



APPENDIX A

INDIANA GOVERNMENT EFFICIENCY COMMISSION

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K-12 EDUCATION SUBCOMMITTEE

Analysis of Classroom and Non-classroom Expenditures

Performed by the

Indiana Fiscal Policy Institute

This report presents the results of an analysis performed by the Indiana Fiscal Policy Institute of “classroom” and “non-classroom” expenditures by individual K-12 Public Education “Fund” category (General, Debt Service, Capital Projects, Transportation and “All Other”) and on the total of all expenditures from all funds and from all sources. The analysis provides an overview of the expenditures within each of these funds in support of the mission of the K-12 Education Subcommittee of the Indiana Government Efficiency Commission as directed by the enabling legislation (Sec. 256 of the 2005-2006 Budget Bill).

“To make recommendations to reform K-12 education funding and budgeting as it relates to non-classroom expenditures so that adequate dollars are available for teacher training and classroom instruction.”¹

Expenditure data were obtained from two sources: The Indiana Department of Education (IDOE) and from the Legislative Services Agency (which provided data they extracted from IDOE collected and maintained data). Expenditures for the fiscal years (July 1 – June 30) 1995 through 2005 were obtained and used to perform the analysis. Expenditures were detailed by account, as defined by the State Board of Accounts Chart of Accounts.² For the analysis of classroom and non-classroom expenditures, data were divided into five funds or groups of funds. The five categories are:

1. General Fund
2. Debt Service Fund
3. Capital Projects Fund
4. Transportation Fund and School Bus Replacement Fund, and
5. All Other Funds.

In analyzing expenditures for principals and superintendents, the expenditure accounts identified as “leadership” were used to separate those expenditures associated with principals and superintendents’ activities.³ The analysis was performed using only General Fund expenditures and using total expenditures in all funds and from all sources. The mapping of this categorization, by account, is included in Appendix A of this report.

The determination of which expenditure accounts (as defined by the State Board of Accounts Chart of Accounts (revised 2005)) were “classroom” and “non-classroom” was made by Subcommittee Chairman and Commission Co-Chairman Steve Baranyk after consultation with the IDOE, Subcommittee members, and the Indiana Fiscal Policy Institute. A mapping of the accounts is also included in Appendix A of this report.⁴

This analysis yields two results. First, it identifies the trends of classroom and non-classroom expenditures (based on the account by account determination described above) by the major funds during the study period. Second, it highlights certain expenditures and school corporations that raise further questions that should be investigated to more fully understand the extent to which resources currently used for non-classroom expenditures might be made available for teacher training and classroom instruction. These differences may be the result of differing policies regarding which kinds of expenditures are most important to a particular school corporation or of differing accounting practices/policies.

Limitations of the analysis:

The expenditure data are very complex, with approximately 250 expenditure accounts and 100 expenditure objects. Expenditure accounts “are defined within each appropriation classification or budget and accounting program by the specific program area or purpose they serve.”⁵ Object accounts “are defined within each classification or program by the specific purpose which they serve.”⁶ Given these definitions, it is clear that there is a real potential for overlap across accounts and objects.

It is apparent from an examination of the accounts and objects that expenditure accounts can be understood as more programmatic while object accounts are more functional (purposeful) in nature. Regardless, differing interpretations in application across school corporations are clearly possible, if not almost certain.

Beyond the definitions of “expenditure account” and “expenditure object,” there are inconsistencies across school corporations in their individual accounting and reporting practices. Within the State Board of Accounts Accounting and Compliance Guidelines, school corporations have some flexibility in terms of the account and sub-account detail they choose to employ in their reporting.⁷

The existing chart of accounts and accounting practices make evaluation and analysis of programmatic decisions and budgetary prioritization difficult for policymakers. Equally important, comparison across school corporations and the identification of best practices is problematic, making development and monitoring of “what works and what does not” difficult, as well.

The “less than ideal” nature of expenditure accounting and reporting – both policy and practice – is recognized by many, including members of the Indiana General Assembly. As a part of Public Law 191-2006, the legislature directed the Department of Education, with the assistance of the State Board of Accounts, and the Office of Management and Budget (OMB) to develop a plan to upgrade the financial management, analysis, and reporting system (FinMARS) for school corporations and schools. That work has resulted in the adoption, by the State Board of Education, of the FinMARS Improvement Plan.⁸ The FinMARS plan is a much-needed improvement in the quality and usefulness of K-12 education financial data. The plan timeline calls for its completion sometime in calendar year 2008.⁹

Even so, the FinMARS plan has limitations and more work will need to be done. The Plan itself states

“Lastly, it should be reiterated that the increased transparency to school financial data that will result from this project should be used solely to improve performance at individual corporations over time. “Apples-to-oranges” comparisons between corporations are neither accurate nor appropriate.”¹⁰

Analysis such as is being performed here will, even after the completion of the FinMARS plan, still be limited by the above statement.

A clear identification of expenditures as either classroom or non-classroom was not possible with the current database in the time available. It is possible that this analysis may not yield a reliable distinction between classroom and non-classroom expenditures for individual school corporations. However, the available data did identify statewide trends over the 11-year period, particularly in the General Fund. In addition, comparison of per-ADM (average daily membership) expenditures and expenditures as a percentage of total expenditures revealed differences across school corporations and/or types of expenditures. Those differences suggest areas for further examination for the purpose of improving accounting and reporting practices and the identification of either best or questionable practices.

Our analysis was limited to the 293 public school corporations with taxing authority. As a result, the expenditure data totals used in this analysis do not include expendi-

tures by other public school corporations (charter schools, vocational and special education cooperatives, etc.).¹¹ Therefore, the total statewide expenditures for all schools, from all sources, will be greater than the sum of expenditures for the 293 corporations included in our analysis.

Findings – Statewide Trends:

Total statewide expenditures for each of the expenditure fund categories are as follows, as reported by the Indiana Department of Education:

Table 1 Total K-12 Expenditures All Sources, All Funds		
Expenditure Fund Category	1998	2005
General Fund	4,714,327,655	6,063,374,184
Debt Service Fund	547,561,327	917,121,596
Capital Projects Fund	566,519,837	739,008,665
Transportation Funds	360,769,744	502,677,215
All Other Funds	1,135,787,239	2,560,141,981
Total All Expenditures, All Funds	7,324,965,801	10,782,323,641

Source: Indiana Department of Education, IFPI calculations

As discussed above, our analysis of classroom and non-classroom expenditures is based on a subset of the total expenditures reported in Table 1. First, our analysis is limited to only those 293 school corporations with taxing authority. Second, because of accounting practice within school corporations and between public school corporations and other school corporations (charter schools, special education cooperatives, and vocational cooperatives), the totals above will “double count” some expenditures.

