C.5 THREE YEAR OPERATIONAL BUDGET ASSUMPTIONS

This section will provide a viable and adequate budget to cover expenses projected to occur during the first three years of operation. It will ensure that state equalization revenue is consistent with the number and demographics of the target population, as described in A.2 and as detailed in the Projected Revenue Calculator. The following narrative will provide details and basis for the costs and revenue entered shown in the three year operational budget form.

EXPLANATION OF REVENUE

Focus Education Services: Focus High ("FES") created its first three years' operational budgets based upon the following budget assumptions shown in the enrollment and state equalization table shown below.

State equalization funding is based upon the following target enrollments for the first three years of operation:

	Year 1				Year 2				Year 3			
Grade	9	10	11	12	9	10	11	12	9	10	11	12
Enrollment - Phx	45	40	-	-	55	50	45	-	55	50	45	40
Enrollment - Site 2	-	-	-	-	55	50	-	-	55	50	45	-
Enrollment - Site 3	-	-	-	-	-	-	-	-	45	40	-	-
TOTAL	45	40	-	-	110	100	45		155	140	90	40
Enrollment Total	*AM 45*	85		*PM 40*	*AM 135*	255		*PM 120*	*AM 225*	425		*PM 200*
State Equalization	$695,984				$2,033,765				$3,292,122			

Table C.5.1: Enrollment Estimates and State Equalization Revenue

The table above represents an estimate for each year's enrollment projections for grades 9-12. In year one, Focus intends to open a single site location with a site capacity of 100 students. Focus anticipates enrolling 85 9th and 10th grade students (85% of the site's capacity). The site will offer two shifts: an AM shift serving approximately 45 students and a PM shift serving approximately 40 students. The rationale for an 85% fill rate is: (1) Focus believes this to be a viable, adequate, and attainable projection based on the target population, (2) this number creates a reasonable buffer to allow for adjustments that may be made in year 1, and (3) it allows Focus High to add additional students to grade levels already served and also better accommodate future growth and expansion in years 2-3.

In year 2, Focus anticipates expanding the initial site location to serve up to 100 additional students, or 200 total students (See C.1 Layout of Space). Focus also intends to open a 2nd site location of comparable size and functionality to service an additional 105 students for a total student population

of 255 students in both sites and both shifts. In year three, Focus anticipates opening a third site to service an estimated 425 total students in grades 9-12. These projections are consistent with the budget assumptions and the three year revenue calculator.

The state equalization totals also assume 15% of enrolled students will be English Language Learners (ELL) and 5% will have moderate to multiple disabilities (MD-R, A-R, and SID-R). The ELL assumptions are in line with the target population and Maricopa County[1] while the MD-R, A-R, and SID-R assumptions are slightly higher than average to account for the anticipated students stemming from the U-Turn Foundation, YDI, and other similar group homes which currently house a disproportionately high number of students with moderate disabilities. 100% of anticipated SPED revenue will be budgeted toward SPED expenses. The rationale for tying outsourced SPED services to available SPED revenue is to ensure SPED funding is properly allocated and not misappropriated. This also helps avoid variability within FES' first three years of operations.

EXPLANATION OF EXPENSES

Administration, Instruction, and Support (AIS) Expenditures

Director (Principal)

- Assumes 1 full-time employee ("FTE") for a School Director/Principal at $70,000 annual salary in Year 1. Total salary assumes 13.65% required employer contributions based on payroll and unemployment taxes. Salary is based on comparable principal/administrative positions throughout Maricopa County.[2]
- Assuming enrollment and performance goals are met, salary will increase to $80,000 in year two and $90,000 in year 3, with 13.65% required employer contributions for a total of $90,920 and $102,285 respectively.
- Throughout this document, payroll taxes (required contributions) are estimated at 13.65% per FES employee.

Director (Operations)

- Assumes 1 full-time employee ("FTE") for a Director of Operations beginning in year 2 at $70,000 annual salary. Total salary assumes 13.65% required employer contributions for a total of $79,555.
- Assumes salary will remain the same for year 3.

Director (Communications)

[1] source: http://www.migrationpolicy.org/research/number-and-growth-students-us-schools-need-english-instruction)
[2] http://www.onetonline.org/link/summary/11-9032.00

- Assumes 1 full-time employee ("FTE") for a Director of Communications beginning in year 3 at $70,000 annual salary. Total salary assumes 13.65% required employer contributions for a total of $79,555.

