

# MISSISSIPPI

**Where Is All the Money Going?**  
**An Analysis of Inside- and Outside-the-  
Classroom Education Spending**

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## Executive Summary

Mississippi taxpayers spend more on public K-12 education than any other spending category in the state budget.<sup>1</sup> The Mississippi Office of the State Auditor (OSA) has published multiple reports since 2019 showing how Mississippi public schools spend taxpayer money. These reports have ranged from broad evaluations of statewide education spending to detailed studies of individual school districts. Now, analysts have obtained new data to show taxpayers updated information about how their money is spent on Mississippi's K-12 education system.

In April 2019, the Auditor's office released a report on educational spending in Mississippi primarily using data from the Mississippi Department of Education (MDE).<sup>2</sup> That report showed how Mississippi's education spending over a 10-year period (2006-2016) had failed to focus spending inside classrooms where it matters most. Administrative spending went up while the number of teachers and students went down. It also showed Mississippi could have redeployed \$358 million annually—enough to fund thousands of dollars per teacher in pay raises—if spending outside the classroom had been kept the same, per student, over those ten years.

Another report from the Auditor's office, released in November 2019, compared education spending in Mississippi to that in other Southern states.<sup>3</sup> That report showed Mississippi spent a greater percentage of its education money on administration than every other Southern state except the District of Columbia, which was included in the analysis.

Since these reports were published, analysts have obtained new data and examined Mississippi's education spending trends. This report uses data primarily from the National Center for Education Statistics (NCES).<sup>4</sup> These new data show Mississippi continues to prioritize outside-the-classroom (OTC) spending—especially spending on administration—over inside-the-classroom (ITC) spending. As a result, **Mississippi could**

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<sup>1</sup> See Legislative Budget Office [report](#).

<sup>2</sup> See [report](#).

<sup>3</sup> See [report](#).

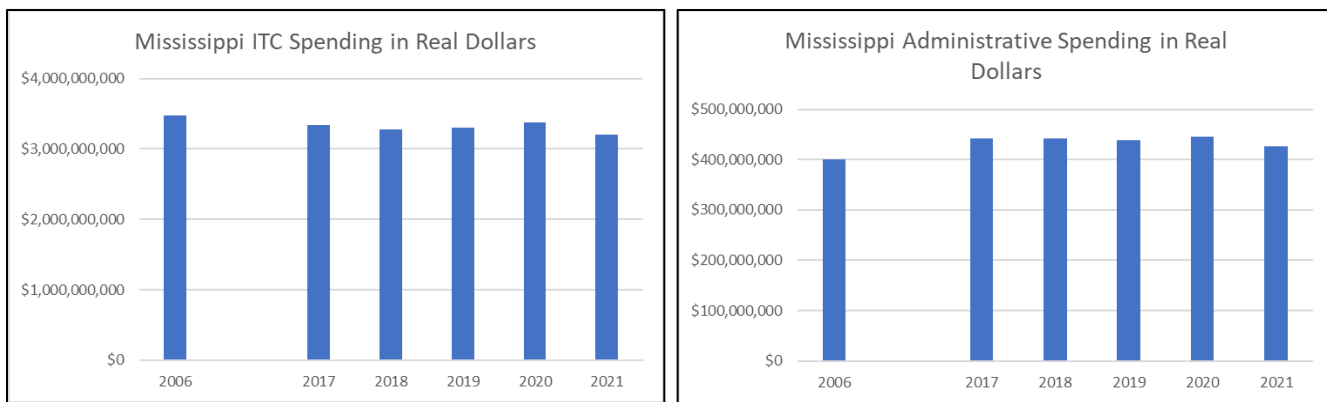
<sup>4</sup> See [NCES source](#). As noted in our previous report, educational spending can be broken down into four major categories: Instruction, Instruction Support, Administrative, and Non-Instructional. Instruction and Instruction support are considered “Inside the Classroom” spending, while Administrative and Non-Instructional spending are “Outside the Classroom” spending. MDE and NCES use different accounting codes. NCES codes STE1, STE22, STE23, and STE27 are encompassed by MDE codes 1105-2229 and 2610-2899 for instructional expenditures. NCES codes STE24, STE25, STE26, STE28, E3A1, E3B1, and E81 are encompassed by MDE codes 2310-2599, 2410-2499, and 3100-3300 for non-instructional spending. For a more detailed description for NCES see [Common Core of Data, Glossary](#). For a more detailed description of MDE codes see this [source](#). It should be noted that the data for AY 2021 includes funds received from COVID-19 Federal Assistance Funds. These funds cannot be fully broken into the categories used in this report for inside- and outside-the-classroom spending. The unaccounted funds equal approximately 0.43% of Mississippi's Total Current Expenditures for AY 2021.

invest over \$144 million per year into public school classrooms by reaching the national average for percentage of education funds spent inside the classroom.

