

# IDEA SOUTHERN LOUISIANA

SOLA BUDGET PRESENTATION  
5/14/20



# Goal of the Budget Process

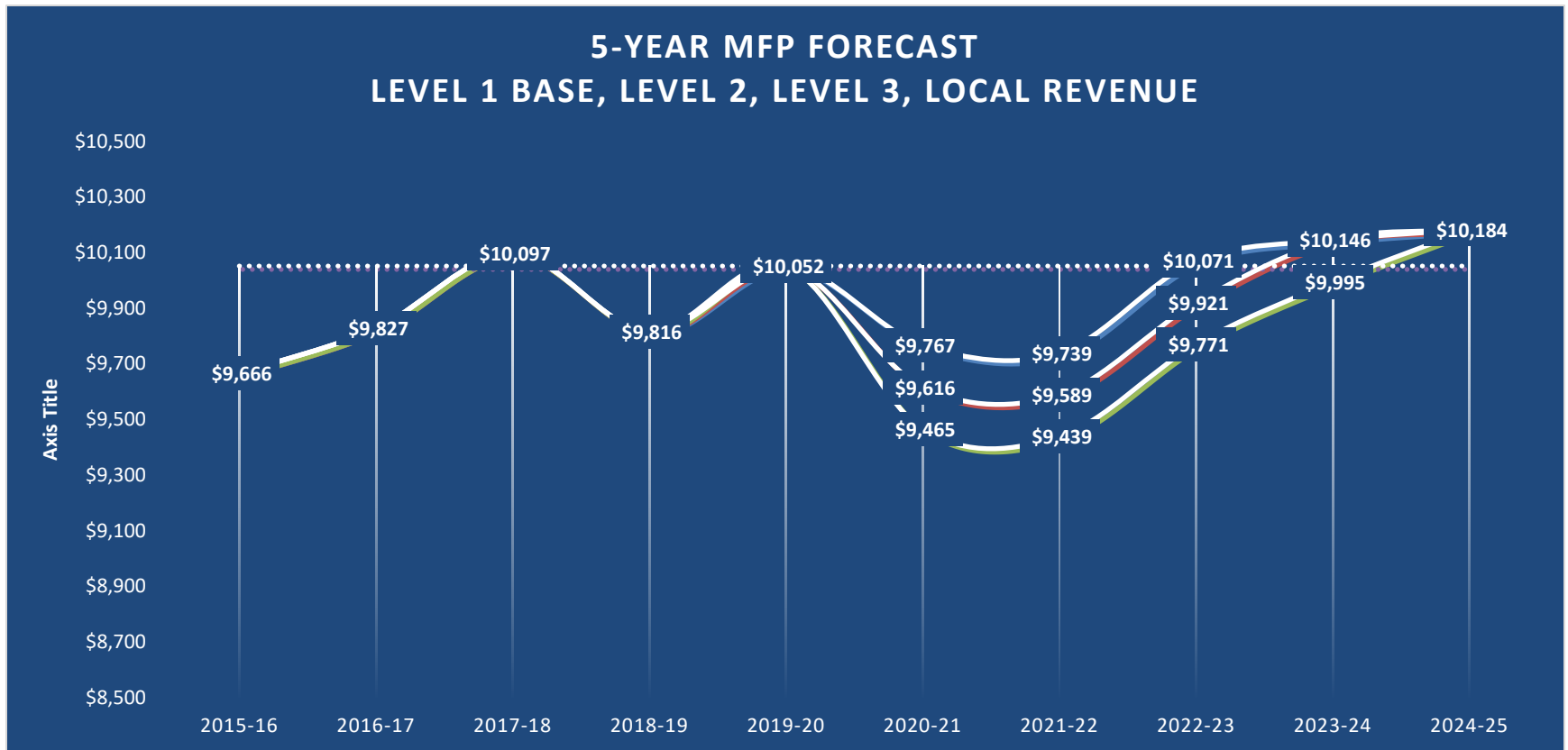
To craft a budget that ensures:

1. All IDEA Louisiana schools on track to receive an “A” on accountability in 2020-21
2. On-time opening of fully enrolled campuses in Baton Rouge, New Orleans, and Jefferson Parish
3. Retirement of \$1.5 million in debt to IPS
4. A budget surplus that leaves our region well positioned to withstand projected revenue shortfalls in the next 3 fiscal years

