



THE STRATEGIC CFO

A GUIDE FOR SCHOOL DISTRICTS

3 mindsets and 5 core functions to
help CFOs align resources to strategy

NOVEMBER 2019

Using This Guide



Use *The Strategic CFO* as a tool to inform your personal reflection and continuous improvement.

We've seen CFOs find value in meeting quarterly (or more often) with their peers from other districts to discuss one or more of the reflection questions in this guide. This has helped them learn from each other and hold each other accountable for improvement.



Use *The Strategic CFO* to facilitate cross-functional conversations with your colleagues and stakeholders.

Running a strategic finance function cannot be done through the finance team alone. CFOs have successfully used this guide to introduce their superintendent and other central office colleagues to best practices in financial management and to help them identify further opportunities to collaborate. This guide can also be used as a starting place for building transparency and buy-in among stakeholders and developing collaborative approaches that better align resources to strategy in your school system.

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The Need for Strategic CFOs

The Strategic CFO has a big job.

First, she must meet the foundational expectations of strong financial management that is critical to the district's financial health.

But a Strategic CFO doesn't stop there. She proactively ensures that district and school leaders invest resources (people, time, and money) in the district's highest-priority strategies for students — both now and into the future.

Traditionally, school district and corporate leaders regarded chief financial officers, or CFOs, as chief accountants. They were tasked with ensuring financial compliance, settling the books, creating reports, and cutting costs. The CFO was risk averse and internally focused; she was there to backstop the ambitious plans of others.

Those accountability functions are no less important now than they were in the past — but today's CFO is part of a district leadership team that is on the hook for so much more. A higher bar for student learning and great student needs require new ways of organizing resources, even as unsustainable cost structures and flat or decreasing revenue make it more challenging to invest in improvement. As originally discussed in [The New Education CFO](#), **business as usual is not getting the job done.**

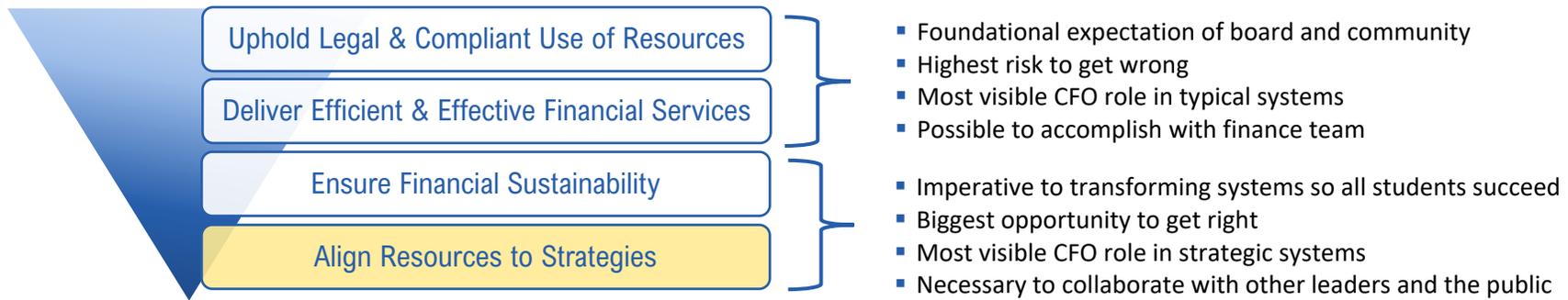


The challenges facing our nation's school systems demand a transformation in financial leadership.

Districts must use their limited resources in dramatically different ways and transition from deep-rooted, historical structures to new models that shrink achievement gaps and opportunity gaps and prepare students for the globally competitive 21st century. In other words, **districts need Strategic CFOs** who can help their leadership teams make crucial tradeoffs to ensure maximum return on student outcomes — even in resource-constrained environments.

In This Guide

Strategic CFOs lead the financial management work...while also ensuring implementation of the district's strategic plan.



**See Appendix for more detailed descriptions of each of these four areas of responsibility*

To better understand how Strategic CFOs align resources to strategies, we identified...

3 Mindsets

and

5 Core Functions

What does it mean to think like a Strategic CFO? *How* a Strategic CFO approaches her responsibilities is as important as *what* those responsibilities are. In interviews with some of the nation's leading Strategic CFOs, three mindsets consistently came up as critical to their effectiveness:

-  **Look Forward**
-  **Reach Outward**
-  **Focus on "How Well"**

What does good look like for both new and veteran CFOs? Five core functions are essential for aligning resources to strategies. For each core function, this guide blends personal leadership and organizational best practice with reflection questions to help inform your district's current practices:

- 1. Long-Term Financial Planning**
- 2. Strategic Planning**
- 3. Annual District Budgeting**
- 4. Annual School Budgeting**
- 5. Collective Bargaining**



Mindset #1: Look Forward

Look not just backward at historical spending patterns to identify problems or inefficiencies...

...**But also look forward** to anticipate major cost and revenue shifts, proactively solve challenges and ensure that the district can sustain investment in strategic priorities over time.

Example

See Through Problems to Root Cause

As chief problem-solver in the district, it's important for the CFO to not just solve problems that are "smacking you in the face," but also dig below the surface to root causes. This may happen through thoughtful inquiry into isolated issues raised by a colleague, or by stepping back to uncover patterns over time that may be indicative of a more systemic challenge.

