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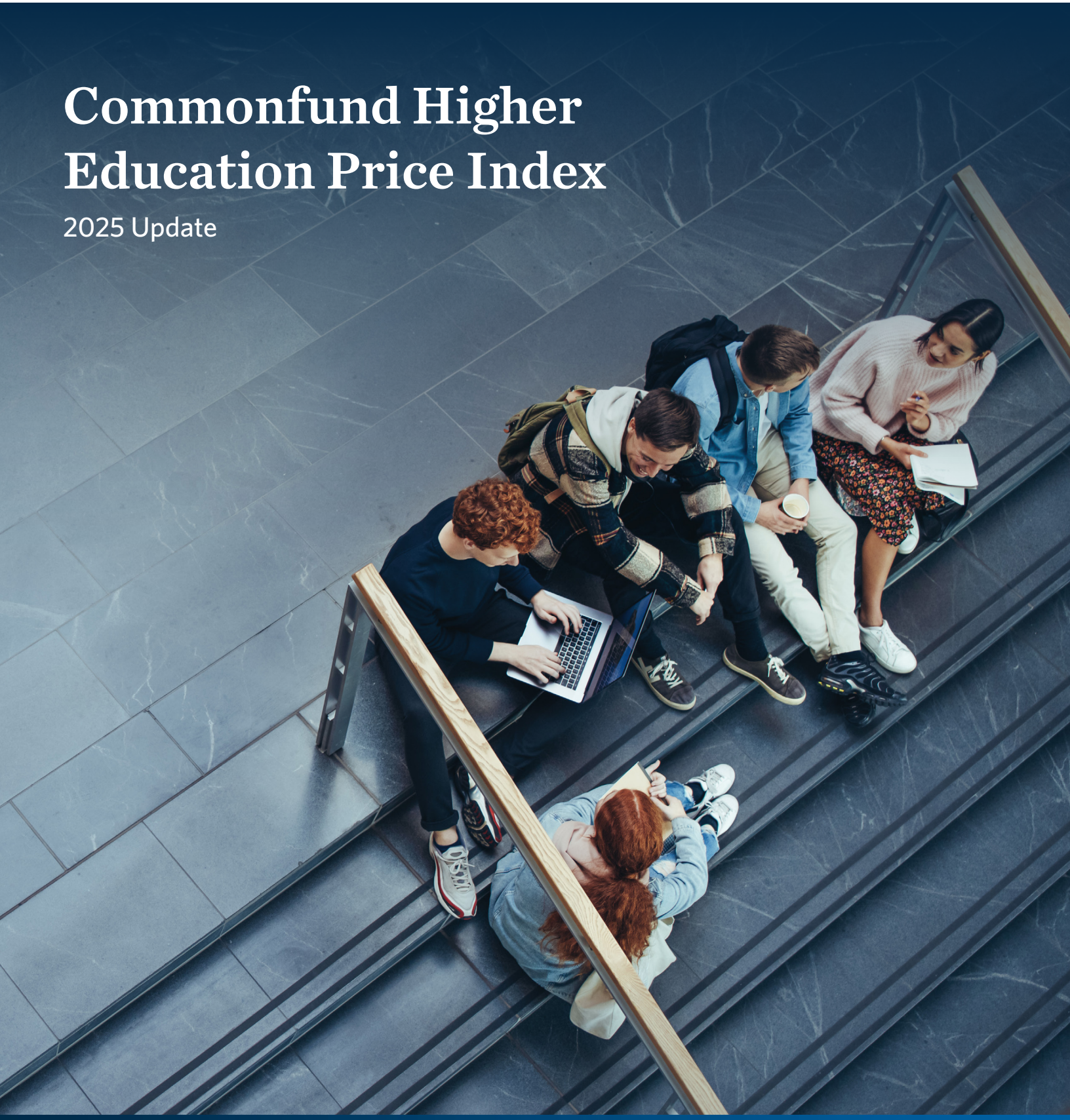
# Commonfund Higher Education Price Index

2025 Update



# Welcome

Fiscal year 2025 marked an inflection point in the higher education landscape, from enrollment challenges to major shifts in public policy and funding. Throughout it all, we have been frequently finding it apt to say: there is a lot going on. But as this annual report explores, at least one thing has remained consistent for colleges and universities: price pressures that ramped up during the COVID-19 pandemic persist five years later. Notably, Commonfund's Higher Education Price Index (HEPI), an inflation measure specific to educational institutions, shows that price increases for this sector have surpassed those in the economy more broadly, as measured by the Consumer Price Index (CPI), for the second year in a row.

While inflation has been an ongoing challenge for higher education budget officers and investment stewards alike, we believe that providing a consistent and relevant measure of inflation is important. This fiscal year, HEPI and CPI diverged directionally, with HEPI rates increasing and CPI decreasing, underscoring the implications of using various measures. While it can't balance your budgets, HEPI can help your institution to set goals that match your institution's needs and track progress toward them as you strive to meet your institution's mission. Challenges abound, but access to relevant, action-oriented data shouldn't be one of them.

This year's HEPI report shows that costs for a market basket of items comprising educational operating budgets increased at an annual rate of 3.6 percent in FY2025, an increase from 3.4 percent reported in FY2024. This report explores in depth which cost components have risen and fallen, how inflation is trending for those cost components, regional breakdowns, and more. While the policy and financial landscape may impact various determinants of HEPI, any potential impacts will likely be seen in FY2026 budgets and reflected in next year's HEPI report.

Thank you to all who continue to put this work to the test and to those who have collaborated with us as we continue to ensure HEPI is as useful as possible. We are grateful for your work and your feedback as we all continue to navigate this shifting terrain.

George Suttles
Executive Director
Commonfund Institute

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## About Commonfund Institute

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

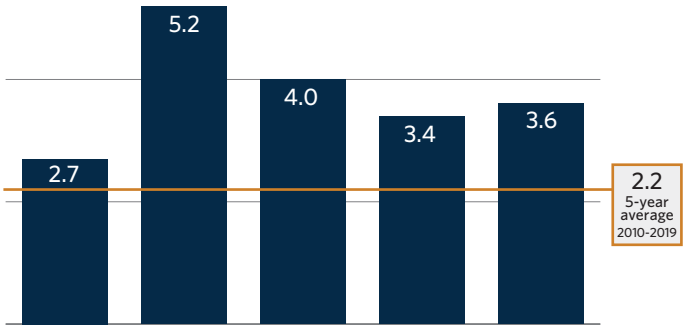
## Executive Summary

Commonfund's Higher Education Price Index® (HEPI) data show that costs for colleges and universities rose 3.6 percent in FY2025, an increased rate of inflation compared with 3.4 percent in FY2024 but below 4.0 percent in FY2023. (FY2025 covers the period from July 1, 2024, to June 30, 2025, and coincides with the budget year of most educational institutions.)

HEPI inflation rates are again elevated above what many consider the norm, set by expectations from prior decades. From 2010 to 2019, for example, the average annual HEPI figure was 2.2 percent. By contrast, the average annual increase from 2020 to 2024 was 3.4 percent, marking a shift that was triggered by the COVID-19 pandemic and subsequent supply shocks. And while this year's inflation falls below the relative peak of 5.2 percent in FY2022, it marks the fifth year in a row that rates are above the prior decade's average.

**HEPI:**
**LAST 5 YEARS ABOVE PRIOR DECADE AVERAGE**

Numbers in percent




Year over year, inflation rates for educational institutions rose in three of the eight components tracked by HEPI. Faculty salaries, the highest-weighted category comprising the overall measure, rose from 3.8 percent to 4.3 percent. The two lowest-weighted categories, utilities and supplies and materials, also saw inflation rates increase in FY2025. Meanwhile, rates declined in five of the eight components. All decreases were marginal, falling within one percentage point of the prior year's figure, except for fringe benefits which rose 2.4 percent in FY2025 compared with 5.9 percent in FY2024.

Comparing HEPI and the Consumer Price Index[1] (CPI), while the former showed costs rising 3.6 percent in FY2025, costs rose in the latter by just 2.6 percent. HEPI has now exceeded CPI in nine of the past 11 years, continuing the long-standing trend of HEPI exceeding CPI for the majority of years we have been tracking these indices. At the recent height of inflation in the economy in 2022 and 2023, CPI exceeded HEPI. However, while broad-based inflation has fallen, inflation of key HEPI components such as faculty and administrative salaries has persisted.

## 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, and educational institutions more broadly, 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.

1 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 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.

