Operational Plan
B.3.2 Contracted Services

Required Outside Expertise

As a small school, ECA must be efficient with its resources and will seek external vendors or consultants in lieu of developing internal expertise for certain functions. The list below contains the services to be outsourced. The EMO will provide services outlined in section B.3.1 and will assist ECA with selecting and managing outside expertise / vendors for the following services:

Special Education Services – student needs will dictate the services secured; services may include various types of therapists such as speech therapy or physical therapy and psychological evaluation. For planning purposes, it is assumed that 10% students at the ECA will require special education services each year of operation. Contracted services will be utilized in the first year (based on approximately 12 students requiring services of varying types). In subsequent years, it is assumed that there will be a special education teacher on staff, but specialized services are expected to be required as well.

Auditing Services – ECA's annual audit will be conducted by an accounting firm familiar with non-profit, public school accounting.

Food Services – a vendor familiar with the National School Lunch program will be engaged to deliver meals and comply with compliance related to the program.

Information Technology – the IT infrastructure is provided by the EMO. Student related IT related to the delivery of the curriculum is part of the per student technology fee charged by the EMO.

Legal Services – assistance with various legal issues will be handled by an AZ licensed attorney familiar with charter schools.

Qualification required for Contracted Service Providers

The professional qualifications expected from each vendor are listed below. As members of the Arizona Charter School Association, ECA can avail themselves to the vendors listed on the site and will check references.

Employee Management Services – as described in B.2.1 the EMO must have the ability to award post-secondary credit; to have value, the institution must be accredited by an accrediting agency recognized by the Department of Education, must offer career oriented, technology based programs of study that lead to employment, must provide the technology infrastructure and maintenance, offer the facility to house both labs and equipment for delivery of education but also traditional classroom and associated secondary school space, and cannot charge students tuition.

Special Education Services – special education service providers must be licensed and certified in their area of expertise. They must have fingerprint clearance cards and must be highly proficient with Federal and State special education compliance and reporting.

Auditing Services – will be provided by a certified public accounting firm with experience conducting Arizona public school audits, preferably charter schools.

Food Services – ECA will participate in the National School Lunch program and will select a vender that is familiar with the food preparation, delivery and requirements to maintain State and Federal compliance with the program. ECA will look to vendor to provide a turn-key solution to the school lunch program. Staff serving ECA will be required to have fingerprint clearance cards.

Information Technology – ECA will seek system availability and compliance with reporting requirements as key to assessing EMO performance with respect to systems. The systems must be capable with State reporting requirements, school management and board reporting requirements.

Legal Services – ideal firms are experienced with Arizona charter school law and operations. A small firm where ECA is an important client is preferred to a larger firm. References and other charter school clients will be important to the selection. Experience with the Arizona State Board for Charter Schools will be a required attribute of this vendor.

Basis for Costs for Contracted Services

EMO Services

EMO services that will be contracted in the EMO Agreement include facilities management and support, business management and support (for non-student-facing functions), and curriculum management and support. The bases for these fees are listed in **Schedule 1** below.

Schedule 1 – EMO Fees Paid to ESI

Item	Fee Description	Rate	Basis
1.01	Student Technology	$200	Annual, per student enrolled*
1.02	Curriculum Support (includes assessment materials)	$150	Per student per course**
1.03	School Administration and Business Support ^	12%	Revenues from all governmental sources
1.04	Facilities Rent (includes use of instructional equipment, facilities, and utilities)	$984	Annual, per student enrolled*

* For fee calculation purposes, Student Enrollment count will be the arithmetic average of all official state student count days. 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.

** For fee calculation purposes, Course Enrollment counts will be determined based on class registration counts on the second Friday of each school trimester

^School Administration and Business Support services include:

- Human Resources – Recruitment, Benefits Administration
- Payroll Services
- Student Information Systems

- Management Reporting Services
- Class Scheduling

Note that the EMO fees are based on students enrolled in the school. If the school does not meet enrollment targets, the schools cost will be proportionately lower and this includes facilities rent. This is a materially beneficial clause for ECA, especially in the early years of operation.

The EMO is providing an in-kind service grant to ECA. This is detailed in the budget section of the application. The in-kind grant is a way for the EMO to charge the appropriate fees for the services that it provides and then forego the collection of a portion of those fees so the ECA maintains fiscal solvency. The in-kind service grant is estimated to be: Yr1: $308,000; Yr2: $341,000; Yr3: $363,000.

The fees negotiated by the EMO are common for the charter school industry and are low when considering the net paid after the in-kind service grant. ECA would not be able to replicate the services provided by the EMO, as listed in B.3.1 in-house for the same cost.

The facility charge has a separate line item in the EMO agreement and budget. The EMO leases the facility in Tempe; the ECA facility rent is the same cost of occupancy as paid by the EMO. The EMO does not mark-up the cost of the facility. The EMO charge is per student which results is a lower facility cost in the event student enrollment is lower.

The technology fee and the curriculum are common charges and can be found in other EMO agreements, unrelated to ECA or ESI.

Special Education Services – $1,500 per special education student and assumes 10% of students have a special education need. The target population has approximately 10% of the students being in the special education population. The estimated cost of $1,500 per student in year 1 and $300per student in years 2 and forward is assumed to be the net cost above any state funding for students with special education needs. This approach is used for planning purposes as specific needs will not be known until students are evaluated.

Auditing Services – the ECA audit is budgeted at $10,000 annually. The source of the audit charge is various accounting firms that conduct similar work.

Food Services – ECA estimates that the net cost of the food service charges will be $1.27 per student, per meal annually. This amount is arrived at by reviewing the vendors charge for the program and the offset from the National Schools Lunch program based on the students in the target population.

Information Technology – the EMO management fee includes the use of all information systems. The student technology fee is used to maintain the network and systems used specifically for the delivery of the curriculum.

Legal Services – The Warren Charter Law, PLC, Scottsdale, Arizona has been engaged to help ECA get started. The costs estimates are based on what the firm charges.

All costs are included in the Start-Up and Operational budget assumptions and budgets.