School Divisions' Resource Allocation Decisions in an Era of Educational Accountability and Fiscal Retrenchment

A Dissertation Presentation
to the Virginia Senate Finance Committee
Education Subcommittee

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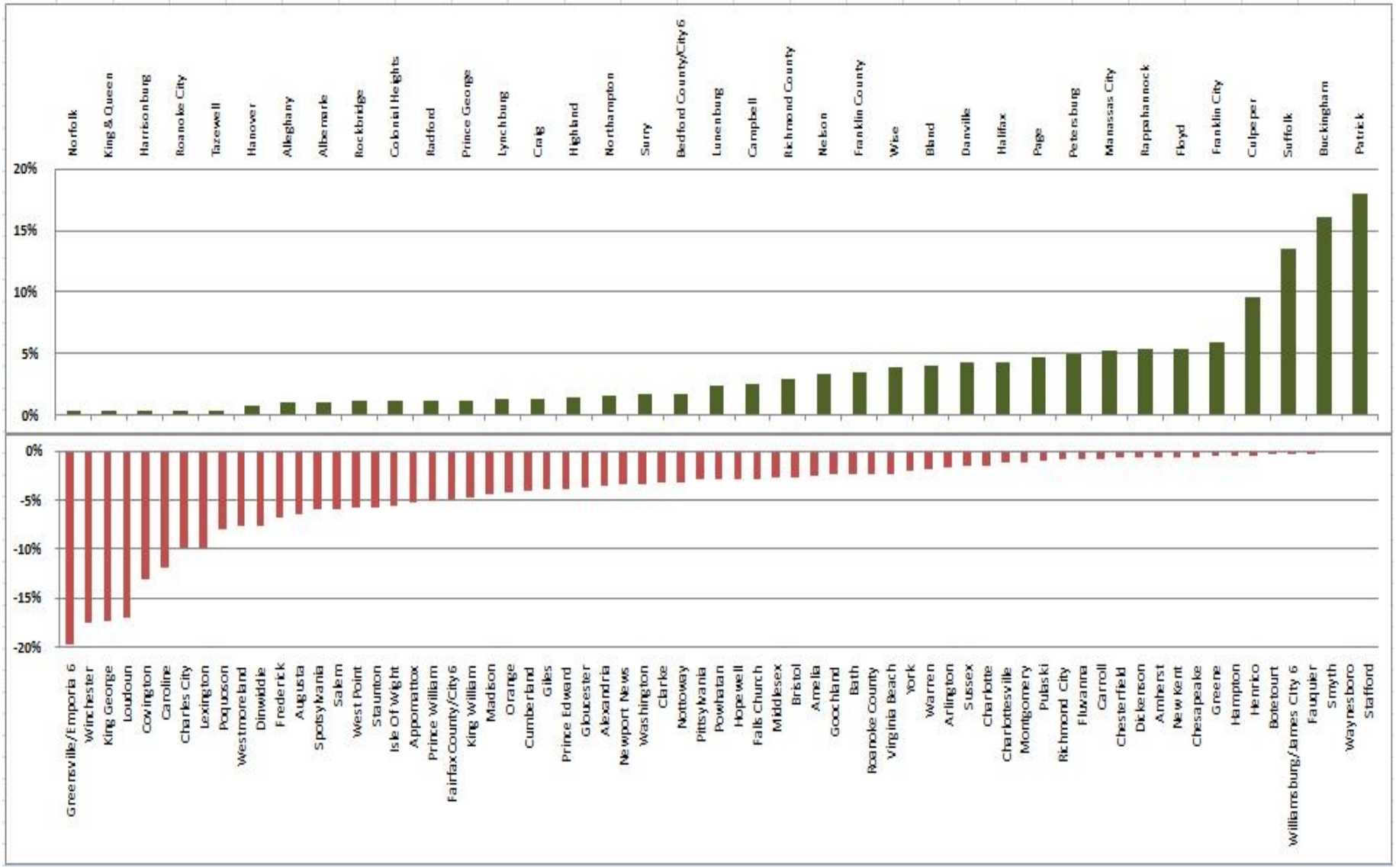
Purpose and Research Questions

To uncover the decisions that Virginia school division leaders made during FY09 in preparing the FY10 budgets and the rationales behind those decisions

1. When faced with fiscal retrenchment in an era of educational accountability, what decisions do public school divisions make?
2. What reasons are given to justify these decisions?
3. Do decisions and their justifications vary across school divisions?
4. What factors account for the variance?

Changes in Total Budget Expenditures as a Function of Enrollment



Changes in Budget Expenditures from FY09 to FY10

Direction of Change in Expenditures	**Frequency (%)** (N = 132)
Increased	28.03
Held Constant	0.76
Reduced	71.21

34.09% of divisions experienced a 3% or more reduction in expenditures as a function of enrollment.

