REVISED Operational Plan B3.2 Contracted Services

Phoenix Collegiate Academy Elementary (PCAE) will use contracted services for some special education services, food service, and supplemental financial support (including auditing and payroll). We assume contracted legal services for governance reorganization work will be taken on by the CMO and pro-bono legal services thereafter (as well as capitalizing on the expertise of our Board). All contracted personnel will comply with all Fingerprint Clearance Card requirements and possess the specified qualifications and expertise below. The cost for each service identified is based on a quote from vendors and estimates from current rates.

Special Education

PCAE will not contract for most Special Education instruction, but will instead hire full-time Special Education Teachers dedicated to reaching the needs of students on IEPs rather than contracting services. The role of the Special Education Teachers will be to meet the needs of students in their classrooms (that do not require the contracted services below) and support the Principal and Operations Manager with issues of compliance, including writing and managing student IEPs. For 5 years of operation on other similar campuses, students in the community enrolled at PCA schools have been more than adequately served by Special Education staff members, so further contracting is not necessary. PCAE will use IEP Anywhere, a web-based forms manager that provides all special education documentation and promotes compliance, a cost covered by the CMO (central office) for all PCA schools and therefore not budgeted for this site.

With the above services provided by hired staff and knowledge of managing other campuses nearby, PCAE anticipates contracting only for specific special education services that include: Speech/Language Pathology, Psychology Services, and Occupational Therapy. PCAE uses budget assumptions slightly higher than current levels of need at existing campus and worked with current providers, including Occupational Therapy and Psychology Independent Consultants and Bilingual SLP Services, to estimate projections for the first three years. By basing estimates on slightly higher than the current needs and rates (we've anticipated 2% increase in rates despite observing rate decreases due to scale), PCAE ensures that plans more than adequately cover the requirements for the target population. See the table below:

	FY13	FY14	FY15	Estimated RSD using ADE reports	Needs Estimated in PCAE Budget
Speech/Lang	5.4%	6.56%	6.0%	5.6%	7%
Psychology	1%	0.8%	1.1%	Not reported	1.5%
Occ. Therapy	0%	0%	0.4%	0.36%	0.5%

Previous year observations at PCA schools and reported data from the surrounding school district suggests that the estimated costs, which the budget proves are viable, will more than adequately meet the needs of students anticipated to enroll.

To show an example of how budgets were calculated, we can look at occupational therapy. The average observed need, according to local practitioners, for a student is 30 minutes per week. The cost for therapy from one vetted provider is $67.98 per hour. To calculate the estimated budget see the table below:

Estimated population	0.5% (estimate is higher than 0.36-0.4% observed)
Estimated # of students	In year 1, 0.5% of 185 students is rounded up to 1
Estimated time needed	Average 30 min/wk for 38 weeks is 19 hours
Estimated rate of therapy	Price quotes show $67.98/hr, estimate 2% higher for possible inflation ($69.34)
Estimated cost of therapy	$1,317.46
Estimated cost of evaluation	Price quotes show $82.44 per student, estimate 2% higher for inflation ($84.09)
Total estimated cost	$1,401.55

The same process is used to budget for all special education contracted providers. Because the budgeting process includes opportunities to overestimate need and cost, PCAE can ensure that plans can meet a higher need than observed in the target population and remain a viable operation.

To ensure service providers meet the quality level necessary for the target population PCAE looks for the following professional qualifications.

Professional Qualifications (Contracted SPED services)

1. All service providers must be certified by the state of AZ in the area of their expertise and have a minimum of two years of experience working with children with special needs
2. Experience writing MET reports, IEPs, and PWNs
3. Ability to maintain records and meet deadlines needed for compliance
4. Demonstrate strong communication skills
5. Availability to conference with educators and parents as needed to discuss special education issues or attend MET/IEP meetings
6. Receive three positive referrals from other charter schools
7. Bilingual communication skills

Food Service

PCAE assumes food service costs are reimbursable through federal funds, based on the experience of other PCA schools for the last 5 years and per research about other charter operators of similar charter schools. PCAE has provided for a yearly budget to cover the requirement to match 30% of previous year paid meal difference costs using state aid, as per AZ Child Nutrition Program standards. Pursuant to A.R.S. 15-242, Phoenix Collegiate Academy will abide by the Arizona Nutrition Standards and all eligible students will be provided meals for free or at a reduced rate in accordance with the National School Lunch Program and School Breakfast Program. PCA Elementary will be responsible and accountable for filing all documents necessary for operating the food service program and using the "Contracting with a Food Service Management Company Manual" to guide our compliance and follow all necessary steps when contracting with a caterer.

PCAE will base assumptions on current percentage of students who qualify for free or reduced price lunch (97%), but assume reimbursement at a lower rate to maintain conservative expectations. If a student does not qualify for free or reduced price lunch/breakfast, PCAE will expect that parent to pay for their child's meal if they decide to eat breakfast or lunch at school. In the experience of other PCA and similar schools, those requirements have been met. It is anticipated that L&M Catering will provide food service district-wide, but PCA Elementary will follow state bidding guidelines to determine which company will provide this service each year. By basing estimates on the current needs and costs and lower reimbursement rates, PCAE ensures that plans more than adequately cover the requirements for the target population. Since the cost of food services at PCA schools has been at or below the federal reimbursement and meal fees collected for all operating years, no additional cost of food service is added to the startup and operating budgets. This falls in line with expectations and observations of other similar schools.