In addition, because of the inconsistency in accounting practice across school corporations, it is problematic to develop a single, accurate data set that accurately presents actual expenditures. Therefore, for our analysis below, we have asked the Legislative Services Agency to exclude those expenditure accounts most likely to, if included, result in double counting of expenditures.

Based on the definition of classroom and non-classroom expenditures, many categories of spending and spending in total have shifted from classroom to non-classroom during the years selected for examination.

Table 2 Summary Results - "Classroom" Expenditures by Fund Category		
Expenditure Fund Category	Percent of Expenditures for "Classroom"	
	1995	2005
General Fund	72.3%	67.1%
Debt Service Fund	99.5%	99.8%
Capital Projects Fund	99.6%	95.9%
Transportation Funds	0.2%	5.0%
All Other Funds	53.7%	45.0%
Total All Expenditures, All Funds	70.0%	64.0%

Source: Legislative Services Agency, IFPI calculations

From 1995 to 2005, expenditures for the “classroom” have decreased from 72.3% to 67.1% in the General Fund. Similar trends were found in the Capital Projects Fund – from 99.6% to 95.9% - and in All Other Funds – from 53.7% to 45.0%. Since the General Fund and All Other Funds make up approximately 80% of all expenditures, the percentage of all expenditures has also decreased, from 70% to 64%.

Because of the categorization of classroom and non-classroom expenditures, the vast majority of Debt Service Fund expenditures are classified as classroom and the vast majority of Transportation Fund expenditures are classified as non-classroom. We found no discernable trends in either of these funds.

The amount of expenditures for principals and superintendents¹² is summarized in Table 3 (below). Expenditures for principals and superintendents, as a percent of expenditures for the General Fund, remained essentially constant over the 11-year period. The percentage fell, however, when expenditures for principals and superintendents were calculated as a percent of total expenditures from all funds.

This is not unexpected, as expenditures for principals and superintendents are accounted for almost entirely within the General Fund. In addition, expenditures of all types outside of the General Fund increased more rapidly than those within the General Fund. These two factors lead to the result described above. Over the period from 1995 to 2005, actual expenditures within the General Fund for principals and superintendents increased at a compound average annual rate of approximately 4% per year, the same percentage as the General Fund as a whole.

Table 3 Expenditures for "Principals and Superintendents"		
	1995	2005
As Part of General Fund (mil.)	\$299.5	\$443.7
As Percent of General Fund	7.3%	7.4%
As Part of Total Expenditures (mil.)	\$309.5	\$475.3
As Percent of Total Expenditures	5.1%	4.6%

Source: Legislative Services Agency, IFPI calculations

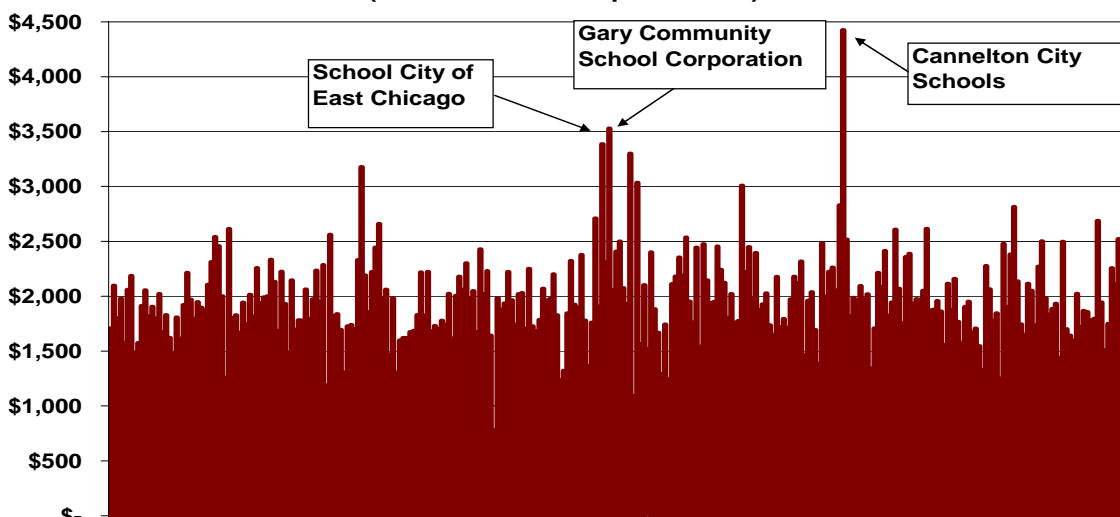
Findings – per ADM and As Percentage of Expenditures by School Corporation:

There are a significant number of corporations for which there is evidence of unusual expenditures and/or expenditure patterns for non-classroom expenditures. Non-classroom expenditures in all fund categories were divided by the Average Daily Membership (ADM) to allow per ADM comparisons across the public school corporations.

“Unusual” per ADM expenditures are those that are either among the highest or the lowest across all 293-school corporations. This analysis does not draw conclusions as to whether these unusual per ADM expenditures are “good” or “bad.” Rather, these corporations can be viewed as places where additional examination of expenditure policy, expenditure patterns, or accounting practices is warranted.

Figure 1 presents the results for per ADM expenditures from the General Fund.

Figure 1
General Fund Expenditures per ADM - 2005
(non-classroom expenditures)



Source: Legislative Services Agency, IFPI calculations

The average per ADM General Fund Expenditure across 293 school corporations was \$1,983.87 during 2005. Cannelton City Schools, Gary Community School Corporation, and School City of East Chicago are examples of corporations with relatively high per ADM expenditures. Southeast Fountain School Corporation, Cass Township Schools, and Brownstown Community School Corporation are examples of corporations with relatively low per ADM expenditures in the General Fund. Table 4 below lists the ten school corporations with the highest per ADM expenditures and the ten school corporations with the lowest per ADM expenditures from the General Fund reported during 2005.