"There are a lot of issues that just come up. If you handle them one by one, a lot of times you treat the same problem over and over again. In the end, it's a waste of time." -CFO of Large, Countywide District in the Southeast

"It's really important to dig deep below the surface level. I struggle sometimes with the root cause being something that is really deep in an organization. For example, we had five wrong paychecks in quick succession. I could have just fixed each paycheck one by one — and if someone's paycheck is wrong, you do have to solve their pay — but you also have to look across common problems and find causes. We found a data error in the system that we fixed and the whole problem went away." -CFO of Urban District in the West

Example

Follow Through to Implementation

CFOs play a key role in enabling the district to see meaningful improvements in schools because they can lead efforts to mobilize concrete investments linked to a particular strategy, including tracking those investments across time and individual departments. The CFO can lead reflections about the effectiveness of investments by asking key questions, such as:

- What are all the steps in the logic of our idea that can get us from investment to impact?
- How will we know whether all the steps in our logic are playing out as we expect? If not, how should we adjust?

"I have a sign on my wall: "It's the implementation, stupid!" You are responsible for the intentionality of what you are doing and the ability to bring all the resources together to sustain investment over time. We have been successful in my district on early literacy and college- and career-readiness because those are our two primary goals, and everyone repeats them all the time. We are not trying to do 30 or 40 things. It all flows through to implementation — the CFO needs to stop people from flipping to the shiny new thing they saw at a conference. A step back is much worse than a step forward. That's what a focus on implementation means to me." -CFO of Urban District in the Northeast



Mindset #2: Reach Outward

Reach not just inward to lead the finance team toward efficient financial management...

...**But also reach outward** to colleagues in other departments and community stakeholders to provide actionable data, build broader ownership over district resources, and ensure budgets reflect both district and community priorities.

Example

Focus on Credibility

Strategic CFOs seek out opportunities to build credibility with key constituencies. The CFO should foster trust among colleagues and the public by being transparent about the district's financial picture, actively educating others about the "why" behind the numbers and maintaining a public persona as a competent financial manager. The CFO who is trusted by the board and community can help the district focus community engagement around academic strategy and how to best serve students, instead of on basic financial management issues.

"Credibility is not only the greatest asset for the CFO, it's the #1 benefit that the CFO offers the superintendent. If the CFO has trust and credibility with the board and community, the superintendent gets to rely on that a lot. If the superintendent can publicly say, "I trust the CFO, and the numbers must be right," then they can focus debate on academic strategy instead of the financials. When you don't need to spend time worrying about finance, you can worry about what matters — building community, human capital, teaching, and learning." -CFO of Large, Countywide District in the Southeast

Example

Find Collective Purpose

Personally investing in the organization's collective purpose is a critical mindset for all strategic leaders. A Strategic CFO has a specific set of financial management responsibilities, but ultimately defines her own success as driven by the system's progress toward its goals. Because the CFO is responsible for financial viability and sustainability, she is a strong partner for big-picture sustainability work and can proactively help colleagues think about how to fund and sustain their priorities.

"Be more of a thought-partner. I remind my team that they are the CFO for that department. They need to think through how to support that team — not just knowing the immediate budget, but also details of the work, so they can make strategic decisions together for what they're trying to accomplish." -CFO of Urban District in the West

"The Strategic CFO actually has a leadership role beyond finance. CFOs can be a "management resource" — almost an internal consulting firm for the district. They think of you as an overall problem-solving resource. You are part of building the strategy, rather than the end game." -CFO of Urban District in the Northeast



Mindset #3: Focus on “How Well”

Reach not just on “how much” money is spent overall and on which major investments...

...But also focus on “how well” those resources are used to meet students’ diverse needs, address longstanding inequities, and ultimately improve student learning.

Example

Align to Strategy

The Strategic CFO remembers that the goal of her district is positive outcomes for students, not just financial viability. Although she is not in charge of designing academic strategy, she figures out how to make strategic designs happen and communicates these pathways with colleagues and the public. It is important to frame financial decisions within an overarching narrative about district strategy that the community can digest and connect with. The Strategic CFO helps others to see the big picture and understand the tradeoffs that district leadership grappled with to reach a decision.

“Transparency and data-dumps without narrative aren’t useful. You might not go public with all possible options, but you should go out and say, ‘Here is a puzzle we put together — every other puzzle we tried to create was worse than this one. Let us tell you why’” -CFO of Large, Countywide District in the Southeast

“I’ve seen a lot of CFOs present on budgets and say, ‘Here are the facts. Here are the numbers.’ But credibility comes from someone who is really good at telling a story” -CFO of Urban District in the West

Example

Remember: Equal is Not the Same as Equitable

Strategic CFOs know that different schools have different needs — so ensuring equity means making *unequal* allocations to address those unequal needs. Should every middle school get a math coach? Not if some middle schools are triple the size of others, or if some middle schools have substantially weaker math instruction.

Similarly, Strategic CFOs know that “across-the-board” reductions or investments are unlikely to result in resource allocations that align with district priorities. After all, departments do not all have the same underlying cost structures or play the same role in relation to various priorities. To increase resource equity, the CFO plays an important role in initiating conversations and processes that honor differentiated needs, priorities, and resource allocations.

“[The concept of] equity is used all the time to be whatever anyone means it to be, and [as the CFO] it’s important to spell out exactly what we mean here. [School system leaders] can get confused about equity and the concept of ‘fairness’ — they think ‘equal is fair’ and it’s really important to get people to look outside of their own experience.” -CFO of Urban District in the Pacific Northwest

