

Properties of Effective Resource Allocation Systems

The Region 9 Comprehensive Center created this document as a resource to identify and describe four properties of effective resource allocation systems to help anchor the resource allocation review process in the State of Illinois and build districts' understanding of these properties. While this document provides foundational information about four properties of effective resource allocation systems, this is not an exhaustive list of all properties associated with effective resource allocation systems.

An effective resource allocation system will have the following properties:

- **Equitable:** Provides resources based on the needs of students and schools such that those with higher needs receive additional resources.
- **Transparent:** Provides resources through a simple, well-defined, and clearly documented process such that stakeholders understand how resources are allocated to schools and how resource levels are differentiated.
- **Engages stakeholders:** Allows for input in the budgeting and planning process from various education stakeholders, such as school site leaders and staff, parents, and community members.
- **Aligns with district goals and priorities:** Integrates and aligns with planning and school improvement processes, focuses on improving student outcomes, and offers flexibility to be responsive to new or shifting goals and priorities.

These properties of effective resource allocation systems have been identified in the literature (Chambers & Levin, 2009; Edunomics Lab, 2021). They are often identified as key elements of reforms intended to improve resource allocation practices, such as weighted student funding or student-based budgeting (Chambers et al., 2013; Levin et al., 2019; Roza et al., 2020). Below, we describe these four properties in additional detail.

Equitable

In recent years, it has become commonly accepted that effective resource allocation systems should not merely provide the same but substantively more resources for certain types of students with additional needs (Atchison & Levin, 2023; Baker et al., 2021; Morgan &

Amerikaner, 2018).¹ In addition, a number of recent studies have demonstrated that improving the equity of funding (often in the context of state funding formulas) can improve outcomes for students in historically marginalized racial or socioeconomic groups (Jackson, 2018; Jackson et al., 2016; Lafortune et al., 2018). Despite the recognized need for equity and its demonstrated benefits, resource allocation in districts is often inequitable or, at best, neutral, even in districts attempting to prioritize equity (Atchison & Levin, 2023; Levin et al., 2019). Although districts may attempt to provide more resources to schools with the highest need, there are several barriers to doing so in practice:

- Even if a formula or mechanism is in place to provide additional dollars to high-need schools, there are often allocations that occur outside of those primary mechanisms. These side allocations may be inequitable—for example, parents at a relatively low-need school advocate for a special robotics program.
- Districts often allocate staff rather than dollars to schools (and even in most weighted student funding systems, school budgeting is based on average rather than actual salaries). Salaries are generally driven by staff experience and credentials. Studies have consistently found that more experienced staff tend to work at schools with lower percentages of low-income students (Goldhaber et al., 2015; Knight 2018; Roza & Hill, 2004; Rubenstein et al., 2006). As a result, even if staffing levels are equal across schools, higher poverty schools tend to have lower spending.
- Districts may have explicit adjustments that run counter to equity goals (for example, a school’s funding is based on gifted and talented students or programs or on magnet programs, but those programs are associated with few low-income students, students of color, students with disabilities, and English learners).

In short, effective resource allocation formulas should include explicit adjustments to provide more resources to high-need schools and students while attempting to minimize potential barriers to equity.

Transparent

Transparency in resource allocation is important for developing stakeholder trust and enabling more effective and deliberate stakeholder participation in the budgeting and planning processes. Chambers et al. (2013) note that a lack of transparency can lead to an erosion of

¹ The concept of differentiating funding on the basis of need is often in reference to state funding formulas and is measured across districts within states. It applies equally to how funding is distributed across schools within districts. With the increasing prevalence of school level expenditure data, measuring equity within districts will become easier and increasingly common.

trust between parents and community members and the schools that serve them. Having no clear and transparent method for allocating resources and funds to schools can also contribute to a perception of inconsistency in resource allocation and growing frustration by school building leaders (Levin et al., 2019). Last, when resource allocation occurs through an ad hoc or ill-defined process, inequities can occur as a result of resources being allocated to the most effective advocates rather than those who need it the most (Levin et al., 2019). Having a formula that is simple and straightforward is key to transparency, as more complex formulas are more difficult for district leaders to clearly communicate and more difficult for school leaders and other stakeholders to understand (Chambers et al., 2013; Edunomics Lab, 2021).

Engages Stakeholders

Those closest to the students have the strongest understanding and knowledge about students' needs and the resources they require to be successful. Therefore, in the planning and budgeting processes, districts that engage with school-level staff, community members, and families who work with students most frequently should, in theory, be more effective and efficient in their use of resources. In addition, stakeholder engagement can build broader support to implement policies or programs and encourage support and agreement from those with opposing views (Stosich & Bae, 2018). Some districts and schools engage diverse stakeholders through a school site council or an advisory committee consisting of various stakeholders. One key to stakeholder engagement is having a transparent resource allocation and budgeting process. Transparency allows for individuals to be informed, effective advocates for better resource allocation and use. Another key is to have deliberate ways in which diverse sets of stakeholders are involved.

Aligns With District Priorities and Goals

As noted by Chambers et al. (2013, pg. 9), "In most school districts, budgeting and planning processes are not integrated or aligned, resulting in budgets that do not address school priorities and school site plans that do not account for the resources necessary for implementation." The district and school improvement process requires a plan to achieve goals and appropriate targeting and use of resources to get there. Education leaders should have specific outcomes and objectives in mind before deciding how to allocate and use resources. Therefore, integrating the budgeting process and the planning and school improvement processes is necessary to maximize efficiency of how resources are used. By having clear outcome goals, resource usage can be evaluated against whether outcome goals were achieved. As noted, to allow for alignment with district priorities and goals, the system of

resource allocation must be sufficiently flexible and adaptable to enable budgetary changes as priorities and goals, student needs, or even models for schooling and instruction change over time (Edunomics Lab, 2021).

Resources

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