

# The Strategic CFO Guide

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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 set by the Superintendent, School Board and community. Putting strong systems in place to do this are not only critical to the financial health of the district but also necessary to free up leadership’s time to focus on strategic resource alignment. But a Strategic CFO doesn’t stop here – she goes further. She proactively ensures that district and school leaders invest resources (people, time and money) the district’s highest-priority strategies for students – both now and into the future. The Strategic CFO is both a Chief Accountant, Strategist and Visionary.

Traditionally, school district and corporate leaders regarded chief financial officers, or CFOs, as chief accountants. They were the individuals tasked with ensuring financial compliance, settling the books, creating reports, and cutting costs. The CFO was risk averse and internally focused; he or she was there to backstop the ambitious plans of others. Certainly, those accountability functions are no less important now than they were in the past—but the CFO is part of a district leadership team that’s on the hook for so much more. New, higher curriculum & instruction standards and more rigorous teacher-evaluation systems increase accountability for significant improvement in student outcomes even as district budgets tighten. Students of color and students from low-income families continue to be underserved by our education system. 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 opportunity and achievement 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 resource tradeoffs within limited resources that ensure maximum return on student outcomes.<sup>1</sup>

Strategic CFOs:	
<b>Look not just backward...</b> at historical spending patterns to identify problems or inefficiencies	<b>But also look forward...</b> to anticipate major cost & revenue shifts, proactively solve challenges and ensure that the district can sustain investment in strategic priorities over time
<b>Reach not just inward...</b> on leading the finance team toward efficient financial management.	<b>But also reach outward...</b> to work with colleagues in other departments and community stakeholders to provide actionable funding data, build broader ownership over district resources and make sure budgets reflect both district and community priorities.
<b>Focus not just on “how much” ...</b> money is spent overall and on what major investments	<b>But also focus on “how well” ...</b> those resources are being used to meet students’ diverse needs, address longstanding inequities and ultimately raise student achievement

**Look for these icons.** Throughout the guide, we’ll share opportunities to look forward, reach outward and focus on “how well” as a Strategic CFO with these icons.

Look forward	Reach outward	Focus on “how well”
		

## Mindsets

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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 leading Strategic CFOs nationally, the following mindsets or predispositions consistently came up as critical to their effectiveness.

### Look Forward

#### *See Through Problems to Root Cause*

As a chief problem-solver in a district, it's important for the CFO to not just solve the problem that is “smacking you in the face” but instead dig below the surface to a problem's root cause. This might happen through thoughtful inquiry into a single issue raised by a colleague or by stepping back to notice patterns over time that might indicate a more systemic challenge.

*“There are a lot of issues that just come up and if you just handle them one by one by one -- a lot of times you can treat the same problem over and over again. In the end it's a waste of time.”*

*“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. As an 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.”*

#### *Follow Through to Implementation*

The CFO is critical in moving the district from naming a given strategy to seeing meaningful shifts in schools and classrooms, because the CFO often leads the effort of mobilizing concrete investments linked to a strategy (often looking across individual department budgets or initiatives to do so) and tracking those investments over time. The CFO can lead and facilitate follow-up reflections about whether a given investment is truly addressing the original challenge—asking key questions like “what are all the steps in the logic of our idea that get us from investment to impact? How will we know whether all the steps in our logic are playing out as we expect? If they're not, how should we adjust?”

*“This goes with the sign I have on my wall: ‘It's the implementation stupid!’ You are responsible for the intentionality of what you are doing, 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 & career readiness because those are our two primary goals, and everyone repeats them all the time. We are not trying to do 30-40 things. It all flows through to implementation—the CFO needs to stop people from flipping to the shiny new thing that they saw at a conference. A step back is much worse than a step forward. That's what focus on implementation means to me.”*

### Reach Outward

#### *Focus on Credibility*

First and foremost, the CFO should build and maintain 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. A CFO who is trusted by the board

and community can help the Superintendent and Cabinet focus their community engagement and internal/external debates around academic strategy and questions of how to serve students best instead of issues around financial management or district viability. Strategic CFOs seek out opportunities to build credibility with key constituencies and avoid putting themselves in situations where their credibility may be undermined.

*“Credibility is not only greatest asset for the CFO but also the #1 benefit that the CFO offers the superintendent. If the CFO has trust and credibility with board and community, the superintendent gets to rely on that a lot. There is so much conversation [in districts] around what's best to do academically, with teaching, etc. – on the financials, if the Superintendent can say publicly, “I trust the CFO, and the numbers must be right,” then he 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, etc.”*

*“Part of building credibility is making data & information accessible to people who think you are hiding stuff. You build credibility when you're willing to share the metrics, data, and health of the organization on a regular and recurring basis.”*

### **Find Collective Purpose**

Personally investing in the organization’s collective purpose is a critical mindset for all strategic leaders (not just CFOs). A Strategic CFO does have a specific set of financial management responsibilities to the system achieve its goals, but ultimately she defines her own success as driven by the system’s overarching success. Leading finance in a system that is financially healthy but is a catastrophic failure for the students it serves isn’t going to be satisfying to a Strategic CFO. Given that the CFO is the only district leader with explicit responsibility for financial sustainability and viability, she is a stronger partner to colleagues when she invests them in the sustainability work and proactively helps them think through how to accomplish and sustain their own priorities by thinking about how to fund them.