Decisions & Rationales

FINDINGS FOR RESEARCH QUESTIONS 1 & 2

Decisions

	Virginia Budget Reporting Categories						
Division	**Facilities**	**Pupil Transportation**	**Instruction**	**Administration, Attendance, & Health**	**Operations & Maintenance**	**Technology**	**Non-Instructional / Food Services**
Hawthorne	-10.39%	-3.69%	-7.48%	-1.11%	0.38%	ND	2.49%
Hickory	-5.70%	-3.43%	-2.94%	-3.45%	ND	ND	21.37%
Holly	7.55%	-3.32%	-4.17%	-3.99%	-4.36%	ND	2.70%
Laurel	ND	-1.52%	5.35%	-6.37%	-0.06%	3.54%	ND
Lilac	-100%	-18.96%	-12.15%	0.56%	-3.01%	ID	17.57%
Magnolia	ND	ND	-8.78%	-2.15%	4.97%	-8.70%	-1.57%
Maple	-60.67%	-1.32%	-2.64%	-7.86%	0.43%	-0.13%	6.87%
Mountain Ash	-12.66%	-6.61%	-5.62%	-5.13%	2.01%	16.91%	ID
Mulberry	ID	-3.32%	-3.56%	-2.99%	-3.67%	5.40%	-2.76%
Mean Percent Change	-30.31%	-5.27%	-4.67%	-3.61%	-0.41%	3.40%	6.67%

Justifications & Rationales

Developed overarching schema in the form of official and unofficial guiding principles and tiered-systems of cuts