HEPI data are provided free of charge via Commonfund's website at 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 2025, 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

1961-2025

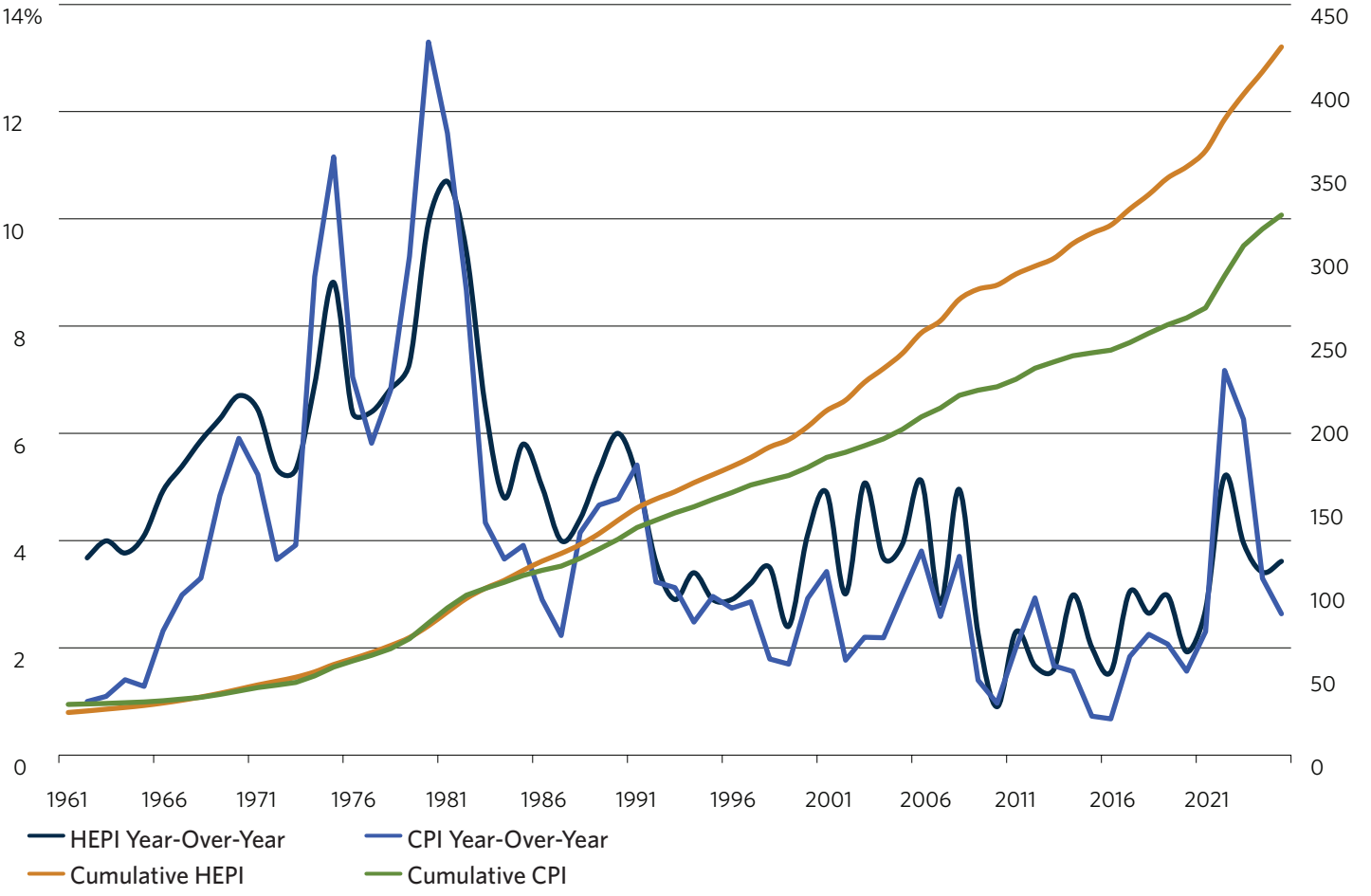



Figure 1 traces the Higher Education Price Index (HEPI) and the Consumer Price Index (CPI) from 1961 to 2025. Cumulative HEPI is represented by the steadily increasing orange line, indexed to 100 for 1983, and should be read using the right-hand scale. The jagged lines trace percentage year-over-year 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 2025

| | 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% |
| 1991 | 148.2 | 5.2% | 136.4 | 5.4% | 2021 | 362.3 | 2.7% | 268.1 | 2.3% |
| 1992 | 153.5 | 3.6% | 140.8 | 3.2% | 2022 | 381.1 | 5.2% | 287.3 | 7.2% |
| 1993 | 157.9 | 2.9% | 145.2 | 3.1% | 2023 | 396.2 | 4.0% | 305.3 | 6.3% |
| 1994 | 163.3 | 3.4% | 148.8 | 2.5% | 2024 | 409.7 | 3.4% | 315.4 | 3.3% |
| 1995 | 168.1 | 2.9% | 153.2 | 3.0% | 2025 | 424.5 | 3.6% | 323.7 | 2.6% |

*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 2016 to 2025

| | Fiscal | Regression HEPI | Faculty salaries | Administrative salaries | Clerical | Service employees | Fringe benefits | Miscellaneous services | Supplies and materials | Utilities |
|---|---|---|---|---|---|---|---|---|---|---|
| Index Value | 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 | 492.1 | 386.4 | 369.1 | 639.3 | 363.5 | 249.8 | 189.9 |
| | 2025 | 424.5 | 408.0 | 515.7 | 399.2 | 384.2 | 654.4 | 377.1 | 249.2 | 197.9 |
| Standard Deviation | 2002-2025 | 59.0 | 52.9 | 77.2 | 55.8 | 56.3 | 110.4 | 48.0 | 35.1 | 33.9 |
| Yearly% change | 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% |
| | 2025 | 3.6% | 4.3% | 4.8% | 3.3% | 4.1% | 2.4% | 3.7% | -0.2% | 4.2% |

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 FY2025

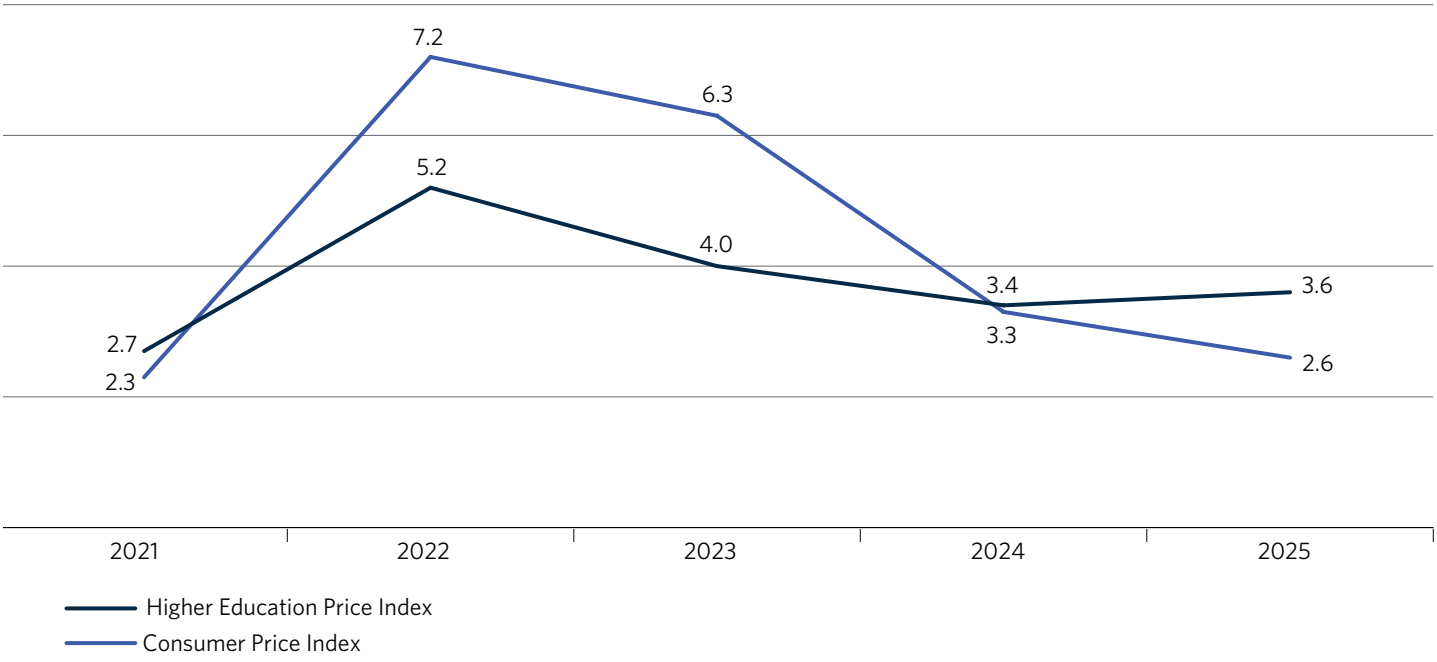
For fiscal year 2025, the HEPI metric shows that inflation for colleges and universities was 3.6 percent, an increase from FY2024's 3.4 percent, and still higher than FY2020's 1.9 percent before inflation began its ascent. HEPI peaked in 2022 at 5.2 percent and fell over the following two fiscal years to 4.0 percent in 2023 and 3.4 percent in 2024, before rising again. FY2025 marks the fifth year of inflation rates above the prior decade's average (2.2 percent), and the second year in a row that inflation for higher education institutions has exceeded rates in the broader economy.

