



STATE OF INDIANA

Eric J. Holcomb
Governor

OFFICE OF MANAGEMENT & BUDGET

212 State House
Indianapolis, Indiana 46204-2796
317-232-5610

Micah Vincent
Director

To: Indiana State Board of Education, Governor Holcomb, and the Indiana General Assembly

From: Micah Vincent, OMB Director

Date: October 31, 2017

Re: Student Instructional Expenditure Report for the 2015 – 16 School Year

Per IC 20-42.5-3-5, the 2015-16 Student Instructional Expenditure Report provides analysis of school corporation expenditures reported to the Indiana Department of Education. Total expenditures in 2015-16 were \$11.9 Billion (an increase of roughly \$216.0 Million from the previous year). Of this total, \$6.8 Billion was spent on Student Instruction. The statewide Student Instructional Expenditures ratio (also known as the “Dollars to the Classroom” percentage) in 2015-16 was **57.3%**. This figure is higher than the previous year.

Percentage of Total School Expenditures on Student Instruction			
FY 2013	FY 2014	FY 2015	FY 2016
57.6%	57.4%	57.0%	57.3%

Student Instructional Expenditures are defined as the sum of two categories: *1-Student Academic Achievement* and *2-Student Instructional Support*. Non-Instructional Expenditures consist of the remaining two categories: *3-Overhead and Operational* and *4-Non-Operational*. The definitions of the four categories of expenditures are as follows:

- **Student Academic Achievement:** Defined as the activity between teachers and students. This category includes those direct expenditures related to instruction, providing instruction, instructional materials, and instructional supervision. Activities dealing directly with the teaching of pupils, including teachers (salaries and related fringe benefits), teacher aides, educational media services, textbooks, and instructional technology are included.
- **Student Instructional Support:** This category includes other expenditures for those services that support student academic achievement within the school building. Pupil support services included in these expenditures are attendance, social work, guidance, health, psychology, speech pathology, audiology, and school administration.
- **Overhead and Operational:** This category includes expenditures for non-instructional operating costs. Areas included are corporation administration, fiscal services (budgeting, payroll, and accounting), operation and maintenance of facilities, security, pupil transportation, food services, purchasing, and administrative technology.

- Non-Operational: This category includes expenditures that are not related to the day-to-day operation of public elementary and secondary education. Expenditures included in this category are facilities acquisition and construction, purchase of non-instructional equipment, and debt service obligations.

Expenditures for both instructional support (“dollars to the classroom”) and non-instructional support increased statewide in FY16 compared to FY15. Instructional support dollars increased statewide \$158 million, while non-instructional support increased \$58 million. In short, more money was spent overall, and more of that increase went to the classroom. Out of 371 school corporations and charter schools, 202 (or 54%) increased their percentage of dollars to the classroom from the previous year. Instructional support expenditures increased at a proportionally higher rate than non-instructional support expenditures. Within instructional support, the primary drivers of the increases were certified salaries (\$50 million increase), non-certified salaries (\$22 million increase), and group health insurance (\$12 million increase). Examples of non-certified salaries are teacher aides, aides to librarian, etc. As suggested in previous reports, school corporations currently not taking advantage of shared purchasing options and state health insurance options may be able to redirect more money toward the classroom through these tools, depending on current state cost and those at each school corporation. Academic performance can be positively impacted by the resources, both material and personnel, channeled to the classroom. The Office of Management and Budget and the Management and Performance Hub are currently examining the data contained within this report to further study the impact of dollars in the classroom and academic performance correlation.