C.5 Three Year Operational Budget Assumptions

Maricopa Institute of Technology (MIT) created its first three years' operational budgets based around the following budget assumptions:

Explanation of Revenue

State equalization funding is based on the following grade level target enrollments for the first three years of operation.

Grade Level	Year 1	Budgeted Enrollment Number Year 1	Year 2	Budgeted Enrollment Number Year 2	Year 3	Budgeted Enrollment Number Year 3
Grade 9	150	143	150	143	150	143
Grade 10	0		150	143	150	143
Grade 11	0		0		150	143
Grade 12	0		0		0	
Totals	150	143	300	286	450	429

Table C.5.1: Grade-Level Enrollment

The budget is based on 95% of students enrollments, an assumption used to provide conservative budgeting projections. The budgeted enrollment number for year 1, 2, & 3 details the numbers at 95% enrollment for the three year operational budgets.

State equalization funding also assumes 10 % of the student population has special needs and 25% are English Language Learners which are conservative based on the population of Riverside School District #2. The special needs and ELL additional funding are not included in the conservative budget assumptions but they are included in the expenses to provide conservative budgeting projections in years 1, 2, and 3.

Year 1 assumes a $66,000 donation from Estrella Educational Foundation for expenses in July as stated in the start-up budget. Table C.5.1 are the grade-level full enrollments for years 1-3.

Explanation of Expenses

Administration, Instruction & Support (AIS) Expenditures

Salaries

Headmaster for MIT

- Assumes one full time (FTE) Headmaster $120,000 annual salary in year 1. Total salary assumes 13.65% required employer contributions for a total of $120,000 + 16,380= $136,380. Cost is based on current salary for Principal in competitive charter schools.

- Assumes enrollment and performance goals are met and salary increases to $125,000 + $17,062=$142,062 in Year 2 and 130,000 + $17,745= $147,745 in year three, with 13.65% required employer contributions. The Headmaster's compensation will be revised annually, based on performance, and approved by the Governing Board.

Dean of Students/Academic Support Services

- Dean of Students/Academic Support Services for MIT
  Assumes 1 FTE for the Dean of Students/Academic Support Services at $60,000 annual salary in year three. Total salary assumes 13.65% required employer contributions for a total of $60,000 + $8,190= $68,190.

Office Manager/Registrar

- Office Manager/Registrar for MIT
  Assumes 1 FTE for the Office Manager/Registrar at $40,000 annual salary in year one. Total salary assumes 13.65% required employer contributions for a total of $40,000 + $5,460= $45,460.

- Assumes enrollment and performance goals are met and salary increases to $45,000 + $6,142.50 = $51,142.50 in year two, and $50,000 + $6,825= $56,825 in year three with 13.65% required employer contributions.

Teacher-Regular Education

- Assumes 6 FTE for the Teacher-Regular Education at $60,000 annual salary each in Year 1. Total salary assumes 13.65% required employer contributions for a total of $360,000 + $49,140= $409,140

- Assumes enrollment and performance goals are met and salary increases to 65,000 each x 12= $780,000 + $106,470= $886,470 in year two, and $70,000 x 17= $1,190,000 + $162,435= $1,352,435 in year three with 13.65% required employer contributions.

Counselor

- Assumes 1 FTE for the Counselor at $60,000 annual salary in year three. Total salary assumes 13.65% required employer contributions for a total of 60,000 + 8190= $68,190.

Instructional Assistant

- Assumes enrollment growth and need for 1 FTE for an Instructional Assistant at $30,000 in year two. Total salary assumes 13.65% required employer contributions for a total of $30,000 + $4,095= $34,095.

- Assumes enrollment and performance goals are met and salary increases to $35,000 in year three. Total salary for year three $35,000 + $4,777.50= $39,777.50.