## Mississippi continues to spend too much on administration despite a declining number of students.

Between Academic Year (AY) 2006 and AY 2021, the Mississippi ADA (average daily attendance of students) dropped by approximately 60,000.<sup>5</sup> Yet during that period administrative spending increased, even when adjusted for inflation.

Moreover, since 2006, administrative spending grew while ITC spending declined. For the period of AY 2006 to AY 2021, when adjusted for inflation, administrative spending in Mississippi grew by 6.51% while inside the classroom spending dropped by 7.76%.



OTC and administrative costs increase for a variety of reasons according to past analyses of school districts by the State Auditor's office. These analyses showed many school districts have inefficient procurement processes, they make ineffective use of technology that has been purchased, they maintain unneeded buildings and property, and administrative salaries are high.<sup>6</sup> Some administrative salaries in school districts—particularly those of superintendents—exceed even the salary of Mississippi's governor.<sup>7</sup>

## How does Mississippi compare to other states?

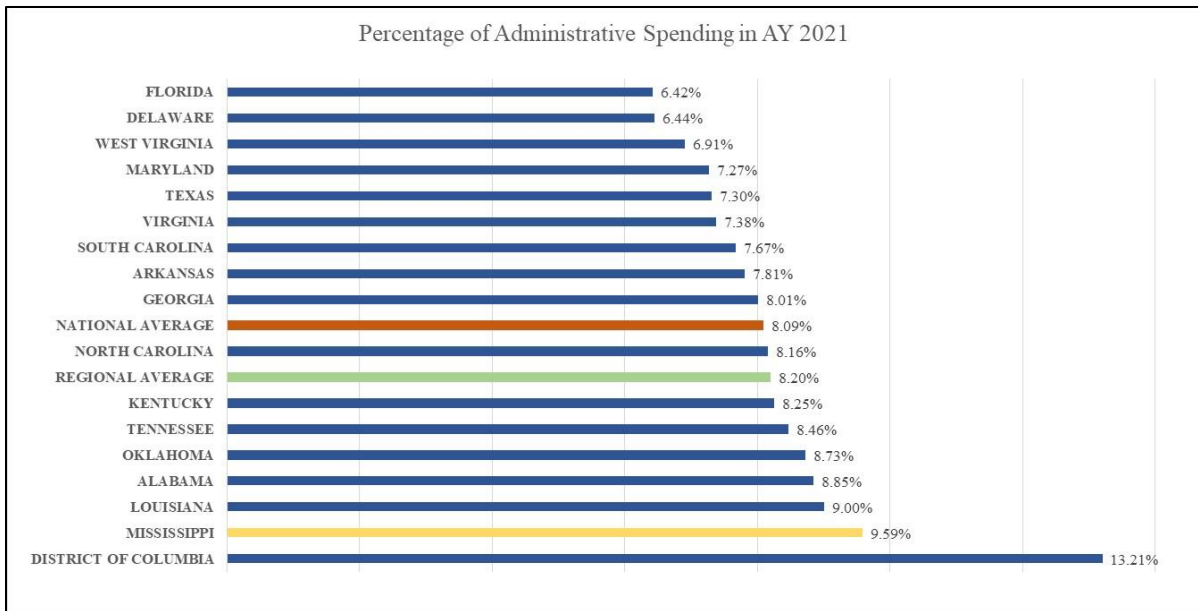
This updated analysis shows Mississippi spends a greater portion of its education budget on administration than any other state in the South. Only the District of Columbia spends a greater portion of its budget on administration.<sup>8</sup>

<sup>5</sup> 2005 ADA taken from [NCES Data](#). See [MDE](#) for ADA data from AY 2021.

