KIPP New Orleans Schools

Budget Narrative

When constructing our financial plan, we have intentionally omitted the "Startup Statement of Activities." As an existing CMO at scale planning a school transformation, we assume all startup costs incurred prior to the start of the fiscal year in which the charter enters effect will live within the expenses of our School Support Center, which provides support to all schools throughout the KIPP New Orleans network.

With regard to the "Yr 1 Operating Statement of Act" worksheet, we have relied on the K-8 base MFP per-pupil figure provided on the "Instructions" worksheet. Using our knowledge of local revenue streams, we decomposed that figure into distinct state ($2,100) and local ($5,400) shares. We used Orleans Parish's existing differentiated funding formula to extrapolate the per-pupil funding levels for students with those distinct needs. We have also included deferred revenue and pay-raise-continuation allocations, which schools throughout Orleans Parish receive annually. Enrollment assumptions are based on our four-section operating model in grades K-8 and LA-4 requirements in our pre-K classrooms. The enrollment assumption for each differentiated funding category is based on our schools' historic averages.

All other revenue assumptions (and several expense assumptions) are presented clearly in the "KIPP Assumptions" worksheet, which is referenced consistently through formulas embedded in the "Yr 1 Operating Statement of Act" worksheet. Our assumptions include a $425,000 line item for non-recurring revenues, which stems from our demonstrated history of sustained, successful development activities. This figure accurately represents the aggregated sum of per-pupil funds we generate through grants (local, state, and federal), philanthropic gifts (individual donors, corporations, and private foundations), and other development activities annually.

Strong teachers, leaders, student support team members, and operations staff are the key to driving solid student outcomes. Investments in our people through salary and benefit payments (medical, dental, short-term disability, retirement contribution match, etc.) represent 65 percent or more of our budget annually. Our school staffing model, which is detailed in the "Assumption" column on the "Yr 1 Operating Statement of Act" worksheet, provides four lead teachers and slightly more than two co-teachers/interventions per K-8 grade level. We also staff a K-8 school with eight enrichment teachers, 10 special education teachers, six paraprofessionals, two behavior interventionists, two social workers, one speech language pathologist, and two nurses as well as shared psychology and English language learner services. Within our pre-K classrooms, we staff for one lead teacher and one paraprofessional. At the administrative level, our model includes two principals (one primary, one middle), six assistant principals, two student support coordinators, and a director of school operations. The director of school operations leads five other operations team members to ensure the finance and operations needs of the campus are met.

To support the instructional work of our teachers and leaders, we make annual investments in curriculum, software/technology, data systems and professional development aligned to the shared lesson plans used throughout our schools. Although the mix of these investments varies annually, they amount to several hundred thousand dollars each year.

Our budget includes an assumption that we will occupy an authorizer-owned facility. As such, we have included the relevant costs necessary to operate a safe, secure campus that promotes a clean, orderly learning environment in accordance with the Orleans Parish School Board facilities handbook.

Other significant operations-related costs include transportation and food service. We provide school bus transportation to all students, including special education transportation services for students with relevant individual education plans. With regard to food service, we offer breakfast, lunch, and snack to ensure our students have access to nutritious options throughout the day.

In order to maintain a sustainable financial model, we manage costs carefully in partnership with our vendors. Our costs generally rise at a rate lower than inflation. More fundamentally, however, we have established a model that enables our schools to operate on recurring revenue sources. As the budget demonstrates, our operating surplus would exceed non-recurring revenues even when a one percent contingency expense is included.

For the sake of clarity, although our budget reflects annual operating surpluses, our goal is not to build a fund balance that exceeds roughly 15 percent. The budgeted margins simply allow our schools to make strategic investments throughout the year and/or manage unexpected expenses without jeopardizing our core programming, which is critical to driving student achievement.