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An Analysis of Estimated Financial Savings from School District Consolidation, De-Regulation, and De-Politicization of Public Schools in One Congressional District

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Over the past few years, educators and policy makers have paid increasing attention to school districts....This new attention is a welcome sign. For decades, school districts have been vilified as impediments to reform. (Rohtman, 2009) at 2.

....the role of the central office ought to be far from that of the stereotypical bureaucratic agency. Effective central offices do not simply monitor whether schools comply with an endless set of rules; instead, they work with schools to provide needed resources and support and reach out to community members and organizations to find additional sources of support. They are nimble and flexible, rather than hidebound. And they make decisions by using data and research. (Rothman (2009) at 3.

...redesigning central offices involves cultural change at least as much as it requires technical modifications to structures and roles and responsibilities. Redesigning central offices so that they function more effectively will not be an easy task. Change of that magnitude rarely is. People do not like the idea that the way they have worked for decades might have to change....a redesigned central office can be far more effective for children and families. Perhaps with the new attention to their role, central offices can have a chance to fulfill their potential. Rothman (2009) at 4.
The costs of state and federal laws and regulations on various private sector industries (e.g. trucking, airlines, and energy) have been major concerns of policy analysts for over 25 years. (Hannaway, 1985). Public education has not been exempt from ever-increasing state and federal laws and regulations. Each year state legislatures and Congress pile more and more laws onto the nation’s public school districts. The costs and consequences of all these state and federal laws and regulations have largely gone unnoticed. Little research exists on these costs and consequences.

Perhaps it is important first to state what this paper is not about. This paper is not a paper that is intended to criticize public school districts for excessive hiring of central office administrators.

Hannaway (1985) studied the work, pertaining to federal categorical programs, of 52 central office administrators in a large 37,000 student school district. She explored the relationship between regulatory practices and administrative behavior. She found that the time allocation patterns of the district managers clearly showed that there was greater subsidy from the district to the categorical programs and that this contribution was significant. The dominant focus of the division of instructional personnel time (40%) when attending to categorical programs was on paperwork management, reports, and evaluations. She also found that even the 14 highest ranking administrators not formally associated with federal programs spent over 12% of their time on federal categorical program management. Again, these higher ranking administrators were found to spend twice as much time on paper management (reports, evaluations, rule clarification) in the federal categorical programs.
Hannaway also observed that the complaints of local school administrators about the burdensome nature of federal categorical program administration may be justified. She also observed that the time-consuming administrative activities associated with federal programs are, at their best, only marginally connected with what goes on in schools. Policy makers are probably unaware of the degree to which requirements divert attention from programs to procedures. (Hannaway, 1985 at 62).

The principal too often has a simplistic view of the central office, while those in in the central office too often view the principal as an impediment rather than an expeditor in the educational process. Call this, if you wish, the “Blindness Syndrome” or even “Two Views of Darkness.” (Woddall, 1974) at 33.

Focusing on instruction and using data... are two areas that have clearly been established in the literature as key roles for school districts (see for example, Cawelti & Protheroe 2003; Corbett & Wilson 1991; Massell & Goertz 1999; Murphy & Hallinger 1988; Shannon & Bylsma 2004; Snipes, Doolittle & Herlihy 2002; Springboard Schools 2006; Togneri & Anderson 2003). But there has been little information provided about how districts develop these functions. (Ellen Foley and David Sigler, 2009) at 10.

In turn, district central offices would expand student learning district wide if they helped schools build their capacity for making key decisions about how to support their students, rather than mainly directed schools’ decisions. Such forms of district central office support depart starkly from traditional central office roles as regulators of or non-participants in reform efforts. (Honig, 2009) at 13.
Such bridging and buffering activities are a far cry from central office administration-as-usual in some districts, where central office administrators have not engaged in such strategic, problem solving, school-support relationships with schools. Such traditions suggest that central office administrators may not have the ready capacity to engage in such practices. (Honig, 2009) at 21-22.

The corporate sector offers lessons in how district central offices might be redesigned to serve schools more effectively. (Moffit, 2009) at 24.

