

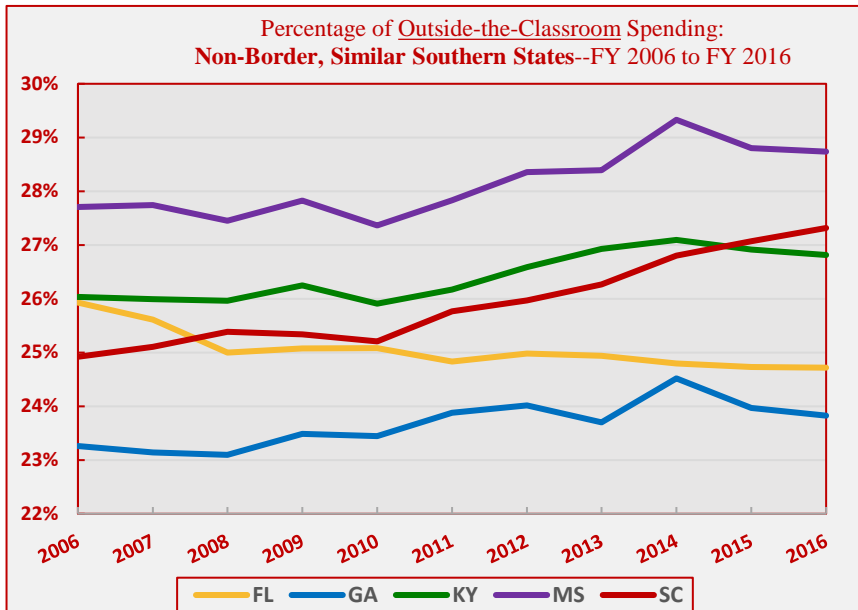


Mississippi Office of the State Auditor  
**Shad White**

*Mississippi Ranks Among Highest in the South for K-12 Outside-the-Classroom Spending*

An Audit Response & Special Projects Division Brief

November 18, 2019



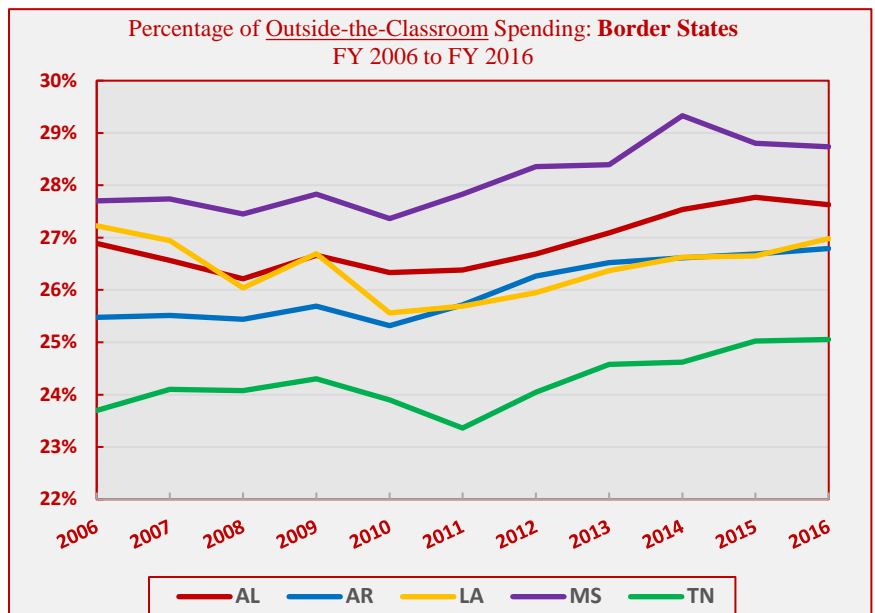
Mississippi puts less of its public education money into the classroom than most of the other states around it.<sup>1</sup> Using the most recent data available, **the ten-year average for outside-the-classroom spending in Mississippi is one of the highest in the South at 28.14% of the State education budget. If Mississippi spent as much of its K-12 budget in the classroom as the southern state that spends the highest percentage of its budget in the classroom, an additional \$250 million per year would be available for classroom materials or teacher pay raises.** To put that additional \$250 million in context, the \$1,500 per year teacher pay raise authorized in 2019 will reportedly cost the state around \$77 million.<sup>2</sup>

**Outside-the-Classroom Spending**

The charts here show outside-the-classroom spending trends for similar states (above) and for Mississippi’s border states (below) over the most recent ten years of available data (all 16 southern states are compared at the end of this report). All states in this report were compared using the same definitions of inside-the-classroom and outside-the-classroom spending.

