The New Education CFO

Student's Name

Institutional Affiliation

The New Education CFO

Traditionally, whether it is in a school district or at the corporate office, the chief financial officer has often been seen as little more than "number-cruncher," "green visor," or "bean counter." District and corporate leaders have regarded chief financial officers as chief accountants and often tasked them with ensuring financial compliance, settling accounts, generating reports, and cutting expenditure. CFOs were inherently risk-averse and focused on internal functions – or merely to backstop the ambitious plans of others. However, currently, the role of CFO has significantly changed in response to today's complex and fiscal environments. In particular, CFOs are now pushing into the role of a strategic CFO, which is a title used to describe a chief accountant and valued partner who provides analytical expertise to enable high-level strategic decisions. Consistently, according to Hovey and Boser (2014), the nation's school systems are facing similar challenges to the business environment, demanding a similar transformation in financial leadership spearheaded by a CFO. In light of this, we present a summary of the main ideas, arguments, positions, and findings from the article by Hovey and Boser on the role of a CFO in the education system.

Operating school districts has become increasingly complex considering the challenging fiscal environment and the need to transform the way the K-12 education system prepares learners to be successful in the contemporary world. In particular, according to Hovey and Boser (2014), schools are now guided by new-higher standards and teacher-evaluation systems that have increased the need for accountability for significant improvement in learning outcomes and at a time when budgets have become tighter. Besides, learners' needs have significantly increased making it necessary for school districts to prepare for the new demands. Districts are expected to now use their limited resources to prepare students for the globally competitive environment. Consequently, Hovey and Boser highlight that school districts require a strategic CFO to help them make critical resource decisions. Evidence indicates that school districts have started involving CFOs in key decisions as strategic partners. However, although some school districts have embraced the idea of having a CFO, many districts still leave out CFOs in key decisions, which is a major barrier. For instance, large urban districts often make key decisions on the utilization of resources they consider bulk without involving the CFO and then place these directives on the hands of the finance team to pay for them.

Apart from being left out in key decisions, CFOs often do not have the time and sufficient staffing to carry out in-depth analysis, planning, or to quantify the effect of inflexible resources. In light of this, Hovey and Boser point that there is a need for CFOs to change their approach and move towards an approach that advocates value, which means ensuring students and teachers enjoy favorable returns for financial investments made. To be able to achieve this, the authors recommend that CFOs must develop relationships and credibility with people on the academic side, develop their strategic analytic toolkit, and implement it. Additionally, they also highlighted that several school districts have made this adjustment, although there are still outliers and a lot needs to be done. Based on the findings, the authors also recommended the need for stakeholders, policymakers, and education agencies to support the development of strategic CFOs and the creation and provision of data to enable the success of this role. More specifically, Hovey and Boser recommended the need to create induction and other training programs to increase CFOs' understanding of their role and to show how finance tools can be strategically integrated into the educational setting. Secondly, the authors highlighted the need to build networks for continuous learning and support for CFOs. Thirdly, it was recommended that it was important to increase transparency and establish decision-support dashboards to enable

CFOs to analyze and compare to their peers to adopt better ways for improved and better outcomes. lastly, the authors recommend the need to implement programs that support increased fiscal equity and flexibility.

Critique of the Article

When it comes to managing funds, schools like businesses are expected to be accountable. Besides, in the current competitive global environment, schools are expected to meet the increasing demands such as providing students with value for their money. According to the U.S. Department of Education (2017), the department works with states, communities, teachers, and education institutions to enhance the achievement of American students from the lowest level through higher education. The department also collaborates with other important stakeholders to ensure that all students get access to high-quality education to enable them to realize their full potential. The government also realizes that education is critical for national competitiveness and to support this mission, they have advocated for the increase in the education budget. While investing in education, they have been very particular in three areas. Firstly, it is important for schools to increase equity and excellence, secondly, it is important to provide support for teachers and schools leaders, and thirdly, it is important to ensure access, affordability, and completion in higher education. Unfortunately, statistics indicate otherwise, as states have been cutting education expenditure since the 2008 recession. The great cuts have affected all aspects of school quality from teachers to the school environment to materials used in the classroom. By cutting funding, states are doing a disservice to their students and potentially harming the long-term economic potential of the nation. In this case, Partlew, Shapiro, McDaniels, and Brown (2018) recommend that states should increase funding for K-12 public schools and recommends that the federal government should play an active role in investing in public education in the United States.

Perhaps, and informed by the article by Hovey and Boser (2014), the issue can be solved through proper budgeting. For instance, as Hovey and Boser highlighted, states that rely on categorical grants might spend this money in ways that do not benefit students. States such as Iowa and Michigan receive more than 50 categorical funding programs that have their own set of rules and regulations. When these resources arrive at the school, they do not align with the needs of the students, which make it hard for schools to meet the student-outcome goals in innovative ways. A good example of a state that is managing its funds effectively is California, which uses a Local Control Funding Formula to manage its categorical funding streams into flexible bundles while asking districts to demonstrate accountability.

Along with that, the article by Hovey and Boser (2014) provides a comprehensive overview of how school districts can manage their budgets by outlining the potential of chief financial officer. In particular, Hovey and Boser note that after the Great Recession, many schools have been forced to make across-the-board cuts, which is reflected in all departments. Strategic CFO has the ability to take the initiative to ensure that the budget reflects the school district's priorities. Of course, education superintendents and other key stakeholders should support this to ensure the success of the process. The article recommends taking a holistic approach moving backward to align spending with goals and to ensure equity across the school district. Additionally, the article highlights that engaging a CFO means considering Return on Investment (ROI) of the education to align the current resources with school district priorities and to provide value for students and teachers. It involves teaming up with academic peers to provide guidance to the district leader through the ROI-like process that combines existing evidence, budget data, and professional judgment to arrive at informed decisions that align with the district spending.

Overall, the article provides insights into the various ways that school districts can utilize CFOs to help with budgets and to provide students with value for money. The article provides ideas that can be utilized to help school districts cope with the severe budget-cuts initiated by states and to ensure that it does not compromise the quality of education. Additionally, while adopting the idea of strategic CFO in the school districts, they should also be wary of the profound challenges they may meet along the way. For instance, most of the CFOs come from the private business sector and it may be hard to align the budget with value. Nonetheless, with sufficient support from the superintendent and other stakeholders, CFOs can help school districts manage funds and ensure they give students value for money.

References

Hovey, D., & Boser, U. (2014). The new education CFO: from scorekeeper to strategic leader. *Center for American Progress.* Retrieved from https://www.americanprogress.org/issues/education-k-12/reports/2014/06/26/92047/the-new-education-cfo/

Partlew, L., Shapiro, S., McDaniels, A., & Brown, C. (2018). Fixing chronic disinvestment in K-12 schools. *Center for American Progress.* Retrieved from https://www.americanprogress.org/issues/education-k-12/reports/2018/09/20/457750/fixing-chronic-disinvestment-k-12-schools/

U.S. Department of Education. (2017). FY 2017 education budget fact sheet. Retrieved from https://www2.ed.gov/about/overview/budget/budget17/budget-factsheet.pdf