

**KIPP New Orleans Schools
Finance Committee Meeting
February 19, 2025**

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 February 19, 2025, at 8:03 a.m.

The following members of the Finance Committee were present: Reggie Jackson, Barrett Green, and Danielle Willis. A quorum was established. The following KNOS staff members were present: CFO Katie Walmsley, CEO Rhonda Kalifey-Aluise, Directors of Accounting Maura Redden and Rebecca Guarino, and Director of Accounts Payable and Purchasing Alisha Saul. Director of Budget Planning and Fund Administration Kristen Horwood attended virtually. Director of Community & Governmental Relations Cerise Martin attended virtually. One guest was present: Jeremy Thibodeaux of Ericksen Krentel, LLP.

The meeting is called to order at 8:03 a.m.

Barrett Green motioned to approve meeting minutes from December 11, 2024, meeting and Reggie Jackson seconded the approval of the minutes.

Ms. Walmsley began her CFO report with an overview of the organization’s financial position, highlighting revenue shortfalls and ongoing budgetary constraints. She noted that while the organization maintains a fund balance above the required 10%, projections indicate a decline from 25% to approximately 22-23% due to necessary financial adjustments.

Ms. Walmsley detailed significant financial pressures stemming from property tax (ad valorem) and sales tax revenue discrepancies. The school board’s funding model contained two key miscalculations: an unadjusted property assessment valuation and an overestimated tax collection rate of 96%, while actual collections have fallen to 90%. Additionally, NOLA PS initially disbursed per-pupil funding at \$9,450—below the anticipated \$9,800-\$9,900 range—while committing to a future true-up that has not materialized. Recent board estimates now suggest a per-pupil rate of \$9,200, a figure at odds with property reassessment data.

Further compounding fiscal uncertainty, the city has reported a 1% year-over-year decline in sales tax revenue, despite some broader economic trends that had suggested growth. Concerns remain regarding the new tax collection system’s reliability and the accuracy of sales tax allocation. A proposed settlement aimed at resolving the funding shortfall recently fell through, escalating the matter to litigation. However, NOLA PS is considering the distribution of \$25 million from its fund balance to provide short-term relief to schools, with this organization potentially receiving \$3.2 million—pending board approval by March 20th.

The organization faces a projected \$5.5 million shortfall through June 30th of the current fiscal year and anticipates a \$15 million contraction for the upcoming budget cycle, driven by revenue reductions and the expiration of one-time federal grants. Leadership has acknowledged that workforce reductions will be necessary, as personnel costs represent the most significant expenditure. Additional cost-saving

measures under consideration include facility closures, seeking rental income opportunities, and revisiting operational efficiencies.

Programmatic changes are also under review for the next fiscal year. Potential reductions include scaling back co-teaching models, administrative restructuring, and modifications to instructional partnerships. The committee discussed cost-saving options in student transportation, including questions about the feasibility of transitioning high school students to public transit (RTA) and analyzing the potential financial impact of owning and maintaining a bus fleet.

The committee deliberated on whether to preserve the organization's testing preparation strategies such as tutoring —total expense of approximately \$1 million —or allocate additional fund balance resources to maintain student performance levels. Discussions also centered on defining an acceptable minimum fund balance threshold moving forward, recognizing the need for long-term financial sustainability.

Ms. Walmsley concluded the report with a brief update on the ongoing OPSB superintendent search. Applications remain open until March 16th, with at least two known candidates expressing interest. Further updates will be provided as the process advances.

Mr. Green adjourned the meeting at 9:30 a.m., seconded by Mr. Jackson.