Table 4											
Non - Classroom Expenditures per ADM											
General Fund - 1996 to 2005											
Selected Corporations with Above and Below Average Per ADM Expenditures in 2005											
Corp Number	Corp Name	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
6340	Cannelton City Schools	1,582.75	1,714.22	1,968.84	2,095.02	2,588.66	2,683.71	3,168.35	3,820.52	3,462.50	4,424.07
4690	Gary Community School Corp	1,888.70	2,000.07	2,153.81	2,290.88	2,644.51	2,753.55	2,939.35	3,179.51	3,352.22	3,527.49
4670	School City of East Chicago	2,088.10	2,226.28	2,355.99	2,520.01	2,681.50	2,650.14	2,596.47	2,635.43	2,981.29	3,383.91
4760	Whiting School City	2,179.54	2,512.48	2,778.12	2,834.43	2,765.77	2,946.46	3,046.88	3,195.32	3,447.89	3,298.56
2865	Marion Community Schools	1,942.81	2,005.10	2,076.83	2,128.24	2,390.68	2,660.86	2,790.99	2,914.74	3,060.73	3,176.05
4790	Dewey Township Schools	1,238.63	1,305.35	1,248.57	1,316.03	1,430.47	1,809.01	2,460.60	3,072.51	3,048.81	3,033.33
5520	Shoals Community School Corp	1,340.31	1,330.20	1,409.43	1,538.97	1,594.04	1,766.81	1,849.35	2,099.83	2,266.24	3,007.20
7715	Southwest School Corp	1,577.13	1,545.83	1,550.82	1,764.59	1,588.90	1,686.61	2,224.09	2,583.63	2,513.88	2,813.14
6325	Perry Central Com Schools Corp	1,256.74	1,388.49	1,532.28	1,661.25	1,741.19	2,021.07	2,172.77	2,400.28	2,720.30	2,828.02
8385	Richmond Community School	1,500.28	1,611.62	1,802.37	1,873.79	2,064.46	2,199.33	2,481.00	2,630.99	2,672.96	2,685.26
3060	Carmel Clay Schools	1,205.73	1,237.71	1,317.61	1,388.86	1,447.61	1,361.85	1,307.94	1,275.14	1,271.01	1,307.97
2735	North Gibson School Corp	1,220.52	1,278.94	1,481.82	1,491.80	1,333.21	1,326.38	1,472.82	1,525.89	1,370.08	1,306.48
5075	North Lawrence Com Schools	897.92	1,043.81	974.35	1,031.12	1,062.48	1,141.47	1,223.50	1,218.53	1,269.29	1,291.79
1600	South Dearborn Com School Corp	1,115.57	1,083.76	964.75	972.66	1,152.61	1,215.94	1,324.25	1,389.50	1,320.23	1,258.58
7605	Fremont Community Schools	1,152.36	1,146.30	1,218.32	1,210.25	1,414.60	1,437.77	1,540.53	1,430.94	1,379.39	1,250.55
5245	Frankton-Lapel Community Schs	973.38	1,030.99	1,100.21	1,128.59	1,269.93	1,267.96	1,226.99	1,246.90	1,183.93	1,245.81
4445	Tippecanoe Valley School Corp	1,024.41	1,007.97	1,034.15	1,078.22	1,114.13	1,217.84	1,292.66	1,335.21	1,328.86	1,234.36
2455	Southeast Fountain School Corp	967.20	999.91	1,072.37	1,242.80	1,632.66	1,543.47	1,544.23	1,320.94	1,165.55	1,188.14
4770	Cass Township Schools	776.10	934.84	751.83	829.87	865.87	903.03	1,271.60	985.68	999.66	1,091.89
3695	Brownstown Cnt Com Sch Corp	799.57	842.42	938.61	1,068.51	1,109.22	1,401.36	1,527.95	1,552.72	1,420.44	779.22
Statewide Mean		1,199.93	1,266.38	1,343.31	1,424.10	1,542.59	1,656.87	1,781.12	1,859.41	1,900.18	1,983.87
Statewide Median		1,157.93	1,235.44	1,306.41	1,377.81	1,500.81	1,606.23	1,734.73	1,809.01	1,860.64	1,947.82

Source: Legislative Services Agency, IFPI calculations

Figure 2 displays the results of the per ADM analysis on the Capital Projects Fund during 2005. The relatively large per ADM expenditures for Lakeland School Corporation (\$376.14 in 2005) are due primarily to expenditures in account 23210 (Office of the Superintendent) and 24100 (Office or Principal Services). The relatively large per ADM expenditures for the Metropolitan School District Warren Township (\$507.74) are due to expenditure account 25355 (sports facilities). The mean per ADM expenditure for all 293 school corporations during 2005 was \$26.31.

Figure 2
Capital Projects Fund Expenditures per ADM - 2005
(non-classroom expenditures)

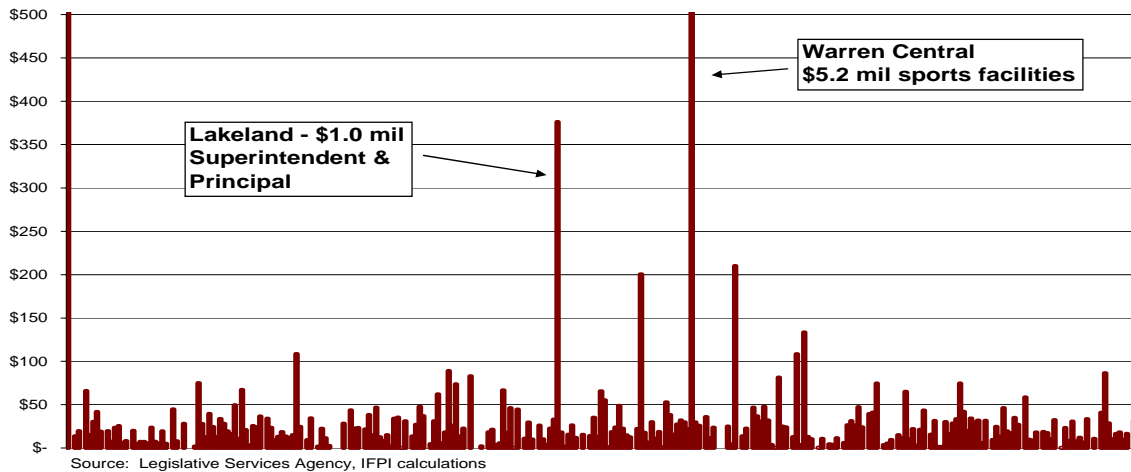


Table 5 lists the ten school corporations with the highest per ADM Capital Projects Fund expenditures and the 10 school corporations with the lowest per ADM Capital Projects Fund expenditures reported during 2005. Note that some school corporations have no Capital Projects Fund expenditures in some years.

