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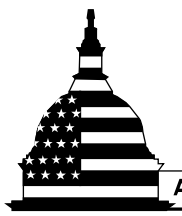
GAO

Report to the Ranking Member, Committee on Health, Education, Labor, and Pensions, U.S. Senate

January 2012

POSTSECONDARY EDUCATION

Financial Trends in Public and Private Nonprofit Institutions



G A O

Accountability * Integrity * Reliability

GAO-12-179

January 2012

POSTSECONDARY EDUCATION

Financial Trends in Public and Private Nonprofit Institutions

GAO Highlights

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Highlights of GAO-12-179, a report to the Ranking Member, Committee on Health, Education, Labor, and Pensions, U.S. Senate

Why GAO Did This Study

The number of students seeking postsecondary education at public or private nonprofit institutions has increased by 31 percent over the last decade, and close to 90 percent of the overall student population is now enrolled in these types of schools. As demand for a postsecondary education has grown, so has the cost, and families are finding college increasingly difficult to afford. To help students pay for college, the Department of Education (Education) provides assistance through Title IV of the Higher Education Act, awarding $133 billion in federal student aid in the 2009-2010 school year.

To help ensure transparency and accountability in the public and private nonprofit postsecondary education sectors, GAO was asked to review schools in these sectors with respect to their (1) revenue trends; (2) expenditure trends; (3) student graduation rates; and (4) disclosure of information to students on cost of attendance, graduation rates, and future employment. GAO reviewed relevant federal laws and regulations, reports, and Education records and data on revenues, expenditures, completion rates, and student characteristics. GAO also interviewed Education and postsecondary association officials and conducted site visits to a nonrepresentative sample of nine schools representing a range of size, type, and geographic location. The results of the site visits are not generalizable to all public and private nonprofit schools. Education provided technical comments, which were incorporated as appropriate.

View GAO-12-179 or key components.
For more information, contact George Scott at (202) 512-7215 or scottg@gao.gov.

What GAO Found

For fiscal years 1999 through 2009, both public and private nonprofit schools increasingly relied on tuition revenues when compared with other sources of revenue. Net tuition and fees—revenues received after subtracting institutional aid provided to students—climbed from 16 to 22 percent of total revenue at public schools, and from 29 to 40 percent at private nonprofit schools. According to four schools GAO interviewed, increased reliance on tuition revenue is partly a result of significant decreases in state and local appropriations and other revenue sources, such as endowment income. Analysis of Education data shows nearly all types of public and private nonprofit schools saw decreases in state and local appropriations ranging from 6 to 65 percent, as well as decreases in other revenues, ranging from 13 to 75 percent. In response to these declines, schools that GAO visited pursued additional revenue from out-of-state and, in some cases, international students, government funded research, and fund-raising.

Instructional spending consistently made up the largest share of total expenditures at public and private nonprofit schools, about 30 percent in fiscal years 1999 through 2009; however, spending varied across school types when accounting for student enrollment. Nonetheless, faculty compensation and benefits comprised the largest portion of instructional spending, about 70 percent, and increased for all school types during this time period. The overall number of faculty also rose with a shift toward hiring more part-time and nontenured faculty. Spending on most noninstructional activities also increased, particularly for research and student services. Schools GAO visited have adopted strategies to contain costs in response to revenue constraints, including centralizing administrative functions, cutting personnel costs, delaying construction projects, and eliminating certain class offerings.

According to GAO analysis of recent Education data, about 50 percent of first-time undergraduate students at public and private nonprofit schools graduated within 6 years. However, graduation rates varied with student characteristics such as gender, race, and income. For example, financially independent students graduated at lower rates than financially dependent students. Education's annual graduation measure provides a limited picture of student outcomes because it does not account for many nontraditional students, such as those who begin on a part-time basis and some transfers. Thus, graduation rates vary considerably depending on a school's student body and mission. Several efforts involving multiple stakeholders are under way to develop outcome measures that better account for all students.

Schools visited by GAO disclosed required information on cost of attendance, graduation rates, and future employment primarily through websites and, in some cases, in printed materials. Nationally, less than 1 percent of Education's program reviews and independent audits found violations of information disclosure requirements at public and private nonprofit schools. Education has taken a number of steps to help schools disclose complete and accurate information including developing a tool for school websites to help students better estimate and compare the costs of attending college and providing guidance to institutions on ways to disseminate information to students.

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Abbreviations

BPS	Beginning Postsecondary Students Longitudinal Study
FAFSA	Free Application for Federal Student Aid
HEA	Higher Education Act of 1965, as amended
IPEDS	Integrated Postsecondary Education Data System
NCES	National Center for Education Statistics

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United States Government Accountability Office
Washington, DC 20548

January 26, 2012

The Honorable Michael B. Enzi
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

Dear Senator Enzi:

Over the last decade, the number of students seeking postsecondary education has increased; moreover, almost 90 percent of students enroll at public and private nonprofit institutions. Since the 1998-1999 school year, these two sectors have experienced a 31 percent increase in the number of students served and, as the economy recovers from the recent recession, more students may seek a postsecondary degree as a key to a better economic future. As demand has grown, so has the cost of paying for a college education. From fiscal years 1999 to 2009, published tuition and fees increased between 33 and 56 percent at public and private nonprofit schools[1] while median family income remained stagnant over the same period.[2] As a result, families are finding postsecondary education increasingly difficult to afford. To help students pay for college, the Department of Education (Education) provided $133 billion in Title IV federal student aid[3] in the 2009-2010 school year. However, despite the continued federal investment in higher education and growth in student enrollment, graduation rates have not significantly increased—prompting the postsecondary education community to increase its focus on improving student outcomes.

As requested, our review examined public and private nonprofit school (1) trends in revenues; (2) trends in expenditures; (3) graduation rates for students attending these schools; and (4) disclosure of information to

[1] *Trends in College Spending 1999-2009: Where Does the Money Come From? Where Does it Go? What Does it Buy?*, Delta Project on Postsecondary Education Costs, Productivity, and Accountability (Washington, D.C.: 2011).

[2] *Income, Poverty, and Health Insurance Coverage in the United States: 2009*, U.S. Census Bureau (Washington, D.C.: 2010).

[3] Federal student aid is provided through programs authorized by Title IV of the Higher Education Act of 1965, as amended.

students regarding cost of attendance, graduation rates, and future employment. Proprietary, or for-profit, schools are not within the scope of our review.

To address these objectives, we: (1) reviewed studies and reports by Education's National Center for Education Statistics (NCES) and Office of Inspector General (OIG), the Congressional Research Service, and postsecondary education associations and foundations; (2) interviewed Education officials at NCES, the Office of Federal Student Aid (FSA), the Office of Postsecondary Education (OPE), the OIG, and representatives of postsecondary education associations; and (3) conducted site visits to a nonrepresentative sample of nine schools, selected to include 2- and 4-year public and private nonprofit schools with a range of enrollment, published tuition, and geographic locations. To describe national trends in revenues, expenditures, and school and student enrollment characteristics, we analyzed data from Education's Integrated Postsecondary Education Data System (IPEDS) for fiscal years 1999 to 2009[4] and its National Postsecondary Student Aid Study (NPSAS) data from the 2007-2008 school year. We also gathered information from our site visits to describe potential impacts of the economic recession on operations since 2008. To provide average federal financial loan aid amounts per student, we used data from Education's National Student Loan Data System (NSLDS), covering award years 1998-1999 through 2009-2010. To provide information on graduation rates, we analyzed Education's 2003-2004 Beginning Postsecondary Students Longitudinal Study (BPS) data.[5] We determined that Education's data systems were sufficiently reliable for the purposes of this report by testing them for accuracy and completeness, reviewing documentation about systems used to produce the data, and interviewing agency officials.

In addition, we reviewed relevant federal laws, regulations, and Education's policies and procedures, including those related to monitoring schools' verification of information submitted by students on the Free Application for Federal Student Aid (FAFSA) and schools' compliance

[4]Data from fiscal year 2009 are the most recent publicly available IPEDS finance data. Trends in revenues and expenditures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

[5]This analysis is based on the most recent BPS study that surveyed a group of students who first enrolled in postsecondary education in the 2003-2004 school year.

with information disclosure requirements on the cost of attendance, graduation rates, and future employment. We reviewed relevant program review and independent audit documentation with findings related to school's FAFSA verification and information disclosure from January 2007 to December 2010. To assess the data reliability of Education's program reviews, we examined the data, compared the data to available program review and audit documentation, and interviewed agency officials knowledgeable about the data. We determined the data to be sufficiently reliable for the purposes of this report. Appendix I discusses our objectives, scope, and methodology in further detail.

We conducted this performance audit from December 2010 to January 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Characteristics of Public and Private Nonprofit Postsecondary Schools

There are over 3,000 public and private nonprofit postsecondary schools in the United States.[6] This diverse group of colleges and universities varies in such respects as the type and length of programs offered, highest degree awarded, governance, and funding. Public schools, which include state universities and community colleges, are generally operated by publicly elected or appointed school officials and are traditionally supported by public funds. Private nonprofit schools are owned and operated by independent or religious organizations, and their net earnings do not benefit any shareholder or individual. These schools are primarily supported by tuition and fees as well as other revenue sources. Schools also differ in other respects, such as their primary missions, selectivity in admitting students, and populations served. For example, some 2-year or associate's degree schools, such as public community colleges, generally have unrestrictive admissions policies that emphasize open enrollment

[6]This figure does not reflect nondegree granting schools or those that are authorized to award certificates typically obtained in less than 2 years, such as licensed practical nurse or cosmetology.

and primarily serve the local community. A majority of their students are older than traditional college age (18-24 years old) and attend part time. In the 2007-2008 school year, for example, over half of students attending public associate's degree schools were over the age of 24, according to Education data.[7] In contrast, many 4-year schools use criteria such as grades, test scores, academic preparedness, and other credentials in the admissions process, and serve students from many states or countries. Their students typically attend full-time. Given such diversity, the Carnegie Commission on Higher Education developed a system to classify schools: The Carnegie Classification of Institutions of Higher Education (see table 1).[8]

Table 1: Types and Percentage of Public and Private Nonprofit Schools by Carnegie Classification, 2009-2010 School Year

		Percentage of schools		
Carnegie classification/ degrees awarded	**Description**	**Public**	**Private nonprofit**	**Total**
Associate's (2-year)[a]	All degrees awarded are associate's (typically 2-year), or if baccalaureate (4-year) degrees awarded, they account for less than 10 percent of all undergraduate degrees; includes schools such as community colleges.	32	4	**36**
Baccalaureate (4-year)	Baccalaureate (bachelor's) degrees account for at least 10 percent of all undergraduate degrees, and fewer than 50 master's degrees or 20 doctoral degrees awarded in a year.	11[b]	15	**36**
Master's	Award at least 50 master's degrees and fewer than 20 doctoral degrees in a year.		10	
Research/Doctoral	Award at least 20 research doctoral degrees in a year (excluding doctoral-level degrees that qualify recipients for entry into professional practice, such as law/JD, medical/MD, pharmacy/PharmD, etc.).	5	3	**8**
Specialty	Award baccalaureate or higher-level degrees, with a high concentration (above 75%) in a single field or set of related fields such as schools of art, music, design, health professions, and theology, among others.	2	17	**19**

Sources: Carnegie Foundation; Education, IPEDS, 2009-2010.

[7]The 2007-2008 school year is the most recent year for which NPSAS enrollment data were available.

[8]The Carnegie Classification of Institutions of Higher Education is used as a way to represent and control for institutional differences. The classification is used by Education to categorize institutions based on purpose and size.

[a]For the purposes of this report we use the following terminology to refer to different types of schools: associate's; baccalaureate; master's; master's and baccalaureate (for public schools); research (doctoral degrees) and specialty schools.

[b]For the purposes of our analysis, we merged public master's and baccalaureate schools.

In the 2009-2010 school year, public and private nonprofit schools served a total of about 18.4 million students. Public associate's schools, or community colleges, enrolled the largest share, about 7.6 million students or 41 percent. Public specialty schools had the smallest share, about 134,000 students or roughly 1 percent, and were the only school type to see enrollments decline during this period. Over the 1998-2010 school years, private nonprofit associate's schools experienced about a 68 percent growth in enrollment, the largest of any type of public or private nonprofit school, even though the overall number of these schools declined slightly. The characteristics of students attending public and private nonprofit schools have changed over the past decade. Most notably, Hispanic student enrollment in postsecondary education has risen sharply. (See table 2.)

Table 2: Number and Percentage Change of Students Enrolled in Public and Private Nonprofit Schools by Status, Race/Ethnicity, and Gender, 1998-1999 and 2008-2009 School Years

Student characteristic	Population		Percentage change
	1998-1999	2008-2009	
Status			
Full-time	8,257,510	11,295,420	37
Part-time	5,768,343	7,118,390	23
Race/ethnicity			
White	9,358,982	10,596,526	13
Black	1,441,721	2,167,043	50
Hispanic	1,266,366	2,244,846	77
Asian/Pacific Islander	1813,461	1,136,889	40
Gender			
Women	7,865,729	10,385,276	32
Men	6,130,124	8,028,834	31

Source: GAO analysis of IPEDS data.

Department of Education Data Collection

Schools that participate in Title IV programs under the Higher Education Act of 1965, as amended (HEA),[9] report information on finances, financial aid to students, human resources, student enrollments, certificates and degrees awarded, and student characteristics such as race and gender, among others.[10] To capture this information, Education's NCES annually administers surveys through IPEDS. As the federal government's core postsecondary data collection program, IPEDS gathers information from over 6,700 U.S. colleges, universities, and technical and vocational schools. The data are made publicly available to allow researchers and government agencies to analyze higher education issues and help students and parents make informed choices about postsecondary education.

School Revenues and Expenditures

The financial data collected by IPEDS—including revenues by source, expenditures by category, and faculty and staff compensation—offer context for understanding the costs of providing postsecondary education. Revenues reported by schools include tuition and fees, government appropriations, government grants and contracts, and other revenues. Schools report on expenditures for instructional activities and noninstructional activities, which include student services and the cost of conducting research at the school, among others (see app. II for the complete list of IPEDS finance variables and definitions used in our analysis). Schools report financial information according to the accounting standards that govern public and private institutions. Generally, private schools comply with the standards of the Financial Accounting Standards Board (FASB), and public schools comply with the standards of the Governmental Accounting Standards Board (GASB).

Graduation Rates

In accordance with the HEA, schools that participate in Title IV of the HEA are required to disclose information on graduation rates[11] for full-time, first-time certificate- or degree-seeking undergraduate students entering a

[9] 20 U.S.C. § 1001 et seq.

[10] Schools participating in Title IV are required to enter into a Program Participation Agreement agreeing, among other things, that they will complete surveys conducted as part of IPEDS and other data collection efforts designated by the Secretary of Education. 20 U.S.C. § 1094(a)(17).

[11] Both "graduation rate" and "completion rate" are used to capture the proportion of a group of students that complete an academic program or attain a certificate or degree within a certain time period. We use graduation rate for the purposes of this report, but consider the term synonymous with completion rate.

school in a particular school year and who graduate within 150 percent of the normal time for graduation.[12] IPEDS' Graduation Rate Survey (GRS), which collects data to calculate graduation rates, was designed to help schools respond to these requirements. IPEDS' graduation rate captures students who complete their academic program within 150 percent of normal time (i.e., 6 years for a 4-year program and 3 years for a 2-year program), and is used as the principle federal measure of student completion.[13] In addition, GRS allows schools such as community colleges, whose missions include providing substantial academic preparation for students to transfer enrollment to another school, to report "transfer-out" rates. This rate is reported separately from the originating school's graduation rate.

Education also collects data through the BPS to calculate estimates of graduation rates for first-time undergraduate students in a particular school year.[14] The survey compiles data on student persistence, certificate and degree attainment, and school and work experiences, as well as student characteristics such as gender, race/ethnicity, and socioeconomic status. The most recent group of BPS students entered postsecondary education during the 2003-2004 school year and participated in surveys after their first, third, and sixth year of first enrolling. The previous two BPS groups tracked students who first entered in the 1995-1996 and 1989-1990 school years.

[12]The Student-Right-to-Know and Campus Security Act of 1990 amended HEA to include the graduation rate disclosure requirement and defined the cohort of students to be included in the measure. Pub. L. No. 101-542, § 103(a)-(b), 104 Stat. 2381, 2382. (20 U.S.C. § 1092(a)(1)(L), (a)(3) and (a)(4)).

[13]IPEDS also calculates graduation rates for first-time, full-time degree or certificate seeking undergraduate students who complete their academic program within 100 percent of normal time. In 2009, the Graduation Rates 200 survey was added to the IPEDS spring collection cycle for all schools to track first-time, full-time degree or certificate seeking undergraduate students who complete their academic program within 200 percent of normal time, to comply with the requirement as added by the Higher Education Opportunity Act that the Secretary make that information publicly available. Pub. L. No. 110-315, § 111, 122 Stat. 3078, 3103 (2008) (20 U.S.C § 1015a(i)(1)(J)).

