

THE CHRONICLE

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September 9, 2009

Administrative Salaries Drive Rise in Higher Education Price Index

By Goldie Blumenstyk

The cost of goods, services, pay, and benefits in higher education rose 2.3 percent for the year ending June 30—a figure that is nearly a percentage point higher than the Consumer Price Index for the same period but less than half the 5-percent rate that colleges experienced in the 2008 fiscal year.

The Commonfund Institute, which calculates the annual Higher Education Price Index figure and released it on Wednesday, said administrative salaries and fringe-benefit costs showed the biggest increases.

Administrative salaries rose by 5.4 percent, up from 5 percent a year earlier; fringe-benefit costs went up by 3.6 percent, down from 5.5 percent in the previous year.

Salaries for faculty members rose by 3.4 percent, down from the previous year's rate of 4.1 percent.

The index also takes into account changes in clerical salaries, service employees' salaries, and the cost of supplies and materials, and of utilities. Although the supplies and utilities costs are not weighted as heavily in calculating the index as are such factors as faculty and clerical salaries, the Commonfund Institute said the chief cause for

the decline in the index in 2009 was the slowing rates of inflation for supplies, materials, and utilities.

For the first time, the Commonfund Institute also provided an estimate of the Higher Education Price Index by region, using regional faculty-salary and fringe-benefit information, which accounts for nearly half the weighting in the calculation formula. (The institute did not factor in any region-specific information for any of the other factors.) Of the regions, New England had the highest rate, 3.4 percent, while the East South Central and the South Atlantic regions, with rates of 2 percent, had the lowest.

In calculating the index this year, the institute used data from sources entirely aligned with the July-to-June fiscal year. In the past, some of the data were drawn from sources that report on the calendar year, and so the information was sometimes out of date. As part of the change, the institute has also gone back and recalculated the index for the years since 2002. This explains why the rate of 5 percent it now ascribes to the 2008 annual index differs from the rate it [announced](#) in July 2008.

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The Chronicle of Higher Education 1255 Twenty-Third St, N.W. Washington.