# Conservative Approach to Budgeting and Financial Forecasting

- The State projects that local and state revenue will decline significantly between the end of this year and next year
- Estimate 4-7% reduction in overall PPR or \$300-600 per student next year
- Reduced sales taxes, high unemployment, and low price of oil point to a very sluggish economy for the next 3 years
- Schools have been advised to take conservative approaches to budgeting and financial forecasting – “take the worst case scenario, look at the multi-year impact, and plan your major capital expenditures, cash flow management, fund balance spending, and supplant strategies accordingly”

# Forecasting Revenue in Louisiana



# Goal: All IDEA Louisiana schools on track to receive an “A” on accountability in 2020-21

Ensure each core content area (and primary curriculum) have regional roles to support teachers, leaders, and schools

- Add ELA Curriculum Support Manager (**newly funded**)
- Re-assign Math Coach to Math Curriculum Support Manager
- Redefine CM role to include 40% in-field coaching

# Goal: On-time opening of fully enrolled campuses in Baton Rouge and New Orleans

Budget includes CSP funding for Baton Rouge #3 and Jefferson Parish #1

Starting with conservative approaches to each

# Priority items unfunded or delayed

## Items not included in the current pro forma budget

1. Some co-teaching and operations positions based on anticipated enrollment growth
2. Reduced marketing and student recruitment investment
3. Reduced National Institute for Direct Instruction contract (supports Direct Instruction curriculum in grades K-2)
4. Regional positions removed (HR Business Manager, RDIC)
5. Reduced Principal Discretionary
6. Reduced 2 PIRs in Baton Rouge

## Items included but will be delayed

1. Raises – teacher step increases and 3% merit increases
2. Bonuses – all performance pay, incentive pay and Teacher Career Pathway

# SOLA Enrollment & PIR Assumptions

## Original Projected Enrollment:

2,236 Students

1,008 Bridge

- 4 Sections at K-8

780 Innovation

- 4 Sections at K-2, 7-8
- 3 Sections at 3-4
- 2 Sections at 6

448 Oscar Dunn

- 2 Sections at 1-2, 5

Principals in Residence (PIR)

- 4 EBTR
- 2 NOLA

## Current Projected Enrollment:

**2,040** Students

1,008 Bridge

- 4 Sections at K-8

**696** Innovation

- 4 Sections at 1-2
- 3 Sections at K, 3-4, 7-8
- 2 Sections at 6

**336** Oscar Dunn

- 2 Sections at 1-2, 5-6
- 1 Section at K, 3-4, 7

Principals in Residence (PIR)

- 2 EBTR
- 2 NOLA (Jefferson Parish Funded)



IDEA New Orleans	2019-20 PRO FORMA	PER ADA	ORIGINAL 2020-21 PRO FORMA	PER ADA	% Chg	CURRENT 2020-21 PRO FORMA	PER ADA	% Chg
	BASE CASE	150	BASE CASE	448	199%	BASE CASE	336	124%
STATE REVENUE	1,469,721	9,798	4,558,220	10,175	210%	3,219,426	9,582	75%
ALL OTHER REVENUE	1,920,913	12,806	984,704	2,198	-49%	1,427,356	4,248	-28%
<b>TOTAL REVENUE</b>	<b>3,390,634</b>	<b>22,604</b>	<b>5,542,924</b>	<b>12,373</b>	<b>63%</b>	<b>4,646,782</b>	<b>13,830</b>	<b>21%</b>
CAMPUS EXPENSES (Staff Contracted Service)	1,228,037	8,187	1,848,755	4,127	51%	1,615,419	4,808	8%
<i>Bonus</i>	48,255	322	78,676	176	63%	76,178	227	58%
CAMPUS (Discretionary)	418,015	2,787	954,778	2,131	128%	665,146	1,980	28%
AUXILIARY CAMPUS (Staff Contracted Service)	287,068	1,914	505,505	1,128	76%	324,640	966	-12%
AUXILIARY CAMPUS (Discretionary)	249,705	1,665	479,357	1,070	92%	479,357	1,427	67%
<i>Facilities Leases</i>	15,000	100	15,000	33	0%	15,000	45	0%
<i>Bus Leases</i>	26,100	58	26,100	58	0%	26,100	78	-62%
REGIONAL EXPENSES (Staff Contracted Service)	183,596	1,224	381,831	852	108%	370,543	1,103	206%
<i>Bonus</i>	40,190	268	33,355	74	-17%	32,296	96	-20%
REGIONAL EXPENSES (Discretionary)	340,328	2,269	385,328	860	13%	285,225	849	-42%
CNP EXPENSES (Staff Contracted Service)	91,536	610	118,710	265	30%	118,710	353	30%
CNP EXPENSES (Discretionary)	116,116	774	337,792	754	191%	337,792	1,005	191%
<i>Management Fee</i>	73,486	490	227,911	509	210%	160,971	479	50%
<b>TOTAL EXPENSES</b>	<b>\$ 3,117,431</b>	<b>20,783</b>	<b>\$ 5,393,097</b>	<b>12,038</b>	<b>73%</b>	<b>\$ 4,507,378</b>	<b>13,415</b>	<b>20%</b>
OPERATING INCOME	\$ 273,203		\$ 149,827			\$ 139,404		
OPERATING INCOME TARGET	\$ 169,532		\$ 166,288			\$ 139,403		
Amount over/(under) target	103,671		(16,461)			0		