[14]Students are eligible for inclusion in the BPS survey if they are eligible for Title IV aid; not concurrently enrolled in high school; not enrolled for the sole purpose of earning a general equivalency diploma (GED) or completing another high school completion program; and not have disenrolled early enough to receive a full tuition refund.

Federal Financial Aid to Students and School Disclosure Requirements

To help students pay for college, the federal government offers several forms of financial aid, primarily loans and grants, as authorized under Title IV of the HEA.[15] A student applies for financial aid by filling out the FAFSA. Education, in turn, is responsible for ensuring schools verify the information students submit on the FAFSA. It annually selects a sample of applications for which schools must verify five elements: household size, number enrolled in college, adjusted gross income, U.S. taxes paid, and certain types of untaxed income and benefits, such as child support. Schools must also check any FAFSA it suspects contains incorrect information. A school can apply for exemption from verifying Education-selected applications if it participates in Education's Quality Assurance (QA) Program, in which a school determines its own verification criteria through an institutional analysis of its student applicants.[16] (See app. IV for information on how schools ensure federal student aid dollars are appropriately awarded to students.)

The HEA requires schools to annually provide updated information to students and their families on cost of attendance, graduation rates, and job placement information, among others.[17] Cost of attendance includes tuition and fees, books and supplies, room and board, transportation, and any additional costs associated with a particular program. Schools are required to disclose graduation or completion rates for first-time, full-time, undergraduate students who finish a certificate- or degree-granting program within 150 percent of normal time. Additionally, schools are required to provide information on the type of employment obtained by graduates of the school's degree or certificate programs. Schools can provide information to students through appropriate publications, mailings, or websites.

Education annually conducts program reviews of selected schools to monitor compliance with program requirements, including FAFSA verification and information disclosure requirements. In addition,

[15]20 U.S.C. §§ 1070 – 1099d. These programs include, among others, the William D. Ford Federal Direct Loan Program (Direct Loan program) and the Federal Pell Grant Program (Pell Grant program) for low-income students.

[16]Requirements related to FAFSA verifications are found at 34 C.F.R. pt. 668 subpt. E. In a final rule published on October 29, 2010, Education published revisions to subpart E that will become effective on July 1, 2012. 75 Fed. Reg. 66,832.

[17]20 U.S.C. § 1092(a).

independent auditors conduct annual compliance audits of schools. Education is required to resolve deficiencies identified in program review and audit reports and may impose penalties on schools found in violation. As part of the resolution process, Education generally sends a program review or audit determination letter to the school describing the violations found and any corrective actions to be taken.

Schools Increasingly Relied on Tuition Revenues as State and Local Appropriations and Other Revenues Decreased

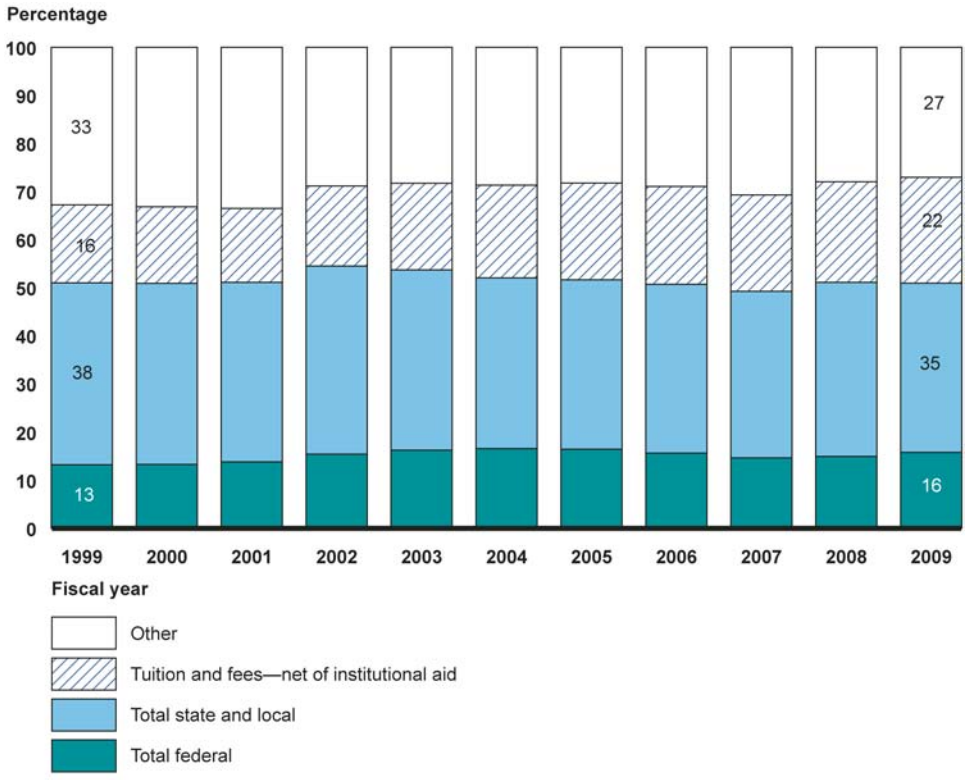
From 1999-2009, Revenues from Tuition and Fees Increased Significantly

From 1999-2009, both public and private nonprofit schools increased their reliance on revenues derived from student tuition and fees. Our analysis of Education data for fiscal years 1999 through 2009,[18] the most recent data available, found that the portion of revenues attributed to net tuition and fees—revenues received after subtracting institutional aid provided to students[19]—increased from 16 to 22 percent of total revenue at public schools and from 29 to 40 percent at private nonprofit schools. Among all public school types, master's and baccalaureate schools saw the largest increase in share of revenues from net tuition and fees. Among all private nonprofit school types, baccalaureate schools saw the largest increase in share of revenues from net tuition and fees. By the end of the period, the growth in tuition and fee revenue outpaced that of all other types of revenues. (See figs. 1 and 2.)

[18]For IPEDS finance data on revenues, all years reflected are fiscal years.

[19]For the purposes of this report, net tuition and fee revenue is defined as the amount of money the institution takes in from students after only institutional aid is subtracted. Institutional aid is defined in this report as aid that schools provide to students using school funds to help with costs associated with attendance at the school.

Figure 1: Sources of Revenue as Percentage of Total for Public Schools, Fiscal Years 1999-2009



Source: GAO analysis of IPEDS Finance component data. Percentages may not add to 100 due to rounding.

Notes:

Net tuition and fee revenue is the amount of money the institution takes in from students after only institutional aid is subtracted.

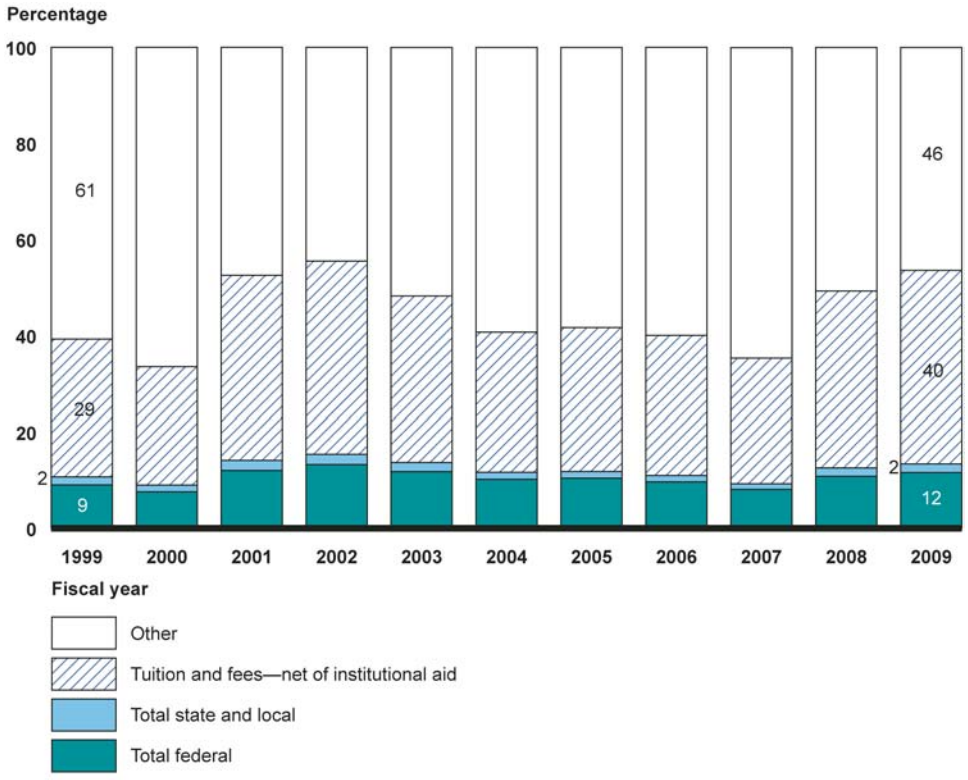
Total state and local revenues include both state and local appropriations and state and local grants and contract revenues.

Total federal revenues include both federal appropriations and federal grants and contract revenues. Federal appropriations can include such things as federal land-grant appropriations.

Other revenues include income from endowments, private gifts, and hospital revenues, among others.

In 2009, other revenue excludes investment returns because some sectors had negative returns from investments; since these returns include realized and unrealized losses, excluding this volatile revenue source provides a better representation of available operating revenues.

Figure 2: Sources of Revenue as Percentage of Total for Private Nonprofit Schools, Fiscal Years 1999-2009



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Other revenues include income from endowments, private gifts, and hospital revenues, among others.

In 2009, other revenue excludes investment returns because some sectors had negative returns from investments; since these returns include realized and unrealized losses, excluding this volatile revenue source provides a better representation of available operating revenues.

Accounting for student enrollments, net tuition and fee revenue per student also increased for all public school types, with the largest increase at public research schools.[20] Similarly, net tuition and fee revenue per student increased for all private nonprofit school types, with the largest increase at private nonprofit associate's degree schools. (See table 8 in app. III for additional information on net tuition and fee revenues).

Revenue from Federal Student Financial Aid Has Steadily Increased

In general, the funds schools receive from federal grants and loan aid awarded to students to help pay for tuition and other related costs of attendance increased over the time period. Taking into account student enrollments:

- Revenues from Pell Grant aid[21] to students increased at both public and private nonprofit schools, by 42 and 24 percent, respectively. Among school types, public associate's degree and private nonprofit master's degree schools had the largest increases.
- Revenues from other federal grants to students, including supplemental educational opportunity grants,[22] increased at public schools—by 25 percent—but decreased at private nonprofit schools, by 20 percent. Public master's and baccalaureate degree school types had the largest increases and private nonprofit specialty schools[23] had the largest decreases.

[20]Throughout the report, per student figures are presented as median dollar amounts.

[21]The Federal Pell Grant Program provides need-based grants to low-income undergraduate and certain post baccalaureate students. A federal Pell Grant, unlike a loan, does not have to be repaid.

[22]Federal Supplemental Educational Opportunity Grants (FSEOG) are for undergraduate students with exceptional financial need. Pell Grant recipients with the lowest expected family contributions (EFCs) will be considered first for the FSEOG. Like Pell Grants, the FSEOG does not have to be repaid.

[23]Specialty schools include schools of art, music, health professions, and theology, among others.

- Revenues from all federal loans increased at both public and private nonprofit schools, by 134 and 138 percent respectively. Loans to parents to help pay the costs of postsecondary education for their dependent undergraduate or graduate students accounted for most of the increase in revenues from federal loans.

(See tables 9 and 10 in app. III for additional information on revenues from federal financial aid.)

At nearly all the schools we visited, school officials told us the need for student aid has risen, especially in light of increases in tuition and the impact of the continued weak economy on the financial resources of students and their families.

Most Types of Schools Saw Decreases in State and Local Appropriations and Other Revenues

Our analysis of Education data showed that most public and private nonprofit schools saw decreases in state and local appropriations during the period studied. Specifically, the portion of revenues from state and local appropriations decreased for all public schools, dropping from 34 percent of total revenues in fiscal year 1999 to 28 percent in 2009. All public schools also saw per student decreases in state and local appropriations. While private nonprofit schools received a very small share of revenue from state and local appropriations, less than 1 percent of total revenues, most of these school types also saw per student decreases. (See table 11 in app. III for additional information on state and local appropriation revenues.)

Both public and private nonprofit schools also saw decreases in other sources of revenue, such as private gifts and income from endowments.[24] For example, other revenues made up a smaller share of total revenues at all public schools, decreasing from 33 percent of total revenues in fiscal year 1999 to 27 percent in 2009. At private nonprofit schools, other revenues as a percentage of total revenues declined, from 61 percent in fiscal year 1999 to 46 percent in 2009. Taking into account student enrollments, public and private nonprofit schools both saw per student

[24]For more information on trends in school endowments, see our prior report, GAO, *Postsecondary Education: College and University Endowments Have Shown Long-Term Growth, While Size, Restrictions, and Distributions Vary*, GAO-10-393 (Washington, D.C.: Feb. 23, 2010).

decreases in other revenues. (See table 12 in app. III for additional information on other revenues.)

Some Schools We Visited Increasingly Relied on Tuition Revenue as State Support and Endowment Revenues Declined

At four schools we visited, officials said the shift toward a greater proportion of revenues coming from tuition and fees was partly due to declines in state appropriations and other revenues, including private gifts and income from endowments. Examples are as follows:

- At one public research school, officials said state generated support declined by 25 percent since the economic downturn in 2008, and in response the university system increased its reliance on tuition revenue to help pick up the funding gap.
- At a public associate's degree school, officials told us while revenues have generally increased due to increasing enrollment, the school also instituted two tuition hikes over the past 10 years as a result of less state and federal revenue.
- Officials at two private nonprofit research schools said revenues from other sources have recently declined. One school experienced a 22 percent loss in endowment value in 2008, while another school's endowment value dropped by 32 percent since 2008. Officials at this school expressed concern about a lull in fund-raising. Further, due to increases in maintenance, utility, and food service costs, they said the school raised tuition 3.6 percent. Officials noted that tuition has increased at a faster rate since the economy weakened. They expressed concern about the sustainability of further tuition increases and the impact of these increases on students and families. To mitigate the impact, the school is maintaining its commitment to meeting the financial need of students by increasing the school's aid budget, an official told us.

Schools We Visited Pursued Additional Revenue by Admitting Students Who Pay More and Increasing Research and Fund-Raising

To compensate for declines in state and local appropriations and from other revenue sources, schools we visited pursued additional revenue from certain types of students who pay more, from government-funded research, and fund-raising. Officials at two public schools, including a community college, said they actively pursue out-of-state and, in a few cases, international students to keep enrollment levels high and boost tuition revenues because these students typically pay higher tuition. For example, officials at one public research school told us in the last 2 years they have worked toward increasing out-of-state enrollment with a

long-term goal of increasing the out-of-state enrollment from 20 to 30 percent by 2020, while maintaining the same number of in-state students. They explained that, while a portion of tuition and fee revenues received from in-state students is redirected to the state, revenues from out-of-state student tuition and fees can be retained by the school to cover operating expenses. In addition, a portion of the tuition revenues from these students is often used to provide institutional aid to low-income students, according to officials at three public research schools we visited. Other than to boost tuition revenue, officials also said schools pursue certain types of students, namely international students, to foster student diversity on campus, become world class institutions, and promote an enriching educational environment.

Beyond recruiting certain types of students, three schools we visited also sought to raise revenue through increased research productivity by securing federal, and state and local grants and contracts. This was reflected in our analysis of Education's data for fiscal years 1999 through 2009 that showed that at all public school types, federal grant and contract revenues increased by 38 percent and state/local grant and contract revenues increased by 68 percent. All public school types also saw per student increases in federal, as well as state/local grant and contract revenues during this period. In contrast, for all private nonprofit school types, federal grant and contract revenues decreased by 12 percent and state/local grant and contract revenues decreased by 10 percent. On a per student basis, all private nonprofit school types also saw decreases in federal and state/local grant and contract revenues during this period. (See tables 13 and 14 in app. III for more detailed information.)

Among the schools we visited, officials at one public research school told us that in the face of declining state funds, the school hopes to double its revenue from federal research grants over the next 10 years, from $80 million to $160 million. The school also plans to partner with other major research institutions to help attract more funding. Another public research school hopes to double its research revenues, in part, officials said, through federal contracts for Science, Technology, Engineering, and Mathematics (STEM) funding.

Finally, officials from many of the public schools we visited told us they are placing greater emphasis on bolstering endowments, private gifts, and fundraising—a generally new and nontraditional function for these types of schools. For example, efforts were under way to raise more revenue at two public research schools as follows:

- Due to declines in state resources over the past 20 years, one school told us the university is looking at private donors to help build its endowment. Through a philanthropic foundation established in 2008, the university intends to diversify its revenue streams and increase its fundraising efforts to raise $90 to $100 million from alumni and other supporters over the next 5 to 6 years.