Outside-the-classroom spending is any category that the Mississippi Department of Education (MDE) or the U.S. Department of Education classifies as Administration, Administrative Support, and Other Non-Instructional Support.<sup>3</sup>

Administration expenditures are divided into two subcategories – “general” and “school” administration – and include spending on salaries and benefits for superintendents, principals, and their office staff; office supplies such as paper, periodicals, reference materials, equipment, contracts, and equipment used in the superintendent’s and principal’s offices; district Board of Education expenses; and travel, conferences, and related expenses for the Board members, the superintendent’s and

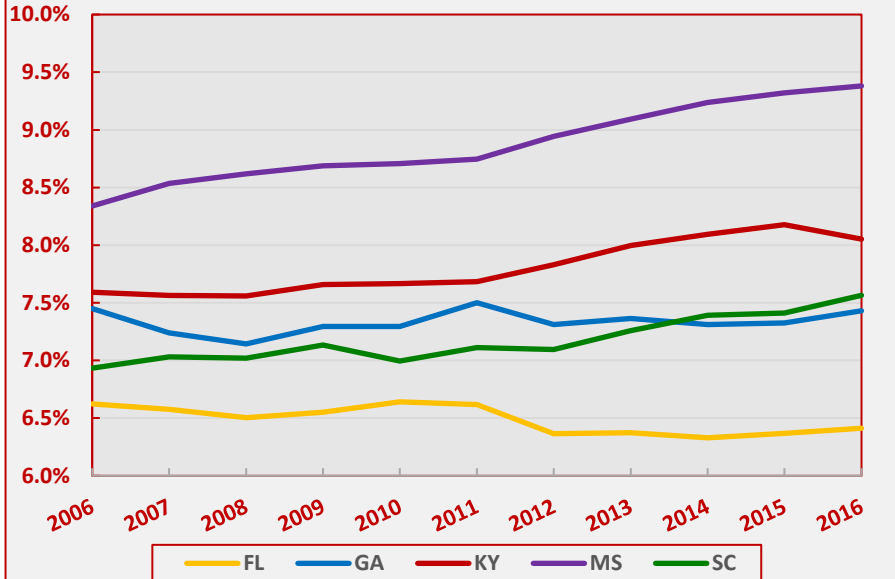


<sup>1</sup> OSA uses “southern states” in this report as defined by the U.S. Department of Education: Alabama, Arkansas, Delaware, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington, D.C., and West Virginia.  
<sup>2</sup> [https://www.mdek12.org/news/2019/7/22/MDE-Finalizes-Teacher-Pay-Raise-Total\\_20190722](https://www.mdek12.org/news/2019/7/22/MDE-Finalizes-Teacher-Pay-Raise-Total_20190722)  
<sup>3</sup> A full list of accounts included in all categories can be found in the MDE accounting manual at the following link: <https://www.mdek12.org/OSF/AccountingManual>.



principal’s offices, and their staff. The outside-the-classroom category also includes expenditures related to operation, maintenance, and upkeep of grounds and buildings, including administrative buildings; legal services; debt; purchasing or construction of property and buildings; non-student travel, transportation, and vehicles; food services; and administrative support services such as reporting, data processing, payments, reimbursements, etc.