*“I'm always sharing my financial problems with the instructional people, so they understand it. It's not just a money problem but I am sharing what it is and asking for their input in how to resolve it. In the past the budget process was instructional and finance in parallel moving toward the district goal. Instead you need a ladder, so finance and academics are all moving along.”*

*“Be more of a thought partner. I pushed on my team with my finance people when they support departments – I remind them that they are the CFO for that department. They need to think through how they support that team. Not just the immediate budget but also they should know the work, the details of who they are supporting so that they can make strategic decisions and be a partner in what they are trying to accomplish.”*

*“The strategic CFO actually has a leadership role beyond finance. CFOs can be a “management resource” -- almost an internal consulting firm for the organization. You are there when different elements in the district are trying to solve a problem. They think of you as an overall problem-solving resource. Part of the building of it rather than the end game.”*

### **Focus on ‘How Well’**

#### **Focus on the “Why”**

The Strategic CFO remembers that the goal of her organization is positive outcomes for students—not just financial viability. While she is not in charge of designing academic strategy, she is often in a role of figuring out how to make the strategy happen and communicating that path with colleagues and the public. In this role, it is important to frame financial decisions within an overarching narrative around district strategy in a way that colleagues and the community can

digest and connect with. Instead of sharing a host of financial information without context, you want to engage with colleagues and the public in ways that help them see the big picture and understand the tradeoffs that district leadership grappled with to reach a decision. This work involves taking complex resource decisions and sharing them with the public community in language that's easy to understand and connect with.

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

*“Transparency & data dumps with no narrative at all is not useful – people might even ask “what are you trying to slip by me?” – but you do need to explain decisions in a way that all parties can understand. You might not go public with all possible options. Instead you go out and say ‘here is a puzzle we put together—every other puzzle that we tried to create was worse than this one. Let us tell you why’”*

*“I've seen a lot of CFOs present on budgets “here's the facts, here's the numbers” -- but someone who's really good is telling a story. Credibility comes from that. You don't just know the numbers; you know what the story behind the numbers is. Why they are, why they are changing.”*

### **Remember Equal is not Equitable**

In an effort to make things simple and fair, CFOs can mistakenly confuse equality with equity. The Strategic CFO knows that different schools have different needs – so resourcing them equitably means making *unequal* allocations consistent with unequal needs. Should every middle school get a math coach? Not if some middle schools are 3x the size of others. Not if some middle schools have substantially weaker math instruction than others, etc. Similarly, the Strategic CFO knows that “across-the-board” reductions or investments across all departments can’t possibly result in the best alignment of resources to district priorities since not all departments play the same role with respect to priorities (nor do they have the same underlying cost structures). To increase resource equity, the CFO plays an important role in creating processes and forcing conversations that make clear differences in needs and priorities that then enable the equitable (and differentiated) allocation of resources.

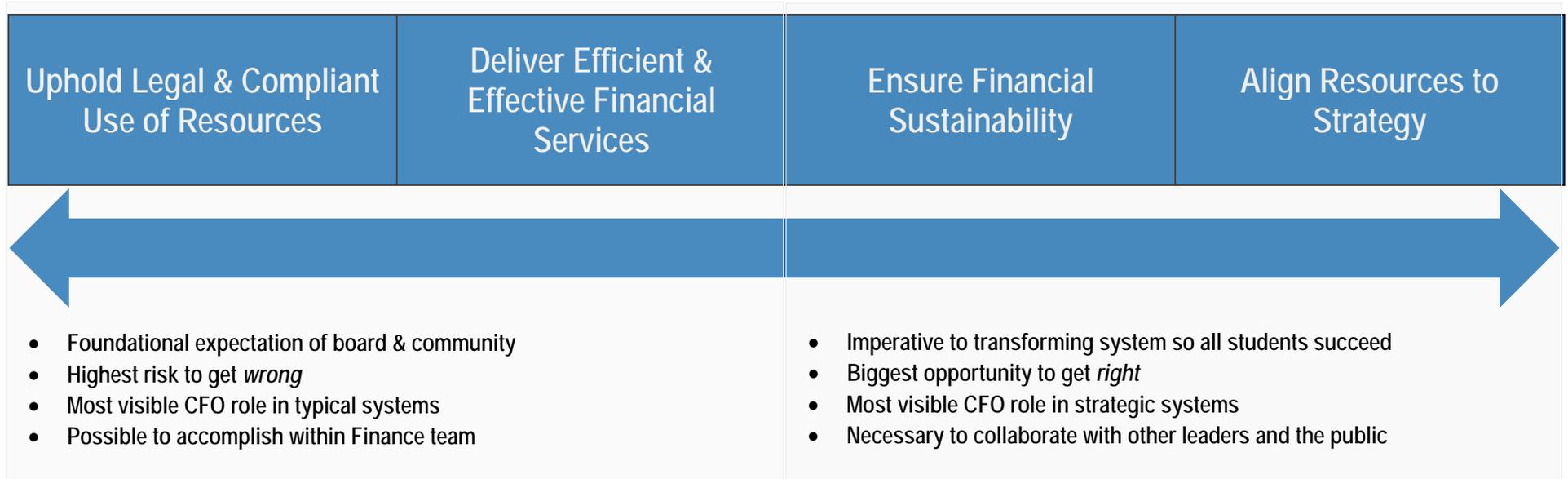
## Introduction to this Guide

This guide highlights the core functions essential to one area of responsibility – **Align of Resources to Strategy** – to show readers how to integrate this strategic responsibility into the ongoing management work of a CFO. This guide is intended to help both new and veteran CFOs understand “what good looks like” within each core function and equips them reflection questions to assess current practice in their school systems. Because the Strategic CFO takes on an organizational leadership role, this guide blends together both organizational best practice and personal leadership best practice within a unified framework. This guide deliberately looks beyond the finance department to highlight the CFO’s role in facilitating strategic resource decisions among the senior leadership team. This guide is just a starting point and orientation to one responsibility within the complex role of a CFO – which is why we link readers to additional resources and supports throughout the guide and in a dedicated “Foundational Skills & Knowledge” section that we hope will grow over time via suggestions from a growing national community.

### **Strategic CFOs...**

*Lead the technical financial management work...*

*...while also ensuring implementation of the district’s strategic vision*



## Areas of Responsibility

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### Uphold Legal & Compliant Use of Resources:

School district CFOs are, and should be, responsible for the accounting and compliance functions that they have traditionally overseen. It is still crucial that someone ensures the books are closed correctly, transparently, and efficiently every year and that appropriate reporting is done.<sup>2</sup> The CFO meets this area of responsibility by maintaining the general ledger and chart of accounts, preparing financial statements, overseeing audits, establishing internal controls, etc. By itself, this is necessary work to maintain the status quo operation of the district. But it is table stakes to support the kind of strategic work described below that is necessary for meaningful transformation. A CFO who enters the role with a traditional CPA background will have deep expertise in this area of responsibilities – and will need to quickly make sure her team can lead this so she can lean into the more strategic part of the role. A CFO with a non-accounting background will similarly need to make sure a strong team is in place to support her leadership as she learns more about these responsibilities over time.

