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OCCASIONAL PAPER

Decentralized Decisionmaking for Schools

New Promise for an Old Idea?

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Interest in decentralized decisionmaking for schools (DDS)[1] is on the rise. With state and federal accountability systems placing pressure on school-level leaders to improve student performance, increasing attention is being paid to the question of how to help principals do their job more effectively. "Business as usual" in American education appears highly unlikely to result in the dramatic achievement gains called for by the federal No Child Left Behind Act and its state counterparts.

For some, one answer is to decentralize decisionmaking authority and give principals more control over what goes on in their schools. A sign of rising interest in DDS is the increased number of visits by U.S. officials—including a Minnesota delegation led by Governor Tim Pawlenty in December 2004—to Edmonton, Alberta, to examine Edmonton's two decades of experience with a radically decentralized system of school governance that puts authority over 80 percent of the district's budget in principals' hands.[2] New York City officials have begun an experiment with an "autonomy zone" in which 30 secondary schools are being given relief from some district rules (for example, the requirement to use specified reading and math curricula) in exchange for agreeing to meet or make specified progress toward certain goals.[3] Beginning in the 2005–2006 school year, Chicago will designate 85 schools as "Autonomous Management and Performance Schools," allowing them to opt into systemwide curricular initiatives, to schedule their own professional development, and to be exempt from routine oversight and monitoring. These schools will also be able to spend funds and transfer funding from one program to another without prior approval.[4] U.S. educators and researchers visiting with their English counterparts in 2004 noted that the autonomy and authority over budgets given to school principals ("head teachers") in the United Kingdom marked a key difference between the two countries' approaches to reforming urban education.[5]

The irony of the new attention being paid to DDS in the United States is that many public schools claimed to have tried decentralized decisionmaking—so-called school-based management—in the 1980s and 1990s, yet the performance of U.S. education during that period improved only modestly, at best. SBM did not result in major changes in educational practice. Why then are some policymakers turning again to decentralization to help accomplish the goal of improved performance? Is there much chance that new school-based decentralization can accomplish more than earlier efforts did, and what would it take for decentralized decisionmaking to fulfill the promise so long held out for it?

As Bruce Bimber[6] pointed out a decade ago, the fact that decentralization has not been more successful in the past could be (1) because its assumption that institutional structure can affect educational outcomes is wrong as a result of a weak link between structure and outcomes, or (2) because decentralization efforts do not produce significant changes in institutional structure in the first place. Bimber's research, supported by numerous other studies, indicated that the second explanation was indeed the case. Most notably, under SBM, principals gained very little control over school budgets and resource allocation decisions.

[1] Although DDS is often called *school-* or *site-based management* (SBM) by other authors, we deliberately use the new term to emphasize our point that reforms enacted over most of the past 20 years under the SBM banner in U.S. districts and schools did not, in fact, decentralize decisionmaking authority in a meaningful way. For too many U.S. educators, SBM sounds like a reform they have already tried with little success.
[2] Jeff Archer, "An Edmonton Journey," *Education Week*, January 26, 2005.
[3] Caroline Hendrie, "30 N.Y.C. Schools Gain Autonomy from Rules by Promising Results," *Education Week*, October 5, 2004.
[4] Chicago Public Schools, press release, June 6, 2005.
[5] Jane Hannaway, Marilyn Murphy, and Jodie Reed, "Leave No City Behind: England/United States Dialogue on Urban Education Reform," Washington, D.C.: The Urban Institute, 2004.
[6] Bruce A. Bimber, *The Decentralization Mirage: Comparing Decisionmaking Arrangements in Four High Schools*, Santa Monica, Calif.: RAND Corporation, MR-459-GGF/LE, 1994.

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Given that past decentralization efforts failed to produce real changes in governance, we are not now in a position to know whether implementation of DDS can actually improve educational outcomes. The current interest in DDS, however, offers a new window of opportunity for testing the proposition that real improvement in student learning can be achieved within the public school system by radically altering the locus of decisionmaking and shifting authority over key decisions like budgeting and resource allocation to the school level.

Given the lack of success to date in moving public education to significantly higher levels of performance, the attempt seems worthwhile. The reasons for trying DDS are stronger than ever. Changes in education (such as standards-based reform, new accountability systems tied to standards, and the increased availability of objective indicators of student learning) and in the broader political environment now supply conditions crucial for successful implementation of DDS.