Core Function #1: Long-Term Financial Planning

Component of Long-Term Financial Planning	Typical Practice	→ Strategic CFO Practice	Reflection Questions
<p>1.1 Assess the Forecast</p> 	<p>The long-term plan estimates revenue and expenditure gaps based on past trends in enrollment, teacher tenure, and funding policy. Changes in cost drivers — such as teacher salary increases — are incorporated through high-level percentage increases.</p> <p>Proposed actions focus on sizing necessary cuts but may not identify <i>how</i> those cuts will be made.</p>	<p>The plan goes beyond a forecast based on past trends by: (A) proactively identifying changing cost drivers or future areas of uncertainty, and (B) explicitly framing choices that district leadership and stakeholders must make. For example, if enrollment may continue falling in future years, what are the set of levers the district will pull to annually right-size cost structures?</p> <p>The long-term plan uses the forecast to assess the sustainability of current strategies.</p>	<p><i>To what extent does the most recent long-term financial plan align with my district's strategic vision?</i></p> <p><i>Which projections for potential revenue, expenditure, and enrollment scenarios are included in the long-term financial plan?</i></p> <p><i>Does the most recent long-term financial plan identify cost drivers and areas of uncertainty?</i></p> <p><i>Does the planning process identify multiple resource allocation choices my district could make to improve sustainability?</i></p>
<p>1.2 Communicate Root Causes</p> 	<p>Most stakeholders outside of the finance team do not have visibility around inputs or assumptions, which may limit their belief in the final financial picture or its root causes.</p>	<p>The planning process provides transparency around inputs and assumptions so that stakeholders understand the range of challenges, trust the forecast, and feel a sense of ownership before the district engages in solutions.</p> <p>The plan emphasizes the financial <i>and</i> strategic necessity of long-term sustainability by articulating the fiscal risk <i>and</i> potential consequences for students.</p>	<p><i>How could efforts be improved to share and solicit feedback about the assumptions used to create the long-term financial projections?</i></p> <p><i>What steps does the finance team take to educate the community about the historical causes of the district's current financial situation — including factors inside and outside of district control?</i></p> <p><i>What opportunities do the board and community have to engage in development of the long-term financial plan?</i></p>

Component of Long-Term Financial Planning	Typical Practice → Strategic CFO Practice	Reflection Questions
<p>1.3 Align Timelines</p> 	<p>Financial plans stay static over time, without consistently incorporating new information as it becomes available, such as updated enrollment projections and district strategy shifts.</p> <p>→</p> <p>The CFO times any long-term plan updates to align with state reporting timelines only, resulting in documents organized for compliance, rather than for strategy development or stakeholder engagement.</p> <p>The CFO times long-term plan updates to align with district milestones, such as strategic plan updates, annual district and school budgeting, and board elections.</p> <p>→</p> <p>By aligning timelines, the planning process receives greater visibility from the school board, district leadership, and community members.</p>	<p><i>When was the long-term financial plan last updated? Historically, how has this overlapped with updates to my district's strategic plan?</i></p> <p><i>What are the state requirements for long-term financial planning? How does the state reporting timeline align with other planning timelines in my district? What opportunities exist to better align these timelines?</i></p>
<p>1.4 Engage Other Stakeholders</p> 	<p>The finance team is seen as solely responsible for improving long-term sustainability. Stakeholders — such as department heads, board members, and community advocates — do not understand what actions they can take to improve the district's financial sustainability.</p> <p>→</p> <p>The final long-term plan formally identifies leaders both inside and outside of the finance team who are responsible for key cost drivers or sustainability initiatives.</p> <p>The finance team tailors engagement with stakeholders based on the actions within their locus of control.</p>	<p><i>In the past, has the finance team identified key decision-makers who influence big cost drivers?</i></p> <p><i>When has the finance team engaged these decision-makers in collective problem-solving?</i></p>

How do you incorporate internal and external stakeholders in your financial planning and decision-making?

“We have found that the annual budget process goes far smoother when the final work product isn't just the best thinking of the cabinet and finance staff, but a reflection of all stakeholder input — especially school leaders and community members. To that end, we have separate annual committees for both principals and community members that meet on a regular basis to discuss all the financial decisions and planning issues that the district is facing. This includes everything from revenue assumptions to final budget recommendations that will go to the superintendent and school board. Additionally, we have board member and community workshops or town hall meetings to hear additional priorities for consideration by the committees who will eventually each take their decisions to the superintendent whose final recommendation goes to our elected school board for approval.”

-CFO of Large, Countywide District in the Southeast

Component of Long-Term Financial Planning	Typical Practice	→ Strategic CFO Practice	Reflection Questions
<p>1.5 Boost Public Visibility</p> 	<p>Public engagement with the plan is limited to its release, usually as a board agenda item. Few opportunities exist for stakeholders outside of the board to engage with the presentation or receive progress updates.</p>	<p>→ The CFO creates opportunities for widespread, ongoing public engagement with the plan, such as a website, community-oriented pamphlets, and talking points for school staff.</p> <p>→ The long-term plan is framed as a tool to support community engagement and collective decision-making.</p> <p>The CFO builds the plan’s credibility by executing on short-term investments and reductions, and communicating ongoing progress to stakeholders.</p>	<p><i>Is the long-term financial plan publicly available? In what ways is it made accessible to the public?</i></p> <p><i>Who from the community typically engages with the long-term financial plan?</i></p>
<p>“Part of building credibility is making data and information accessible to people who think you are hiding stuff. You build credibility when you’re willing to share the metrics, data, and organizational health on a regular, recurring basis.”</p> <p>-CFO of Urban District in the Northeast</p>			
<p>1.6 Pursue Additional Revenue</p> 	<p>The CFO’s involvement in revenue generation is mostly technical and driven by appropriators’ requirements.</p>	<p>→ The CFO actively works to improve the district’s future financial picture by maximizing all currently available revenue — for example, working to increase Medicaid reimbursements or support tax increase efforts. The CFO also identifies new potential revenue sources — for example, pursuing creative service delivery partnerships with community organizations, supporting tax revenue campaigns, or securing competitive grant funding.</p>	<p><i>Internally, is the finance team leading any efforts to maximize revenue from existing sources or cultivate new sources of revenue?</i></p> <p><i>Does the long-term financial plan explicitly identify any revenue generation strategies my district is pursuing?</i></p>