Focused on student achievement and least (negative) impact on students

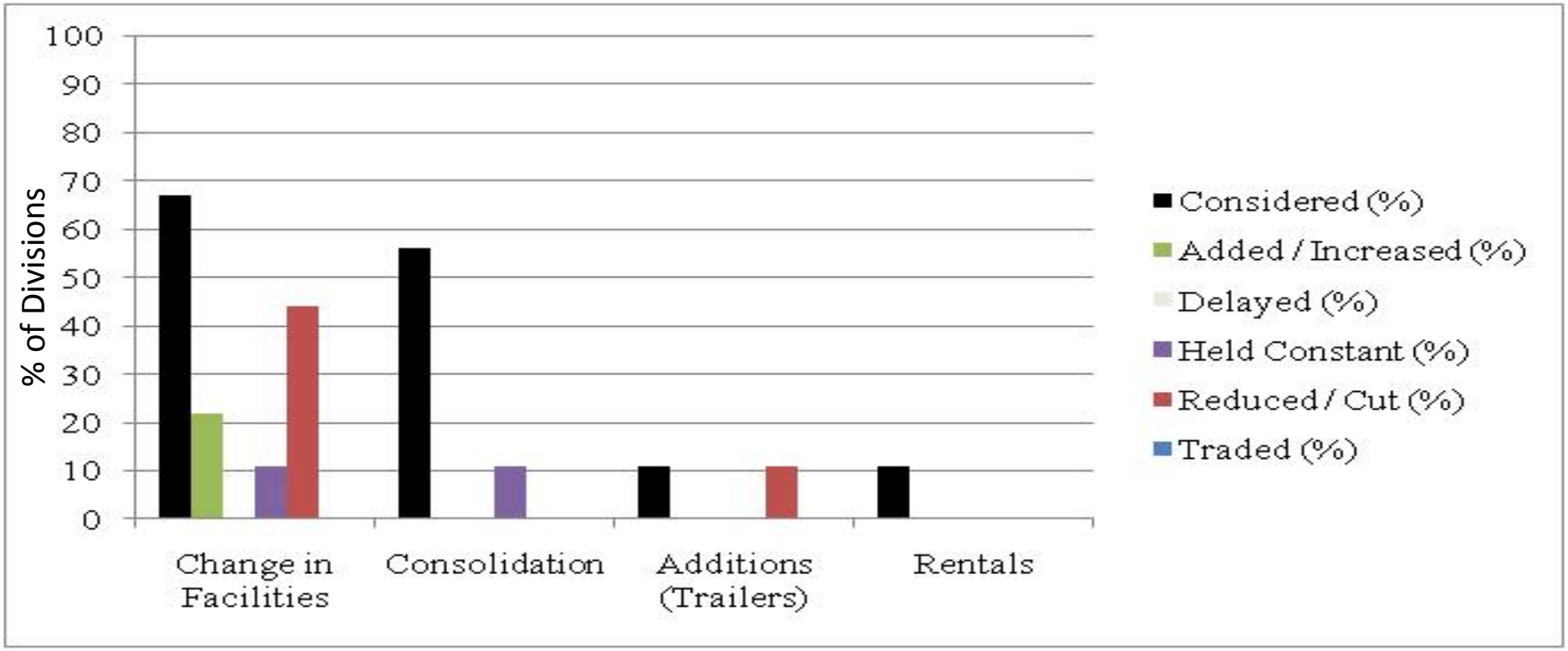
Maintained opportunities for students

Considered state and federal mandates

Category	Decisions	Rationales
Facilities	•Reduced overall expenditures •Delayed renovations and projects •Consolidated programs •Upgraded facilities	•Run the operation efficiently & cut costs •Value positions over facilities •Use stimulus funds for improvements •Received a reduction in state funding •Assessed safety threats
Pupil Transportation	•Adjusted routes •Reduced buses in use •Reduced drivers •Extended replacement cycle •Reduced runs	•Changes in market-driven costs •Able to delay payments •Need to cut costs •Committed to providing access to activities •Access to stimulus funds
Instruction	•Reduced materials and programs •Increased class size •Froze salaries •Adjusted positions and contracts •Shifted cost centers •Redesigned programs	•Aligned with organizational goals and the strategic plan •Had least negative impact on students •Preserved positions •Shifts in student population •Access to stimulus funds
Administration, Attendance, & Health	•Reduced staff and travel •Decreased central office materials •Reduced professional development •Decreased centralized services	•Implicit and explicit community perceptions of where cuts should be made • Cut back on services and opportunities due to too few personnel remaining
Operations & Maintenance	•Increased utility costs •Reduced contracted services •Reduced staff •Consolidated services	•Run the operation efficiently & cut costs •Assessed necessity & threats to safety •Transfer of cost centers •Elimination of other programs
Technology	•Adjusted positions •Enhanced infrastructure •Reallocated equipment •Extended equipment lifecycle	•Viewed as valuable •Ability to provide access and increase equity •Reduction in state grants and funds •Use of stimulus funds for technology
Non-instructional / Food Services	•Increased a la carte pricing •Changed menu cycle •Adjusted salaries and positions •Increased parking fees	•Increased market costs •Increased number of students qualifying for free and reduced-priced meals / Changes in buying habits •Preserve fund balance and cost center

$\bar{x}$ = -30.31%

Facilities



Decisions

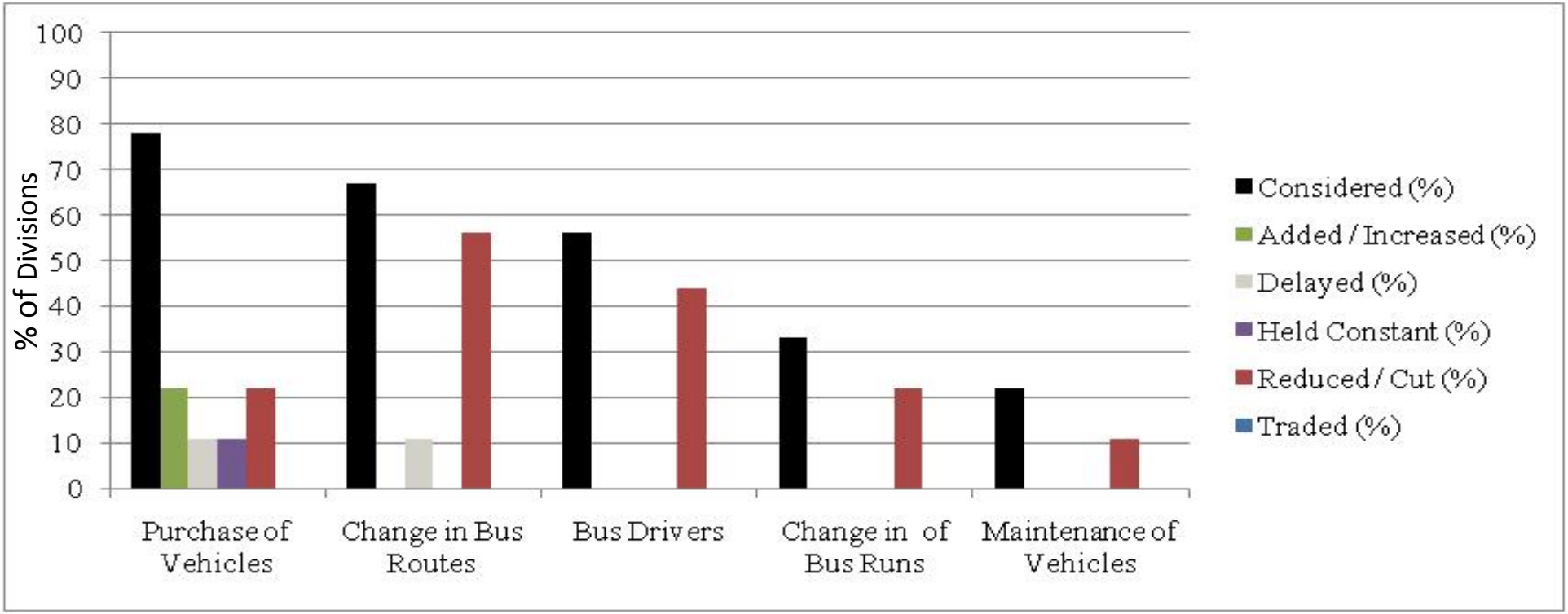
- Reduced overall expenditures
- Delayed renovations and projects
- Consolidated programs
- Upgraded facilities