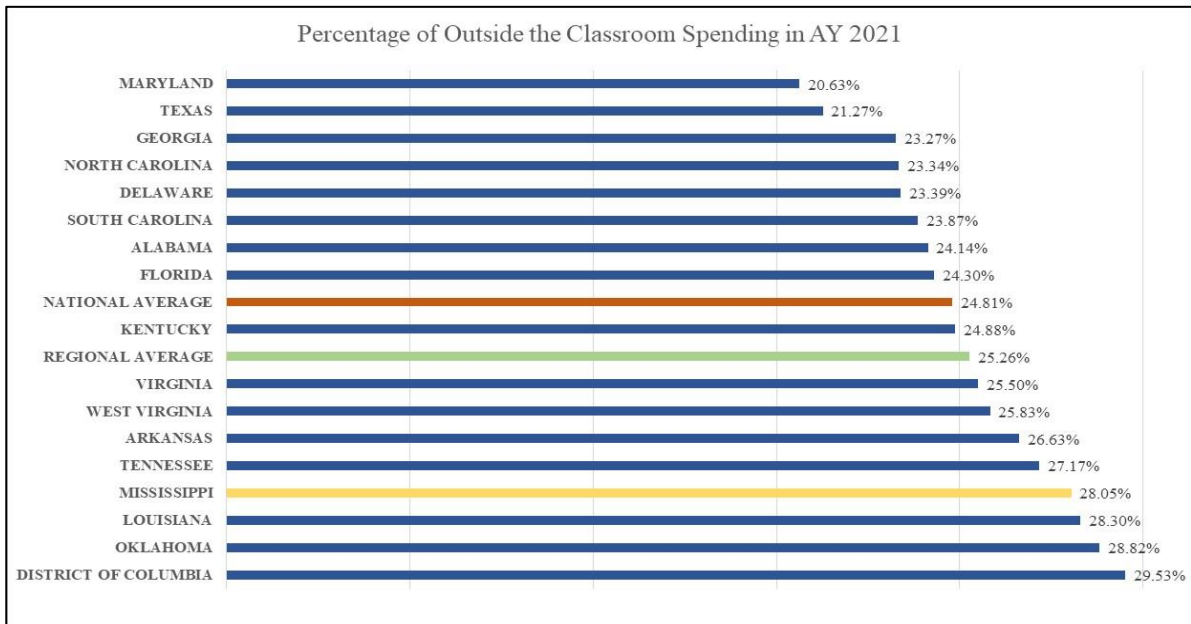
<sup>6</sup> See [Glimpse report](#).

<sup>7</sup> For Governor's salary see [Miss Code Ann. § 25-3-31](#); for superintendent salaries see [Mississippi Today article](#). It should be noted before January 2024, the Governor's salary was \$122,160.

<sup>8</sup> All percentages for the states included in this comparison were calculated by OSA analysts using data provided by NCES.



At 28.05%, Mississippi has one of the highest percentages of OTC spending in the South.