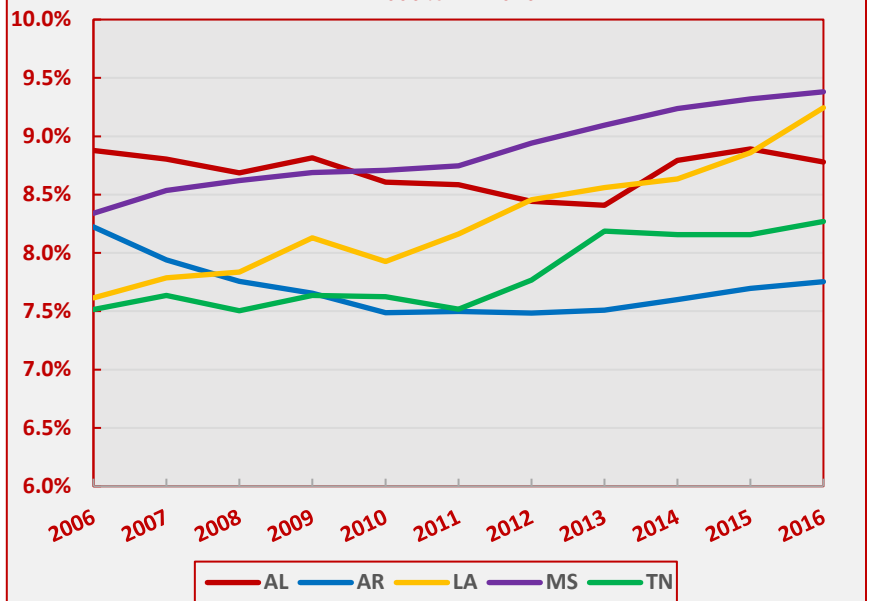
Percentage of General and School Admin Spending:  
Non-Border, Similar Southern States--FY 2006 to FY 2016



General and school administrative spending make up a portion of overall outside-the-classroom spending. Mississippi spent a higher percentage of its K-12 public education budget on administration than did almost every other state in the South. The charts here show the ten-year trends with similar states (left) and border states (below) using current expenditures.<sup>4</sup>

When looking at the ten-year average for general and school administrative spending, Mississippi ranked second highest in the South with average expenditures of 8.87%. During this time, Mississippi also spent more on administration as a percent of current expenditures than its border states, as shown in the graph to the right.

Percentage of General and School Admin Spending: Border States  
FY 2006 to FY 2016