Table 5											
Non - Classroom Expenditures per ADM											
Capital Projects Fund - 1996 to 2005											
Selected Corporations with Above or Below Average Per ADM Expenditures in 2005											
Corp Number	Corp Name	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
5360	M S D Warren Township	2.67	2.67	2.59	8.05	8.05	11.06	23.01	23.01	27.90	507.74
4535	Lakeland School Corporation	-	-	-	0.87	0.87	5.28	49.06	49.06	53.32	376.14
5525	Loogootee Community Sch Corp	36.04	36.04	-	-	-	-	97.25	97.25	58.13	210.00
4940	South Central Com School Corp	-	-	-	-	-	39.76	142.84	142.84	170.23	200.56
6080	Rising Sun-Ohio Co Com	-	-	-	1.85	1.85	5.59	11.38	11.38	37.70	133.30
2440	Covington Community Sch Corp	0.93	0.93	2.72	3.18	3.18	6.00	8.91	8.91	36.45	108.36
6060	East Noble School Corp	0.55	0.55	1.93	4.63	4.63	6.31	9.60	9.60	10.05	108.24
3470	Northwestern School Corp	-	-	-	-	-	-	5.98	5.98	20.91	88.93
8425	Southern Wells Com Schools	-	-	-	2.11	2.11	4.52	22.11	22.11	3.69	86.38
3675	Seymour Community Schools	0.94	0.94	3.61	1.62	1.62	2.32	5.02	5.02	27.80	82.91
8625	Smith-Green Community School:	-	-	-	-	-	-	-	-	-	-
0035	South Adams Schools	-	-	-	-	-	-	2.57	5.08	3.53	-
5995	South Newton School Corp	-	-	-	-	-	-	-	-	-	-
6160	Springs Valley Com School Corp	-	-	-	-	-	-	-	-	-	-
1560	Sunman-Dearborn Com Sch Corj	-	-	-	-	-	-	0.75	0.28	-	-
6350	Tell City-Troy Twp School Corp	-	-	-	-	0.14	-	-	-	-	-
7950	Union Co/Clg Corner Joint Sch D	-	-	-	-	0.02	-	-	-	-	-
1405	Washington Com Schools Inc	1.25	2.38	2.56	4.64	6.04	6.54	3.23	-	-	-
4345	Wawasee Community School Co	-	-	-	-	-	-	-	-	-	-
8355	Western Wayne Schools	-	-	-	-	-	-	-	-	-	-
Statewide Mean		2.98	4.75	4.23	5.97	5.83	8.45	13.25	16.09	24.63	26.31
Statewide Median *		-	-	-	0.77	2.47	4.58	7.55	10.58	14.12	16.31

* A value of zero (-) means that more than one half of the corporations had no CPF non-classroom expenditures in that year.
 Source: Legislative Services Agency, IFPI calculations

The results were similar for analysis performed based on non-classroom expenditures as a percentage of total expenditures. Figure 3 presents the results for expenditures from the General Fund as a percentage of total expenditures for 2005. Franklin County Community School Corporation and Cannelton City Schools are examples of corporations with higher non-classroom General Fund expenditures as a percentage of total expenditures. Brownstown Community School Corporation and Fremont

Community Schools are examples of corporations with lower non-classroom General Fund expenditures as a percentage of total expenditures.

Figure 3
Expenditures - Non Classroom General Fund
As Percent of Total Expenditures - 2005

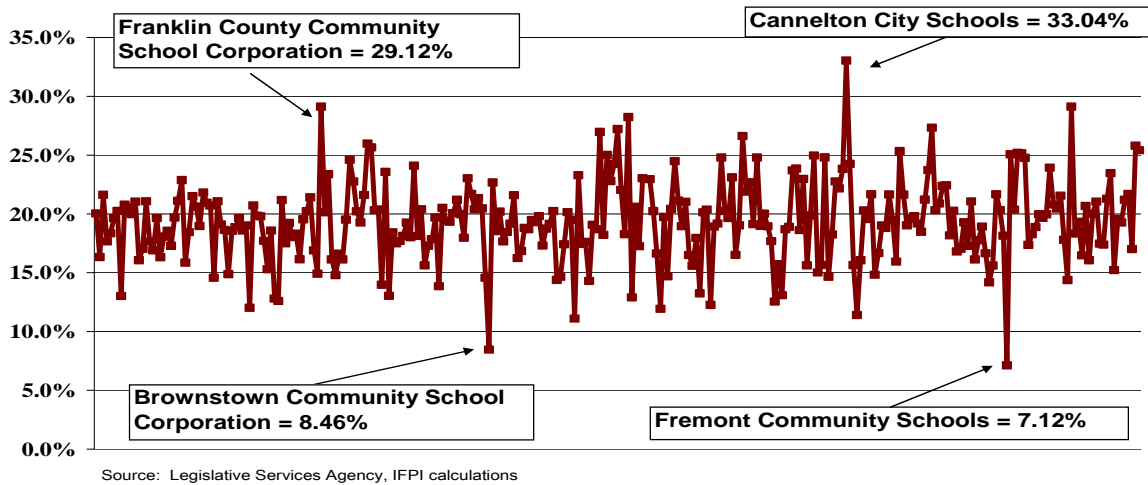


Table 6 lists the ten school corporations with the highest and the ten school corporations with the lowest non-classroom expenditures as a percentage of total expenditures reported during 2005.

Table 6											
Non - Classroom Expenditures as Percent of Total Expenditures											
General Fund - 1996 to 2005											
Selected Corporations with Above and Below Average Percentages of Expenditures in 2005											
Corp Number	Corp Name	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
6340	Cannelton City Schools	26.94%	27.73%	29.25%	28.19%	29.55%	30.60%	30.10%	32.67%	25.33%	33.04%
2475	Franklin County Com Sch Corp	21.50%	19.80%	20.51%	20.85%	23.47%	24.63%	21.43%	24.63%	23.69%	29.12%
8060	Wabash City Schools	22.55%	23.49%	22.68%	24.46%	25.37%	25.77%	27.25%	28.24%	28.72%	29.11%
4760	Whiting School City	19.80%	16.49%	19.60%	21.20%	23.42%	26.28%	25.42%	29.12%	29.64%	28.24%
4670	School City of East Chicago	21.76%	22.53%	22.67%	22.56%	22.76%	22.28%	22.33%	23.78%	26.09%	26.96%
6865	South Ripley Com Sch Corp	20.32%	19.86%	20.30%	20.42%	21.60%	22.41%	23.23%	23.74%	24.68%	27.34%
4720	School Town of Highland	23.63%	24.89%	25.67%	24.46%	26.40%	28.61%	28.90%	28.47%	28.11%	27.22%
5520	Shoals Community School Corp	22.18%	21.76%	23.07%	21.90%	20.96%	22.66%	24.81%	21.39%	25.18%	26.62%
2960	M S D Shakamak Schools	18.85%	21.06%	21.75%	22.84%	22.57%	23.31%	22.57%	18.34%	23.03%	25.98%
8665	Whitley Co Cons Schools	23.19%	20.95%	22.13%	22.52%	22.60%	22.92%	23.25%	26.37%	23.47%	25.41%
4770	Cass Township Schools	11.00%	13.49%	7.35%	10.78%	11.94%	12.59%	16.89%	12.80%	11.37%	12.90%
2155	Fairfield Community Schools	19.42%	18.85%	16.70%	15.91%	17.61%	17.07%	17.91%	17.37%	16.47%	12.59%
5375	M S D Wayne Township	16.39%	15.99%	17.82%	13.48%	11.95%	14.71%	14.40%	17.67%	13.22%	12.26%
2120	Greater Jasper Con Schs	16.07%	16.29%	15.95%	14.15%	17.49%	16.60%	15.22%	15.67%	15.06%	12.80%
5845	South Montgomery Com Sch Corp	17.04%	17.62%	18.73%	16.69%	17.24%	17.85%	17.50%	18.34%	16.53%	12.54%
5075	North Lawrence Com Schools	14.75%	14.82%	13.94%	14.37%	14.12%	14.20%	14.54%	14.32%	13.65%	11.93%
6460	M S D Boone Township	20.13%	25.30%	20.72%	21.06%	21.29%	23.08%	24.08%	22.97%	23.81%	11.40%
4580	Hanover Community School Corp	17.69%	11.60%	19.58%	18.37%	21.97%	21.92%	23.01%	24.20%	18.63%	11.11%
3695	Brownstown Cnt Com Sch Corp	15.45%	15.84%	15.29%	16.37%	15.86%	18.14%	19.95%	19.78%	16.82%	8.46%
7605	Fremont Community Schools	16.43%	12.87%	14.56%	12.65%	13.56%	13.46%	15.20%	14.29%	13.42%	7.12%
Statewide Mean		18.90%	18.89%	19.10%	19.08%	19.53%	19.79%	20.47%	20.64%	20.16%	19.27%
Statewide Median		18.85%	18.89%	19.02%	19.10%	19.50%	19.62%	20.39%	20.20%	20.13%	19.28%

