



Efficiency Scan & Fiscal Analysis of Indiana School Corporations

An Independent, Evidence-Based Analysis for Indiana's K–12 Management Associations

ISBA · IASBO · IAPSS · ISRSA · IUSA · Coalition of Growing & Suburban Schools

Policy Brief Update
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What the Associations Asked Us to Do

The Commission: Six Indiana K–12 Management Associations · January 2026

"Conduct an objective, data-driven analysis of operational efficiency across Indiana's 290 school corporations: (1) clarify what the evidence actually shows about staffing, spending, and outcomes, and (2) identify realistic efficiency strategies that do not undermine instructional quality, local capacity, or community stability."

PAVE Scope of Work, January 2026

What we examined:

Student outcomes

NAEP, ILEARN, IREAD, graduation cohort data, chronic absenteeism

Per-pupil spending

NCES CCD audited federal data; Reason Foundation 2025 analysis

Teacher compensation

NEA Rankings & Estimates; OFMA LSA salary study (Oct. 2025)

Cost-per-graduate

Extending Dr. Chris Lagoni's 2006–2018 Form 9 methodology; reviewed by Barry Gardner, Policy Analytics LLC

Value-added model

Ball State CBER (Hicks & Faulk, March 2026)

Consolidation research

IU CEEP (Moore & Thomas, April 2026); statewide fiscal efficiency survey (n=150, 57% rural)

Indiana in One Picture: The Core Paradox

#6 in reading · #38 in spending · #1 in efficiency — but for how long?

#6

4th Grade Reading
(NAEP 2024 — highest ranking ever)

92%

Graduation Rate
Record high; above national avg.

16.7%

Chronic Absenteeism
vs. ~24% national; 3 yrs improving

#38

Per-Pupil Spending
\$3,616 below national average

#50

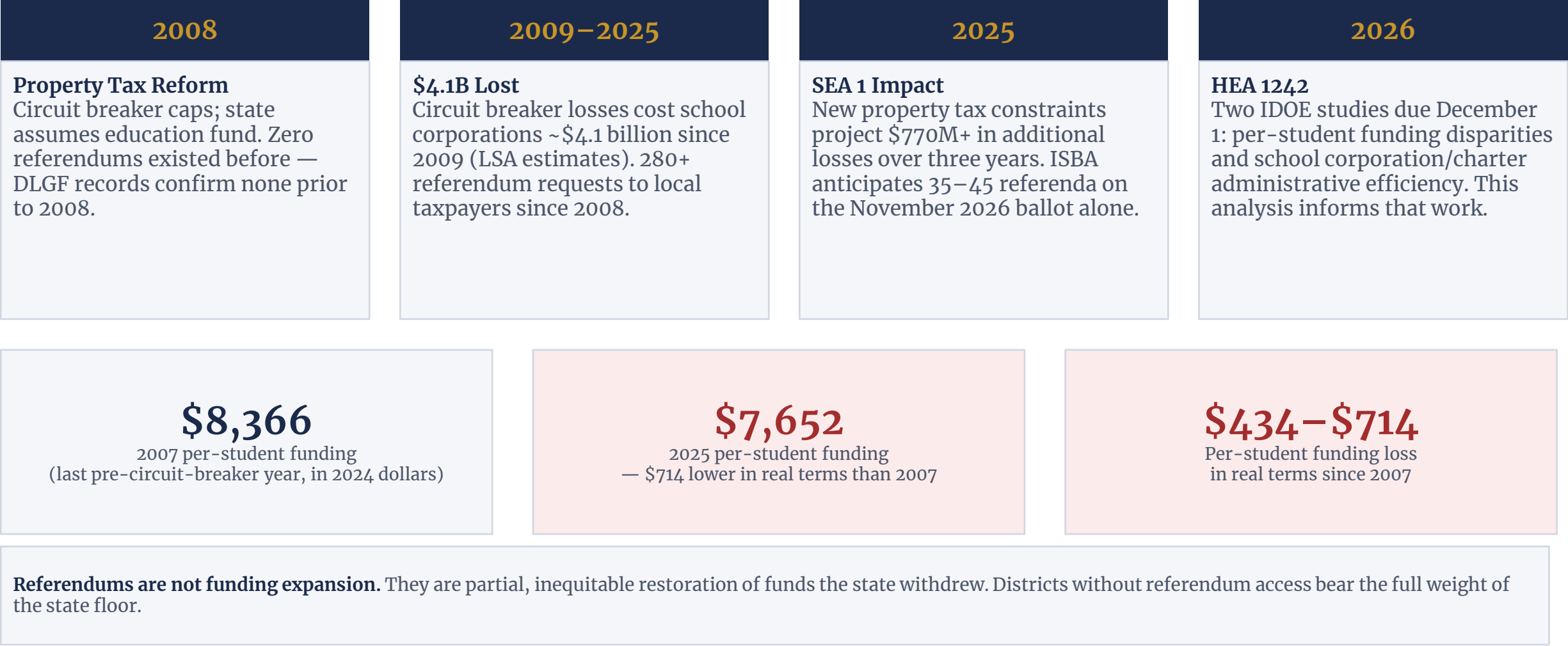
Lowest increase in per pupil spending since 2002 (Reason Foundation, 2025)