While CPI fell in FY2025 to 2.6 percent from 3.3 percent in FY2024, HEPI rose to 3.6 percent, driving a one percentage point gap between the two measures. The last time HEPI surpassed CPI by at least one percentage point was in 2017. 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 2021 - 2025 | Numbers in percent




More on how HEPI is calculated:

- There are eight cost factor components that contribute to the HEPI regression calculation, with hundreds of contributing data points and sub-components. The eight main components comprising HEPI are faculty salaries, administrative salaries, clerical costs, service employee costs, fringe benefits, miscellaneous services, supplies and materials, and utilities.
- Each component is assigned a weight that reflects its relative importance in determining the overall measure. Therefore, a change in the rate of inflation for 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.

## FY2025 HEPI Component Highlights

Despite the overall HEPI measure increasing in FY2025, rates were lower in FY2025 for five out of the eight cost components tracked by HEPI. Categories that saw the highest inflation rates in FY2024 subsided slightly – for example, fringe benefits rose 5.9 percent in FY2024 and just 2.4 percent in FY2025. Administrative salaries rose 4.8 percent in FY2025, the highest inflation rate of all categories, but still down from 5.1 percent in FY2024.

Faculty salaries, the highest-weighted category, is a measure that aggregates data across institution types and faculty credentials. In FY2025, the faculty salary inflation rate was 4.3 percent, which is the highest rate reported since we began tracking it in 1998. The only other times that faculty salary inflation met or exceeded 4 percent was in 2008, when it was 4.1 percent, and in 2023, at 4.0 percent. The increase in inflation to this category, from 3.8 percent in FY2024, is a contributing factor to HEPI increasing overall in FY2025.

The other two components with increased inflation rates in this year's report were utilities and supplies and materials, which are among the lowest-weighted components and therefore had a limited effect on the overall FY2025 number. The supplies and materials category was again deflationary at a rate of -0.2 percent in FY2025 compared with -2.9 percent in FY2024. For utilities, historically the most volatile category, inflation was 4.2 percent in FY2025, up from FY2024 deflation of -17.5 percent.

Remaining are clerical costs – the second highest-weighted category – which grew at a rate of 3.3 percent in FY2025, down from 4.2 percent in FY2024; service employees, down slightly to 4.1 percent in FY2025 from 4.2 percent in FY2024; and the lowest-weighted category of miscellaneous services, 3.7 percent in FY2025 compared with 4.1 percent in FY2024.

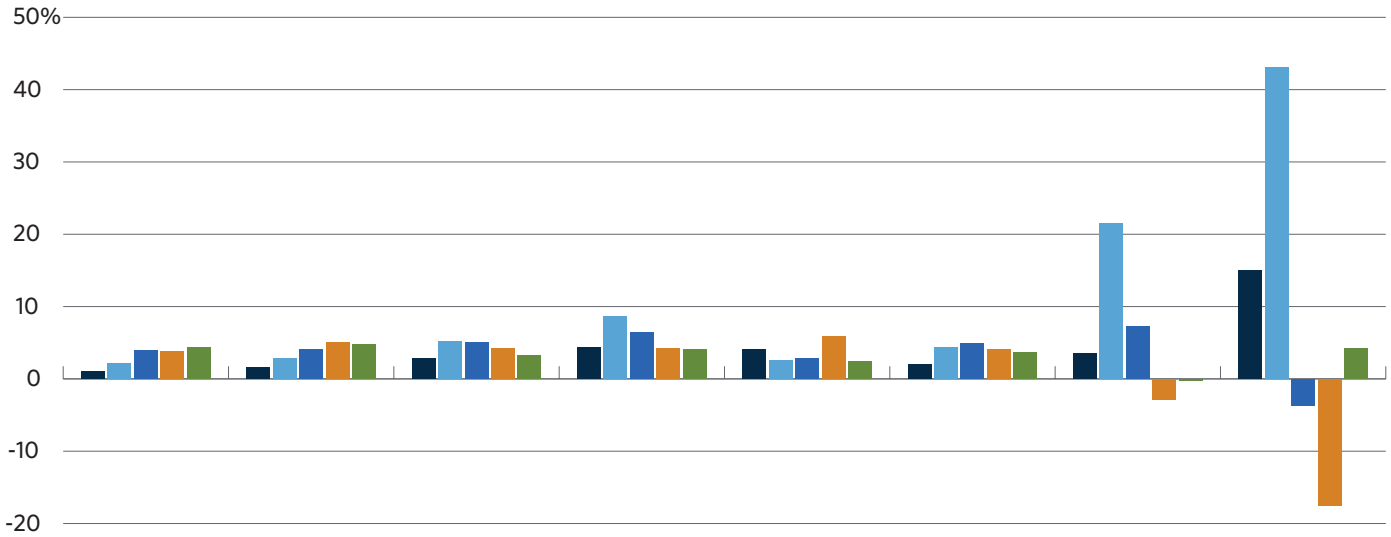
## 5-Year Changes in Cost Factors: Figure 3 Analysis

Figure 3 is a graphical representation of the changes in the eight cost factors from FY2021 to FY2025. Six cost factors have remained reasonably stable over the period, aside from significant jumps in service employee and clerical costs in FY2022. Considerable volatility continues to be seen in the supplies and materials and utilities categories. The most dramatic year-over-year changes occurred in utilities, which saw inflation rates that were 21.7 percentage points higher in FY2025 than in FY2024. Supplies and materials also fluctuated by more than 10 percentage points for three years in a row from FY2022 to FY2024, before stabilizing in FY2025. While less dramatic, cost increases in key categories such as faculty and administrative salaries have trended upward and remain well above pre-pandemic rates.

**FIGURE 3**

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

Fiscal Years 2021 – 2025




| | Faculty salaries | Admin salaries | Clerical | Service employees | Fringe benefits | Misc services | Supplies and materials | Utilities |
|---|---|---|---|---|---|---|---|---|
| 2021 | 1.0 | 1.6 | 2.8 | 4.3 | 4.1 | 2.0 | 3.5 | 15.0 |
| 2022 | 2.1 | 2.9 | 5.2 | 8.6 | 2.6 | 4.3 | 21.5 | 43.1 |
| 2023 | 4.0 | 4.1 | 5.0 | 6.4 | 2.8 | 4.9 | 7.3 | -3.7 |
| 2024 | 3.8 | 5.1 | 4.2 | 4.2 | 5.9 | 4.1 | -2.9 | -17.5 |
| 2025 | 4.3 | 4.8 | 3.3 | 4.1 | 2.4 | 3.7 | -0.2 | 4.2 |

## HEPI for FY2025 versus a 5-Year Average: Figure 4 Analysis

Figure 4 compares HEPI component inflation rates for FY2025 against their five-year averages (the average of HEPI fiscal years 2021 to 2025). Of the eight cost factors, only two were above their five-year averages in FY2025: faculty salaries and administrative salaries. This is in part due to a more gradual ramp-up in inflation in those categories during this time period, relative to other components. For example, in FY2022, five of eight categories had inflation rates above 4 percent, while faculty salaries rose at a modest rate of 2.1 percent and administrative salaries, 2.9 percent. By FY2025, four of those five components' inflation rates had fallen below 4 percent, while faculty and administrative salaries rose at 4.3 percent and 4.8 percent, respectively (compared with their 5-year averages of 3.0 percent and 3.7 percent, respectively).

Impacted by the dramatic price increases of 2022, 5-year averages were the highest in the utilities (8.2 percent) and supplies and materials (5.8 percent) categories, followed by service employees (5.5 percent). Five-year averages for the remaining categories were as follows: clerical costs (4.1 percent), miscellaneous services (3.8 percent), and fringe benefits (3.6 percent).

