



## Teacher Compensation Frequently Asked Questions Updated FY 2026

The following updated FAQ provides guidance to assist school corporations with review and implementation of the provisions regarding teacher compensation. All changes are effective beginning July 1, 2025, for school year 2025-2026 expenditures.

| Number | Question  | Answer  |
|--------|---|---|
| 1      | <b>Who is classified as a teacher for teacher salary expenditures?</b>  | Beginning July 1, 2023, and for purposes of IC 20-28-9-28, a teacher includes an individual licensed under IC 20-28-5 who has entered into a regular teacher's contract under IC 20-28-6-5 or a temporary teacher's contract under IC 20-28-6-6(a)(1) with a school corporation, cooperative, interlocal agreement, or consortium and whose primary responsibility is the instruction of students. An individual's primary responsibility is the instruction of students if the individual provides instruction to students in a classroom setting for at least 50% of the individual's workday. This applies to full-time teachers, part-time teachers, adjunct teachers, school counselors, and permanent substitute teachers employed by a school corporation. The individual's workday is the number of hours the individual is expected to work each day under the terms of the individual's contract with the school corporation. |
| 2      | <b>What is the definition of "compensation?"</b>  | Beginning July 1, 2023, "Compensation" is the dollar amount expended by a school corporation, cooperative, consortium, interlocal agreement, or dropout recovery service and paid to a teacher for teacher salaries and benefits including Federal Insurance Contributions Act (FICA) and Teachers Retirement Fund (TRF) contributions. (In the <a href="#">Chart of Accounts</a> , this includes objects 100 to 299 and subcategories 30-39 and 62-67) For schools participating in a cooperative, interlocal, consortium, or dropout recovery service, the term reflects each school's proportionate share of the teachers employed by the cooperative, interlocal agreement, consortium, or dropout recovery service.  |
| 3      | <b>Does the 65% expenditure requirement apply to charter schools, education service centers, or cooperatives?</b> | No, the 65% expenditure requirement does not apply to charter schools, education service centers, or cooperatives. For purposes of school corporations reporting a proportionate share of consortium, interlocal agreement, dropout recovery service, or cooperative expenditures for teacher compensation, it is important reporting local education agencies utilize the Chart of Accounts, including subcategories.  |



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| 4  | <b>What is included in “state tuition support?”</b>   | State tuition support includes the basic grant, the special education grant, the career and technical education grant, non-english speaking program grant, and the academic performance grant. The total amount of state tuition support distributed to a school corporation can be found on the June Form 54 monthly distribution report of the appropriate fiscal year (FY 2026). Tuition Support attributable to virtual students who are receiving 100% of their education from a third party is removed from the total Tuition support for the purposes of the calculation.   |
| 5  | <b>Are transfers from the education fund to the operations fund accounted for in the 65% requirement?</b>   | No, the teacher compensation calculation does not take into account the amount of any transfers from the education fund.   |
| 6  | <b>Are substitute teachers included?</b>  | Beginning July 1, 2023, permanent substitute teachers, with a teaching license, employed by a school corporation are included in the calculation of teacher compensation. (See IC 20-18-2-22) Permanent substitute teachers should be coded to subcategory 62.   |
| 7  | <b>Do we include payments to teachers paid from federal grants such as Title I?</b>   | Yes, total expenditures for teacher compensation (numerator) are based on the entire amount a school corporation expends on teacher compensation regardless of the fund used.  |
| 8  | <b>Are employer payroll taxes included?</b>   | The information should reflect gross salaries, not employer payroll taxes.   |
| 9  | <b>If multiple school corporations belong to a cooperative, interlocal agreement, or service center, can each school corporation count expenditures for teacher compensation toward their school corporation’s 65% expenditure threshold?</b> | For school corporations that are part of a cooperative, interlocal agreement, or consortium, the cooperative, interlocal, or consortium should provide each school corporation with its proportionate share of teacher compensation for individuals employed by the agreement according to the subcategory definitions. Beginning July 1, 2023, for teacher compensation expenditures made each school corporation should record its payments to the cooperative, interlocal, or consortium applicable to teachers, using Object Codes 100-299 and Subcategories 30-39 and 62-67 and the appropriate expenditure account. Each school corporation's proportionate share of the teacher compensation will be included as part of the expenditure amount for purposes of this law. Service center agreements and contracts are excluded from this provision. |
| 10 | <b>How should members code payments to cooperatives?</b>  | Payments to cooperatives should be coded to accounts 17300 and 17400 as applicable, as before, and divided proportionally into objects 100-299, subcategories 30-39 and 62-67 if the definitions are applicable, for the portion directly attributable to the school corporation’s share of teacher compensation of those individuals employed by the cooperative. The remaining portion should be coded to other object codes, for instance object code 591.  |



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| 11 | <b>What falls under a “stipend” for the 65% Teacher Compensation requirement?</b>             | Stipends paid to teachers (objects 141 and 142 paired with subcategories 30-39 or 62-67) would be included in the 65% Teacher Compensation requirement.   |
| 12 | <b>How should a local education agency (LEA) based cooperative code teacher expenditures?</b> | Beginning July 2023, an LEA-based cooperative should use object codes and subcategories to track teacher salaries and benefits separately from other expenditures. As before, expenditures on behalf of students enrolled at the LEA-based cooperative should be coded to school ID(s) of the corporation, while expenditures on behalf of students enrolled at other public school corporations should be coded to school ID 8888. |

**For additional information, please email [schoolfinance@doe.in.gov](mailto:schoolfinance@doe.in.gov).**

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