### Deliver Efficient & Effective Financial Services:

As the manager of a large, complex organization, the CFO is responsible for ensuring 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 or service and put processes in place for the team to identify and act on opportunities to improve efficiency and quality of service.

### Ensure Financial Sustainability:

Our revenue and cost structures don't move in lockstep. And our vision for what we want our system to look like in the future isn't accompanied by the revenue needed to implement it. 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 fund balance over time. But it also means helping fellow senior leaders, board members and community stakeholders see into the future and understand how decisions they make now impact the performance and sustainability of the system in the long-term. Increasingly, a Strategic CFO doesn't just *forecast* the future financial picture but actively seeks to *change* it—the Strategic CFO is entrepreneurial about maximizing future revenue available to the district (for example, working to increase Medicaid reimbursements or support tax increase efforts) and 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 can sustain those priorities over time. This responsibility is critical because the highest-impact strategic shifts have major resource implications (for example: transitioning to role-based pay for teachers, implementing connected professional learning, purchasing a more rigorous standards-aligned curriculum)—usually because they affect how schools are staffed or how those staff are compensated. CFOs

Look forward	Reach outward	Focus on "how well"
		

already have access to budget data and to a team that provides financial analysis and can effectively mobilize these resources to help the rest of the leadership team understand the district’s cost drivers, model the impact of proposed changes, or quantify trade-offs and communicate the appropriate facts to stakeholders. To be clear, the CFO’s responsibility is not to decide what allocation of resources best aligns with strategy—but rather to create processes and decision-making structures that enable system leadership and those with the specific content expertise to make these 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—that is to say, ensuring a favorable return to students and teachers for the dollars invested.<sup>3</sup>



\* The specific functions a CFO oversees will vary by district size & context.

Look forward	Reach outward	Focus on “how well”

## Core Function #1: Long-Term Financial Planning

COMPONENT	TYPICAL PRACTICE	STRATEGIC CFO PRACTICE	REFLECTION QUESTIONS
<p><b>ASSESS FORECAST AGAINST STRATEGY</b></p> 	<ul style="list-style-type: none"> <li>The long-term plan estimates revenue and expenditure gaps but doesn't analyze their root causes or assess long-term feasibility of the district's strategic priorities.</li> <li>Plans may identify major cost drivers but do not tee up multiple potential approaches to address them.</li> </ul>	<ul style="list-style-type: none"> <li>The long-term plan is organized around assessing and ensuring the sustainability of the district's current major strategies.</li> <li>The plan is a "burning platform" that emphasizes the strategic <i>and</i> financial necessity of long-term sustainability in an accessible way for district leaders and the public.</li> <li>The plan proactively identifies changing cost drivers or future areas of uncertainty and explicitly frames reallocation choices that district leadership and stakeholders must make. For example, if enrollment may continue falling in future years, what are the prioritized set of levers the district will pull to annually right-size cost structures?</li> </ul>	<ul style="list-style-type: none"> <li>Does the most recent long-term financial plan summarize the "why" behind planning for the future and link the plan to your district's strategic vision?</li> <li>Is there a clear link between the big initiatives in your district's strategic plan and the staffing and budgeting assumptions underlying the plan?</li> <li>Does the long-term financial planning process include projections for multiple potential revenue, expenditure and enrollment scenarios?</li> <li>Does the most recent long-term financial plan clearly identify and size major cost drivers and areas of uncertainty?</li> <li>Does the planning process identify multiple potential resource allocation choices your district could make to improve sustainability?</li> </ul>
<p><b>EXPLAIN ROOT CAUSES</b></p> 	<ul style="list-style-type: none"> <li>Most stakeholders outside of finance team do not have visibility into plan inputs or assumptions, limiting their belief in the financial picture or its root causes.</li> </ul>	<ul style="list-style-type: none"> <li>The planning process provides transparency into inputs and assumptions (ideally fostering broader ownership of assumptions with colleagues outside the finance team) so that stakeholders trust forecast and understands the range of challenges—both in and out of the district's locus of control—before engaging in solutions.</li> </ul>	<ul style="list-style-type: none"> <li>Does the finance team publicize and clearly communicate the assumptions and inputs that go into long-term financial projections?</li> <li>How does the finance team work to educate the community about the historical causes of your district's current financial situation including factors in and out of district control?</li> <li>Does the finance team seek feedback from stakeholders on the validity of these assumptions and inputs?</li> <li>What opportunities do the Board and community have to engage in long-term plan development (vs. just engaging with the final plan)?</li> </ul>

Look forward	Reach outward	Focus on "how well"
		

