



# **Planning Grants for School Replication & Expansion 2017-18 Application**

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## **Overview**

Great MN Schools makes strategic investments to support high-performing and high-potential schools, providing the expert guidance, funding and technical assistance needed to create a community of great schools.

Great MN Schools (GMS) forges partnerships that maximize the potential of proven and promising schools. We help successful schools grow to serve more kids, support improvement strategies for schools that show promise, and foster the development of innovative schools and strategies. In partnership with MN Comeback, we will increase access to great schools and close the opportunity gap for Minneapolis kids. As a key strategy for realizing our vision that all Minneapolis children be served by rigorous and relevant schools, GMS will make investments in select high-performing schools that wish to replicate and/or expand in the city. For charter schools, this may (but is not required to) include development of a Charter Management Organization (“CMO”)—a nonprofit entity that launches and operates multiple schools.

GMS’ intention in supporting “homegrown” replication, expansion, and CMO development is to enable outstanding leadership teams to have their proven school models reach more Minneapolis students. This has been shown to be an effective method for starting and growing high-performing schools in other cities, but has only recently begun to emerge as part of the Minneapolis K-12 education landscape.

GMS funding for the replication and/or expansion of high-performing schools will be made in two connected phases.

- First, schools that make it through an initial screening will be eligible to apply for “Business Planning Grants” of up to \$75,000 to help them develop a comprehensive, multi-year business plan. The grant amount will reflect the size of the potential growth envisioned, and resulting complexity of the planning process.
- Second, if an applicant successfully develops a business plan, GMS will consider making a multi-year “Growth Investment” to support the school’s proposed replication and/or expansion (including CMO development, if appropriate). To receive a Growth Investment, an applicant will need to agree to certain performance milestones and reporting requirements.

## **Eligibility**

Planning Grant applications are by invitation only. Generally, schools must have at least three years of operating history and proven student outcomes to be considered. (GMS may consider a grant to a school with two years of history and outcomes in special circumstances.)

If you need more information, please contact Morgan Brown at [mbrown@greatmnschools.org](mailto:mbrown@greatmnschools.org)

## **Application Process & Timing**

The Planning Grant and Growth Investment application processes will occur in two phases as follows:

### **Phase One:**

- GMS staff conducts initial screening (including school visit).

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- GMS extends an invitation to a qualified school applicant.
- School applicant submits a business planning grant proposal that includes a rationale and timeline, the consultant(s) to be utilized (including the associated scope of work) and a detailed budget.
- School begins the strategic planning process. GMS staff meets with the school's Board of Directors to ensure shared understanding of planning deliverables. GMS staff also initiates due diligence process (participate in planning sessions, conduct data review, observe classrooms, etc.) and provides feedback on drafts of the plan and financial model.
- School submits its completed business plan and financial model to GMS along with other requested information for review and consideration.

Planning Grant applications are accepted on a rolling basis. The typical planning process lasts four to six months. Please note that GMS will be in close contact with schools and their consultants throughout the planning process.

### **Phase Two:**

GMS is currently finalizing the Phase Two process. In this phase, the school can expect GMS to conduct additional due diligence in areas identified during the planning process and the school will develop milestone goals and an expansion funding request to submit to GMS. The school leadership and board chair will be asked to present and defend the plan, milestones, and funding request prior to the GMS team making a recommendation for a Growth Investment to the GMS Board of Directors. Any funding recommendation would be designed to support execution of the growth plan, and likely provide assistance over multiple years.

**Important:** Schools should develop timelines that recognize the need for a "preparation period" prior to execution of the replication/expansion. For instance, a Planning Grant awarded by January 2018 would support the development of a business plan by summer 2018 that helps the school prepare during the 2018-19 school year for execution of the replication at the beginning of the 2019-20 school year. The Phase Two timeline between the submission of a business plan by a school and the awarding of Growth Investment funding by GMS is a minimum of three months, and could be substantially longer, depending on the level of adjustments needed and the milestones negotiation process.

### **Business Planning Grants**

To be considered for a Growth Investment in Phase Two, GMS requires each applicant to submit a comprehensive business plan that describes the school organization and growth plans in detail.

In addition to being a requirement of GMS, a business plan is an essential tool to help a school (or CMO) articulate, navigate and execute growth effectively and should be written with that as the primary purpose. GMS understands that business plans will take diverse forms and encourages applicants to create business plans that reflect their unique culture, values, vision, and strategy.