THE PARADOX — and the warning

- Three of these numbers are strong.
- The fourth and fifth are not, but that gap is the reason the other three should not be read as proof the system is working as it should.
- A system producing above-average outcomes from below-average resources is not evidence that resources are adequate. It is evidence that the system is stretched.

Impact Since the 2008 Property Tax Reform

A chain of fiscal decisions still compounding today — and why referendums are restoration, not expansion



Source: Spradlin, The Journal (ISBA), Spring 2026; LSA circuit breaker estimates; Lagoni/ISRSA, 2025 Budget Research; 2025 Reason Foundation Report

Five Key Findings

What the data show — the evidence base for our policy recommendations

1

Results are strong — but the model is fragile.

Indiana produces above-average outcomes from below-average investment. The structural model making this possible is at or near saturation. The conditions sustaining it are eroding.

2

Teacher compensation is in long-term decline.

Real salaries have fallen more than 20% since 2002. Indiana ranks #38 nationally in teacher pay, #40 in instructional spending, and last in per-pupil spending growth since 2002.

3

Size does not predict performance or cost.

High value-added and low-cost travel together across all enrollment sizes in Indiana's own data. Economies-of-scale arguments are not supported by the evidence.

4

Efficiency mechanisms are already at saturation.

90%+ of school corporations use CTE cooperatives or ESC purchasing. These savings are structural and already realized — the system is managing constraint, not surplus.