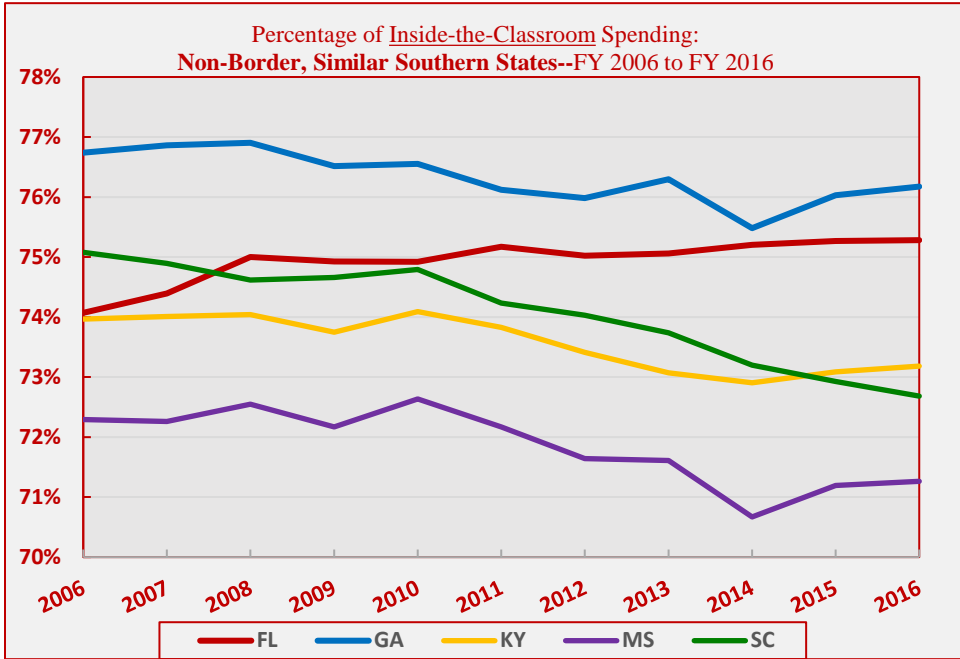


<sup>4</sup> OSA’s original brief from April 2019 used “total” expenditures as defined by MDE and the U.S. Department of Education because it reviewed Mississippi K-12 spending that is often ignored or overlooked, but which accounts for hundreds of millions of dollars each year and it only looked at Mississippi. This brief uses “current expenditures” as defined by MDE and the U.S. Department of Education, because there are numerous expenditure categories in other states that do not have a Mississippi equivalent. “Current” expenditures as defined by the U.S. Department of Education include instruction, support services, and non-instructional services, but not certain one-time or long-term expenditures or expenditures for other types of education or property which are included in “total” expenditures. Using “current” expenditures allowed OSA to keep expenditure comparisons similar across states. To ensure uniform multi-state comparisons, OSA used data from the National Center for Education Statistics for this report. Therefore, some percentages may be different between the April brief and this one because some annual expenditures are not being included.



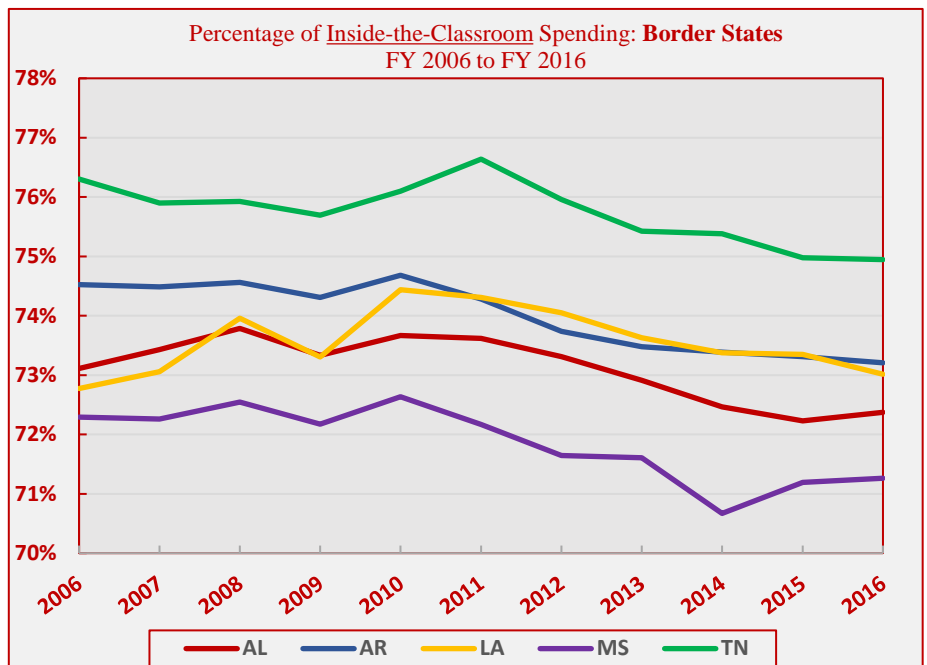
### The View from Inside the Classroom

Inside-the-classroom spending includes direct instruction and instruction support expenditures. Inside-the-classroom spending is any category the MDE and the U.S. Department of Education classify as “Instruction” or “Instruction Support” in their accounting rules. This includes salaries and benefits for teachers, consultants or supervisors of instruction, guidance personnel, librarians, psychological personnel, and other instructional staff; classroom supplies, textbooks, and student education materials; contractual fees for staff providing instructional improvement; educational media (library and audiovisual) and other instructional support services; and student transportation. Inside-the-classroom spending excludes administrative staff, attendance personnel, and clerical personnel that have no direct instruction-related interaction with students.