GMS makes business planning grants of up to \$75,000 available to applicants. The grant amount will reflect the size of the potential growth envisioned, and resulting complexity of the planning process. These grants are designed to cover the additional expenses that schools often incur to go through the business planning process, including the following:

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- 1) Outside consultants to facilitate the business planning process and share relevant expertise,
- 2) Outside consultants (or accelerated/temporary staff hires) to free the leadership team to focus on business planning, and
- 3) Site visits to high-performing schools and/or CMOs outside of Minnesota.

Each business plan will need to address the topics outlined in the Business Plan Requirements section below in order to be considered for Growth Investment funding in Phase Two.

To apply for a Business Planning Grant, applicants who are invited by GMS should submit an application narrative (approximately 2-3 pages long) that includes the following:

- The roles of the school's leadership team and board of directors in the development of the business plan, including which individuals will participate directly in the planning process;
- Timeline and key milestones for completing a business plan;
- Name(s) of outside consultant(s) to be engaged in the business planning process (with their full written proposal and resume(s) attached);
- Names and roles of any staff to be hired (temporarily or permanently) to allow the leadership team to focus on business planning;
- Proposed site visits to schools and/or CMOs outside of Minnesota;
- Itemized budget covering all of the above (as an attachment);
- Signatures from both the board chair and the school / CMO leader indicating a shared commitment to pursuing growth; and
- For charter schools, a letter from the school's authorizer supporting the school's initiation of the business planning process (as an attachment).

**Note:** GMS will provide information about recommended consultants with experience facilitating a strategic planning process. Applicants are welcome to use a consultant referred by GMS or find their own planning support.

### **Business Plan Requirements**

When considering whether or not to engage in the planning process, please consider GMS' requirements for Growth Investment funding in Phase Two. These requirements should serve as the foundation of the business plan you would submit to GMS and would include:

- **Overview**
  - Vision, Mission, and Values. Communicate your organization's vision, mission, and core values.
  - Leadership. Describe your leadership team, including short biographies of the current members. Describe any succession plans for key personnel.
  - Statement of Impact. Communicate the impact you are seeking to achieve through your growth plan (including for specific neighborhood areas).
  - Expansion Plans. Present and explain your year-by-year projections for student enrollment, grade levels, and schools throughout the growth period covered in the business plan.

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- Governance. Describe your board of directors and how it interfaces with your organization. Include short professional biographies of the members.
  
- **School Model**
  - Past Academic Performance. Present your past academic performance on the measures that your organization values, including any state test comparisons, norm-referenced test outcomes, college readiness exams, etc.
  - Core Model. Describe your academic model and describe your definition of student success. Which aspects of your model will be consistent across all sites/schools and which may be varied?
  - Performance Management. Explain your assessment strategy and practice and how data generated from these assessments is utilized by your organization.
  - Culture. Describe student and staff culture and the role each plays in your organization. Describe how your culture will be sustained as you grow.
  - Enrollment & Staffing. Describe the size of your sites/schools and whether they open full or add grades and students over time. Provide organizational charts for school staff and include job descriptions for key roles.
  - Target Population. Describe your student demographics including minority population, income levels, English language learners, and special education needs.
  - Relevance. Describe your approach to creating a relevant learning environment and how you define and evaluate “relevance” (e.g. instructional, cultural, career preparation, social-emotional learning, etc.) for your school. Articulate how you will measure your progress in these priority areas.
  
- **Central Office** (if applicable, if plan includes multiple sites and development of a CMO)
  - Functions. Describe the purpose of your central office and the services it will provide to your network. Articulate the relationship between your central office and schools and any relevant decision rights.
  - Staffing. Describe the staff needed at your central office and provide year-by-year organizational charts and job descriptions for key positions. List any services that will be outsourced.
  - Growth Management. Describe how your central office will “green light” additional school openings and launch new schools.
  
- **Human Capital**
  - Teachers. Describe your strategy for teacher recruitment, selection, development, evaluation, and retention.
  - Compensation. Describe your compensation strategy and practice.
  - School Leaders. Describe your strategy for identifying, training, and supporting principals and other school leaders.
  
- **Operations**
  - Facilities. Describe your strategy for securing, financing, and maintaining school facilities.
  - Technology. Describe how you plan to utilize technology, whether for instructional or back office functions.

