KIPP Bay Area:
Supporting Principals to Manage Budget Uncertainties

Common Challenge
KIPP Bay Area school leaders had “the power to lead”—that is, the flexibility to design an instructional vision and strategy for their schools. But unpredictable enrollment and funding fluctuations made it challenging for principals to create reliable plans for their schools.

KIPP’s Approach
System leaders worked with principals to develop a multi-year planning process for managing sometimes fluctuating enrollment and funding. It included clear priorities, a financial sustainability framework, a process for adapting school plans, and a suite of data and tools to help inform principals’ thinking.

KIPP’s Results
Although enrollment and funding fluctuations remain a fact of life in the Bay Area, 100 percent of schools have long-term, financially sustainable school design plans and 82 percent of school leaders feel “very supported” by the Regional Support Office’s finance team.
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What are the gears of change in my district? Where are our gears getting stuck? Where do we need one gear to push another to enable meaningful change?

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We studied eight school systems that struggled with the same challenges as many urban districts around the country—and like many others, the eight systems we studied set strategic priorities that they hoped would address their challenges. **What sets these eight school systems apart is that they didn’t stop there.**

Think of these strategic priorities as a gear—without focusing on what is needed to power it, the gear stays stationary. Just setting the right strategic priorities is not enough to produce or sustain the results district and school leaders hope for.

Leaders from KIPP Bay Area and the other school systems we studied rolled up their sleeves to carefully and collaboratively construct three other gears that effectively powered their strategic priorities. They developed a clear **theory of action** by identifying: (A) the big changes that schools needed to make to power progress toward the strategic priorities, and (B) how the central office needed to support schools to successfully implement those changes. To power their theory of action, these school systems made tough trade-offs in a series of **resource shifts**, and they made **process shifts** to ensure central office management structures enabled schools to efficiently, effectively, and sustainably implement the changes.
KIPP Bay Area: Strategic Priority

Many urban schools struggle to manage student enrollment fluctuations that occur year-to-year, or even within the same year. These fluctuations often result in last-minute scrambling to reorganize or reduce staff positions if enrollment decreased, or to find highly effective teachers on short notice if enrollment increased. These disruptions can be particularly challenging in small schools because even modest enrollment fluctuations can significantly impact budget and staffing plans.

KIPP Bay Area was no stranger to this phenomenon. Competition for students was fierce in the Bay Area, which sometimes meant schools had to make last-minute changes. One of KIPP Bay Area’s founding operational principles is school leaders’ “power to lead” by creating and implementing their instructional vision for their schools. Although school leaders had flexibility to make adjustments based on enrollment and budget fluctuations, system leaders realized that flexibility alone wasn’t enough—principals needed more targeted guidance and support. To get there, KIPP Bay Area regional leaders identified the following clear strategic priority:

Support school leaders to plan sustainably.
School leaders needed guidance and support to develop multi-year plans that were sustainable and could be adapted to address fluctuations in enrollment and funding that schools—especially small, new schools—would inevitably face each year.

KIPP Bay Area: System at a Glance

In 2018, nearly 6,000 students attended 15 KIPP charter schools in California’s Bay Area region.¹

The KIPP Bay Area system is currently expanding from 15 schools to 22 schools.²

<table>
<thead>
<tr>
<th>Students Who Met or Exceeded Standards on The State ELA Exam (2018)³</th>
<th>Black and Latinx* Students (2018)⁴</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>KIPP Bay Area students</strong></td>
<td>59%</td>
</tr>
<tr>
<td><strong>Overall state average</strong></td>
<td>50%</td>
</tr>
<tr>
<td><strong>California students in poverty</strong></td>
<td>38%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Students Receiving Free or Reduced Lunch (2018)⁵</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>77%</td>
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</table>

*“Latinx” is the gender-neutral alternative to “Latino” or “Latina,” meaning a person of Latin American origin or descent. Common pronunciation is “lah-TEEN-ex” or “lah-teen-EX.” ERS chose to study districts with high populations of black, Latinx, and low-income students to highlight school systems that are actively addressing longstanding inequities.*
KIPP Bay Area: Theory of Action

KIPP Bay Area leaders didn’t stop after setting their strategic priority: First, the Regional Support Office (RSO) identified big changes that schools needed to make to power progress toward the strategic priority. Then, they identified how the RSO needed to support schools to successfully implement those changes. Together, these school-level changes and RSO supports formed the theory of action. To power their theory of action, KIPP Bay Area made a series of resource shifts and process shifts. Going beyond an initial strategic priority by developing and powering this theory of action is what sets KIPP Bay Area apart.

