

DECENTRALIZATION OF SCHOOL MANAGEMENT: IDEAS FROM ABROAD

Despite significant increases in public spending on primary and secondary education in OECD countries, concerns linger about both the efficiency and effectiveness of the school sector. In response to these concerns, governments around the world have introduced a range of strategies aimed at improving the financing and delivery of school-level education. These strategies have included reductions in class sizes, increases in teacher salaries, curriculum reforms and market-based reforms that involve the decentralization of education decision-making and encourage choice and competition.

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This Economic Note examines one particular form of market-based education reform that has become increasingly popular in recent decades – the decentralization of school management (also called school-based management). Decentralization of school management can take many forms and has appeared in a variety of guises in different countries. Among the most prominent examples of school decentralization have been the charter schools in several US states (and to a much more limited extent, in Alberta) and the Tomorrow's Schools reforms in New Zealand.

Decentralizing School Management

School-based management can be defined as the systematic 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 accountability.¹ School decision-making is often broken down into different domains, the four most important being personnel management (appointing and dismissing teachers, establishing salaries), financial resources (school budget formulation), student policies (disciplinary and assess-

ment policies) and curriculum and instruction (course content and textbooks). Infrastructure development and maintenance as well as security are other domains of interest.

According to a recent OECD report,² the degree of decentralized decision-making in public schools varies considerably across countries. At the same time, school sector

decision-making has become more decentralized in recent years. In addition to variations across countries, there are also variations in the degree of decentralization across the four main domains of school decision-making. Schools typically have relatively little control over matters of personnel management – the most critical aspect

of school management. School autonomy over the three other domains – student policies, financial resources and curriculum/instruction – was generally much higher across the OECD.

Rationale for Decentralization of School Management

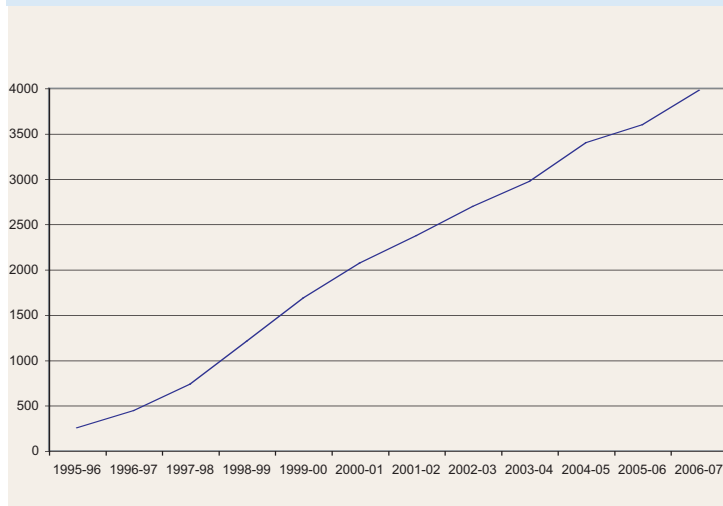
The main reason put forward to support decentralization is that principals, teachers and parents are best placed to make decisions about how a school's resources



1. Brian J. Caldwell, *School-based management*, UNESCO's International Institute for Education Planning, 2005, p. 1, <http://www.smec.curtin.edu.au/iae/Edpol3.pdf>.
2. OECD, *Education at a Glance: OECD Indicators*, 2004, http://www.oecd.org/document/7/0,2340,en_2649_34515_33712135_1_1_1_1,00.html.

FIGURE 1

Number of Charter Schools in the United States, 1995-2007



Source: Gregg Vanourek, *State of the Charter Movement 2005: Trends, Issues and Indicators*, Charter School Leadership Council, May 2005, http://www.publiccharters.org/files/543_file_sotm2005pdf.pdf; Center for Education Reform for recent figures.

should be organized to meet the needs of students and the wider community. In most countries, schools face a myriad of regulation, covering all facets of school operation – curriculum, enrolments, staffing, school operation and school governance. Such regulation can limit schools’ ability to organize in the most effective way to meet students’ needs. This is of concern given the importance of school organization to the academic performance of students. The improved management and accountability of schools under school-based management can lead to improved education outcomes such as increased test scores and reduced drop-out rates. Effective organization was found to be second only to student aptitude in determining achievement gains, hence more important than family influence. Moreover, school autonomy had the strongest influence on the overall quality of school organization.³

Other potential benefits from decentralization include increased efficiency and innovation in the delivery of education, reduced education bureaucracy, increased responsiveness of schools to the needs of local communities, strengthened accountability and increased engagement with, and financial support for, schools. Increased self-management for schools is also an important part of any strategy for

introducing greater choice in education – whether through the abolition of school zoning or the introduction of vouchers – because increased self-management provides public schools with the freedom required to compete amongst them and with more autonomous private schools.