Where to Learn More

➔ Visit bit.ly/CFOtools for Long-Term Financial Planning tools and examples of best practices

Core Function #2: Strategic Planning

Component of Strategic Planning	Typical Practice	→ Strategic CFO Practice	Reflection Questions
<p>2.1 Tune in to Academics</p> 	<p>Conversations about aligning on strategic planning and visioning are led by academic teams and do not involve finance.</p> <p>The finance team is brought in later to set the stage for implementing the strategic plan.</p>	<p>→ The CFO sits at the strategic planning table and adds value to decisions by helping the planning team understand the district's overall resource picture, and the implications and tradeoffs of potential investment decisions.</p>	<p><i>When was the most recent strategic planning process completed?</i></p> <p><i>How did my team participate in the process?</i></p> <p><i>Did the planning team have access to resource data related to the major strategic shifts being considered?</i></p>

“I’m always sharing my financial problems with the instructional people, so they understand it. I ask for their input on how to resolve it. In the past, finance and instruction moved in parallel toward the district’s goal. Instead, you need a ladder, so finance and academics are moving along.”

-CFO of Urban District in the Pacific Northwest

“The narrative is so important: the goal is not to be fiscally stable — the goal is to educate children. And finance has a role in that overarching narrative.”

-CFO of Urban District in the Northeast

Component of Strategic Planning	Typical Practice	→ Strategic CFO Practice	Reflection Questions
<p>2.2 Link Goals and Resources</p> 	<p>The strategic plan does not explicitly identify required resources, currently available resources, or reallocations needed to achieve the goals outlined in the strategic plan.</p> <p>When resource needs <i>are</i> identified, they focus only on financial implications. Leaders do not always consider student and teacher time or teacher capacity as potential resources that can be reorganized to support strategies.</p> <p>Strategies funded by short-term grants or revenue sources do not include descriptions of the resources needed to ensure longer-term sustainability.</p>	<p>The CFO helps academic leaders size the resources needed to implement their vision, including looking beyond dollars to the implications for people and time. These details are clearly communicated in strategic planning documents.</p> <p>Leaders ensure that new strategy shifts with long-term spending implications are supported sustainably by recurring funds — not philanthropic or other short-term revenue.</p> <p>Leaders apply an “ROI mindset” to tie investment and resource use decisions to strategic goals. This involves asking questions about the impact of various investments and cuts relative to expected outcomes and the number of teachers or students affected.</p>	<p><i>Does the current strategic plan identify specific resources allocated to each strategy — including people, time, and money?</i></p> <p><i>Does the current strategic plan identify long-term funding sources for each strategy?</i></p> <p><i>Does the current strategic plan include a theory of action that leadership can use to inform ongoing conversations about the ROI of each strategy?</i></p>
<p>2.3 Set Explicit Resource-Use Goals</p> 	<p>Strategic goals center on academic outcomes for students, without articulating goals related to the district’s strategic resource management. As a result, finance and operations staff may find it harder to view themselves as key players in the district’s strategic efforts.</p>	<p>→ The CFO ensures that the strategic plan includes goals for effective resource management. This helps ensure that the community and board view resource use and financial sustainability as key parts of what makes the district successful.</p>	<p><i>Does the current strategic plan include an explicit goal of effective resource management?</i></p> <p><i>What school board efforts are devoted to effective resource management? Did any current board members campaign on effective resource use as part of their platform?</i></p>

Where to Learn More

➔ Visit bit.ly/CF0tools for Strategic Planning tools and examples of best practices

Core Function #3: Annual District Budgeting

Component of Annual District Budgeting	Typical Practice	→ Strategic CFO Practice	Reflection Questions
<p data-bbox="121 667 283 768">3.1 Plan Around the Priorities</p> 	<p data-bbox="344 537 825 630">The district’s budget development process begins with the question, “What is the fiscal gap or gain relative to last year?”</p> <p data-bbox="344 667 825 889">The budget development process is organized by department or function. District leadership prioritizes balancing budgets within departments (rather than across) and entire new departments are created to support big new priorities (e.g. Department of Equity).</p> <p data-bbox="344 927 825 1019">The final budget is organized by traditional accounting categories, such as departments and objects.</p>	<p data-bbox="905 537 1440 695">The district’s budget development process begins with the question, “What are the district priorities (from the strategic plan) that our budget should address?” Then, the process works backward to identify spending that meets those goals.</p> <p data-bbox="905 732 1440 857">→ A collaborative, cross-functional team determines investment decisions and checks that initiatives align with district priorities and can realistically be implemented with the allocated resources.</p> <p data-bbox="905 894 1440 1019">The final budget document is bucketed by program or strategy, including connections across departments. This allows stakeholders to clearly see how the district is funding its big priorities.</p>	<p data-bbox="1493 570 1976 667"><i>Does the leadership team work to identify upcoming strategy prior to (or concurrent with) the budget development process?</i></p> <p data-bbox="1493 699 1976 792"><i>What is the process for prioritizing or eliminating strategies based on changing priorities or resource constraints?</i></p> <p data-bbox="1493 824 1976 987"><i>In my district’s financial data system, is it possible to crosswalk account codes with major strategies? What would it take to organize my district’s annual budget presentation by strategy?</i></p>
<p data-bbox="121 1143 283 1243">3.2 Integrate All Funds</p> 	<p data-bbox="344 1094 825 1219">The annual budget process for general funds and grant funds are separate; decisions about one are not used to inform decisions about the other.</p> <p data-bbox="344 1256 825 1414">→ Grant funds are often considered as ‘incremental’ funds that support standalone initiatives and therefore may not be evaluated for alignment with the district strategy.</p>	<p data-bbox="905 1110 1440 1235">All funds are included for consideration during annual budgeting — which could mean working off of restricted revenue estimates and revising as revenue becomes known.</p> <p data-bbox="905 1273 1440 1398">→ All grant budgets are evaluated for alignment to the district’s strategic plan. Grant-based spending considers other decisions that may impact the implementation of grant funding.</p>	<p data-bbox="1493 1089 1976 1149"><i>What is the process for assessing grant plans for alignment to district strategy?</i></p> <p data-bbox="1493 1182 1976 1339"><i>Does the finance team have a process for projecting expected grant and restricted revenues? Does this enable the team to align the planning timeline for these funds without general budgeting?</i></p> <p data-bbox="1493 1372 1976 1432"><i>Does the final approved budget incorporate all general-ledger level budgets?</i></p>

