C.4 START-UP BUDGET

Create Academy's Start-Up Phase begins April 1, 2014 and ends July 31, 2015.

Explanation of Revenues:

Secured Funds – Other:

- Assumes $400,000 in Arizona Charter Schools Incentive Program start-up funds through an award granted by the Arizona Department of Education to Create Academy during the period April 1. 2014 through July 31, 2015. The grant is a three-year grant with $200,000 dispersed each year for a total of $600,000. The first and second years of the grant occur during the designated start-up period, and at $200,000 each, this budget assumes $400,000 for the start-up phase. The second year of this award can be drawn down on February 1, 2015.

Administration, Instruction, & Support (AIS) Expenditures:

Director/Principal:

- Assumes a salary for the planning year for the Director of Elementary Education and the Director of Secondary Education based on an annual salary of $60,000 prorated for fourteen months ($70,000 for June 2014 – July 2015) or $5,000 each month for each Director. Also assumes an additional 10% in required employer contributions[1] for a total of $77,000 for each Director.

Teacher – Regular Education:

- Assumes an in-service stipend of $3,000 each for ten teachers for the month of July (based on an annual salary of $36,000) to participate in curriculum planning, training, professional development, and school start-up processes such as student recruitment. Also assumes an additional 10% in required employer contributions for a total of $3,300 per teacher.

Teacher – Special Education:

- Assumes an in-service stipend of $3,333.34 for one Special Education Director/Teacher for the month of July (based on an annual salary of $40,000) to participate in curriculum planning, training, professional development, and school start-up processes such as student recruitment. Also assumes an additional 10% in required employer contributions for a total of $3,666.67.

[1]Assumes required contributions include but are not limited to Social Security, Medicare, and Unemployment Insurance

Clerical:

- Assumes an in-service stipend of $2,500 for one office manager for the month of July (based on an annual salary of $30,000) to participate in training, professional development, and school start-up processes such as student recruitment. Also assumes an additional 10% in required employer contributions for a total of $2,750.

Bookkeeper/Finance:

- Assumes no cost for a bookkeeper/finance during start-up phase due to Create Academy's plan to contract with ASPIRE Business Consultants, Inc. as its outside business consultants.

Custodial/Maintenance:

- Assumes Create Academy will contract with an outside vendor for custodial and maintenance services. Please see Contracted Services (O&M) for a line item explanation.

Other – Studio Arts Teachers:

- Assumes an in-service stipend of $3,000 for two half-time studio arts teachers (1.0 FTE) for the month of July based on a combined annual salary of $36,000 ($18,000 each) to participate in curriculum planning, training, professional development, and school start-up processes such as student recruitment. Also assumes an additional 10% in required employer contributions for a total of $3,300.

Other – Spanish Teacher:

- Assumes an in-service stipend of $1,500 for one half-time Spanish teacher for the month of July based on an annual salary of $18,000 to participate in curriculum planning, training, professional development, and school start-up processes such as student recruitment. Also assumes an additional 10% in required employer contributions for a total of $1,650.

Employee Benefits:

- Assumes up to a 3% employer match on each full-time employee's base salary for employee retirement benefits during the in-service month of July.

Employee Insurance:

- Assumes employer-paid employee health insurance coverage for the Director of Secondary Education at an average rate of $344/month for May 2014 through June 2015, totaling $4,816 according to actual costs for COBRA in June and July

2014 as well as Blue Cross Blue Shield for the remainder of the start-up phase. The Director of Elementary Education has personal health insurance coverage, and therefore does not need it through Create Academy. Because Create Academy will only have one employee who receives health insurance coverage during the start-up phase, Create Academy will need to purchase individual coverage according to Holmes Murphy Insurance, and this insurance will be purchased through Blue Cross Blue Shield.

- Assumes employer-paid employee health insurance coverage of $250/month for each of the full-time employees for the in-service month of July 2015. The cost of insurance for one month for 14 employees is $3,500. Quotes are based on communication with Holmes Murphy Insurance and The Arizona Group.