- Another school told us that, while its endowment is not a key component of the school's operating strategy, they are now placing more emphasis on development and gifts by expanding fundraising campaigns.

Nevertheless, several school officials also cautioned that they expect endowment income to plateau, and growth in federal research grants and contracts to slow due to uncertainties in federal spending.

Spending on Instructional and Noninstructional Activities Varied and Revenue Constraints Prompted Some Targeted Cuts

From 1999-2009, Spending on Instructional Activities Varied and Faculty Costs Remained Largest Share

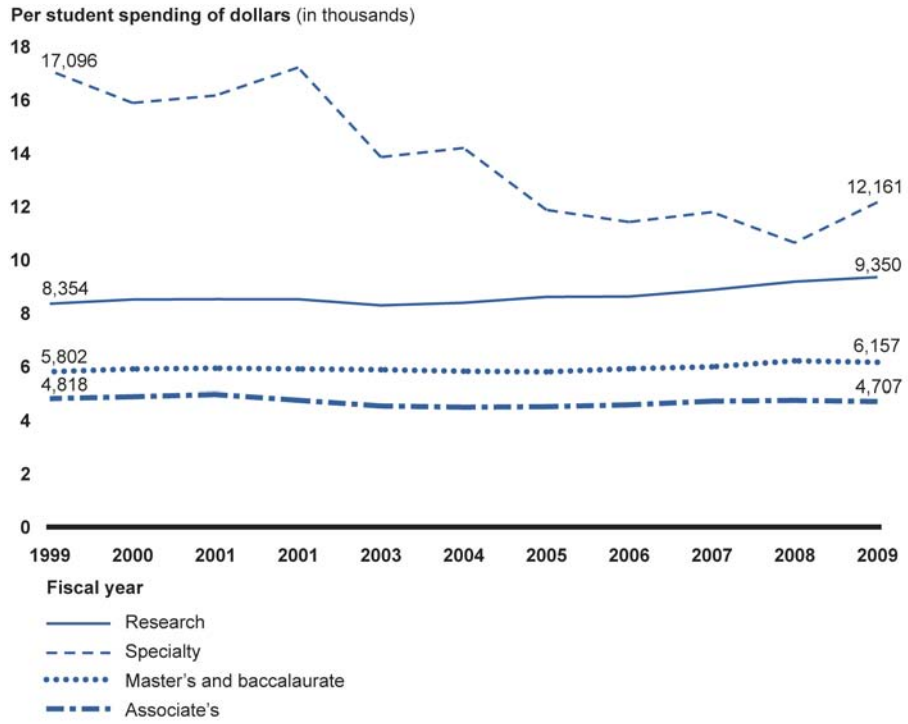
Instructional spending[25] consistently made up the largest share of total expenditures at public and private nonprofit schools, about 30 percent in fiscal years 1999 through 2009; however, such spending varied across school types when accounting for student enrollment.[26] According to our analysis of Education data, among public school types, instructional

[25]Instructional expenditures include faculty compensation and other expenses associated with general academic instruction, occupational and vocational instruction, community education, preparatory and adult basic education, and regular, special, and extension sessions. They also include expenses for both credit and noncredit activities. However, schools only report enrollment figures for credit-based instruction. Thus, per student instructional expenses are higher at schools that provide other kinds of instruction beyond credit based.

[26]For IPEDS finance data on expenditures, all years reflected are fiscal years and per student expenditures represents median dollars. The expenditure categories used in this report are consistent with those used by the Delta Project on Postsecondary Education Costs, Productivity, and Accountability; however, some results may differ because the Delta Project reported mean dollars per student. Over the time period studied, changes in how schools reported expenditures in IPEDS and other accounting standards changes may also account for some differences in expenditure trends. See Appendix I for more information.

spending per student increased the most at research schools (12 percent) and decreased the most at specialty schools (29 percent).[27] (See fig. 3.)

Figure 3: Instructional Spending per Student at Public Schools, Fiscal Years 1999-2009



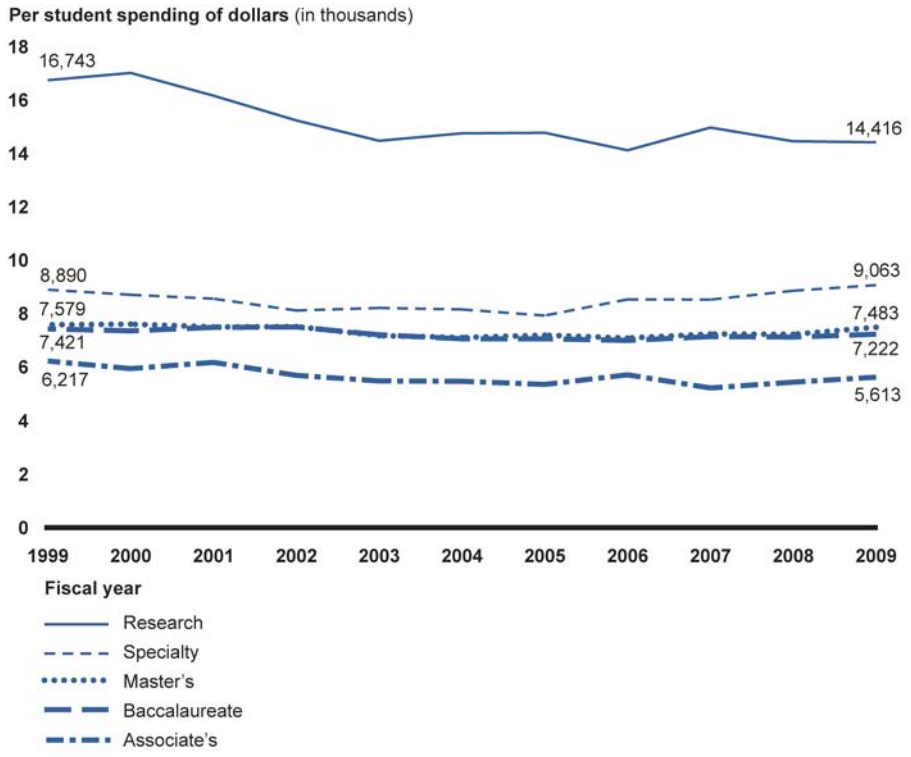
Source: GAO analysis of IPEDS Finance component data, 1998-2009.

Note: Dollar figures per student represent median dollars. All figures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

[27]IPEDS expenditure categories are not directly comparable between schools in the public and private nonprofit sectors due to differences in how expenditures are reported under FASB and GASB accounting standards. In 2008, public schools began phasing in a new version of the survey which distributed operations and maintenance expenditures among the various functional categories to better align with private nonprofit institutions. In 2009, public institutions also began distributing interest expenditures among the functional categories. For consistency in reporting expenditures between 1999 and 2009, GAO separated the operations and maintenance and interest expenditures that were distributed in the functional categories for public schools starting in 2008 and 2009, respectively.

Among private nonprofit schools, most types reduced instructional spending per student with the largest decline at private research schools (14 percent). (See fig. 4.)

Figure 4: Instructional Spending per Student at Private Nonprofit Schools, Fiscal Years 1999-2009



Source: GAO analysis of IPEDS Finance component data, 1998-2009.

Note: Dollar figures per student represent median dollars. All figures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Regardless of whether a school was public or private nonprofit, the largest component of instructional spending was faculty salaries, which generally accounted for 70 percent of all instructional costs. Moreover, average faculty salaries grew from school year 2003-2004 through 2009-

2010, particularly at private nonprofit schools. [28] (See table 3.) Officials at schools we visited cited various reasons for salary increases. At one public school, for example, officials attributed increases to contractually obligated raises while at two private nonprofit schools we visited, officials cited competition among schools to attract and retain talented faculty as a cost driver. (See table 15 in app. V for more detailed information on faculty salaries by type of school.)

Table 3: Average Annual Faculty Salaries at Public and Private Nonprofit Schools, School Years 2003-2004 and 2009-2010

	Faculty rank	2003-2004	2009-2010	Percentage increase
Public	Professor	$94,913	$98,080	3
	Associate professor	70,531	72,647	3
	Assistant professor	59,580	61,538	3
	Instructor	58,259	58,699	1
	Lecturer	48,992	49,687	1
	No academic rank	54,760	55,299	1
Private nonprofit	Professor	105,274	111,100	6
	Associate professor	72,420	74,823	3
	Assistant professor	60,020	61,791	3
	Instructor	45,404	47,207	4
	Lecturer	54,963	56,972	4
	No academic rank	$57,430	$62,960	10

Source: GAO analysis of IPEDS Human Resource component, Salaries section, 9/10 month contract length.

Notes:

All figures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

No academic rank are faculty who have not been assigned a rank by their institution.

As with salaries, average annual spending on faculty fringe and health benefits also increased from school years 2003-2004 through 2009-2010,

[28]IPEDS faculty and staff data are presented in school years. Some sections of the IPEDS Human Resources component are administered only in odd years. Furthermore, the population surveyed is more consistent after the 2002-2003 school year. Thus, our analysis of number of faculty and staff and their benefits and compensation are from the 2003-2004 school year until 2009-2010, the most recent year for which these data are available.

with health insurance being a significant cost driver according to officials at some schools we visited (see table 4). (See table 16 in app. V for more information on trends in average benefits by school type.)

Table 4: Average Annual Faculty Benefits at Public and Private Nonprofit Schools, School Years 2003-2004 and 2009-2010

	2003-2004	2009-2010	Percentage increase
Average fringe benefits			
Public	$18,328	$20,367	11
Private nonprofit	20,130	21,733	8
Average medical/dental benefits			
Public	13,765	16,892	23
Private nonprofit	$12,342	$15,428	25

Source: GAO analysis of IPEDS Human Resource component, Salaries section, total benefits.

Notes:

All figures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Fringe benefits include cash contributions in the form of supplementary or deferred compensation other than salary, excluding the employee's contribution. Employee fringe benefits include retirement plans, Social Security taxes, medical/dental plans, guaranteed disability income protection plans, tuition plans, housing plans, unemployment compensation plans, group life insurance plans, worker's compensation plans, and other benefits in-kind with cash options.

Hiring additional faculty—nontenured track and part-time faculty in particular—also contributed to growth in instructional spending. Faculty numbers increased overall by 194,000 from 2003-2004 through 2009-10 school years with the share of faculty that is nontenured track increasing from 31 to 34 percent at public schools and from 37 to 39 percent at private nonprofit schools. A public research school we visited told us it addressed budget constraints in part by reducing its tenure system faculty while more than doubling nontenured faculty over the past two decades. Furthermore, the proportion of part-time faculty also increased between 1 to 12 percent at most school types. Only private nonprofit research schools increased their proportion of full-time faculty during the period, by 3 percent. According to an official at the American Association of University Professors, part-time faculty typically receive lower pay and no benefits, resulting in cost savings for schools. Officials at schools we

Trends in Faculty Course Loads and Publication Rates

According to officials at most of the schools we visited, faculty did not experience significant changes in course loads since the 1998-1999 school year; however, class size did increase at three public schools due in part to increased enrollment. Due to resource constraints, some instructional faculty at one school we visited have also taken on additional work including teaching larger classes, participating in more committee meetings to address budget issues, and collaborating more closely with counseling faculty and student services.

Schools we visited varied on how they tracked faculty publication rates, stating these metrics are primarily used at the department level. Schools emphasized publication quality over quantity and told us publications are often not comparable across disciplines or schools because departments weigh types of publications, such as articles and books, differently. Also, officials at some schools told us sabbaticals are often a standard part of the faculty contracts and have not changed significantly.

visited told us part-time faculty also provide flexibility needed to meet fluctuating enrollment and academic program demands. However, officials at two schools we visited noted that hiring part-time faculty can negatively impact the academic environment as they may not have the opportunity to interact with other faculty and students as much as their full-time counterparts.

NonInstructional Spending Increased, Particularly for Research and Student Services

Overall spending per student increased on most noninstructional activities at public and private nonprofit schools from fiscal years 1999 to 2009,[29] with the greatest proportion of noninstructional total expenditures devoted to research (11 percent). Among public school types, per student research spending increased the most, by 24 percent, at master's and baccalaureate schools. (See table 5.) Among private nonprofit school types, per student research spending increased by more than 40 percent at master's, baccalaureate, and associate's schools. (See table 6.) As some schools we visited sought additional revenue through federal research grants and contracts, officials told us that administrative and facilities investments associated with research contracts also grew. For example, the research schools we visited made improvements to or expanded their research labs, such as building a $150 million laboratory sciences building to attract research grants in the physical and life sciences.

Per student spending on student services also increased at most school types with public research schools experiencing the largest increase—24 percent in fiscal year 2009.[30] Most private nonprofit school types also increased spending on student services, though by smaller percentages

[29]Noninstructional activities include research, public service, academic support, student services, and institutional support. According to NCES, schools reported on other noninstructional expenditures such as auxiliary enterprises, independent operations, and hospitals, but these are not considered core expenses and therefore should not be calculated on a per student basis. Operations and maintenance has been considered a core expense, however, it cannot be presented as a separate expense for private nonprofit schools for the entire period studied or at public schools after 2008 when NCES phased in a new version of the survey which included operations and maintenance expenditures in the various functional categories. See appendix II for a full list of expenditure definitions.

[30]Student services include activities that contribute to the students' emotional and physical well-being, including admissions and registrar activities, student organizations, and student health centers.

than their public school counterparts. Officials at a private nonprofit research school we visited said they increased spending in response to feedback from students for more academic advising and arts activities, among other student services. Officials at another private nonprofit research school we visited attributed spending increases to competition among schools to meet student and parent expectations for high-quality amenities and housing.

Table 5: NonInstructional Spending per Student at Public Schools, Fiscal Years 1999-2009

	Expenditure	1999	2009	Percentage change
Research	Research	$4,462	$4,920	10
	Academic support	2,426	2,358	-3
	Public service	1,247	1,384	11
	Student services	1,054	1,304	24
	Institutional support	1,936	2,273	17
	Other	8,499	8,426	-1
Master's and baccalaureate	Research	140	174	24
	Academic support	1,344	1,491	11
	Public service	389	373	-4
	Student services	1,215	1,365	12
	Institutional support	1,672	1,880	12
	Other	5,620	5,567	-1
Associate's	Research	29	34	17
	Academic support	866	884	2
	Public service	181	161	-11
	Student services	1,041	1,095	5
	Institutional support	1,621	1,616	0
	Other	3,480	3,464	0
Specialty	Research	12,926	7,349	-43
	Academic support	4,889	3,510	-28
	Public service	1,665	2,732	64
	Student services	1,863	2,183	17
	Institutional support	8,027	7,787	-3
	Other	$15,182	$12,498	-18

Source: GAO analysis of IPEDS Finance component data.

Notes:

Dollar figures per student represent median dollars. All figures are adjusted for inflation and presented in fiscal year 2009 constant 2009 dollars.

For the purposes of our analysis, "other" noninstructional expenditures for public schools include expenses for independent operations, auxiliary enterprises (e.g., bookstores and meal services), operation and maintenance of plant, hospitals, and other operations.

Table 6: NonInstructional Spending per Student at Private Nonprofit Schools, Fiscal Years 1999-2009

	Expenditure	1999	2009	Percentage change
Research	Research	$4,353	$4,894	12
	Academic support	4,149	4,008	-3
	Public service	678	715	6
	Student services	2,712	2,941	8
	Institutional support	5,616	6,128	9
	Other	5,839	9,379	61
Master's	Research	158	246	56
	Academic support	1,729	1,680	-3
	Public service	361	296	-18
	Student services	2,554	2,827	11
	Institutional support	3,725	3,875	4
	Other	3,215	5,221	62
Baccalaureate	Research	235	349	49
	Academic Support	1,649	1,705	3
	Public Service	279	300	8
	Student Services	3,220	3,629	13
	Institutional Support	4,429	4,532	2
	Other	4,691	6,910	47
Associate's	Research	76	109	43
	Academic support	1,233	1,108	-10
	Public service	330	315	-5
	Student services	2,665	2,395	-10
	Institutional support	5,052	4,121	-18
	Other	3,497	4,390	26
Specialty	Research	730	648	-11
	Academic support	2,476	2,170	-12
	Public service	535	803	50
	Student services	2,326	2,308	-1

Expenditure	1999	2009	Percentage change
Institutional support	6,190	6,037	-3
Other	$3,561	$5,733	61

Source: GAO analysis of IPEDS Finance component data.

Notes:

Dollar figures per student represent median dollars. All figures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

For the purposes of our analysis, "other" noninstructional expenditures for private nonprofit schools include expenses for independent operations, auxiliary enterprises (e.g., bookstores and meal services), operation and maintenance of plant, hospitals, and other operations.

From the 2003-2004 through 2009-2010 school years, noninstructional staff increased at public and private nonprofit schools by 10 and 9 percent, respectively. Most of the increase reflected growth in executive managerial staff that provide institutional support, which increased 14 percent at public schools and 21 percent at private nonprofit schools.[31] In contrast, public schools saw little growth in the number of skilled craftsmen, technical paraprofessionals, and clerical secretarial staff and private nonprofit schools saw declines in these positions. (See table 17 in app. V for information on trends in salaries of noninstructional staff by school type and occupation.)

