Investing in the Central Office

Why, even in times of fiscal uncertainty, strategic spending in support of school capacity makes sense by REGIS ANNE SHIELDS

During the past winter, I was working with the chief financial officer of a midsize urban school district that was confronting a budget gap of $20 million for the next year and was searching for solutions.

While the district’s chief financial officer understood that deep structural cost issues would increase the gap for many years, it was difficult to focus on anything other than immediate solutions. One strategy seriously considered by the administration and the school board was a 10 percent across-the-board cutback in central-office expenditures.

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Photo by Betsy Bassett
I was not surprised. Discussions about similar fiscal solutions have been taking place across the country, at board of education meetings, in budget hearings and in superintendents’ offices. When funding gets tight, board members, local legislators, parents and even administrators look to cut the central office. Such a strategy embraces two pillars of school district budgeting: preserving spending at the school level and treating all departments equally.

**Increasing Risk**

While on the surface this seems reasonable, strict adherence places long-term strategies for improving student achievement at severe risk. This risk increases when the go-to solution year after year is across-the-board cuts in the central office, which, when organized efficiently and effectively, plays an essential role in supporting improvement at the school level.

A recent report by the Center for the Study of Teaching and Policy at the University of Washington summarizes recent evidence from research that shows that “districts generally do not see districtwide improvements in teaching and learning without substantial engagement by their central offices in helping schools build their capacity for improvement.”

Sustained and even increased investment is required for functions that directly support teaching and learning, including curriculum and instruction, human capital, accountability and professional development, even during tight fiscal times. Holding schools harmless and making nonprioritized cuts across central functions can result in the diminished capacity of the central office to adequately support the improvement of teaching and learning.

This, of course, does not preclude review of investments in even these critical functions. There are no sacred cows in fiscal downturns. All spending at both schools and the central office must be examined. The obvious follow-up question in my conversations with school districts is “OK, so how much should I spend on these central functions?” There is no easy answer and not necessarily one right answer.

**Benchmarking Investments**

Benchmarking against similar districts, ideally higher-performing ones, can be a valuable tool for determining the appropriate level of investment. Unfortunately, reliable benchmarks on district spending in teaching and learning support are not readily available. This should not preclude districts from using this valuable method to assess levels of investment.

To defend against budget cuts, school districts must be prepared with powerful arguments in support of central-office spending. Using publicly available data to benchmark spending can yield long-term benefits.

So how can districts use benchmarks to accurately compare investments and use that information to take strategic action? Simply capturing costs at the central-office headquarters or reviewing costs along organizational chart lines puts districts at risk of making apples-to-oranges comparisons.

Instead, strategic decisions on central-office spending require districts to: (1) look beyond the four walls of the central office to adequately define spending; (2) use the right metrics to ensure that spending misalignments are not masked; and (3) measure for transformation and not just efficiency.

**Beyond Four Walls**

One common mistake is limiting review to personnel, materials and supplies that actually sit within the confines of central-office buildings. Certain functions, such as school supervision, are by definition functions that almost always occur at the central-office level, and no further investigation is needed.

However, especially in the area of teaching effectiveness, districts make their own distinct judgments about the balance between central control and school empowerment. This judgment should drive investment decisions. Reviewing only central-office spending provides an incomplete picture that does not reflect this balance between the schools and central office.

For example, District A is considering an across-the-board central-office cut of approximately 10 percent and decides to benchmark spending against District B, a district with similar demographics but higher student
performance. District A is spending $3,000 per teacher in the central office on teacher professional development, while District B is spending only $1,000 per teacher. District A concludes that a 10 percent cut would not significantly impact its professional development priority, as its spending still will be significantly more than District B, at $2,700 per teacher. What District A fails to take into account is District B’s different approach to professional development. District B has deliberately shifted professional development spending and decisions from the central office to schools, so District B’s central-office professional development spending represents only a small portion, or 25 percent, of the district’s total professional development spending. In contrast, District A continues to drive these decisions from the central office, with about 75 percent of its total professional development spending housed within the central office.

Before the across-the-board cuts, both District A and B were actually spending the same amount on total districtwide professional development for teachers. Now, after incorrectly benchmarking, District A is spending approximately 8 percent less than District B.

The Right Metric
The central office’s substantial role comes in building capacity for improvement at the site level, and it can be measured in several different ways. The work that directly supports principals and staff in improving instruction will require sustained or increased investment, even during budget-cutting times.

The position of school supervisor — the individual(s) or teams that provide direct support to principals, hold principals accountable for performance, advocate on behalf of the schools and marshal resources for schools — is one of those roles.

Determining investment in school supervision requires districts to look beyond the traditional unit of measurement. A quick reading of budget reports reveals most districts measure spending across functions on a dollar-per-student basis. While in most instances this is appropriate, in the case of school supervision it can lead to misleading results, particularly if the district is using benchmarking to help understand investment levels.

A more accurate measure in this instance is one that measures the number of schools each supervisor is responsible for — the span of support and review.

For example, when District A benchmarks investment in school supervision against District B, using dollars per pupil as the metric, District A feels comfortable with its level of investment; both districts are spending approximately the same.

Using span of support and review as the metric, District B has one supervisor for every 23 schools, while District A has one supervisor for every 45, a significant difference. This inconsistency exists because while both districts have the same number of school supervisors and approximately the same student enrollment, District A’s average school size is about half the average size of District B’s schools, hence District A’s school supervisors are responsible for supporting twice as many schools. Using the span of support and review as the metric, District A might decide to increase its investment in school supervision.

While all districts maintain a supervision function during economic downturns, it is often trimmed to a level that compromises support for principals and schools. This function is particularly at risk when districts adopt across-the-board cuts.

Measuring Transformation
Even the right metric might not be sufficient to truly understand a school district’s level of investment in a particular function. A review of spending levels must focus on alignment with priorities. Budget imperatives make efficiency a critical lens for evaluating spending.

If school districts stop there, though, they will have lost an unprecedented opportunity to determine if their investments are transforming the district into a more efficient and effective system for building school capacity.

What does it mean to review investment for transformation? Consider District B with its 1:23 supervisor-to-school ratio. District B has targeted support for its lowest performing schools, with the responsible supervisor...
supporting only 11 schools. This enables that supervisor to spend more time supporting those schools with greatest needs. While this prioritization results in a higher span of support and review for all other schools in the district, ranging from 1:18 to 1:35, it aligns with the district’s transformational agenda.

Measuring for transformation requires going one level deeper in analysis. For example, in continuing its benchmarking process against District B, District A compares its investment in accountability and determines that both districts are spending equal amounts on a dollar-per-pupil basis.

On closer inspection, the nature of the investment is radically different. District A’s investment supports significantly more personnel, predominantly clerical staff. While clerical staff is necessary for the often heavy compliance requirements around accountability, this closer review might cause District A to rethink its investment. It might choose not to reduce spending in this critical area, but reconfigure its investment, shifting to a more professional staff that can offer a higher level of support to schools.

**Key Implications**
Declining state and local revenues (and the anticipated end to federal stimulus funding), combined with increasing health benefit and pension costs, will continue to pressure school district budgets during the immediate future. The calls for cutting central-office spending will persist.

To defend strategic spending, district leadership must be prepared with effective arguments to justify both the level and nature of their investments. Using the appropriate metrics and benchmarks can help to tell a powerful story and guard against cutbacks that may undermine school progress for years to come.

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