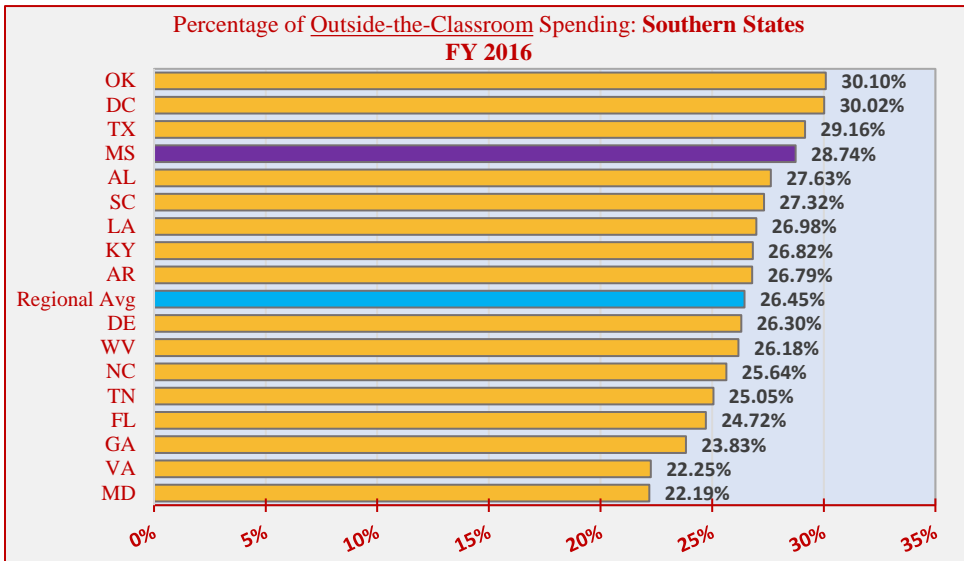
Comparing non-border, similar southern states, Mississippi spends less of its total K-12 funding inside the classroom than others (left). Compared to its border states, Mississippi also spends less of its K-12 budget inside the classroom (below).

The average percentage spent inside the classroom from FY 2006 to FY 2016 shows Mississippi ranked third lowest among all 16 southern states with average expenditures of 71.86%. Moreover, Mississippi’s current rate of spending inside the classroom of 71.26% is slightly lower in FY 2016 than it was in FY 2006 when it accounted for 72.29% of current K-12 expenditures.



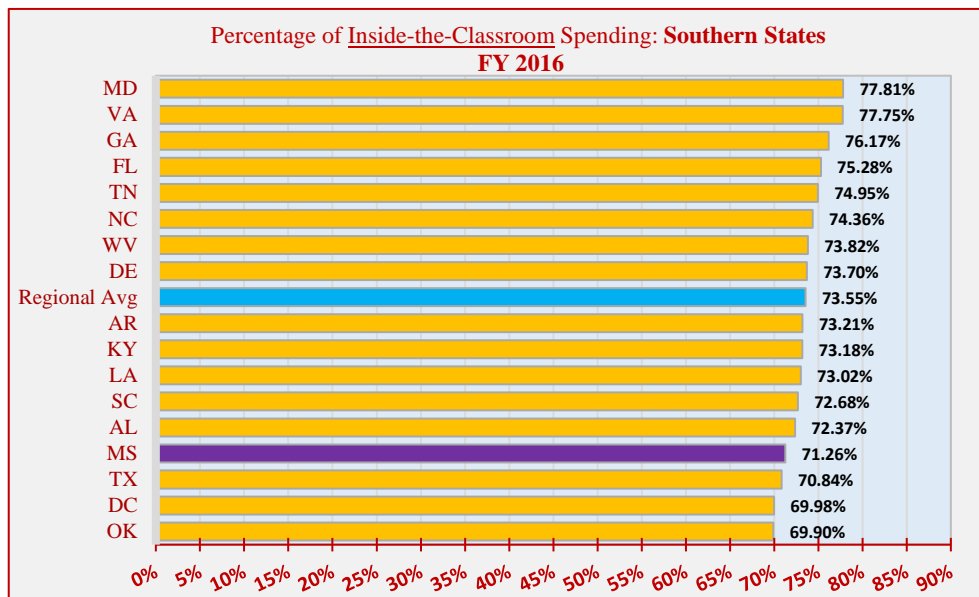
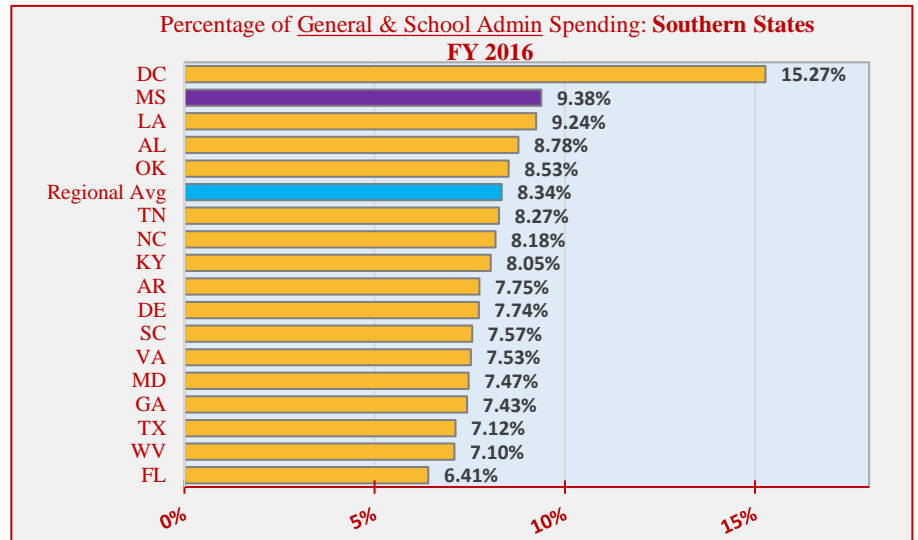