The central offices of large urban school districts are, in many ways, quite similar to the corporate centers of large corporations or other organizations. When designed effectively, these centers ensure that their key operating units – whether a handful of related businesses or a diverse set of units in thousands of locations – can achieve their shared performance goals (in terms of income and other key metrics). Similarly, the central offices of large urban school districts exist to ensure that their primary operating units – individual schools – consistently produce effective teaching and learning, which has the most direct impact on the district’s performance goals (in terms of student outcome and other metrics). The central offices of most large urban school districts, however, often are seen as ineffective bureaucracies, which impeded, rather than enhance, the core efforts of their schools to improve student outcome. (Moffit, 2009 citing Ucelli, Foley & Mishook 2007).

While nearly all large urban school districts regularly articulate ambitious goals and produce strategic plans to achieve them, few have rigorously evaluated the role their central offices should play to ensure the success of those strategies. Instead, most central offices
control a wide range of activities – from setting curricular policies and providing related training to recruiting and placing staff in schools to managing school facilities and providing back-office services – for historical reasons, as opposed to clear strategic rationale or even an understanding of the specific value they provided to support effective teaching and learning in their schools. As a result, there is often a misalignment between what the central office of a large urban district does and what the schools might actually need. (Moffit 2009) at 24

There is a growing recognition that to meet the ambitious goals of large urban school districts – in terms of dramatically improved student outcomes and elimination of achievement gaps – a significant revamping of the central offices is necessary (Moffit 2009 citing Ucelli, Foley & Mishook 2007). To that end, large urban school districts might look to the experiences of corporations or other large organizations with effective corporate centers. (Moffit 2009) at 24

Specifically, such organizations recognize the challenges of managing large, complex entities centrally and push to define a smaller “true” corporate center, responsible only for those activities with a clear rationale for centralization, such as significant strategic advantages or economies of scale. These organizations also restructure their centers explicitly around delivering these narrowed sets of activities. (Moffit 2009) at 24-25

To be sure, there is a great variation in the effectiveness of corporate centers, and not all examples from the private or other sectors are relevant for large urban school districts. Nonetheless, the experiences of corporations or organizations – for which the impact of effective organizational design on their performance has been recognized (see generally, Bryan & Joyce 2007) – can be instructive. (Moffit 2009) at 24-25
There is no single answer for the role of design of the center of any organization, and any organization’s answer can shift over time, depending on the organization’s context and its performance goals. However, there are three key steps that effective corporations or organizations –regardless of industry or sector – follow to ensure their center adds value to its operating units and is an effective driver of overall performance:

- Ensure a clear strategic mandate for the center, guided by involvement of key internal stakeholders, in alignment with overall strategy.

- Informed by this strategic mandate, categorize key activities according to the value they create and determine the center’s role in their provision.

- Design formal organizational structure and key supporting mechanisms accordingly. (Moffit 2009)

In general there is a trend toward greater school-level autonomy, which, research suggests, under the right conditions, can drive overall performance. (Moffit 2009 at 26 citing OECS 2007, p. 44). [ja – see below]

System factor that was associated with performance even after accounting for socio-economic background: Education systems where schools reported a higher degree of autonomy in budgeting (students in education systems with one additional standard deviation on the index of autonomy in budgeting score 25.7 points higher, all other things being equal)” (OECD 2007, p. 44).
A few large urban school districts, including New York City, Oakland, and Edmonton, have adopted districtwide strategies that emphasize devolving significant control over key budgetary and operating decisions to their schools. These districts also have taken the important step of redefining their strategic mandate for their central offices – principally, to focus on setting clear expectations and accountability measures and providing selective supports to their schools – in alignment with those overall strategies. In so doing, they purposefully have narrowed the key areas in which the central office attempts to add value to its schools and have reorganized many of their central activities and functions accordingly. (Moffitt 2009) at 26.

Once the strategic mandate for the center has been defined, the entire roster of activities potentially performed by center can be evaluated to determine who should control and/or provide them. Although the most appropriate approach differs by context, highly effective centers focus on the leanest design possible, pushing decision making to the operating units where possible, unless there is a compelling reason, such as significant strategic consequences or economies of scale, to centralize. This is particularly true in complex organizations such as large urban school districts, where significant variation in the needs of individual units such as schools is often present. (Moffit 2009) at 27.

