

# School-Based Budgeting and Decision Making

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Most Canadian schools function within a centrally organized administrative system; that is, school boards establish policy and set budgets that are then administered by an executive branch operating out of a central office. Under this system, schools receive an allocation of staff (teaching, support and custodial), certain items of equipment and, perhaps, some building maintenance or renovation projects. The only usual exception is a fixed-dollar allocation for the acquisition of instructional materials. Apart from that, the mix of resources dispensed to the school is determined in accordance with a centrally developed budget plan.

In recent years, an alternative decentralized system of organization has emerged in various forms and under various names. Terms such as *school-based budgeting*, *site-based management*, *school-based management* and *decentralized decision making* have all been used to describe systems under which schools are expected to plan their own operations and develop their own budgets within the limits of a total dollar allocation approved by the school board.

These allocations may reflect a number of factors, but are based mainly on per-pupil amounts related to a forecast of the number and type of students who will be enrolled at the school over the budget period—usually a school year. School budgets must stay within the amount allocated, must observe the constraints of legislation, collective agreements and district policy and may have to cover some or all of the following expenditure categories: (a)/supplies and materials needed to operate the school and its programs; (b)/capital and other equipment that the school wishes to acquire; (c)/salaries, allowances, benefits and professional development costs for the school's certificated, support and custodial staff (charges to the school for staff are usually based on the jurisdiction's average costs rather than the actual salaries of individual staff members); (d)/staff replacement costs as required for short-term sick leaves and other purposes; (e)/utility service costs; and (f)/building and equipment maintenance costs.

Once drafted, school budgets are examined and approved by senior administrators and then become part of the school district's proposed budget. Ultimately, the school board is asked to approve a budget that is a compendium of the separate budgets for each school and for various centralized functions (eg, curriculum, consulting, personnel and other school support services, plus debt service and transportation expenditures for the entire district).

## Purpose

The basic purpose of school-based budgeting is to involve the individuals who are responsible for implementing decisions in actually making those decisions, in the belief that decisions are best made by those who are "closest to the action" and therefore most directly affected by the consequences of the decisions. When the process is working well, more decisions flow up through the system than down from the top. School custodians are involved in solving custodial problems; teachers are involved in solving classroom problems; principals are involved in solving schoolwide problems; and superintendents are involved in making district-wide decisions. School-based budgeting is also based on the belief that efforts at educational improvement will be more long lasting and effective if carried out by people who feel a sense of ownership and responsibility for the process.

Initially, at least, systems of school-based budgeting have tended to develop in larger jurisdictions where difficulties of maintaining good communications and problems of bureaucracy are most apparent. However, smaller districts have also adopted decentralized budgeting in the belief that it is a more effective way to operate.

## Structural Requirements

The movement from centralized to decentralized forms of decision making requires several changes in organizational structure.

The first of these relates to transfer of authority. If schools are to be given decision-making authority that is meaningful, that decision-making authority must be relinquished by those at the upper levels of the organizational hierarchy. It becomes even more important, for instance, that boards of trustees restrict themselves to policy matters and avoid becoming embroiled in operational concerns. The most significant change, however, must occur at the executive level. A process of deregulation is required; that is, the executive branch must give up some of its managerial prerogatives and must relinquish its power to make school-level decisions by regulation or fiat.

Having dismantled the mechanisms for centralized decision making, the central office has to replace these with mechanisms designed to advise and assist those who will now make the decisions. It must also create the structures required to monitor decisions made at the school level and to ensure that they are consistent with district policy and other constraints. In larger jurisdictions, the logistical problems associated with this monitoring function often require dividing the district into a number of smaller and more manageable administrative units.