Recruitment Expenditures at Schools We Visited

While Education does not specifically capture information on student recruitment spending, which is part of student services expenditures, these costs generally represented a small portion --less than 1 percent—of spending at public and private nonprofit schools we visited. School officials said they primarily spent recruiting funds on coordinating with high school counselors, publishing promotional materials, and advertising in newspapers and radio. Most of the schools we visited did not track recruiting expenditures outside of those reported by the admissions office. Thus, we were not able to report on expenditures incurred by presidents, deans, individual academic departments, and other school entities.

Schools We Visited Curbed Spending in Specific Areas in Light of Revenue Constraints and to Improve Efficiency

Schools we visited have adopted a variety of strategies to contain spending and improve the efficiency of their operations. While the specific circumstances of each school, including financial condition, determined its cost-containment strategies, most schools we visited took steps to make administrative functions more efficient. Some schools reduced personnel costs by freezing wages, instituting furloughs and, in some cases, layoffs. A few schools reported postponing or canceling capital projects and improvements. While school officials we spoke with emphasized the importance of maintaining academic quality in spite of fiscal pressures, two schools did reduce some courses and class sections. Examples include the following:

[31]IPEDS also captures information on "All Other" staff and this category saw increases between 22 and 25 percent from 2003-2004 through 2009-2010 school years.

- *Administrative efficiencies:* A public research school we visited streamlined administrative functions by realigning staff and centralizing support services for a projected annual savings of $75 million. A public research school in another state we visited joined a consortium of schools to jointly purchase goods and services.

- *Personnel savings:* Five of the six public schools we visited eliminated or left some noninstructional positions vacant. For example, nearly 500 staff were laid off in the 2009-2010 school year at a public research school. In contrast, one private nonprofit school we visited continued to hire: increasing its noninstructional staff by 50 percent over fiscal years 1999 through 2009. Officials at that school attributed the need for more staff to anticipated growth in enrollments and research and credited conservative endowment investments and spending for providing the necessary resources. Schools also reported adjustments to faculty numbers: five schools did not fill some faculty vacancies or add positions, despite enrollment increases. For example, officials at one public research school told us they have stopped filling vacancies in order to compensate existing faculty. Two public schools we visited also realized personnel savings by suspending merit and cost-of-living raises for several years.

- *Construction delays and targeted upgrades:* Some schools we visited delayed capital projects and deferred maintenance. Officials from five public schools pointed to declining state appropriations and limited financing options, and one private nonprofit school cited declining income from endowments as reasons for these spending cutbacks. For example, two private nonprofit research schools delayed planned construction projects including creating a visitors center. Deferred maintenance at some of the public schools we visited has resulted in backlogs of projects totaling $92 million to $1.8 billion per school. Some schools adopted energy-saving measures to cut costs, such as reducing water and electricity consumption and, in one instance, investing in an energy-efficient heating plant.

- *Cutting classes and services:* As enrollments rise, some public schools we visited face capacity issues. Officials at those schools told us they do not have the resources to meet demand and are cutting classes and support services. For example, one public associate's school did not offer summer classes in 2010 and is planning to cut 800 class sections in 2011. Some schools took steps to reduce support services for students. However, school officials emphasized that these cuts will not impact core academic areas. Some student services continue to be a funding priority, including academic support,

counseling, and diversity centers to promote graduation rates of minority students.

About 50 Percent of Students Graduated within 6 Years, but Measures Provide an Incomplete Picture of Outcomes

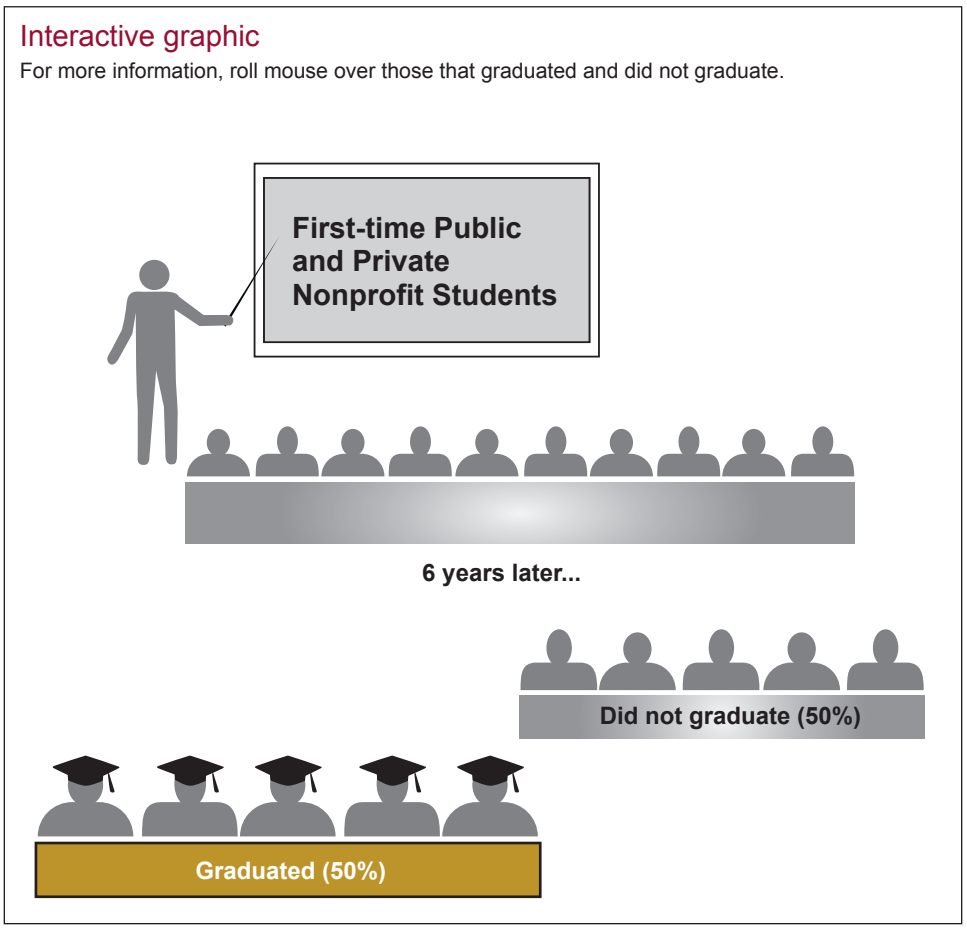
Graduation Rates Varied by Type of School and Student Characteristics

Nationwide, about 50 percent of first-time undergraduate students who enrolled in a public or private nonprofit school during the 2003-2004 school year graduated by 2009, according to our analysis of Education's Beginning Postsecondary Students Longitudinal Study (BPS) data.[32] (See fig. 5.) Among students who first enrolled in a 4-year school, 67 percent graduated within 6 years. Among students who first enrolled in a 2-year school, 16 percent graduated within 3 years, and by 6 years, a total of 34 percent graduated. Students at public schools generally graduated at lower rates than those at private nonprofit schools. For example, 16 percent of students at 2-year public schools graduated after 3 years compared with 39 percent of students at 2-year private nonprofit schools. Overall, students included in the most recent BPS study achieved graduation rates similar to those in the previous 1995-1996 BPS study across all school types within our scope (see app. VI).[33]

[32]The figures in this section represent estimates for students included in the most recent BPS study after 6 years of entry into a public or private nonprofit school during the 2003-2004 school year, unless otherwise stated. In addition, students are grouped by the type of school where they first enroll, regardless of transfer. For example, students who start at a 2-year public school are represented as such even if they transfer into a 4-year private school within the 6-year period.

[33]The graduation rates for students at private nonprofit schools may or may not be similar across the study groups as sampling errors for both estimates are greater than ±5 percentage points.

Figure 5: Status of Public and Private Nonprofit Undergraduate Students after 6 years of First Entry



Source: GAO analysis of 2003-04 BPS data.

We previously reported that student graduation rates differ based on student characteristics, such as race and transfer history.[34] Our analysis of the most recent BPS data also found that rates varied based on a range of characteristics. For example, women graduated at rates 4 to 8 percentage points higher than men across all school types.[35] Black and Hispanic student graduation rates lagged behind those for white and Asian/Pacific Islander students[36] at all school types (see table 7).[37]

Table 7: Public and Private Nonprofit Graduation Rates (Percentage) After 6 Years by Race/Ethnicity

	White	Black	Hispanic	Asian /Pacific Islander
All 2-year schools	38.3	26.1	26.7	38.2[a]
2-year public	38.2	26.0	25.5	38.3[a]
2-year private nonprofit	[b]	[b]	[b]	[b]
All 4-year schools	69.8	50.9[a]	54.6[a]	73.6[a]
4-year public	67.4	51.0[a]	56.4[a]	71.2[a]
4-year private nonprofit	74.3	50.9[a]	51.2[a]	79.3[a]

Source: GAO analysis of 2003-2004 BPS data.

Note: Graduation rates for Asian/Pacific Islander students are not statistically different from the rates for white students.

[a]Sampling error for this estimate is greater than ±5 percentage points.

[b]The sample size for students in this category was not sufficient to produce a reliable graduation rate estimate.

[34]GAO, *College Completion: Additional Efforts Could Help Education with Its Completion Goals*, GAO-03-568 (Washington, D.C.: May 23, 2003). This report analyzed graduation rates for students enrolled in bachelor's degree programs.

[35]The sample size for men at 2-year private nonprofit schools was not sufficient to produce a reliable graduation rate estimate.

[36]A previous GAO report found major differences in educational attainment and income among subgroups, such as Pacific Islanders. Specifically, subgroups differed in their levels of academic preparedness, ability to pay for college, and their need to balance academic, employment, and family obligations. For more information on these differences, see GAO, *Higher Education: Information Sharing Could Help Institutions Identify and Address Challenges Some Asian Americans and Pacific Islander Students Face,* GAO-07-925 (Washington, D.C.: July 25, 2007).

[37]There was not sufficient sample size to produce reliable estimates of graduation rates by race at 2-year private nonprofit schools.

Our analysis of the most recent BPS data found that graduation rates also varied by student characteristics related to income. For example, financially independent students[38] graduated at lower rates than financially dependent students across all school types,[39] though variation was greatest among students at 4-year schools: 31 percent of independent students at 4-year schools graduated compared with 70 percent of dependent students. Among financially dependent students at these schools, graduation rates increased with increases in family income.[40] Furthermore, Pell Grant recipients at 4-year schools graduated at lower rates than nonrecipients—59 percent compared with 71 percent, respectively. At 2-year schools, 27 percent of financially independent students graduated compared with 39 percent of dependent students. There was generally not a significant difference in the graduation rates among students of different income levels at 2-year schools—except between students within the highest and lowest income brackets[41]—or between Pell Grant recipients and nonrecipients at 2-year schools.

Research conducted by Education and others has linked the likelihood of graduating to a range of student characteristics. For example, according to Education, gains in graduation rates of women over men may be related to women's increasing participation in education, improved high school academic preparation, and greater gains in full-time attendance, among other factors.[42] Additional NCES studies have found that academic preparation in high school and measures of socioeconomic

[38]NCES classified students as financially independent if they were 24 or older at the end of 2003, married, veterans of or on active duty within the U.S. armed forces, orphans or wards of the court, or had legal dependents. All other students under the age of 24 were considered financially dependent, unless they could document otherwise for financial purposes.

[39]There was not sufficient sample size to produce reliable estimates of graduation rates for financially dependent and independent students at 2-year private nonprofit schools.

[40]Data were insufficient to compare graduation rates among independent students that started at 4-year schools.

[41]Students in the lowest income bracket—families earning $20,000 or less—graduated at a rate of 35 percent, while those in the highest income bracket—families earning $100,000 or more—graduated at a rate of 44 percent. The sampling errors for these estimates are greater than ±5 percentage points.

[42]Department of Education, National Center for Education Statistics, *Gender Differences in Participation and Completion of Undergraduate Education and How They Have Changed Over Time* (Washington, D.C.: 2005).

status, such as family income and parents' education, are "highly predictive of degree attainment".[43] According to a Pell Institute report, low-income students graduate at lower rates because they are less likely to be well-prepared for college than higher income students. These low-income students are also more likely to have other characteristics associated with lower rates of college degree attainment: they are more often black or Hispanic, the first in their family to attend college, financially independent, or have dependent children, among other factors.[44] In our previous work, we likewise found that being black or a first generation college student was associated with lower graduation rates at 4-year schools.[45]

Transferring between schools also influenced graduation rates. Our analysis of the most recent BPS data showed that students who started at a 4-year school and subsequently transferred graduated at lower rates than their nontransfer counterparts, 45 percent and 74 percent, respectively (see fig. 6). Our previous work yielded similar findings of lower likelihood of graduation among students who transferred from one 4-year school to another versus nontransfer students.[46] However, the opposite was true at 2-year schools. According to the most recent BPS data, about half of students at 2-year schools that transferred graduated within 6 years, compared with nearly a quarter of nontransfers (see fig. 6).

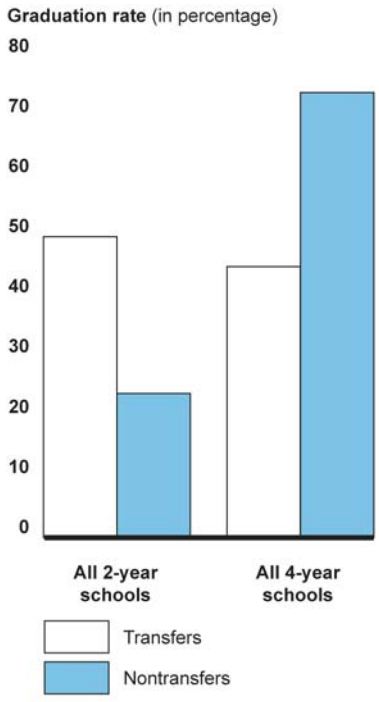
[43]Department of Education, National Center for Education Statistics, *Placing College Graduation Rates in Context: How 4-Year College Graduation Rates Vary with Selectively and the Size of Low-Income Enrollment* (Washington, D.C.: 2006).

[44]The Pell Institute for the Study of Opportunity in Higher Education, *Demography Is Not Destiny: Increasing the Graduation Rates of Low-Income College Students at Large Public Universities* (Washington, D.C.: 2007).

[45]GAO-03-568.

[46]GAO-03-568.

Figure 6: Public and Private Nonprofit Graduation Rates After 6 Years by Transfer Status



Source: GAO analysis of 2003-2004 BPS data.

Education's Annual Graduation Measure Omits Many Nontraditional Students, and Alternatives Are Under Consideration

To help postsecondary schools meet the statutory requirement to disclose graduation rates, Education annually collects data through IPEDS' Graduation Rates Survey.[47] However, the information IPEDS collects for its graduation measure does not account for many nontraditional students,[48] and rates vary considerably depending on a school's student body and mission. According to NCES, roughly 49 percent of all undergraduate students who enter for the first time in the fall term are annually captured in IPEDS' graduation rate measure.[49] This percentage is even lower—approximately 35 percent—among students entering public 2-year schools.[50] The IPEDS measure does not include part-time students, some transfers, and some students who enter at a point in time other than the fall term, which can result in a significant percentage of some schools' students excluded from its graduation rate.[51] For example, at the 2-year schools we visited, part-time students represented 46 to 95 percent of the student population during the 2009-2010 school year. To

[47]Schools are required to disclose and IPEDS collects information to calculate graduation rates for full-time, first-time certificate- or degree-seeking undergraduate students who graduate from their programs within 150 percent of the normal completion time. Schools can only remove a student from a cohort if he or she leaves the school due to death or total and permanent disability; service in the armed forces (including call to active duty); service with a federal government foreign aid service, such as the Peace Corps; or service on official church missions. 20 U.S.C. § 1092(a)(1)(L), (a)(3) and (a)(4). IPEDS also collects information to calculate graduation rates on full-time, first time certificate or degree seeking undergraduate students who graduate within 100 or 200 percent of normal time. Education is required to make these graduation rates, as well as those of students graduating within 150 percent of normal time, available on the College Navigator Website. 20 U.S.C. § 1015a(i)(1)(J).

[48]According to Education, nontraditional status is based on the presence of one or more of seven possible nontraditional characteristics: delayed enrollment, part-time attendance, being financially independent, working full- time while enrolled, having dependents, being a single parent, or not obtaining a standard high school diploma. Department of Education, National Center for Education Statistics, *Nontraditional Undergraduates: Trends in Enrollment from 1986 to 1992 and Persistence and Attainment Among 1989-90 Beginning Postsecondary Students* (Washington, D.C.: 1996).

[49]This estimate also includes students at for-profit schools.

[50] Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS) Enrollment component (Spring 2010).

