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AUTHOR Hannaway, Jane
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ABSTRACT

This paper examines systematic ways in which school districts differ and the implications of these differences for how schools work and for the implementation of reform proposals. Data from the California State Department of Education and Florida State Department of Education were analyzed to examine the effect of organizational and resource variables on decentralization in school districts. Findings suggest that there is wide diversity among school districts with regard to autonomy and resources. District patterns of organizational structure are, to some extent, endogenous. In particular, school organizations facing different external political pressures adopt different structures, with consequent differences in patterns of influence. Districts in politically intense communities are likely to have lower returns on decentralization reforms. The degree of decentralization should be viewed in part as having evolved to respond to differences in the environment, including the political environment. These differences are likely to affect both the resistance to and the effectiveness of decentralization. Effective decentralization requires adaptation of its form and structure to reflect differences among districts. Five tables are included. (Contains 12 references.) (LMI)

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School Districts: The Missing Link in Education Reform

Jane Hannaway

Stanford University

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Recent education policy discussion has focussed heavily either on school level programs or on state level initiatives. Decentralization programs, choice plans, as well as the Bush Administration's **America 2000** proposal all view the local school as the "key action and accountability unit" of reform. State level reforms, particularly curriculum and testing reforms, are also very much in the center of education policy debates. Missing from this picture is the school district. An implicit assumption of both school-level and state-level reforms is that districts do not seemingly matter. They implicitly represent a benign organizational arrangement through which state policies ~~throw~~ flow and within which schools operate. Often overlooked is the fact that districts are, to an important extent, independent decision making organizations facing their own local political and resource environments.

The purpose of our research is to attempt to identify systematic ways in which school districts differ and the implications of these differences for how schools work and for the implementation of reform proposals. The variables of special interest in our work are organizational and resource variables. Differences among school districts in terms of student academic and demographic characteristics are well know. What is less well known is the extent of structural and managerial variation among districts, its determinants and its effects. District level organizational/ management factors may have important implications for school success and, theoretically anyway, they are open to

policy manipulation.

In this paper we present preliminary descriptive results. We also explore some of the possible effects different district structures may have for school level operations. We are currently in the process of developing models and estimating the effects of a number of factors on school district structure using data from California State Department of Education over three years that describe district revenues and their sources, district size, district expenditures, counts of different personnel categories, community demographic characteristics and student demographic and performance characteristics. The data from Florida cover an eleven year period with comparable data. Analysis of the quantitative data will be followed by field work in a number of sites in Florida and California selected on the basis on the quantitative results. The purpose of the qualitative work will be to identify the implications of district structure for district policy and school behavior.

Districts and Diversity

A review of a number of data sets shows that there is tremendous diversity across the United States in the resource environments of school districts and in how they are organized and managed as well as remarkable diversity across districts within

individual states. Schools in the High School and Beyond data base, for example, function in districts that range in size from 84 students to over 950,000 students! Some schools operate in districts that receive as much as 30 percent of their revenues from federal sources and others receive essentially no federal revenues. The range on state revenues is from .3 percent to 97.7%. Districts also vary widely in terms of how much discretion they allow at the school level. According to the HS&B principal survey, the ratio of reported principal influence to district office influence ranges from 1:4 to 1.7:1.[1] The strength of teachers union is reportedly six times greater in the district with the most powerful union than that reported for the district with the least powerful one.[2] (See Table 1.)

Even when we look within a state we see wide ranges on a number of organizational variables. In California, for example,

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[1] Autonomy is measured as the ratio of principal influence to superintendent influence plus either school board or central office influence, whichever is larger. The influence measure for each set of actors (i.e., principals, superintendents, central office staff, school board) is based on the sum of influence scores over six decision making areas: curriculum, instructional methods, allocating school funds, hiring teachers, dismissing or transferring teachers and setting student discipline policy, as reported by the principal in the HS&B principal survey. Influence in each area was reported in a six-point scale, from 'none' to 'a great deal'.

