

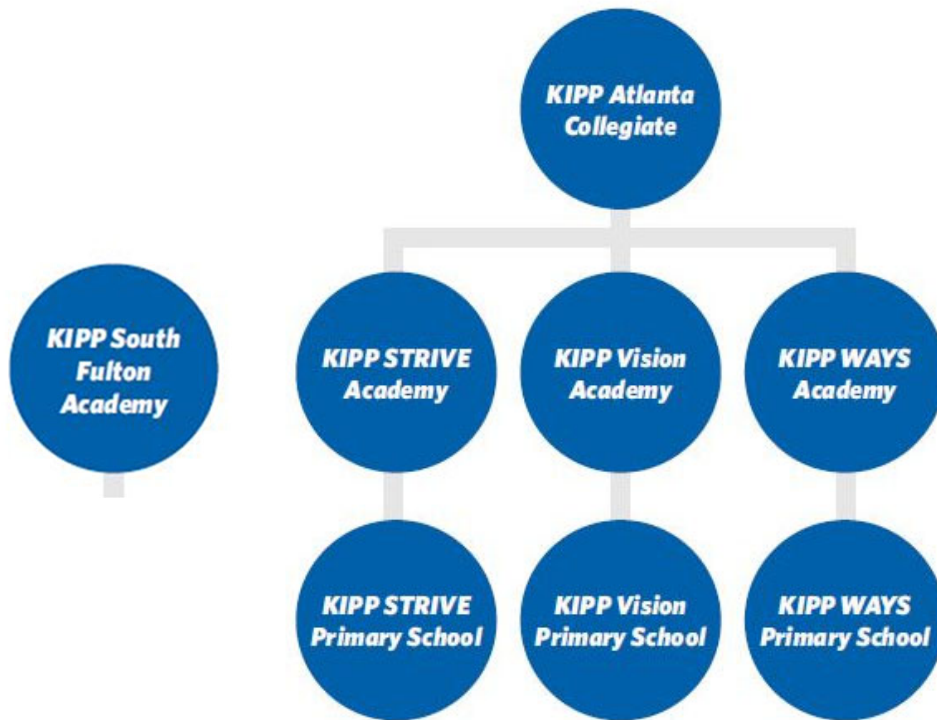


FY21 Public Budget Meeting

Agenda

- Introduction
- Budget Context
- Process / Calendar
- Economic Climate
- Budget Details

Over the past 17 years, we have built a pipeline in service of our goals – and the results are significant