KIPP Bay Area’s theory of action was composed of three major parts:

#1 Long-Term Planning
Support school leaders’ decision-making with data, frameworks, and conversations that promote multi-year planning and sustainability.

Why?
By using these tools and strategies to think through the long-term impacts of their budgeting and staffing choices, school leaders could avoid common pitfalls—such as being unprepared for teachers moving up the salary schedule or lack of reserve funds—that limited their ability to implement their instructional visions.

#2 Proactive Contingency Planning
Work collaboratively to make decisions in ways that minimize disruptions caused by enrollment fluctuations.

Why?
As enrollment and funding updates came in throughout the year, school leaders needed to proactively adjust their school plans. KIPP Bay Area leaders increased the frequency of check-ins with school leaders and provided integrated enrollment, budgeting, and personnel planning support to help school leaders make those decisions smoothly.

#3 Clear Decision-Making
Agree on “non-negotiable” elements of school designs to ensure consistent investment—and clarify decision-making roles to avoid duplicating efforts.

Why?
RSO leaders felt that certain components of the KIPP Bay Area student experience were so important that they should be guaranteed. To remain committed to school leaders’ autonomy, they worked with them to clarify who would be responsible for key school planning decisions.
#1 Long-Term Planning

Support school leaders’ decision-making with data, frameworks, and conversations that promote multi-year planning and sustainability.

In many systems, the school planning process focuses exclusively on making decisions for the upcoming year. KIPP Bay Area leaders felt it was important for school leaders to be thinking multiple years into the future—but many school leaders didn’t have the time, information, or training to know how their staffing and programming choices for the upcoming year might affect their school’s ability to sustain its design in coming years. Schools needed multi-year plans to maintain their designs in ways that accounted for adding grade levels, teachers gaining salary steps, and the phasing out of startup philanthropic funding. To help school leaders think longer-term, the RSO developed frameworks and tools to provide principals with multi-year data and projections to guide key resource decisions.

## Process Shifts

### Data & Tools

The RSO’s finance team developed dynamic budgeting and school staffing worksheets to show how a school’s costs and reserves were projected to evolve over the next five years. When applicable, the finance team clearly laid out their assumptions so principals understood the context and the RSO team could adjust the figures as more information came in. For example, the worksheets used current assumptions to project future local, state, and federal funding, but acknowledged that these projections were likely subject to change. The finance team also illustrated the impact of key structural cost drivers for school leaders—for example, the impact on staff costs as teachers moved up the salary schedule and the enrollment the school needed to be able to cover costs after startup philanthropic funding ended.

KIPP Bay Area school leaders used multi-year budget estimates to test the sustainability of their school design choices. KIPP Bay Area’s financial sustainability framework defined a key budget expectation for schools: once at scale, schools would operate on public funds assigned to their students, instead of depending on fundraising to break even. School leaders used their new budgeting worksheets to test their plans against this framework. In the worksheets, they could see how their costs would change over the coming years, and how their choices impacted long-term financials and their ability to build reserve funds.

Staffing worksheets allowed school leaders to see how their staff could grow as their school’s enrollment, funding sources, and staff experience changed. School leaders used their long-term staffing projections to proactively plan how to focus their student and staff recruitment and retention efforts in the coming years.

### Timelines

KIPP Bay Area’s annual planning process enabled school leaders to hire teachers early in the year, when the candidate pool is largest and strongest. By timing school planning to take place during the winter, KIPP Bay Area leaders equipped principals to hire teachers in late winter and spring, instead of just before the school year begins in the fall. Because they also used a multi-year view of their school’s finances, school leaders became more confident that they would be able to maintain the positions they hired for in subsequent years—in turn, this increased the success of their efforts to recruit and retain staff.
**Money**
At first, the RSO team developed school leaders’ budgeting and school staffing worksheets in Google Sheets. This gave cross-functional teams the ability to work simultaneously and collaboratively—however, manually loading and updating the worksheets was a time-consuming process. So, the RSO finance team purchased Adaptive Insights software because it saves time spent creating individual budget worksheets and integrates budgets with KIPP Bay Area’s financial and human capital data systems. The startup costs of this system were equivalent to about $10 per student and the ongoing annual costs are equivalent to about $5 per student. To fund this investment, the RSO made a trade-off by choosing not to hire the equivalent of a part-time staff member.

To help school leaders prioritize their schools’ long-term financial sustainability, the RSO set a goal that all schools with a full set of grade levels would accumulate reserve funds equal to 10 percent of their annual operating budget. Schools could use these funds to weather any economic downturn that might occur. Accumulations beyond 10 percent were often used for building renovations, new facilities, and other large, one-time costs.