[2] This measure is the extent of influence (six-point scale) that the teachers' union reportedly exerts summed over the following six areas: curriculum, instructional methods, allocating school funds, hiring teachers, dismissing or transferring teachers and setting student discipline policy. (Source: Principal Questionnaire, ATS Survey, HS&B data.)

there are 1010 school districts that range in size from 4 in Tehama County in northern California to more than 600,000 students in Los Angeles, the second largest district in the country. The resource environment of districts also varies widely, particularly in terms of the amounts of federal revenues they receive. And while California has a highly equalized school finance system,[3] school districts across California spend their resources very differently. Administrative expenditures per student in the 1989-90 school year, for example, range from $232 to $899 across districts. Per student expenditures on instruction range from $1242 to $2784. (See Table 2.)

The organizational arrangement of school districts in Florida presents a picture in some ways different from California and in some ways similar. While Florida has the fourth largest elementary and secondary enrollment in the country (after California, Texas and New York), it has only 67 school districts. Its elementary and secondary schools are the largest in the country (Wood and Honeyman, 1991). Still, like California, there is large variation in the size of districts. District size (enrollment) in the 1989-90 school year ranges from 860 students in Glades in the west central region of the state to over 281,403 students in Miami-Dade. The number of schools per district ranges from 2 to 352 (Fla. Department of Education, 1991). Revenues from federal resources

[3]As of 1990, 95.1% of all students in the state fell within the court-determined per pupil expenditure equalization standard (Koppich, 1991).

range from $180 to $800 per student. Similar to California, Florida has experienced school finance reforms designed to equalize resources across school districts. Yet large differences among districts remain in terms of intra-district expenditure patterns. For example, per student administrative expenditures per student in the 1989-90 school year range from $250 to $620. Expenditures for instruction range from $2170 to $3740. (See Table 3.)

The above statistics show that organizational and resource environments in which districts function vary fairly dramatically along a number of dimensions that could conceivably affect schools. Many of the statistics we have used are in terms of dollars. The received wisdom among policy analysts, of course, is that money does not make a difference in the productivity of elementary and secondary schools. (For review of empirical studies, see Hanushek, 1981; 1986.) Many close observers of education, however, remain convinced that money does make a difference (Rossmiller, 1987). And in severely resource constrained states like California and Florida[4] the marginal effect of dollars spent, say, on instruction is likely to be considerably greater than it is in resource rich states like New York and New Jersey that spend between $3000 and $4000 more per student on elementary and secondary education. The critical (and intuitively appealing) issue, of course, is how the money is spent.

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[4] Both are below the national average in terms of expenditure per student in average daily attendance.

In the first section below we concentrate on examining administrative expenditures because we believe it is important for both efficiency and equity reasons. Our ultimate interest is the behavioral implications of the expenditures for school actors and the effects of these behaviors for student achievement. But it is important for policy purposes to understand first the constraints and opportunities presented to organizational actors by the resource and organizational environment in which they work. In the section that follows we review ways in which district level factors may affect important dimensions of school operations.

Administrative Expenditures: Efficiency and Equity

The central efficiency question presumed by most analysts is the extent to which the administrative systems of school districts contribute to student achievement. To the extent that administrative expenditures promote student learning they are considered worthwhile; to the extent they do not promote student learning they are presumed to create inefficiencies.

Both theoretical and empirical literature seriously question the direct contribution of administration to output (student achievement) in educational organizations. Theorists find it difficult to argue for a direct link between administration and student performance largely because the technology or the production process of education is so poorly understood. (See March and Olsen, 1976 for example). Fathoming a link requires a number

of leaps; any link is neither simple nor certain. Educational organizations, according to a number of theorists, are only loosely coupled (March and Olsen, 1976; Weick, 1976). The administrative part of the organization and the production part have little to do with each other (March and Olsen, 1976; Weick, 1976; Meyer and Rowan, 1977).

Empirical research that has attempted to validate loose-coupling ideas in educational organizations with behavioral data has supported this view. For example, interaction levels between district level actors and school level actors are exceedingly low and when these interactions do occur, they are rarely about teaching and learning concerns. Issues that relate to logistical and accounting concerns (daily attendance counts, number of children on free/ reduced lunch, etc.) tend to dominate district-school interactions (Hannaway and Sproull, 1977). The amount of time district administrators spend on teaching and learning matters overall is also surprisingly small; and when they do focus on these topics, they do not consider them very important (Hannaway, 1989). This is true even for district level curriculum specialists (Hannaway, 1985; 1989).

