

Examination of Resource Allocation in Education: Connecting Spending to Student Performance

Executive Summary

RESEARCH REPORT



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EXECUTIVE SUMMARY

Research Report
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The Southwest Educational Development Laboratory (SEDL) is working to provide new knowledge to policymakers that will support the transformation of low-performing schools and districts into high performing learning communities. To this end, SEDL conducted a research study beginning in January 2001 that investigated the relationship between resource allocation and student performance. This study, funded as part of SEDL Regional Education Laboratory contract with the U.S. Department of Education, helps fill a gap in the current research base and contributes to reform efforts in the field of education.

Executive Summary

School finance issues are of paramount concern to all levels of the education system – national, state, district, and school. Indeed, every child’s future, as well as the future of a society in general, depends largely on the quality of the educational system. As expectations rise for students and teachers to perform at higher levels, and for schools to guarantee the success of all students, the question of how best to support this reform through the effective and efficient allocation of resources becomes even more critical. Research efforts in recent decades have helped broaden our understanding of the role of school resources in student outcomes and how their distribution and use might be improved. However, the relationship between resources and student performance is still not clear.

SEDL’s study examined district level patterns of resource allocation, district and school resource practices implemented to improve student performance, and barriers and challenges faced by districts and schools to efficient resource allocation. SEDL researchers examined data on student performance as well as fiscal and human resource allocation from all independent school districts within each of four study states, Arkansas, Louisiana, New Mexico, and Texas. SEDL also selected 12 improvement school districts from the larger sample that showed

consistent gains in student performance to more closely examine the resource allocation patterns and practices of successful school districts.

The findings from the research demonstrated a strong relationship between resources and student success. Furthermore, the results indicated that allocating resources within select areas and for certain practices might make a significant impact on student performance. In short, both the level of resources and their explicit allocation seem to affect educational outcomes.

Specifically, this study found that:

- High-performing districts showed different resource allocation patterns in specific fiscal and staffing categories than low-performing districts. A general pattern emerged where higher performance was associated with higher spending for instruction, core expenditures, and number of teachers and with lower spending for general administration and number of administrative staff. In all four states, high-performing districts spent more on instruction as a share of current expenditures, while in three states high-performing districts spent more on instruction per pupil and employed more teachers per 1,000 students. The differences in resource allocation between the low-performing and high-performing groups were reduced in two of the four states when the comparisons controlled for demographic factors and socioeconomic status.
- Improvement districts showed different resource allocation patterns in specific fiscal and staffing categories than districts of similar size. A majority of the twelve improvement districts spent more per pupil in instruction and instruction-related areas, and also increased allocations for these areas faster than comparison districts over the five-year period examined. At the same time, the twelve districts were found to re-allocate resources away from administrative and other non-instructional areas.

- Improvement districts and high-performing districts showed similar patterns in the allocation of fiscal and non-fiscal resources.
- Improvement districts used a range of effective reform practices to address student performance at the school and/or district levels. Interviews with school and district administrators and teacher surveys revealed that the districts able to align general reform efforts with creative and effective application and allocation of monetary, staff, time, physical, and parent/community resources, demonstrated how resources support student performance. These effective resource allocation strategies, however, were implemented less systematically than general reform efforts. The planning that went into general reform efforts was not evident for resource allocation efforts. Administrators infrequently mentioned the use of data and evaluation, resource needs-assessment, or cost-benefit or other analyses to plan budgets and staff allocation.
- Resource allocation in improvement districts involves a trade-off process in which funds, time, staff, and other resources are divided among competing needs, often creating inequities. The analysis of barriers and challenges identified by teachers and administrators clearly indicated that a number of allocation challenges were seen as resolvable, such as inflexibility of categorical funds or the need to build staff capacity. Other barriers and challenges, however, remained unresolved and negatively impacted the ability of districts to effectively allocate resources to support performance goals. These included unexpected fluctuations in fund sources, inability to raise salaries, increased time demands on staff, and unsupported state and federal mandates.