COMPONENT	TYPICAL PRACTICE	STRATEGIC CFO PRACTICE	REFLECTION QUESTIONS
<p><b>ALIGN PLANNING TIMELINES</b></p> 	<ul style="list-style-type: none"> <li>The CFO times long-term plan development and updates to align with state reporting timelines. Processes and conversations about sustainability are divorced from strategy development &amp; execution.</li> <li>Long-term plans are designed to meet state reporting requirements and are organized for compliance instead of stakeholder communication.</li> </ul>	<ul style="list-style-type: none"> <li>When possible, the CFO times long-term plan development and updates to align with key district milestones that plan should impact and align with (big strategic plan updates, annual district &amp; school budgeting, board elections).</li> <li>The long-term financial plan is designed and organized to tightly link to district’s strategic plan (either by being embedded into the plan itself or accompanying plan development) and has visibility from school board, district leadership, and community stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>When was the long-term plan last updated? When was your district’s strategic plan last updated? How have the two timelines overlapped historically?</li> <li>What are the state requirements and for long-term financial planning? How does the state reporting timeline align with other district planning timelines?</li> </ul>
<p><b>CATALYZE ACTION</b></p> 	<ul style="list-style-type: none"> <li>Responsibility for improving long-term sustainability is seen to live solely within the finance team – and stakeholders who see the plan do not understand what actions or decisions they can make to align the district’s resources sustainably.</li> </ul>	<ul style="list-style-type: none"> <li>The finance team tailors engagement with stakeholders based on the actions in their locus of control</li> <li>The final long-term plan formally identifies leaders in and outside the finance team with responsibility over key cost drivers or sustainability initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>In the past, has the finance team identified key decision-makers with influence over big cost drivers?</li> <li>Has the team engaged these decision-makers in collective problem-solving?</li> </ul>
<p><b>MAINTAIN SUPPORT &amp; VISIBILITY</b></p> 	<ul style="list-style-type: none"> <li>Any public engagement with the plan is limited to the plan’s release, and the finance team does not proactively engage board and stakeholders in updates on progress against sustainability goals / decisions.</li> </ul>	<ul style="list-style-type: none"> <li>The CFO builds and maintains credibility in the long-term plan over time by executing on short-term investments or reductions and communicating ongoing progress against goals back out to stakeholders.</li> </ul>	<ul style="list-style-type: none"> <li>Is the long-term financial plan publicly available? How accessible is it to the public?</li> <li>On what schedule do you update the Superintendent and Board on the long-term financial plan?</li> <li>Is there an established process for sharing out progress against long-term sustainability goals with the community? If so, who from the community typically engages in this?</li> </ul>

Look forward	Reach outward	Focus on “how well”
		

COMPONENT	TYPICAL PRACTICE	STRATEGIC CFO PRACTICE	REFLECTION QUESTIONS
<p><b>PURSUE ADDITIONAL REVENUE</b></p> 	<ul style="list-style-type: none"> <li>The CFOs involvement in raising revenue is primarily technical and driven by appropriators' requirements.</li> </ul>	<ul style="list-style-type: none"> <li>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) and identifying new resources to bring into the system (for example, pursuing creative service delivery partnerships with community organizations or securing competitive grant funding).</li> </ul>	<ul style="list-style-type: none"> <li>Does the long-term financial plan explicitly identify any revenue generation strategies your district is pursuing?</li> <li>Internally, is the finance team leading any ongoing efforts to maximize revenue from an existing source or cultivate a new source of revenue?</li> </ul>

WHO TO TALK TO:	WHAT TO REVIEW:	WHERE TO LEARN MORE:
<ul style="list-style-type: none"> <li><b>SUPERINTENDENT</b></li> <li><b>BOARD FINANCE COMMITTEE MEMBERS</b></li> <li><b>FINANCE TEAM DIRECT REPORTS</b></li> </ul>	<ul style="list-style-type: none"> <li>Current long-term financial plan</li> <li>Artifacts from prior long-term planning cycle (board minutes, public presentations, media)</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Baltimore City Public Schools Long-Term Financial Plan Website</a></li> <li><a href="#">Boston Public Schools '10 Big Ideas to Unlock Resources'</a></li> <li><a href="#">Boston Public Schools' CFO reflecting on the planning process</a></li> <li><a href="#">GFOA Guide to Long-Term Financial Planning</a></li> <li><a href="#">ASBO Training on Financial Planning &amp; Analysis</a></li> <li><a href="#">ERS Long-Term Financial Planning Checklist</a></li> </ul>

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## Core Function #2: Strategic Planning

COMPONENT	TYPICAL PRACTICE	STRATEGIC CFO PRACTICE	REFLECTION QUESTIONS
<p><b>COLLABORATE ACROSS ACADEMICS &amp; FINANCE</b></p> 	<ul style="list-style-type: none"> <li>Strategic planning &amp; visioning conversations are led by Academics and don't involve Finance</li> </ul>	<ul style="list-style-type: none"> <li>The CFO sits at the strategic planning table. CFO acts as district leadership team partner, adding value to complex strategy decisions by helping the team understand the district's overall resource picture and the trade-offs that accompany each decision.</li> </ul>	<ul style="list-style-type: none"> <li>When was the last strategic planning process completed?</li> <li>How did you and your team participate in the process?</li> <li>Did the planning team have access to resource data relating to the major strategic shifts they considered?</li> </ul>
<p><b>ALIGN RESOURCES TO GOALS</b></p> 	<ul style="list-style-type: none"> <li>The strategic planning process does not include identification of available resources or necessary reallocations required to achieve plan.</li> <li>In cases where resources are identified, they are limited to a specific set of new investments associated with the strategy—not a global assessment of the overall staff capacity and student time required to implement the strategy.</li> <li>In some cases, a new strategy may be funded by a short-term grant or revenue source with no explicit identification of long-term resources to sustain strategy over time.</li> </ul>	<ul style="list-style-type: none"> <li>The CFO helps academic leaders size the resources required to implement their vision (looking beyond dollars to also identify people &amp; time implications)</li> <li>Leaders look across departmental or cost-center budgets to identify all necessary resources required to achieve district strategy and avoid siloed spending &amp; implementation.</li> <li>Leaders ensure that new strategy shifts with long-term spending implications are supported sustainably by recurring funds—not philanthropic or other short-term revenue.</li> </ul>	<ul style="list-style-type: none"> <li>Does the current strategic plan identify specific resources allocated to each strategy?</li> <li>Does the current strategic plan identify reallocations the district has committed to in order to fund each strategy?</li> <li>Does the current strategic plan include target outcome metrics that leadership could use to assess ROI of each strategy?</li> </ul>

Look forward	Reach outward	Focus on "how well"
		

**SET EXPLICIT  
RESOURCE  
USE GOAL**



- Strategic plans lack an explicit goal around effective resource management

- The CFO ensures the cabinet and school board set an explicit goal of effective resource management that can serve as touchstone/reference point in the Finance team’s ongoing work and stakeholder engagement.
- The strategic plan calls out drivers of structural imbalance that the district will address to sustain its priorities over time.