Rationales

- Run the operation efficiently & cut costs
- Value positions over facilities
- Use stimulus funds for improvements
- Received a reduction in state funding
- Assessed safety threats

$\bar{x}$ = -5.27%

Pupil Transportation



Decisions

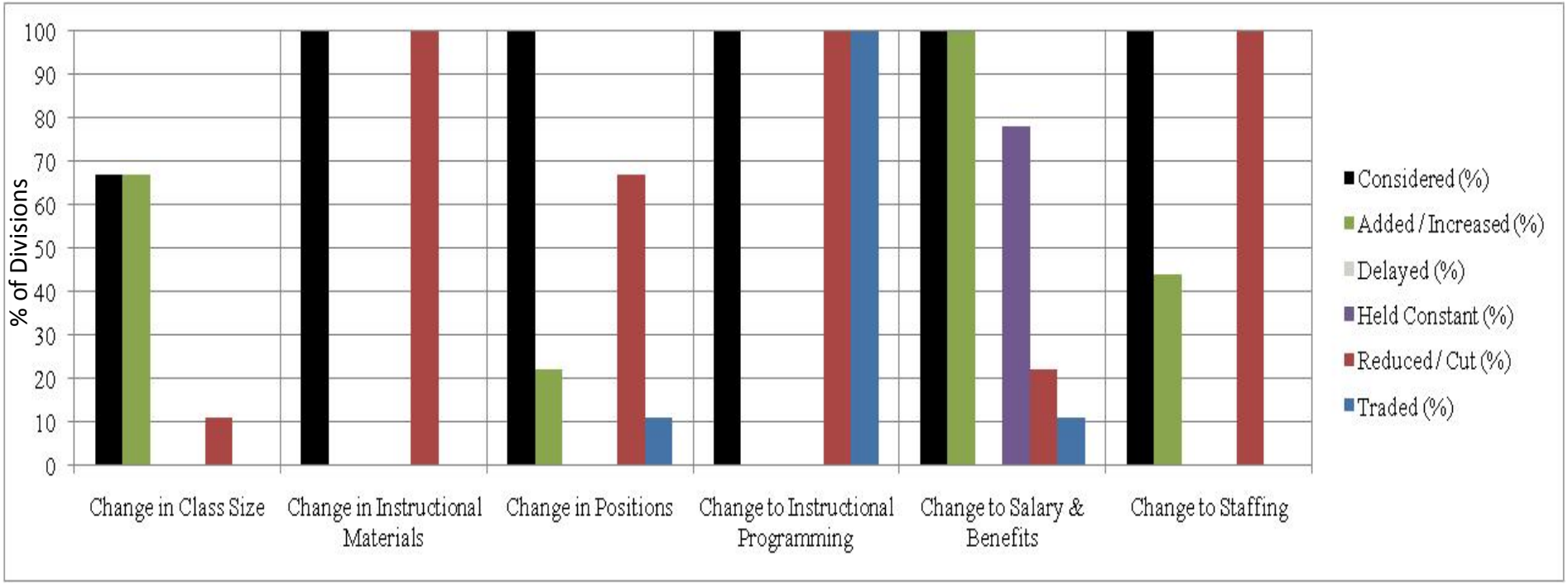
- Adjusted routes
- Reduced buses in use
- Reduced drivers
- Extended replacement cycle
- Reduced runs

Rationales

- Changes in market-driven costs
- Able to delay payments
- Need to cut costs
- Committed to providing access to activities
- Access to stimulus funds