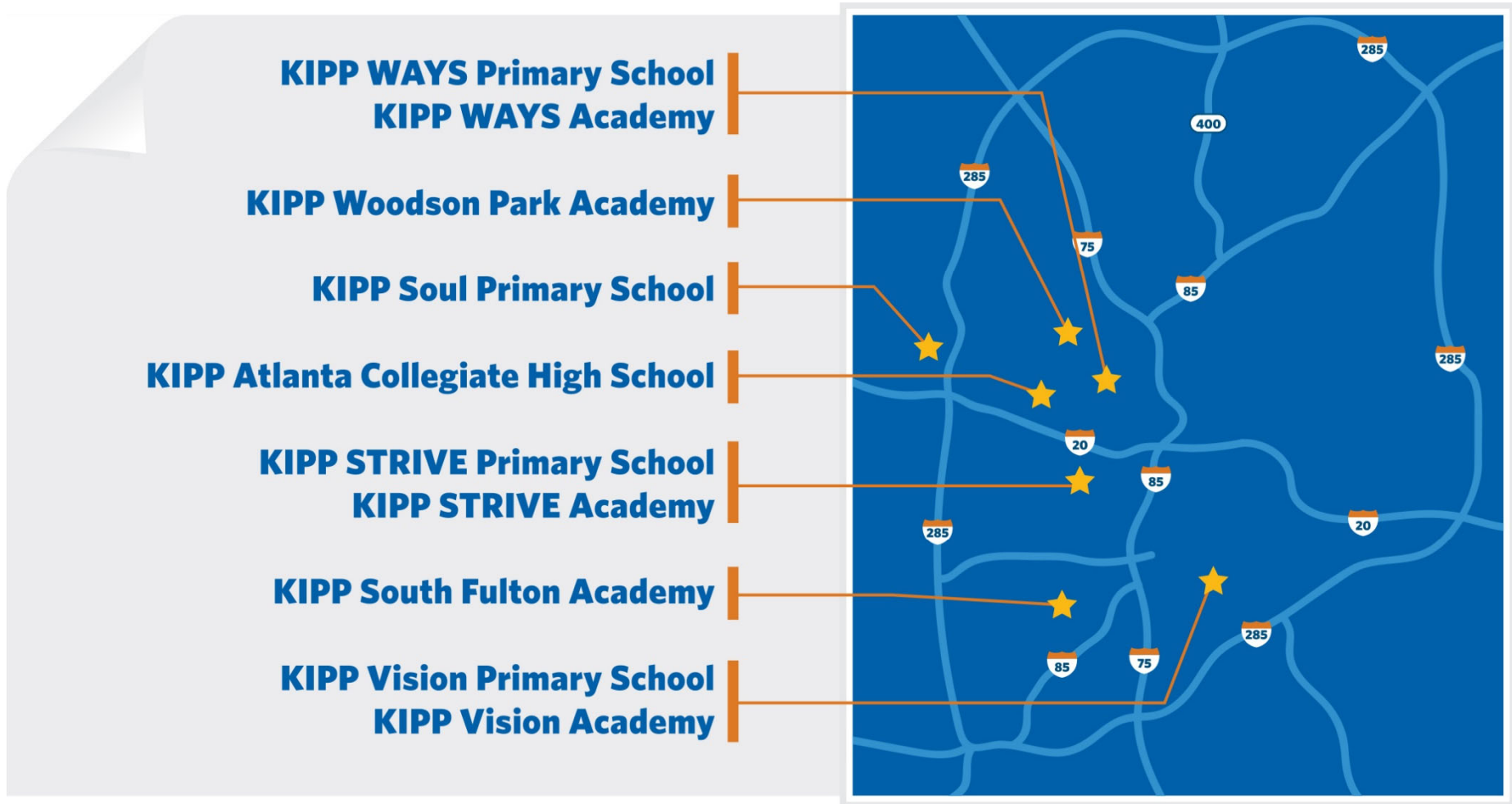
90%

KIPP Atlanta Collegiate's high school graduation rate over the past five years

70%

The percent of our high school graduates who are persisting in college

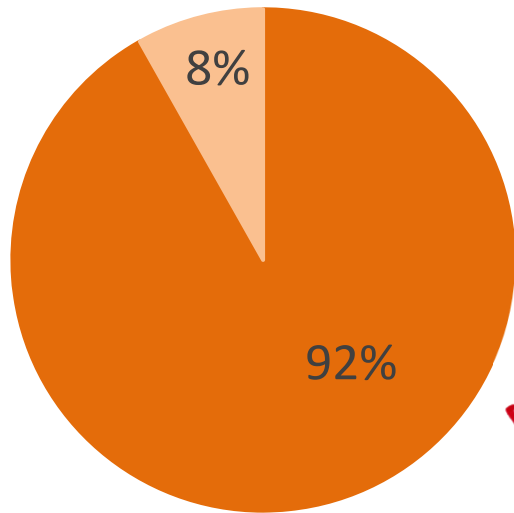
In 2019-20 we have 10 Schools educating 4,600 scholars in grades K-12



We drive our mission through five key differentiators



The majority of KIPP's revenue is derived from state and local sources according to district formulas