- Does the current strategic plan include an explicit goal of effective resource management?
- If so, does the plan identify major cost drivers the district intends to address or areas of efficiency to pursue?
- Does the school board include a committee devoted to effective resource management? Did any current board members campaign on effective resource use as part of their platform?

WHO TO TALK TO:	WHAT TO REVIEW:	WHERE TO LEARN MORE:
<ul style="list-style-type: none"> <li>• The Superintendent</li> <li>• The CAO</li> <li>• Current board members on finance committee or who campaigned on effective resource use</li> </ul>	<ul style="list-style-type: none"> <li>• The current strategic plan</li> <li>• Artifacts from the most recent strategic planning cycle (board minutes, media)</li> <li>• Publicly articulated priorities of Board members, local elected officials and other critical community stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Boston Public Schools Strategic Plan</a></li> <li>• <a href="#">Denver Public Schools Budget Appendix – Funding Denver 2020 Plan Goals</a></li> <li>• <a href="#">ERS Districts at Work Case Study on Strategic Planning: Highline Public Schools</a></li> <li>• <a href="#">ERS Presentation on Embedding ROI into Strategic Planning</a></li> <li>• <a href="#">GFOA Guide to Establishing Partnership between Academics &amp; Finance</a></li> </ul>

Look forward	Reach outward	Focus on “how well”

## Core Function #3: Annual District Budgeting

COMPONENT	TYPICAL PRACTICE	STRATEGIC PRACTICE	REFLECTION QUESTIONS
<p><b>START WITH STRATEGY</b></p> 	<ul style="list-style-type: none"> <li>The district budget development process starts with ‘what is the gap or gain’ we need to address.</li> <li>The budget development process is organized by department or function – not strategic goal. District leadership often looks by individual department to make sure budget is balanced.</li> <li>The presentation of the final budget is organized by based on traditional accounting categories (department, objects, etc.) rather than overarching district strategies.</li> </ul>	<ul style="list-style-type: none"> <li>The district budget development process starts with ‘what are the changes to district priorities that we want to address in our budget?’ and works backward to identify what spending meets those goals.</li> <li>The CFO leads a process that focuses fiscal decisions on strategic goals by clarifying budget imperative and priorities first and bringing together a collaborative, cross-functional team that determines investment decisions together.</li> <li>The CFO works with the leadership team to prioritize a few key changes that the district can carry out well. The leadership team confirms that, taken as a whole, all initiatives outlined in the budget are actually implementable based on staff capacity and resources allocated.</li> </ul>	<ul style="list-style-type: none"> <li>Does the leadership team work to identify any major strategy shifts or evolutions for the coming year prior to (or concurrent with) the budget development process?</li> <li>Where in the budget process does the leadership team take stock of current-year overall investment across all current strategies?</li> <li>In your district’s financial data system, is it possible to crosswalk account codes with major strategies?</li> <li>Is there a clear process and criteria for prioritizing or eliminating strategies as needed based on either resource constraints or staff capacity to manage change and effectively implement strategies?</li> <li>Is your district’s annual budget presentation organized to align with major district strategies?</li> </ul>
<p><b>INTEGRATE ALL FUNDS</b></p> 	<ul style="list-style-type: none"> <li>Annual budget processes for general fund and grant funds are unaligned; decisions about general funds are made in in isolation from grant budgets, leading to misalignment in and ineffective use of resources</li> </ul>	<ul style="list-style-type: none"> <li>All funds are included for consideration during annual budgeting—which could mean working off of restricted revenue estimates and revising as revenue becomes known.</li> <li>All grant funds budgets are aligned to overarching district strategic plan and major resource-related decisions (for example, compensation or school openings/closings).</li> </ul>	<ul style="list-style-type: none"> <li>How are grant funds and restricted revenues integrated into the overarching budget process?</li> <li>Is there a process to assess alignment of restricted funds with district strategy?</li> <li>Does the finance team have a robust process for projecting expected grant and restricted revenues in order to align the planning timeline for these funds with general budgeting?</li> <li>Does the final approved budget incorporate all general-ledger level budgets into the financial system?</li> </ul>

Look forward	Reach outward	Focus on “how well”
		

COMPONENT	TYPICAL PRACTICE	STRATEGIC PRACTICE	REFLECTION QUESTIONS
<p style="text-align: center;"><b>FACILITATE COMMUNITY DECISION-MAKING</b></p> 	<ul style="list-style-type: none"> <li>The core budget development process is limited to the CFO and select members of the leadership team and school board.</li> </ul>	<ul style="list-style-type: none"> <li>School leaders and key community members are integrated into budget decision-making in a way that provides clarity on their relative prioritization of different investment or reduction options.</li> <li>District leadership can make budgeting decisions with a clear understanding of their implications for key stakeholders.</li> <li>The final budget document is bucketed by strategy, allowing stakeholders to clearly understand how the district is funding its big priorities</li> </ul>	<ul style="list-style-type: none"> <li>How does your district integrate school leaders and/or community members into the annual budget development process?</li> <li>Do these stakeholders get to grapple with potential spending tradeoffs and share feedback?</li> <li>Would community stakeholders easily be able to understand how your district is funding its major strategies?</li> <li>Does your district close the loop with stakeholders after the budget is complete to explain how their feedback was incorporated?</li> </ul>
<p style="text-align: center;"><b>PROACTIVELY BALANCE THE BUDGET</b></p> 	<ul style="list-style-type: none"> <li>Budget process rolls forward current budgets without considering changes to expected spend and/or does not consider any uncertainty in expected revenue for the following year.</li> <li>Budgets are built with a ‘assumed cushion’ without full alignment on key assumptions, risks, alternative scenarios; so because other district leaders know the CFO is “hiding money” but don’t know where or how much, other leaders don’t feel accountable to their bottom line and are more likely to overspend or make spending decisions outside of a formal process.</li> </ul>	<ul style="list-style-type: none"> <li>The CFO uses prior year budgets as reference—not the default. CFO actively builds in expected changes to revenue and expense. Projected expenses &amp; revenue balance in the final approved budget, and the finance team actively manages any uncertainty by prioritizing investments and/or cuts to a range of expected revenue levels.</li> <li>The CFO understands how decisions compound year over year and actively plan for those impacts (For example, modeling and communicating that a balanced teacher compensation increase this year may be unsustainable three years from now.)</li> </ul>	<ul style="list-style-type: none"> <li>How does the finance team bring other leaders into contingency planning where there is revenue uncertainty?</li> <li>Do past district budget plans lay out the priority of operational changes to make in the case that your district’s revenue mark falls below request levels?</li> <li>Have past budget cuts been varied across departments based on ties to district strategy, or have they been uniform incremental reductions?</li> <li>Are any newly proposed recurring expenses evaluated against forecasted fiscal resources in future years?</li> <li>Have past district decisions to add to or use reserve funds aligned with district strategy and been driven by specific annual conditions and circumstances?</li> </ul>