Office Supplies:

- Assumes $8,000 for office supplies purchased during the start-up phase based on a quote from Office Max that assumes $40/student based on 200 students in preparation for Y1.
- This also assumes $1,097 to be used by the Directors during the start-up phase for purchasing: *Printer/Scanner combinations* ($175 each for two, Office Max); *Printer Ink* ($256: assumes four Black XL cartridges and four Color cartridges at $32/each, Office Max); *Filing cabinet* ($75 for one, Office Max); *Staplers, Staples, Tape, Sticky Notes, Pens, Binders* ($171, Office Max); Paper ($60 total for 20 reams, Office Max); *Easels and Post-It Pads* ($185, 4-pack of pads and one large easel, Office Max; 2 chalkboard/white board easels, Ikea).

Instructional Consumables:

- Assumes a total of $9,000 for instructional consumables and curriculum resource materials (see below) in preparation for the first day of school. This equates to $45/student, which is slightly more than Arizona School for the Arts, who spends approximately $43/student on instructional supplies and who doesn't purchase textbooks or prepackaged curriculum. For the purposes of this budget, we have broken down the $9,000 by allocating half to instructional consumables and half to curriculum resource materials.
- Assumes $3,000 for arts supplies and other curricular consumables to support instruction in the five classrooms. This breaks down to $15/student, potentially allocated in the following manner:
    - Pencils ($3/student)
    - Pens ($1.50/student)
    - Glue Sticks ($.50/student)
    - Tape (Painter's, Masking, Packing, Scotch) ($1.50/student)
    - Poster/Foam/Mat Board ($3/student)
    - DIBELS ($2/student)
    - Colored Pencils, Markers ($1.50/student)
    - Highlighters ($.50/student)

    - Dry Erase Markers ($1.50/student)
- Assumes $1,500 for a combined studio arts budget for arts supplies to support the entire school population. Since we are only planning to focus on creative writing, dance, design, theatre, and visual arts in our first year of operation, we are removing the need to purchase higher cost items to support music and film disciplines. $1,500 breaks down to $7.50/student, potentially allocated in the following manner:
    - Crayons ($.50/student)
    - Colored Pencils, Markers ($.85/student)
    - Tissue paper ($.50/student)
    - Glue ($.50/student)
    - Pipe cleaners and string ($.15/student)
    - Construction paper ($.25/student)
    - Clay (.75/student)
    - Paint ($1/student)
    - Paint Brushes ($.80/student)
    - Sponges ($.20/student)
    - Paper – different sizes and textures ($1/student)
    - Fabric supplies ($1/student)

Membership Dues, Registrations, & Travel:

- Assumes $25,000 in fees for Phases 2 ($15,000), 3 ($5,000), and 4 ($5,000) of the Charter Starter program through the Arizona Charter Schools Association.
- Assumes $6,500 in application fees to submit the charter application to the State Board for Charter Schools
- Assumes $15,000 for six professional development conferences at approximately $2,400 each conference, including flight, hotel, car rental, and per diem for two directors for an average of three nights.
- Assumes $7,500 for up to three trips at an approximate average of $2,500 each trip, to make multiple school visits in each city, including flight, hotel, car rental, and per diem for two directors for an average of five days. Identified potential cities include Washington, D.C. (to access schools that are served by arts integration specialists from the Kennedy Center) as well as Maui, which three separate Kennedy Center specialists (Deb Brzoska, Sean Layne, and Melanie Rick) have recommended as the premier example of a fully arts integrated school in the United States. Residencies will likely take place locally, but if one occurs out of state, it will be in conjunction with one of these out-of-state school visits and the costs will be absorbed by the school visits line item.