Other requirements include the following:

1. *Ongoing District Support*—Fundamental change in the way in which school districts make decisions must be accompanied by solid support from the school board and the superintendent.
2. *Staff Development*—Where school-based management has been successful, substantial investments have been made in additional staff development. Inservice often focuses on developing planning and decision-making skills, working toward consensus, brainstorming, creative problem solving, group dynamics and team building. Principals have received additional training in leadership skills.
3. *New Budgeting Practices*—School-based budgeting means that, once an overall district budget is established, individual schools have greater latitude in determining how best to deploy the resources. The emphasis shifts from spending by formula to spending to achieve specific objectives. In turn, schools are more accountable for outcomes.
4. *Time*—School-based management is designed to involve the entire school community in establishing school objectives, developing programs to meet those objectives, implementing the programs and monitoring program success. Accordingly, it is obvious that a significant amount of additional time must be committed to the process.
5. *Access to Information*—Decisions will be only as good as the information on which they are based. An important role of central office administrators is to ensure that schools receive timely and accurate information for their decision making.
6. *Communication*—School-based budgeting is an inclusionary process. Principals, teachers, parents and community members become involved in making significant decisions about schools. Systematic communication among everyone involved must be a high priority.

## Possible Benefits

Proponents of decentralization have identified a number of benefits over centralized control.

The most frequently cited benefit relates to the requirement that schools and their communities become directly involved in the planning process. This is seen as valuable in helping schools to develop a clearer sense of purpose, to become more self-directing, and to become more responsive and committed to meeting the specific needs of students and the community. Such primary benefits, it is argued, will produce spinoff gains in terms of enhanced job satisfaction and collegiality among teachers.

Another frequently recognized benefit is the short circuiting of the red tape and bureaucracy so often associated with heavily centralized forms of organization. Schools can more easily acquire the supplies and equipment that they believe are necessary to the programs they have decided to offer. Further, having planned those programs and set priorities, schools will expend the available resources more effectively.

Finally, supporters contend that decentralization produces a more logical and responsive form of organization. Once it is clear that the authority and responsibility for operational decisions rests at the school level, the resources of central office are then seen as existing to serve the needs of schools.

Advantages that have been identified for school-based budgeting include variations of the following:

1. It formally recognizes the expertise and competence of those who work in individual schools to make decisions to improve learning.
2. It gives teachers, other staff members and the community increased input into decisions.
3. It can improve morale of teachers because staff members see they can have an immediate impact on their environment.
4. It shifts the emphasis in staff development by involving teachers more directly in determining what they need.
5. It can bring both financial and instructional resources in line with the instructional goals developed in individual schools.
6. It can result in provision of better services and programs for students.
7. It tends to encourage the emergence and development of new leaders at all levels.
8. It has the potential of improving the quality of communication, especially informal communication.
9. It can contribute to teacher empowerment by taking full advantage of the expertise of all staff and providing teachers with more autonomy and freedom to act.

However, achievement of these advantages depends in large measure on the degree to which authority for making decisions is, in fact, decentralized. Problems arise, not so much from the concept, as from the way in which it is implemented and the constraints imposed.

## Possible Problems and Dangers

Because of the variety of decentralization schemes that have been tried, it is rather more difficult to articulate the difficulties that can be encountered. Critics, however, have identified a number of possible problems and dangers.

Major difficulties can arise from the changed role of the school board in the budgeting process. In centralized systems, the process of budget development compels school boards to examine educational needs before deciding on what level of taxation is appropriate. In many decentralized systems, that process is reversed: school boards determine resources before they know enough about school needs; that is, budgeting in the schools cannot even begin until after trustees have approved the amounts to be allocated, which, of course, must be based on an assumed level of taxation.

The first danger, then, is that the school board, for lack of information, will make a wrong assumption about the appropriate level of taxation. If that happens, those responsible for developing school budgets are placed in the position of having to demonstrate how inadequate allocations can be made to "work." In that way, decentralization can be used to transfer and to cover up responsibility for bad decisions made at upper levels of organization.

A second, and related, criticism of many decentralization schemes is that they require that planning at the district level and planning at the school level occur simultaneously. Critics contend that such a requirement ignores the true nature of planning as an ongoing, linear and sequential process. Overall planning at the district level should precede detailed planning at the school level. The initial stages of planning are rather general in nature because they must be based on predictions whose accuracy is directly proportional to the size of the population one is trying to predict. Decisions related to how the school will be organized for instructional purposes have to await specific information on enrolment, much of which does not become available until close to school opening. This may help to explain why school-based budgeting may not have generated the expected degree of staff or community interest and involvement in the planning process.