Cumulative Total	Amount	5.10.20 IDEA New Orleans 2020-21 Pro forma Walk Forward
		<b>CONFIRMED UPDATES IN GREEN</b>
-\$16,461		<b>Original Base Case Difference from Operating Income Target of \$166,288, 3% of Revenue (-\$16,461 at \$149,827)</b>
		<b>Revenue Reductions</b>
-\$1,151,032	-\$1,134,571	Proposed reduction to enrollment in 2020-21 112 students, 25% enrollment from 448 to 336
<b>-\$1,355,255</b>	<b>-\$204,223</b>	<b>6% Reduction to Minimum Foundation Program (MFP), state and local revenue (assuming 336 enrollment)</b>
		<b>Expense Increases</b>
-\$1,773,181	-\$417,926	4 Teachers, 5 Co-Teachers Difference between SoLa Requested Roster and Current Roster
-\$1,789,994	-\$16,813	ELA Curriculum Manager, RAP5 Low at 20%
		<b>Revenue and Operating Income Target Enhancement</b>
-\$1,651,109	\$26,884	Decrease to Operating Income Due to Lower Revenue (3% of \$1.3M Reduction, includes CARES Act and CSP)
-\$1,677,994	\$112,000	CARES Act Funding
-\$1,320,457	\$330,652	CSP 2019 Revenue for Jefferson Parish Site 1, 2 PIRs, 2 Founding Teacher Fellows, \$100K Marketing
		<b>Expense Reductions</b>
-\$1,253,518	\$66,940	Management Fee Reduction (5% of State/Local Revenue)
-\$1,225,418	\$28,100	New Regional - 2 FTEs at 13% (HR Manager, Project Manager)
-\$1,107,262	\$118,156	Freeze all bonus, performance pay and incentive pay (80% attainment)
-\$1,098,032	\$9,230	Teacher Step Increase
-\$1,058,654	\$39,378	3% Merit Increase from 2019-20 to 2020-21 for all permanent staff
-\$877,789	\$180,865	Reduction of New Auxiliary Service Staff, 2 Bus Drivers, Business Clerk, Custodian, Food Service Specialist
-\$644,453	\$233,336	Reduction of 1 teacher per section short (4)
-\$514,673	\$129,780	Reduction to Principal Discretionary Budgets for 112 Reduced Enrollment
-\$354,821	\$159,852	Reduction to Principal Discretionary Budgets per Student (\$400/ADA Academy, \$800/ADA in College Prep)
-\$254,718	\$100,103	Reduction to Marketing up to \$100,103 (from \$144,103 to as low as \$44,000)

