Equipping School Leaders to Spend Wisely

Deciding how to spend education dollars is a big job. It's time to build skills to do the job well.

by Marguerite Roza

Raise the topic of education finance and most will jump to the revenue side of the equation: Is there enough money? Are districts funded equitably? But the spending side is equally important and gets shorter shrift. Parents and educators have not been asking, Is the district giving my school a fair share of its money? And local leaders have not asked what is purchased with that money and whether those purchases make the best use of the money. Part of the reason so much less time is spent on the spending side of the equation is a lack of visibility into how the money is spent. But that is about to change, thanks to a new provision in the Every Student Succeeds Act (see also Ary Amerikaner's article on page 15).

When school-level expenditure data are made public beginning with the 2018–19 school year, many in the system will be caught off guard. District and school leaders are largely unprepared to engage on the issues that the new data will raise: equity, spending trade-offs, and the link between money and school outcomes.[1]

Most have had little training in strategic school spending and how to do the most for students with scarce resources—a major missed opportunity. State boards of education have a chance to seize the timely opportunity that financial transparency presents to turn the tide on training of local leaders. The questions below shine a light on the pressing need to better support district and school leaders in their work on the spending side of the equation.

Who decides how to spend the country's $650 billion for K-12 public education? In general, local school boards do. Sure, some of that money comes to districts with strings attached from state or federal sources. But the nation's roughly 14,000 local school boards typically own the fiduciary responsibility for spending the $650 billion at play in our system. The school board hires district leaders, who receive the cash in the district bank account and then spend it to buy things like teachers, counselors, school buses, and so on. Those items then get divvied up among the district's schools according to local priorities, and the local school board approves those decisions by voting publicly on the budget each year. Some school boards

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deliberate carefully on those decisions; in other locales, board approval may amount to a rubber stamp on the district's financial documents.

But deciding how to spend the nation's education dollars is a tremendous responsibility. Sometimes those decisions go well and schools beat the odds on student outcomes. Other times, they do not, and student outcomes lag. To be sure, those spending decisions can be intentional and strategic. But they can also stem from long-standing—and largely unexamined—policies and practices.

For instance, a district might spend more on one school because it has proportionately more senior teachers, who draw higher salaries. Or a STEM program or arts magnet might receive extra staffing, making it more expensive. These spending patterns are the responsibility of the local school boards, whether they are aware of them or not.

Do local school boards compare school spending at each school with student outcomes to gauge what they are getting for their investment? To date, they have not had the school-level spending figures needed to do this. But the new trove of school-level spending data will make it possible for anyone (including school board members) to connect each school's spending and outcomes.

When some schools' outcomes trail those of their peers, local leaders should expect questions about whether the straggling schools got shortchanged when district money was doled out, whether the money was spent on the wrong things, or whether something else is amiss. But school boards and other district leaders tend to miss this critical step of connecting each school's outcomes with their district's own decisions about how much money each school got and for what.

As the new financial data make it easier to size up spending decisions against outcomes at each school, school boards can make these connections a routine part of annual budget deliberations. If they do so, these boards can use what they learn to make more strategic spending decisions.

The ESSA-required financial transparency may well put more demands on local school boards. Community, advocacy groups, and the media will likely confront them about why the budgets they approved allocated dollars the way they did. Facing public calls for fixes in their allocation practices and policies, local boards may have to come up with some savvy allocation solutions.

State boards of education have a chance to make sure local leaders are well equipped with the knowledge and skills they need to do this critical work on behalf of students. Some state boards, like those in Texas and Georgia, have a direct hand in shaping local school board training and could ensure that this training gets district boards up to speed.

How much authority do principals have about the mix of resources they get to serve their students? Not much at all. Most big-ticket decisions happen at the district level, so those at the school level have little or no involvement. Most principals have not been included in discussions about what things cost or about how to divvy up district funds that affect their buildings directly. Through my work with principals from across the country, I have come to realize that these school leaders often do not know how much money is spent on behalf of their own students—save for their flex budgets or supply funds.