Component of Annual District Budgeting	Typical Practice	→ Strategic CFO Practice	Reflection Questions
<p>3.3 Facilitate Community Decision- Making</p> 	<p>The core budget development process team includes the CFO, select members of the leadership team, and the school board.</p> <p>Central office department heads are required to submit their budgets by a certain date. Conversations between the core team and department heads are focused on feedback after submission.</p>	<p>School staff, department heads, and community members — including parents, partner organizations, and advocates — are integrated into budget decision-making in ways that provide clarity about <i>their</i> relative prioritization of different investment options. This might take place through community meetings, focus groups, or electronic communications.</p>	<p><i>During budget development, do my district’s school staff, department heads, and community members have opportunities to grapple with potential spending tradeoffs and provide input?</i></p> <p><i>Does my district close the loop with stakeholders to explain how their feedback is incorporated into budgeting along the way?</i></p>
<p>3.4 Proactively Balance the Budget</p> 	<p>The budget process rolls forward current budgets as a starting place for decision-making — for example, carrying forward all expenses and layering on structural changes, such as cost of living.</p> <p>Budgets are built with a “cushion” — however, limited transparency around how ‘cushion’ size links to assumptions, risks, and alternative scenarios, can create perceptions that the CFO is “hiding money.”</p>	<p>The CFO uses prior year budgets as a reference, not as a default. The finance team manages uncertainty by publishing prioritized investments and cuts to a range of potential revenue levels and scenarios.</p> <p>The CFO understands how decisions compound year-over-year and actively plans for multi-year impact — for example, communicating that a teacher compensation increase this year may be unsustainable in three years.</p>	<p><i>How does the finance team bring other leaders into contingency planning when there is revenue uncertainty?</i></p> <p><i>Are newly proposed recurring expenses evaluated against forecasted fiscal resources for future years?</i></p> <p><i>Were past district decisions to use reserve funds driven by specific conditions and circumstances that year?</i></p>
<p>3.5 Plan Periodic Check-Ins</p> 	<p>Outside of the finance team, the school board and leadership team engage in budgeting one or two times per year.</p>	<p>The CFO frequently engages in questions of sustainability:</p> <ul style="list-style-type: none"> ▪ Does the current pace of spending need to change? ▪ Do the leading indicators suggest the investment is on track for impact? ▪ What other enabling conditions must exist to succeed? <p>Leadership team members outside of finance are empowered to analyze spending data and adjust course within the year as needed.</p>	<p><i>When during the budget process does the leadership team take stock of current-year investments across all strategies?</i></p> <p><i>How often do I revisit the budget and track progress with the leadership team and board?</i></p> <p><i>What data do the finance team use to track spending against budget? How is this data shared with leaders outside of finance? Who is involved in decisions to change course mid-year?</i></p>

Component of Annual District Budgeting	Typical Practice →	Strategic CFO Practice	Reflection Questions
<p data-bbox="113 444 296 545">3.6 Monitor Impact Metrics</p> 	<p data-bbox="344 521 825 610">Progress monitoring of the budget is done exclusively through tracking actual spend and encumbrances against planned budgets. →</p>	<p data-bbox="905 326 1440 383">Trackable metrics are defined for each big decision, including:</p> <ul data-bbox="926 391 1440 545" style="list-style-type: none"> ▪ <i>Cost</i>: Are we on budget? ▪ <i>Implementation</i>: Are we executing what we intended? ▪ <i>Performance</i>: Are we achieving what we wanted to? <p data-bbox="905 586 1440 805">There is a clear process for engaging leadership in these metrics, including feedback and accountability mechanisms that enable course corrections (e.g. a rotating six-week presentation slot in cabinet meetings for the teams managing the set of high-priority investments to share progress).</p>	<p data-bbox="1493 444 1976 566"><i>Does the annual budget include metrics to assess implementation and impact for major investment areas? How is spending tracked throughout the year?</i></p> <p data-bbox="1493 599 1986 688"><i>How often does district leadership come together to review impact metrics as part of the budget development process?</i></p>

Philadelphia Public Schools: Early Literacy Outcomes

During the 2014-15 school year, Philadelphia Public Schools set a strategic goal around improving early literacy and began to scale implementation over the course of the next three years. Internally, all new spending was allocated through the lens of early literacy outcomes. Externally, every financial document, presentation, and testimony set the context for this goal.

Along the way, the district tracked fidelity of implementation around the habits and actions they believed mattered most, such as guided reading, writing workshop, and phonics instruction. Then, they compared this data with outcomes. But to better target their efforts and resources, they needed more information about which specific factors made the biggest difference. So they also monitored spending and proficiency levels for each school to help figure out what could be driving differences in progress. This meant being clear about the spending components they were targeting to ask questions about if they were working — for example: Is staff training on multi-tiered systems of support resulting in more early intervention for students? Is the tutoring that is taking place in School A making a difference compared to School B that does not have tutoring?