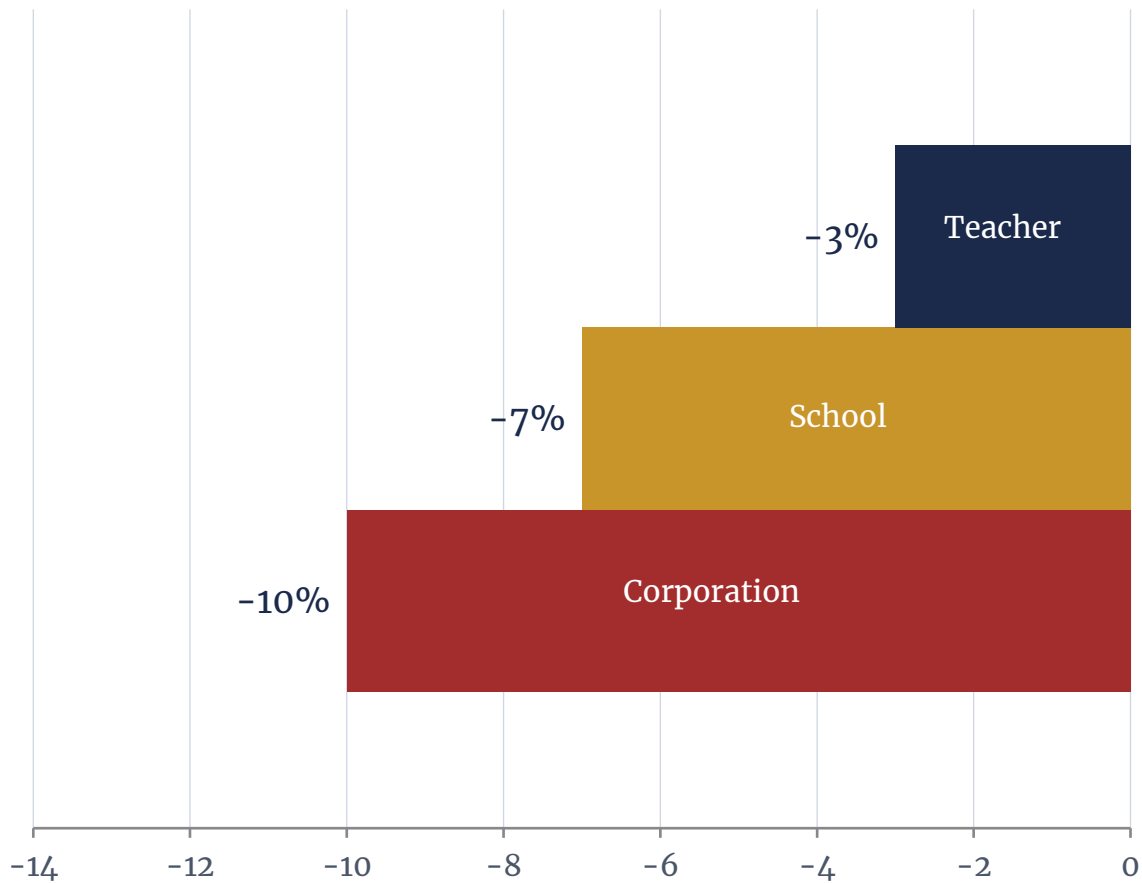
5

Accountability must apply equally to all schools.

Traditional public corporations outperform charter schools on every absolute outcome measure while carrying fewer administrators per student. One standard for everyone.

Real Teacher and Admin Salary Declines

Indiana OFMA LSA study, Oct. 2025 — inflation-adjusted median salaries, FY2020–FY2025



-20%+
Real teacher salary decline
since 2002 (one of only 3 states)

LAST
Per-pupil spending growth
2002–2023 nationally (Reason Foundation)

#38
Average teacher salary nationally
\$61,661 vs. \$74,495 national avg.

~\$57,543
Effective avg. salary without
\$191.2M in local referendum supplements

Source: Indiana OFMA LSA (Oct. 2025); NEA Rankings & Estimates (2024–25); Reason Foundation (2025)

National Picture: What Indiana Gets for Its Investment

Indiana outperforms every Midwest peer in 4th and 8th grade reading while spending less than all but one

NAEP Measure	IN	Nat'l	IL	OH	MI	WI	KY
4th Grade Reading=6 th Nationally	34%	30%	30%	32%	25%	31%	33%
8th Grade Reading=6 th Nationally	33%	29%	33%	32%	24%	31%	29%
Per-Pupil Spending	\$13,374 #38	\$16,990	\$21,657	\$15,436	\$14,489	\$16,285	\$12,791

The pairing that matters:

Indiana spends less per pupil than every regional peer except Kentucky — yet outperforms the entire region on reading. This is not coincidence. It reflects 15+ years of deliberate, near-saturation efficiency. The question is whether it is sustainable.

Source: NAEP 2024 (nationsreportcard.gov); Per-pupil spending: NCES CCD NPEFS FY2021–FY2023 (audited, consistent methodology)

Per-Pupil Spending: The Investment Gap

What the federal data show — Indiana is lean where it counts (NCES CCD, FY2021–FY2023)

Measure	Indiana Rank	Indiana	National Average	vs. National
Total current expenditure per pupil	#38	\$13,113	\$16, 560	-\$3,447
Instructional expenditure per pupil	#39	\$7,282	\$9, 748	Bottom quartile
Combined Admin (Gen + School) per pupil	#33	\$1,131	\$1,243	Lower middle
Operations and Maintenance per pupil	#21	\$1,546	\$1,581	Mid-range
Districts per 100,000 students	#21 lowest	29 districts/ 100,000 students	27 districts/ 100,000 students	Mid-range

HEA 1242 premise: that school corporations spend too much on administration. The federal data say otherwise — consistently, across three audited fiscal years.

Source: NCES CCD NPEFS FY2021–FY2023; Reason Foundation Annual Report on School Finance (2025)

Teacher Compensation: The Hidden Cost of Underfunding

The referendum mask — what the state floor actually is without local supplements

#38 nationally

Average teacher salary (NEA 2024–25)

