

## KIPP Metro Atlanta Schools Finance Committee Meeting Minutes

Wednesday, January 17, 2024

8:30 a.m.-10:30 a.m.

*This meeting was held virtually due to National Weather Service alert.*

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**Committee Members in Attendance:** Catherine Mealor, Dennis Love, Hector Calzada, Tom Avery

**Committee Members Absent:** Craig Jones

**Board Members Present:** Richard Deane

**Regional Staff Members Present:** Justin Anderson, Kimberly Foster, Kirsten Perdue, Posh Joseph, Mini'imah Shaheed, Nikki Goodson, Ra'Chel Ford, Terra Walker

**Guests Present:** None

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*The meeting was called to order at 8:32 a.m.*

**I. Mission Moment**

- Ra'Chel Ford shared insights regarding the One Team Home Coming Celebration at KIPP Atlanta Collegiate High School
- Ra'Chel Ford welcomed Justin Anderson as our new CFO to his first official Finance Committee meeting. Explained Justin would be observing today as he finished out his onboarding and that Ra'Chel would continue her role as proxy supporting Finance team while Kelly Shields continued working in the background until January 31, 2024.

**II. Consent: Prior Minutes**

- Hector Calzada called for motion to approve 10/18/2023 minutes, Hector noted the audit and comfort with the language of the opinion. Tom Avery moved to approve and Dennis Love seconded. Approved unanimously.

**III. Shared Service Fee**

- Ra'Chel Ford reviewed the shared services fee pre-reads and updated the committee on the documented process. Highlighted that the shared service fee process documentation was committed by Kelly Shields as a follow up deliverable to the committee following the audit. Also confirmed the shared service fee is based on enrollment, which is a concept of allocating based on headcount. This framework is being documented for future processing and for audit purposes. Reported that auditors have confirmed that they are onboard and aligned with the allocation process followed by KMAS.

**IV. Procurement Requests**

- *Security Weapons Abatement Screener* – Kimberly Foster presented request to purchase. Recommended to committed to purchase Open Gate. Reviewed the following three vendors and provided overview for each and overall rationale for Open Gate.

Vendor	Price	Rank	Notes
CEIA OpenGate Systems	\$339,913 (\$25,106 per unit)	1	One unit per school/building arrival entrance plus one each KWPA & KAC; multifunctional due to portability (moved to several areas; classrooms, gym, cafeteria, outside, etc). Includes training for all staff; self-service troubleshooting for trained staff. APS is using OpenGate and therefore shared learning opportunities with APS PD
Garrett Metal Detectors	\$14,460 per unit	2	Less aesthetic; less data available from the units (only provides same day data-does not store data); not as portable (i.e. limited to front entrance)
Adapt to Solve	\$78,457 per unit	3	This is \$10k more than KAC purchase last year. Only allows for one unit per building and no KWPA or KAC

- Kimberly Foster and Ra'Chel Ford answered various questions from committee members. Kimberly Foster responded and confirmed the following:
  - Purchasing a total of 14 units,
  - The recommended system will work the same as the current system at KAC, the recommended system will have a service/warranty element,
  - Kimberly Foster will serve as our system administrator and will control access to the system and provide clearance for reviews, sub administrators would be assigned to Directors of Operations.
  - Kimberly Foster corrected a misconception stated by Ra'Chel Ford related to Open Gate and Adapt to Solve's operating system; Kimberly confirmed that both run on the same system. Adapt to Solve is a little bit more sophisticated in terms of security setting but limited on the ability to be mobile and it's ability to be reused quickly. OpenGate has been in existence for several years – it is not new to market.
  - The other fees included in the OpenGate costs are training fees (\$2500 for training)
  - The funding source is the state security grant
- Tom Avery motioned to approve purchase of open gate \$339,913 and Dennis Love second. Approved unanimously. Motion stands approved.
- Staff Bonus – Terra Walker presented request for each staff member to receive \$1,000 bonus on January 24, 2024 in response to Governor's Kemp's announcement (\$1,000 bonuses for school employees) based on the enrollment-driven QBE formula. Cost of \$478,000 net of anticipated revenue and \$848,000 gross.

Terra Walker shared the rationale for including all staff driven by the QBE formula exclusion of key roles and need to align with competitor districts (APS, Fulton). Tom Avery noted importance of communicating to staff that the bonus is not part of the KMAS benefits model and should be expected to continue into the future.

Terra Walker answered questions from the committee and responded:

- Confirmed funding source would be state supplemental funds, plus operating budget (favorable benefits forecast) based on the budget for next year.
- Confirmed that this recommendation aligns with APS and FCS.
- Confirmed that as far as we understand there is no change to the state's funding formula and that the final revenue model from our district partners late but we do contingency planning until after we set the budget.
- Catherine Mealor motion to approve the staff bonus payment of \$1,000 on January 24, 2024, and Dennis Love second. Approved unanimously. Motion stands.