[51]Students who complete a transfer preparation program and transfer to an eligible school are included in this measure. However, if they fail to complete a program before transferring, even if they attain a degree at their transfer school, they are not counted as a graduate. IPEDS data collection rules requires schools that predominately offer programs based on standard academic terms to only report on students who enroll during the fall term. Schools that operate on a continuous enrollment calendar are allowed to report on students who enroll from September 1 to August 31 of a given year.

generate graduation rates, Education also uses its BPS survey to collect data on not only first-time, full-time students, but also part-time students and those who transfer to another school. Though BPS provides a more inclusive picture of graduation rates than IPEDS, it is not calculated annually.[52]

Many officials we spoke with at Education, higher education associations, and schools we visited said the IPEDS graduation rate is an appropriate measure for schools that primarily serve traditional students, such as 4-year research schools. However, it is less representative, they said, for schools with significant numbers of students who are part-time, noncertificate, or degree-seeking (including those who intend to transfer), or who leave school and later reenroll. This is a particular concern among representatives of 2-year schools as their school missions often include access for all students and a range of learning outcomes other than degree attainment, such as academic remediation and occupational skills training. Officials at one community college told us their graduation rates have remained at 10 percent or below over the last decade because most of their students do not enroll in a degree program and thus are excluded from the IPEDS measure. In contrast, officials at a private research university in the same metropolitan area, and with a more traditional student population, told us their IPEDS graduation rates have exceeded 90 percent over the same period. Officials at two schools we visited also said 150 percent of "normal" program completion time is too short to measure the outcomes of students who have other significant responsibilities such as work and children, or who are less prepared academically, which may delay their progress.

In response to the limitations of IPEDS' graduation rate, several efforts are underway to develop measures that better capture outcomes for all students. In 2009, as required by HEA, Education established the Committee on Measures of Student Success, composed of representatives from schools and the higher education community, to recommend improvements in calculating and reporting graduation rates for full-time certificate- or degree-seeking undergraduate students at 2-year schools. The committee was also tasked with recommending alternative measures of student success that are more aligned with the

[52]BPS studies followed cohorts of students who entered postsecondary education for the first time during the 1989-1990, 1995-1996, and 2003-2004 school years.

missions of these institutions.[53] The committee submitted its final recommendations to the Secretary of Education in December 2011.[54] Among its recommendations, the committee suggested Education enhance graduation rate reporting in IPEDS to include information for three specific cohorts—beginning part-time degree seeking students, students who are not college ready, and students who receive federal financial assistance. In addition, the committee recommended Education broaden IPEDS measures to calculate graduation rates for an unduplicated count of students who completed their program, transferred, or were substantially prepared to transfer as well as other transfer outcomes. Education expects to announce its action plan in response to the committee's recommendations by early Winter 2012. In addition, the American Association of Community Colleges is working with other higher education groups to develop alternative outcome measures through the Voluntary Framework of Accountability (VFA).[55] Measures will include transfer, part-time, and noncertificate- or degree-seeking students and alternative outcomes such as the completion of developmental education, credit milestone progress, and licensure exam pass rates. Three of the public schools we visited participate in the Voluntary System of Accountability (VSA), which includes transfer students in its graduation measure.[56]

Most of the schools we visited have also developed institutional measures that differ from IPEDS' graduation rate measure. The majority includes part-time and transfer students or calculates graduation rates that allow more time than 150 percent of "normal" completion. The 2-year schools we visited calculate graduation rates using a 300 percent of "normal" completion time period and employ alternative measures of student outcomes, including rate of transfer to 4-year schools or earned grade point average (GPA). These institutional measures are mainly used for

[53]20 U.S.C. § 1092(a)(7)(B).

[54]Education is required to disseminate the committee's recommendations not later than 18 months after its first meeting, which occurred on October 20, 2010.

[55]VFA is an initiative sponsored by American Association of Community Colleges, Association of Community College Trustees, and the College Board initiative.

[56]VSA is an initiative sponsored by the Association of Public and Land-grant Universities (APLU) and the American Association of State Colleges and Universities (AASCU) that disseminates comparable institutional data through a common Web report, the College Portrait.

internal purposes but, in some cases, are disclosed externally on school websites and in recruitment materials.

Schools We Visited Made Required Information Disclosures, but Education's Monitoring Identified Some Problems at Other Schools

Schools Published Required Information for Students on websites and in Printed Materials

The schools we visited made information required by HEA available to current and prospective students on cost of attendance, graduation rates, and future employment such as jobs obtained.[57] Schools shared information on websites, and some also included this information in printed materials. For example, schools we visited provided information on estimated cost of attendance—tuition and fees, books and supplies, room and board, and transportation—through means such as websites for prospective students and in course catalogs. Officials from one school also told us that they share information on cost to students at information sessions and new student orientation. To provide prospective students with more detailed information on the cost of attendance at all schools, HEA recently required schools to also publish a net price calculator on their websites.[58] Designed to help students better evaluate costs, each net price estimate is based on an individual student's information input by the user, such as income and dependency status, combined with

[57]20 U.S.C. § 1092(a)(1). Schools are also required to provide information on financial assistance, academic programs, a security report, and a crime statistics report. However, these requirements are not within the scope of this review.

[58]20 U.S.C. § 1015a(h)(3). Schools were required to publish a net price calculator by October 29, 2011. Net price equals the cost of attendance minus grant aid.

information from the school, such as price of attendance and median amount of grant and scholarship aid provided to eligible students.[59]

In addition to providing information on cost of attendance, schools we visited posted graduation rates on their websites or included this information in annual reports produced by the schools' research offices.[60] Most schools we visited used voluntary surveys to collect information on employment obtained by recent graduates of a school's degree or certificate program; however, many reported low response rates. They collected data on topics such as postgraduate education, current or expected employment, salary, and the extent to which the student's major prepared them for a future career. Most of the schools we visited provided student outcome information at career services offices, on their websites, or in printed materials. To assist graduating students, most schools we visited posted information on potential employment on their career services websites. Specifically, seven schools provided job postings or searchable databases, and one school posted data from the state labor department on its website. Furthermore, five schools made potential salary information available online or at the career services office.

Education's Monitoring Identified a Small Percentage of Schools Providing Insufficient or Inaccurate Information

From January 2007 through December 2010, less than 1 percent of Education's program reviews and independent audits identified findings related to information disclosure requirements at public and private nonprofit schools.[61] According to program review and audit documentation from Education, 15 public and private nonprofit schools did not meet information disclosure requirements specifically on cost of

[59]Education is also required to publish a variety of consumer information including information on college affordability for specific schools to help students and families learn which schools have the highest or lowest tuition and net price. This information can be found on Education's College Affordability and Transparency Center, www.collegecost.ed.gov. 20 U.S.C. § 1015a(i).

[60]We did not review requirements of schools to disaggregate graduation rates by race/ethnicity, gender, or whether the student received a Pell Grant or subsidized Stafford loan.

[61]From January 2007 through December 2010, Education conducted over 700 program reviews, and independent auditors conducted over 19,000 audits. Of these, Education identified 23 program reviews and 17 independent audits with disclosure-related findings. However, we determined that one program review and two independent audits from Education's list did not contain information disclosure findings and thus excluded them from our analysis.

attendance and graduation rates.[62] Examples of schools failing to provide sufficient graduation rate information include not adequately distributing information to students, not calculating the rate in accordance with federal requirements, or disclosing a rate that had not been updated for several years. To resolve findings identified by Education staff and auditors, schools generally took or were instructed to take corrective action such as adding information on the school's website for current and prospective students.[63] Additionally, officials from Education's Consumer Experience Group, which serves as a liaison between financial aid recipients and the agency, has identified very few complaints related to disclosures on cost of attendance and student outcomes.

Education has taken steps in recent years to help schools make information more readily available to current and prospective students. In 2009, the National Postsecondary Education Cooperative[64] published a guide to help schools meet disclosure requirements, as well as make data more useful and accessible to students.[65] The guide includes suggestions for how schools can improve the organization and labeling of information on their websites to help students more easily find and compare information across schools. In 2011, Education also sponsored a focus group with students and school representatives on a uniform template for sharing information such as student graduation rates and cost.

Agency Comments and Our Evaluation

We provided a draft of this report to the Department of Education for review and comment. Education provided technical comments, which we incorporated as appropriate.

[62]These monitoring activities are intended to confirm that schools have made information available to current and prospective students. However, Education officials said they do not verify that the information is accurate, for example, by comparing it to information submitted through IPEDS.

[63]The department has not issued a Final Program Review Determination for four program reviews related to information disclosure conducted during the time period reviewed.

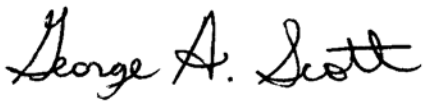
[64]National Postsecondary Education Cooperative, established by NCES, is a voluntary organization that includes representatives from federal agencies, postsecondary institutions, associations, and other organizations that have a major interest in postsecondary education data collection.

[65]National Postsecondary Education Cooperative, *Information Required to Be Disclosed Under the Higher Education Act of 1965: Suggestions for Dissemination* (Washington, D.C.: 2009).

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees, the Secretary of Education, and other interested parties. The report also will be made available at no charge on GAO's website at http://www.gao.gov.

If you or your staff members have any questions about this report, please contact me at (202) 512-7215 or scottg@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VIII.

Sincerely yours,



George A. Scott, Director
Education, Workforce, and Income Security Issues

Appendix I: Objectives, Scope, and Methodology

Overview

The objectives of this report were to examine public and private nonprofit school (1) trends in revenues; (2) trends in expenditures; (3) graduation rates for students attending these schools; and (4) disclosure of information to students regarding cost of attendance, graduation rates, and future employment. We relied on multiple methodologies to conduct our work. To describe national trends in revenues, expenditures, and student and school characteristics, we analyzed data from the Department of Education's (Education) Integrated Postsecondary Education Data System (IPEDS). We present overall revenue and expenditure data for the public and private nonprofit sectors, as well as individual school types using an institutional classification coding structure developed by the Carnegie Commission on Higher Education and used by Education. The categories of schools included in our analysis were degree granting: 4-year research, 4-year master's, 4-year baccalaureate, 2-year associate's, and specialty schools.[1] To provide average federal financial loan aid amounts per student, we used data from Education's National Student Loan Data System (NSLDS), covering award years 1998-1999 through 2009-2010. To provide information on graduation rates, we analyzed data from Education's Beginning Postsecondary Students Longitudinal Study (BPS). We disaggregated BPS data by overall school type: 2-year and 4-year and, within these school types, by sector: public and private nonprofit. We also used Education's National Postsecondary Student Aid Study (NPSAS) data from the 1999-2000 through 2007-2008 school years to provide information on trends in student enrollment based on age. We determined that IPEDS, NSLDS, NPSAS, and BPS data are sufficiently reliable for the purposes of this report by testing it for accuracy and completeness, reviewing documentation about systems used to produce the data, and interviewing agency officials. Unless otherwise noted, all data estimates for graduation rates are within a confidence interval of 5 percentage points.

In addition, we reviewed relevant federal laws, regulations, and Education's policies and procedures including those related to monitoring schools' verification of information submitted by students on the Free Application for Federal Student Aid (FAFSA) and schools' compliance with information disclosure requirements. We also reviewed agency documentation on instances of noncompliance with FAFSA verification

[1]For the purposes of analysis, we merged public master's and baccalaureate schools. Tribal colleges are included with specialty schools. We excluded less than 2-year schools because they are not degree-granting schools.

and information disclosure requirements. In addition, we reviewed studies and reports by Education's National Center for Education Statistics (NCES) and Office of Inspector General (OIG), the Congressional Research Service, and postsecondary education associations and foundations. We interviewed officials at Education and representatives of postsecondary education associations. We also conducted site visits to a nonrepresentative sample of nine schools to inform all of our research objectives.

We conducted this performance audit from December 2010 to January 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Data Analysis

IPEDS

To provide information on trends in revenues and expenditures at public and private nonprofit schools, we analyzed data from the Finance component of IPEDS for fiscal years 1999 through 2009. We chose these years because they represent the most recent publicly available data. The Finance component includes: revenues by source (e.g., tuition and fees, government grants and contracts, private gifts) and expenses by category (e.g., instruction, research, academic support, institutional support). (See app. II for a list of variables used for our analysis and definitions). Schools report financial information to IPEDS using different accountings standards: public schools generally use Government Accounting Standards Board (GASB), and private nonprofit schools use Financial Accounting Standards Board (FASB). Variation in how schools report revenue and expenditure data under these two different standards precludes direct comparison between public and private nonprofit schools. Specifically, schools using FASB standards report Pell Grants as pass-through agency transactions and not as revenues from federal grants. In contrast, schools using GASB standards report Pell Grant funds as federal grants. Regarding expenditures, schools that use FASB standards distribute expenditures on operations and maintenance, depreciation, and interest among the applicable functional expenditure categories (i.e., instruction, research, and student services). In contrast, schools that use GASB standards had separate categories for operations

and maintenance, interest and, at times, depreciation expenditures until institutions began phasing in the new aligned standards in fiscal year 2008. Beginning with the 2010-2011 IPEDS data collection, schools using GASB will be required to allocate expenses related to operation and maintenance of plant, depreciation, and interest among the other functional expenses, such as instruction. Furthermore, accounting standards and the IPEDS finance reporting system have changed over the time period studied. Specifically, FASB schools use a whole-entity concept of accounting which includes the resources of the entire institution. In contrast, GASB schools generally used fund-based accounting prior to fiscal year 2005 and whole-entity accounting since that time. According to Education, in the earlier fund-based approach, expense comparability is limited because items such as interest expenses were not included in current funds associated with functional expenses.

To provide information on trends in faculty and staff counts, salaries, and benefits, we used two sections of the IPEDS Human Resources component: Fall Staff and Salaries. The Fall Staff section captures the number of full-time and part-time faculty and tenure status (if applicable). It also captures the number of staff based on primary function/occupational category (i.e., instruction/research/public service, executive/administrative and managerial, technical and paraprofessional, clerical and secretarial) and the number that fall into various salary ranges. The Salaries section captures faculty count and salary expenditures by rank (i.e., professor, associate professor, assistant professor, instructor, lecturer, and no academic rank), gender, length of contract, and fringe benefits received which we used to calculate average salary and benefit figures. Because salary information and tenure status are tracked separately, we were unable to report on salaries for tenured faculty. We analyzed faculty count and salary and fringe benefits for school years 2003-2004 to 2009-2010 because the survey population was more consistent beginning in 2003-2004.

For both the Finance and Human Resources components, we analyzed and presented aggregate data (totals), median totals, and median per student figures for both the public and private nonprofit sectors, as well as specific school types within those sectors. All data were adjusted for inflation using fiscal year 2009 constant dollars and per student FTE enrollment. Enrollment was calculated using the undergraduate and graduate fall enrollment of full-time students multiplied by a factor to account for part-time enrollment.

BPS and NPSAS

To provide information on student graduation rates, we analyzed Education's 2003-2004 BPS study that reflects graduation rate estimates for the most recent BPS cohort. As such, BPS data are not yet available for students who enrolled after school year 2003-2004. BPS is a longitudinal study of undergraduate students who first enrolled in a postsecondary institution during the 2003-2004 school year. Over a 6-year period, the survey collects data related to student persistence, certificate and degree attainment, school and work experiences, as well as student characteristics, such as gender, race/ethnicity, and socioeconomic status, among others. BPS drew its initial sample of students from Education's 2003-2004 National Postsecondary Student Aid Study (NPSAS), which gathered data on student participation in federal aid programs, demographics, and education and work experiences for a nationally representative sample of students who are eligible to participate in Title IV programs during the 2003-2004 school year. Student data is collected through Web-based self-administered surveys and computer assisted telephone interviews.

The most recent BPS dataset contained information on nearly 16,700 students. Students were surveyed at three points in time: at the end of their first, third, and sixth year of first enrolling in a postsecondary school. In addition to surveys and interviews, student data were gathered from other sources, including school records and federal financial aid applications. To understand how graduation rates may have changed over time, we also analyzed data from the previous BPS study, which surveyed students who first enrolled during the 1995-1996 school year. This study included approximately 12,000 students and followed a similar process of selecting students and following up with them over time. We did not test for statistical difference between the two surveys, instead we present estimates for both groups to provide context for our findings.

For our purposes, we analyzed a subset of data from each BPS study. Specifically, we analyzed data on students that first enrolled in a public or private nonprofit 2- or 4-year school, excluding students that started at for-profit or less than 2-year schools. Using statistical software, we then calculated graduation rates according to school type (2-year public, 2-year private nonprofit, 4-year public, and 4-year private nonprofit), and student characteristics (gender, race/ethnicity, socio-economic status, and transfer history). Students were classified as a graduate if they attained a certificate or degree within 6 years of first entry into a school, and a nongraduate if they did not meet this requirement. Among nongraduates, we calculated the proportion still enrolled in a postsecondary school at the end of the BPS study and those that "left

without return".[2] We also calculated the makeup of postsecondary awards (certificate, associate's degree, and bachelor's degree) attained by students.