Source: Legislative Service Agency, IFPI calculations

In 2005, Cannelton City Schools had the highest percentage – 33.04% - while Fremont Community Schools had the lowest percentage – 7.12%. The statewide

average level of non-classroom General Fund expenditures as a percentage of total expenditures was 19.27% during 2005.

Figure 4 displays non-classroom expenditures from all funds other than the General Fund, the Debt Service Fund, the Capital Projects Fund, and the Transportation Funds as a percentage of total expenditures from all funds reported during 2005. The lowest percentage for non-classroom expenditures reported during 2005 from all other funds was 1.8% while the highest percentage reported was 36.3%.

Figure 4
Expenditures - Non Classroom All Other Funds
As Percent of Total Expenditures - 2005

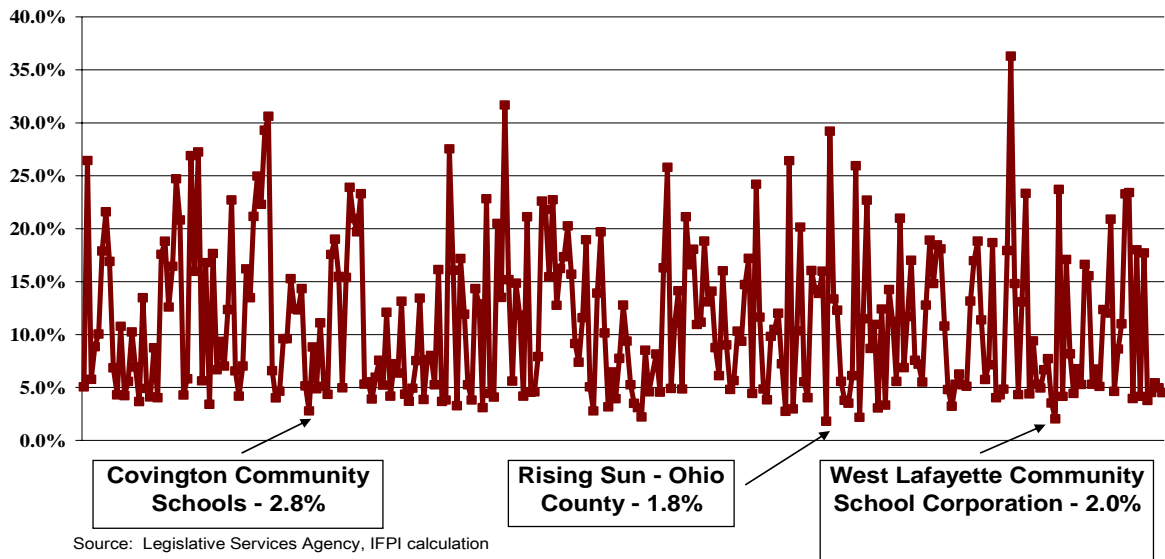
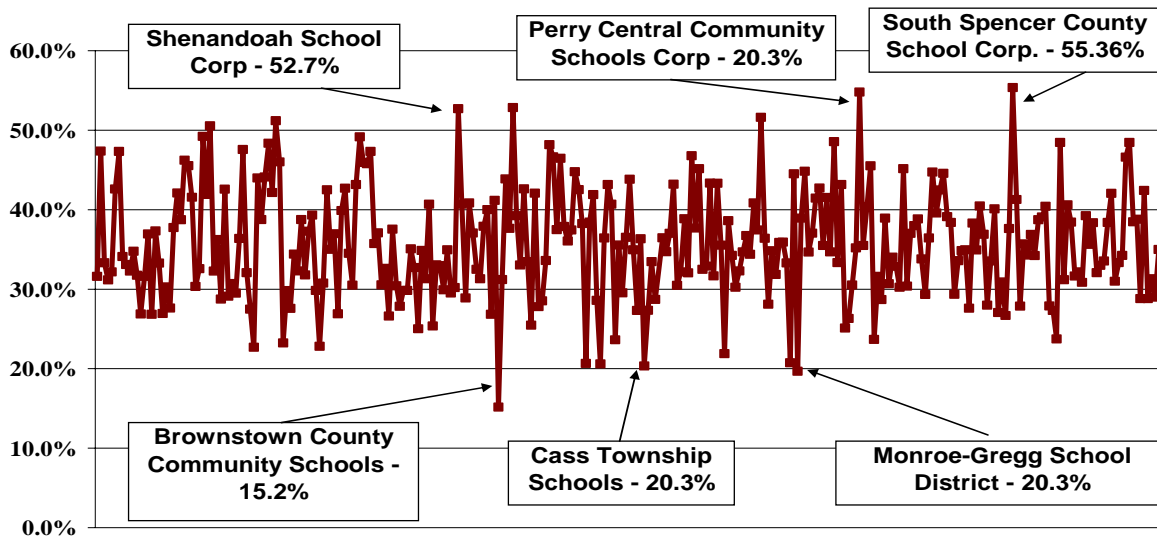


Figure 5 (below) displays non-classroom expenditures reported during 2005 from all funds as a percentage of total expenditures from all funds. In contrast to the results of the General Fund analysis, where the non-classroom expenditures as a percentage of total expenditures ranged from a low of 7.12% to a high of 33.04%, the low percentage for non-classroom expenditures from all funds is 15.2% while the highest is 55.36%.

Figure 5
Expenditures - Non Classroom All Funds
As Percent of Total Expenditures - 2005



Source: Legislative Services Agency, IFPI calculations

Table 7 lists the ten school corporations with the highest and the ten with the lowest non-classroom expenditures from all funds as a percentage of total expenditures during 2005.