**People**
Each of the RSO’s four school leader managers advised a group of three or four school leaders, significantly lower than the average of 16 in typical systems. This small span of control meant each school leader had substantial time for conversations with their manager on a variety of issues, including thinking through the long-term implications of their school planning decisions. In addition to school leader managers, members of the RSO finance team provided strategic support throughout the different stages of budget development during in-person quarterly meetings.

**Time**
The RSO team freed time to work with school leaders by streamlining the process for school leaders and RSO staff to submit reimbursements. By switching from folders of paper receipts to an automated expense and accounting tool called Concur, the finance team reduced the amount of time they spent processing expenses from 40 hours per week to 8 hours per week. The team is hopeful that the recent shift to Adaptive Insights will further reduce the time spent managing logistics and therefore increase the time they can spend providing principals with strategic budgeting support.
#2 Proactive Contingency Planning

**Work collaboratively to make decisions in ways that minimize disruptions caused by enrollment fluctuations.**

In addition to developing a strong suite of tools and supports to help school leaders with their multi-year budgeting, the KIPP Bay Area RSO team created a contingency planning process that helped school leaders better prepare for the impact of fluctuations in enrollment and funding.

## Process Shifts

### Data & Tools

All school systems rely on enrollment projections to plan for the upcoming year, but if projections are inaccurate, school leaders can grow to mistrust them. To address this, the KIPP Bay Area team developed an integrated enrollment projection tool that they used alongside their staffing and budgeting worksheets. The team modeled enrollment yields by using data from the previous two years at each individual school, separated by grade level. Using this tool, school leaders worked with the operations team to set an enrollment target in November. Target-setting before school leaders began to plan staffing for the following year helped them to ensure realistic enrollment targets. Then, school leaders and the operations team checked their recruiting against application and enrollment targets that were updated five times between January and their admissions lottery, which varied by school but typically took place between late January and April. KIPP Bay Area’s Director of Operations, Ryan Romaneski, explained that these early checkpoints were helpful “because they spurred action” and prompted school leaders to ask, “Do we have what we need to recruit more kids?”

“When people come together looking at the same numbers, aligned on the goal, they’re able to discuss the challenges.

It’s only powerful if the information is visible.”

-Lea Oliver-Gelwicks, associate director of finance
**Timelines**

KIPP Bay Area leaders created a process for school leaders to develop a contingency school design plan. In these contingency plans, principals detailed the changes they would make to their annual plan if they enrolled fewer students than their target. After principals identified their enrollment target for the following year’s school design, they worked in collaboration with the finance team and their school leader manager to create a second, adapted design that would be feasible with enrollment below that threshold. Making this contingency plan ahead of time gave school leaders pressure-free time to think about their top priorities for students and maintain those in a smaller design, rather than making forced, last-minute decisions about cuts.

**Roles**

During the first year of contingency planning, school leaders and the RSO found it difficult to navigate the process for deciding if a school leader needed to move to his or her contingency plan. To increase transparency and timeliness, the RSO clarified decision-making roles for the contingency planning process; they determined that at the final enrollment checkpoint, school leaders would make a recommendation about whether or not to move to their contingency plan. Then, their school leader manager and the school’s operations and finance partners at the RSO would need to agree to that recommendation. If they did not agree, the chief of schools made the decision.
#3 Clear Decision-Making

Agree on “non-negotiable” elements of school designs to ensure consistent investment—and clarify decision-making roles to avoid duplicating efforts.

Over time, KIPP Bay Area RSO leaders realized that for school leaders to truly have the “power to lead,” they needed clear expectations and accountability across regional- and school-level priorities. To support these needs, the RSO gave principals timely information that allowed them to more effectively plan and make key resource decisions. To do this, RSO leaders went through a process to clarify “non-negotiable” school design expectations and aligned network and school planning timelines so that school leaders received the necessary information before having to make key decisions.

## Process Shifts

### Roles

**Codifying Staffing Priorities**

KIPP Bay Area maintained its founding principle of the “power to lead” by giving school leaders responsibility for the vast majority of decisions. However, system leaders felt that certain “non-negotiables” must be a part of every KIPP Bay Area student’s educational experience. For example:

- Given the region-wide focus on students’ social and emotional learning, the RSO set an expectation that each school would staff at least one part-time counselor.

- Because most KIPP Bay Area schools had high numbers of new teachers who could benefit from expert instructional support, the RSO set minimum ratios of assistant school leaders to students.

- To ensure pay equity for teachers who worked at different KIPP Bay Area schools, the RSO moved to a single salary schedule for teachers across the region.

Most importantly, RSO leaders articulated these expectations in a codified list of staffing priorities so school leaders had clear guidelines about their level of autonomy in various areas.