The estimates presented in this report and derived from our analysis of the BPS study are representative of students first entering a public or private nonprofit postsecondary school during the school year being discussed. Furthermore, tests of statistical significance were performed using software to take into account the complex survey design and sampling errors. In addition to the reported sampling errors, the practical difficulties of conducting any survey may introduce other types of errors, commonly referred to as nonsampling errors. For example, differences in how a particular question is interpreted, in the reliability of data self reported by students, or the types of students who do not respond can introduce unwanted variability into the survey results.

NSLDS

To determine the average federal loan amounts per student, we used data from Education's NSLDS. Specifically, we used Education's calculations of Title IV loan funding per student for public and private nonprofit schools, covering award years 1998-1999 through 2009-2010.

Analysis of Education Case Documentation

To determine how schools (1) verify information contained in the FAFSA application and (2) disclose information to students, we reviewed Education's findings in these two areas. Specifically, we reviewed relevant case documentation associated with program reviews and independent audits that included findings regarding the school's FAFSA verification and information disclosure, relevant federal laws and regulations, and enforcement actions taken against schools. We did not evaluate the effectiveness of Education's policies and procedures to assess compliance with FAFSA verification and information disclosure requirements. For findings related to FAFSA verification, we selected a nongeneralizable sample of findings out of a total universe of 474 audit and program review verification findings for January 2007 through December 2010 identified by Education from their Postsecondary Education Participant System (PEPS) and eZ Audit databases. This sample included all 16 cases containing both FAFSA verification and

[2]"No degree, left without return" is the category label given by NCES.

information disclosure findings, as well as a simple random sample of FAFSA verification findings. This yielded a review of 25 program reviews and 25 independent audits. With regard to information disclosure, we also reviewed all program reviews and independent audits identified by Education that contained information disclosure findings, 23 and 17, respectively, for January 2007 through December 2010. We found one program review and two independent audits from Education's list that did not contain information disclosure findings and were therefore excluded from our review.

Education and Higher Education Association Interviews

To understand Education's monitoring of FAFSA verification and information disclosures, we interviewed officials at FSA, OPE, and OIG. We also interviewed an official at NCES to learn more about Education's graduation rate measures and the Committee on Measures of Student Success. To inform all of our objectives we met with higher education associations representing a range of schools, students, and faculty. Specifically, we met with representatives from: APPA (formerly known as APPA: The Association of Higher Education Facilities Officers); American Association of Community Colleges; American Association of State Colleges and Universities; American Association of University Professors; Association of Public and Land Grant Universities; Delta Project on Postsecondary Education Costs, Productivity, and Accountability; Institute of International Education; National Association for College Admission Counseling; National Association of College and University Business Officers; National Association of Independent Colleges and Universities; National Association of Student Financial Aid Administrators; State Higher Education Executive Officers; and United States Student Association.

Site Visits

We supplemented our data analyses by conducting site visits to selected schools to obtain their perspectives, especially regarding the impact that the recent weakened economy has had on their operations. We visited schools in three metropolitan areas: Boston, Chicago, and San Francisco. The localities were chosen based on the concentration and variety of postsecondary schools within the metropolitan area and on overall geographic diversity. Within these areas, we selected a nonrepresentative sample of nine postsecondary schools using nonprobability sampling. We identified all public and private nonprofit schools within the United States and calculated the median for tuition price and undergraduate enrollment using Education data for the 2008-2009 school year. Within each selected locality, we judgmentally selected schools with tuition price and enrollment figures above or below the median, and included a range of

school types based on the Carnegie classifications. In total, we visited four public research (including the main campus of two state-wide systems), two public associate's, two private nonprofit research, and one private nonprofit associate's school.

In advance of each site visit, we reviewed material that the selected schools made publicly available on their websites, such as student and course catalogues and handbooks, fact books, and financial and annual reports. We also reviewed schools' websites themselves to determine whether they disclosed information on cost of attendance, graduation rates, and future employment. During the site visits, we interviewed school officials about all four research objectives within the scope of our study and collected information on the schools' revenues and expenditures, student population, human resources, and other academic and nonacademic resources. We did not conduct any undercover testing or investigations related to information disclosed to current or prospective students. We did not evaluate the quality and format of the information disclosed on school websites or materials, nor did we evaluate the ease of access to this information. Evidence gained through our site visits is not generalizable to all public and private nonprofit schools, but it may help to illustrate some of the findings discussed in this report.

Appendix II: Variables Used in Analysis of Revenue and Expenditure Trends

	Variable	Definition
Revenue	Revenue from federal appropriations	Revenue received by the institution through acts of a federal legislative body (except grants and contracts). Federal appropriations can include federal land-grant appropriations.
	Revenue from federal grants and contracts	Revenues from federal governmental agencies that are for training programs, research, or public service activities for which expenditures are reimbursable under the terms of a government grant or contract. Includes Pell Grants for GASB institutions and some FASB institutions.
	Revenue from state and local appropriations	Revenues received by the institution through acts of a state legislative body (except grants and contracts) or by a governmental entity below the state level. For state appropriations, funds are for meeting current operating expenses, not for specific projects or programs. Education district taxes include all tax revenues assessed directly by an institution or on behalf of an institution when the institution will receive the exact amount collected. These revenues also include similar revenues that result from actions of local governments or citizens (such as through a referendum) that result in receipt by the institution of revenues based on collections of other taxes or resources (sales taxes, gambling taxes, etc.).
	Revenue from state and local grants and contracts	Revenues from state and local government agencies that are for training programs and similar activities for which amounts are received or expenditures are reimbursable under the terms of a state or local government grant or contract.
	Net tuition and fees revenue	Net tuition revenue is the amount of money the institution takes in from students after only institutional aid is subtracted.
	Other revenue	Total minus federal, state, local, and tuition and fee revenues. This includes revenues coming from private gifts, auxiliary enterprises, hospital revenues, sales and services of education activities, among other things.
Scholarships and fellowships/Student grant aid	Other federal grants	Other federal awards are expenditures for scholarships and fellowships, excluding Pell Grants that were funded from federal government agencies. This includes Supplemental Educational Opportunity Grants (SEOG), Department of Health and Human Services (DHHS) training grants (aid portion only), State Student Incentive Grants (SSIG), and other federal student aid programs.
Expenditures	Instruction	Expenses for general academic instruction including faculty compensation, occupational and vocational instruction, community education, preparatory and adult basic education. Includes expenses for both credit and noncredit activities. Does not include expenses for academic administration where the primary function is administration (e.g., academic deans).
	Academic Support	Expenses that support the institution's primary missions of instruction, research, and public service. Includes expenditures for libraries, museums, galleries, and audiovisual services.
	Auxiliary Expenses (included in "other")	Expenses for essentially self-supporting operations of the institution that provide a service to students, faculty, or staff. Examples are residence halls, food services, student health services, intercollegiate athletics, and college stores.
	Independent Operations (included in "other")	Expenses on operations that are independent of or unrelated to the primary missions of the institution (i.e., instruction, research, public service).
	Institutional Support	Expenses for the day-to-day operational support of the institution including general administrative services, central executive-level activities concerned with management and long-range planning, and legal and fiscal operations.

Variable	Definition
Operations and Maintenance of Plant (included in “other”)	Expenses to provide service and maintenance related to campus grounds and facilities used for educational and general purposes. Specific expenses include utilities, fire protection, and property insurance.
Public Service	Expenses to provide noninstructional services to individuals and groups external to the institution. Examples are conferences, institutes, and reference bureaus.
Research	Expenses for activities commissioned by an agency external to the institution or are budgeted separately that produce research outcomes. The category includes institutes and research centers, and individual and project research.
Student Services	Expenses for admissions, registrar activities, and activities whose primary purpose is to contribute to students emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instructional program.

Source: Education’s IPEDS data.

Appendix III: Revenue Sources at Public and Private Nonprofit Schools

Tables 8-14 of this appendix contain information on various revenue sources at public and private nonprofit schools.

Table 8: Revenues from Net Tuition and Fees, Fiscal Years 1999, 2009, and Percentage Change

School type	1999	2009	Percentage change (1999-2009)
All public schools			
% of total revenue	16	32	
$ per student	3,097	3,997	29
Public research			
% of total revenue	15	20	
$ per student	5,212	7,913	52
Public master's and baccalaureate			
% of total revenue	23	34	
$ per student	3,892	5,558	43
Public associate's			
% of total revenue	19	24	
$ per student	2,223	2,992	35
Public specialty			
% of total revenue	4	5	
$ per student	5,339	6,534	22
All private nonprofit schools			
% of total revenue	29	40	
$ per student	11,267	13,823	23
Private nonprofit research			
% of total revenue	20	27	
$ per student	17,971	21,366	19
Private nonprofit master's			
% of total revenue	55	69	
$ per student	12,905	15,343	19
Private nonprofit baccalaureate			
% of total revenue	37	57	
$ per student	10,694	13,277	24
Private nonprofit associate's			
% of total revenue	50	64	
$ per student	9,081	12,600	39

School type	1999	2009	Percentage change (1999-2009)
Private nonprofit specialty			
% of total revenue	30	40	
$ per student	9,710	11,540	19

Source: GAO analysis of Education's IPEDS data.

Note: Dollar figures per student represent median dollars and are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Table 9: Revenues from Pell Grants and Other Federal Grants, Fiscal Years 1999, 2009, and Percentage Change

School type	1999	2009	Percentage change (1999-2009)
All public schools			
Pell Grant $ per student	923	1,312	42
Other federal grant $ per student	69	86	25
Public research			
Pell Grant $ per student	574	731	27
Other federal grant $ per student	105	130	24
Public master's and baccalaureate			
Pell Grant $ per student	892	1,136	27
Other federal grant $ per student	76	116	53
Public associate's			
Pell Grant $ per student	1,019	1,508	48
Other federal grant $ per student	58	68	17
Public specialty			
Pell Grant $ per student	764	963	26
Other federal grant $ per student	217	187	-14
All private nonprofit schools			
Pell Grant $ per student	737	911	24
Other federal grant $ per student	297	239	-20
Private nonprofit research			
Pell Grant $ per student	354	335	-5
Other federal grant $ per student	364	286	-21
Private nonprofit master's			
Pell Grant $ per student	587	754	28

School type	1999	2009	Percentage change (1999-2009)
Other federal grant $ per student	247	218	-12
Private nonprofit baccalaureate			
Pell Grant $ per student	738	907	23
Other federal grant $ per student	328	279	-15
Private nonprofit associate's			
Pell Grant $ per student	1,219	1,480	21
Other federal grant $ per student	273	217	-21
Private nonprofit specialty			
Pell Grant $ per student	879	1,116	27
Other federal grant $ per student	291	215	-26

Source: GAO analysis of Education's IPEDS data.

Note: Dollar figures per student represent median dollars and are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Table 10: Average Loan Amount (in Dollars) by Federal Financial Loan Program, Award Years 1998-1999, 2008-2009, and Percentage Change

School type	Award year	FFEL Stafford Sub	FFELP Stafford Unsub	FFELP PLUS	FFELP Grad Prof PLUS	FDLP Stafford Sub	FDLP Stafford Unsub	FDLP PLUS	FDLP Grad Prof PLUS	Federal Perkins loans	Total
Public schools	1998-1999	3,471	3,553	5,644	0	3,777	3,788	5,956	0	1,715	**27,904**
	2009-2010	3,942	4,850	9,429	13,363	4,255	5,060	10,540	12,087	1,706	**65,232**
	Percentage change (1998-1999 to 2009-2010)	14	37	67		13	34	77		-1	**134**
Private nonprofit schools	1998-1999	4,579	5,989	8,256	0	4,282	5,365	8,135	0	1,782	**38,388**
	2009-2010	5,166	6,738	14,596	20,973	4,726	5,805	14,975	16,366	2,049	**91,394**
	Percentage change (1998-1999 to 2009-2010)	13	13	77		10	8	84		15	**138**

Source: GAO analysis of Education's NSLDS data.

Notes:

The Federal Family Education Loan (FFEL) Program included Subsidized and Unsubsidized Stafford Loans, Federal PLUS Loans, and Federal Consolidation Loans. As a result of the SAFRA Act, no further loans are to be made under the FFEL Program starting July 1, 2010. All Stafford, PLUS, and Consolidation Loans after this date will come directly from the Department of Education under the Federal Direct Loan Program (FDLP).

The Direct PLUS Loan Program enables parents to borrow to pay the costs of higher education for their dependent undergraduate and graduate students to pay their costs. Graduate and professional students may apply for PLUS Loans for their own expenses.

The purpose of the Federal Perkins Loan Program is to provide low-interest loans to help students in need of financial assistance cover the costs of postsecondary education.

Table 11: Revenues from State and Local Appropriations, Fiscal Years 1999, 2009, and Percentage Change

School type	1999	2009	Percentage change (1999-2009)
All public schools			
% of total revenue	34	28	
$ per student	6,839	6,311	-8
Public research			
% of total revenue	29	21	
$ per student	10,276	8,332	-19
Public master's and baccalaureate			
% of total revenue	41	34	
$ per student	6,884	6,099	-11
Public associate's			
% of total revenue	50	49	
$ per student	6,272	5,875	-6
Public specialty			
% of total revenue	18	19	
$ per student	33,308	24,854	-25
All private nonprofit schools			
% of total revenue	0.35	0.39	
$ per student	272	154	-43
Private nonprofit research			
% of total revenue	0.23	0.42	
$ per student	312	155	-50
Private nonprofit master's			
% of total revenue	0.46	0.28	
$ per student	259	122	-53

School type	1999	2009	Percentage change (1999-2009)
Private nonprofit baccalaureate			
% of total revenue	0.16	0.12	
$ per student	209	122	-42
Private nonprofit associate's			
% of total revenue	0.3	0.16	
$ per student	293	471	6
Private nonprofit specialty			
% of total revenue	1	0.84	
$ per student	678	239	-65

Source: GAO analysis of Education's IPEDS data.

Note: Dollar figures per student represent median dollars and are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Table 12: Revenues from Other Sources, Fiscal Years 1999, 2009, and Percentage Change

School type	1999	2009	Percentage change (1999-2009)
All public schools			
% of total revenue	33	27	
$ per student	1,964	899	-5
Public research			
% of total revenue	39	36	
$ per student	8,097	7,069	-13
Public master's and baccalaureate			
% of total revenue	22	15	
$ per student	3,468	2,682	-23
Public associate's			
% of total revenue	12	3	
$ per student	1,325	329	-75
Public specialty			
% of total revenue	58	48	
$ per student	11,478	7,530	-34
All private nonprofit schools			
% of total revenue	61	46	

School type	1999	2009	Percentage change (1999-2009)
$ per student	11,915	7,885	-34
Private nonprofit research			
% of total revenue	67	55	
$ per student	25,900	15,730	-39
Private nonprofit master's			
% of total revenue	40	26	
$ per student	8,320	5,861	-30
Private nonprofit baccalaureate			
% of total revenue	59	39	
$ per student	13,456	9,304	-31
Private nonprofit associate's			
% of total revenue	45	30	
$ per student	7,265	3,609	-50
Private nonprofit specialty			
% of total revenue	58	48	
$ per student	13,116	8,909	-32

Source: GAO analysis of Education's IPEDS data.

Note: Dollar figures per student represent median dollars and are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Table 13: Revenue from Federal Grants and Contracts, Fiscal Years 1999, 2009, and Percentage Change

School type	1999	2009	Percentage change (1999-2009)
All public schools			
% of total revenue	12	15	
$ per student	1,633	2,251	38
Public research			
% of total revenue	14	16	
$ per student	3,635	4,955	36
Public master's and baccalaureate			
% of total revenue	10	12	
$ per student	1,440	1,789	24
Public associate's			
% of total revenue	13	17	

School type	1999	2009	Percentage change (1999-2009)
$ per student	1,558	2,191	41
Public specialty			
% of total revenue	9	11	
$ per student	7,785	15,253	96
All private nonprofit schools			
% of total revenue	9	11	
$ per student	643	569	-12
Private nonprofit research			
% of total revenue	12	16	
$ per student	4,176	4,137	-1
Private nonprofit master's			
% of total revenue	4	3	
$ per student	489	408	-17
Private nonprofit baccalaureate			
% of total revenue	3	3	
$ per student	613	498	-19
Private nonprofit associate's			
% of total revenue	3	4	
$ per student	954	942	-1
Private nonprofit specialty			
% of total revenue	8	8	
$ per student	703	578	-18

Source: GAO analysis of Education's IPEDS data.