Charter Schools

One of the most significant examples of school self-management is charter schools in the United States. Charter schools are secular public schools that are not subject to many of the regulations applying to regular public schools, such as geographic enrolment restrictions and teacher union contracts. The charter that establishes a school is a performance contract that details the school’s mission, program, goals, students served, methods of assessment and ways in which success will be measured. Charter schools can be managed by the community group that holds the charter or by a for-profit or not-for-profit school manager.

School charters may be granted by a district school board, a university or other authorizing agency. Charter terms can vary, but most are granted for 3-5 years. Charter schools are accountable to their sponsor or authorizing agency to produce positive academic results and adhere to the charter contract. A school’s charter can be revoked if guidelines on curriculum and management are not followed or standards are not met. At the end of the term of the charter, the entity granting the charter may renew the school’s contract. The quid pro quo for charter schools’ increased autonomy is strengthened accountability.

The first charter school law was passed in the State of Minnesota in 1991, with the first charter school opening the following year. As at September 2006, there were nearly 4,000 charter schools in operation, serving over 1 million students in the United States⁴ and 40 states have passed charter school laws. California, Arizona, Florida, Ohio, Texas and Michigan have the largest number of charter schools.

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3. John E. Chubb and Terry M. Moe, *Politics, Markets and America’s Schools*, The Brookings Institution, 1990.

4. Center for Education Reform, *National Charter School Data: New School Estimates 2006-2007*, September 2006, http://www.edreform.com/_upload/CER_charter_numbers.pdf.

Since the mid-1990s, Alberta has operated a system of charter schools which are similar to those in the United States. However, the initiative is small in scale, with the number of charter schools that can exist at any one time limited to 15. Alberta remains the only province in Canada to have charter schools. They operate in a similar manner to those in the US: they are secular, publicly funded, cannot charge tuition fees and enjoy greater autonomy than regular public schools. They cannot directly employ unionized teachers but can second them from the school district. Charter schools report directly to the provincial government, rather than to the local school district. Charter schools can have a particular focus, such as the arts or gifted children.⁵ The rather fast growth of charter schools in the US, as seen in Figure 1, is a clear sign that stakeholders are increasingly satisfied with their performance.⁶

Tomorrow's Schools

The New Zealand Tomorrow's Schools reforms of 1989 ushered in a new era of self-managing schools by creating a more competitive environment for schools within the public sector, increasing choice for all and particularly for students from low-income families, eliminating an entire level of education bureaucracy, providing communities with greater voice in schooling, and giving schools the freedom and autonomy to better meet the needs of local communities.

Under the system, which remains in place today, all state and state-integrated schools are governed by boards of trustees made up of elected parent and community volunteers, the school principal and a staff representative (and student representative in secondary schools). Boards of trustees are responsible for all aspects of school management, including appointing and dismissing teaching and non-teaching staff. All schools are funded via a bulk grant to cover their operating costs. Schools are funded in-kind for teachers' salaries as teacher pay is negotiated centrally.

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The move was accompanied by new accountability measures, including charters between schools and the Crown (which set out the aims and objectives of the school), and the establishment of an independent agency responsible for reporting publicly on the effectiveness of the school system and individual schools.

Subsequent reforms in the early 1990s, particularly the introduction of bulk-funding of teachers' salaries to schools (whereby schools are funded in cash rather than in kind for teachers' salaries) and the removal of school attendance zones, extended the degree of self-management of schools. By the end of the 1990s, more than 30 percent of schools were bulk-funded – despite sustained opposition by teachers' unions.

However, the Labour government abolished bulk-funding in 2000, largely to appease its teacher union support base.

The Impact of Decentralization on Education Outcomes

Cross-country evidence from successive Progress in Student Achievement (PISA) studies suggests that education systems that devolve more responsibility to schools in areas concerning budget allocations within schools, the appointment of teachers, course offerings and disciplinary matters get better results. For example, data suggest that in those countries in which principals report, on average, higher degrees of autonomy in certain aspects of school management the average performance in mathematics tended to be higher.⁷ Similarly, in those countries in which principals report greater school autonomy with regard to choice of courses, the average performance on the combined reading literacy scale tended to be higher.⁸ The OECD is careful to point out, however, that correlation is not causality.