I think that more often than not, the relationship is one where the community is seeking something in response to some displeasure, and the central office, therefore, is in a reactionary mode. More often than not, it’s a reactionary posture on the part of the central office, reacting to some complaint or concern or need the community states. (Harrison 2009) at 33.
Q – …you started out saying that a lot of districts tend to be reactive. Why do you think that’s the case? A- The history of there being a separation between the community and schools and families set up the modus operandi in the central office to behave in more of a siloed fashion than one would think makes sense for this industry. (Harrison 2009) at 34.

The community conditions would drive the nature of the central office relationship. For one thing, I don’t think if you asked community people, between schools and the central office, what is their greatest concern – I think you’d find they’re most concerned about schools being good for kids. The central office is inconsequential, except to the extent that community is being given good schools for their children. (Harrison 2009) at 35.

Building an understanding in a particular community of why the central office is needed, what it does, would help the community to formulate the understanding they need for setting up reasonable expectations for that central office. I don’t think the average person really understands why a central office is needed…. I feel very strongly that we have an overblown idea these days of why we should have a central office. I think it’s time for us to reexamine the need for a central office in the current paradigm of education. (Harrison 2009) at 36.

I think basically, the ideal central office is one that only exists because it is perceived by those whom it serves as needed, helpful, and value-added. And it’s mainly meant to serve school, as far as I understand. I don’t know what research would tell us about the perceptions people in schools have of central office. My observation is that it is not a high opinion. There’s something fundamentally wrong. If the only reason for a central office is to be of service to schools, then it would seem to me that it would be mainly the schools themselves and the
students and parents that the schools operate for that would be the barometer of whether the central office is performing a needed, essential, value-added function. (Harrison 2009) at 35-36.

The only reason people in the community have any interest in the central office is because they’re interested in the achievement of students. There are entities in the community that have other interests – namely seeing to it that there are fair employment practices or promotional practices – those I the community whose missions are to be watchful of such things. For the most part, people and community organizations really only care about whether the students in that community are getting a good education. (Harrison 2009) at 38.

I don’t think people in the community understand the connection between the central office and how our kids are learning. I think there’s a lot of work to be done to justify the central office relative to raising student achievement and making it possible for teachers to thrive in their craft and be supported and grow and be held accountable....(Harrison 2009) at 38

Education, to the extent it’s about kids, and because development is all about effective and positive relationships, needs to be a relationship-based industry more than it is these days. (Harrison, 2009) at 40.

Systems that grant budgetary and personnel control to committees of teachers and parents rather than to the principal are unlikely to work well. That’s because parents and teachers aren’t accountable for either student performance or budget performance. It’s the principal who is accountable, and it’s the principal who should have the final say in these decisions. That doesn’t mean the principal should be allowed to become an emperor or
empress. The principal should be expected to consult with and listen to all parties. (Ouchi 2004).

Anthropologists define “culture” as consisting of a community’s unspoken traditional ways of doing things. We learn about the culture of a school by watching how the people in it actually behave, not by reading a set of rules about how they are supposed to behave.

...while you can learn to analyze an organization’s culture, you can’t change it, at least not directly... (Ouchi 2004).

However, culture is greatly influenced by the structure of an organization. If you can alter the structural arrangements and then have patience, within a year or two the culture will begin to change. (Ouchi 2004).

...figure out which structural elements have caused this culture to come into being. Focus your energy on changing the structures, and you’ll see the culture change, too. (Ouchi 2004)

Change must be bottom-up. This isn’t really such a contradiction. A good superintendent knows that great ideas are out there in the schools. A revolution in one neighborhood school can ultimately influence the entire school district. It happens in business all the time. (Ouchi 2004)

It would be more accurate to say that change should be initiated bottom-up and supported top-down. The central office should not be imposing on principals new ways to run their schools. Instead a successful central office is one that gives principals the freedom to
experiment for themselves. When a school proposes an innovation that works well, other
principals and teachers will want it, too. At that point, the central office can provide financial
and other forms of support to enable schools that want it to get it. Former Seattle
Superintendent Joseph Olchefske said it best: “Every school’s got to find its own way.” Good
ideas often come from principals, teachers and parents who deal with students every day and
who are reading about education ideas, going to conferences and looking for creative new
approaches. (Ouchi 2004).

Analyze how the money supports change. In these times of fiscal stress, it’s more
important than ever to see that you maximize the use of each dollar in the most effective way.
It’s also prudent to expect that the public will want to know in more detail how the money is
being spent. Only when voters have confidence that public education funds are being spent
well will they approve bond issues and increases in school spending. (Ouchi 2004).