$\bar{x}$ = -4.67%

Instruction



Decisions

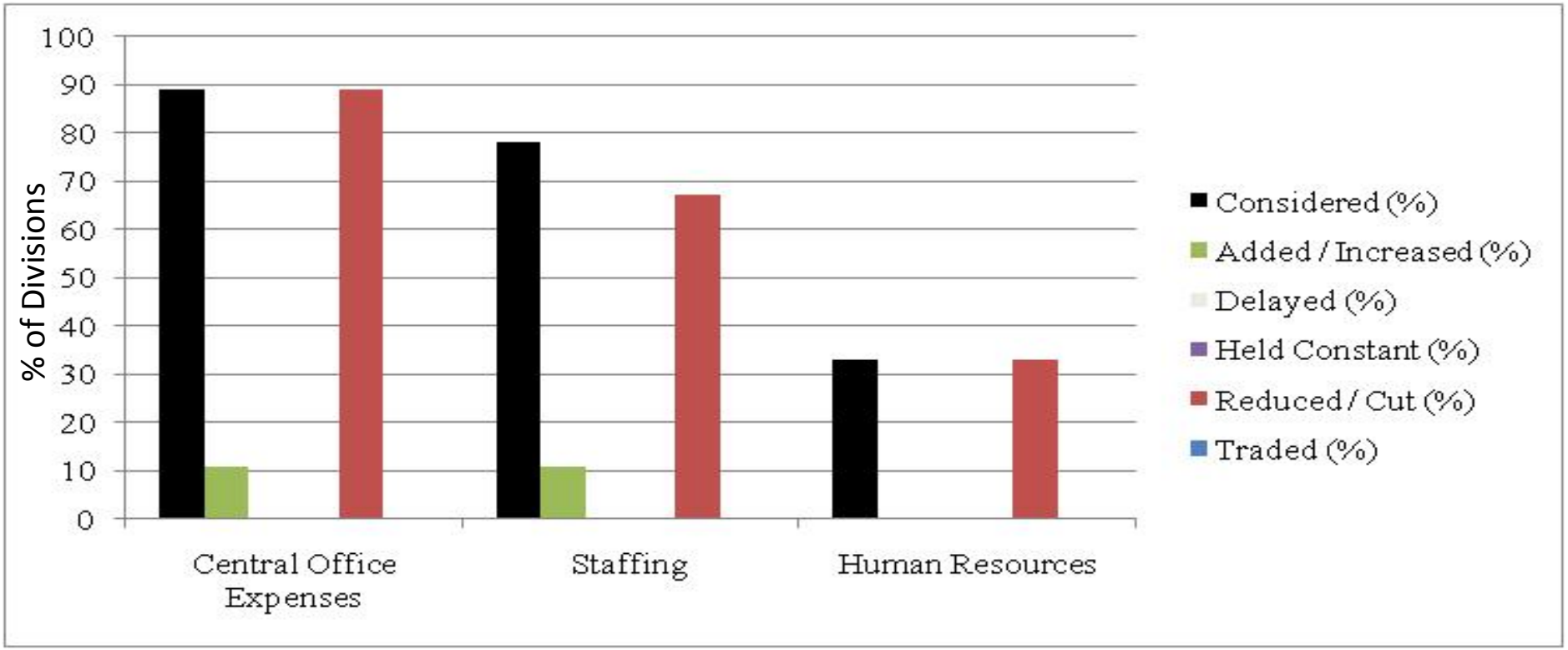
- Reduced materials and programs
- Increased class size
- Froze salaries
- Adjusted positions and contracts
- Shifted cost centers
- Redesigned programs

Rationales

- Aligned with organizational goals and the strategic plan
- Had least negative impact on students
- Preserved positions
- Shifts in student population
- Access to stimulus funds

$\bar{x}$ = -3.61%

Administration, Attendance, & Health



Decisions

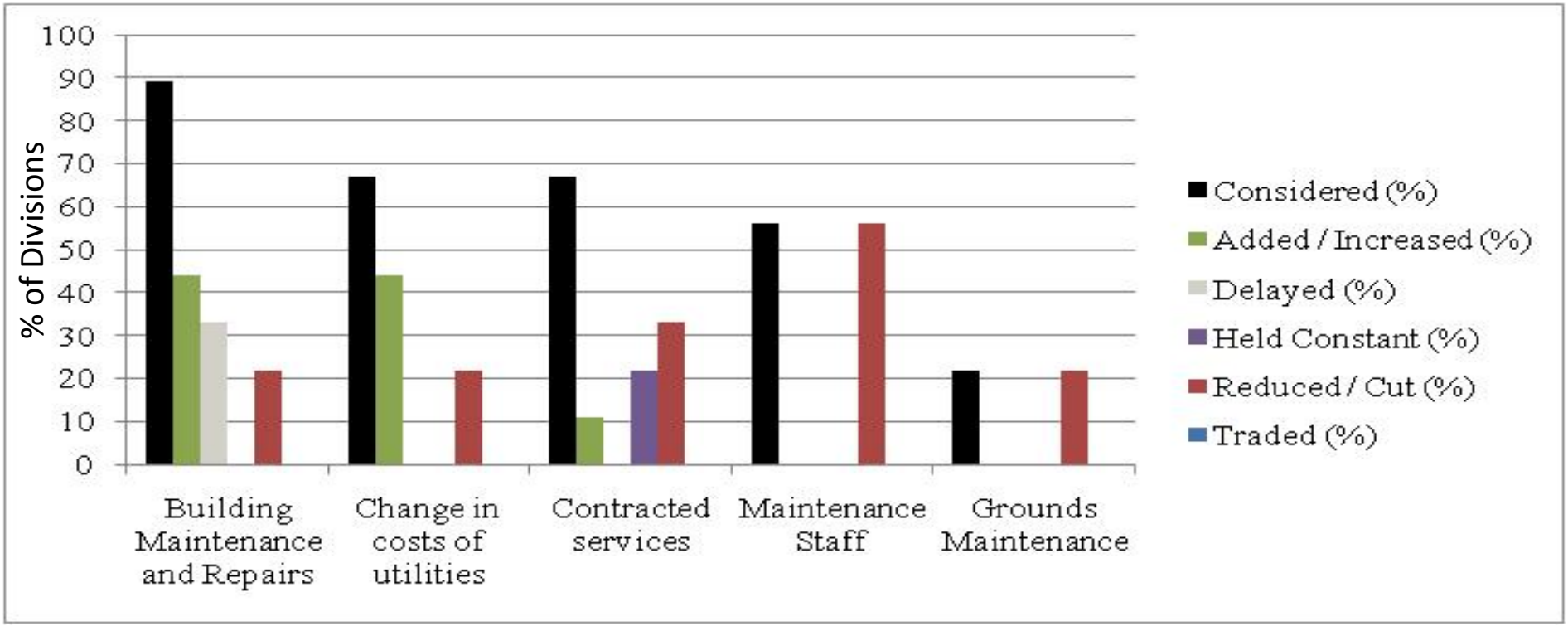
- Reduced staff
- Decreased central office materials
- Reduced professional development
- Decreased centralized services
- Reduced travel

