



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: November 26, 2019

Re: Student Instructional Expenditure Report for the 2017 – 18 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 2017-18 Student Instructional Expenditure Report provides an analysis of school corporation expenditures reported to the Indiana Department of Education. Total expenditures in 2017-18 were \$12.5 Billion (an increase of \$257.4 Million from the previous year). Of this total, \$7.2 Billion was spent on Student Instruction. The statewide Student Instructional Expenditures ratio (also known as the “Dollars to the Classroom” percentage) in 2017-18 was **58.1%**. Although the statewide Dollars percentage remained at the same rate as the previous year and overall instructional expenditures increased as well, it should be noted that statewide non-instructional expenditures increased at a proportionally higher rate than instructional expenditures. Additionally, it is important to note that a change was made with regard to reporting. In FY 2017, Athletic Coaches were categorized as Student Instructional Support. Prior to FY 2017, Athletic Coaches were categorized as Non-Operational. Had this change not occurred, the Dollars to the Classroom percentage would have been 57.4% in both FY 2017 and FY 2018.

| Percentage of Total School Expenditures on Student Instruction | | | |
|--|---------|---------|---------|
| FY 2015 | FY 2016 | FY 2017 | FY 2018 |
| 57.0% | 57.3% | 58.1% | 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.

- 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 FY 2018 compared to FY 2017. Instructional support dollars increased statewide \$146.7 million (2.1%), while non-instructional support increased \$110.6 million (2.2%). Of the 389 school corporations and charter schools analyzed in this report, 195 (or 50.1%) increased their percentage of dollars to the classroom from the previous year. Within instructional support, the primary driver of this increase was certified salaries (\$44.2 million increase). Certified salaries are amounts paid to employees who are required to be certified by the Professional Standards Board in order to engage in a contractual agreement with the school corporation. Instructional staff salaries are recorded here. Within non-instructional support, the primary driver of the increase was construction services (\$28.6 million increase). Construction services includes amounts for constructing, renovating, and remodeling buildings or infrastructure assets.

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. Academic performance will be driven by the resources, both material and personnel, channeled to the classroom.