But that is another missed opportunity. Research shows principals think they could get better outcomes for their students with the dollars they have if given the chance to do so.[2] Principals tend to know best what their students need and what is or isn't working to meet those needs. Where that is the case, it makes sense to engage principals in how resources are deployed in their schools so they can weigh in on needed changes. We often hear the argument that principals are too busy or lack the training and skills to dive in on spending questions. But as the leaders closest to students and staff, principals are uniquely positioned to help make school-level dollars do more.

And when the new school-by-school financial data come out and thorny questions about equity and productivity start flying, principals in communities across the country are likely to be on the front lines fielding them. Here again, training is needed to make sure principals, like their school board colleagues, have the financial literacy and skills they need.

Does anyone at the district or school level—from local school boards to school

principals—get meaningful financial leadership training? Not often. I was struck at a recent panel on financial transparency when a Kentucky leader said his state was one of the few to require annual financial training for local school boards. Kentucky requires three hours of school finance training each year for local board members with three years' experience or less.[3]

While some state boards directly shape requirements for district school boards, a 2012 National School Boards Association analysis showed just 15 states required any finance training for school board members.[4] And the little finance training local boards do get tends to be more about the timing of budgets and audits, compliance with federal grants, and financial conflicts of interest than about how to do the most with public dollars on behalf of students.

For district and school leaders, most training focuses on instructional leadership. Whatever finance knowledge these leaders have tends to be picked up on the job in their school systems. But they do not know what their school is spending or what to expect in return for those investments. And they have likely not been exposed to the array of strategic financial trade-offs made outside their local system or school. They have not been taught what financial metrics matter most. Nor are they likely to know how their system stacks up with peers vis-à-vis performance and spending nor what allocations can help schools do more with the dollars at hand.

States have not yet done a good job of intentionally training school board members, district leaders, and principals for financial leadership. That dearth of skill is hamstringing leaders who could otherwise be making better-informed decisions for deploying money so they can help students the most.

Will ESSA's new school-level financial data (i.e., financial transparency) be used to improve schooling? I hope so. But realizing the opportunity hinges on leaders' abilities to engage on finance. Investing in financial leadership training now seems a smart move, with school boards, district leaders, and principals across the nation soon grappling with the tough equity issues that financial data transparency can be expected to surface. A principal might be asked why she is not getting the same outcomes as a school across town with similar per-pupil funding and demographics. Local board members, for their part, might be asked why they have given more money to one school over another.

But the most compelling argument for training is this: States should boost their district leaders' ability to use financial data to drive spending decisions because that will yield the greatest benefits for students.

Leaders need to know how to weigh spending trade-offs and model how policy and allocation decisions will affect equity and resource use. After years of fielding training requests and not finding a go-to source for strategic training, I and my colleagues incorporated these elements into the Certificate of Education Finance program at Georgetown University's McCourt School of Public Policy.

But the need for training is vast. My hope is that the effort at Georgetown can ignite similar initiatives and inform leadership and certification programs throughout the country. And the time for training is ripe, with financial transparency poised to cast an increasingly bright light on finance and spending. Perhaps leaders in states that require no financial training for school board members will think better of this oversight. Providing financial training for the very people whose job is to serve as financial stewards of $650 billion in public education dollars is a no-brainer.

Training for district leaders and principals must go beyond compliance. Training must build their capacity to make smart, tactical decisions that wring the most from scarce dollars so that they can do the most for students. State boards of education can do their part to ensure that training requirements and certification programs are in place. Doing so will send a strong signal that the state cares as much about the spending side of the equation as it does the revenue side. ■

[1]Marguerite Roza, "With New Data, School Finance Is Coming Out of the Dark Ages," EducationNext blog (April 11, 2017).

[2]Lawrence J. Miller and Jane S. Lee, "Policy Barriers to School Improvement: What's Real and What's Imagined?" (Seattle: Center on Reinventing Public Education, 2014).

[3]The Kentucky Board of Education is responsible for setting the standards and criteria for such training (702 KAR 1:115, Annual in-service training of district board members).

[4]The National School Boards Association said it does not make updated information on financial training requirements for school boards publicly available.

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