Rationales

- Implicit and explicit community perceptions of where cuts should be made
- Cut back on services and opportunities due to too few personnel remaining

$\bar{x}$ = -0.41%

Operations & Maintenance



Decisions

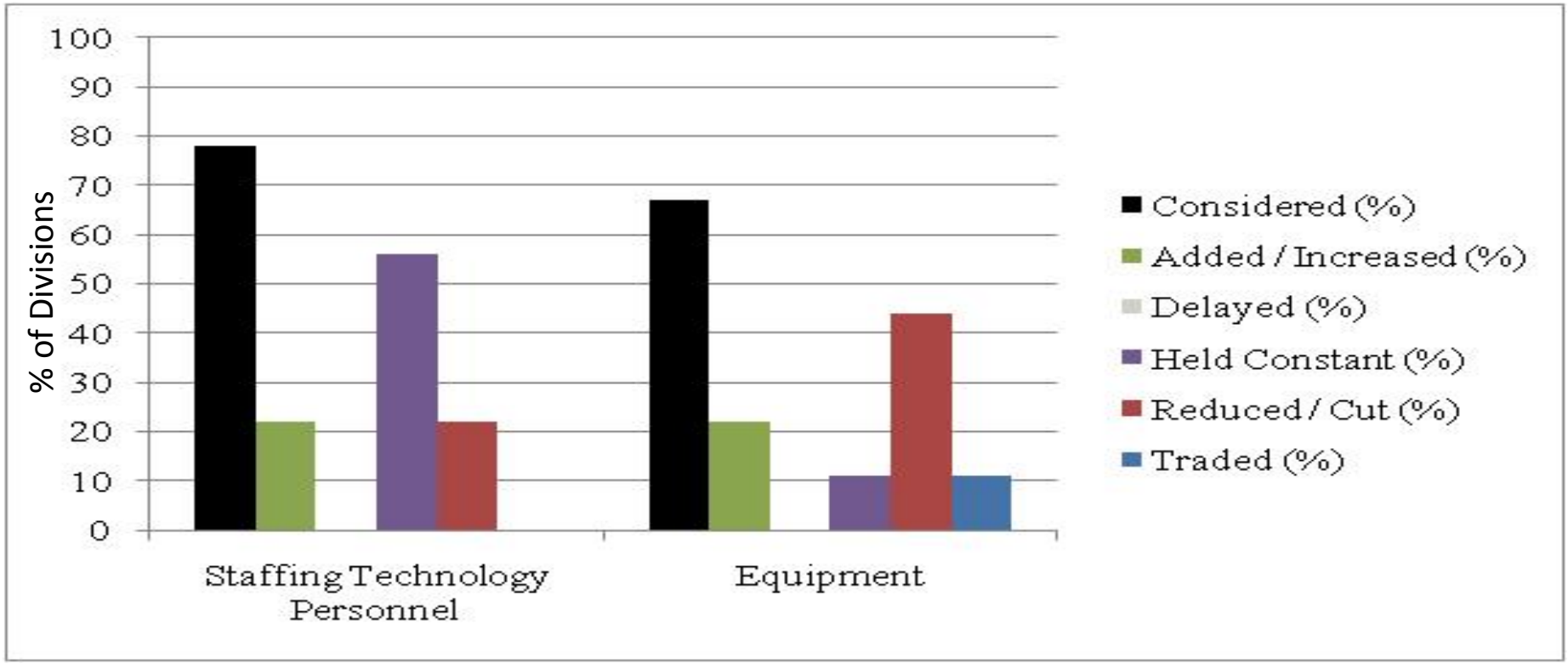
- Increased utility costs
- Reduced contracted services
- Reduced staff
- Consolidated services