Table 7											
Non - Classroom Expenditures as Percent of Total Expenditures											
All Funds - 1996 to 2005											
Selected Corporations with Above or Below Average Percentages of Expenditures in 2005											
Corp Number	Corp Name	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
7445	South Spencer County Sch Corp	25.3%	32.7%	29.8%	29.6%	33.5%	35.1%	35.4%	36.6%	39.3%	55.4%
6325	Perry Central Com Schools Corp	37.8%	38.7%	34.3%	21.3%	32.7%	37.8%	41.5%	44.2%	46.9%	54.8%
3945	Jay School Corp	32.0%	32.0%	34.2%	39.0%	35.9%	39.3%	44.6%	47.3%	44.4%	52.9%
3435	Shenandoah School Corporation	35.2%	34.0%	35.7%	33.6%	37.7%	38.1%	42.5%	43.3%	41.4%	52.7%
5525	Loogootee Community Sch Corp	31.2%	29.9%	30.2%	32.2%	27.6%	25.3%	34.8%	36.3%	37.3%	51.6%
2110	Southwest Dubois Co Sch Corp	38.2%	34.9%	36.3%	30.3%	30.8%	36.4%	38.1%	41.8%	41.6%	51.2%
1405	Washington Com Schools Inc	30.1%	28.2%	29.3%	29.3%	31.8%	31.6%	31.6%	30.7%	33.7%	50.6%
2865	Marion Community Schools	34.7%	35.2%	34.7%	35.4%	36.4%	38.2%	41.0%	39.5%	34.2%	49.2%
8385	Richmond Community School	32.1%	31.6%	32.7%	33.6%	33.8%	33.3%	36.7%	38.3%	34.9%	48.5%
1315	Barr-Reeve Com Schools Inc	32.2%	31.1%	31.2%	31.0%	26.5%	30.7%	36.7%	36.7%	33.8%	49.2%
4680	Lake Station Community Schools	30.9%	27.4%	29.1%	32.1%	30.8%	31.2%	31.8%	28.1%	25.5%	23.6%
2155	Fairfield Community Schools	27.8%	28.4%	28.9%	27.9%	28.6%	30.9%	32.8%	33.1%	31.5%	23.2%
2440	Covington Community Sch Corp	27.4%	28.3%	30.8%	33.0%	34.3%	33.8%	33.0%	34.9%	35.0%	22.8%
5375	M S D Wayne Township	28.3%	26.4%	29.1%	23.7%	21.3%	26.7%	27.3%	30.8%	25.2%	21.9%
5845	South Montgomery Com Sch Corp	31.2%	31.1%	29.1%	26.3%	28.7%	28.7%	28.6%	29.9%	28.1%	20.7%
4580	Hanover Community School Corp	26.4%	16.6%	28.0%	26.9%	30.9%	30.8%	32.3%	32.9%	26.2%	20.7%
4645	Tri-Creek School Corp	29.4%	28.1%	28.1%	28.5%	30.6%	28.3%	30.5%	28.5%	21.3%	20.6%
5900	Monroe-Gregg School District	29.0%	31.7%	28.9%	34.0%	32.1%	30.9%	33.6%	35.8%	32.2%	19.7%
4770	Cass Township Schools	18.4%	23.4%	13.6%	17.3%	19.7%	22.7%	24.6%	21.0%	19.5%	20.3%
3695	Brownstown Cnt Com Sch Corp	32.1%	32.0%	30.9%	33.2%	31.9%	30.6%	30.6%	30.7%	30.3%	15.2%
Statewide Mean		30.10%	29.98%	30.17%	30.04%	30.83%	31.26%	32.42%	33.00%	33.58%	35.61%
Statewide Median *		30.23%	30.45%	30.37%	30.33%	30.85%	31.33%	32.49%	32.56%	33.46%	35.01%

Source: Legislative Services Agency, IFPI calculations

The range of percentages in all three groups of funds indicates a number of issues.

First, there may be data “anomalies” that yield either uncommonly high or uncommonly low percentages. It is expected that these anomalies can be explained

by the individual corporations and may reflect legitimate accounting of specific expenditures.

Second, high percentages could be the result of a substantially different environment compared to the “average school corporation” – in other words, the corporation is a “special case.” On the other hand, high percentages could be the result of less than optimal expenditure policies and accounting practices within these school corporations.

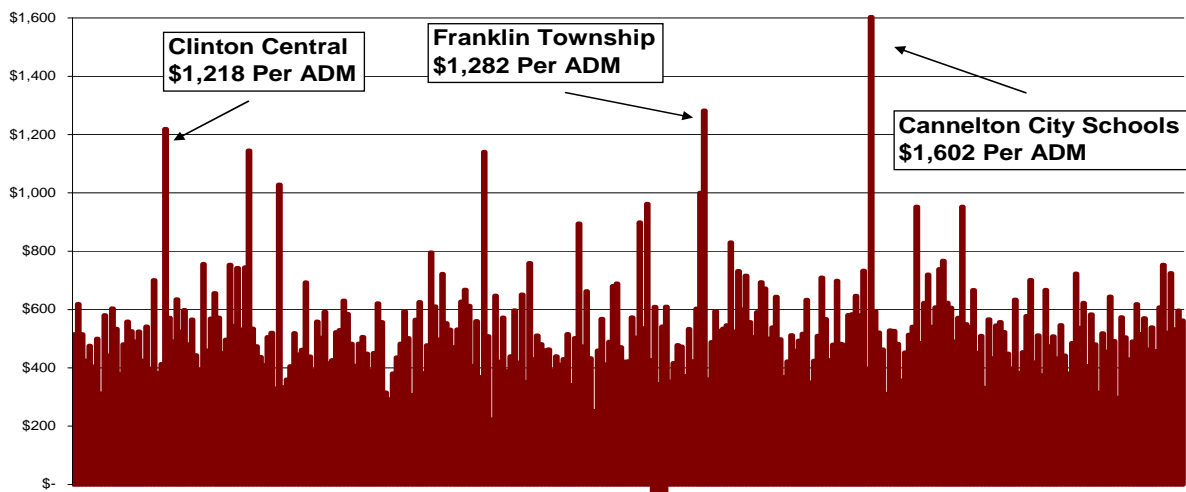
Third, low percentages could indicate that the corporation should be examined as an example of best practices in either expenditure or management policies or both.

Tabular results (non-classroom expenditures, by school corporation) of the analysis for all funds, fund groups, and principals and superintendents can be found in Appendix B of this report.