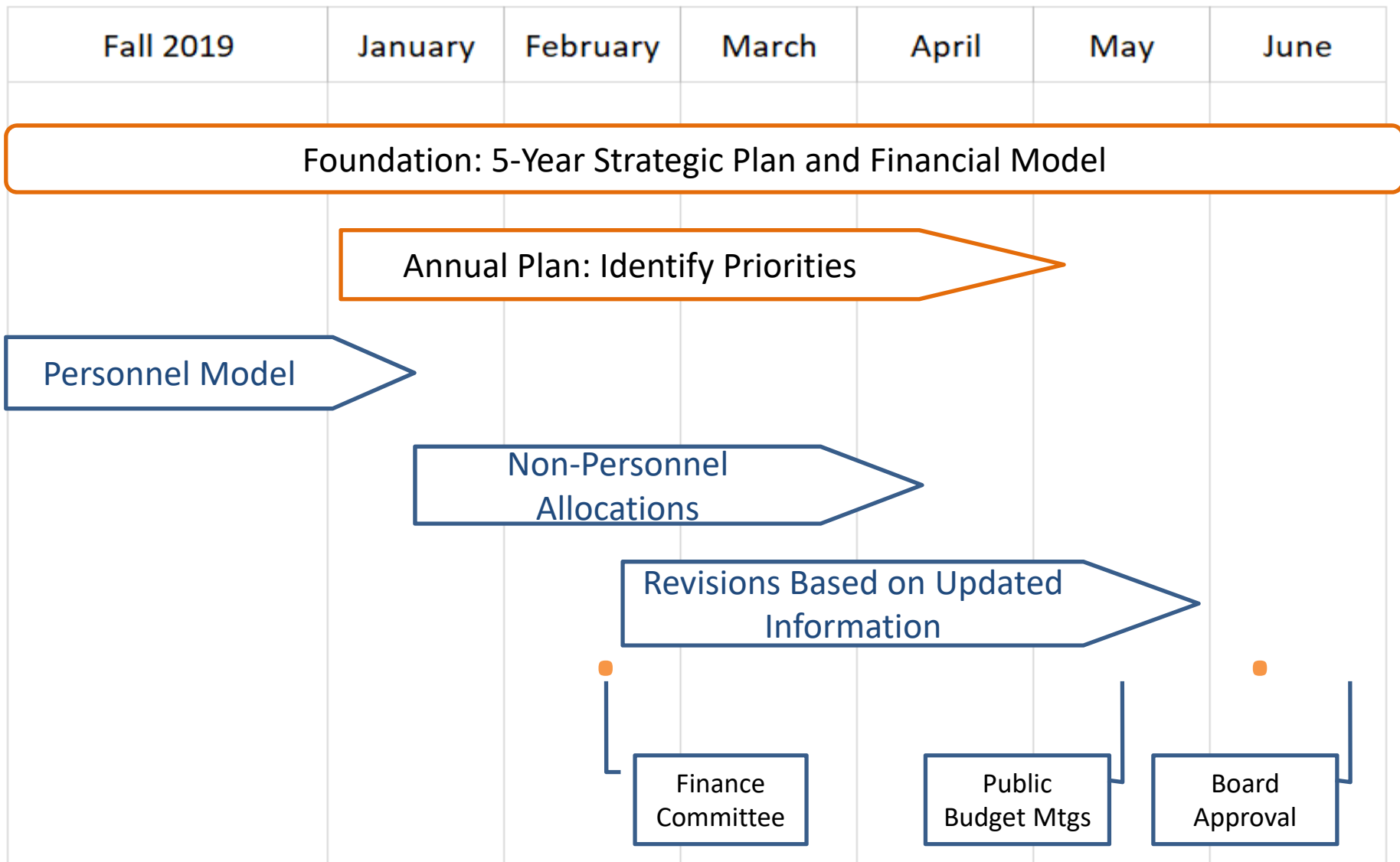


Most of KIPP Metro Atlanta's budget comes from **federal, state and local funding**. The rest comes from private fundraising, student fees, and interest.