Since reimbursements cover costs and the state match provision requires matching based on the previous year, no food service costs should be budgeted for year 1.

	Year 2	Year 3
Estimated student count	260	305
Estimated lunches served (95% consumption observed)	260 students x 95% x 180 days = $44,460	305 students x 95% x 180 days = $52,155
Estimated paid lunch reimbursement (FY13=.28)	$0.29	$0.30
Budgeted Match Requirement	$12,894	$15,647

This budgeting process allows ample opportunity to overestimate need and cost, so that PCAE will be ready for any scenario and adequately able to meet the target population's needs.

Students and family survey data suggests the current food services at other PCA schools meets the community's standards. To ensure any potential contractor will meet PCAE's needs, the following qualifications are sought.

Professional Qualifications

1. Abide by Arizona Nutrition Standards
2. Receive three positive referrals from other charter schools
3. All leased equipment and food cost falls at or under the federal reimbursement rate
4. Offer a contract that is aligned with the requirements of the Arizona Department of Education
5. Health and Nutrition Services Department guideline familiarity

Financial

PCAE assumes proportional annual costs for contracted financial support for the elementary campus with Aspire Business Consultants based on discussions with Heather Jones. Aspire has experience working with multiple charter schools in the same phases of development that PCAE will be in. This service includes setup, payroll services, training/mentoring, state reporting, general financial oversight, audit preparation and some grants management services. Pricing quotes estimate PCAE finance and accounting costs at $4,500 in year 1 and $7,500 in years 2 and 3. By basing estimates on current needs and rates, not including expected discounts for scale, PCAE ensures that plans more than adequately cover the requirements for the target population.

Other PCA schools have already observed this level of support and cost to more than adequately cover the required needs in previous years of operation.

We have also budgeted for an Operations Manager for the school site staff, which will somewhat reduce the services needed through contracted support related to non-financial compliance. Financial services will be heavily supported by the COO and other CMO staff. To ensure any potential contractor is prepared to meet PCAE's needs, we look for the following qualifications.

Professional Qualifications (Contracted Financial Services Provider):

1. Required certifications aligned to expertise
2. Extensive experience providing back office support to year one charter schools in Arizona
3. Strong oversight in establishment and management of internal controls
4. Capacity to provide personalized and exceptional service (low client-to-staff ratio)
5. Effective coverage of all areas of school management
6. Demonstrated experience in preparing annual financial reports in accordance with state guidelines and communicating with all relevant local, state and federal entities
7. Receive three positive referrals from other charter schools with clean financial audits
8. Affordability for resource constrained charter schools
9. Strong interpersonal skills

Other

PCAE assumes proportional annual costs for contracted pest, security, and cleaning support for the elementary campus with Burns Pest, Sierra Fire, and Ethan's Cleaning, respectively based on quotes from each company. Each has experience working with multiple charter schools in the same phases of development that PCAE will be in and with other PCA campuses. Cost estimates from each are stated in 3-year budget and a breakdown is included in assumptions. No costs are estimated in startup since the services will not begin until after Aug 1 of the first year of operation. Costs adequately represent the needs of a startup campus because they are based on price quotes from expert contractors with experience working with startup charter schools. The services represent services PCA startup campuses have already experienced and are backed by contractor-backed quotes. Those quotes are listed in the table below.

Contracted Services			
	FY16	FY17	FY18
Pest	$ 425.00	$ 850.00	$ 850.00
Security	$ 250.00	$ 500.00	$ 500.00
Maintenance/Deep Cleaning	$11,500.00	$16,000.00	$19,000.00

To ensure any potential contractor is prepared to meet PCAE's needs, we look for the following qualifications.

Professional Qualifications:

1. Required certifications aligned to expertise
2. Extensive experience providing support to year one charter schools in Arizona
3. Strong reviews and absence of major negative reviews.
4. Capacity to provide personalized and exceptional service (low client-to-staff ratio)
5. Receive three positive referrals from other charter schools

6. Affordability for resource constrained charter schools
7. Strong interpersonal skills

Legal

Phoenix Collegiate Academy Elementary will continue to work with preferred lawyers through existing relationships when legal services are required. Legal service costs will remain a CMO-level expense. Current operations have suggested that these expenses will continue to be very minimal, with the majority of legal matters handled through the expertise on our Board and the commitment of pro-bono lawyers. However, since the CMO assumes legal costs, no budgeted costs are required for this site.

Professional Qualifications (Contracted or Pro-Bono Lawyer)

1. Law degree and in good standing with the Arizona State Bar
2. Experience with all aspects of school law, including but not limited to: Open Meeting Law, public records statutes, personnel issues, school policies and procedures, and other related matters
3. Receive three positive referrals from other schools in good legal standing

Board Members and Advisors of Phoenix Collegiate Academy, Inc. with Law Degrees

- Michael Zimmerman, Zwillinger, Greek & Knecht
- Tomas Reveles, Coca-Cola
- Chris DeRose, Author and Attorney
- Lynne Adams, Osborn Maledon

B.3.2.c Adequate Costs for Target Population

Based on the experience of operating the other PCA schools, these figures are viable and adequate for the target population of PCAE. For those students who enroll we have anticipated needs of special education services. Food services are follow a predictable pattern. Financial services are based on work performed, not per student, and having worked with this company for many years, we know that the estimations are adequate for the work needed.