\$61,661

Indiana average vs. \$74,495 national

-\$12,834

Below national average per teacher

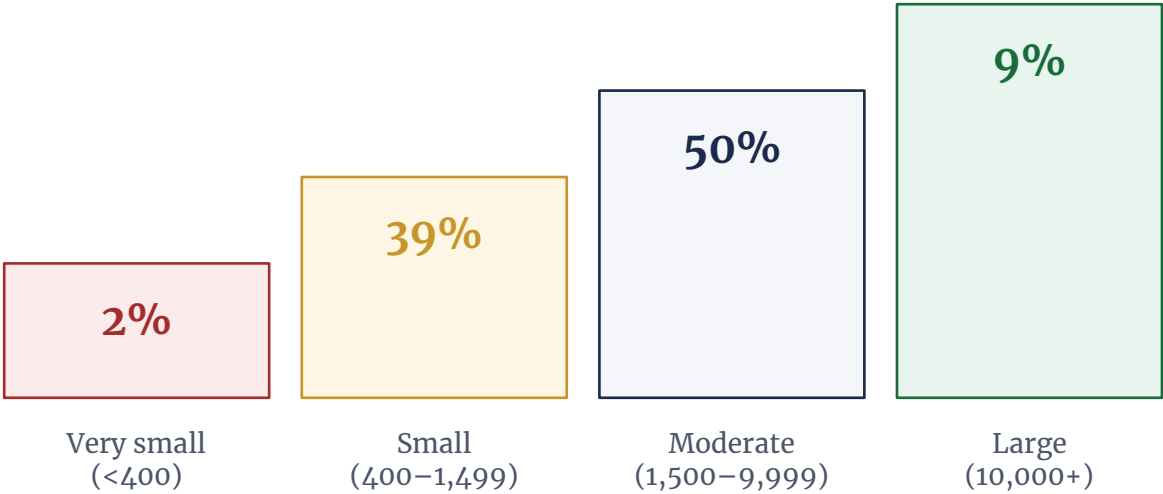
Nationally, nearly 40% of new teachers leave their school in the first five years of teaching. (Ingersoll & Strong 2011; Learning Policy Institute 2026).

Source: NEA Rankings & Estimates (2024–25); ISRSA Lagoni/budget research; PAVE referendum salary analysis

Indiana School Landscape: Size, Sector, and Distribution

290 traditional public corporations · 127 charter schools · 1.04 million students

Traditional Public: Distribution by Enrollment Size



Charter Sector: Key Facts

- 127** charter schools in Indiana
- 329** median charter enrollment (vs. 1,776 for traditional public)
- >99%** of charter schools enroll fewer than 1,500 students — below the IU CEEP optimal range lower bound
- 75%** of charter schools located in counties with populations over 200,000
- 56%** graduation rate — vs. 91.1% for traditional public (same IDOE cohort methodology)

Source: IDOE 2024–25; IU CEEP Moore & Thomas (April 2026)

Charter vs. Traditional Public: The Full Picture

Every major outcome measure — same data standards applied to both sectors

Outcome Measure	Traditional Public	Charter Schools	Source
Graduation rate (Class of 2025)	91.1%	56%	IDOE / WFYI
Chronic absenteeism (2024–25)	16.9%	41.5%	PAVE Foundational Landscape
ILEARN ELA proficiency	38–41%	24–31%	IDOE, 2025
IREAD 3rd grade proficiency	84–91%	73%	IDOE, 2025
Students per administrator	201	121	Indiana OFMA, FY2025
Annenberg/Waddington study (Brown U., preliminary): faster post-COVID growth in some charter schools — measured from a lower baseline. Does not change absolute performance picture. Acknowledged; scope limited to Indianapolis urban sector.			

Survey: Every Belt Is Already Tight

Statewide fiscal efficiency survey — n=150 · 59% superintendents, 35% CFOs · 57% rural

90%
participate in CTE cooperatives
(59% report savings)

90%
participate in Education Service Centers
(purchasing 90%, PD 86%)

81%
completed energy efficiency projects
(LED 99%, building controls 68%)

68%
participate in health insurance
pools or trusts

Costs Rising Anyway

- ↑ Utilities
- ↑ Property & liability insurance
- ↑ Health care
- ↑ Transportation
- ↑ Special education mandates

The efficiency that never shows up in data:

Multi-role staffing — the AD who also manages transportation, the principal who is also the Title I director — delivers real salary cost savings invisible in any spending comparison. The survey documented this pattern widely among rural respondents.

Underutilized strategies with remaining potential: shared administrative staff (15% participation), P&C insurance pooling (21%), shared instructional staff (31%).

Cost Per Graduate: What It Actually Costs Indiana to Produce a Graduate

Extending Dr. Chris Lagoni's 2006–2018 foundational analysis · Reviewed by Barry Gardner, Policy Analytics LLC

\$190,037

Statewide median cost per non-waiver graduate (PAVE updated analysis)

\$102K

Low end — most cost-efficient traditional public corporations

\$487K

High end — driven by poverty, geography, referendums — not inefficiency

Barry Gardner (Policy Analytics LLC) identified five primary drivers of cost variation:

- Capital cycles and construction: major facility investment can double or triple a district's measured costs in a given cycle
- Referendum expenditures: a district that passed a referendum for teacher salaries shows higher costs — that is investment, not inefficiency
- Enrollment trends: declining enrollment spreads fixed costs over fewer graduates, raising per-graduate cost regardless of management quality
- Poverty and transportation: high-FRL and geographically dispersed districts face structurally higher costs
- Demographics and categorical obligations: Title I, special ed, and ELL allocations create legitimate cost variation across districts

Value-Added + Cost: The Efficiency Test That Actually Works

Ball State CBER VAM model (Hicks & Faulk, March 2026) crossed with PAVE cost-per-graduate analysis

Why VAM?