Three Funding Formulas:

- APS charter formula – as a cluster charter KIPP pools its revenue and allocates it according to school and regional priorities
- KIPP Woodson Park Academy is funded by the turnaround partner formula
- FCS school is funded by Fulton's school funding formula

KIPP's budget process integrates with our annual and strategic planning

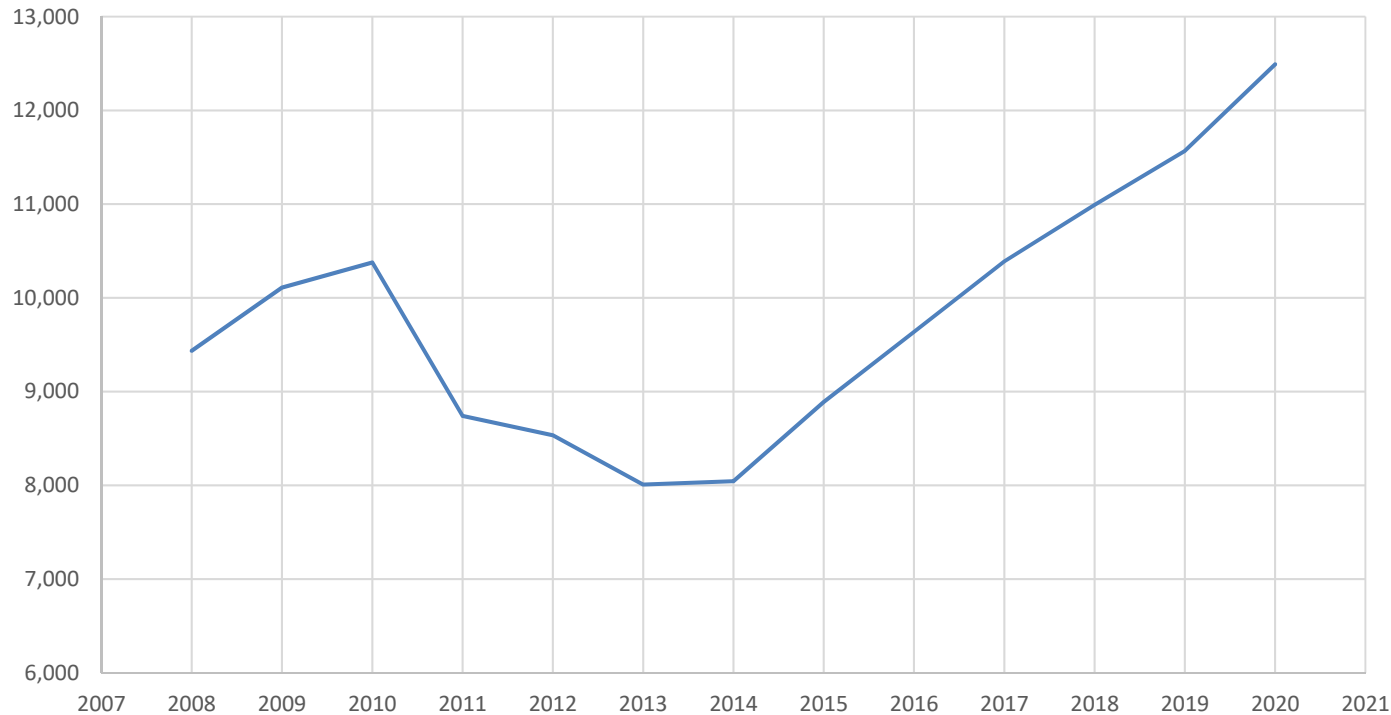


And then everything changed

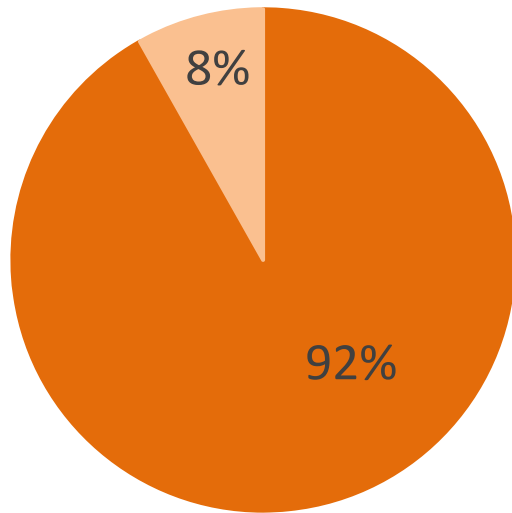


We have some data to guide us through these new economic times

After the Great Recession, it took 3 years for our per pupil revenue to stop declining and 7 years to return to its pre-recession levels