Major findings from this research indicate that states, districts, and schools need to consider the allocation and application of fiscal and non-fiscal resources as an integral part of the

education reform process. Successfully doing this will enhance and support student performance gains. The research provides important lessons for state and local policymakers as to how they can and should connect the allocation of educational resources and student performance goals.

What Should State Decision Makers Do?

- States should investigate whether adequate funds are available to schools to support instructional goals. If shortages exist, district and state policymakers need to work together to determine how to increase spending in priority areas and whether reallocation of existing resources is a viable option.
- States need to provide guidance to districts in ways that best support staff through strategies such as building capacity in all staff, prioritizing resources towards professional development, realigning staffing structures to accommodate the strengths and weaknesses of existing staff, and finding ways to recruit and retain quality staff through compensation and support systems.
- States should support the collection of timely and detailed fiscal and performance data and should train local decision makers in the use of data for tracking spending and analyzing the effectiveness of spending. Data on resources should be tied directly to specific educational programs, staffing configurations, and other improvement strategies so that cost-benefit and other analyses can be conducted.
- States should provide training and guidance so that poor performing schools and districts are able to (1) use student performance data to identify needs and priorities, (2) examine research-based information in order to identify the strategies and practices that would best address their needs, (3) communicate the goals and strategies in their improvement plan to all stakeholders, and (4) evaluate the effectiveness of reform strategies and modify both

strategies and resources that support them if needed. These strategies will help to ensure that implementing an improvement planning process is critical to successful resource allocation.

- States should provide timely and accurate fiscal and performance data, integrate resource allocation in the school/district improvement planning process, give districts advance notice of important changes in requirements or policies, ensure that required programs and services are appropriately funded, and assist districts in providing appropriate compensation and adequate planning time to teachers. In these ways, state policymakers can help districts overcome the barriers they face in allocating resources to support student performance.

What Should Local Decision Makers Do?

- Districts should integrate a resource allocation strategy that is based on identified needs. School and student needs should be established using input or collaboration from parents, teachers, and administrators who have access to achievement data. Once clear goals and objectives for student success are identified, they must be clearly communicated so that appropriate district resources can be allocated to support them at the classroom, school, and district levels .
- Districts should ensure that administrative staff develop financial management skills or use the services of accountants or financial analysts so they can better understand the limits and flexibility of fund sources, examine information on spending patterns, determine whether spending supports district priorities, and reallocate funds as needs arise from year to year or within a school year.
- Districts should develop grant-writing skills within their staff. However, districts should also investigate the limits of potential grant sources before committing the time resources

necessary for application and understand which funds will most directly support their goals and priorities.

- Districts must realize that one size does not fit all with respect to approaches to effective resource allocation. District decision makers should consider the specific circumstances of students, schools, and the district as a whole in planning an approach to allocating resources.
- Districts should support school level efforts to build parent and community support and develop district-wide programs that encourage the participation of these outside resources. District leaders can also play an important role in increasing public support by effectively communicating the district's goals and accomplishments, establishing district linkages to the local business community, and partnering with local initiatives and agencies that serve the needs of children and families.
- Districts should find opportunities to interact with their peers to communicate successful resource allocation practices or seek guidance on barriers or challenges they face. States can also support this effort by providing mechanisms for districts to share information and practices and states should identify and consider practices in other states within their region or nationally.

The research findings and implications confirm that there is a relationship between resource allocation and student performance. The findings are important for education decision makers at all levels, emphasizing that wise use of resources not only makes financial sense but also has implications for student success. Policymakers should consider SEDL's recommendations in future efforts to reform education to support student performance improvement. Further, it is evident there is a need for additional investigation to increase our

understanding about the components, limitations, and impacts of integrating systematic resource allocation into a school reform process to help ensure high levels of success for all students.