Contracted Services: AIS:

- Assumes $4,800 for wages for two canvassers based on $10/hour for 8 hours/week for 30 weeks each (January-July) to market the school to the local community and surrounding neighborhoods for the purpose of recruiting students.

- Assumes $7,050 for curriculum and instruction support consultants at a rate of $15/hour for a total of 470 hours.

Contracted Services: Special Education:

- Assumes no cost for contracted special education services, because Create Academy will not need to contract with special education consultants during the start-up phase when school has not begun. Assumes Create Academy will employ a full-time Special Education Director/Teacher beginning in July as referenced above in "Teacher – Special Education" for planning purposes.

Curriculum & Resource Materials:

- Assumes a total of $9,000 for instructional consumables (see above) and curriculum and resource materials in preparation for the first day of school. This equates to $45/student, which is slightly more than Arizona School for the Arts, who spends approximately $43/student on instructional supplies and who doesn't purchase textbooks or prepackaged curriculum. For the purposes of this budget, we have broken down the $9,000 by allocating half to instructional consumables and half to curriculum resource materials.
- Assumes $3,000 for curriculum and resource materials such as reference books for teachers to support instruction in the five classrooms. This breaks down to $15/student. Part of this money will be spent on resource materials for Spanish resource books such as *The Complete Book of Spanish, Grades 1-3* ($9.45 on Amazon.com), *Teach Them Spanish! Grade 1* ($9.98 on Amazon.com), and *Spanish, Grades 6-12: Middle/High School (The 100+ Series)* ($8.21 on Amazon.com). Only one book will need to be purchased for most, if not all, of these titles, as many of them allow for copies to be made for a single classroom use, as we have only one classroom for each grade level. $15/student will potentially be allocated in the following manner:
    - Spanish Books ($1/student)
    - Teacher Resource Books ($1/student)
    - Storage and organization (.50/student)
    - Scissors ($.75/student)
    - Pencil Sharpeners ($.50/student)
    - Rulers ($.25/student)
    - Galileo ($8/student)
    - Used die cutting machine (shared cost with arts studios) ($2/student)
    - Student White Boards ($1/student)
- Assumes $1,500 for a combined studio arts budget for non-consumable arts equipment to support the entire school population. Since we are only planning to focus on creative writing, dance, design, theatre, and visual arts in our first year of operation, we are removing the need to purchase higher cost items to support music and film disciplines. $1,500 breaks down to $7.50/student, potentially allocated in the following manner:
    - Light pads ($2/student)

    - Stencils ($.25/student)
    - Boom box/Educational CDs/Dance CDs ($.50/student)
    - Painting supplies – screens, palettes, etc. ($.15/student)
    - Used die cutting machine (shared cost with classrooms) ($3/student)
    - Clay carving tools ($.20/student)
    - Arts resource books ($1/student)
    - Storage and organization ($.40/student)
- Assumes an additional $1,000 in curriculum and resource materials for the two directors for planning purposes. Book topics will include arts integration, project-based learning, and social justice principles and tools for the classroom.
- Assumes teachers and administrators will create in-house curriculum to align with Create Academy's program of instruction; therefore, directors will not be purchasing off-the-shelf curriculum.

Library Resources/Software:

- Assumes $2,500 for total library resources and software for 200 students at an estimated cost of $500 per classroom for each grade level, excluding studio classrooms, as their resources will come from other line items during Y1. Assumes that these resources will primarily be sourced from in-kind donations, used bookstores, Goodwill, and other discount suppliers.

SAIS Software:

- Assumes no costs for SAIS software, as these costs will be incurred beginning August 2015, and paid with Y1 funds.

Other:

- Assumes no additional expenses for administration, instruction, and support for Create Academy's start-up phase.