Rationales

- Run the operation efficiently & cut costs
- Assessed necessity & threats to safety
- Transfer of cost centers
- Elimination of other programs

$\bar{x}$ = 3.40%

Technology



Decisions

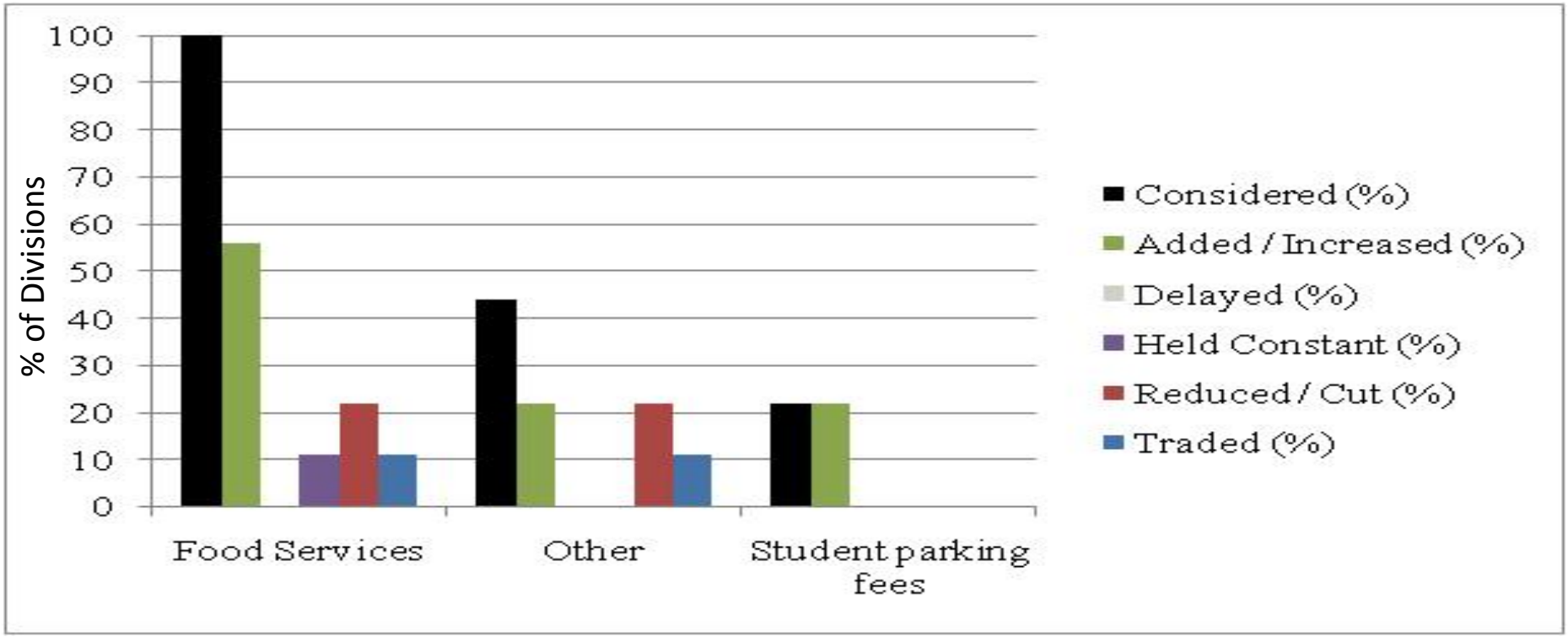
- Adjusted positions
- Enhanced infrastructure
- Reallocated equipment
- Extended equipment lifecycle

Rationales

- Viewed as valuable
- Ability to provide access and increase equity
- Reduction in state grants and funds
- Use of stimulus funds for technology

$\bar{x}$ = 6.67%

Non-instructional / Food Services



Decisions

- Increased a la carte pricing
- Changed menu cycle
- Adjusted salaries and positions
- Increased parking fees

Rationales

- Increased market costs
- Increased number of students qualifying for free and reduced-priced meals
- Changes in buying habits
- Preserve fund balance and cost center