Findings: Principals and Superintendents:

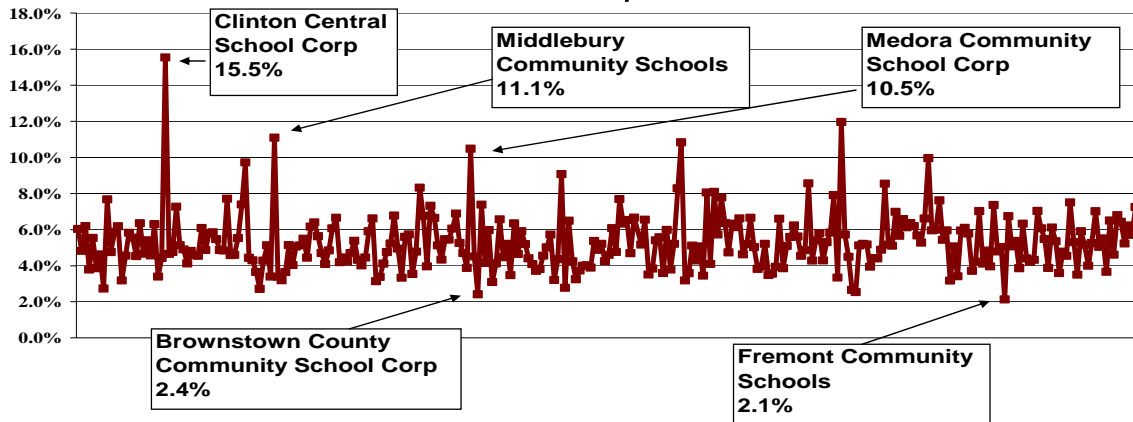
The findings from the analysis of expenditures for principals and superintendents are similar to those illustrated and described above. Several school corporations had per ADM expenditures during 2005 for principals and superintendents that were much higher than the vast majority of corporations. Likewise, several school corporations reported expenditures for principals and superintendents as a percentage of total expenditures that were relatively higher – as high as 15.5% in Clinton Central School Corporation. The lowest percentage was 2.1% in Fremont Community Schools.

Figure 7
Expenditures for Principals & Superintendents per ADM
All Funds - 2005
(non-classroom expenditures)



Source: Legislative Services Agency, IFPI calculations

Figure 8
Expenditures - Non Classroom
Principals & Superintendents - All Funds
As Percent of Total Expenditures - 2005



Source: Legislative Services Agency, IFPI calculations

Tables 8 and 9 list the ten school corporations reporting the highest and the ten school corporations reporting the lowest non-classroom expenditures from all funds per ADM and as a percentage of total expenditures.

Table 8											
Non - Classroom Expenditures per ADM											
Principals & Superintendents - All Funds - 1996 to 2005											
Selected Corporations with Above or Below Average Per ADM Expenditures in 2005											
Corp Number	Corp Name	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
6340	Cannelton City Schools	614.70	637.24	674.85	707.26	842.92	1,184.64	1,358.46	1,627.52	1,519.42	1,602.36
5310	Franklin Township Com Sch Corp	300.87	309.76	302.15	326.60	325.90	368.64	374.30	375.23	413.28	1,281.87
1150	Clinton Central School Corp	363.22	372.28	402.41	415.84	435.17	494.01	530.16	495.72	512.58	1,218.20
1970	Muncie Community Schools	886.57	930.75	961.81	1,175.65	1,075.33	1,469.01	1,407.79	1,564.07	1,732.40	1,144.81
3640	Medora Community School Corp	750.86	800.30	785.15	865.19	975.86	1,025.93	1,071.47	1,139.50	1,104.10	1,140.18
2275	Middlebury Community Schools	695.66	663.15	738.95	834.14	839.12	914.84	958.27	1,057.22	1,039.39	1,027.61
5300	M S D Decatur Township	320.45	341.19	367.44	465.19	586.13	590.02	636.88	754.14	813.96	999.78
4790	Dewey Township Schools	446.81	465.99	493.85	521.46	551.80	696.39	720.70	857.93	766.02	961.37
6610	New Harmony Town & Twp Con Sch	616.09	713.58	702.50	795.89	874.49	1,137.30	962.07	891.45	1,030.89	952.34
6865	South Ripley Com Sch Corp	364.00	362.89	369.39	387.26	452.90	461.11	463.01	471.45	639.57	951.79
2270	Concord Community Schools	265.07	286.97	331.90	297.46	311.67	335.28	376.98	362.17	358.29	328.58
3060	Carmel Clay Schools	219.26	212.63	209.48	241.29	294.22	307.22	295.69	282.80	423.46	315.02
8030	Vigo County School Corp	227.60	234.43	236.98	245.88	270.41	274.23	289.89	297.85	300.38	314.58
0365	Bartholomew Con School Corp	222.09	223.05	242.77	267.64	256.18	317.99	328.02	327.30	321.13	312.08
6470	Duneland School Corporation	299.31	293.94	297.80	319.72	259.82	264.91	295.05	277.05	267.88	309.70
3180	North Harrison Com School Corp	233.79	251.60	216.05	239.18	245.62	242.31	239.49	272.50	286.57	306.12
8130	Warrick County School Corp	220.33	246.04	244.10	251.78	264.25	279.35	286.16	292.88	304.02	297.19
3070	Noblesville Schools	267.71	284.94	301.48	316.19	333.56	320.58	303.36	310.81	303.09	291.98
4615	Lake Central School Corp	230.66	278.91	245.12	253.12	265.09	277.04	265.60	278.95	237.83	251.60
3695	Brownstown Cnt Com Sch Corp	276.53	276.94	320.88	380.86	407.99	440.66	458.71	449.96	442.95	222.60
Statewide Mean		369.40	387.63	401.11	426.93	449.74	478.43	497.76	506.53	523.46	540.72
Statewide Median *		359.96	372.68	394.22	412.15	435.17	458.28	479.28	485.02	492.27	514.80

* A value of zero (-) means that more than one half of the corporations had no Debt Service non-classroom expenditures in that year.
 Source: Legislative Services Agency, IFPI calculations

Table 9

**Non - Classroom Expenditures as Percent of Total Expenditures
Principals & Superintendents - All Funds - 1996 to 2005**

Selected Corporations with Above or Below Average Percentages of Expenditures in 2005

