

**KIPP New Orleans Schools
Finance Committee Meeting
June 11, 2024**

A public meeting of the finance committee of the board of directors of KIPP New Orleans Schools (“KNOS”) was held in person at the KNOS School Support Center on June 11, 2024, at 11:07 a.m.

The following members of the committee were present: Reggie Jackson and Barrett Green. A quorum was established when Mr. Jackson arrived at 11:45 a.m. Board member Danielle Willis called into the meeting to participate virtually, but she did not participate in voting matters because she was not present in person. The following KNOS staff members were present: CFO Katie Walmsley, CEO Rhonda Kalifey-Aluise, Director of Accounting Rebecca Guarino, and Director of Accounting Maura Redden.

Mr. Green called the meeting to order at 11:07 AM. Ms. Walmsley began her CFO report by reporting that the organization forecasts to end the 2023-2024 fiscal year around \$300,000 over budget, largely due to additional revenue from the Louisiana Department of Education for prior year career/technical education courses that they originally undercounted and due to grants from the KIPP Foundation. Ms. Walmsley named that there are some remaining timing questions as to when some of revenue will be received, which she stated that the team will manage through in the coming weeks.

Ms. Walmsley then turned to the 2024-2025 budget, stating that the organization projects a contraction of about \$6.5 million compared to the 2023-2024 forecast. This budget is driven by an \$11 million drop in non-recurring revenue sources as COVID relief funds run out, offset partially by an increase in recurring property tax revenue for schools. Ms. Walmsley stated that KNOS’s projected student enrollment for 2024-2025 is down about 64 students overall compared to the current year, with decreases concentrated in the primary grades potentially due to declining birth rates. She confirmed that the enrollment projection was revised down further from the prior estimate in April.

On the expense side for 2024-2025, Ms. Walmsley described that the largest reductions will be in salaries/stipends/benefits, with stipends substantially lower as COVID retention bonuses end. The budget reduces stipends further given that it does not include a continuation of certificated and non-certificated educator stipends because the Louisiana legislature had not yet confirmed them. Ms. Walmsley stated that the management team had been working to identify efficiencies in various services and supplies, strategic reductions, and priorities in the strategic planning process, which are also made manifest in the budget proposal. She discussed other challenges including rising insurance costs, facility maintenance funding shortfalls, and the need for more efficient utilization of school buildings given declining enrollment in some areas, particularly at Booker T. Washington High School.

Ms. Willis asked whether management is looking to reduce variable costs in light of declining enrollment, particularly in staffing, and encouraged management to do so. Ms. Kalifey-Aluise responded affirmatively, and she engaged the committee in a discussion of the city’s school building footprint in Central City as well. The committee discussed the need to engage OPSB and superintendent Avis Williams toward the urgency and importance of portfolio and facility strategy in Central City given its demographic challenges and the necessity of financial economies of scale for maximizing academic and extracurricular investment.

Ms. Walmsley concluded her CFO report and FY25 budget preview by summarizing potential upsides and risks to the 2024-2025 budget projections, namely final enrollment, grant revenues, efficiencies in

transportation and nutrition services, and investment returns from excess cash balances. Before the meeting adjourned, Mr. Green motioned to approve the meeting minutes from April 11, 2024 at 12:34 PM, and Mr. Jackson seconded. The minutes were approved. Ms. Willis abstained, given that she was not present at the meeting in person.

Mr. Jackson adjourned the meeting at 12:35 PM.