We next turn to why it might be a good time to revive DDS and discuss conditions that might affect its implementation. Finally, we develop questions that can be used to construct an agenda for research and analysis.

Why Revive DDS?

Interest in decentralizing education is a worldwide phenomenon,[7] and the theoretical reasons for pursuing this reform remain as powerful today as when they were first developed. Public education systems are bureaucracies, and bureaucracies, with their codified rules and standardized procedures specifying how work is to be done, are increasingly seen as problematic in "environments [like schools] in which circumstances change often, clients' needs are difficult to predict precisely, and/or the tasks being performed are not standardized."[8] Bureaucracies discourage creativity and innovation and encourage a focus on compliance with rules.

Decentralizing decisionmaking as close as possible to the organizational level where key services are performed has been viewed, inside and outside of education, as a way to increase efficiency and spur adoption of more-effective means of reaching performance goals. Much of the interest in decentralization among educators was inspired by the experience of businesses that, when faced with unprecedented levels of global competition in the late 20th century, dramatically reformed their traditionally top-down structures in imitation of so-called "quality" approaches to management. Organizational and management scholars have cited both theoretical and empirical evidence to support claims that decentralized organizations perform at higher levels than centralized ones.[9]

In addition to the traditional reasons for believing that decentralization would be good for schools, recent analysis of the nature of work in the 21st century suggests that if education remains top-down and rule-bound, it will have an increasingly difficult time competing for talented leaders who are likely to prefer (and to be able to find) jobs with more flexibility and autonomy. Karoly and Panis predict that the forces of technology and globalization will persist in changing the nature of business organizations, which continue to evolve away "from command-and-control leadership styles to decentralized management and employee empowerment across all levels of the organization."[10]

Disappointing experience with decentralization in schools to date, however, suggests that more effective implementation of DDS requires (1) attention to the clarity of the concept itself, and (2) the application of DDS to a wide rather than a narrow range of decisions.

Any new effort to make DDS work must recognize that "decision-making authority is the crux of decentralization."[11] Most SBM efforts failed to recognize that decentralization was supposed to shift authority downward toward the bottom level of an organization. This led to fuzziness about the meaning of decentralization and, therefore, to widely different "decentralization" plans encompassing diverse activities (e.g., creating smaller organizational units, streamlining central office staffs, reducing paperwork and red tape) and varied definitions of who (principals, unions, parents, teachers, school boards, or superintendents) should be responsible for what. Based on 25 years of experience with SBM, Brian Caldwell offers a definition of DDS that captures the lessons learned from effective and ineffective practices: "School-based management in a system of public education is the systematic and consistent

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[7] Ibtisam Abu-Duhou, "School-Based Management," No. 62 in the series *Fundamentals of Educational Planning*, Paris: UNESCO, 1999.

[8] Bruce A. Bimber, *School Decentralization: Lessons from the Study of Bureaucracy*, Santa Monica, Calif.: RAND Corporation, MR-157-GGF/LE, 1993, p. 26.

[9] See, for example, Michael Barzelay, *Breaking Through Bureaucracy: A New Way for Managing in Government*, Berkeley, Calif.: University of California Press, 1992; E. E. Lawler, *High-Involvement Management: Participative Structures for Improving Organizational Performance*, San Francisco, Calif.: Jossey-Bass, 1986; William G. Ouchi et al., "The Organization of Primary and Secondary Schools," Los Angeles, Calif.: UCLA Anderson School of Management, working paper, May 11, 2002; William G. Ouchi et al., "Organizational Configuration and Performance: The Case of Primary and Secondary School Systems," Los Angeles, Calif.: UCLA Anderson School of Management, draft working paper, May 30, 2003.

[10] Lynn A. Karoly and Constantijn W. A. Panis, *The 21st Century at Work: Forces Shaping the Future Workforce and Workplace in the United States*, Santa Monica, Calif.: RAND Corporation, MG-164-DOL, 2004, p. 187.