Look forward	Reach outward	Focus on “how well”
		

COMPONENT	TYPICAL PRACTICE	STRATEGIC PRACTICE	REFLECTION QUESTIONS
<p><b>ENABLE ROI ASSESSMENT</b></p> 	<ul style="list-style-type: none"> <li>The final budget is not set up to support monitoring or continuous improvement of key investments. This may be because the budget is not organized by key investments and/or because metrics for success have not been identified.</li> </ul>	<ul style="list-style-type: none"> <li>The budget document includes metrics to enable clear tracking of big investments over time, including cost (are we on budget?), implementation (are we executing what we intended?) and performance (are we achieving the outcome we intended?)</li> </ul>	<ul style="list-style-type: none"> <li>Does the annual budget outline a process for tracking spending throughout the year or metrics to assess implementation and impact of major investment areas?</li> <li>If so, does district leadership come together at least annually to review impact metrics as part of the budget development process?</li> </ul>
<p><b>CONTINUOUSLY MONITOR</b></p> 	<ul style="list-style-type: none"> <li>Outside of the finance team, school board and leadership team only focus on budget during the annual budget cycle with little to no ongoing monitoring.</li> <li>In cases where revenue or expenditure changes demand visibility from broader team, those outside of finance do not see a role for themselves in finding a solution that minimizes impact on district strategy.</li> </ul>	<ul style="list-style-type: none"> <li>The CFO and leadership team actively monitor ongoing spending to ensure sustainability. Leadership team members outside of finance are empowered to analyze spending data and adjust course within the year as needed.</li> </ul>	<ul style="list-style-type: none"> <li>How often throughout the year do you revisit the budget and track progress with the leadership team and board?</li> <li>What data does the finance team use to track spending against budget? How is this data shared with leaders outside of finance? Who is involved in any decisions to change course mid-year?</li> </ul>

**WHO TO TALK TO:**

**WHAT TO REVIEW:**

**WHERE TO LEARN MORE:**

<ul style="list-style-type: none"> <li>The Superintendent</li> <li>Major department or cost center Heads</li> <li>Finance team members who oversee restricted revenues</li> <li>Major Department or Cost Center Heads</li> <li>Board Finance Committee Members</li> <li>A School Leader</li> <li>Any parent or business groups who have engaged in past public budget dialogues or board meetings</li> </ul>	<ul style="list-style-type: none"> <li>Past budget presentations (both the formal annual presentation and any off-cycle updates)</li> <li>Media or artifacts from a past budget cycle that required reductions</li> <li>Media on community involvement / opinion of past budget cycle</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Philadelphia Public Schools Budget 19-20 Budget Presentation</a></li> <li><a href="#">Denver Public Schools Reflection on Budget Process Improvements</a></li> <li><a href="#">ERS Strategic Budget Development Checklist</a></li> <li><a href="#">ERS District Budget Hold'Em</a></li> <li><a href="#">GFOA LACE Funnel for Prioritizing Investments</a></li> <li><a href="#">GFOA Guide to Building Stakeholder Support for Budget Priorities</a></li> </ul>
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Look forward	Reach outward	Focus on "how well"
		

## Core Function #4: Annual School Budgeting

PRINCIPLE	TYPICAL PRACTICE	STRATEGIC PRACTICE	REFLECTION QUESTIONS
<p><b>SUPPORT ALIGNMENT WITH STRATEGY</b></p> 	<ul style="list-style-type: none"> <li>• The school planning &amp; budget creation process is agnostic to the programming or design choices of individual schools</li> <li>• School leaders receive compliance-focused feedback, resulting in school designs that maintain the status quo.</li> <li>• Feedback may conflict across district offices that do not systematically collaborate</li> <li>• Budget tools do not help principals to align their strategic &amp; academic vision to their resource decisions.</li> </ul>	<ul style="list-style-type: none"> <li>• The district has outlined a set of school design practices that fulfill system-wide strategic priorities (for example, a model for teacher collaboration time that schools could use to implement an instructional practice improvement goal)</li> <li>• The school budget process is intentionally designed to help school leaders implement these design practices (for example, principals can start with scheduling and staffing template that enable the district’s recommended form of teacher collaboration time).</li> <li>• School leaders receive strategic and coordinated feedback that better prepares them for implementation of strategic school designs that fulfill the district’s priorities.</li> </ul>	<ul style="list-style-type: none"> <li>• Has your district outlined the specific school design practices that align to the strategic plan?</li> <li>• Is the budget process organized to encourage and support principals in implementing these school design strategies?</li> <li>• Do principals receive consolidated budget feedback from all relevant departments (HR, Special Education, Finance, etc.) either via a group budget meeting or feedback coordinated through their supervisor?</li> <li>• Do principals believe that central office staff coordinate effectively to provide integrated support to their school?</li> </ul>
<p><b>CLARIFY RESOURCE FLEXIBILITIES</b></p> 	<ul style="list-style-type: none"> <li>• Constraints on school leader decision-making are unclear, and school leaders wonder where they can innovate within the annual planning process</li> <li>• School leaders receive mixed messages – for example, they are told they can swap select instructional positions but learn that the teacher contract does not actually allow them to do so.</li> </ul>	<ul style="list-style-type: none"> <li>• The district has created a clear theory of action for principal decision-making where district and school leaders have aligned on a philosophy for which resource decisions are “tight vs loose” for school leaders (and how that may vary based on school leader needs or school performance).</li> <li>• School leaders have a clear understanding of these flexibilities and are empowered to innovate on behalf of their students</li> <li>• School leaders also receive support on how to leverage the resources flexibilities they have to best support their students.</li> <li>• Finance policies and processes support the full, meaningful exercise of flexibility (for example, by formally changing decision-making process or updating bargaining agreements)</li> </ul>	<ul style="list-style-type: none"> <li>• Has your district created and documented an overarching theory of action for principal flexibility? Has your district identified the specific flexibilities and decision authority principals will need to have to implement the current strategic plan?</li> <li>• Has your district worked to align policies (for example, the budget approval process or the CBA) with the theory of action for principal flexibility?</li> <li>• Are school leaders aware of available flexibilities and encouraged to innovate in support of district vision?</li> <li>• How many principals last year exercised a given flexibility (i.e. position conversion)?</li> </ul>