*Artifact #2: Academics Staffing Priorities*

**Defining Decision-Making Roles**

In many school systems, a lack of clarity around who can make which decisions leads to inefficiency, frustration, and ultimately poor decisions that are often made by default. To promote transparency and streamline discussions with school leaders throughout the planning and budgeting processes, the RSO developed and distributed a list of “decision rights” to clarify who gives input and who makes final decisions about school planning milestones. These roles and responsibilities helped school leaders and the RSO avoid frustration; for example, the “decisions rights” made clear that school leaders develop their budgets, school
leader managers provide input and then ratify those budgets, and the RSO finance team approves budgets before they get sent out to the board for final approval.

Artifact #3: Roles and Responsibilities for Planning and Budgeting

The ‘power to lead’ kept decisions closest to our students, but it also comes with a burden. It shouldn’t make schools feel like they’re on an island, like they have to do everything on their own. Instead, they should have the power where it matters.

-Ruchi Thiru, managing director of operations and information

Timelines

Many school systems face challenges around timelines because school leaders find out about new, systemwide initiatives—such as new coaching models or new intervention structures—after they have already developed staffing, budgeting, and scheduling plans. By then, it is too late for school leaders to adjust their designs to fully leverage the benefits of the new system-wide initiatives and investments. KIPP Bay Area leaders wanted school leaders to be empowered to develop designs and plans that built on systemwide priorities, rather than duplicating or conflicting with them. Realizing this meant that school leaders needed to learn about school design expectations proactively, KIPP Bay Area’s finance, operations, and academics teams carefully aligned key points in the RSO planning timeline with school planning timelines. For example, the academics team at the RSO shared yearly regional staffing priorities with school leaders in October, so when school leaders received their budget information in November, they were able to plan for their own schools with regional priorities in mind.

Artifact #4: Regional Support Office Planning Timeline

Artifact #5: School Planning Timeline
Results: Changes to the Student Experience

Thanks to the carefully sequenced planning process, KIPP Bay Area school leaders can hire the staff their students need:

- Leaders can hire effective teachers earlier in the year, when the candidate pool is the strongest.

- In 2018, 10 out of 12 schools met the RSO assistant school leader staffing priority, meaning instructional experts support these new teachers’ growth and development.\(^8\)

- Students now receive more behavioral and mental health support—in 2018, all KIPP Bay Area schools met the RSO counselor staffing priority, through either staffing or partnerships.\(^9\)

Results: Changes to the School Leader Experience

It is impossible to completely eliminate enrollment and funding uncertainties year-to-year, but because of the new resource and process shifts, KIPP Bay Area school leaders report that they feel better equipped to plan their schools strategically and sustainably. 75 percent find the enrollment and staffing worksheet “very useful” and 82 percent report feeling “very supported” by the RSO finance team.\(^10\) That support had an impact on their budgets: 100 percent of schools have long-term, financially sustainable school design plans endorsed by the school leader, school leader manager, and finance partner.\(^11\)

What’s Next for KIPP Bay Area?

As KIPP Bay Area expands the number of schools in the region, the RSO departments are working to ensure that even more school leaders have the underlying conditions and support structures needed to serve the increasing number of students, even in the face of enrollment and budget uncertainties. Each RSO department developed a multi-year plan to describe how they will scale to serve a larger region. By making these plans ahead of the expansion, the RSO leaders will invest in staff, tools, or new processes early—and have them working smoothly by the time they are needed to support a larger group of school leaders.

“Actually the system is only as good as the work you put into it…

You need to know what you’re building and why.”

-Lisa Hunter, finance manager
Sources

1 KIPP Bay Area Public Schools. www.kippbayarea.org/schools.
2 Email from Associate Director of Finance Lea Oliver-Gelwicks.
3 Email from Director of Marketing & Communications Maria Krauter.
4 “KIPP Bay Area Finance Team Schools Overview” presentation on the school system, the finance team, and the growth plan and budget.
5 Ibid.
6 “Strategic System Snapshot” analysis from Education Resource Strategies.
7 Interview with Accounting Manager Monica Mata.
8 KIPP Bay Area’s staffing priorities report for the 2019-20 school year.
9 Ibid.
10 KIPP Bay Area’s 2018 school planning and budgeting survey.
11 Email from Associate Director of Finance Lea Oliver-Gelwicks.

Note: Most of the content featured in this case study comes from interviews and email correspondence with KIPP Bay Area system and school leaders. Unless otherwise noted, all facts and data points are drawn from this qualitative data set.

Photos courtesy of KIPP Bay Area.

Acknowledgements

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Every school. Every child. Ready for tomorrow.