### Comparing All 17 Southern States



Analysis of all southern states' current K-12 expenditures shows that **Mississippi is currently spending more outside the classroom than all other southern states except Oklahoma, Washington, D.C.,<sup>5</sup> and Texas.** The chart at left shows outside-the-classroom spending data from FY 2016, the most recent year for which there was available data.

**Mississippi ranks second highest in the South behind only Washington, D.C. when it comes to general and school administrative spending.** Again, general and school administrative spending is a part of outside-the-classroom spending.



The graph (left) shows Mississippi's FY 2016 inside classroom spending was higher than three other states: Oklahoma, Washington, D.C., and Texas.

<sup>5</sup> Though Washington, D.C., is not a state, the U.S. Department of Education includes it in defined "southern states."



## **Conclusion**

The first brief in this series found that, over the last ten years, administrative spending in Mississippi increased at a faster rate than instructional spending. This study shows that outside-the-classroom spending, as a percentage of Mississippi's education budget, is higher than in most other southern states. Mississippi's inside-the-classroom spending is lower than in most other southern states.

Mississippi spends \$4.2 billion dollars per year on K-12 public education. Even spending shifts of 1-2% of total spending can have a large impact. For example, a six-percent shift from outside-the-classroom spending into classrooms would equate to just over \$250 million. In other words, if Mississippi spent as much in the classroom as the southern state that spent the highest percentage in the classroom in 2016 (Maryland), Mississippi would have dedicated over \$250 million more per year to the classroom than it does currently. This \$250 million, if spent on teachers' salaries, would have paid for a salary increase over three times as large as the salary increase authorized by the Legislature in 2019.

OSA recommends that school districts evaluate ways they can streamline or cut outside-the-classroom spending, especially administrative costs, and transfer their savings into the mission-critical areas of classroom needs. One school district under new leadership, for instance, recently conducted a review and found nearly \$1 million in administrative waste.<sup>6</sup>

Some outside-the-classroom spending occurs because increased federal or state regulations force districts to hire administrative personnel to ensure the district is complying with those regulations. OSA recommends that MDE review its regulations and eliminate any that unnecessarily result in funds being funneled away from the classroom.

When searching for ways to cut administrative costs, research into other states with more successful student outcomes can yield valuable best practices. Additionally, Mississippi has a number of highly successful school districts which could also yield best practices. OSA has discussed cost-saving measures happening in some high-performing Mississippi school districts, and their practices should be replicated across the state. These best practices could help ensure that Mississippi spends its money where it makes the biggest difference in the lives of Mississippi students.



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<sup>6</sup> <https://www.clarionledger.com/story/opinion/columnists/2019/04/22/jps-superintendent-errick-greene-leadership-changes-save-1-m/3513313002/>