



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: October 30, 2020

Re: Student Instructional Expenditure Report for the 2018 – 19 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 2018-19 Student Instructional Expenditure Report provides an analysis of school corporation expenditures reported to the Indiana Department of Education. Total expenditures in 2018-19 were \$12.8 Billion (an increase of \$371.7 Million from the previous year). Of this total, \$7.4 Billion was spent on Student Instruction. The statewide Student Instructional Expenditures ratio (also known as the “Dollars to the Classroom” percentage) in 2018-19 was **57.4%**. This figure is lower than the previous year, as shown in the table below. Of the 389 school corporations and charter schools analyzed in this report, 190 (or 48.8%) increased their percentage of Dollars to the Classroom from the previous year.

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 FY 2017, 57.4% in FY 2018, and 56.7% in FY 2019.

Percentage of Total School Expenditures on Student Instruction			
FY 2016	FY 2017	FY 2018	FY 2019
57.3%	58.1%	58.1%	57.4%

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.

Student Instructional Expenditures and Non-Instructional Expenditures increased statewide in FY 2019 compared to FY 2018. However, Non-Instructional Expenditures increased at a proportionally higher rate than Student Instructional Expenditures. Student Instructional Expenditures increased \$128.1 million (1.8%), whereas Non-Instructional Expenditures increased \$243.6 million (4.7%). Consequently, the “Dollars to the Classroom” percentage decreased from 58.1% to 57.4%. Of the \$243.6 million increase in Non-Instructional Expenditures from FY 2018 to FY 2019, three expenditure accounts relating to school buildings (45100 - Building Acquisition Construction and Improvements, 26200 - Maintenance of Buildings, and 53150 - Buildings – Interest) comprised roughly \$167.9 million or 68.9% of the increase.