

## Excerpt from SL/OM/SLM Finance Meeting: Fall 2018

### KIPP School X

### Fall SL/OM/SLM Finance Meeting

*Names and dollar amounts have been removed throughout for the school's privacy.*

#### Agenda (120 min)

1. Agenda Overview (5 min)
2. Purpose of Meetings (5 min)
3. Multi-Year Financial Health & Sustainability (20 min)  
*Additional sections not included in excerpt*
4. 18-19 & 19-20+ Enrollment & Staffing (50 min)
5. 17-18 Reflections & 18-19 Line Items (15 min)
6. 19-20 Budgeting & Parental Leave coverage (5 min)
7. Additional Items (5 min)
8. Meeting debrief & review next steps (5 min)

#### TBD Next Steps

1. Finance
  - a. Update based on the items below
  - b. [ ]
2. School Leader
  - a. [ ]
3. Operations Manager
  - a. [ ]

#### Resources:

- Your P&L is viewable in today's meeting folder

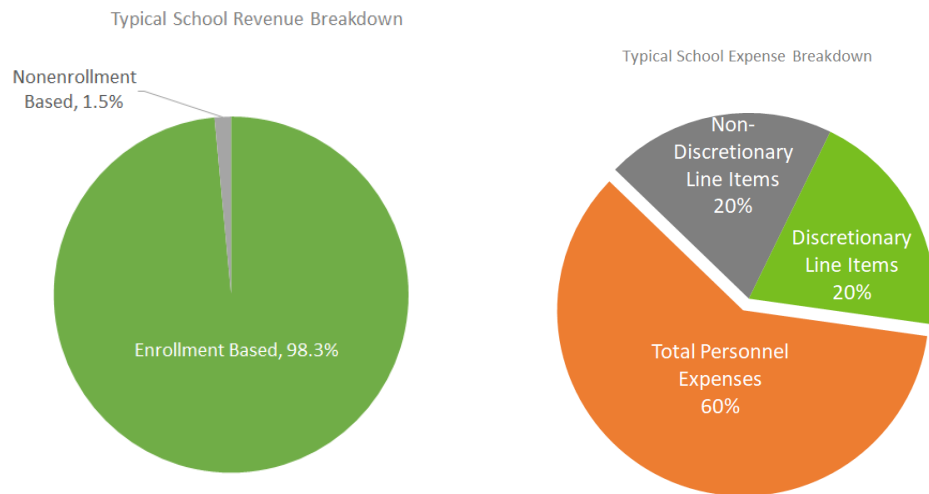
#### Agenda Notes:

- **How's the start of the year going? Agenda overview.** Anything else you'd like to cover today?  
Is everyone still available for our full two hours together? (5 min)
  -
- **Purpose of these SL/OM/SLM/Finance meetings (5 minutes):**
  - To kick off the year, let's share our objectives of these valuable times together. We hope these meetings will:
    - help you bring your vision to life
    - develop relationships and trust so we can be thought partners to one another and surface ideas to share with other leaders and schools
    - develop plans that reflect long-term financial health and sustainability, including building reserves and preparing for a future economic downturn
    - support your financial management and planning to achieve your student, faculty, and school goals. With this in mind:
      - Every dollar is important because it can help either current or future student communities.

- And, given our limited time together in person, let's focus first on large expense items/changes within the category to maximize leverage.
  - How do these align with your thinking? What additional things come to mind?
    - [ ]

- **Multi-year Financial Health & Sustainability (20 min)**

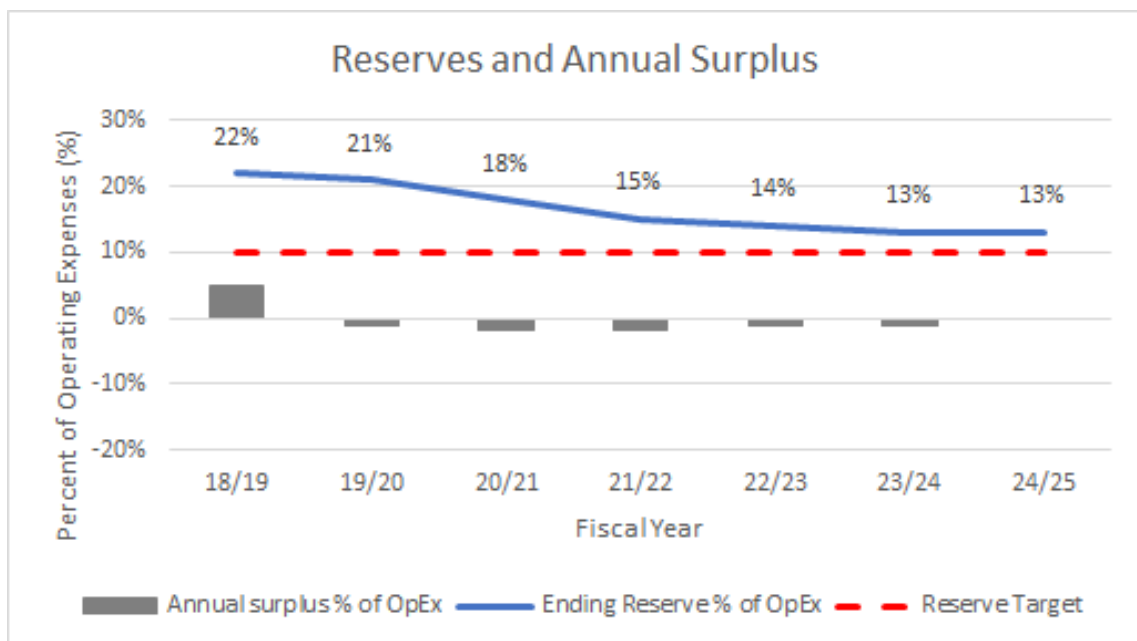
- Financial Sustainability Framework for all schools
  - Be sustainable on public funding long term
  - Build reserves to protect against future economic downturn (maintain at least a 10% reserve)
- Primary drivers of school sustainability, as visualized below for a typical KIPP school
  - Funding: Enrollment
  - Expenses: Staffing