Office Manager/Registrar (Contracted Service)

- Assumes 1 contracted office manager/registrar at a rate of $36,000/yr through Consilium SFG. Due to this being a contracted position, no employer contribution is assumed.
- Year 2 will require a 2nd contracted office manager at a rate of $36,000 for a total of $72,000.
- Year 3 will require a 3rd contracted office manager at a rate of $36,000 for a total of $108,000

Teacher-Regular Education (Core Content and Business/Technology/Elective)

- Assumes 3 FTE teachers at a rate of $48,000 per teacher per year for year 1. Assumes 13.65% required employer contributions for a total of $163,656 in year 1.
- Assumes 9 FTE teachers at a rate of $48,000 per teacher per year for year 2. Assumes 13.65% required employer contributions for a total of $490,968 in year 2.
- Assumes 15 FTE teachers at a rate of $48,000 per teacher per year for year 3. Assumes 13.65% required employer contributions for a total of $818,280 in year 3.
- This teacher staffing plan combined with the student advocate staffing plan is adequate to meet the instructional needs of Focus High's student population.

Teaching Assistant/Instructional Assistant/Student Advocate – Half Time

- Assumes 4 Part Time ("PT") Student Advocates working 20 hours per week at a rate of $15 per hour; or $10,800 per student advocate per 180 day school year. Assumes 13.65% required employer contributions for a total of $49,097 in year 1.
- Assumes 12 Part Time ("PT") Student Advocates working 20 hours per week at a rate of $15 per hour; or $10,800 per student advocate per 180 day school year. Assumes 13.65% required employer contributions for a total of $147,290 in year 2.
- Assumes 20 Part Time ("PT") Student Advocates working 20 hours per week at a rate of $15 per hour; or $10,800 per student advocate per 180 day school year. Assumes 13.65% required employer contributions for a total of $245,484 in year 3.
- Based on campus need, 1 FTE student advocate may replace 2 PT student advocates.

Guidance/College/Career Counselor

- Assumes 1 FTE Guidance Counselor at a rate of $38,000 per year for year 2. Assumes 13.65% required employer contributions for a total of $43,187 in year 2.
- Assumes 2 FTE Guidance Counselor at a rate of $38,000 per year for year 3. Assumes 13.65% required employer contributions for a total of $86,374 in year 3.

Teacher Training and Improvement

- Assumes $1,500 per campus per year for an onsite interventionist to conduct a beginning of the year training.

- Assumes 88 teacher training and improvement hours per year per full time educator at $8/hour to assist in the usage of online professional development through sites like ACSD, Pearson, ScholasticU, and any others determined applicable and relevant by the principal, board, and PLCs.
- Assumes $500/yr per campus for potential teacher travel expenses.
- Assumptions combine for $6,928 in year one, $17,376 in year two, and $27,874 in year three.

Employee Benefits

- Assumes benefits for FTEs at a rate of 10% of each FTE's salary.
- Benefits will be used in part to cover employees' paid time off (9 paid sick/personal days each year) as well as other benefits deemed appropriate by the board prior to the start of the school year such as 401k match and/or tuition assistance.

Employee Insurance

- Assumes Employer contribution toward each FTE's insurance premium of $225 monthly for health and dental totaling $10,800 in year one, $32,400 in year two, $51,300 in year three. Assumption based on quote by Astoria insurance.

Office Supplies

- Assumes $250 per month per campus. Assumption based on 25,000 printed pages per month per campus plus office supplies.

Membership Dues

- FES will remain a member of the AZ Charter Association. Membership dues are $3.25/student/year with a $250 per school minimum. Assumes membership fees of $250 in year 1, $828.75 in year 2, and $1,381.25 in year 3.

IT - Contracted (Adobe Tech)

- Assumes year 1 computer maintenance and support services contracted at a rate of $48,000 per year.
- Assumes year 2 computer maintenance and support services contracted at a rate of $96,000 per year.
- Assumes year 3 computer maintenance and support services contracted at a rate of $144,000 per year
- Assumptions based on quotes provided by Adobe Tech.

Bookkeeper/Finance/Accounting/Payroll - Contracted (Consilium School Finance Group)

- Assumes contracted bookkeeper to assist with payroll and accounting services at a rate of $24,000 per year.
- Assumes 0.5 bookkeepers in year 1, 1 bookkeeper in year 2, and 2 bookkeepers in year three at a rate of $12,000; $24,000; and $48,000 respectively.

Security

- Beginning in year 2, FES plans to contract with a security firm to provide security services and equip each campus' students and staff with ID badges to badge in and out of buildings
- Assumes contracted services of $30,000 per year per site location beginning in year two.
- Assumes $60,000 in year 2 and $90,000 in year 3.

Special Education Services (Cenpatico)

- Assumes all Special Education Services (SPED) in years 1-3 will be contracted through Cenpatico.
- Assumes rate of 11% of annual state equalization revenue.
- Assumes $76,558 in year one; $223,714 in year 2; and 362,133 in year 3.
- Assumptions based on quote by Cenpatico. The rationale is to ensure proper and adequate allocation of funds toward special education services.

