Business Plan
C.5 Three Year Operational Budget Assumptions

The Early Career Academy's Three Year Operational Budget begins in July of the first year students attend the school. Explanations for each line in the Three-Year Operational Budget follow.

REVENUE

- State Funding (Equalization Assistance)
  - **Y1:** $784,558,720; **Y2:** $1,536,915**; Y3:** $1,536,915
    - Equalization funding calculated based on 91.67% percent of capacity enrollment (110/120 Grade 11 students in Y1; 220/240 Grade 11 and 12 students in Y2 and Y3
    - Although special education students are expected to comprise approximately 10% of the student population based on the average of area high schools' special population, state funding estimates exclude counts for special education and ELL students in order to be conservative.

Administration, Instruction, & Support (AIS) EXPENDITURES

- Salaries (Required Employer Contributions estimated @ 9.65% of base salary for all positions). Note that all ECA staff will be employees of the EMO
  - Director/Principal: **Y1:** $87,720; **Y2:** $89,474**; Y3:** $91,264
    - Y1: Assumes one Executive Director at annual salary of $80,000 (also assumes required employer contribution of 9.65%)
    - Y2: Assumes one Executive Director at annual salary of $81,600 (also assumes required employer contribution of 9.65%)
    - Y2: Assumes one Executive Director at annual salary of $83,232 (also assumes required employer contribution of 9.65%)

  - Teacher-Regular Education: **Y1:** $263,160; **Y2:** $429,447**; Y3:** $438,067
    - Y1: Assumes five full-time Teachers at annual salary of $48,000 (also assumes required employer contribution of 9.65%)
    - Y2: Assumes eight full-time Teachers at annual salary of $48,960 (also assumes required employer contribution of 9.65%)
      Y3: Assumes eight full-time Teachers at annual salary of $49,939 (also assumes required employer contribution of 9.65%)

  - Teacher-Special Education: **Y1:** $0 **Y2:** $48,960**; Y3:** $49,939
    - Y1: 0 FTE; special education needs met with contracted services
    - Y2: Assumes one full-time Special Education Teacher at annual salary of $48,960 (also assumes required employer contribution of 9.65%)
    - Y3: Assumes one full-time Special Education Teacher at annual salary of $49,939 (also assumes required employer contribution of 9.65%)

- Instructional Assistants - Regular Education: **Y1:** $49,343 **Y2:** $100,659**; Y3:** $102,672
    - Y1: Assumes 1.8 FTE at annual salary of $25,000 (also assumes required employer contribution of 9.65%)
    - Y2: Assumes 3.6 FTE at annual salary of $25,500 (also assumes required employer contribution of 9.65%)
    - Y3: 3.6 FTE at annual salary of $26,010 (also assumes required employer contribution of 9.65%)

- Other -- Guidance Counselor: **Y1:** $54,825 **Y2:** $55,922**; Y3:** $57,040
    - Y1: Assumes one full-time Guidance Counselor at annual salary of $50,000 (also assumes required employer contribution of 9.65%)
    - Y2: Assumes one full-time Guidance Counselor at annual salary of $51,000 (also assumes required employer contribution of 9.65%)
    - Y3: Assumes one full-time Guidance Counselor at annual salary of $52,020 (also assumes required employer contribution of 9.65%)

- Employee Benefits
    - **Y1:** $18,053; **Y2:** $28,929**; Y3:** $29,508
    - Assumes an estimated employer cost of 4.35% of base salary for employee benefits, which include 401k Retirement Plan, Employee Assistance Program, tuition reimbursement, and other ancillary benefits

- Employee Insurance
    - **Y1:** $24,900; **Y2:** $39,902**; Y3:** $40,700
    - Assumes an estimated employer cost of 6% of base salary for health and short-term / long-term disability insurance that will be offered to eligible employees

- Office Supplies (Paper, Postage, etc.)
    - **Y1:** $1,200; **Y2:** $1,200**; Y3:** $1,200
        - Allowable of $100 monthly for supplies needed for school administrative functions

- Contracted Services (AIS)
    - **Y1:** $94,147; **Y2:** $184,430**; Y3:** $184,430
        - EMO Service fee is set at 12% of State Equalization Assistance funding
        - EMO provides administrative services per the EMO agreement
            - Human Resources - Recruitment, Benefits Administration
            - Payroll Services
            - Student Information Systems
            - Management Reporting Services
            - Class Scheduling

- Contracted Services (Special Education)
  - **Y1:** $16,500; **Y2:** $6,600**; Y3:** $6,600
    - Y1: contracted services estimated at $1,500 per special education student (11 students); services needed will not be known until the enrolled population is known. The cost per special education student is assumed d to be the net cost above any state funding for students with special education needs.
    - Y2, Y3: contracted services estimated at $300 per special education student (22 students); plan is to have a full-time Special Education in Y2 forward, so contracted services required decrease in Y2 and Y3. The cost per special education student is assumed d to be the net cost above any state funding for students with special education needs.