Note: Dollar figures per student represent median dollars and are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Table 14: Revenues from State and Local Grants and Contracts, Fiscal Years 1999, 2009, and Percentage Change

School type	1999	2009	Percentage change (1999-2009)
All public schools			
% of total revenue	4	7	
$ per student	525	883	68
Public research			
% of total revenue	3	6	

School type	1999	2009	Percentage change (1999-2009)
$ per student	742	1,906	157
Public master's and baccalaureate			
% of total revenue	3	5	
$ per student	456	791	73
Public associate's			
% of total revenue	6	7	
$ per student	480	781	63
Public specialty			
% of total revenue	5	9	
$ per student	1,552	3,677	137
All private nonprofit schools			
% of total revenue	1	1	
$ per student	348	313	-10
Private nonprofit research			
% of total revenue	1	1	
$ per student	580	551	-5
Private nonprofit master's			
% of total revenue	1	1	
$ per student	236	230	-3
Private nonprofit baccalaureate			
% of total revenue	1	1	
$ per student	325	245	-25
Private nonprofit associate's			
% of total revenue	2	1	
$ per student	970	593	-39
Private nonprofit specialty			
% of total revenue	3	3	
$ per student	475	371	-22

Source: GAO analysis of Education's IPEDS data.

Note: Dollar figures per student represent median dollars and are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Appendix IV: Information on How Schools Ensure Federal Student Aid Dollars Are Appropriately Awarded to Students

Processes Used to Verify FAFSA Information at Schools We Visited

Officials at the schools we visited told us their policy is to verify application information for the selected number of students identified by Education, use their own criteria for verification or, in some cases, go beyond the minimum checks required by Education. For example, several school policies include verifying FAFSA information for:

- 100 percent of total student enrollment, or
- other identified at-risk populations, including students who are young and financially independent, have children, are married, file an estimated tax form, or have family income below $5,000.

Errors Found During Verification Process and Contributing Factors

According to Education officials, FAFSA verification at schools ranks among its top 10 annual findings of noncompliance with federal financial aid regulations. Analysis of Education's data on FAFSA verification findings at schools from January 2007 through December 2010 identified common problems with incomplete or unresolved verification. Specifically, program reviews and audits of selected schools revealed schools' failure to:

- complete verification for selected students,
- resolve conflicting information found on applications or in documentation used to verify application elements, or
- maintain the appropriate documentation to demonstrate completed verification.

Schools we visited also identified common errors made by applicants and found during FAFSA verification, including mistakes in reporting:

- adjusted gross income,
- household size, and
- amount paid in taxes.

Schools attributed these errors largely to students' and families' limited understanding of application requirements and to the complexity of income tax returns. For example, families incorrectly reported untaxed income or did not understand the differences between taxes withheld and taxes paid.

Sources: GAO analysis of Education data and information collected from site visits.

Appendix V: Faculty and Staff Compensation at Public and Private Nonprofit Schools

Tables 15-17 of this appendix contain information on salaries and benefits of faculty and staff at public and private nonprofit schools.

Table 15: Average Faculty Salaries by School Type, School Years 2003-2004, 2005-2006, 2007-2008 and 2009-2010, in Dollars

		2003-2004	2005-2006	2007-2008	2009-2010	Percentage change
Public research	Professor	107,687	108,437	110,981	113,950	6
	Associate professor	75,333	75,820	77,102	78,671	4
	Assistant professor	64,257	64,521	65,736	67,212	5
	Instructor	42,768	42,893	43,769	44,062	3
	Lecturer	49,804	49,269	49,091	50,470	1
	No academic rank	47,789	51,003	52,104	54,002	13
	All instructional staff	80,416	80,051	80,982	82,784	3
Public master's and baccalaureate	Professor	84,871	83,079	84,232	86,249	2
	Associate professor	67,362	66,319	67,482	68,966	2
	Assistant professor	56,500	55,991	57,009	58,129	3
	Instructor	42,547	42,034	42,279	43,107	1
	Lecturer	48,072	46,097	47,359	48,061	0
	No academic rank	50,698	47,907	49,639	52,458	3
	All instructional staff	66,001	64,447	65,106	66,669	1
Public associate's	Professor	72,421	71,205	70,646	71,441	-1
	Associate professor	61,003	59,645	59,747	60,773	0
	Assistant professor	53,625	52,541	52,749	54,085	1
	Instructor	63,701	61,404	63,241	64,626	1
	Lecturer	47,102	49,006	48,709	51,630	10
	No academic rank	55,272	54,541	54,784	55,623	1
	All instructional staff	61,134	59,796	60,451	61,555	1
Public specialty	Professor	93,560	96,952	101,984	104,876	12
	Associate professor	75,591	77,709	78,323	83,109	10
	Assistant professor	61,645	62,959	64,631	66,694	8
	Instructor	48,853	49,086	48,687	50,421	3
	Lecturer	52,578	50,226	53,702	58,100	11
	No academic rank	44,603	44,751	38,487	39,208	-12
	All instructional staff	68,915	70,479	70,616	73,431	7
Private research	Professor	133,653	135,786	138,731	144,189	8
	Associate professor	87,088	87,105	89,154	91,751	5
	Assistant professor	74,724	74,518	75,440	78,772	5
	Instructor	51,538	51,345	51,726	56,808	10

		2003-2004	2005-2006	2007-2008	2009-2010	Percentage change
	Lecturer	57,916	55,964	57,398	59,189	2
	No academic rank	65,621	59,520	64,979	66,583	1
	All instructional staff	99,430	99,071	100,258	103,439	4
Private master's	Professor	84,701	83,357	84,162	86,379	2
	Associate professor	67,098	66,496	66,541	68,031	1
	Assistant professor	55,444	55,172	55,220	56,698	2
	Instructor	44,532	44,471	45,595	46,266	4
	Lecturer	46,356	47,383	48,954	51,674	11
	No academic rank	55,178	48,964	48,478	51,470	-7
	All instructional staff	66,113	65,266	65,355	67,118	2
Private baccalaureate	Professor	84,194	84,177	85,176	86,744	3
	Associate professor	63,377	63,399	63,789	65,128	3
	Assistant professor	52,747	52,386	52,466	53,489	1
	Instructor	42,653	41,855	42,212	43,137	1
	Lecturer	51,059	49,811	50,352	52,320	2
	No academic rank	61,089	61,727	61,530	62,460	2
	All instructional staff	64,626	64,454	64,741	66,158	2
Private associate's	Professor	55,821	58,080	60,609	61,445	10
	Associate professor	48,047	49,846	51,812	52,906	10
	Assistant professor	44,927	45,140	46,459	47,560	6
	Instructor	39,056	39,195	40,420	43,121	10
	Lecturer	37,853	43,775	32,431	31,447	-17
	No academic rank	47,292	47,857	51,719	48,833	3
	All instructional staff	46,516	47,379	49,030	50,131	8
Private specialty	Professor	78,529	81,830	80,380	83,709	7
	Associate professor	65,246	65,435	64,397	65,930	1
	Assistant professor	54,425	54,404	53,888	56,485	4
	Instructor	45,912	43,233	43,922	45,085	-2
	Lecturer	56,889	57,968	54,371	59,868	5
	No academic rank	54,422	56,916	59,482	61,800	14
	All instructional staff	63,415	65,132	64,701	67,700	7

Source: GAO analysis of IPEDS Human Resources component.

Note: All figures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Table 16: Average Faculty Benefits by School Type, School Years 2003-2004, 2005-2006, 2007-2008 and 2009-2010, in Dollars

		2003-2004	2005-2006	2007-2008	2009-2010	Percentage increase
Public research	Average fringe benefits	20,199	20,728	21,609	22,369	10.7
	Average medical/dental expenditures	13,492	14,639	15,694	16,924	25.4
Public master's and baccalaureate	Average fringe benefits	18,041	18,593	18,980	19,844	10.0
	Average medical/dental expenditures	13,305	15,082	15,014	16,375	23.1
Public associate's	Average fringe benefits	16,157	16,902	17,662	18,111	12.1
	Average medical/dental expenditures	14,735	15,617	16,665	17,374	17.9
Public specialty	Average fringe benefits	17,200	18,865	19,483	20,604	19.8
	Average medical/dental expenditures	11,056	13,149	15,139	15,267	38.1
Private research	Average fringe benefits	25,567	25,863	26,679	27,578	7.9
	Average medical/dental expenditures	13,862	14,728	15,936	17,221	24.2
Private master's	Average fringe benefits	17,570	17,551	17,897	18,783	6.9
	Average medical/dental expenditures	11,269	12,531	13,341	14,457	28.3
Private baccalaureate	Average fringe benefits	17,351	17,729	18,303	18,767	8.2
	Average medical/dental expenditures	11,112	11,839	12,758	13,756	23.8
Private associate's	Average fringe benefits	13,443	13,360	14,836	15,202	13.1
	Average medical/dental expenditures	12,071	12,795	14,194	15,475	28.2
Private specialty	Average fringe benefits	17,858	17,193	17,709	18,246	2.2
	Average medical/dental expenditures	13,104	13,549	14,761	15,735	20.1

Source: GAO analysis of IPEDS Human Resources component.

Note: All figures are adjusted for inflation and presented in fiscal year 2009 constant dollars.

Table 17: Percentage of Noninstructional Staff by Salary, School Years 2003-2004, 2005-2006, 2007-2008 and 2009-2010

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
Public research	Executive, administrative, and managerial	below $30,000	1	1	1	0	-1
		$30,000-$39,999	5	4	3	2	-3
		$40,000-$49,999	10	9	7	6	-4
		$50,000-$64,999	18	16	15	13	-5
		$65,000-$79,999	18	17	16	16	-2
		$80,000-$99,999	19	20	20	20	1
		$100,000 and over	28	33	39	42	14
	Other professional	below $30,000	10	7	4	3	-7
		$30,000-$39,999	28	25	21	18	-10
		$40,000-$49,999	26	27	27	26	0
		$50,000-$64,999	21	24	26	27	6
		$65,000-$79,999	9	10	12	14	5
		$80,000-$99,999	3	5	6	8	5
		$100,000 and over	2	3	3	4	2
	Technical and paraprofessional	below $20,000	5	3	2	2	-3
		$20,000-$29,999	39	32	25	22	-17
		$30,000-$39,999	34	37	36	35	1
		$40,000-$49,999	15	18	22	23	8
		$50,000 and over	7	10	16	18	11
	Clerical and secretarial	below $20,000	11	6	3	2	-9
		$20,000-$29,999	50	45	37	32	-18
		$30,000-$39,999	33	39	42	43	10
		$40,000-$49,999	6	9	16	19	13
		$50,000 and over	0	1	2	4	4
	Skilled crafts	below $20,000	3	2	1	1	-2
		$20,000-$29,999	27	22	16	14	-13
		$30,000-$39,999	36	33	29	27	-9
		$40,000-$49,999	20	23	28	29	9
		$50,000 and over	15	19	25	29	14
	Service/maintenance	below $20,000	32	25	18	13	-19
		$20,000-$29,999	46	47	47	45	-1
		$30,000-$39,999	16	21	26	29	13
		$40,000-$49,999	3	4	6	8	5
		$50,000 and over	2	3	4	5	3

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
Public master and baccalaureate	Executive, administrative, and managerial	below $30,000	3	2	1	1	-2
		$30,000-$39,999	6	5	4	3	-3
		$40,000-$49,999	12	11	10	7	-5
		$50,000-$64,999	20	19	18	16	-4
		$65,000-$79,999	20	20	18	18	-2
		$80,000-$99,999	19	20	20	21	2
		$100,000 and over	19	24	29	33	14
	Other professional	below $30,000	16	12	9	7	-9
		$30,000-$39,999	30	29	25	22	-8
		$40,000-$49,999	26	27	26	26	0
		$50,000-$64,999	19	21	24	26	7
		$65,000-$79,999	6	8	10	12	6
		$80,000-$99,999	2	3	4	6	4
		$100,000 and over	1	1	2	2	1
	Technical and paraprofessional	below $20,000	6	4	3	3	-3
		$20,000-$29,999	32	28	22	19	-13
		$30,000-$39,999	36	39	36	35	-1
		$40,000-$49,999	18	20	24	26	8
		$50,000 and over	7	9	15	19	12
	Clerical and secretarial	below $20,000	16	11	8	6	-10
		$20,000-$29,999	52	50	43	36	-16
		$30,000-$39,999	26	31	36	40	14
		$40,000-$49,999	5	7	11	14	9
		$50,000 and over	1	1	2	4	3
	Skilled crafts	below $20,000	6	3	3	2	-4
		$20,000-$29,999	33	30	23	20	-13
		$30,000-$39,999	32	31	31	31	-1
		$40,000-$49,999	16	19	22	23	7
		$50,000 and over	14	17	22	24	10
	Service/maintenance	below $20,000	32	26	20	17	-15
		$20,000-$29,999	46	48	45	41	-5
		$30,000-$39,999	16	20	25	29	13
		$40,000-$49,999	4	5	7	8	4
		$50,000 and over	1	2	3	4	3
Public associate's	Executive, administrative, and managerial	below $30,000	2	1	1	1	-1
		$30,000-$39,999	6	5	3	2	-4

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
		$40,000-$49,999	13	11	9	8	-5
		$50,000-$64,999	24	23	20	19	-5
		$65,000-$79,999	23	23	22	21	-2
		$80,000-$99,999	19	21	22	23	4
		$100,000 and over	13	17	23	26	13
	Other professional	below $30,000	13	10	6	5	-8
		$30,000-$39,999	31	28	24	21	-10
		$40,000-$49,999	28	29	28	27	-1
		$50,000-$64,999	20	23	26	28	8
		$65,000-$79,999	6	8	11	12	6
		$80,000-$99,999	1	2	4	5	4
		$100,000 and over	0	0	1	1	1
	Technical and paraprofessional	below $20,000	5	4	3	2	-3
		$20,000-$29,999	26	23	17	14	-12
		$30,000-$39,999	36	36	33	31	-5
		$40,000-$49,999	21	22	24	26	5
		$50,000 and over	12	15	23	27	15
	Clerical and secretarial	below $20,000	13	9	6	4	-9
		$20,000-$29,999	46	42	36	31	-15
		$30,000-$39,999	29	33	34	35	6
		$40,000-$49,999	9	13	16	19	10
		$50,000 and over	2	4	8	11	9
	Skilled crafts	below $20,000	7	4	3	3	-4
		$20,000-$29,999	30	22	18	16	-14
		$30,000-$39,999	31	32	30	27	-4
		$40,000-$49,999	21	24	25	25	4
		$50,000 and over	11	17	24	29	18
	Service/maintenance	below $20,000	24	18	12	10	-14
		$20,000-$29,999	42	42	40	37	-5
		$30,000-$39,999	23	26	28	29	6
		$40,000-$49,999	7	10	14	16	9
		$50,000 and over	3	4	6	8	5
Public specialty	Executive, administrative, and managerial	below $30,000	4	2	1	1	-3
		$30,000-$39,999	10	8	6	6	-4
		$40,000-$49,999	14	11	10	8	-6
		$50,000-$64,999	18	18	18	15	-3

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
		$65,000-$79,999	17	17	16	15	-2
		$80,000-$99,999	15	18	19	20	5
		$100,000 and over	22	26	29	34	12
	Other professional	below $30,000	12	8	5	6	-6
		$30,000-$39,999	28	22	16	15	-13
		$40,000-$49,999	28	29	30	26	-2
		$50,000-$64,999	19	23	26	27	8
		$65,000-$79,999	8	10	12	12	4
		$80,000-$99,999	3	5	8	9	6
		$100,000 and over	2	3	4	6	4
	Technical and paraprofessional	below $20,000	9	7	5	5	-4
		$20,000-$29,999	38	34	30	25	-13
		$30,000-$39,999	24	28	30	28	4
		$40,000-$49,999	15	18	18	18	3
		$50,000 and over	14	14	18	23	9
	Clerical and secretarial	below $20,000	12	9	4	4	-8
		$20,000-$29,999	44	40	37	36	-8
		$30,000-$39,999	34	37	41	41	7
		$40,000-$49,999	9	12	14	15	6
		$50,000 and over	1	2	3	4	3
	Skilled crafts	below $20,000	3	2	2	2	-1
		$20,000-$29,999	26	28	18	21	-5
		$30,000-$39,999	33	31	31	29	-4
		$40,000-$49,999	26	24	27	23	-3
		$50,000 and over	12	14	22	25	13
	Service/maintenance	below $20,000	27	31	28	21	-6
		$20,000-$29,999	47	40	39	39	-8
		$30,000-$39,999	17	18	20	23	6
		$40,000-$49,999	5	5	7	8	3
		$50,000 and over	4	6	6	9	5
Private research	Executive, administrative, and managerial	below $30,000	2	1	1	0	-2
		$30,000-$39,999	9	6	4	4	-5
		$40,000-$49,999	15	13	10	10	-5
		$50,000-$64,999	22	21	20	19	-3
		$65,000-$79,999	17	17	18	17	0
		$80,000-$99,999	15	16	18	18	3