Operations & Maintenance (O&M) Expenditures:

Supplies:

- Assumes $951 for supplies that will be needed during start-up, including *Cleaning Supplies* ($28, Lysol cleaning wipes, 8 containers – one for each classroom and the office, Costco); *Toilet Paper* ($198, based on $22/package of 48 rolls, for 9 packages, assuming approximately 2 rolls/student/month in preparation for the first day of school); *Paper Towels* ($168, based on $21/package of 2,000 sheets, for 8 packages, assuming approximately 4 sheets/student/day for 20 days in preparation for the first day of school); *Push Broom* ($16, Amazon.com); *Mop and Bucket* ($83, Amazon.com); *Handheld Vacuum*, ($25, Amazon.com); *Tissues* ($28 for 30 boxes, Costco); *a Keurig for the staff* ($140 on Amazon.com); 6 large industrial trash receptacles for lunch, bathroom, and outdoor trash ($156 on

Amazon.com); and *24 trash cans and recycling bins for each classroom and office* ($109 on Amazon.com).

Marketing/Advertising:

- Assumes $14,550 for marketing and advertisement expenses for both teachers and students. This total assumes $9,000 for printed materials, including fliers, brochures, print ads, and radio ads for student recruitment and $2,050 for student recruitment events as outlined in Figure C.2.2 Advertising and Promotion Expenditures; $0 for already donated tables and chairs; $1,500 for online teacher job postings; and $2,000 for teacher recruitment events. Previous start-up charter schools serving similar student demographics budgeted significantly less for marketing and advertising; however, at least two of these schools had substantially low enrollment numbers weeks before or even after the start of school. To combat this potential issue, we have bolstered this line item to ensure that we are able to do everything within our power to inform students and families about Create Academy.
- Assumes that the canvassing budget for student recruitment purposes ($4,800) that is included within C.2 Marketing and Promotion is reflected above under "Contracted Services: AIS."

Contracted Services: (O&M):

Assumes that Create Academy will only contract with outside operations and maintenance vendors for financial/business and legal services during the start-up phase.

- Assumes $6,750 for financial business consulting services as quoted by ASPIRE Business Consultants at a reduced rate of $225 for April and May 2014 and a regular rate of $450/month for fourteen months (June 2014 through July 2015).
- Assumes $613.20 for payroll fees twice a month for fourteen months (June 2014 through July 2015), based on a quote from Payroll Control Services that assumes $21.90/pay period with two pay periods each month.
- Assumes a total of $14,250 for legal services provided and quoted by Carter Law Group during the start-up phase. This assumes a flat fee of $6,600 for 501(c)(3) processing; $850 for the IRS fee to process our 501(c)(3) status and a yearly rate of $6,800 for legal consulting and contract review services.
- Assumes a flat fee of $4,997.50 as quoted by Board on Track for governing board support, training, and professional development.
- Assumes $300 for custodial/maintenance during July 2015 based on a rate quoted by Rob Burgmann, who is contracted to clean other Phoenix schools, including Vista College Preparatory.

Building Rent/Lease/Loan:

- Assumes rent will be deferred until August 2015.

Building & Improvements:

- Assumes the cost of any building improvements would be paid by the landlord or absorbed into the cost of the lease based on conversations with other charter start-ups. Assumes no upfront improvement costs to be paid by Create Academy. In the event that the landlord is unable to cover the costs of any needed improvements prior to the school opening, Create Academy will work with the Governing Board to assume short-term loans from community entities such as Arizona Community Foundation building fund or Charter School Development Corporation, as identified by other recent charter start-up schools. Assumes that if short-term loans were necessary, other non-essential line items would be reduced to pay back the loan in a timely manner. In addition, Create Academy intends to apply for the Walton Family Foundation grant, which can be used to pay facility costs.

Land & Improvements:

- Assumes the cost of any land improvements would be paid by the landlord or absorbed into the cost of the lease based on conversations with other charter start-ups. Assumes no upfront improvement costs to be paid by Create Academy. In the event that the landlord is unable to cover the costs of any needed improvements prior to the school opening, Create Academy will work with the Governing Board to assume short-term loans from community entities such as Arizona Community Foundation building fund or Charter School Development Corporation, as identified by other recent charter start-up schools. Assumes that if short-term loans were necessary, other non-essential line items would be reduced to pay back the loan in a timely manner. In addition, Create Academy intends to apply for the Walton Family Foundation grant, which can be used to pay facility costs.