Poverty alone explains 35–40% of performance variation. Raw test scores are largely rankings of communities, not schools.

The Ball State CBER model controls for enrollment, demographics, FRL, per-pupil spending, and ELL share. The residual = the school's real contribution.

47–59% of performance variation persists after demographic controls — real quality differences.

District (VAM Q1)	Enroll.	Cost/Grad	VAM (8th)
Liberty-Perry Community	1,161	\$147,836	+22.3%
Pioneer Regional	916	\$156,479	+22.6%
Brownsburg Community	10,503	\$153,019	+29.1%
Avon Community	10,742	\$159,383	+26.6%
Crawford County (#1)	1,235	\$217,844	+31.5%
Bremen Public Schools	1,497	\$160,249	+11.1%
Warrick County School Corp	9,858	\$158,268	+16.2%
MSD Martinsville Schools	3,998	\$158,708	+7.4%

Source: Ball State CBER (Hicks & Faulk, March 2026); PAVE cost-per-graduate analysis (Form 9, all funds)

Consolidation: What the Evidence Actually Shows

Duncombe & Yinger (2007)

Examined actual consolidations in New York:

- Can reduce operating costs when very small districts merge
- Significant transition and capital costs substantially reduce net fiscal benefits
- Cost savings decline rapidly as district size increases
- Most effective for the smallest districts only
- "Do not assume larger consolidations generate meaningful savings"

Another significant finding in the consolidation literature:

No peer-reviewed study has found consistent positive effects on student academic outcomes from district consolidation. Several find small negative effects, particularly in communities where the local school is central to civic identity.

One Standard, Multiple Measures: A Better Definition of Efficiency

What HEA 1242 studies should require — and what Indiana could lead the nation in doing

"If you want to make data-driven policy decisions around education, set up the data to do that — for everyone."

Common Fiscal Data

- Per-network Form 9 reporting for charter schools.
- Same cost methodology for all publicly funded schools.
- No hidden central-office costs flowing out of state.

Multiple Performance Measures

- Graduation rates, chronic absenteeism, VAM, ILEARN/IREAD — not just one metric.
- Statistically reliable demographic controls.
- Apples-to-apples across sectors.

Equal Accountability

- Same performance benchmarks for traditional public and charter.
- Same consequences for failure.
- Same data transparency requirements.

Targeted Policy

- Consolidation where data support it — targeted, voluntary first, supported.
- No broad mandate where evidence shows costs would rise.
- Use the cost index, not enrollment alone.

Five Policy Recommendations

Evidence-backed asks — the conditions required to sustain what is working

1

Invest in Teacher Pay

Stop the real-wage decline. #38 nationally; down 20%+ in real terms since 2002. The \$191M in referendum dollars masking the state floor cannot substitute for state investment. Reinstate mandatory teacher mentorship to address the 18% exit rate.

2

Equal Accountability Standards

Require per-network Form 9 reporting for charter schools. Apply the same performance benchmarks, data requirements, and consequences to all publicly funded schools.

3

Fund Mandated Obligations Fully

Special education and ELL are chronically underfunded mandates. Eliminate the hidden cross-subsidy that forces districts to cover federal obligations from tuition support funding.

4

Apply Consolidation Where Data Support It

Targeted, voluntary-first, supported consolidation for the very smallest districts where evidence shows benefit. No broad mandate where Indiana's own data show costs would rise or outcomes would fall.

5

Build the Multiple-Measure Efficiency Framework

Use the HEA 1242 process to define efficiency correctly: common fiscal data, multiple outcome measures, demographic controls, and equal standards for every publicly funded school in Indiana; use CBER, IU, Purdue, Policy Analytics, etc.

*"We are not asking for more money to do better.
We are asking for enough money to keep doing
what we are doing — and to do it for the next generation."*

Indiana's efficiencies are real — but structural and fragile.
The teacher workforce is aging. New teachers are leaving. Referendum fatigue is growing.

The question is not whether Indiana can afford to invest in its schools.
It is whether Indiana can afford not to.

Set up the data to make good decisions — for everyone.

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