Corp Number	Corp Name	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1150	Clinton Central School Corp	6.23%	6.29%	6.78%	6.19%	6.62%	6.34%	6.67%	6.26%	6.66%	15.54%
6340	Cannelton City Schools	10.46%	10.31%	10.02%	9.52%	9.62%	13.51%	12.91%	13.92%	11.12%	11.97%
2275	Middlebury Community Schools	10.83%	9.99%	9.75%	10.47%	10.52%	11.50%	10.93%	10.39%	11.57%	11.09%
5310	Franklin Township Com Sch Corp	4.66%	4.56%	3.75%	4.03%	3.64%	4.15%	3.94%	3.53%	3.05%	10.84%
3640	Medora Community School Corp	12.77%	10.81%	11.69%	12.54%	13.04%	12.00%	11.45%	11.23%	11.41%	10.48%
6865	South Ripley Com Sch Corp	6.49%	6.04%	6.04%	5.94%	6.26%	6.35%	5.94%	5.91%	7.38%	9.96%
1970	Muncie Community Schools	11.38%	11.63%	10.73%	12.08%	10.58%	13.21%	13.12%	14.00%	15.49%	9.72%
4535	Lakeland School Corporation	6.41%	5.73%	5.92%	5.82%	6.03%	5.91%	5.75%	5.93%	7.05%	9.07%
6080	Rising Sun-Ohio Co Com	8.72%	8.27%	7.79%	5.12%	7.35%	7.98%	7.70%	7.60%	7.62%	8.56%
6610	New Harmony Town & Twp Con St	9.37%	10.01%	9.46%	9.72%	9.60%	12.15%	9.39%	8.45%	9.48%	8.55%
7175	Penn-Harris-Madison Sch Corp	4.88%	4.39%	4.25%	4.30%	4.17%	3.34%	3.19%	3.29%	3.23%	3.18%
3060	Carmel Clay Schools	3.08%	2.80%	2.31%	2.80%	3.30%	3.71%	3.48%	3.23%	3.37%	3.14%
3945	Jay School Corp	5.18%	5.23%	5.29%	4.83%	4.73%	4.81%	4.12%	3.61%	3.73%	3.09%
4580	Hanover Community School Corp	4.58%	3.16%	5.31%	5.21%	5.62%	5.79%	5.81%	5.41%	5.00%	2.77%
0365	Bartholomew Con School Corp	3.09%	2.79%	2.84%	3.13%	3.24%	3.35%	3.23%	3.08%	3.33%	2.73%
2120	Greater Jasper Con Schs	4.00%	4.02%	4.22%	3.27%	3.58%	3.64%	3.15%	3.09%	3.13%	2.71%
6460	M S D Boone Township	6.31%	7.46%	6.05%	5.40%	5.93%	7.14%	7.05%	6.41%	6.50%	2.66%
6470	Duneland School Corporation	4.11%	3.96%	3.89%	3.70%	2.93%	2.55%	2.92%	2.95%	2.68%	2.54%
3695	Brownstown Cnt Com Sch Corp	5.34%	5.21%	5.23%	5.83%	5.83%	5.70%	5.99%	5.73%	5.24%	2.42%
7605	Fremont Community Schools	5.99%	4.91%	5.01%	4.69%	4.97%	4.30%	4.63%	4.20%	4.11%	2.13%
Statewide Mean		5.82%	5.80%	5.73%	5.73%	5.70%	5.71%	5.73%	5.61%	5.55%	5.27%
Statewide Median *		5.74%	5.79%	5.65%	5.64%	5.62%	5.49%	5.66%	5.52%	5.33%	5.11%

* A value of zero (-) means that more than one half of the corporations had no Debt Service non-classroom expenditures in that year.

Source: Legislative Services Agency, IFPI calculations

Conclusions:

Over the period from 1995 to 2005, expenditures generally shifted from those expenditure accounts associated with the classroom to those expenditures accounts not associated with the classroom. The exception was in expenditures for principals and superintendents. As a percent of total expenditures in the General Fund, expenditures for principals and superintendents stayed approximately the same over the period.

In addition, the analysis revealed wide ranges of both non-classroom per ADM expenditures and non-classroom expenditures as a percentage of total expenditures across school corporations. These wide ranges indicate potential inconsistencies in both expenditure and management policies as well as in accounting practices.

It is clear, both from our analysis of the data and from conversations with the staff at IDOE, LSA, the State Budget Agency, Legislative staff, members of the K-12 Subcommittee and members of the FinMARS working group, that accounting practices across all Indiana public school corporations are neither uniform nor consistent.

These inconsistencies in the data make the identification of “best practices” and the development of effective policies difficult, at best. This also makes it difficult to identify and correct inadequate policies and practices.

Without data which is both uniform across school corporations and which reflects consistent recording and reporting policies and practices, inadequacies within the K-12 public education system can be expected to continue to go unnoticed. At the same time, data and data reporting problems will continue to make it difficult, at best, to identify and share best practices across all school corporations for the benefit of all K-12 students in Indiana.

Without improvements to the data which will support more effective analyses and comparison of policies and practices across school corporations, state policymakers and elected leaders will continue to be denied the accurate and consistent information that they require to direct improvements in our K-12 public education system.

Endnotes

¹ P.L. 246-2005, Section 256

² State Board of Accounts, Indiana Public School Corporation Manual, Revised 2005.

³ Subcommittee Chair Steve Baranyk, in a memorandum to the Subcommittee on May 28, 2006, expressed his interest in determining the amount of expenditures from “the Office of the Superintendent (all functions at the central office) and individual school level overheads including the Office of the Principal.” The memorandum included “Assistant Superintendents and Assistant Principals, clerical staff, secretaries, etc.” For purposes of this analysis, expenditures for Principals and Superintendents is defined as those expenditure accounts within the “Leadership” category as developed by the 1st Government Efficiency Commission. See Appendix A

⁴ Note that this mapping is different than the mapping produced by the first Government Efficiency Commission. It is intended to identify trends and the relative comparison of expenditures across school corporations of expenditures not directly related to classroom instruction and classroom provision. This mapping should not be used in conjunction with any “65% solution” proposals being discussed and debated in other states.

⁵ Indiana State Board of Accounts, Indiana Public School Corporation Manual, revised 2005. Classification and Definition of Expenditure Accounts, Part 5, page 5-4.

⁶ Indiana State Board of Accounts, Indiana Public School Corporation Manual, revised 2005. Classification and Definition of Object Accounts, Part 7, page 7-1.

⁷ Indiana State Board of Accounts, Indiana Public School Corporation Manual, revised 2005. Classification and Definition of Expenditure Accounts, Part 5, page 5-4.

⁸ The FinMARS Improvement Plan: A Plan to Upgrade the Financial Management, Analysis, and Reporting System for Indiana School Corporations and Schools. See <http://www.doe.state.in.us/publications/FinMARS.html>.

⁹ Indiana Department of Education. “FinMARS Improvement Plan A Plan to Upgrade the Financial Management, Analysis, and Reporting System for Indiana School Corporations and Schools.” See at http://www.doe.state.in.us/publications/pdf_other/2006-10-19-FinMARSImpPlan.pdf.

¹⁰ “FinMARS Improvement Plan: A Plan to Upgrade the Financial Management, Analysis, and Reporting System for Indiana School Corporations and Schools,” Developed by the Indiana Department of Education with assistance from the Indiana State Board of Accounts and the Office of Management and Budget. Plan Adopted by Indiana State Board of Education, September 7, 2006. http://www.doe.state.in.us/publications/pdf_other/2006-10-19-FinMARSImpPlan.pdf

¹¹ The data used excluded expenditure accounts 130-159, which are accounts used for special education and vocational education cooperatives. Data used also excluded expenditure objects 700 and above, as those objects are transfers. The effect was to eliminate, as much as possible, the likelihood of “double counting” expenditures.