[11] Bimber, 1993, p. 7.

decentralization to the school level of authority and responsibility to make decisions on significant matters related to school operations within a centrally determined framework of goals, policies, curriculum, standards and accountabilities."[12]

Further, it should be understood that the main objective of DDS is improved student learning. While this now seems rather obvious and not particularly contentious, previous decentralization efforts were often driven by other objectives, with better educational outcomes only one of several objectives, or perhaps not a significant focus at all. Several highly visible decentralization efforts in the United States (New York City in the late 1960s, Chicago in the late 1980s) were motivated as much or more by a political goal (democratizing decisionmaking by involving local communities or actors) as by an educational one. In contrast, a strategy of DDS aimed squarely at raising student achievement finds the justification for school autonomy in a theory of comparative advantage: Teaching and learning occur at the school level, and school-level professionals are in the best position to organize teaching, adapt to the present needs of children, and set priorities on the use of child and adult time.[13]

In addition, DDS plans implemented with the goal of improving student learning should reflect experience showing that decentralization has little chance of being effective unless it is a school system's basic reform strategy—not just one among several reform projects—and unless it embraces the full range of decisions about authority over instructional matters.[14] Many U.S. school districts claim to have pursued decentralization over the past 20 years, but for all but a handful, it was one of many reforms rather than the central reform on which other reform decisions hinged.

One result was that decentralization was fragmentary and incomplete. Bimber's research[15] in the early 1990s found that decentralization had limited effects because it treated decisions (about budgets, personnel, curriculum and instruction, and general operations and administration) as separable, and lifted constraints in some areas while leaving many others intact. Because many decisions are in fact highly interdependent, authority ostensibly granted in one area was limited by constraints still in place in other areas. Bimber identified 17 decisions that "give form to a school" and that can serve as a template for examining the variation in patterns of authority in different schools (see box). Prior decentralization efforts never encompassed anything close to this full range of decisionmaking.

Today's Conditions Are More Conducive to Effective DDS

Despite the theoretical appeal of decentralization, the apparent reluctance of districts to implement it in effective ways suggests that new initiatives in this direction may be doomed to share the fate of past efforts. It is reasonable to think, however, that new efforts might be more successful.

For one thing, the standards-based reform movement and the creation of new federal and state accountability systems have created a crucial context for decentralized decisionmaking that was previously

Key Decisions in an Education Governance System

Budget decisions

- Amount budgeted for salaries and benefits
- Amount budgeted for educational supplies and materials
- Allocation of funds for educational supplies and materials among accounts and departments

Personnel decisions

- Size of the teaching staff
- Allocation of personnel among teaching positions
- Selection of teachers
- Evaluation of teachers

Curriculum and instructional decisions

- Selection of textbooks
- Selection of supplementary texts and materials
- Choice of teaching method and pedagogic style
- Addition of a new course to the school's curriculum
- Elimination of a course from the school's curriculum

General operational and administrative decisions

- Scheduling of classes
- School hours
- Length of the school year
- The decision to suspend a student
- The decision to expel a student

Source: Bimber, 1994.

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[12] Brian J. Caldwell, "Achieving an Optimal Balance of Centralization and Decentralization in Education," paper commissioned for presentation at the Summit on Education Reform in the Asia-Pacific Economic Cooperation (APEC) region, Beijing, January 12–14, 2004.

[13] Paul T. Hill, "Recovering from an Accident: Repairing Governance with Comparative Advantage," in Noel Epstein, ed., *Who's in Charge Here: The Tangled Web of School Governance and Policy*, Denver, Colo.: Education Commission of the States, and Washington, D.C.: Brookings Institution Press, 2004.

[14] Paul T. Hill and Josephine J. Bonan, *Decentralization and Accountability in Public Education*, Santa Monica, Calif.: RAND Corporation, R-4066-MCF/IET, 1991.

[15] Bimber, 1994.

lacking. The advantages of moving decisions downward in an organization are unlikely to be realized unless the front-line decisionmakers have agreed-upon goals, clear performance incentives toward these goals, and good systems of accountability. Earlier SBM efforts lacked these conditions.[16] Although strong performance incentives are arguably still lacking, there has been clear movement in the direction of creating the other enabling conditions related to goal-setting (via standards) and accountability, including vastly expanded data systems providing information on student achievement at the school and classroom level.

Moreover, the growth of school choice options—e.g., charter schools, vouchers, open public school enrollment—creates for some public schools, at least, a new competitive environment that serves implicitly as a performance incentive. The sanctions specified under the No Child Left Behind Act for persistently underperforming schools, for example, require districts to consider turning these schools into charter schools—which were nonexistent in 1991 but now number nearly 3,500 in 40 states and the District of Columbia.[17] These schools are by definition more autonomous than traditional public schools. Such developments might make districts more willing and/or comfortable than they have historically been with providing increased autonomy to school-level personnel.