Curriculum – Learning Management System

- Assumes year 1 curriculum will be purchased with startup costs. Annual curriculum fees thereafter assume a cost of $100 per year per student for Acellus web-based supplementary curriculum and Canvas Courseware. Assumptions based on quote provided by Marti Asay of the Acellus Academy.
- Assumes cost of $8,500 in year 1; $25,500 in year 2; and $42,500 in year 3.

Auditor Fees

- Assumes hiring an outside firm to perform annual audits. Assumes cost of $5,000; $6,000; and $7,000 for years 1, 2, and 3 respectively. Assumptions based on rates provided by Ball and McGraw.

Maintenance and Operations (M&O) Expenses

Marketing

- Assumes an allocation of $250 per year per enrolled student toward marketing and retention efforts. This equates to approximately 3% of annual state equalization revenue.
- Assumes an expense of $21,250 in year 1; $63,750 in year 2; and $106,250 in year 3

Building Lease

- Assumes a rate of $5,000/mo per site location. Assumption based on quotes provided by DeRito Partners Realty and Leasing.
- Assumes an expense of $60,000 in year 1; $120,000 in year 2, and $180,000 in year 3.

Insurance (Property, Casualty, and Liability)

- Assumes property and casualty insurance at $9,000; $12,000; and $18,000 per year in years 1, 2, and 3 respectively.
- Assumes general liability insurance at $9,000; $12,000; and $18,000 per year in years 1, 2, and 3 respectively.
- Assumptions are based on quotes by Astoria Insurance.

Utilities (Electric, Gas, Waste, and Water)

- Assumes a rate of $500 per month per site
- Assumptions based on quotes of comparable properties by DeRito Partners Realty and Leasing.
- Assumes a rate of $6,000 in year 1; $12,000 in year 2; and 18,000 in year 3.

Phone Communications and Internet

- Assumes a rate of $500 per month per site
- Assumptions based on quotes of comparable properties by DeRito Partners Realty and Leasing and estimates provided by Century Link and Cox Business Services.
- Assumes a rate of $6,000 in year 1; $12,000 in year 2; and 18,000 in year 3.

Custodial

- Assumes custodial services hired at a rate of $500per month per site
- Assumes a rate of $6,000 in year 1; $12,000 in year 2; and 18,000 in year 3.

Busing

- FES will not offer Busing

Awards and Recognition

- Assumes a rate of $1,000 per quarter per site location for quarterly awards and recognition ceremonies to recognize student achievement.
- Assumes $4,000 in year 1; $8,000 in year 2; and $12,000 in year 3.

Field Trips and Service Activities

- Assumes $15 per student per quarter will be allocated to realize a relevant and worthy community service effort. In alignment with FES' Educational Philosophy, Focus High School students will contribute 12 hours per year (3 hours per quarter) to a worthwhile cause coordinated by the principal to benefit their respective communities.
- Assumes $60 per year per student will be allocated to realize these service efforts.
- Assumes $5,100 in year 1; $15,300 in year 2; and $25,500 in year 3.

Food Service

- TBD by National Student Lunch Program (NSLP). Revenues from NSLP may be used to provide food services from an approved vendor.

- Assumes food service costs and food service revenue will net zero.
- Assumptions based on student demographic data of target population.

Student Furniture (Workstations)

- First year furniture costs built into start-up costs
- Year 2 assumes 100 new student workstations (hexagonal desk, filing cabinet, and chair) at a rate of $400 each for a total year 2 student furniture expense of $40,000. Year 3 assumes 100 additional new student workstations at a cost of $40,000.
- Assumptions based on quotes by CubeSolutions and CubicleLandscapes.[3]

Student Technology Equipment (Computers)

- First year student technology costs are built into start-up costs
- Year 2 assumes purchase of 100 new computer stations at a cost of $400 each station for a total of year 2 student technology expense of $40,000. Year 3 assumes purchase of 100 additional new computer stations at a cost of $40,000
- Rate includes necessary software and installation by Adobe Tech
- Assumption based on quote by Adobe Tech

Office Furniture, Décor, and Building Signs

- First year office furniture and signage built into start-up costs, assumes $40,000 for each additional expansion site thereafter.
- Year 2 assumes $40,000 for second site location and year 3 assumes an additional $40,000 for 3rd site location.
- Assumptions based on quotes by SchoolOutfitters and AZ Sign and Graphics.

Office Technology & Audio Visual Equipment

- First year built into start-up costs. Year 2 assumes 8 installed staff workstations, 2 printers/copiers, 2 conference room projectors with screen, and routers, hubs, and switches needed for network connectivity.
- Assumes $40,000 per additional expansion site for $40,000 in year 2 and an additional $40,000 in year three.
- Assumptions based on quotes by Adobe Tech and Automated Environments.

Loan Repayment

- Assumes Loan installment fee of $1,386.61 per month over 36 months at 15% APR to repay startup loan.

[3] http://www.cubesolutions.com/specials_pages/call_center_specials.htm#53highvalue4x2