Where to Learn More

➔ Visit bit.ly/CF0tools for Annual District Budgeting tools and examples of best practices

Core Function #4: Annual School Budgeting

Component of Annual School Budgeting	Typical Practice → Strategic CFO Practice	Reflection Questions
<p data-bbox="109 841 296 938">4.1 Strengthen School Support</p> 	<p data-bbox="344 786 823 906">The school planning and budget creation process is not differentiated for the programming or design choices of individual schools.</p> <p data-bbox="344 948 823 1003">School leaders receive compliance-focused tools and feedback. →</p> <p data-bbox="344 1045 823 1133">District offices do not systematically collaborate to develop feedback, resulting in conflicting or confusing feedback.</p> <p data-bbox="905 591 1446 776">The district has outlined a set of school design practices that align with system-wide strategic priorities — for example, a model for teacher collaboration time that schools could use to address a goal around improved instructional practice.</p> <p data-bbox="905 818 1446 1036">The school budget process is intentionally designed to help school leaders implement school design practices. For example, principals use a scheduling and staffing template that enables them to design what the district’s recommended form of teacher collaboration time looks like in their school.</p> <p data-bbox="905 1078 1446 1328">Central office departments — including HR, budget, academics, and school support — provide coordinated feedback to help principals achieve district priorities through common budget review meetings, common feedback forms, or designated coordinator staff. Principal supervisors are able to build on this feedback in their own work with principals.</p>	<p data-bbox="1495 808 1978 863"><i>Has my district outlined specific school design practices that align to the strategic plan?</i></p> <p data-bbox="1495 899 1978 987"><i>Is the budget process organized to encourage principals to implement these school design strategies?</i></p> <p data-bbox="1495 1023 1978 1078"><i>Do principals receive consolidated budget feedback from all relevant departments?</i></p>

Component of Annual School Budgeting	Typical Practice	Strategic CFO Practice	Reflection Questions
<p>4.2 Clarify Flexibilities</p> 	<p>Flexibilities and constraints for school leader decision-making are unclear. School leaders' flexibility may depend on personal connections.</p> <p>School leaders receive mixed messages. For example, their school supervisor tells them that they can swap certain instructional positions, but they later learn that the teacher contract does not allow them to.</p> <p>As a result, school leaders default to school designs that maintain the status quo.</p>	<p>The district has created clear guidelines for principals, including which resource decisions are "tight" vs. "loose" — and how these may vary based on school leaders' needs or school performance.</p> <p>The finance team works with other departments to resolve any policy or process barriers that hinder full, meaningful exercise of principal flexibility.</p>	<p><i>Has my district articulated clear guidance for principal flexibility?</i></p> <p><i>How are these flexibilities clearly communicated with school leaders? How many principals last year exercised a given flexibility (i.e. position conversion)?</i></p> <p><i>In what ways has my district aligned policies with the theory of action for principal flexibility?</i></p>
<p>4.3 Integrate Decision-Making Inputs</p> 	<p>Principals separate budget and planning decisions based on funding sources or departments. Inputs may arrive to principals at varying times or from multiple sources. For example, general staffing is separated from federal funds, which are separated from department-controlled initiative funds, such as a pilot for a new personalized learning platform.</p>	<p>The school planning process integrates all of the resources available to schools. Any centrally-controlled resources that will play out in schools — such as a centrally-based itinerant coach or therapist — are clearly communicated so school leaders can make informed decisions.</p> <p>Decision-making tools:</p> <ul style="list-style-type: none"> ▪ Integrate inputs across departments. For example, combining generally-funded positions and Title-funded positions. ▪ Accurately reflect the district's enrollment and revenue projections. ▪ Benchmark any data against best practices or district expectations. ▪ Help principals tie resource allocation decisions to school goals and needs. 	<p><i>Does my district provide principals with integrated data on student performance and school resource use — such as staffing, scheduling, and student grouping — to inform strategic resource allocation?</i></p> <p><i>Do principals receive consolidated information on all staff and funds that will play out in their next school year — including grant funds and any centrally-located funds or positions?</i></p> <p><i>Do school budgeting tools inform strategic decision-making? (For example, benchmarks against best practice or prompts to tie decisions to the strategic plan)</i></p>

Component of Annual School Budgeting	Typical Practice → Strategic CFO Practice	Reflection Questions
<p>4.4 Coordinate Timelines</p> 	<p>The budgeting process takes place independently from hiring, scheduling, and other school planning milestones — so principals may be forced to make a schedule before they have certainty on staffing levels for next year or may need to wait to hire teachers until the board completes final budget approval in June.</p> <p>→ Budgeting, staffing, and scheduling conversations are cohesive so principals can continually adjust across all three areas as they develop their school designs.</p> <p>→ Budgeting starts as early as possible (after strategic planning and financial forecasting are complete) to enable sufficient time for district feedback and a more competitive teacher hiring timeline.</p>	<p><i>Is the school planning process integrated from needs assessment, priority setting, and strategy development to resource allocation via budgeting, staffing, and scheduling?</i></p> <p><i>When do principals confirm their final budget? Is this early enough to start hiring staff on competitive timelines relative to local and national peer districts?</i></p>

What strategic change initiative are you currently focused on?

“We are currently working on redesigning the school planning process. The goal of the initiative is to rework how school leaders experience strategic planning. In previous years, school leaders received their enrollment forecasts and staffing plan information late in the spring to make planning decisions with their teams. Now, we are in the midst of not only providing the information in the winter, but also building a support network with strategies to help school leaders build strategic plans where people, time, and money are aligned to student data and needs.”