Finally, the impending retirement of many principals and teachers opens the door for new employees who may be more accepting, or even more demanding, of changes in governance that will give them more freedom of action. The majority of current principals are over 50 years of age,[18] and many will be eligible to retire within the next several years. Already many districts are complaining about the difficulty of recruiting their replacements. Offering the opportunity to work in an environment more open to local discretion and innovation and less subject to bureaucratic mandates "from above" may be one way for districts to attract more qualified applicants for these positions.

Creating Conditions for Successful Implementation of DDS

Achieving real school autonomy rather than replicating the "phony decentralization"[19] of the past requires better answers to a number of important questions than those that exist today. Fortunately, the recent implementation of more meaningful DDS in a handful of U.S. school districts (e.g., Houston, Cincinnati, Seattle), plus the nationwide move to school autonomy in England (where it is called Local Management of Schools, or LMS), provides new lessons on how to make DDS work, how to develop the capacity of school-level personnel to make effective use of new responsibilities, and how to strike a balance of responsibility between districts and schools within the framework of standards and accountability.

Questions for researchers to explore include the following:

1. Accountability and the balance of power
    - How is decisionmaking formally and informally shared at the local level under DDS?
    - Are new accountability structures needed for school leaders?
    - What provisions do DDS districts make for asserting their responsibility for persistently underperforming schools?
    - What does experience suggest about the proportion of financial resources that can be put under the control of school-level personnel? What functions have decentralized districts found necessary to keep centralized (or to recentralize) and for what reasons? Are districts the only possible source of jointly provided services?

2. New financial structures needed for DDS
    - How are school-based budget formulas constructed? How are student needs weighted in school-based budgets?
    - How do district budget procedures and systems and student-performance reporting systems have to change to support DDS?
    - What are the state laws and regulations that constrain the ability of school districts to grant autonomy to their schools?

3. Changing the roles of educators
    - What kind of training do school-level personnel need to manage resources in support of educational objectives? What training do district-level personnel need to become more service-oriented in their dealings with schools?
    - Do principals in districts with meaningful DDS welcome additional authority? Do they think they have sufficient decisionmaking authority in their schools to justify the added work of managing budgets? Do they think

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16 Eric A. Hanushek et al., *Making Schools Work: Improving Performance and Controlling Costs*, Washington, D.C.: The Brookings Institution, 1994.

17 Data obtained from the Center for Education Reform Web site, www.edreform.org, on February 11, 2005.

18 National Center for Education Statistics, *The Condition of Education*, 2005, Table 26-1, accessed at www.ed.gov/nces on June 2, 2005.

19 William G. Ouchi uses this term in "Making Schools Work: Seven Keys to Success," *Education Week*, September 3, 2003.

that DDS is improving the resource allocations in their schools and the performance of their students?
- How can the work involved in exercising new authority over all aspects of school resource allocation be reconciled with the need for principals to spend more time being the instructional leaders of their schools?
- Is insularity a problem for personnel in autonomous schools? What methods have DDS districts used to foster communication and cross-fertilization of ideas across schools under decentralized management?

4. Managing implementation
   - How important is it to the success of DDS that students be able to choose among district schools, rather than being assigned? How do districts that allow choice deal with (a) students who don't get any of their choices, (b) students who don't exercise their right to choose, or (c) schools that are unable to attract students? Do some schools end up with mostly assigned students, and does the district take action if a school can't attract students through choice?
   - How do districts trying to give principals authority over teacher hiring, assignments, and sanctioning get buy-in from teacher unions and associations? What happens to teachers no school wants?
   - What does experience suggest about the desirability of rolling out DDS, especially budget authority, in stages (i.e., to some schools first, or in some budget categories first) versus giving operational autonomy to all district schools at the same time?
   - How long should districts expect preparation for and implementation of DDS to take?

5. Effect of DDS
   - In districts with significant budget decentralization, do schools utilize their resources in discernibly different ways than schools without such authority?
   - Do schools make changes under DDS that can plausibly be expected to improve student performance? Is there any evidence of such improvement?

Answers to these questions could help policymakers, this time around, design school autonomy policies that effectively contribute to improved student outcomes. ■

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