- Financial Sustainability at School X:
  - Firstly, the long-term plan that we last talked about:
    - Stable at 448 students and 27 total staff long-term (excluding SpEd, contractors, etc)
  - Secondly, as planned, over the summer we updated all schools' financial models with the following results: governor's final 17-18 funding, final 17-18 attendance, 18-19 staffing as of August, 18-19 enrollment as of Sept 20, 18-19 technology expenses, and 18-19 SpEd expenses
  - Thirdly, we made these updates to your school's model, as you asked for/informed me of Enrichment, SpEd, etc
- Given those inputs, how does School X fit into our financial sustainability framework? See visuals below.
  - Your annual surpluses and resulting long-term reserve

- Starting reserve coming into this year (16%)
- Generating surplus this year and then deficits in future years, averaging 1% deficits long-term
- Higher deficits as compared to last spring driven by increased enrichment costs long-term

<b>School Reserves</b>	18/19	19/20	20/21	21/22	22/23	23/24	24/25
Starting Reserve	<i>(dollar amounts removed)</i>						
<b>Annual Surplus (Deficit)</b>	<i>(dollar amounts removed)</i>						
Annual Surplus as a % of Op Ex	5%	-1%	-2%	-2%	-1%	-1%	0%
<b>Ending Reserve</b>							
Ending Reserve as % of Op Ex	22%	21%	18%	15%	14%	13%	13%



- **18-19 and 19-20+ Enrollment & Staffing Deep Dive (50 min)**
  - **18-19 Surplus:**
    - Taking into account the 18-19 enrollment and staffing outlined above, projected surplus for year-end (6% of 18-19 opex), down from budgeted surplus for year-end (7% of 18-19 opex). Drivers:
      - Increased expenses for enrichment program and SpEd, partially offset by higher revenue
  - **18-19 Revenue**
    - Governor’s 18-19 per pupil funding came in on target.
    - We updated your Model with 17-18’s ADA and ADM results, which adjusted the revenue forecast up annually for 18-19+ because 17-18 results netted a bit higher than prior years. Great job!

	15-16	16-17	17-18	18-19
<b>ADA</b>	98.1%	97.8%	97.5%	97.8% (.2% down from 98.0% previously estimated)
<b>ADM</b>	99.7%	99.3%	99.7%	99.6% (.4% up from 99.2% previously estimated)

○ **18-19 Enrollment**

- As typical, we used your enrollment numbers in Powerschool on 9/20, and use your historical attendance and membership results to forecast future funding.
- Review 18-19 results by grade:

ENROLLMENT	17/18	18/19	19/20	20/21	21/22	22/23
5th	117	122	120	120	120	120
6th	120	121	118	118	118	118
7th	103	113	108	108	108	108
8th	109	96	102	102	102	102
<i>Total at Start-of-Year</i>	<b>449</b>	<b>452</b>	<b>448</b>	<b>448</b>	<b>448</b>	<b>448</b>

- 18-19 look right to you too?
  - Notes:
    - i. **Yes**
- Firstly, huge congratulations on exceeding your enrollment budget of 448! Great job first setting a realistic target and executing on that plan over the course of the year. We're sharing this news and celebrating you and your school!
  - October Census for student demographics
  - Reminder about 9/20 deadline for next year: Add in Ops Newsletter/COP, Calendar invite
- And, as implied above, attendance over the course of the year will continue to be really important in determining the exact funding your school will receive this year.

○ **19-20+ Enrollment**

- **In your folder** is an enrollment and staffing worksheet for us.
  - It is pre-populated with what is currently in our financial model and let's overwrite the **yellow cells** to reflect your enrollment and staffing wishes for 19-20+. Projections for next year are definitely the most important but if you also have changes in mind for future years, please note them too.
  - As we review, the expectation is that you are looking for two things:
    - 1) these enrollment targets are realistic and attainable

- 2) your staffing plan will support this enrollment and your school's priorities
  - Let's start with enrollment. KIPP's enrollment goal setting philosophy: meet or exceed this goal!
    - Reflect on what it implies for new student recruitment and year-over-year change (composed of retention/backfilling) in future years. Comfortable?
- We'll share your projections with the Board of Directors, RSO Leadership Team, etc. In the meantime, are there any adjustments you'd like to make?