-CFO of Urban District in the South

Where to Learn More

➔ Visit bit.ly/CF0tools for Annual School Budgeting tools and examples of best practices

Core Function #5: Collective Bargaining

Component of Collective Bargaining	Typical Practice → Strategic CFO Practice	Reflection Questions
<p>5.1 Understand Student and Teacher Impact</p>  	<p>The finance team approaches collective bargaining from a fiscal sustainability lens — they “certify” the availability of funds to support the contract, but stop short of considering the tradeoffs, alignment with big-picture strategy, or impact on outcomes.</p> <p>→</p> <p>Before beginning the collective bargaining process, the CFO works with HR and academics to better understand:</p> <ul style="list-style-type: none"> ▪ <i>Compensation Strategy:</i> What should the shape of our salary schedule look like? ▪ <i>Teacher Market Strategy:</i> What roles and skills do we most want to attract? ▪ <i>Academic Strategy:</i> What are the staffing implications of our instructional models? <p>To help colleagues weigh the potential cost-benefit of options, the CFO grounds the financial modeling of proposed contract changes around sustainability <i>and</i> student and teacher impact.</p>	<p><i>What goals do we want to achieve in negotiations with our major bargaining units?</i></p> <p><i>What are the timelines for each major collective bargaining unit? How can the finance team align the process with annual budgeting, strategic planning, or long-term financial planning?</i></p> <p><i>What is our district’s strategy around teachers’ time and compensation? What strategic goals can we achieve through bargaining?</i></p> <p><i>How has the finance team historically been involved? Who needs to be engaged — and in what ways?</i></p>

Cleveland Public Schools: Building Common Understanding

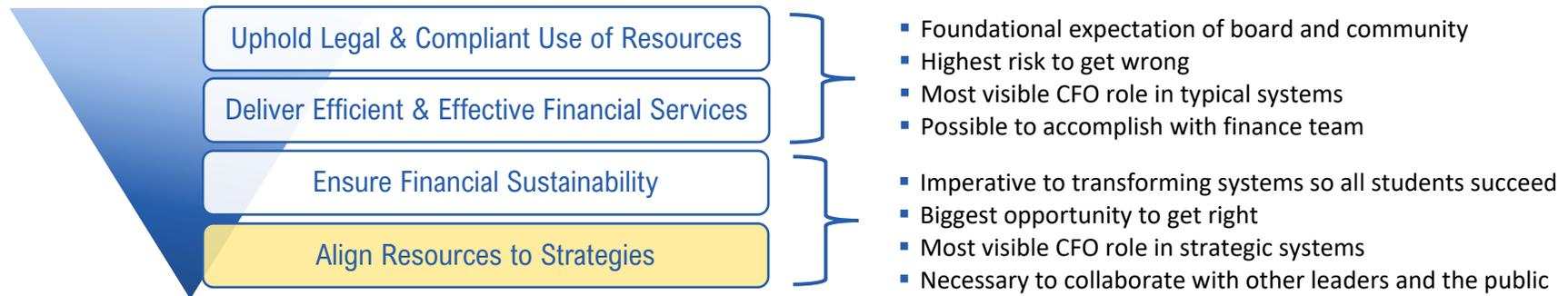
Representatives from Cleveland Metropolitan School District (CMSD) and the Cleveland Teachers Union met over beer and chicken wings to discuss the district’s budget using an ERS tool, *Budget Hold’Em for Districts*. In *Budget Hold’Em for Districts*, teams choose from sets of cards listing savings and investments — such as increasing class size or raising teacher salaries. The goal is to select a hand of cards that meets the needs of students and teachers, while still hitting the budget target. Former CMSD CFO John Scanlon shared, “It was interesting for both sides because it became a very non-threatening way to talk about things.” Later that year, the union approved a contract proposal that included details for a differentiated compensation plan, a 4 percent pay increase in exchange for a longer school day, and greater flexibility for school-based leadership. Teachers union president David Quolke said the contract showed how teachers “are willing to lead school reform efforts in Cleveland.”

Component of Collective Bargaining	Typical Practice → Strategic CFO Practice	Reflection Questions
<p>5.2 Expand Analysis</p> 	<p>The finance team models potential changes to salaries but may not analyze the financial impact of changes to fringe benefits or non-compensation decisions, such as class size caps or changes to teacher release time.</p> <p>The finance team helps the bargaining team identify major constraints around the contract, but does not collaborate on talent, academic, or compensation goals.</p> <p>→ The CFO leads efforts to quantify cost implications and articulate the range of tradeoffs and options for salary, fringe benefits, and non-compensation decisions, and the range of tradeoffs and options within each decision category.</p> <p>→ The CFO supports the preparation of a negotiation strategy that integrates compensation and working condition objectives.</p> <p>The CFO and finance team revise district goals during bargaining as necessary — either to meet the demands of bargaining groups or to ensure sustainability.</p>	<p><i>In the past, have contract and/or resource constraints affected implementation of components of my district’s strategic plan? How did the finance team engage in active problem solving with academics and HR to address this?</i></p> <p><i>In the past, has the finance team modeled the short- and long-term financial implications of contract decisions being negotiated — including non-compensation decisions?</i></p>
<p>5.3 Support Stakeholder Communication</p> 	<p>The district’s communications team and superintendent lead externally-facing communication with the board, local community members, and the media without direct input or involvement from the finance team.</p> <p>→ The CFO and leadership team foster stakeholder buy-in by working to create wins for both sides of the bargaining table and by communicating the benefits of sustainable, high-impact strategies.</p> <p>The CFO helps communicate any tradeoffs of the status quo contract by sharing resource implications of the current contract vs. alternative options.</p>	<p><i>In the past, has the finance team contributed data analysis to help my district make the financial argument for desired contract changes?</i></p> <p><i>Has the finance team included potential or desired contract changes in its long-term financial planning documents and other public materials?</i></p>