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

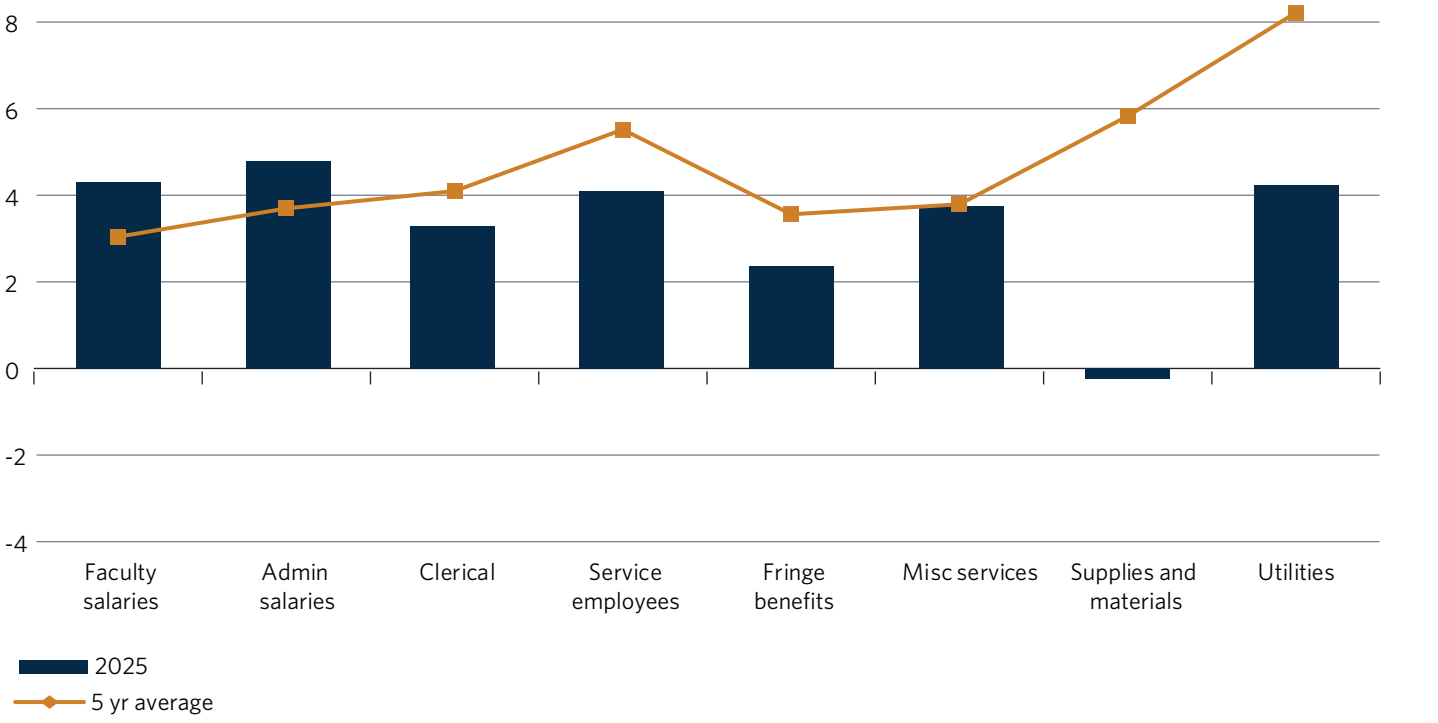
- Cost increases in FY2025 were above the five-year average for the highest weighted HEPI component, faculty salaries, and for the fourth-highest weighted component, administrative salaries. Both had inflation rates in FY2025 that exceeded their five-year average by more than one percentage point.

- Cost increases in FY2025 were below the five-year average for the remaining six cost categories. The biggest gap between the 1-year and 5-year figures were among supplies and materials (0.2 percent deflation in FY2025 compared with a 5-year average of 5.8 percent inflation) and utilities (4.2 percent inflation in FY2025 compared with a 5-year average of 8.2 percent).

- Cost increases in FY2025 fell below their five-year average for clerical, service employees, fringe benefits, and miscellaneous services. The difference in 1-year and 5-year figures all fell within 1.4 percentage points.

**FIGURE 4**

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



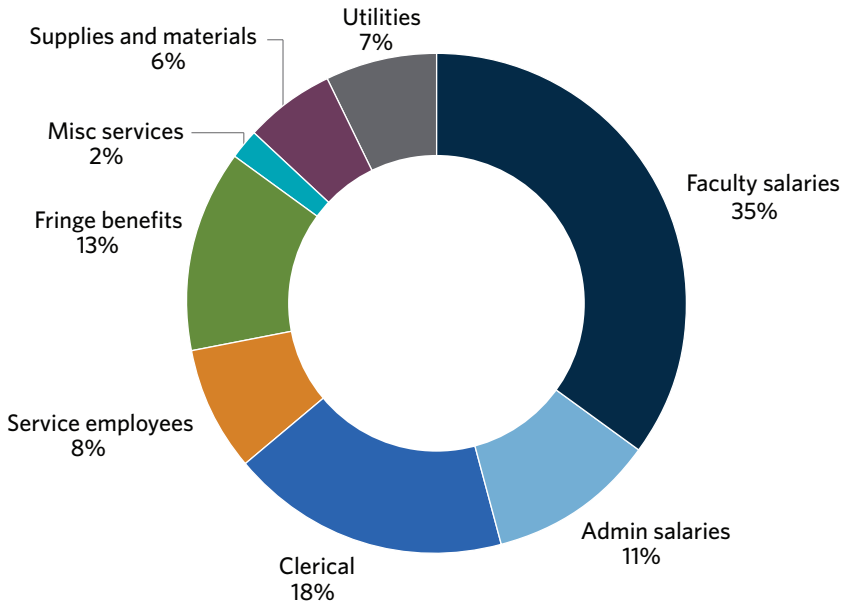
## Sensitivity Analysis of the 8 HEPI Regression Components: Figure 5 Analysis

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 424.5 to 431.8, 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 | 424.5 | 408.0 | 515.7 | 399.2 | 384.2 | 654.4 | 377.1 | 249.2 | 197.9 |
| Yearly % Change | 3.6% | 4.3% | 4.8% | 3.3% | 4.1% | 2.4% | 3.7% | -0.2% | 4.2% |
| Scenario: Faculty Salaries up 5% | | | | | | | | | |
| Index Value | 431.8 | 428.4 | 515.7 | 399.2 | 384.2 | 654.4 | 377.1 | 249.2 | 197.9 |
| Yearly % Change | 5.4% | 9.5% | 4.8% | 3.3% | 4.1% | 2.4% | 3.7% | -0.2% | 4.2% |
| △ | **180 b.p.** | **520 b.p.** | | | | | | | |
| Scenario: Misc. Services up 5% | | | | | | | | | |
| Index Value | 425.0 | 408.0 | 515.7 | 399.2 | 384.2 | 654.4 | 396.0 | 249.2 | 197.9 |
| Yearly % Change | 3.7% | 4.3% | 4.8% | 3.3% | 4.1% | 2.4% | 8.9% | -0.2% | 4.2% |
| △ | **10 b.p.** | | | | | | **520 b.p.** | | |

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

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 FY2016-FY2025 for these institution types.

**TABLE C**

## HIGHER EDUCATION PRICE INDEX BY MAJOR CATEGORIES OF PUBLIC AND PRIVATE EDUCATIONAL INSTITUTIONS

Fiscal Years 2016 - 2025

| | | NATIONAL | PUBLIC INSTITUTIONS | | | | PRIVATE INSTITUTIONS | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Fiscal year | Total | Total | Doctoral | Master's | 2 Year College | Total | Doctoral | Master's | Baccalau-reate |
| Index Value | 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 |
| | 2025 | 424.5 | 418.7 | 461.8 | 424.4 | 404.7 | 445.5 | 511.6 | 422.6 | 432.9 |
| Yearly % Change | 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% |
| | 2025 | 3.6% | 3.9% | 3.4% | 3.9% | 4.6% | 3.3% | 3.3% | 3.9% | 3.1% |

### Faculty Salary Differences by Institution Type

Digging into the data for faculty salaries, as shown in Figure 7, reveals the key sources of inflation within this category: Salary costs for public institutions rose by 4.7 percent in FY2025, up from the 3.5 percent increase reported in FY2024. Salary inflation at public institutions surpassed that of private institutions, which was 3.6 percent (down from the FY2024 rate of 4.4 percent). FY2025 breaks the trend of faculty salary inflation among private institutions exceeding that of public institutions, which has occurred in more than half of the years tracked since 2002. Meanwhile, a shorter-term trend has begun to emerge: For the second year in a row, 5-year averages in public institution inflation (3.1 percent) surpassed that of private institutions (2.8 percent). This year's inflation in faculty salaries reflects ongoing pressures for institutions across all school types, albeit at a slightly higher rate for public institutions than for privates.

For analysis on public and private institutions, HEPI compiles data from institutions that predominantly deliver doctoral, master's, public 2-year college, and private baccalaureate degrees. Among public institutions, faculty salaries rose the most among 2-year colleges at a pace of 8.7 percent, followed by 5.4 percent for master's programs, and 3.1 percent for doctoral. Among private institutions, faculty salaries rose the most for doctoral institutions, by 4.9 percent, followed by baccalaureate programs, 2.5 percent, and master's granting institutions, 1.4 percent.