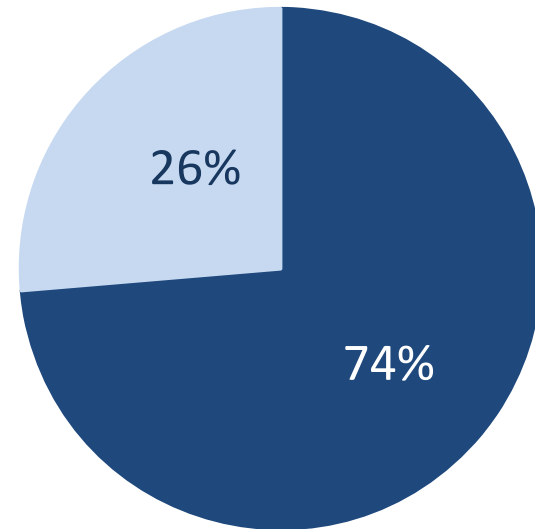


Recall KIPP Metro Atlanta's Budget Context



Most of KIPP Metro Atlanta's budget comes from **federal, state and local funding**. The rest comes from private fundraising, student fees, and interest.

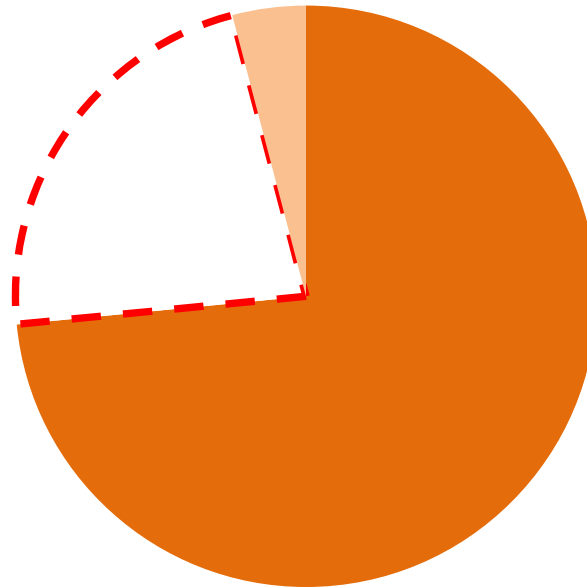
The majority of KIPP Metro Atlanta's budget goes to **personnel expenses: salaries, wages, benefits, training, etc.**



We expect our budget reality in following years to have significant gaps from our current plan

Current information suggests public funding could **decrease by 20% or more** and private fundraising is at risk.

This means we will likely face a **significant budget gap**

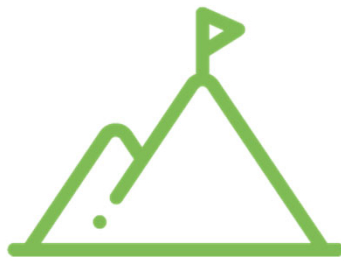


We need to reduce costs for 2020-21 by at least \$7.5M.

Leading with our values through crisis



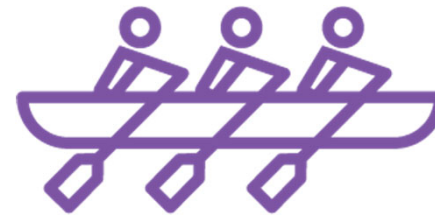
Optimism



Grit



Love



Teamwork





Impact

FY21 Budget Journey - Timeline

Timeline	Event
Early March	Budget Balanced, assuming 3+% yoy revenue increase
Mid-March (COVID)	Early indicators suggest a 0% yoy change
April	Additional Budget Needs Identified: Enrollment Contingency, SPED staff, facilities, technology, and academics investments resulting from COVID
Early May	State announces 14% decline, CARES funding expectation decreases

KIPP's gap closing strategies start with those that are least-impactful to our schools and teams

These steps vary greatly in terms of potential savings.

