



STATE OF INDIANA

Eric J. Holcomb
Governor

OFFICE OF MANAGEMENT & BUDGET

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Cristopher R. Johnston
Director

To: Honorable Eric Holcomb, Governor
Members of the Indiana General Assembly
Members of the Indiana State Board of Education

From: Cristopher R. Johnston, OMB Director

Date: March 28, 2024

Re: Student Instructional Expenditure Report for the 2021 – 2022 School Year

IC 20-42.5-3-5 requires the Office of Management and Budget to analyze and report on the ratio of student instructional expenditures to all other instructional expenditures for the previous year. The 2021-2022 Student Instructional Expenditure Report provides an analysis of school corporation expenditures reported to the Indiana Department of Education. Total expenditures in 2021-2022 were \$14.7 billion (an increase of \$1.1 billion from the previous year). Of this total, \$8.5 billion was spent on Student Instruction. The statewide Student Instructional Expenditures ratio (also known as the “Dollars to the Classroom” percentage) in 2021-2022 was **58.1%**. This figure is slightly lower than the previous year, as shown in the table below.

Percentage of Total School Expenditures on Student Instruction			
FY 2019	FY 2020	FY 2021	FY 2022
57.4%	57.3%	58.7%	58.1%

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.

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- 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 Student Instructional Support (“Dollars to the Classroom”) and Non-Instructional Support increased statewide in FY 2022 compared to FY 2021. The \$1.1 billion increase in total spending was evenly split between Instructional (\$580 million) and Non-Instructional Expenditures (\$564 million). Instructional Expenditures increased at a proportionally lower rate than Non-Instructional Expenditures resulting in the reduced “dollars to classroom” percentage for the 2021-2022 school year. A primary influence is most likely the receipt and spending of COVID pandemic relief funding in this reporting period. Because of the temporary nature of this funding, a greater proportion of the funds are presumed used for one-time investments in maintenance and capital improvements. This proportionality may persist in future reports as the expiration of pandemic K-12 funding expires in the next year. Selected Non-Instructional expenditure categories with significant increases included building acquisition, construction and improvements (\$124 million), building maintenance (\$77 million), and food purchases (\$74 million). It should be acknowledged that this period also experienced increased inflationary pressures on these types of expenditures.