higher education is very similar to other sectors with rapidly rising benefits costs: “As in other industries, benefits costs—including medical and dental plans, retirement contributions, Social Security and unemployment insurance taxes, life and disability insurance plans, and tuition and housing benefits—are rising rapidly across all sectors of higher education.” Underscoring this point, the brief’s authors write that “rising benefits costs remain a concern across all types of colleges and universities, and have emerged as the primary driver of increased compensation costs.”

Fact 4: Faculty benefits are not a primary driver of cost in higher education.

Figure 6 presents benefits data for the most recently available five-year period. As we noted previously, only about 31 percent of overall salary expenditures are allocated to instructional faculty salary. Benefits represent only about 30 percent of the total compensation for full-time instructional faculty. Frequently, in higher education, benefits are expressed as a percentage of instructional, not institutional, costs. Because benefits make up a small proportion of the total compensation and an even smaller fraction of total two- and four-year institutional costs, it would take a massive spike in one or all types of benefits to explain the rapid increase across all sectors.

As figure 6 indicates, over the most recent five-year period, full-time faculty benefits increased for all institutions from 29.16 percent of the total of compensation to 30.84 percent, roughly a 5.76 percent increase over a five-year period, or slightly more than a 1 percent increase per year on average. This number is slightly smaller than the 6.12 percent increase in faculty salaries over the same five-year period, and the increase is smaller still in actual dollars, because total benefits account for only approximately 30 percent of total compensation costs. The largest increase in benefits as a percentage of the total compensation occurred at two-year institutions, where salaries are generally lower and benefits thus make up a larger share of total compensation.

Although faculty benefits do not account for the significant increase in net price tuition and are not the primary driver of cost for most sectors of higher education, faculty benefits are an important issue.

In January 2014, a provision of the Patient Protection and Affordable Care Act took effect that requires employers with...