**FIGURE 7**

**FY2025 FACULTY SALARIES PUBLIC INSTITUTIONS**

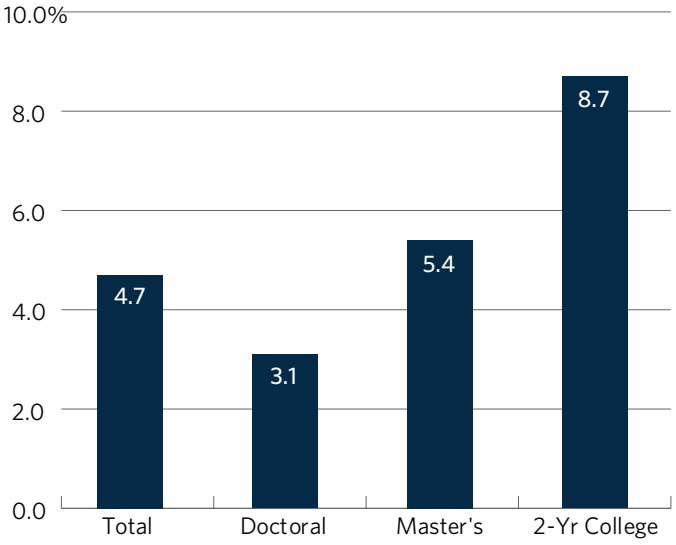
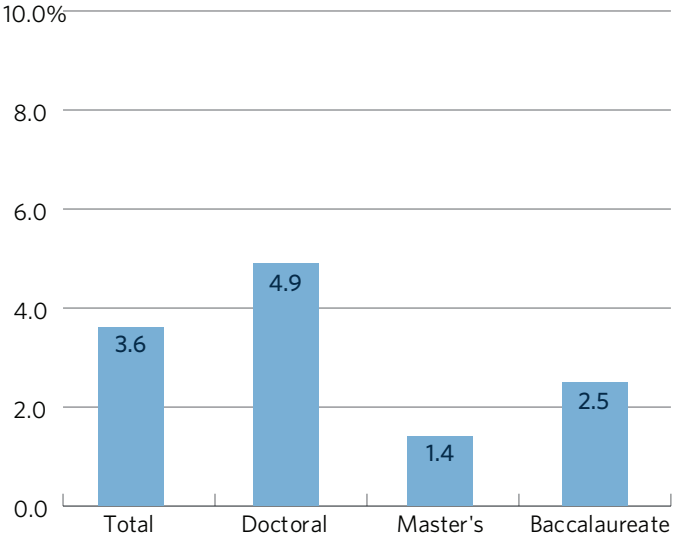



**FIGURE 8**

**FY2025 FACULTY SALARIES PRIVATE INSTITUTIONS**




When looking at fringe benefits by institution type, costs rose 3.0 percent at public institutions. This rate falls below the 6.0 percent inflation reported in FY2024 but is still elevated relative to the FY2023 rate of 1.3 percent. At private institutions, fringe benefit costs grew by 1.9 percent, following the prior fiscal year's increase of 6.1 percent.

Among public institutions, fringe benefit costs rose the most at doctoral institutions, at a rate of 3.3 percent, followed by masters' degree granting institutions at 2.4 percent, and 2-year colleges at 0.2 percent. Among private institutions, masters' degree granting institutions' fringe benefit costs increased at a rate of 7.9 percent, followed by 2.8 percent at baccalaureate institutions and 1.0 percent at doctoral institutions.

**FIGURE 9**

**FY2025 FRINGE BENEFIT COSTS PUBLIC INSTITUTIONS**

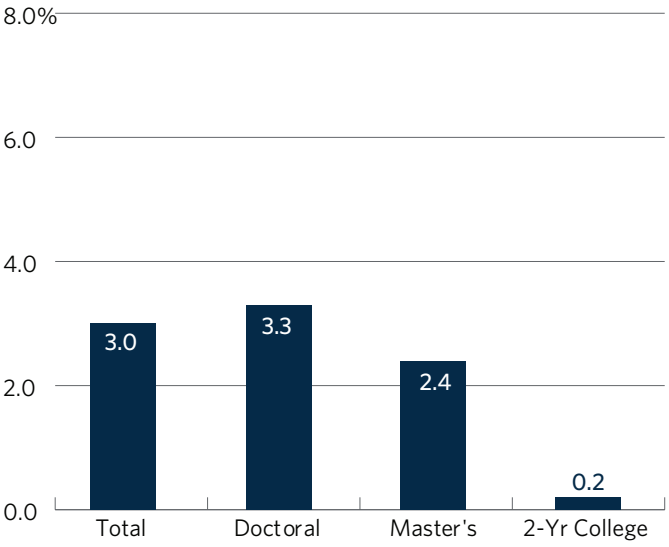
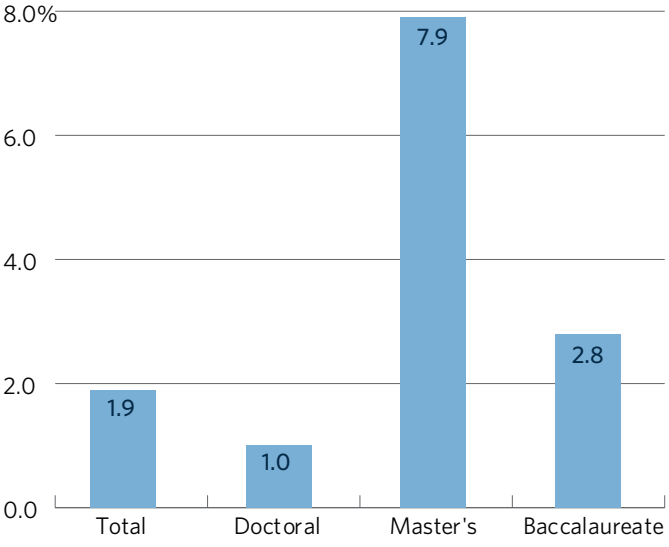



**FIGURE 10**

**FY2025 FRINGE BENEFIT COSTS PRIVATE INSTITUTIONS**

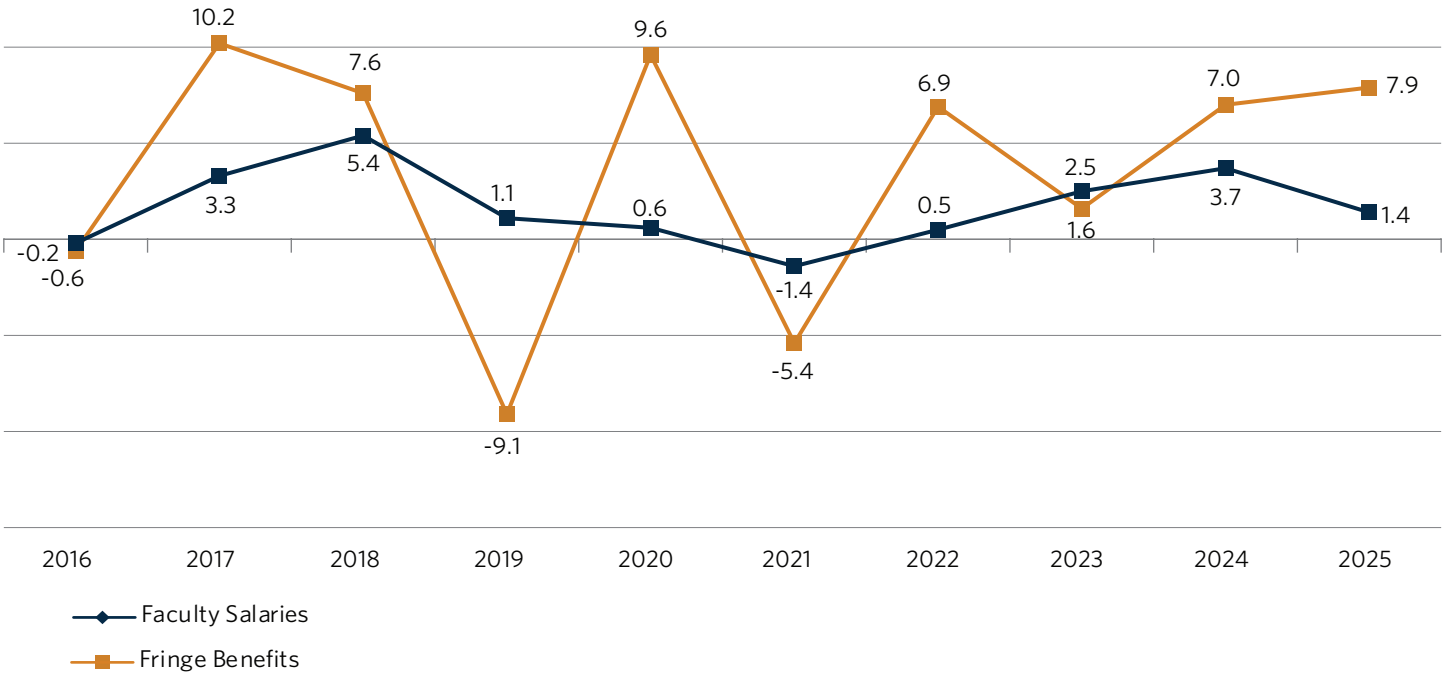


As shown in Figure 11, faculty salaries at private master's degree-granting institutions increased 1.4 percent in FY2025 following an increase of 3.7 percent in FY2024 and 2.5 percent in FY2023. Fringe benefit costs in this segment jumped by 7.9 percent, representing the second year in a row of significant inflation, following an increase of 7.0 percent in FY2024. This also shows that fringe benefit costs have been highly volatile – with inflation rates frequently rising or falling by more than 10 percentage points year over year.