Registrar/Receptionist

- Assumes enrollment growth and need for1 FTE for the Registrar/Receptionist at $30,000 in Year 2. Total salary assumes 13.65% required employer contributions for a total of $30,000 + $4,095=$34,095.
- Assumes enrollment growth and performance goals are met and salary increases to $35,000 in year three. Total salary for year three $35,000 + $4,777.50= $39,777.50.

Employee Benefits

Assumes all employees will elect the health, dental, vision and life insurance provided by MIT.

Assumes that all employees will take the 4% employer contribution for the 401 (k) starting in July of 2016 and is part of the total in the required employer contributions for years 1, 2, and 3.

Explanation of Expenses
Administration, Instruction & Support (AIS) Expenditures

Employee Insurance
Assumes all employees elect the $463 monthly allowance for health, dental, vision, and life insurance for $44,448.00 in Year 1, $88,896.64 in Year 2, and $127,788.92 in Year 3.

Office Supplies
Assumes office and postage supply costs of $10,000 in Year 1, $15,000 in Year 2, and $17,000 in Year 3. This cost assumption was based on schools serving 150-170 students.

Membership Dues and Travel
Assumes Arizona Charter Schools Association membership, $5,000 for travel and other professional dues each year in Years 1-3.

Assumes $10,000 in costs associated with attending the Advanced Placement training for teachers in Years 1-3. This cost assumption was provided Advanced Placement website.

Assumes $10,000 membership cost with The High Bar, LLC in Years 2-3. This cost was provided by The High Bar, LLC.

Contracted Services (AIS)

Assumes legal services with Neal Law at $200 per hour for five hours per month starting August 1, 2016 for twelve months in Year 1($12,000), decreasing to four hours per month in Years 2 and 3. The cost and hourly assumptions were provided by Neal Law.

Assumes payroll services at $1,200 per year starting July 1, 2016. This is based upon a quote from ADP.

Assumes accounting services with Quickbooks at $60 per hour for ten hours per month starting July 1, 2016 for twelve months in Years 1 (7,200) and 16-17 hours per month in years 2-3 (13,200). The cost and hourly assumptions were provided by ADP.

Assumes 401(k) plan administration costs of $2,500 per year starting July 1, 2016 for one month for a total of $417. This cost assumption was provided by ADP.

Professional Development
Assumes professional development costs the first year will be training provided by the RESD#2 Assistant Superintendent of Teaching and Learning and the Headmaster of Maricopa Institute of Technology. Assumes cost for Advanced Placement teacher training will occur during year 2 and 3.

Contracted Services Special Education
Assumes SPED services at $700 per student. Assumes $7,000 for Special Education services in year one, $10,000 in year 2, and $12,000 in year three.

Curriculum & Resource Materials and Instructional Consumables
Assumes $42,000 of curriculum and resource materials and instructional consumables; assumes curricular materials will be either teacher-created or free, open source, or online through the usage of online learning, FuelEd. Blended Learning Program. Cost for Fuel Ed in years 2-3 will be for updating or needed courses, $5,000.00 for year two, and $7,000 in year 3.

Online learning partner with FuelED Program. Purchase of the FuelED program provides resources which include Khan Academy, Britannica School, You Tube EDU, Middlebury Interactive Languages, and LearnBop.

Library Resources & Software
Assumes $0 in library resources and software, as books for both classroom and school-wide libraries will be free, open source, and online through FuelED Blended Learning.

SAIS Software
Assumes $1,000 SAIS software costs for training to be purchased after July 31, 2016. This is based upon the expense for Synergy, Edupoint,--Educational Systems.

Auditor Fees
Assumes auditor fees of $12,000 per year in Year 2 and Year 3, with a 3% increase each year. This cost was provided by the Riverside School District #2 administration and based on the cost for Dobridge & Co. PC.

Operations & Maintenance (O&M) Expenditures

Supplies
Assumes $3,100 in janitorial supplies to be purchased for 12 months August 1- June 31, 2017, $5,000 in year 2, and $6,000 in year 3. This cost assumption was provided by MIT administrative team.