## V. FY25 Budget: Revenue Update

- Ra'Chel Ford shared that the Finance team have rolled into the next year's budget season. At this point of the year, we update our per pupil revenue projections. While much of the inputs are determined, some important variables, like APS's tax digest, use of fund balance, and items that might be approved in the legislative session are to be determined.
  - i. Based on the data that is known and our best estimates, we expect a 4.3% increase to our per pupil revenue next year, which is inclusive of a 5% contingency.
  - ii. We were expecting a significant increase from increasing our health insurance participation. An increase of 25% (87) of certified employees' participation is garnering \$4.3MM. We are finalizing our plans to ensure we have strong retention of those staff members in the plan for the upcoming school year and beyond and will be prepared to share with the board at the next meeting. Additionally, we plan to schedule a meeting with Hector and our benefits manager to review in detail the forecasted increase – this meeting will take place in by the end of next month.
  - iii. However, in FY24 APS budgeted to use a significant amount of its fund balance (\$45MM), and our initial estimate is that APS will not use any fund balance next year, which erodes \$3.5MM from our revenue. Our personnel data (CPI) is increasing by \$2.3MM from an increase in the number of certified positions we have, natural increases in our teachers experience, and an assumed increase in the state teacher scale.
- Additional discussion from committee members:
  - Discussed and confirmed that the millage rate was listed as a threat to the budget revenue purely as good prudent conservative measure but in all the years of doing the budget forecast, APS has not done anything with the millage rate
  - Discussed and confirmed on health insurance, KIPP is still getting benefit between state allocation costs ceiling and we were getting higher participation, netting to KIPP's benefit.

## **VI. Standing Agenda – Enrollment Update**

- Kirsten Perdue shared an update on enrollment.
- Shared update on our new year 2 marketing strategies (radio advertising, new placement of billboards, social media and mailers) are having an impact on lottery applications and re-enrollment. We are above pace for both compared to this time last year.
- We are assessing the current applicant pool for 24-25SY, seeking conversion for immediate starts. We are continuing to track reasons for scholars leaving in mid-year and have responded to the highest listed reason of transportation by starting a new pilot program to address the issue. We are using Everdriven to provide differentiated and targeted transportation support to scholars with transportation as a barrier to staying enrolled and for chronic absenteeism.
- FY24 budgeted enrollment is 5,442
- At 5449 budget, we currently at 100.1% to budget;

## **VII. Standing Agenda - Endowment Update**

- Ra'Chel Ford presented the update on Endowment and shared that the Endowment Committee will meet next Monday to review the portfolio's performance.
- Ra'Chel Ford also shared that The KIPP Metro Atlanta Board voted to approve the Bylaws, and since then the KIPP MAC Endowment Fund entity has been registered with the Secretary of State, so the entity exists. It is not yet a non-profit, not until the IRS and we know applications are taking a long time to be processed - they're currently processing applications submitted 8.5 months ago, so we will continue to monitor the situation

## **VIII. Standing Agenda - FY24 Financials/Fund Balance**

- Ra'Chel Ford provided an update on FY24 financials. We have 4.7 months operating cash, P&L in line with expectations through November. Per pupil has been adjusted showing we will not use budgeted contingency. Favorability is accumulating from benefits but not yet recognized in our forecast.
- A new forecast will be distributed to the Committee in March to include the new greenlit expenses as we monitor our surplus for the year.
- The second page of the financial statement document is a snippet of a preliminary dashboard we're working on to increase the rigor of the data available to the Committee.
- Questions from the committee about Fund Balance were answered:
  - i. Justin Anderson will analyze how to leverage the dollars
  - ii. There has not been a decision on how to allocate the McKenzie Scott funds and there were no timelines or restrictions placed on the donation. Mini'imah Shaheed confirmed that this will be part of the work Justin will complete with Salim and it will be presented in April to the committee.

## **IX. Standing Agenda - CARES Reimbursement/CARES Dashboard**

- As a reminder, APS's team has experienced significant turnover, new posture of increased and intense compliance. For example, they communicated an aggressive internal deadline of February instead of September 2024 for reimbursement. The whole APS charter community is pressuring APS to find a compromise. We are partnering with our advocates in the Charter Office.
- We have submitted \$866K of \$4MM requests as of last week, all since mid-November when we were greenlit to proceed; we've been reimbursed \$221K. We've since

submitted another \$75K, that is yet not reflected in our report out.

- APS FY23 recordkeeping disagrees with ours; we reconciled budgets for all schools besides KWPA; being shorted \$186K. Matt Underwood is helping us to schedule a handoff meeting with Kelly Shields and Ra'Chel Ford to introduce Justin at which time we will ensure the conversation resumes and does not start over. We are seeking to close this out shortly and we will create a contingency (worst case scenario plan) just in case we are unable to get them to reimburse us the \$186K.
- The committee asked us to create a step-down plan for after CARES expires and we have done so.
- Because we know CARES is going away after this fiscal year, our plan to mitigate the drop in revenue is in expense savings in FY25's budget. Although we won't share FY25 budgeted expenses with you until next meeting, we wanted to preview our initial thinking to mitigate the fiscal cliff: we are not planning for our retention/hiring bonuses; and we know we over budgeted for our medical insurance in FY24.
- By capturing \$2MM of that cushion and reducing our bonuses, our organization can remain whole despite the complete reduction of CARES funding.

**X. Meeting Close**

- Hector Calzada ended the meeting and thanked the team for their hard work as always and especially during the transition.

*Catherine Mealar left the meeting at 9:39 am. Additional informational updates were provided to remaining participants, but no committee business occurred.*

*The January 17, 2024 Finance Committee meeting was adjourned at 9:55 a.m. Minutes taken by Poschelana Joseph, Controller.*