**FIGURE 11**

**FY2025 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 FY2016 – 2025 for the nine regions.

**TABLE D**

**HIGHER EDUCATION PRICE INDEX SUMMARIZED BY REGION**

Fiscal years 2016-2025

| | 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 | 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 |
| | 2025 | 424.5 | 434.9 | 418.4 | 405.2 | 421.8 | 423.1 | 420.3 | 421.1 | 419.6 | 487.6 |
| Yearly % Change | 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% |
| | 2025 | 3.6% | 3.4% | 4.5% | 3.4% | 3.4% | 2.6% | 4.3% | 1.6% | 4.7% | 4.3% |

## Faculty Salary Differences by Region

Data in Figure 12 show that regional faculty salary increases in FY2025 ranged from a high of 6.9 percent in the Middle Atlantic region (followed closely by 6.5 percent in East South Central), to a low of 2.1 percent in the West South Central region. Inflation of faculty salaries in FY2025 exceeded rates from the prior year a majority—five out of nine—regions (following last year's report that showed increased rates in four of nine regions).

**FIGURE 12**

**FY2025 FACULTY SALARIES BY REGION**

Numbers in percent

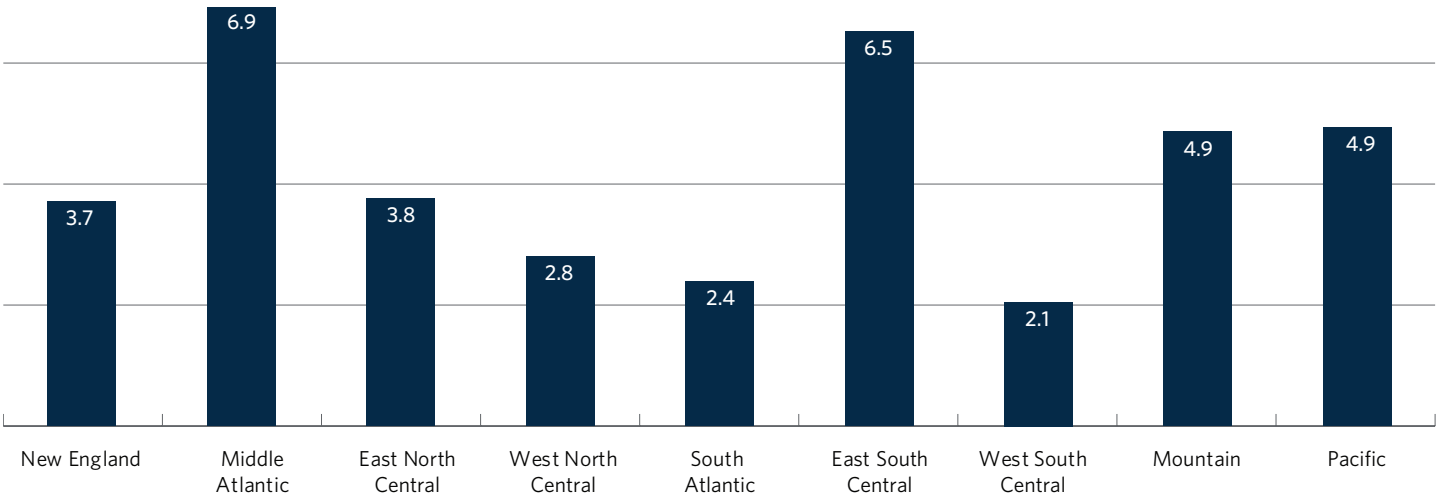
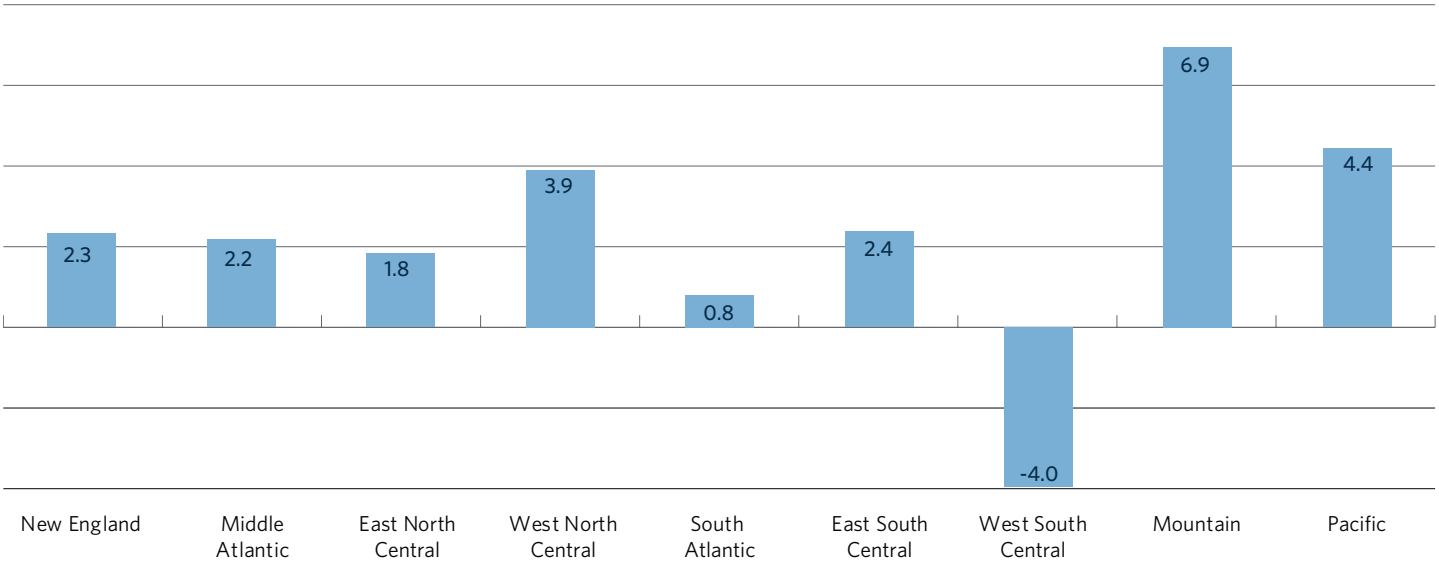



**FIGURE 13**

**FY2025 FRINGE BENEFITS BY REGION**

Numbers in percent




Data in Figure 13 show that regional fringe benefit cost changes in FY2025 ranged from a high of 6.9 percent inflation in the Mountain region, to a low of 4.0 percent deflation in the West South Central region. Fringe benefits inflation in FY2025 was lower than in FY2024 for all regions aside from the Mountain region. This is a reversal from the FY2024 report that showed increased fringe benefit inflation rates relative to the prior year in eight of the nine regions.

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

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

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.

For example, Table E shows that average salaries of professors at public doctoral-level institutions have increased in constant terms over the last 55 years by $16,007, showing an increase in purchasing power since 1971. However, over the past 10 years, data show that faculty at doctoral-level institutions have seen a decline of $13,272 in real CPI-adjusted salaries. The impact is even more pronounced since 2020 – showing a real decline of more than $15,000 – demonstrating the pressure that heightened inflation puts on faculty and their institutions. Unlike doctoral-level faculty, faculty at public comprehensive and two-year colleges have seen a decrease in real salaries of $13,639 and $8,109 since 1971, respectively. According to these data, both groups saw real declines in salaries of more than $8,000 since FY2020.

Table F shows salaries for doctoral-level faculty at private institutions follow the trend of respective public institutions – salaries have increased in real terms over the past 55 years but are lower in real terms than they were in FY2020. Also similar to public comprehensive and 2-year college faculty, salaries at private comprehensive schools have decreased in real terms since 1971, and even more dramatically—over $18,000—since FY2020.

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 $1,200 more than their counterparts at public doctoral-level institutions. Now, that gap in current dollars is more than $73,000. The history is somewhat different among comprehensive institutions: In this case, in 1970 dollars, full professors at public institutions earned $1,300 more. Now, salary levels for faculty of private comprehensive institutions earn more than their public-school counterparts: $126,153 versus $117,169, or a gap of nearly $9,000 in current dollars.

