



STATE OF INDIANA

Eric J. Holcomb
Governor

OFFICE OF MANAGEMENT & BUDGET

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

From: Cristopher R. Johnston

Date: January 3rd, 2023

Re: Student Instructional Expenditure Report for the 2020 – 2021 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 2020-2021 Student Instructional Expenditure Report provides an analysis of school corporation expenditures reported to the Indiana Department of Education. Total expenditures in 2020-2021 were \$13.5 Billion (an increase of \$428 Million from the previous year). Of this total, \$7.9 Billion was spent on Student Instruction. The statewide Student Instructional Expenditures ratio (also known as the “Dollars to the Classroom” percentage) in 2020-2021 was **58.7%**. This figure is higher than the previous year, as shown in the table below.

Percentage of Total School Expenditures on Student Instruction			
FY 2018	FY 2019	FY 2020	FY 2021
58.1%	57.4%	57.3%	58.7%

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 increased statewide in FY 2021 compared to FY2020 while the Non-Instructional Expenditures decreased during the same time. Student Instructional Expenditures increased by \$445 Million and Non-Instructional Expenditures decreased by \$16 Million, leading to the 1.4% growth in the “Dollars to the Classroom” percentage. Within instructional support, the primary drivers of the increase were again Certified Salaries (\$119 Million increase) and Technology Related Supplies (\$100 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. Technology Related Supplies include supplies that are typically used in conjunction with technology-related hardware or software. Some examples are CDs, flash or jump drives, copiers, parallel cables, and monitor stands. E-readers, iPads as well as software costs that fall below capitalization thresholds are reported here as well.