Cumulative Total	Amount	5.12.20 IDEA New Orleans 2020-21 Pro forma Recommended Walk Forward
		<b>Expense Increases</b>
-\$263,948	-\$9,230	Teacher Step Increase
-\$303,326	-\$39,378	3% Merit Increase from 2019-20 to 2020-21 for all permanent staff
-\$417,926	-\$114,600	Freeze all bonus, performance pay and incentive pay (80% attainment) \$118,156 Original, \$114,600 Current
		<b>Expense Reductions</b>
\$0	\$417,926	4 Teachers, 5 Co-Teachers Difference between SoLa Requested Roster and Current Roster
Cumulative Total	Amount	Potential Expense Increases
		Personal Protective Equipment (Potential 75% FEMA Reimbursement)
		Increased facilities expense to support disinfection supplies and activity (Potential 75% FEMA Reimbursement)
		Increased transportation fuel and maintenance expense, increased routes with A/B Day or AM/PM rotation (30% increase to current operating expense)
		1:1 Student Technology Initiative (Student equipment + Computer Technician per 1,200 units) - CapEx Expense for cabling and networking NOT included here (\$80K per campus)

# Enrollment and Principal Discretionary Budgets

2020-21 Budgeted Enrollment		K	1	2	3	4	5	6	7	Total
ORIGINAL	Oscar Dunn	56	56	56	56	56	56	56	56	448
<b>CURRENT</b>	<b>Oscar Dunn</b>	<b>28</b>	56	56	<b>28</b>	<b>28</b>	56	56	<b>28</b>	<b>336</b>

CAMPUS DISCRETIONARY	20-21 Scale	20-21 Exp Per ADA	20-21 ADA	2020-21 Discretionary Operating	2020-21 Discretionary Staffing	2020-21 Total Discretionary Budget
<b>ORIGINAL</b>						
IA Oscar Dunn	IA2	\$801	328	\$262,728	\$79,649	\$342,377
ICP Oscar Dunn	CP2	\$1,500	109	\$163,500	\$29,103	\$192,603
<b>TOTAL</b>			<b>437</b>	<b>\$426,228</b>	<b>\$108,752</b>	<b>\$534,980</b>
<b>CURRENT</b>						
IA Oscar Dunn	IA2	<b>\$400</b>	252	\$100,800	\$48,869	\$149,669
ICP Oscar Dunn	CP2	<b>\$800</b>	84	\$67,200	\$26,198	\$93,398
<b>TOTAL</b>			<b>336</b>	<b>\$168,000</b>	<b>\$75,067</b>	<b>\$243,067</b>

# Principal Discretionary (DISC)

## Operating Expenses

- Supplies for students and instructional staff
- Professional development and contracted services, including substitutes through Charter Substitute Teacher Network (CSTN)
- Staff and student travel
- AR Zone Books
- Discretionary software licenses
- Student recruitment
- Family & Community Engagement events
- Signage
- Copier lease
- *Facilities Expenses – if they are discretionary purchases or the facilities budget exceeds target*

## Staff Expenses

- Teacher extra-duty
- Co-teacher overtime
- Front office staff overtime
- **Tutors**
- Lunch Monitors, Recess Monitors, Bus Monitors and **School Monitors**
- **Part-time Student Recruiters**
- Discretionary stipends (extracurricular)
- Summer School compensation
- [Tuition reimbursement](#)
- Off-model FTEs (funded through Principal Discretionary Budget)

# Revenue - NOLA

\$3,219,426	Minimum Foundation Program (MFP)
\$630,652	Charter School Program Replication & Expansion Grant
\$456,502	Child Nutrition Program
\$64,500	New Schools New Orleans
\$121,376	Title I
\$112,000	CARES Act
\$265,351	Other (E-Rate & Local Student Based Activity Accounting)
<b>\$4,869,807</b>	<b>Total Revenue</b>

Conservative MFP assumption of 98% student enrollment at October snapshot and 10% student attrition by February snapshot

# Expense Highlights - NOLA

\$2,134,947	School Compensation (including Auxiliary)
\$402,839	Regional Compensation
\$830,097	Transportation & Maintenance
\$15,000	Rent
\$160,971	Management Fee (5% of State and Local Revenue)

# Regional Staff Assumptions

New Regional Staff Support:

- Math Curriculum Manager (formerly Math Coach)
- ELA Curriculum Manager



# Board Budget Approval Process

- **May 12 (BR)** and **May 14 (NOLA)** finance committee budget review
- **May 19 (BR)** & **May 21 (NOLA)** - First formal budget presentation to the board of directors (*notice of meeting published in the paper at least 10 days prior to the meeting*)
- Budget available for public inspection on website after each meeting
- **June 9 (NOLA)** and **June 14 (BR)** budget approval by board of directors