Tier 1	<ul style="list-style-type: none">• Reduce, delay or freeze facilities projects• Reduce region wide spending• Delay new Regional Support Team positions	
Tier 2	<ul style="list-style-type: none">• Additional regional spending cuts• Freeze all Regional Support Team hiring• Region wide salary freeze	
Tier 3	<ul style="list-style-type: none">• Programmatic changes• Hold on vacant positions• Increase Fundraising	
Tier 4		
Tier 5		

We may need to access higher tiers of strategies as we proceed in our work of redesigning for the next two years

Tier 1

- Reduce, delay or freeze facilities projects
- Reduce region wide spending
- Delay new Regional Support Team positions



Tier 2

- Additional regional spending cuts
- Freeze all Regional Support Team hiring
- Region wide salary freeze



Tier 3

- Programmatic changes
- Hold on vacant positions
- Increase Fundraising



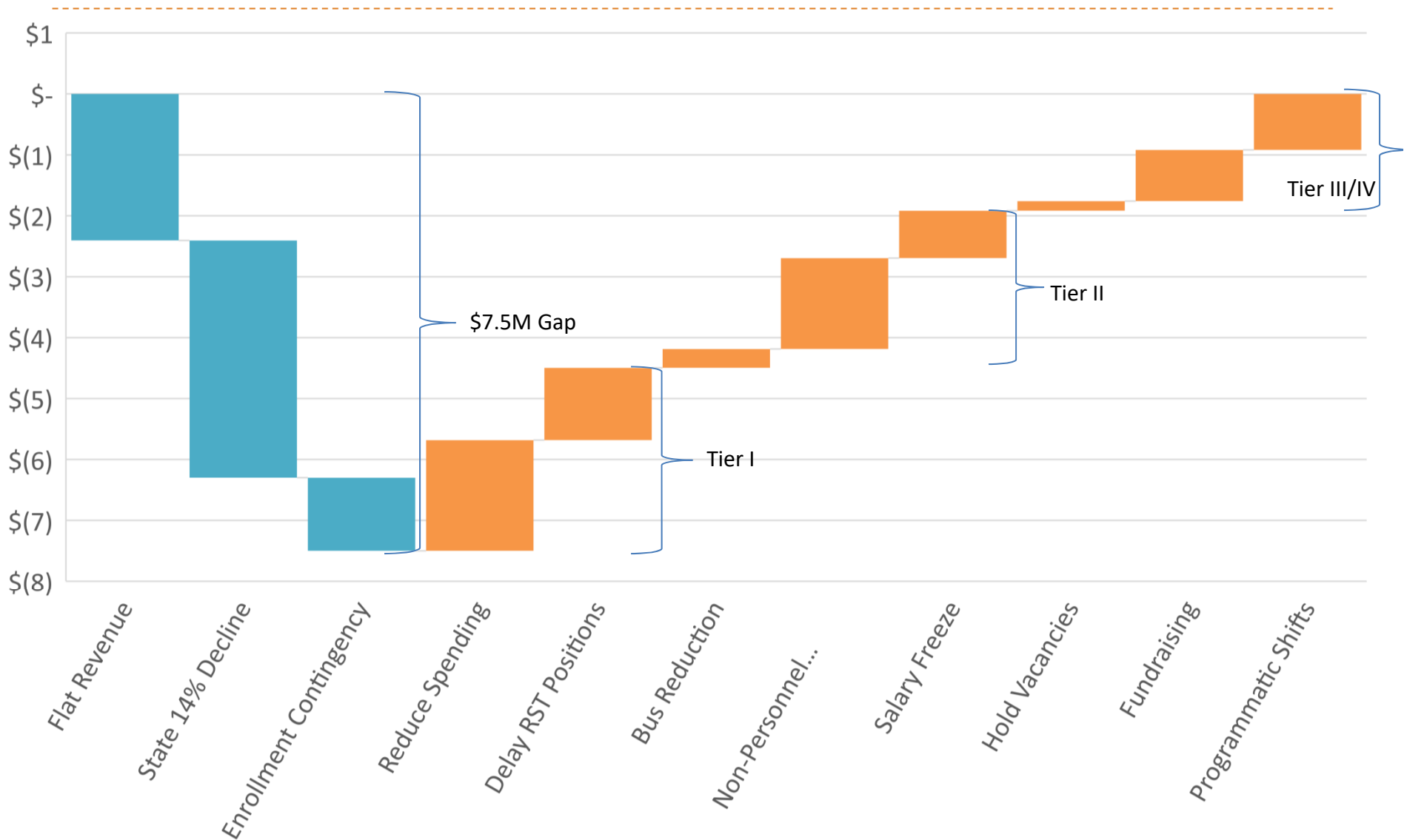
Tier 4

- Furlough days

Tier 5

- Organization-wide salary reductions
- Layoffs and long-term staff reductions
- Eliminate program elements

Tier I through III strategies may be able to close the FY21 gap



KIPP's budget does not include revenue from economic stimulus packages or the CARES Act

- Stimulus Package:
 - KIPP Metro Atlanta was not eligible for the Paycheck Protection Program loans as it does not qualify as a small business (<500 employees)
- CARES Act (Coronavirus Aid, Relief, and Economic Security Act)
 - \$13.5B earmarked in CARES Act for Elementary and Secondary Education (85% of Federal Title I amounts)
 - APS received \$22MM and FCS \$18MM in CARES Act funding.
 - Neither district is creating school allocations.