Another frequently criticized aspect of decentralization is the problem of devising allocation formulae that are truly equitable. The cost of educating children is a function of how they can be grouped for instructional purposes. Accordingly, the cost of educating a group of 21 regular Grade 4 students in one school may be marginally less than the cost of educating a class of 28 in another, but the first school will receive only 75 per cent of the funding given to the second. Such problems can become magnified in smaller schools, in multiprogram schools and when dealing with small numbers of students with special needs—wherever economies of scale cannot be realized. Even sophisticated formulae that allow for program size, transiency factors and the like do not eliminate such inequities. Inequities of allocations can be compounded by the differences that can develop without centralized monitoring between schools in different socio-economic settings.

The linking of revenue to enrolment and the advantages that accrue when economies of scale can be realized have caused school-based budgeting to become identified with another educational phenomenon—the "marketing" of schools. Schools that share attendance areas begin to compete for students, each trying to grow to the optimum size for economic viability. Critics note that, to the extent that some schools succeed and others fail, inequities are exacerbated. Such competition may have other adverse effects. A school's preoccupation with projecting a positive image for itself can lead to the glossing over of problems that require care and attention. The resources devoted to promoting the school have to be diverted from their original purpose—the education of children.

In some jurisdictions, the decentralization movement has gone well beyond budgeting to encompass functions such as staffing at the school level. In the interests of allowing schools to assemble staff members who are compatible with one another and with the objectives of the school, each principal has assumed the role of staffing officer. Teachers declared surplus to one school must find placement elsewhere. In large districts, this has led to protracted and disruptive staffing procedures that have had a negative effect on staff morale.

Obstacles to the success of school-based budgeting frequently include the following:

- Absence of any one or more of the "requirements" identified earlier in this paper.
- Expectations that are too high. School-based budgeting is not a panacea for solving all of a school's or district's problems.
- Inappropriate "downsizing." Decision makers may consider downsizing of the administrative and support staff, and they may receive pressure from elsewhere to do so. While the role of some personnel might change, care should be taken not to jeopardize the effectiveness of the school program.
- Difficulty in striking a workable balance of minimum standards through collective agreements, board policy, legislation and provincial mandates while ensuring flexibility for meaningful decisions at the school level.

- Inaccurate beliefs about equity, both in funding and in program. In some instances, a concern for educational equity has led to standardization of procedures and programs. However, since the students they serve are not uniform, school programs should vary in accordance with diverse student needs. When equity is synonymous with uniformity, the needs of some students are not met.
- Skepticism. Many of those involved may be skeptical that the advantages of school-based budgeting will outweigh the disadvantages. It may be viewed as the latest passing fad and, because it means changed procedures and puts different demands on teachers' time, some may be fearful or resentful. They may also worry about the security of their positions. In short, change of this magnitude creates stress.

There have been other problems associated with the various decentralization schemes which have been tried. These include

- the tendency, particularly in times of restraint, to cut back on ancillary services such as teacher-librarians and school counsellors and on funding for professional development;
- the amount of staff time, and particularly administrator time, that is diverted from education to budget matters;
- the conflict that can be created by the competition for funds within schools and the possible adverse effects on collegial relationships, particularly between principal and staff;
- the amount of flexibility, which is a function of school size, and the fact that small schools derive little benefit;
- the problems raised when schools are made responsible for matters outside of their control (eg, short-term staff absenteeism and equipment breakdown) and the hardships that this can create, again particularly in smaller schools;
- the fact that implementation of school-based budgeting and the type of involvement allowed are dependent on the leadership style of the principal;
- the difficulty of maintaining standards of plant maintenance and program offering and of ensuring equality of educational opportunity for children; and
- the absence, in some cases, of centralized professional development funds for which teachers may apply on an equal basis to support individual professional growth opportunities.

## Conclusions

The basic premises that underlie school-based budgeting and decision making are consistent with Association policy, which calls for the involvement of practising teachers in decision making related to the development, implementation, operation and evaluation of educational programs.

However, few of the present school-based budgeting formats have been successful in providing a consistent and meaningful role for teachers in decision making. In many cases, it has become an overwhelming time burden.

Finally, current experiments with decentralization do not deal with the problem of schools being compelled to budget on the basis of inadequate resources. Without some guarantee that adequate resources are made available, involvement in budgeting can require teachers to become accomplices to decisions made at other levels, which have undesirable educational consequences.