Look forward	Reach outward	Focus on “how well”
		

PRINCIPLE	TYPICAL PRACTICE	STRATEGIC PRACTICE	REFLECTION QUESTIONS
<p><b>INTEGRATE DECISION-MAKING INPUTS</b></p> 	<ul style="list-style-type: none"> <li>Principals make separate budget and planning decisions based on funding source or department. Inputs may arrive to principals at varying times or in multiple sources (for example, separating general staffing from federal funds from any department-controlled initiative funds, like a new personalized learning platform pilot)</li> </ul>	<ul style="list-style-type: none"> <li>The school planning process integrates all resources available to schools. Any centrally-controlled resources that will play out in schools (like a centrally-based itinerant coach or therapist) are clearly communicated to schools so schools can make their budgeting and planning decisions with these resources in mind, and all school-controlled resources are on a shared decision-making timeline.</li> <li>Decision-making tools 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 practice or district expectations, and help principals tie resource allocation decisions to school goals and needs.</li> </ul>	<ul style="list-style-type: none"> <li>Does your district provide principals with integrated data on student performance and school resource use (staffing, scheduling, student grouping) to inform strategic resource allocation?</li> <li>Do principals receive consolidated information on all staff and funds that will play out in their school next year (including grant funds and any centrally-controlled funds or positions)?</li> <li>Do school budgeting tools inform strategic decision-making (for example, benchmarks against best practice or prompts to tie decisions to strategic plan)?</li> </ul>
<p><b>COORDINATE TIMELINES</b></p> 	<ul style="list-style-type: none"> <li>The budgeting process is not intentionally aligned with 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 wait to hire teachers until the board completes final budget approval in June.</li> <li>Principals may be required to make school-level decisions without awareness of district-level plans</li> </ul>	<ul style="list-style-type: none"> <li>The budgeting timeline is designed to complement other annual planning milestones. Budgeting must come after district &amp; school strategic planning (so that strategic vision can inform resource use) and after sufficient information is available for realistic and needs-driven allocations (revenue forecast, enrollment projections).</li> <li>Budgeting, staffing, and scheduling conversations are also aligned and ideally iterative so that principals can continually adjust across the three areas as they develop their school designs.</li> <li>Within those constraints, budgeting takes place as early as possible to enable sufficient time for district feedback and more competitive teacher hiring timeline relative to local and national peer districts.</li> </ul>	<ul style="list-style-type: none"> <li>Does the school planning process follow a logical and integrated flow from needs assessment; priority setting; and strategy development to resource allocation through budgeting, staffing, and scheduling?</li> <li>Do principals understand your district strategic plan and develop their school plan before they start budgeting?</li> <li>Do principals confirm their final budget early enough to start hiring new school-based staff on a competitive timeline relative to local &amp; national peer district?</li> </ul>

Look forward	Reach outward	Focus on “how well”
		

**WHO TO TALK TO:****WHAT TO REVIEW:****WHERE TO LEARN MORE:**

- School leaders
- Chiefs of HR, Academic & School Support
- The finance team’s school budget liaisons
- School Leaders

- The current school planning process calendar (if one exists)
- Current school budget tools, templates & decision guides
- Example school budgets from each school level and/or school type
- Any principal survey data on satisfaction with central office supports

- [Baltimore City Public Schools Reflection on School Planning Process Improvements](#)
- [KIPP Bay Area Case Study on School Budgeting](#)
- [Tulsa Public Schools Case Study on School Planning](#)
- [ERS Strategic Budget Support Framework](#)

Look forward	Reach outward	Focus on “how well”
		