 - We have inquired on reimbursement process.

Tentative FY21 scenario is balanced, and leadership will begin redesign work for following years in the fall. Critical FY21 inputs:

	FY20F	FY21
Per Pupil YOY Change	5%	-5.4%
Fundraising (\$)	4.5MM	5.0MM
Fundraising (% of revenue)	6.6%	6.9%
Enrollment	4,596	5,116
Staff	641	701
Schools	10	11
Benefits (YOY Change)	5%	16%
TRS (% of salaries)	21.14%	19.06%

We estimate a 3.0% increase in public per pupil revenue as a result of an 5.4% decline in per pupil rate and an increase in enrollment

	FY20	FY21	Change
Students	4,596	5,116	11.3%
Per Pupil \$	\$12,329	\$11,659	-5.4%
Total	\$57,896,643	\$59,645,605	3.0%

- Per pupil declines stem from dramatic declines to state revenue (14%+), slightly offset by growth in local tax revenue

Tentative FY21 scenario is balanced, and leadership will begin redesign work for following years in the fall

	FY19A	FY20F		FY21B	
	\$	\$	%Δ	\$	%Δ
Revenue					
State/Local	43,695	57,897	33%	59,646	3%
Other	6,622	7,097	7%	8,228	16%
Total Revenue	50,317	64,994	29%	67,874	4%
Expenses					
Personnel	41,638	50,403	21%	54,077	7%
Direct Student	5,746	5,562	-3%	6,025	8%
Transportation	1,711	1,693	-1%	2,296	36%
General/Admin	3,011	4,646	54%	5,255	13%
Facilities	4,011	6,388	59%	5,220	-18%
Total Expenses	56,117	68,691	22%	72,874	6%
Net Operations	(5,800)	(3,698)	-36%	(5,000)	35%
Fundraising	4,837	4,711	-3%	5,000	6%
Net Surplus/Deficit	(964)	1,013	-205%	0	0%
Schools	9	10	11%	11	10%
Employees	499	643	29%	701	9%
Scholars	3,915	4,635	18%	5,116	10%
Revenue/Scholar (Pre-Philan.)	\$ 12.9	\$ 14.0	9%	\$ 13.3	-5%
Revenue/Scholar (Total)	\$ 14.1	\$ 15.0	7%	\$ 14.2	-5%
Expense/Scholar	\$ 14.3	\$ 14.8	3%	\$ 14.2	-4%

In thousands

THANK YOU