Studies that have attempted to estimate the contribution of administrative expenditures to student achievement suggest that the value of administrative expenditures may, indeed, be negative (e.g, Bidwell and Kasarda, 1975; Anderson, Shughart and Tollison, 1991).

Using state level data, Anderson, Shughart and Tollison (1991) found that public school students in states with relatively large administrative structures are less likely to graduate from high school. Students from these states also perform more poorly on standardized tests. Bidwell and Kasarda (1975) with data from Colorado school districts found a negative relationship between district level administrative intensity (ratio of administrators to classroom teachers) and student performance. These studies, however, raise questions about how to model the relationship between administrative expenditures and student performance. One obvious problem is that factors that contribute to administrative expenditures in a district are factors that are also likely to be correlated with student achievement. As a consequence, the relationship between administrative expenditure and student achievement may be only spurious.

The implicit view above of administration as functioning only as a direct contributor to student achievement is limited. The administrative part of school districts, like the administrative part of most organizations, has multiple objectives. Indeed, as public organizations their set of objectives is particularly complex. School districts are not only education production systems; they are also political and economic systems. Their objectives include, for example, acquiring resources, negotiating order with outside groups, responding to the special interests of legitimate constituents, and protecting the integrity of the

organization from over zealous interests. The equity discussion below develops these issues further.

Some districts face more complex, conflictual and demanding political and economic environments than other districts. Managing these environments no doubt requires higher levels of administrative effort and, thus, higher expenditures. While school district resources are never fully fixed, for example, a district could be awarded a foundation grant, they are severely constrained and, in general, the amount of money a district spends on administration necessarily limits the amount it can spend on instruction. If the above claims are correct, i.e., that there is little reason to expect a positive direct contribution from administration to student achievement, then students in districts (with comparable overall levels of expenditure) that spend a disproportionate share of their revenues on administration may be placed in a possibly disadvantageous position assuming that dollars spent closer to the instructional process, e.g., hiring more or better trained teachers, investing in more staff development, reducing class size, etc., is more likely to affect student learning than dollars spent on administration.

Table 4 shows comparisons of urban[5] and suburban[6] school

[5] These districts represent the members of the California Urban School Districts Association.

[6] These districts represent members of California Large Suburban School Districts Association.

districts along a number of dimensions of interest here. It is generally recognized that urban districts function in a politically more complex and demanding environment than suburban districts. The well known high rate of turnover of urban superintendents attests to the difficulty of managing these districts. As expected, urban districts are also more dependent on state and federal funding than suburban districts; federal dollars per student, for example, are about 84 percent higher, on average, in urban districts than in suburban districts. Urban districts spend more than suburban districts per student in most personnel categories including administration, library, guidance, welfare, attendance and health. The amount spent by urban districts on "other certificated" personnel, however, is considerably larger (62%) higher than the amount on average spent on suburban districts. This category represents an undifferentiated set of professionals in school districts that might represent, for example, specialists of various types, supervisors, planners and program directors. If these personnel category expenditures were added to the administrative expenditures, the difference between urban and suburban districts in non-instructional expenditures would be highly significant, statistically, economically and educationally. As it is, the difference in the ratio of only administrative to instructional expenditures is significantly higher in urban districts than it is in suburban districts.

These statistics become worrisome because they suggest that a

smaller fraction of every education dollar is going directly into instruction in urban districts than in suburban districts and it is urban districts where the instructional need is greater. The percent of children on AFDC in the urban districts, for example, is more than twice the rate (25%) of children on AFDC, on average, in suburban districts (12%). And on statewide 8th grade reading tests suburban districts score at more than twice the rate (64) of urban districts (29).

District Structure and School Effects

While we not yet have data at the school level to estimate the effect of district conditions on school level behavior, we are able to examine related findings using the High School and Beyond data. Specifically, we examine conditions that affect school autonomy, i.e., the extent to which principals and teachers exercise discretion over school policies, a factor that is the object of many current reforms (Hannaway, forthcoming).

