

School Finance Redesign Project

center on reinventing public education

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RESEARCH BRIEF

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Allocation Anatomy was written by **Marguerite Roza**, a research professor at the University of Washington's College of Education and senior scholar with the Center on Reinventing Public Education (CRPE). The report is part of a series produced by CRPE's School Finance Redesign Project. For more information and copies of the full report visit: www.crpe.org

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ALLOCATION ANATOMY: District Resource Distribution Practices & Reform Strategies

Educators in schools and district central offices focus their energies on trying to improve instruction. Most think decisions about resource allocation are made by distant budget-writing entities like state legislatures and school boards, but they are wrong. District budgets generally say little about how money is used because budgets lump spending into broad categories like instruction or professional development. Official budgets set broad frameworks, but real resource allocation is done by the people who provide services, assign staff to schools, and decide how to group students and use time. Unfortunately, educators often end up spending money in ways that undermine their own intentions and district-wide priorities. For example, districts that want to emphasize improving schools serving disadvantaged students often allocate staff—and therefore the money used to pay them—in ways that benefit schools serving more advantaged students. Similarly, districts that want to make sure all students get access to a particular program or service often inadvertently give some students more of these resources than others.

Over the years, several lines of inquiry at the Center on Reinventing Public Education (CRPE) indicate that most educational leaders do not fully understand the allocation strategies they employ or the alternatives available to them. Marguerite Roza's report, entitled *Allocation Anatomy: How District Policies That Deploy Resources Can Support (or Undermine) District Reform Strategies*, analyzes district allocation practices in two urban districts—both among the 100 largest districts in the United States—and reveals that allocation policies, decisions, and behaviors can undermine a district's stated priorities.



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HOW MONEY IS ACTUALLY SPENT

Tracking actual expenditures illustrates how various actions within the system can support or undermine stated district reform strategies. For example, a district hoping to close the achievement gap by providing more social services to disadvantaged students might choose to assign a social worker to every school. However, if the disadvantaged students are concentrated in only a few of the district's many schools, most of the money for social workers will be spent in schools with more advantaged students. Moreover, if the schools serving disadvantaged students are larger than the district average, the district will make an even *smaller* per-pupil investment in social workers for disadvantaged students than for other students.

Alternatively, suppose the district creates a central pool of social workers, and principals are told to call on them when they see a need. In this case, the use of this resource depends entirely on how different principals use the service and how the social workers respond to the ebb and flow of demand. One principal with minor needs may make many demands and monopolize social workers' time. A new principal in a high-poverty school might not know she can ask for help and therefore get no social work service for her students. In an effort to maximize her impact, a social worker facing requests for services from several principals may frequently visit schools closest to her office or schools with the most students, not necessarily schools with the greatest need.

In a third example, the district deploys social service "hours" to schools as a function of the number of disadvantaged students. Schools with higher numbers of disadvantaged students get more total hours from social workers than schools with fewer disadvantaged students. This method concentrates resources as intended on the high-needs students.

As indicated above, the result of such micro-level decisions is that often funds do not wind up where district leaders intend them to be. Roza's paper examines how districts' spending can become detached from strategies of school improvement and suggests how districts can focus dollars on instructional improvement.

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TOWARD MORE DELIBERATE RESOURCE ALLOCATION

Five factors determine actual resource flows in schools and districts:

- ✓ **What gets allocated?** Is the district allocating dollars, units of service, employee slots, or access to a resource held at the central office?
- ✓ **Who decides how a resource is used?** Is the decision made by school leaders, central office leaders, or the individuals who deliver a service?
- ✓ **What practices determine how resources flow?** Do they flow to schools and students on the basis of a per-capita formula, or are resources spent on service providers who then decide how to allocate their time? Are resources like professional development offered to all but in fact provided only to those who opt to attend special sessions?
- ✓ **How is resource use restricted?** Do grant or state funds come with prescriptions on what gets purchased or how it gets distributed across schools?
- ✓ **How are resources valued?** Are all the expenditures associated with providing a service recognized? Or are some inherent costs ignored (e.g., the cost of providing substitute teachers while teachers attend professional development)?

The answers to these questions can help illuminate the micro-allocation practices at play within districts, and help guide decisions that better align resources with strategy.

HOW DISTRICTS CAN MATCH RESOURCE ALLOCATION WITH STRATEGY

Roza's report examines resource use in two urban school districts, both serving a broad range of students from different demographic backgrounds and both struggling to close the achievement gap. Interviews revealed that district staff members do not recognize their role in resource allocation and have trouble understanding that "the way things have always been

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done here” represents one of many possible different allocation decisions. Staff members frequently express bewilderment that any other choice is possible and say things like, “There is no real other way to do it, not that would work, really. We only have so many teachers and so many kids.”

Urban districts are often large, hierarchical bureaucracies in which allocation processes are spread among multiple layers and executed by various players in the system. When district leaders fail to recognize the different allocation practices used to deploy millions (or in some cases, billions) of dollars in their organization, they may not be aligning their resources with their intended strategies for reform.

Based on an analysis of spending practices in these two districts, the report shows how resource allocation can undercut district reform strategies.

Some allocation methods are good fits for particular school improvement strategies, while others are not:

- ✓ For districts attempting to target more resources to identifiable groups of students, allocating resources by formula according to pupil type appears to be the best way to get the resources to their intended recipients, whether those are special education students, minority populations, or disadvantaged students.
- ✓ For districts hoping to strengthen schools by decentralizing key decisions, it makes sense to allocate dollars (not purchased resources) and do so via a pupil-based formula. This allows principals the flexibility needed to make decisions about what is purchased.
- ✓ For districts hoping to improve schools via a standard, centrally controlled instructional model, resources should also be allocated centrally, particularly for teacher salaries, other instructional staff, professional development, supplies, and instructional materials.
- ✓ For districts pursuing a small-schools strategy, leaders should avoid allocating staff with defined roles, as these definitions could undermine efforts to create more flexible, responsive school staffs that share both administrative and teaching functions.

Roza’s report concludes by urging district leaders to take a fresh look at their allocation practices and consider whether their use of funds supports or undermines their educational improvement strategy.

The Center on Reinventing Public Education at the University of Washington engages in research and analysis aimed at developing focused, effective, and accountable schools and the systems that support them. The Center, established in 1993, seeks to inform community leaders, policymakers, school and school system leaders, and the research community.