**TABLE E**

## HIGHER EDUCATION FACULTY SALARIES IN CURRENT AND CONSTANT FY2025 DOLLARS

Illustrative data—Fiscal Years 1970 to 2025

*Public Faculty Salaries*

**Full professor average 9 - 10 month salaries by type of institution**

| | Category I (Doctoral-Level) | | | Cat IIA (Comprehensive) | | | Cat III (Two-Year Colleges) | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal year | Amount | Yearly % | Constant FY25 dollars | Amount | Yearly % | Constant FY25 dollars | Amount | Yearly % | Constant FY25 dollars |
| 1970 | $17,750 | 5.0% | $149,437 | $15,400 | 5.8% | $129,652 | $12,950 | 9.7% | $109,026 |
| 1971 | $18,600 | 4.8% | $148,809 | $16,350 | 6.2% | $130,808 | $14,150 | 9.3% | $113,207 |
| 1972 | $19,678 | 5.8% | $151,896 | $17,313 | 5.9% | $133,640 | $15,217 | 7.5% | $117,461 |
| 1973 | $20,545 | 4.4% | $152,611 | $18,446 | 6.5% | $137,019 | $17,080 | 12.2% | $126,872 |
| 1974 | $21,400 | 4.2% | $145,940 | $19,600 | 6.3% | $133,664 | $18,100 | 6.0% | $123,435 |
| 1975 | $22,648 | 5.8% | $138,947 | $20,840 | 6.3% | $127,854 | $19,312 | 6.7% | $118,480 |
| 1976 | $24,277 | 7.2% | $139,129 | $22,067 | 5.9% | $126,464 | $20,254 | 4.9% | $116,074 |
| 1977 | $25,210 | 3.8% | $136,535 | $23,190 | 5.1% | $125,595 | $21,860 | 7.9% | $118,392 |
| 1978 | $26,420 | 4.8% | $134,065 | $24,290 | 4.7% | $123,257 | $23,240 | 6.3% | $117,929 |
| 1979 | $28,000 | 6.0% | $129,930 | $25,030 | 3.0% | $116,148 | $23,420 | 0.8% | $108,677 |
| 1980 | $30,120 | 7.6% | $123,296 | $27,200 | 8.7% | $111,343 | $25,190 | 7.6% | $103,115 |
| 1981 | $32,850 | 9.1% | $120,569 | $29,580 | 8.8% | $108,568 | $26,200 | 4.0% | $96,162 |
| 1982 | $35,680 | 8.6% | $120,513 | $31,700 | 7.2% | $107,070 | $27,720 | 5.8% | $93,627 |
| 1983 | $38,180 | 7.0% | $123,596 | $33,490 | 5.6% | $108,414 | $30,480 | 10.0% | $98,670 |
| 1984 | $39,770 | 4.2% | $124,205 | $34,560 | 3.2% | $107,934 | $31,510 | 3.4% | $98,408 |
| 1985 | $42,560 | 7.0% | $127,913 | $37,090 | 7.3% | $111,473 | $33,230 | 5.5% | $99,872 |
| 1986 | $45,560 | 7.0% | $133,077 | $39,720 | 7.1% | $116,019 | $34,870 | 4.9% | $101,852 |
| 1987 | $48,740 | 7.0% | $139,260 | $42,290 | 6.5% | $120,831 | $37,460 | 7.4% | $107,030 |
| 1988 | $51,080 | 4.8% | $140,132 | $46,060 | 8.9% | $126,360 | $38,230 | 2.1% | $104,880 |
| 1989 | $54,240 | 6.2% | $142,175 | $46,920 | 1.9% | $122,987 | $41,200 | 7.8% | $107,994 |
| 1990 | $57,520 | 6.0% | $143,898 | $49,610 | 5.7% | $124,109 | $43,000 | 4.4% | $107,573 |
| 1991 | $60,450 | 5.1% | $143,467 | $52,190 | 5.2% | $123,863 | $45,050 | 4.8% | $106,918 |
| 1992 | $61,950 | 2.5% | $142,432 | $53,750 | 3.0% | $123,579 | $47,700 | 5.9% | $109,669 |
| 1993 | $63,250 | 2.1% | $141,014 | $54,240 | 0.9% | $120,927 | $47,820 | 0.3% | $106,614 |
| 1994 | $64,860 | 2.5% | $141,105 | $55,690 | 2.7% | $121,156 | $49,120 | 2.7% | $106,862 |
| 1995 | $67,560 | 4.2% | $142,758 | $57,090 | 2.5% | $120,634 | $51,490 | 4.8% | $108,801 |
| 1996 | $69,750 | 3.2% | $143,453 | $58,520 | 2.5% | $120,356 | $51,560 | 0.1% | $106,042 |
| 1997 | $72,220 | 3.5% | $144,404 | $60,481 | 3.4% | $120,932 | $52,752 | 2.3% | $105,478 |
| 1998 | $75,154 | 4.1% | $147,626 | $61,839 | 2.2% | $121,472 | $53,024 | 0.5% | $104,156 |
| 1999 | $79,284 | 5.5% | $153,137 | $63,817 | 3.2% | $123,263 | $55,326 | 4.3% | $106,862 |
| 2000 | $82,535 | 4.1% | $154,888 | $66,657 | 4.5% | $125,091 | $57,089 | 3.2% | $107,135 |
| 2001 | $84,007 | 1.8% | $152,437 | $68,828 | 3.3% | $124,893 | $57,932 | 1.5% | $105,122 |
| 2002 | $89,631 | 6.7% | $159,820 | $72,770 | 5.7% | $129,755 | $60,997 | 5.3% | $108,763 |
| 2003 | $92,387 | 3.1% | $161,191 | $74,545 | 2.4% | $130,061 | $65,730 | 7.8% | $114,682 |
| 2004 | $94,606 | 2.4% | $161,529 | $74,872 | 0.4% | $127,836 | $64,439 | -2.0% | $110,022 |
| 2005 | $97,948 | 3.5% | $162,350 | $76,665 | 2.4% | $127,073 | $66,405 | 3.1% | $110,067 |
| 2006 | $101,620 | 3.7% | $162,257 | $78,884 | 2.9% | $125,954 | $66,011 | -0.6% | $105,400 |
| 2007 | $106,495 | 4.8% | $165,754 | $81,855 | 3.8% | $127,403 | $68,424 | 3.7% | $106,499 |
| 2008 | $111,807 | 5.0% | $167,804 | $85,642 | 4.6% | $128,535 | $71,936 | 5.1% | $107,964 |
| 2009 | $115,509 | 3.3% | $170,974 | $88,357 | 3.2% | $130,784 | $74,933 | 4.2% | $110,914 |
| 2010 | $116,750 | 1.1% | $171,170 | $89,648 | 1.5% | $131,435 | $74,103 | -1.1% | $108,644 |
| 2011 | $118,054 | 1.1% | $169,659 | $89,808 | 0.2% | $129,066 | $74,092 | 0.0% | $106,480 |
| 2012 | $120,955 | 2.5% | $168,880 | $88,940 | -1.0% | $124,180 | $73,534 | -0.8% | $102,670 |
| 2013 | $123,393 | 2.0% | $169,464 | $88,988 | 0.1% | $122,213 | $74,845 | 1.8% | $102,789 |
| 2014 | $126,981 | 2.9% | $171,709 | $90,517 | 1.7% | $122,401 | $77,671 | 3.8% | $105,030 |
| 2015 | $130,039 | 2.4% | $174,573 | $91,389 | 1.0% | $122,687 | $79,234 | 2.0% | $106,369 |
| 2016 | $133,552 | 2.7% | $178,088 | $95,433 | 4.4% | $127,257 | $84,848 | 7.1% | $113,142 |
| 2017 | $134,562 | 0.8% | $176,194 | $97,406 | 2.1% | $127,542 | $84,871 | 0.0% | $111,129 |
| 2018 | $138,377 | 2.8% | $177,195 | $99,307 | 2.0% | $127,165 | $88,168 | 3.9% | $112,901 |
| 2019 | $141,327 | 2.1% | $177,298 | $100,775 | 1.5% | $126,425 | $91,418 | 3.7% | $114,686 |
| 2020 | $145,768 | 3.1% | $180,053 | $102,218 | 1.4% | $126,260 | $91,949 | 0.6% | $113,576 |
| 2021 | $145,710 | 0.0% | $175,932 | $102,450 | 0.2% | $123,699 | $91,196 | -0.8% | $110,111 |
| 2022 | $148,414 | 1.9% | $167,204 | $104,175 | 1.7% | $117,364 | $91,282 | 0.1% | $102,839 |
| 2023 | $154,784 | 4.3% | $164,105 | $108,132 | 3.8% | $114,643 | $95,030 | 4.1% | $100,752 |
| 2024 | $159,917 | 3.3% | $164,133 | $111,117 | 2.8% | $114,046 | $96,666 | 1.7% | $99,214 |
| 2025 | $164,816 | 3.1% | $164,816 | $117,169 | 5.4% | $117,169 | $105,098 | 8.7% | $105,098 |