Presence of Variation & Factors Accounting for Variation

FINDINGS FOR RESEARCH QUESTIONS 3 & 4

Presence of Variation

What varied

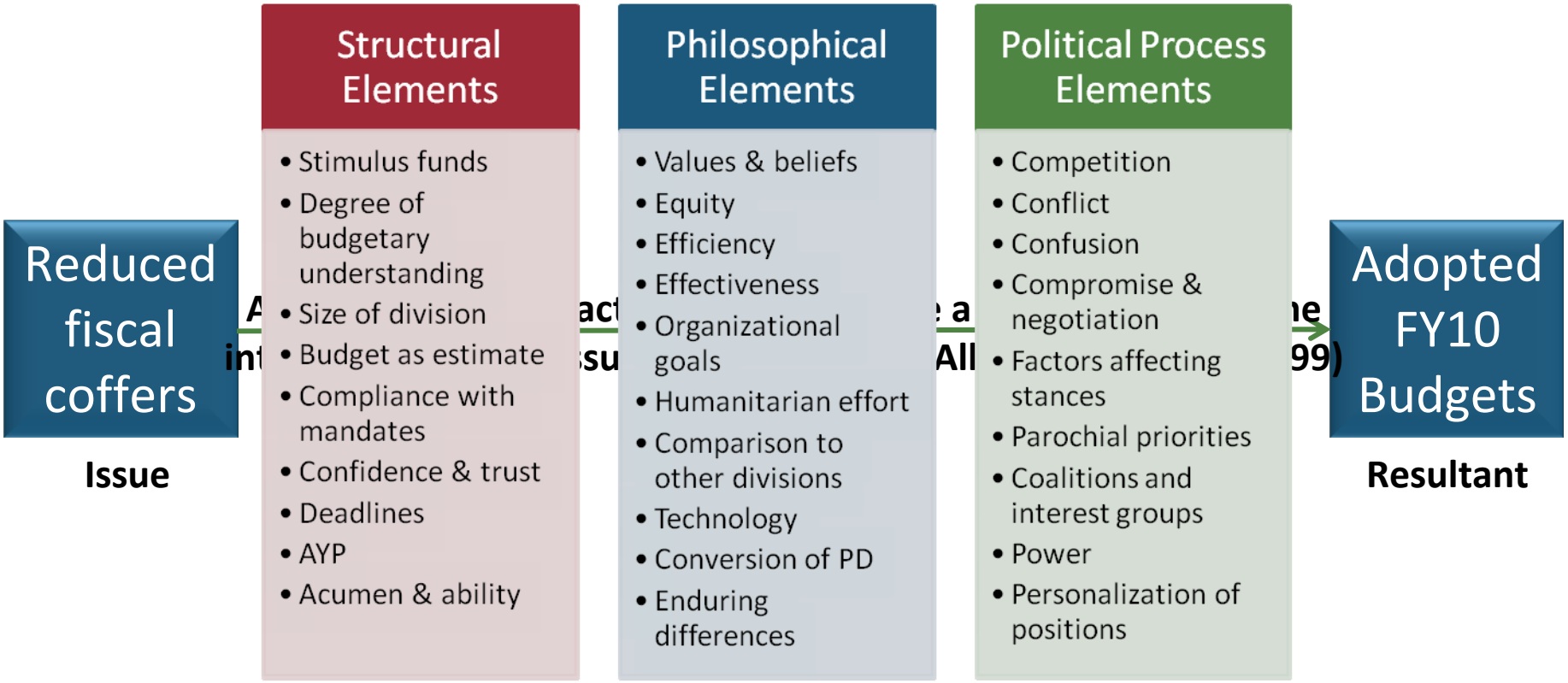
- Decisions varied at the category and sub-category level
- Resources adjusted differentially in type, amount, and direction
- Assortment of rationales given at the general budget level, category level, and decision level based on revenue, goals, and impact

Accounting for the variation

- Variation detected by AYP and LCI, but patterns elusive
- Variation identified by Allison & Zelikow's (1999) four organizing concepts
- Variation accounted for through linked assertions and sub-assertions

Yes, decisions and justifications vary!

Factors Accounting for Variation



A large number of factors that constitute a governmental game intervene between issues and resultants (Allison & Zelikow, 1999)

Implications

Facilities

- Decrease in the quality of facilities
- Future facility challenges without reserves

Pupil Transportation

- Ballooning of expenditures
- Larger, concurrent fleet replacement
- More expensive repairs as fleet ages
- Equity and access challenged with transportation changes

Instruction

- Decrease in individualized instruction
- Less material- and supply-rich learning environment
- Salary and retirement growth stalled
- Decrease in capacity development of staff
- Decrease in system efficiencies
- Robustness of learning experiences diminish

Implications, continued

Administration, Attendance, & Health

- Increases workload for staff
- Increases building-level administrative responsibilities and reduces time for developing instructional capacity of staff and students

Operations & Maintenance

- Decreases in school pride & morale
- Deferred maintenance can threaten safety
- Workload & project completion affected

Technology

- Decreases in support and quality
- Challenges the ability to integrate and implement technology effectively
- Increases maintenance and ballooning expenditures

Non-Instructional / Food Services

- Ability to be a self-sustaining unit challenged
- Limits student access & participation

Recommendations

Educators

- Organize school division budgets by Virginia categories
- Provide enriched understanding of budgetary functions
- Use a logic model structure to aid decision making

Policy Makers

- Consistent deadlines for budget formation
- Consideration of what compliance with mandates entails
- Consideration of what constitutes a high quality educational program

Researchers

- Relationship of budget reductions and student achievement
- Changes to guiding principles and reductions in FY11
- Presence of institutional isomorphism and budget contraction