Fees/Permits:

- Assumes $1,000 for fees and permits such as a Certificate of Occupancy and Fire Marshall inspection based on similar charter school start-up estimates in order to prepare for building occupancy.

Property/Casualty Insurance:

- Assumes $2,469.58 for property/casualty insurance, including director's and operator's insurance during the start-up phase based on a quote from The Arizona Group.

Liability Insurance:

- Assumes $2,800 for liability insurance and worker's compensation during the start-up phase based on a quote from The Arizona Group.

Utilities:

- Assumes utilities for our ideal and likely largest facility space of 20,000 square feet for Y1 at a rate of $1.50/square foot, as determined by other charter start-up schools. This is prorated for one month of utilities in July 2015, as Create Academy plans to negotiate occupancy during this month to prepare for the school opening in August, when lease payments will commence.

Phone/Communications/Internet Connectivity:

- Assumes two phone lines, three dual-line handsets (one for each School Director, and one for the administrative assistant), wireless Internet, and a fax machine. Assumes a one-time cost of $396.64, and one monthly payment of $159 for service based on a direct quote from Cox. Total cost includes a conservative estimate of 12% for taxes, fees and surcharges.

Student Furniture & Equipment:

- Assumes $1,000 for seven sets of six chairs and a table for the kindergarten classes based on cost and shipping as quoted by Amazon.com on behalf of OJ Commerce.
- Assumes $1,165 for 80 chairs for the first and second grade classrooms based on cost and shipping as quoted by Amazon.com on behalf of School Outfitters.
- Assumes $840 for 14 collaborative tables at $60/table for the first and second grade classrooms as quoted by bizchair.com.
- Assumes $1,840 for 80 chairs for the fifth and sixth grade classrooms based on $23/chair plus free shipping as quoted by Wayfair Supply.
- Assumes $1,470 for 14 collaborative tables at $105/table for the fifth and sixth grade classrooms as quoted by bizchair.com.

Office Furniture & Equipment:

- Assumes $850 for office and lobby furniture, including three administrative desks at $100 each, three office chairs at $50 each, 10 lobby chairs at $25 each, and 6 bookshelves for offices and teacher resource room at $25 each. Assumes purchases at discount suppliers and used stores such as Treasures for Teachers, Goodwill, and ASU Surplus.
- Assumes $1,020 for supplies to build seven wooden 4’ x 8’ art tables, assembled by volunteer staff.
- Assumes $1,500 for shared teacher furniture. Assumes $800 for 8 desks, one for each classroom, two shared desks for studio arts and Spanish teachers, and one for the Special Education Director/Teacher. Assumes 14 teacher chairs at $50 each.
- Assumes $700 for classroom furniture stipends for each of the seven classrooms, for items such as bookshelves and filing cabinets.

Student Technology Equipment:

- Assumes all student technology equipment will be purchased during Y1 and/or funded through in-kind donations or technology grants.

Office Technology Equipment:

- Assumes $5,100 for school laptops for each employee at a cost of $300/laptop.
- Assumes $1,400 for seven projectors at $200/projector used (for each of the five classrooms, one to share between the two studio classrooms, and one for school-wide use during trainings and professional development), purchased used at a discount store such as ebay.com or ASU Surplus.

Other Leases (Security, Copiers, etc.):

- Assumes $1200 for copier rental fees based on similar expenses for other recent charter start-up schools.

Loan Repayment:

- Assumes that Create Academy will not incur any loans during the start-up phase, and therefore, will not need to account for loan repayment.

Other:

- Assumes no additional expenses for maintenance and operations for Create Academy's start-up phase.