In order to gain a sound understanding of how your education money is being used, do a
new kind of analysis of central-office expense versus school expenditure. Usually districts count
as central-office expense only the staff salaries of people who report to work each day in the
district headquarters. That’s an important number, and it usually comes out to about 3 percent
of the budget of a school district. (Ouchi 2004)

It’s more precise to count the number of people and the vendor expenditures that are
controlled by someone in the central office, whether or not the service is performed at a school
site or in a central facility. For example, count as a central-office control the salaries of
professional development staff, even if they work at school sites. Count also custodial expense
as a central-office item if custodians report to a central manager as they do in some districts rather than to a principal. (Ouchi 2004)

When you do this analysis, you’re likely to find that the central office actually controls or “consumes” about 50 percent of the district’s funds. It’s one good way to estimate the degree of centralization. If you can increase the proportion of the money that is under the control of principals, you can accordingly increase both the authority and the accountability of the key managers and student performance is likely to improve as principals will choose to put the money to use in different ways that maximize the impact on student achievement. (Ouchi 2004)

In most districts, each school receives a formula-driven number of teachers of each type, teachers’ aides, clerks, nurses, librarians, custodians and so on. Although principals might have the official right to apply for waivers to use the positions differently, they rarely will. When I asked principals how much of the school’s money they control versus that which is controlled by a central policy, I found that in New York City, principals control only 6.1 percent of the money and in Los Angeles 6.7 percent. (Ouchi 2004)

If you allocate money rather than positions to principals and tell each principal to consult with teachers, parents and other employees at the school, you’ll quickly find that each principal will spend the money in a way that differs from the old formula and that their micro-adjustments will result in better student performance.... As student performance rises, so too will public satisfaction. (Ouchi 2004)

School reform isn’t partly politics – it’s all politics! No school district has the ability to change itself from the inside. If the political forces that are acting on the district do not change,
it will not change. The school district became what it is by responding to the forces that are now in place. David Tyack and Larry Cuban put it succinctly in Tinkering Toward Utopia: “Educational reforms are intrinsically political in origin.” (Ouchi 2004)

Corporate America is chopping away at its organizational structure through downsizing – or “rightsizing” as some call it. Pick up any newspaper and you will read about the Procter and Gambles, Eastman Kodaks, and IBMs of the world cutting back vast numbers of employees. In past years, the blue-collar workers were the primary recipients of pink slips. Today those notices are destined for the palms of middle-and top-management employees. (Effron & Concannon 1995) at 40.

Educators should note what is occurring to their corporate brethren, for just over the horizon is the call to “cut the fat.” It’s obvious. Most Americans are watching their wallets carefully and telling schools and public employers they should do the same. This attitude of “you’d better tighten our belt,” coupled with what appears to be a growing distrust of public institutions at all levels, clearly indicates that the taxpayer will no longer put up with organizations they perceive as “bloated.” (Effron & Concannon 1995) at 40.

Whether you think your organization has too many employees, too many administrators, or is top heavy is one thing. What the public thinks is what really counts. (Effron & Concannon 1995) at 40.

The district frontliners, its teachers, are the least likely to be exposed to the public outcry of wasted spending. They are getting enough pressure on just being accountable. The
group most susceptible to the pink slips are the administrators, the executives of public education. (Effron & Concannon 1995) at 40.

...As key architects of a major reorganization in the Cincinnati Public Schools in 1991-92, resulting in a 50 percent reduction of central-office jobs, we learned some lessons from experience that could help other school districts’ downsizing efforts. (Effron & Concannon 1995) at 40-41.

The goals of downsizing are to reduce the organization’s size and create a new organizational culture that is more efficient, leaner, and more responsive to the customer. Downsizing and the way you do business must go hand in hand. The equation is simple. (Effron & Concannon 1995) at 41.

Downsizing is not only for big cities. The public cry of “too many administrators” is a pervasive attitude that doesn’t stop at big city limits. (Effron & Concannon 1995) at 41.

Before even thinking about who goes where on the organizational chart, ask two key questions: Whom do we serve, and how best can we serve them? Putting together a vision and mission statement may address these questions conceptually. (Effron & Concannon 1995) at 41.

The human side of downsizing, no doubt, is the most difficult step in the process. (Effron & Concannon 1995) at 43.