There is a range of contradictory evidence on the impact of charter schools on education outcomes.⁹ However, some more recent studies find evidence that charter schools in Chicago

5. Alberta Learning, *Charter Schools Handbook*, December 2002, http://www.learning.gov.ab.ca/educationsystem/charter_hndbk.pdf.

6. Measuring parents' satisfaction in schools requires advanced econometric analysis to control for the multiple biases that may be present. See Jack Buckley and Mark Schneider, "Are Charter School Parents More Satisfied With Schools? Evidence from Washington, DC," *Peabody Journal of Education*, Vol. 81, No. 1, 2006, pp. 57-78.

7. OECD, *Learning for Tomorrow's World: First Results from PISA 2003*, Programme for International Student Assessment, 2004, p. 236, <http://www.oecd.org/dataoecd/1/60/34002216.pdf>.

8. OECD, *Knowledge and Skills for Life: First Results from PISA 2000*, Programme for International Student Assessment, 2001, p. 178, <http://www.oecd.org/dataoecd/44/53/33691596.pdf>.

9. See for example: Caroline M. Hoxby, *A Straightforward Comparison of Charter Schools and Regular Public Schools in the United States*, Harvard University and NBER, September 2004, http://post.economics.harvard.edu/faculty/hoxby/papers/charters_040909.pdf; Robert Bifulco and Helen F. Ladd, *The Impacts of Charter Schools on Student Achievement: Evidence from North Carolina*, American Education Finance Association, 2006, <http://www.mitpressjournals.org/doi/pdfplus/10.1162/edfp.2006.1.1.50>; and Buckley and Schneider, *op. cit.*

outperformed regular public schools.¹⁰ Evidence was also found that independently managed charter schools in Michigan performed better than less independent charter schools.¹¹

Conclusion

Decentralization in education has many different meanings and has been applied in a wide range of different contexts in both developed and developing countries. It is a growing force that public schooling in Quebec must reckon with. In the United States, charter schools represent one of the fastest growing education sub-sectors. The introduction of school-based management or other forms of decentralization in education can be controversial – particularly in the early stages of implementation. However, it gains acceptance after a period of time to the point where few seek a return to a more centralized approach to school operations.¹²

Education is a service that is too complex and too diversified to be efficiently produced and distributed in a centralized fashion.

Decentralization is no panacea for improving education outcomes. To many supporters of market-based reforms in education, decentralization, through charter schools for example, is an incomplete reform. However, if implemented carefully and with clear objectives, it can provide governments with a vehicle for achieving a number of policy goals, including increasing community ownership of schools, improving student learning outcomes, and providing more streamlined administration of the education system.

In a significant number of advanced countries education and lifelong training have become a sector where the wasting of resources is ubiquitous, in particular in the formal education system as such. Excessive bureaucratic control, both between and within

organizations, implies poor reactivity to changes in labour markets and strong hostility to explicit, open, transparent, and credible evaluation of the performance of the system. More competitive mechanisms stand a much better chance of success by making a broad central place to modularity, freedom, high intensity incentives, and efficient allocation and coordination, thereby improving the overall performance of the system. Education is a service that is too complex and too diversified, both in demand and supply, to be efficiently produced and distributed in a centralized fashion.

The production, distribution and delivery of education and lifelong learning services could be more efficiently achieved by competitive providers, appropriately induced to meet the objectives embedded in properly designed contracts between the providers and the state, which would remain responsible of the overall design and setting of performance objectives.

Some observers claim that the problems of the education sector and system could be solved by an injection of additional funds and resources. In many cases, it is rather the organization of the education system that must be re-examined. The difficulties of the education system are most often due to an inefficient system of production, distribution and delivery of educational goods and services. A better use of the resources presently dedicated to education services could go a long way in solving the endemic problems of education systems. To achieve this, a more efficient division of responsibilities is required between the state and competitive sector organizations as well as a systematic recourse to competitive processes and prices to guide individual choices and government spending.



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10. See Caroline M. Hoxby and Jonah E. Rockoff, *The Impact of Charter Schools on Student Achievement*, Harvard University, November 2004, <http://post.economics.harvard.edu/faculty/hoxby/papers/hoxbyrockoff.pdf>.

11. Caroline M. Hoxby, *School Choice: The Three Essential Elements and Several Policy Options*, Education Forum, August 2006, pp. 22-23, http://www.educationforum.org.nz/documents/publications/hoxby_2006.pdf.

12. Caldwell, *op. cit.*, p. 6.