School Autonomy. The central hypothesis here is that the extent to which school districts decentralize decision making authority depends on conditions in the external political environment of the district. In short, the more pressured the political environment, the more likely control is held by central rather than school level authorities. A centralized structure enhances the ability of a district to manage its external

relations; or, to put it in Hirschman's terms it enhances the ability of the district to manage "voice", expressions of concern, interest, or dissatisfaction by interested outside actors. Managing voice is both important and difficult in educational organizations. It is difficult because educational organizations, especially public educational organizations, are relatively open institutions. In a sense, almost everyone has a right to be involved, and everybody has something to say about it as well as some experience (e.g., as a student, parent) with it. It is also important for districts to manage voice because while some feedback from outside contituencies is necessary for the organization, it is not difficult to imagine situations where the net return on voice is negative, i.e.,, the hassle value of voice dominates it benefits, or even more serious, situations where outside interests divert organizational attention to areas of only secondary concern. The openness of the process also provides a ready forum where other agendas can be played out.

Under conditions of external political pressure, we would expect school districts to centralize authority in order to better control responses to external demands. Permitting individual schools to determine their own policies and procedures when the district is under outside scrutiny is risky. Variability across schools in curriculum, personnel, budget, discipline, standards, etc. that is likely to develop in a decentralized system could easily generate questions about efficiency, equity and good

management. In addition, a central authority in a decentralized is more likely to be caught "off guard" on an issue being handled by some lower level unit. A show of ignorance could be disasterous for an organization already under political pressure. At a minimum, it would invite greater outside scrutiny.

The results on Table 5 show regression results that estimate the effect of political pressure indicators - state revenue, federal revenue, urban location, % minority, parent influence and teachers union influence - on school autonomy. The results show significant negative effects of all political pressure variables on the autonomy exercised by the principal. State resources (Saterev) shows a positive effect, but this result is misleading. Closer examination of the data shows that state resources has a negative effect on both the influence of the principal and central influence (the numerator and denominator) in the autonomy measure, but that the effect on the district is stronger than the effect on the principal producing a misleading positive effect. The effect of external political pressure variables on the amount of influence exercised by the teachers are less consistent, but three factors - urban location, influence of teachers' union and state revenues - show direct significant negative effects.

The results suggest that patterns of organizational structure are, to some extent, endogenous: local political realities constrain structural possibilities. In particular, it suggest that

school organizations facing different external political pressure adopt different structures, with consequent differences in patterns of influence. There are no doubt ways to offset some of the centralizing tendencies that external political pressure produces in school districts. But as long as the district level is the true unit of responsibility and accountability, the research reported here suggests the effects of decentralization reforms will vary with local political conditions. In sum, districts in politically intense environments are likely to have lower returns on decentralization reforms than districts in more placid environments either because structural change will be limited from the outset , and/ or will be short-lived if attempted.

Summary

Most education reform proposals have focused either on the individual students -- for instance, national testing of students, or giving students (or their parents) the right to choose a school-- or on the school -- such as decentralization proposals giving the school more autonomy. They have paid little attention to school districts. Yet school districts are decision making centers that do more than just funnel money from taxpayers or higher levels of government (the states and the federal government) to the schools. The research reported here, for instance, has shown that there are wide differences in the degree of autonomy which school

districts allow their principals and teachers. There are also large differences in the amount that school districts spend on their own administration, and therefore on the amounts that are left for spending on instruction. We have shown that these differences are not just random, but are affected by a variety of variables characterizing differences among school districts, including whether the school district is urban or suburban. We argue, in short, that a number of school district characteristics including the structure (as represented by the size of administration) and behavior (as represented by the degree of autonomy they give teachers and principals) ought to be viewed as endogenous, that is, they are, at least partially, determined by the characteristics of the school district.

If this argument is correct, it has strong implications for proposals for school reform, both those directed at changing the organization structure of education (decentralizaton proposals) and its finance. For instance, equalizing expenditure per pupil across school districts is not likely to equalize instructional expenditures per pupil. School equalization formulae need to recognize the additional administrative burdens imposed on some school districts, such as those in urban schools, or school districts need to be redesigned in ways that minimize these costs.