## Core Function #5: Collective Bargaining

PRINCIPLE	TYPICAL PRACTICE	STRATEGIC PRACTICE	REFLECTION QUESTIONS
<p><b>UNDERSTAND STUDENT &amp; TEACHER IMPACT</b></p> 	<ul style="list-style-type: none"> <li>Finance team approaches bargaining solely from a fiscal sustainability – “certifying” the availability of funds to support the contract without considering impact on outcomes, tradeoffs, or alignment to district strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Going into bargaining, the CFO works with colleagues in HR and Academics to understand the district’s academic improvement and talent strategy (for example, addressing a teacher attrition challenge or implementing a new teacher leadership strategy).</li> <li>The CFO centers any modeling around both the sustainability and student &amp; teacher impact of proposed changes in order to help colleagues weigh potential cost/benefit of options.</li> </ul>	<ul style="list-style-type: none"> <li>What are timelines for each major collective bargaining unit? To what extent is the finance team able to align bargaining with annual budgeting or long-term financial planning?</li> <li>Who has led planning for each negotiation? How has the finance team historically been involved?</li> <li>In the past, has the finance team aligned with Academics, HR, and other relevant colleagues on your district’s major strategic goals prior to the bargaining cycle?</li> </ul>
<p><b>IDENTIFY CHANGE TARGETS</b></p> 	<ul style="list-style-type: none"> <li>The finance team helps the bargaining team identify major boundaries or constraints around the contract but does not collaborate on specific change targets.</li> </ul>	<ul style="list-style-type: none"> <li>The CFO helps the negotiating team set a target for specific change required based on appraisal of both potential student &amp; teacher impact &amp; financial implications</li> <li>The CFO and finance team help the bargaining team quantify the cost of the overall district vision <i>and</i> identify places where the district could scale back on the vision to meet a bargaining group’s needs and/or ensure affordability of any proposal.</li> </ul>	<ul style="list-style-type: none"> <li>In the past, has the finance team engaged in active problem solving with Academics and HR around how your district can implement its vision within contract and resource constraints?</li> <li>If so, has the finance team agreed with Academics, HR and other relevant colleagues on specific change targets based on this vision?</li> </ul>
<p><b>MAKE RESOURCE IMPLICATIONS TANGIBLE</b></p> 	<ul style="list-style-type: none"> <li>The finance team models out potential changes to teacher and other staff base salary but may not analyze the financial impact of other non-monetary decisions reached in bargaining (for example, change to teacher release time or staffing ratios)</li> </ul>	<ul style="list-style-type: none"> <li>The CFO leads effort to quantify cost implications of both salary and non-monetary decisions and the range of tradeoffs and options within each decision category.</li> <li>The CFO supports the preparation of a negotiation strategy that integrates compensation and working condition objectives.</li> </ul>	<ul style="list-style-type: none"> <li>In the past, has the finance team modeled the short- and long-term financial implications of contract decisions being negotiated?</li> <li>If so, does this modeling include non-monetary decisions?</li> </ul>

Look forward	Reach outward	Focus on “how well”
		

PRINCIPLE	TYPICAL PRACTICE	STRATEGIC PRACTICE	REFLECTION QUESTIONS
<p><b>SUPPORT STAKEHOLDER COMMUNICATION</b></p> 	<ul style="list-style-type: none"> <li>The finance team does not contribute to externally-facing communication (with board, community and media) about the bargaining process and the district’s vision.</li> </ul>	<ul style="list-style-type: none"> <li>The CFO helps the leadership team invest relevant stakeholders around a positive vision for the future – working to create “wins” for both sides of the bargaining table by communicating the benefits of sustainable, high-impact strategies.</li> <li>The CFO also helps communicate any tradeoffs of the status quo contract by sharing resource implications of current contract v. alternative options.</li> </ul>	<ul style="list-style-type: none"> <li>In the past, has the finance team contributed data and analysis to help your district make the financial argument for desired contract changes?</li> <li>Has the finance team included potential or desired contract changes in its long-term financial planning documents and other public materials that discuss district financial sustainability?</li> </ul>

WHO TO TALK TO:	WHAT TO REVIEW:	WHERE TO LEARN MORE:
<ul style="list-style-type: none"> <li>Current bargaining team</li> <li>Chief of HR</li> </ul>	<ul style="list-style-type: none"> <li>Current teacher contract</li> <li>Peer district or exemplar district contracts (via the <a href="#">NCTQ Contract Database</a>)</li> <li>Any district strategy documents on long-term vision for teacher compensation &amp; value proposition</li> <li>Artifacts from the prior bargaining cycle (media, board minutes, district presentations)</li> </ul>	<ul style="list-style-type: none"> <li><a href="#">Boston Public Schools’ Reflection on Teacher Hiring Policy Change</a></li> <li><a href="#">ERS Training on the CFO’s Role in Collective Bargaining</a></li> <li><a href="#">GFOA Guide to Role of the Finance Officer in Collective Bargaining</a></li> <li><a href="#">Illinois Federation of Teachers: How to Negotiate an Interest-Based Contract</a></li> <li><a href="#">National Council on Teacher Quality: Teacher Contract Database</a></li> </ul>

Look forward	Reach outward	Focus on “how well”
		

## Building the Foundational Knowledge & Skills

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This guide provides just one entry point into the work of a school district CFO—below, we’ve collected other resources that Strategic CFOs have relied on to build foundational organizational leadership skills and bolster the technical knowledge required for the role.

### Leadership Skills

- **[ASBO Leadership Skills Assessment](#)**: This self-assessment from ASBO International helps school business officials reflect on their overarching management skills and identify additional professional development needs.

### Organizing the Finance Team

- **[The Broad Center’s Entry Guide](#)**: The Broad Center outlines a set of questions to ask your finance team in the first 30 days to both understand the organization’s financial position and get a baseline sense of how your team is organized and spends their time.
- **[ERS’ Exercise to Assess Finance Team Structure & Mindset](#)**: This presentation from the Aspen CFO network provides an overview of the principles of strategic finance teams and facilitates a brief exercise to reflect on team structure and mindset in relation to those principles.
- **[StrengthsFinder Exercise](#)**: One member of the Aspen CFO network used the Strengths School organization’s Strengths Finder to map the strengths of his current team and collaborated with them to identify bright spots and areas to build capacity.

### Collaborating Across Functions

- **[GFOA’s Guide to Collaboration between Academics & Finance](#)**: The foundation of GFOA’s Smarter School Spending practice relies on building a strong relationship between Academics and Finance leadership. The organization has published a guide on how to establish this relationship.
- **[ERS’ Case Studies on Cross-Functional Collaboration](#)**: ERS has released a case study series on how leaders across schools and central office (including HR, Finance and Academics) collaborate to implement their districts’ strategic priorities. Within the series, the case studies that specifically highlight Finance team leadership include: KIPP Bay Area, Tulsa Public Schools and Dallas Independent School District.

### Building Technical Expertise

- **[Managing by the Numbers](#)**: The Broad Center’s CFO entry guide recommends this text to orient new CFOs to the best-practice substance and pacing of financial reports and information.

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<sup>1</sup> Source: The New Education CFO: [https://www.erstrategies.org/tap/the\\_new\\_education\\_cfo](https://www.erstrategies.org/tap/the_new_education_cfo)

<sup>2</sup> Source the New Education CFO

<sup>3</sup> Source the New Education CFO

Look forward	Reach outward	Focus on “how well”
		