- Curriculum & Resources Materials
  - **Y1:** $222,750; **Y2:** $445,500**; Y3:** $445,500
    - Curriculum charge is set in EMO agreement: $150 per student per course, based on an average of 4.5 courses per student per trimester
    - Curriculum for ECA will be an Associate Degree program curriculum modified to meet both high school graduation requirements and program degree requirements

- Auditor Fees
  - **Y1:** $10,000; **Y2:** $10,000**; Y3:** $10,000
    - Audit costs estimated based on review of recent new charter school applications in Arizona

- Other – Contracted Services (Other Student Svcs.)
  - **Y1:** $5,000; **Y2:** $5,000**; Y3:** $5,000
    - Budget is estimated at $5,000 annually to provide student services that may be needed for compliance or student welfare (e.g. health / wellness screens, management of student health records, etc.)

- Other – Professional Development
  - **Y1:** $750; **Y2:** $1,350**; Y3:** $1,350
    - Estimated at $150 per FTE instructor and Career Academy Counselor, with specific training opportunities determined by each staff member's individual development plan.

- Other – Student Technology Fees
  - **Y1:** $22,000; **Y2:** $44,000**; Y3:** $44,000
    - Student technology fee is specified in the EMO Agreement; $200 per year per enrolled student

- Other – Student Textbooks
  - **Y1:** $21,117; **Y2:** $42,233**; Y3:** $42,233

        - Curriculum charge is set in EMO agreement: $150 per student per course, based on an average of 4.5 courses per student per trimester

- Other – EMO In-Kind Grant (Discounts / Fee Offset) provided to ECA
    - **Y1:** -$308,000; **Y2:** -$341,000**; Y3:** -$363,000
        - The in-kind grant is a credit to offset the fair-market value fees assessed by the EMO for access to curriculum resources, administration, and turnkey educational space.
        - The amount of the credit is to be determined by the ECA and EMO, such that the ECA pays amounts due for services and resources to the extent funding sources allow (see Draft EMO Agreement, Section 9.6 – Protection Against Deficits, for proposed term of this arrangement).

Operations & Maintenance (O&M) EXPENDITURES

- Marketing/Advertising: **Y1:** $13,972; **Y2:** $5,000**; Y3:** $5,000
    - Y1

Collateral - 8.5 x 11 (take-a-ways):	$ 1,105
Collateral – Posters:	$ 160
Newswire Press Release:	$ 200
Radio Commercials:	$ 8,300
E-mail Campaigns:	$ 160
Open House:	$ 250
Participate in local fairs/festivals:	$ 250
Direct-Mail Campaign:	$ 2,347
Cable taggable campaign:	$ 500
iHeart Radio (only local stations):	$ 700
Total	**$13,972**

    - Y2 and Y3
        - $5,000 annual budget a subset of marketing / advertising campaigns used in pre-opening and Y1 time periods, but to a lesser extent.

- Contracted Services: O&M
    - **Y1:** $5,000; **Y2:** $5,000**; Y3:** $5,000
        - Legal fees as needed by the charter school board and / or administration
        - Estimated 25 hours billable each year at an average of $200 per hour

- Building Rent/Lease/Loan
    - **Y1:** $108,240 **Y2:** $216,480**; Y3:** $216,480
        - The facility charge formula applies an estimated 50 Square Feet per Pupil to the facility's estimated occupancy cost per square foot of $19.68. This cost is inclusive of utilities, infrastructure, and maintenance expenses.

- Liability Insurance
  - **Y1:** $20,000 **Y2:** $20,000**; Y3:** $20,000
    - Estimated cost for liability insurance is based on quotes for similar operations in other states

- Food Service
  - **Y1:** $25,146 **Y2:** $50,292 **Y3:** $50,292
    - Estimated cost (after income from the National School Lunch Program) is estimated at $1.27 per day per student. Cost is based on vendor quotes from national providers of school lunch contracts.
    - Estimated FRL % for ECA is 40% (based on average for area high schools in Target Population of 43.1%)

- Student Technology Equipment
  - **Y1:** $35,750 **Y2:** $35,750 **Y3:** $35,750
    - Student laptops @ $325 each for each incoming student (110 per year)

- Other – Board Expenses
  - **Y1:** $2,500 **Y2:** $2,500 **Y3:** $2,500
    - Annual allowable for incidental expenses related to board meetings and production of board materials