



## Research Partnerships

# SUMMARY NOTE

## Educational Achievement and the Allocation of School Budgets

This research analysed the relationship between student achievement and the allocation of budgets in Victorian government schools.

### Key Findings and Conclusions

- Across Victorian government schools as a whole, it appears that the autonomous decisions of school principals have resulted in a resource allocation that is broadly efficient.
- Consistent with the existing literature, the research found that per-pupil expenditure has a modest relationship with improvement in students' NAPLAN test scores.
- Spending on school leadership and management (primarily professional learning for principals) is linked to positive growth in literacy levels of students in years 5 and 7.
- Overall, the research concludes that the findings support **policy initiatives that give schools flexibility** in resource allocation and suggests that if the goal is to improve literacy and numeracy levels, "a larger share of per pupil spending should be spent on school leadership and management in middle-school years".

This research is a result of a partnership arrangement between the Department of Education and Early Childhood Development and the Melbourne Institute of Applied Economic and Social Research.

## Project Background

- Current research literature on the role of school resources in improving educational outcomes has predominately focussed on either assessing the equity and adequacy of school-level funding, or understanding the impact of additional funding on educational outcomes.
- The research report<sup>1</sup> observes that there is a lack of empirical evidence that links spending decisions to educational outcomes at either the school or the student level.
- This research project addressed the following research questions:
  - Is student achievement growth related to the way that principals allocate their budgets?
  - Are staff salary profiles linked to student test scores?
  - Do schools appear to allocate their resources efficiently?

## Project Methodology

- The research used data that linked students' National Assessment Program – Literacy and Numeracy (NAPLAN) standardised scores to their schools' financial information (as measured by per-pupil Student Resource Package (SRP) expenditure).
- The paper examines the relationship between student achievement growth and principals' allocation of school budgets for two cohorts of students for whom there were repeated NAPLAN scores (i.e. those undertaking the NAPLAN assessments in 2008 and 2010; and those in 2009 and 2011).
- The per-pupil expenditure was classified into one of the five following expenditure categories: leadership and management (e.g. principals, assistant principals, leading teachers); expert teachers (e.g. any teachers in the expert category); inexperienced teachers (e.g. graduate teachers, accomplished teachers); ancillary teaching staff (e.g. music and art teachers; expenditure on supervision of student teachers, or specialised language staff); and non-teaching items (e.g. school support staff, business managers, enrolment officers).
- The analyses examined the total per-pupil expenditure on the growth in student achievement (as measured by NAPLAN) as well as the differential effect across each of the five expenditure categories whilst taking into account and controlling for the impact of student- and school-level characteristics.

## Acknowledgments

1. This summary note is based on the 2013 research report, *Educational Achievement and the Allocation of Financial Resources*, by Deborah A. Cobb-Clark and Nikhil Jha. The research report can be accessed at:

<http://www.melbourneinstitute.com/miaesr/publications/working-paper-series/wps2013.html>