further small adjustment when the last of the underlying data items are finalized in November.

### Why is HEPI a better price inflation measure than CPI for colleges and universities?

Compiled from data reported by governmental and industry sources, HEPI measures the average relative level in the prices of a fixed basket

of goods and services purchased by colleges and universities each year through current fund educational and general expenditures, excluding research. HEPI includes eight categories that cover most of the current operational costs of colleges and universities and is an essential tool enabling schools to determine increases in funding necessary to maintain purchasing power and investment. The CPI, on the other hand, measures goods and services that consumers buy for day-to-day living.

### What are the HEPI categories?

HEPI categories are based on price data for 45 budget components that all schools can report, organized in eight component sub-indexes: faculty salaries; administrative salaries; clerical salaries; service employee salaries; fringe benefits; miscellaneous services; supplies and materials; and utilities.

### How do HEPI and the CPI differ?

The bulk of educational costs are related to personnel, mainly college faculty, whose salary increases are usually different from those measured in the CPI, which includes salaries of city wage earners and sal-

aried clerical workers. As a case in point, from 1980 to 2000 the price of goods and services purchased by colleges and universities increased by 154 percent, while inflation measured by the CPI increased by 118 percent. Using HEPI, colleges and universities would have received 16.5 percent more support per student.

While HEPI is composed of the eight categories previously mentioned, the CPI includes: food and beverage; housing; apparel; transportation; medical care; recreation; education and communication; and other goods and services. All taxes directly associated with the purchase and use of the items are included in the index.

Another difference between the two indices is the treatment of changes in quality. HEPI is a straightforward measure of costs, whereas the CPI is a measure of "quality-adjusted prices." For example, assume that it costs \$2,000 to replace an older computer that originally cost \$1,500. The new computer, however, is twice as fast as the old one. HEPI would report that as a \$500 price increase, while the CPI would report the new computer as a \$500 price decrease due to the "quality adjustment."

### **Why is the CPI provided in the HEPI report different from the one(s) published by the Bureau of Labor Statistics (BLS)?**

The BLS updates CPI statistics monthly. They also provide a six- and 12-month average change; January-June, July-December and January-December. The CPI values reported on Commonfund's website for HEPI are based on fiscal year (July 1 through June 30) 12-month averages rather than the monthly (or point-to-point) CPI values usually reported by the BLS.

### **What is included in the annual HEPI Update?**

The HEPI Update contains a comprehensive analysis of the HEPI and its components for a given year, together with a sensitivity analysis and an overview of the effects of inflation on institutional funding and faculty salaries.

### **Does HEPI apply to all operational expenses?**

No, but it covers a substantial portion of standard budget expenses.

### **How is HEPI used?**

HEPI is used primarily to project future budget increases required to preserve purchasing power. It is a measure of inflation for current operations, for budget hearings to justify the minimum funding requirements to maintain purchasing power, and a guideline for trends in other expense areas such as faculty salaries. Additional indicators include:

- Index values, which may be projected into the future to estimate the degree of change in expenditures that will be necessitated by anticipated price changes;
- Past expenditures, which may be compared with movements in a price index to ascertain whether spending has kept pace with price level changes;
- Dollar incomes, which may be deflated by a price index to identify trends in the level of real purchasing power of funding by various sources; and

- Price indexes, which may be used to provide automatic "inflation adjustment" of various administrative and contractual transactions.

### **Why is HEPI valuable?**

HEPI has been widely recognized as the only benchmark to effectively monitor changes in the purchasing power of higher educational institutions. Further, as many institutions have found HEPI to be a practical tool in the successful establishment of important policies, Commonfund wishes to ensure that it continues to be produced accurately and widely disseminated within the higher education community.

By reporting only price increases, without quality or quantity changes, the series documents the additional revenues required for continuation of "business as usual." To achieve this purpose, the price index attempts to hold constant all other factors, keeping constant the mix of purchases, and implicitly, the mix of their general use by a single type of consumer.

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