Contracted Services: O&M
First payment for facility maintenance will be made in August for July. Total cost for school year $30,000 in year 1, $35,000 in year 2, and $40,000 in year 3.

Marketing/Advertising
Assumes both and travel costs of $300 each for five teacher recruitment events, for a total of $1,500. This cost was based on teacher recruitment event costs at which the Riverside Human Resources Team has participated.

Assumes $10,500 for student marketing or advertising materials in year 1, 2, and 3.

Building Rent/Lease/Loan

- Assumes MIT will annually pay Riverside ten percent (10%) of revenues as base support level pursuant to A.R.S. 15-943 and any additional state assistance pursuant to A.R.S. 15-185 unless otherwise agreed upon by both parties. Assumes the annual fee shall be paid in semi-annual installments by January 30th and by June 30th of each fiscal year. The annual fee shall be reconciled as soon as possible after the 40th day and 100th day student count. The parties agree to annually reconcile the amount owed under the annual fee based upon monies actually received by MIT.

- Assumes facility lease year 1 is $102,816.87, year 2 is 168,056.00, and year 3 is $230,869.00.

Building & Improvements, Land & Improvements, Fees/Permits
Assumes no cost for building and improvement, land and Improvements, as they will be covered by facility lease to RESD#2.

Fees/ Permits
Assumes fees and permits of $500.00 will be paid by MIT for years 1, 2, & 3.

Liability Insurance
Liability Insurance, Property/Casualty Insurance

- Assumes $30,000 general liability insurance and umbrella insurance in Year 1.
- Assumes $40,000 general liability insurance and umbrella insurance in Year 2.
- Assumes $50,000 general liability insurance and umbrella insurance in Year 3.
- Assumes workers' compensation insurance at $2,482.11 in Year 1, $4,821.03 in Year 2, and $7,446.80 in Year 3. This cost assumption was provided by the RESD Business Manager and is based on $0.42 per $100 of payroll.
- Assumes all insurance costs are included in the Liability Insurance line.

Utilities

- Assumes electric service for year 1 is $52,000, and increases to 105,000 in year 2, and 140,000 in Year 3. This is based on current expenses for the same services through SRP and adjusted for the bigger size facility and growth in years 2 and 3.
- Assumes $11,000 water and trash services in year 1. This based upon current expenses for the same services through the City of Phoenix and adjusted for the facility and smaller population.
- Assumes water and trash services increase to $22,000 in year 2 based on population increase.
- Assumes water and trash services increase to $33,000 in year 3 based on population increase.

Phone/Communications/Internet Connectivity
Assumes phone, communications and information technology services at $2,579 per month starting August 1, 2016 for eleven months. This is based on the current rates for Century Link telephone and internet bundle services for the target neighborhood. Total cost for Year 1 is $28,369. Year 2 the cost will go up to 40,000 and in Year 3 will go up to 55,000 due to the increase of students and cost for services.

Transportation
Assumes partnership with Riverside School District #2 for transportation. Assumes additional cost for field trips, university visits, and other transportation needs. Assumes $25,000 in transportation cost year one. Transportation will increase to $35,000 for year 2 with an increase in population. In year 3 transportation will increase to $45,000 as the population and increase of cost to provide transportation.

Food Service
Assumes $0 in food service cost; assumes cost will be offset based on participation in the National School Lunch Program and Breakfast Program

Student Furniture & Equipment
Assumes RESD#2 will purchase all equipment for facility.

Office Furniture & Equipment
.Assumes all office furniture will be purchased by RESD#2.

Student Technology Equipment
Assumes RESD#2 will purchase all student technology and equipment.

Office Technology Equipment
Assumes all office technology equipment purchased by RESD#2.

Other Leases (Security, Copiers, etc.)

- Assumes $250 per month for leases on copiers, security, etc.
- Assumes additional increases due to focus on a blended learning online updates and security system updates and maintenance in years two and three, $10,000 in year 2, and $15,000 in year 3