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
		$100,000 and over	21	25	29	32	11
	Other professional	below $30,000	8	5	3	2	-6
		$30,000-$39,999	24	19	15	12	-12
		$40,000-$49,999	26	27	24	22	-4
		$50,000-$64,999	24	26	28	29	5
		$65,000-$79,999	10	13	15	18	8
		$80,000-$99,999	5	6	9	11	6
		$100,000 and over	3	4	5	7	4
	Technical and paraprofessional	below $20,000	4	2	2	1	-3
		$20,000-$29,999	35	26	21	17	-18
		$30,000-$39,999	36	40	39	36	0
		$40,000-$49,999	16	18	20	23	7
		$50,000 and over	10	13	18	22	12
	Clerical and secretarial	below $20,000	4	3	1	1	-3
		$20,000-$29,999	41	32	24	19	-22
		$30,000-$39,999	38	42	43	41	3
		$40,000-$49,999	14	18	23	27	13
		$50,000 and over	2	5	9	12	10
	Skilled crafts	below $20,000	1	1	0	0	-1
		$20,000-$29,999	8	7	3	2	-6
		$30,000-$39,999	26	21	16	12	-14
		$40,000-$49,999	33	33	31	25	-8
		$50,000 and over	31	38	50	61	30
	Service/maintenance	below $20,000	16	12	7	4	-12
		$20,000-$29,999	48	45	39	38	-10
		$30,000-$39,999	27	31	34	33	6
		$40,000-$49,999	7	10	14	18	11
		$50,000 and over	2	3	5	7	5
Private master	Executive, administrative, and managerial	below $30,000	6	4	3	2	-4
		$30,000-$39,999	14	11	10	7	-7
		$40,000-$49,999	18	17	15	13	-5
		$50,000-$64,999	22	22	21	22	0
		$65,000-$79,999	15	16	17	17	2
		$80,000-$99,999	11	13	14	15	4
		$100,000 and over	14	16	21	23	9
	Other professional	below $30,000	25	20	14	12	-13

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
		$30,000-$39,999	36	35	32	30	-6
		$40,000-$49,999	22	24	26	27	5
		$50,000-$64,999	12	15	18	20	8
		$65,000-$79,999	4	5	7	8	4
		$80,000-$99,999	1	2	3	4	3
		$100,000 and over	0	1	1	1	1
	Technical and paraprofessional	below $20,000	11	6	5	4	-7
		$20,000-$29,999	36	32	27	21	-15
		$30,000-$39,999	30	34	34	36	6
		$40,000-$49,999	16	17	20	21	5
		$50,000 and over	7	10	14	18	11
	Clerical and secretarial	below $20,000	20	15	11	8	-12
		$20,000-$29,999	57	54	47	42	-15
		$30,000-$39,999	19	26	33	37	18
		$40,000-$49,999	3	5	7	10	7
		$50,000 and over	0	1	2	3	3
	Skilled crafts	below $20,000	8	5	4	5	-3
		$20,000-$29,999	30	24	21	14	-16
		$30,000-$39,999	37	35	32	32	-5
		$40,000-$49,999	17	23	26	27	10
		$50,000 and over	8	12	17	22	14
	Service/maintenance	below $20,000	37	28	21	17	-20
		$20,000-$29,999	43	47	48	47	4
		$30,000-$39,999	15	18	20	23	8
		$40,000-$49,999	4	5	8	9	5
		$50,000 and over	1	2	2	3	2
Private baccalaureate	Executive, administrative, and managerial	below $30,000	7	5	4	2	-5
		$30,000-$39,999	16	13	11	9	-7
		$40,000-$49,999	19	18	16	15	-4
		$50,000-$64,999	23	23	23	23	0
		$65,000-$79,999	14	15	16	16	2
		$80,000-$99,999	10	11	13	14	4
		$100,000 and over	11	14	17	20	9
	Other professional	below $30,000	31	26	20	18	-13
		$30,000-$39,999	33	33	31	29	-4
		$40,000-$49,999	20	21	24	24	4

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
		$50,000-$64,999	11	14	17	19	8
		$65,000-$79,999	3	4	6	7	4
		$80,000-$99,999	1	1	2	3	2
		$100,000 and over	0	0	1	1	1
	Technical and paraprofessional	below $20,000	14	8	7	7	-7
		$20,000-$29,999	32	26	23	18	-14
		$30,000-$39,999	35	36	33	32	-3
		$40,000-$49,999	14	20	23	25	11
		$50,000 and over	6	10	14	18	12
	Clerical and secretarial	below $20,000	24	18	11	7	-17
		$20,000-$29,999	56	55	50	46	-10
		$30,000-$39,999	18	24	31	36	18
		$40,000-$49,999	2	4	6	9	7
		$50,000 and over	0	0	1	2	2
	Skilled crafts	below $20,000	6	3	3	2	-4
		$20,000-$29,999	29	24	15	14	-15
		$30,000-$39,999	34	34	33	32	-2
		$40,000-$49,999	24	27	29	28	4
		$50,000 and over	7	11	20	25	18
	Service/maintenance	below $20,000	39	31	24	19	-20
		$20,000-$29,999	41	44	45	45	4
		$30,000-$39,999	16	19	23	25	9
		$40,000-$49,999	3	4	6	8	5
		$50,000 and over	1	1	2	2	1
Private associate's	Executive, administrative, and managerial	below $30,000	7	6	4	3	-4
		$30,000-$39,999	18	15	14	12	-6
		$40,000-$49,999	20	19	19	18	-2
		$50,000-$64,999	23	26	22	22	-1
		$65,000-$79,999	14	14	15	16	2
		$80,000-$99,999	10	10	13	14	4
		$100,000 and over	8	9	13	15	7
	Other professional	below $30,000	38	30	29	26	-12
		$30,000-$39,999	35	36	33	32	-3
		$40,000-$49,999	17	20	21	23	6
		$50,000-$64,999	9	10	12	14	5
		$65,000-$79,999	1	3	4	4	3

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
		$80,000-$99,999	0	0	1	1	1
		$100,000 and over	0	0	0	0	0
	Technical and paraprofessional	below $20,000	8	6	10	12	4
		$20,000-$29,999	27	37	30	29	2
		$30,000-$39,999	40	39	33	31	-9
		$40,000-$49,999	18	12	18	18	0
		$50,000 and over	7	6	10	9	2
	Clerical and secretarial	below $20,000	28	21	17	14	-14
		$20,000-$29,999	50	52	47	43	-7
		$30,000-$39,999	18	22	29	34	16
		$40,000-$49,999	3	5	6	7	4
		$50,000 and over	1	1	2	2	1
	Skilled crafts	below $20,000	12	7	1	6	-6
		$20,000-$29,999	30	26	21	13	-17
		$30,000-$39,999	36	37	43	33	-3
		$40,000-$49,999	16	25	27	38	22
		$50,000 and over	6	5	9	11	5
	Service/maintenance	below $20,000	40	30	27	22	-18
		$20,000-$29,999	44	49	46	47	3
		$30,000-$39,999	13	14	18	21	8
		$40,000-$49,999	3	5	6	6	3
		$50,000 and over	1	2	3	3	2
Private specialty	Executive, administrative, and managerial	below $30,000	6	4	3	2	-4
		$30,000-$39,999	12	10	8	6	-6
		$40,000-$49,999	17	16	16	12	-5
		$50,000-$64,999	22	22	21	20	-2
		$65,000-$79,999	15	15	16	17	2
		$80,000-$99,999	12	13	14	16	4
		$100,000 and over	17	19	22	27	10
	Other professional	below $30,000	19	16	11	9	-10
		$30,000-$39,999	30	28	24	21	-9
		$40,000-$49,999	24	25	26	24	0
		$50,000-$64,999	18	19	23	24	6
		$65,000-$79,999	7	8	10	13	6
		$80,000-$99,999	2	4	5	7	5
		$100,000 and over	1	1	1	3	2

School type	Occupation/title	Salary	2003-2004	2005-2006	2007-2008	2009-2010	Change
	Technical and paraprofessional	below $20,000	6	8	4	3	-3
		$20,000-$29,999	37	26	23	17	-20
		$30,000-$39,999	32	34	35	33	1
		$40,000-$49,999	15	18	20	21	6
		$50,000 and over	10	15	19	25	15
	Clerical and secretarial	below $20,000	12	9	7	5	-7
		$20,000-$29,999	46	38	32	25	-21
		$30,000-$39,999	32	37	39	41	9
		$40,000-$49,999	8	11	15	19	11
		$50,000 and over	3	5	7	10	7
	Skilled crafts	below $20,000	11	6	6	4	-7
		$20,000-$29,999	25	20	20	11	-14
		$30,000-$39,999	26	26	25	23	-3
		$40,000-$49,999	27	30	27	25	-2
		$50,000 and over	11	18	22	36	25
	Service/maintenance	below $20,000	28	20	13	10	-18
		$20,000-$29,999	49	45	43	40	-9
		$30,000-$39,999	18	29	34	38	20
		$40,000-$49,999	4	5	7	9	5
		$50,000 and over	1	2	3	4	3

Source: GAO analysis of IPEDS Human Resources component.

Note: Salary categories are not adjusted for inflation.

Appendix VI: Rates and Status of Nongraduates After 6 Years, Public and Private Nonprofit Students

Table 18: Graduation Rates (Percentage)

	BPS 1995-1996	BPS 2003-2004
Overall	49.7	49.8
4-year schools	64.8	66.5
Public	60.0	64.9
Private nonprofit	73.1	69.6
2-year schools	36.5	34.3
Public	36.0	34.1
Private nonprofit	58.0[b]	46.9[a, b]
Gender		
4-year schools		
Male	60.8	62.8
Female	68.0	69.5
2-year schools		
Male	37.7	31.8
Female	35.4[a]	36.3
Race/Ethnicity		
4-year schools		
White	67.9	69.8
Black	50.0[b]	50.9[b]
Hispanic	50.9[b]	54.6[b]
Asian/Pacific Islander	71.1[a, b]	73.6[a, b]
2-year schools		
White	38.0[b]	38.3
Black	27.9[b]	26.1
Hispanic	33.5 [a, b]	26.7
Asian/Pacific Islander	40.3[b]	38.2[a, b]
Dependency status		
4-year schools		
Dependent	67.2	69.7
Independent	34.7[b]	30.5[b]
2-year schools		
Dependent	39.3[b]	38.8
Independent	31.4[a, b]	26.5
Income: dependent students		
4-year schools		
Less than $20,000	57.4	53.5[b]

	BPS 1995-1996	BPS 2003-2004
$20,000 - $39,999	59.4[a]	62.9
$40,000 - $59,999	67.8	65.8
$60,000 - $79,999	70.3	71.9
$80,000 - $99,999	76.7	73.2
$100,000 or more	77.7	79.7
2-year schools		
Less than $20,000	40.5[b]	34.8[b]
$20,000 - $39,999	38.2[a, b]	35.1[a]
$40,000 - $59,999	39.3[a, b]	39.8[a]
$60,000 - $79,999	33.5[a, b]	41.9[a, b]
$80,000 - $99,999		39.1[a, b]
$100,000 or more		43.6[b]
Income: independent students		
4-year schools		
Less than $20,000	38.0[b]	30.3[b]
$20,000 - $39,999		29.3[a, b]
$40,000 - $59,999		
$60,000 - $79,999		
$80,000 - $99,999		
$100,000 or more		
2-year schools		
Less than $20,000	39.7[b]	24.0[b]
$20,000 - $39,999	26.9[a, b]	26.2[a, b]
$40,000 - $59,999		27.8[a, b]
$60,000 - $79,999		30.7[a, b]
$80,000 - $99,999		
$100,000 or more		
Pell Grant recipient status		
4-year schools		
Nonrecipients	69.7	71.2
Recipients	56.3	58.7
2-year schools		
Nonrecipients	33.4[b]	32.7
Recipients	41.7[b]	36.5[a]
Transfer status		
4-year schools		
Nontransfer	71.9	73.8

	BPS 1995-1996	BPS 2003-2004
Transfer	44.8	44.9
2-year schools		
Nontransfer	24.5	23.9
Transfer	53.4[b]	49.9

Source: GAO analysis of BPS data.

Note: Missing cells indicate that sample size for students within this category was not sufficient to produce a reliable graduation rate estimate.

[a]Graduation rate is not statistically different from the first category listed within the school group.

[b]Sampling error for this estimate is greater than ±5 percentage points.

Table 19: Degrees Attained (Percentage)

	BPS 1995-1996	BPS 2003-2004
4-year schools		
Certificate	3.8	2.0
Associate	5.8	5.7
Bachelor	90.4	92.3
2-year schools		
Certificate	30.1	25.5
Associate	42.0	41.1
Bachelor	27.9	33.4

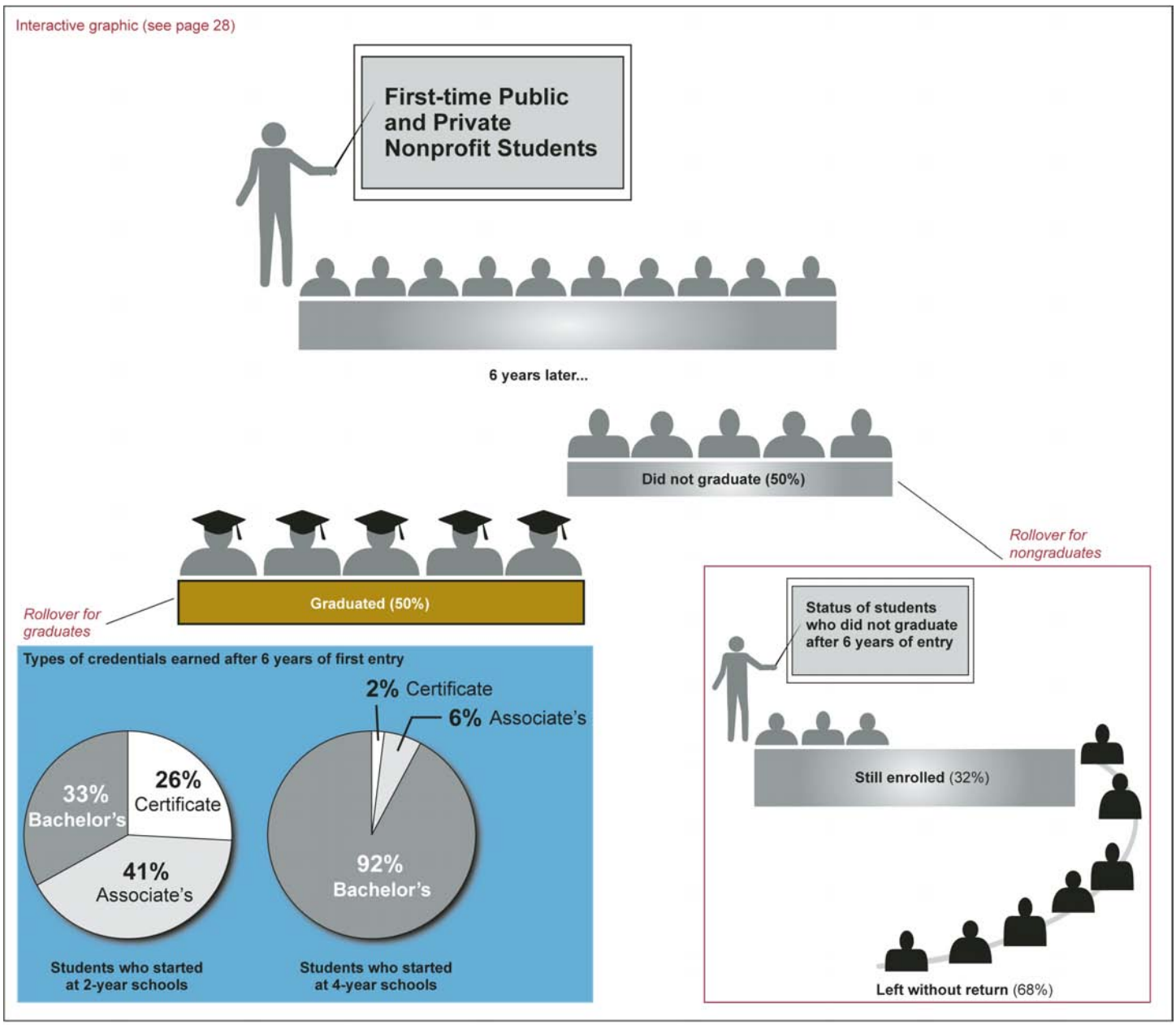
Source: GAO analysis of BPS data.

Table 20: Status of Nongraduates (Percentage)

	BPS 1995-1996	BPS 2003-2004
Still enrolled	31.3	31.8
Left without return	68.7	68.2

Source: GAO analysis of BPS data.

Appendix VII: Status of Public and Private Nonprofit Undergraduate Students After 6 Years of First Entry



Source: GAO analysis of 2003-2004 BPS data.

Appendix VIII: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the individual named above, the following staff members made important contributions to this report: Meeta Engle, Assistant Director; Claudine Pauselli, Analyst-in-Charge; Rachel Beers, Senior Analyst; and Kai Carter, Analyst. Also, John Mingus and Lorraine Ettaro provided guidance on the study's design and data analysis; Jessica Botsford provided legal advice; Mimi Nguyen and Jeremy Sebest assisted with report graphics; Susan Aschoff advised the team on writing the report; Susan Chin, Nicole Harkin, and Ellen Phelps Ranen verified our findings; Deborah Bland provided administrative assistance throughout the engagement.

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