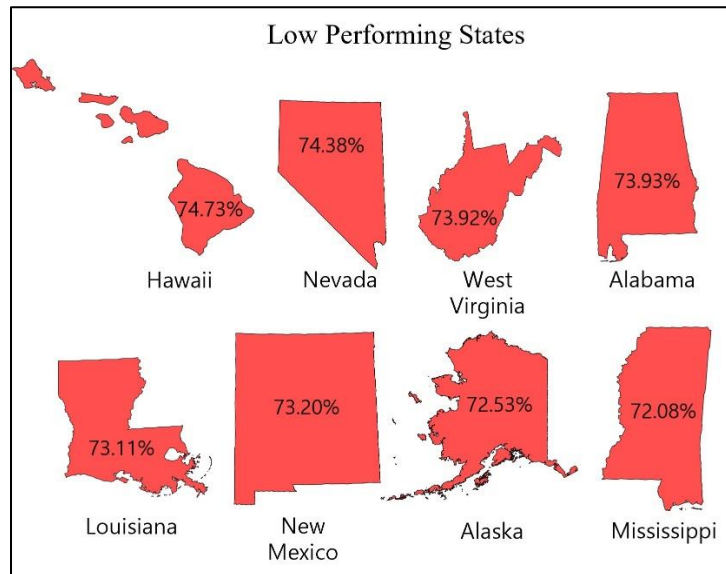


## Does ITC spending actually matter?

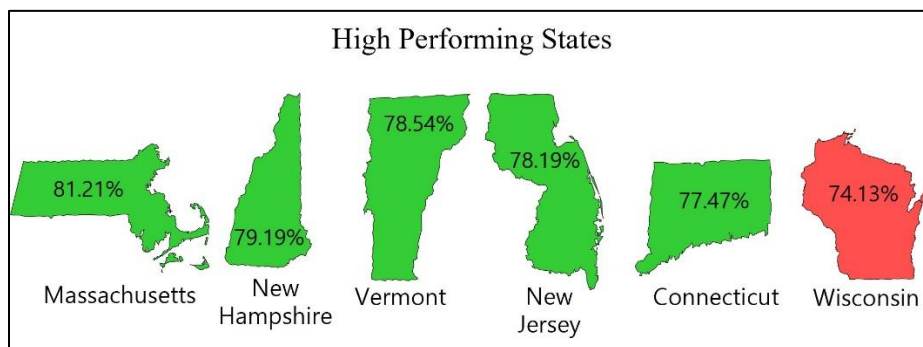
National Assessment of Educational Progress (NAEP) scores are often used as a benchmark to compare states' education systems.<sup>9</sup> ITC spending is correlated with stronger performance in the classroom. Analysts found that of the states ranked in the bottom ten of 8<sup>th</sup> grade math and 8<sup>th</sup> grade reading scores—that is, states that scored the worst on these two different tests—eight states appeared in the bottom ten in both

<sup>9</sup> See "[The Nation's Report Card.](#)"

math and science. All eight of these states spent less than 75.01%<sup>10</sup> (the national average) of their respective total education budget inside the classroom. Mississippi spent a smaller portion of its education budget inside its classrooms than any of these other states with low test scores. The graphic below shows these states along with the respective portion of education expenditures spent inside classrooms.



In contrast, six states made the top ten list for both 8<sup>th</sup> grade math and 8<sup>th</sup> grade reading scores. Five of these six states spent above the national average inside the classroom in 2019. The graphic below shows these states along with their respective portion of education expenditures spent inside classrooms.



Targeted spending inside classrooms can improve student test scores.<sup>11</sup> If Mississippi capped outside the classroom spending at the national average and reallocated the savings into classrooms, it would mean an additional \$144 million per year for teachers' salaries, classroom supplies, and other ITC expenditures.<sup>12</sup>

<sup>10</sup> OSA analysts calculated the estimated national average of ITC using data from NCES. The estimated average was multiplied by Mississippi's Total Current Expenditures. Analysts then took the difference between Mississippi's Total Current Expenditures and the estimated national average to assess where Mississippi stands in comparison to other states.

<sup>11</sup> See [Report](#).

<sup>12</sup> The national average for administration spending was 8.08% in AY 2020.

## Conclusion

The number of students in Mississippi public schools is going down, but administrative spending continues to go up, even taking into account inflation. Mississippi still outpaces other Southern states on the percentage of our education spending that goes outside the classroom. Previous analyses from the State Auditor's office have shown ballooning administrative expenses and missed opportunities to prioritize spending inside classrooms where it directly affects children. This new analysis shows Mississippi has continued to prioritize spending on administration from AY 2006 to AY 2021.

Mississippi should ensure education spending is actually accomplishing the intended goal: providing better outcomes for the students. Despite research showing targeted ITC spending is correlated with better student outcomes, our state spends a smaller percentage of its dollars inside classrooms than most other states. Mississippi would have needed to reallocate over \$144 million of its education spending just to bring its ITC spending in line with the national average.<sup>13</sup>

**If Mississippi policymakers redeployed that \$144 million, it could pay for approximately 90,000 new MacBooks, 17 million reams of paper, or send \$4,500 annually to each teacher.**

In the future, if the state reforms its public-school funding formula, it could consider several ideas to push more money into the classroom. For instance, if a school district is losing students but wants to increase its administrative spending, the school district could be required to write a clear justification that has to be approved by the state education board (Illinois does something similar). The state could impose penalties on school districts that are losing student population but are still increasing administrative spending, and then use those penalties to boost teacher pay. Or the state could cap the amount of money that shrinking school districts can spend on administrative costs at their current level (Texas does something similar).

Regardless of the solution chosen, state lawmakers should capitalize on the "Mississippi Miracle" and the momentum it provides by investing where it matters most: inside our classrooms.<sup>14</sup>

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<sup>13</sup> Data show only 71.95% of AY 2021 of Mississippi's education spending went to ITC expenses. The estimated national average was 75.19%.

<sup>14</sup> See Associated Press [article](#).