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- Compliance and Legal. Provide the timeline for your authorizer’s approval process for a grade/site expansion, if needed to execute your growth plan. Describe how your organization obtains approval for grade and/or site expansions (if applicable), manages charter renewals, and handles other critical compliance/legal issues.
- Other Operations. Describe any other operational functions that are critical to your organization (i.e., transportation, food service, etc.).
- **External Relations**
  - Community Engagement. Describe your process to engage parents and community members in your target neighborhoods and in your school community during the planning process, and how your school model will be informed by these engagement efforts.
  - Parent Engagement. Describe how you will create and maintain ongoing relationships with families who are members of your school community.
  - Marketing. Describe your strategy for marketing, branding, and interfacing with any key external stakeholders.
  - Student Recruitment. Describe your strategy for recruiting students and communicating with families.
  - Advocacy. Discuss any current or potential political challenges or opportunities and your strategy for addressing them.
- **Innovation & Continuous Improvement**
  - Cycles of Innovation. Describe how innovation occurs in your organization. How are experiments undertaken, ineffective practices discarded, and new practices implemented?
  - Cycles of Improvement. Describe the process by which school leadership determines priority areas for organizational improvement and then develops measurable objectives, identifies needed resources, and monitors progress to address them.
- **Finance**
  - Financial Strategy. Describe the economic model for your schools (and CMO central office, if applicable) including your strategy for covering your applicable central office, school startup, and facilities financing needs to execute your growth plan. What are the most critical cost and revenue assumptions that underlay your strategy?
  - Financial Model. See detailed requirements below.
  - Financial Statements. Attach most recent audited financial statements. Describe any current or planned debt and your strategy for managing your balance sheet and cash reserves.
  - Fundraising. Describe your past fundraising achievements, future fundraising needs, and strategy for achieving your fundraising goals. Indicate how you will create a broader pool of donors beyond GMS.
- **Risk Factors.** Describe the major risks your organization will face in attempting to execute its growth plan and your strategies for mitigating these risks.
- **Other.** Include any other information you think is relevant to understand your organization and growth plans.

## **Financial Model**

Each business plan must be accompanied by a multi-year financial model that illustrates (in detail) the financial projections that will support your growth plan. All financial models must demonstrate sustainability at full enrollment, and a reasonable cost per new seat. Information should be provided on an annual basis for each year of your growth plan. GMS will provide all schools with a financial model template. The following items will be included in the template:

### **Individual School Level Model**

- Overall
  - An individual school model must be provided for every school planned. The individual school model should provide a detailed view of the staffing and economics of each school.
- Operational Metrics
  - Planned enrollment
  - Average Daily Membership (ADM) as it drives per pupil funding from the State
  - Staffing:
    - Detailed breakout of FTE's across all school level positions
  - Estimates of planned student demographics
    - Percent from low-income families (FRL-eligible)
    - Percent of English Learners
    - Percent with Special Education needs
- Detailed Revenues
  - Breakout of all state and federal per pupil revenues, other revenue (e.g., activity fees, interest income), and all committed philanthropy
  - Include philanthropy but only if firmly committed in writing
- Detailed Expenses
  - Personnel Expenses
    - Salary schedule for all school level positions
    - Benefits and Payroll Tax expenses
  - Non-personnel Expenses: Detailed breakout of all non-personnel school level expenses (other than facility expenses)
  - Facility Expenses
    - Rent/lease payments
    - Utility expenses
    - Maintenance expenses
    - Non-recurring expenses/improvements (non-capitalized)
  - Facilities Capital Expenditures (for an Affiliated Building Corporation, if applicable)
    - Projected facilities costs to purchase, renovate, etc. school facilities.
    - Projections should include:
      - Total facilities/facilities project costs
      - Total anticipated financing
      - Total anticipated equity/down payment contribution
- **Consolidated School Level Model** (if applicable)
  - Model consolidating all individual school level models into one profit and loss statement containing total number of schools during each year of growth and the same level of detail as the individual school level models

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- **Central Office Model** (if applicable)
  - Operational Metrics:
    - Staffing:
      - Detailed breakout of FTE's across all central office positions
  - Detailed Revenues:
    - Breakout of school management fees, school facility fees (if applicable), other central office revenue (i.e., interest income), and committed philanthropy
    - Forecasted philanthropy can be included but is optional
  - Detailed Expenditures:
    - Personnel Expenses:
      - Salary schedule for all central office positions
      - Benefit and Payroll Tax expenses
    - Non-personnel Expenses: Detailed breakout of all non-personnel central office expenses
- **Consolidated Network Overview** (if applicable)
  - Model combining the consolidated school level model and central office model into one profit and loss statement
  - Total school count and student enrollment should also be included

### **Other Materials**

- Provide charter contract with authorizer.
- Provide a 501(c)(3) determination letter from the IRS.