



STATE OF INDIANA

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Governor

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Micah G. Vincent
Director

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

From: Micah Vincent, OMB Director

Date: December 2, 2016

Re: Student Instructional Expenditure Report for the 2014 – 15 School Year

Per IC 20-42.5-3-5, the 2014-15 Student Instructional Expenditure Report provides analysis of school corporation expenditures reported to the Indiana Department of Education. Total expenditures in 2014-15 were \$11.70 Billion (an increase of roughly \$158.5 Million from the previous year). Of this total, \$6.67 Billion was spent on Student Instruction. Despite an increase in statewide expenditures between 2011-12 and 2014-15 of roughly \$111 Million, expenditures in Student Instruction decreased by roughly \$63 Million over the four year period. The statewide Student Instructional Expenditures ratio (also known as the “Dollars to the Classroom” percentage) in 2014-15 was **57.0%**. This figure is lower than the previous year and has decreased over the past 4 years.

Percentage of Total School Expenditures on Student Instruction			
FY 2012	FY 2013	FY 2014	FY 2015
58.1%	57.6%	57.4%	57.0%

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 FY15 compared to FY14. Instructional support dollars increased statewide \$42 million, while non-instructional support increased \$116 million. In short, more money was spent overall, but less of that increase went to the classroom. Out of 371 school corporations and charter schools, only 175 (or 47%) increased their percentage of dollars to the classroom from the previous year. Even though instructional support expenditures increased, they increased at a proportionally lower rate than non-instructional support expenditures. Within non-instructional support, the primary drivers of the increases were construction (\$54 million increase), group health insurance (\$19.8 million increase), and non-certified salaries (\$14.6 million increase). Examples of non-certified salaries are cafeteria workers, bus drivers, general admin staff, school resource officers, etc. 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.