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

**From:** Micah Vincent, OMB Director

**Date:** January 18, 2019

**Re:** Student Instructional Expenditure Report for the 2016 – 17 School Year

Per IC 20-42.5-3-5, the 2016-17 Student Instructional Expenditure Report provides analysis of school corporation expenditures reported to the Indiana Department of Education. Total expenditures in 2016-17 were $12.2 Billion (an increase of roughly $286.8 Million from the previous year). Of this total, $7.1 Billion was spent on Student Instruction. The statewide Student Instructional Expenditures ratio (also known as the “Dollars to the Classroom” percentage) in 2016-17 was **58.1%**. This figure is higher than the previous year. It is important to note that a change was made with regard to reporting. In FY17, Athletic Coaches were categorized as Student Instructional Support. FY 16 and older, Athletic Coaches were categorized as Non-Operational. Had this change not occurred, the Dollars to the Classroom percentage would have been 57.4%.

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| **Percentage of Total School Expenditures on Student Instruction** | | | |
| FY 2014 | FY 2015 | FY 2016 | FY 2017 |
| 57.4% | 57.0% | 57.3% | 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 FY17 compared to FY16. Instructional support dollars increased statewide $262.8 million, while non-instructional support increased $23.9 million. In short, more money was spent overall, and more of that increase went to the classroom. Out of 381 school corporations and charter schools, 233 (or 61.2%) 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 ($117.0 million increase) and non-certified salaries ($49.7 million increase). Examples of non-certified salaries are teacher aides, aides to librarian, etc. As noted earlier, athletic coaches expenditures were moved from Non-Operational to Student Instructional Support as most coaches are also teachers and the contractual agreement for the coaching position can also be part of the teacher contract for the same. Athletic coaches expenditures were $84.1M in FY17.

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.