**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 FY2025 DOLLARS

Illustrative data—Fiscal Years 1970 to 2025

*Private Faculty Salaries*
**Full professor average 9 - 10 month salaries by type of institution**

| | Category I (Doctoral-Level) | | | Cat IIA (Comprehensive) | | | Cat III (Two-Year Colleges)† | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal year | Amount | Yearly % | Constant FY25 dollars | Amount | Yearly % | Constant FY25 dollars | Amount | Yearly % | Constant FY25 dollars |
| 1970 | $18,950 | 5.0% | $159,540 | $14,100 | 6.4% | $118,708 | | | |
| 1971 | $19,800 | 4.5% | $158,409 | $14,950 | 6.0% | $119,607 | | | |
| 1972 | $20,775 | 4.9% | $160,364 | $15,899 | 6.3% | $122,726 | | | |
| 1973 | $21,507 | 3.5% | $159,757 | $16,501 | 3.8% | $122,571 | | | |
| 1974 | $22,600 | 5.1% | $154,123 | $17,200 | 4.2% | $117,297 | | | |
| 1975 | $23,832 | 5.5% | $146,210 | $18,047 | 4.9% | $110,719 | | | |
| 1976 | $25,368 | 6.4% | $145,381 | $19,153 | 6.1% | $109,764 | | | |
| 1977 | $27,810 | 9.6% | $150,616 | $22,020 | 15.0% | $119,258 | $20,780 | | $112,543 |
| 1978 | $28,880 | 3.8% | $146,548 | $23,380 | 6.2% | $118,639 | $21,790 | 4.9% | $110,571 |
| 1979 | $31,090 | 7.7% | $144,268 | $24,830 | 6.2% | $115,220 | $23,230 | 6.6% | $107,795 |
| 1980 | $33,400 | 7.4% | $136,723 | $26,160 | 5.4% | $107,086 | $24,740 | 6.5% | $101,273 |
| 1981 | $36,000 | 7.8% | $132,131 | $28,710 | 9.7% | $105,374 | $27,030 | 9.3% | $99,208 |
| 1982 | $40,220 | 11.7% | $135,847 | $31,530 | 9.8% | $106,496 | $29,720 | 10.0% | $100,382 |
| 1983 | $43,950 | 9.3% | $142,275 | $33,750 | 7.0% | $109,255 | $32,410 | 9.1% | $104,918 |
| 1984 | $47,070 | 7.1% | $147,003 | $36,000 | 6.7% | $112,431 | $34,140 | 5.3% | $106,622 |
| 1985 | $49,880 | 6.0% | $149,913 | $37,980 | 5.5% | $114,148 | $36,500 | 6.9% | $109,700 |
| 1986 | $53,190 | 6.6% | $155,364 | $40,170 | 5.8% | $117,333 | $38,200 | 4.7% | $111,579 |
| 1987 | $56,900 | 7.0% | $162,574 | $42,680 | 6.2% | $121,945 | $40,460 | 5.9% | $115,602 |
| 1988 | $59,850 | 5.2% | $164,192 | $44,010 | 3.1% | $120,737 | $42,540 | 5.1% | $116,704 |
| 1989 | $64,290 | 7.4% | $168,518 | $47,010 | 6.8% | $123,223 | $44,770 | 5.2% | $117,352 |
| 1990 | $68,360 | 6.3% | $171,016 | $51,000 | 8.5% | $127,587 | $46,830 | 4.6% | $117,155 |
| 1991 | $72,950 | 6.7% | $173,133 | $52,820 | 3.6% | $125,358 | $49,610 | 5.9% | $117,740 |
| 1992 | $76,890 | 5.4% | $176,781 | $54,980 | 4.1% | $126,407 | $52,230 | 5.3% | $120,084 |
| 1993 | $80,280 | 4.4% | $178,982 | $57,060 | 3.8% | $127,214 | $54,620 | 4.6% | $121,774 |
| 1994 | $82,520 | 2.8% | $179,525 | $59,610 | 4.5% | $129,684 | $56,780 | 4.0% | $123,527 |
| 1995 | $84,790 | 2.8% | $179,166 | $60,830 | 2.0% | $128,537 | $58,040 | 2.2% | $122,642 |
| 1996 | $88,050 | 3.8% | $181,090 | $63,430 | 4.3% | $130,455 | $59,830 | 3.1% | $123,051 |
| 1997 | $92,112 | 4.6% | $184,178 | $64,468 | 1.6% | $128,904 | $62,047 | 3.7% | $124,063 |
| 1998 | $95,023 | 3.2% | $186,656 | $67,282 | 4.4% | $132,163 | $64,784 | 4.4% | $127,256 |
| 1999 | $98,606 | 3.8% | $190,458 | $69,509 | 3.3% | $134,257 | $67,180 | 3.7% | $129,758 |
| 2000 | $103,761 | 5.2% | $194,722 | $71,547 | 2.9% | $134,268 | $70,528 | 5.0% | $132,355 |
| 2001 | $107,633 | 3.7% | $195,308 | $75,143 | 5.0% | $136,352 | $74,031 | 5.0% | $134,335 |
| 2002 | $112,534 | 4.6% | $200,658 | $77,310 | 2.9% | $137,850 | $76,692 | 3.6% | $136,748 |
| 2003 | $118,269 | 5.1% | $206,348 | $80,011 | 3.5% | $139,598 | $79,928 | 4.2% | $139,453 |
| 2004 | $122,158 | 3.3% | $208,571 | $81,570 | 1.9% | $139,272 | $82,344 | 3.0% | $140,593 |
| 2005 | $127,214 | 4.1% | $210,859 | $83,986 | 3.0% | $139,208 | $85,575 | 3.9% | $141,841 |
| 2006 | $131,292 | 3.2% | $209,635 | $88,800 | 5.7% | $141,787 | $87,779 | 2.6% | $140,157 |
| 2007 | $136,689 | 4.1% | $212,750 | $91,197 | 2.7% | $141,944 | $90,353 | 2.9% | $140,630 |
| 2008 | $144,428 | 5.7% | $216,763 | $95,114 | 4.3% | $142,751 | $94,139 | 4.2% | $141,288 |
| 2009 | $151,403 | 4.8% | $224,103 | $99,555 | 4.7% | $147,359 | $98,808 | 5.0% | $146,253 |
| 2010 | $153,332 | 1.3% | $224,803 | $99,963 | 0.4% | $146,558 | $98,098 | -0.7% | $143,824 |
| 2011 | $157,282 | 2.6% | $226,035 | $101,290 | 1.3% | $145,567 | $99,976 | 1.9% | $143,679 |
| 2012 | $162,561 | 3.4% | $226,971 | $103,094 | 1.8% | $143,942 | $101,568 | 1.6% | $141,812 |
| 2013 | $167,118 | 2.8% | $229,514 | $104,186 | 1.1% | $143,085 | $104,335 | 2.7% | $143,290 |
| 2014 | $173,890 | 4.1% | $235,142 | $107,082 | 2.8% | $144,801 | $106,641 | 2.2% | $144,205 |
| 2015 | $177,600 | 2.1% | $238,423 | § | § | $143,455 | $108,741 | 2.0% | $145,981 |
| 2016 | $177,513 | 0.0% | $236,709 | § | § | § | § | § | § |
| 2017 | $181,416 | 2.2% | $237,544 | § | § | § | § | § | § |
| 2018 | $189,889 | 4.7% | $243,157 | § | § | § | § | § | § |
| 2019 | $195,995 | 3.2% | $245,880 | $117,355 | 1.1% | $147,225 | $125,025 | 1.8% | $156,847 |
| 2020 | $203,221 | 3.7% | $251,019 | $118,076 | 0.6% | $145,848 | $127,137 | 1.7% | $157,040 |
| 2021 | $202,623 | -0.3% | $244,649 | $116,452 | -1.4% | $140,605 | $125,420 | -1.4% | $151,433 |
| 2022 | $210,260 | 3.8% | $236,880 | $117,082 | 0.5% | $131,905 | $126,336 | 0.7% | $142,331 |
| 2023 | $217,929 | 3.6% | $231,052 | $120,027 | 2.5% | $127,255 | $130,965 | 3.7% | $138,851 |
| 2024 | $227,163 | 4.2% | $233,151 | $124,435 | 3.7% | $127,715 | $134,858 | 3.0% | $138,413 |
| 2025 | $238,238 | 4.9% | $238,238 | $126,153 | 1.4% | $126,153 | $138,164 | 2.5% | $138,164 |

**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 2025 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.**

# HEPI Design and Use

## 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.[1] 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 ±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.

[1]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.

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.

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# HEPI Questions and Answers

## 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 universitities?

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 salaried 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."

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### 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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