Decentralization proposals typically assume that the current level of decentralization is a happenstance; or worse still, that

it represents the aggrandizement of "power" at the level of the the school district, in spite of the advantages that emanate from decentralization for certain types of districts. But if our view is correct, that the degree of decentralization is itself endogenous, then the degree of decentralization should be viewed, in part at least, as having evolved to respond to differences in the environment, including the political environment, which they face. These differences are likely to affect both the resistance to and effectiveness of decentralization. If decentralization can be shown to increase the effectiveness of schools, then it will be necessary to adapt the form and structure of decentralization to reflect these differences.among districts.

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Table 1. District Descriptive Statistics - HS & B Data

	$\bar{X}$	S.d.	Min.	Med.	Max.
District Size	17,902	(85,766)	84	1727	950,384
Fedrev	5.15	(4.41)	0	3.8	30.5
State Rev	43.81	(18.5)	0.3	45.1	97.7
TchrUnInfl	12.53	(6.05)	6	11	36
PrinInfl	.57	(.14)	.25	.55	1.70

Table 2. District Descriptive Statistics - 1989-90 California
N=1010

	$\bar{X}$	S.d.	Min.	Max.
District Size	4456	20109	8	609746
Fedrev/Stu	189	252	.63	3722
StateRev/Stu	3913	1107	2095	18429
Admexp/Stu	409	82.45	232	899
Instexp/Stu	1759	204	1242	2784
Admep/Instexp	.23	.04	.13	.44

Table 3.District Descriptive Statistics - 1989-90 Florida
N=67

	$\bar{X}$	S.d.	Min.	Max.
District Size	26716	44865	860	281403
Fedrev/Stu	380	130	180	800
StateRev/Stu	3210	990	750	7150
Admexp/Stu	380	70	250	620
Instexp/Stu	2660	310	2170	3740
Admexp/Insexp	.15	.03	.10	.23

Table 4. Descriptive Statistics (1989-90) California Urban Suburban Districts

	Urban N=19 [1]				Suburban N=40 [2]			
	$\bar{X}$	S.d.	Min.	Max	$\bar{X}$	S.d.	Min.	Max.
Dist. Size	68500	133426	7970	609746	17129	8246	4603	46640
Fedrev/Stu	243*	70	134	434	132	75	43	355
Starev/Stu	3828	319	3437	4508	3738	334	3391	4960
Admexp/Stu	462	70	340	644	439	83	326	752
Insexp/Stu	1917	227	1507	2311	1897	207	1521	2784
Lib/Stu	16.5	9	5.5	41.7	15.8	9.1	1.9	46
GWA/Stu [2]	92.3	20.6	51.6	138	87.8	35.8	14.8	196
PMH/Stu [3]	21.9	13	2.1	47.1	16.4	8.7	2.1	38.4
Other/Stu	59.5*	57.9	7.3	215	37.3	31.2	.11	119
Adm/Ins	.24*	.02	.20	.29	.23	.03	.18	.31

[1] Members of California Urban School Districts Association

[2] Members of California Large Suburban School Districts Association

[3] Guidance, Welfare, Attendance

[4] Physical, Mental Health

* <.05, Adjusting for district size

TABLE 5. REGRESSION RESULTS[1] (weighted sample)[2]

	I Prinaut	II Tinfl
Prinaut		.25*** (22.3)
Fedrev	-.25*** (-19.3)	.05** (3.5)
Staterev	.07*** (6.5)	-.04** (-3.6)
Urb	-.15*** (-12.1)	-.22*** (-17.3)
TorgInfl	-.27*** (-25.3)	-.04*** (-3.4)
ParInfl	-.06*** (-5.3)	.22*** (19.1)
Logdist	.14*** (13.1)	.11*** (7.9)
HSBtest	-.15*** (-11.2)	.15*** (10.0)
% Minority	-.25*** (-17.6)	.04* (3.0)
PrinExp	.06*** (6.0)	
TchrExp		.09*** (7.6)
Adj R2	.23***	.17***
N	8656[3]	8682

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* p < .005
** p < .0005
*** p < .0001

[1] The results are reported as standardized beta coefficients with t-values in parentheses.

[2] Results for the unweighted sample were essentially the same for all major findings. Difference were in the results for Tinfl where variables with coefficients of p >.0005 (external resources and % minority) became insignificant.

[3] The difference in the n reported for the regression results and the n reported for the descriptive statistics is due to the exclusion of cases for missing values multiplied by their weighting factor.