Where to Learn More

➔ Visit bit.ly/CFOTools for Collective Bargaining tools and examples of best practices

Appendix: Areas of Responsibility



Uphold Legal and Compliant Use of Resources

School district CFOs are (and should be) responsible for the accounting and compliance functions that they traditionally oversee. It is crucial that someone ensures the books are closed correctly, transparently, and efficiently each year and that appropriate reporting is done. The CFO meets this area of responsibility by maintaining the general ledger and chart of accounts, preparing financial statements, overseeing audits, and establishing internal controls. By itself, this work is necessary to maintain the status quo operation of the district — but it does not inherently support the kind of strategic work needed for meaningful transformation. A CFO who enters the role with a traditional CPA background will have deep expertise in this area of responsibility and will need to quickly make sure her team can lead this work so that she can lean into the more strategic part of her role. Similarly, a CFO with a non-accounting background will need to make sure a strong team is in place to support her leadership as she learns more about these responsibilities.

Deliver Efficient and Effective Financial Services

As the manager of a large, complex organization, the CFO is responsible for ensuring that an array of financial management processes run smoothly — from coordinating payroll and accounts payable to streamlining school- and central-level procurement. When districts struggle with baseline financial management — for example, maintaining legacy time reporting processes that require manual entry into payroll and cause pay errors — all district leaders have less time and energy to devote to strategic work. It is critical for a Strategic CFO to hire and manage a strong team with relevant technical expertise, ensure clear accountability for what success looks like for each function, and put processes in place for the team to identify and act on opportunities that improve efficiency and quality of services.

Ensure Financial Sustainability

Revenue and cost structures don't move in lockstep — and district visions aren't always accompanied by the revenue needed for successful implementation. The Strategic CFO is responsible for foreseeing the choices system leaders must make to achieve their vision and live within the system's long-term means. This includes creating forecasts that use data to project changes in revenue, expense, and balances over time. It also includes helping fellow senior leaders, board members, and community stakeholders see into the future and understand how decisions they make now impact the long-term performance and sustainability of the system. Increasingly, a Strategic CFO doesn't just *forecast* the future financial picture, but actively seeks to *change* it. The Strategic CFO is entrepreneurial about: (1) Maximizing future revenue available to the district — for example, working to increase Medicaid reimbursements or support tax increase efforts; and (2) Bringing resources into the system that it wouldn't otherwise have access to — for example, pursuing creative service delivery partnerships with community organizations or securing competitive grant funding.

Align Resources to Strategy

Strategic CFOs expand into roles that are a natural extension of their training and expertise. The CFO plays a big role in bringing a district's strategic plan to life by ensuring district resources align with strategic priorities and that those priorities can be sustained over time. This responsibility is critical because the highest-impact strategic shifts have major resource implications — such as transitioning to role-based pay for teachers, implementing connected professional learning, or purchasing a more rigorous standards-aligned curriculum — because they affect how schools are staffed or how those staff members are compensated. CFOs already have access to budget data and a team who provides financial analysis and can effectively help the rest of the leadership team understand the district's cost drivers, model the impact of proposed changes, or quantify tradeoffs and communicate the appropriate facts to stakeholders. The CFO's responsibility is not to decide which allocation of resources best aligns with strategy. Rather, the Strategic CFO creates processes and decision-making structures that enable system leaders and stakeholders to make informed tradeoffs that collectively align resource with strategy and best position the district to achieve its goals. The CFO also facilitates a planning and continuous improvement approach that champions value by ensuring that dollars invested provide a favorable “return” for students and teachers.

About ERS

Every school. Every child. Ready for tomorrow.

Education Resource Strategies (ERS) is a national nonprofit that partners with district, school, and state leaders to transform how they use resources — people, time, and money — so that every school prepares every child for tomorrow, no matter their race or income. Learn more at erstrategies.org or on Twitter at [@erstrategies](https://twitter.com/erstrategies).

ERS facilitates several CFO networks:

- **ERS Aspen CFO Network**
As a companion to the [Aspen](#) Institute’s Urban Superintendents Network, CFOs from approximately 15 urban school districts convene semi-annually to compare benchmark data, work through challenges, and share best practices with their peers.
- **California Strategic CBO/CFO Network**
Finance leaders from school districts in California meet semi-annually to collaborate across districts and explore strategic decision-making within California’s unique political and fiscal landscape.
- **Large Countywide and Suburban District Consortium CFO Strategy Network**
CFOs from [Consortium](#) member districts gather semi-annually to navigate strategies for financial transparency and adjusting resources based on student need, given the particularly complex challenges associated with the heterogeneity and size of their districts.
- **Strategic Budget Partner Retreats**
During standalone retreats, CFO support teams — including finance team members, budget directors and analysts, and members of the academics/teaching and learning teams — explore principles of strategic school design and develop plans for guiding their districts to effective resource-use decisions.

About The Broad Center

Education leaders. Community partners. Lasting results for students.

The Broad Center is an independent nonprofit organization that identifies, develops, and supports talented K-12 public school system leaders who are committed to ensuring that every school, every classroom, and every child gets what they need to be successful. Through two highly selective professional development programs, The Broad Academy and The Broad Residency in Urban Education, The Broad Center is growing a diverse network of hundreds of leaders and managers in school systems across the nation — people who have the skills, knowledge, and dedication necessary to transform America’s public education system into an engine of excellence and equity. Learn more about our programs and our network at broadcenter.org or on Twitter at [@BroadCenter](https://twitter.com/BroadCenter).

Step 3
40 min

The card reader will read the cards aloud (description), and your group will collectively discuss and **No** piles. If you can reach consensus

Step 4
10 min

After your first pass, go back through your target cards and make changes in order to reach your target

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