REVISED Business Plan C5 3 Year Budget Assumptions

Phoenix Collegiate Academy, Inc. has worked to model a multi-year budget for an elementary school. This growth, driven by CMO management, is supported by network funds and grants.

All assumptions are conservatively based on price quotes, current market rate, and/or thorough research and conversations with vendors and School Directors at comparable charter schools, along with 5 years of existing knowledge of operating campuses in South Phoenix, and experience starting up two campuses. While we fully expect to utilize the expertise on our Board to help with significant fundraising, none of this is included in the model yearly budgets. Startup and implementation can be carried out without reliance on outside support. The PCA management team, including Principal-in-Residence, also plans to use the planning year to prepare grant applications for submission upon authorization.

PCA's budgets are based on revenues for enrollment that meets 90% of projections during Year 1, 95% of projections during Year 2, and 96% of projections during Year 3, although is confident that projections represent realistic recruitment goals for our target area and population as they are based on actual recent recruitment results. The number of students classified as English Language Learners (ELL) or qualifying for special education services is based on rates of students receiving those services in the Roosevelt Elementary School District, the district where PCA Elementary is geographically located.

Detailed Assumptions

AIS - Salaries and Benefits

- During Year 1, assumes 1 FTE Principal, 7 FTEs for Regular Education Teachers, 2 FTEs Special Education Teacher, 1 FTE Receptionist, 1 FTE Operations Manager, 1 FTE Teaching Fellow (aide/trainee), 1 FTE Special Area Teacher, 0.5 FTE Janitor. The aide and Special Area roles are included in the "Other" category (1 of each position makes a total of two for this category).
- During Year 2, assumes 1 FTE Principal, 10 FTEs for Regular Education Teachers, 3 FTEs Special Education Teacher, 1 FTE Receptionist, 1 FTE Operations Manager, 2 FTE Teaching Fellow (aide/trainee), 2 FTE Special Area Teacher, 1 FTE Janitor all employed starting in July. The aide and Special Area roles are included in the "Other" category (2 of each position makes a total of 4 for this category).
- During Year 3, assumes 1 FTE Principal, 1 FTE Assistant Principal, 12 FTEs for Regular Education Teachers, 3 FTEs Special Education Teacher, 1 FTE Receptionist, 1 FTE Operations Manager, 2 FTE Teaching Fellow (aide/trainee), 2 FTE Special Area Teacher, 1 FTE Janitor all employed starting in July. The aide and Special Area roles are included in the "Other" category (2 of each position makes a total of 4 for this category).
- Assumes teachers will receive a market rate salary at PCA schools with 10% required employer contributions. Social Security and Medicare taxes are 7.65%. Unemployment

contributions can be as high as 2%. And up to 0.1% can be required for "job training" taxes, so estimating slightly more than the 9.75% maximum will more than adequately cover the potential cost.

- Assumes 3% COLA for positions in years 2 and 3.
- Assumes shared custodial staff among campuses during year 1.

- Assumes benefits costs that begin on August during PCA's open enrollment period. Assumes current average benefits costs for 1 month, including employee insurance. The estimated 7% is higher than observed at other PCA campuses to adequately cover for potential increases from inflation or the opportunity to further increase benefits. Specifically, there is budget space here for a potential 3% employer match in 401k contributions. Assumes benefits increases in years 2 and 3 as provision for possible rate increases and improvements in benefits package offerings. The table below provides justification for the assumption.

	FY12	FY13	FY14
Health/Dental/Vision Premiums	$34.2K	$59.8K	$74.9K
Workers' Comp Premiums	$4.4K	$4.8K	$5.9K
Cell Phone Benefits	0	$66	$1.7K
Total Benefits	$38.6K	$64.6K	$82.4K
Total Salaries	$975K	$1,541K	$2,020K
% of Salaries	4.0%	4.2%	4.1%

AIS Other

- Assumes instructional supplies costs based on school size and supply consumption rates historically seen within PCA, Inc. schools.
- Assumes specific curriculum materials purchased in for year 1 are included in startup budget.
- Assumes the possibility that the need for as-yet-undetermined curricular materials may arise over the course of the academic year, beyond materials purchased during start-up. $3,000 is allotted toward this purpose.
- Assumes supplemental curriculum materials for years 2 and 3 as follows:

Figure C4.C: Year 2 and 3 Curriculum

Year 2				
Curriculum and Resources	Unit Cost	Qty	Subtotal	Notes
K plans - Math, ELA, SS, Character	$ 1,000.00	5	$ 5,000.00	
K-4th Gr Science Kids (FOSS)	$ 599.00	3	$ 1,797.00	1 set for each additional classroom
K-4th Gr Math Manipulatives (enVision)	$ 399.97	3	$ 1,199.91	1 set for each additional classroom
NWEA MAP Assessments	$ 12.50	260	$ 3,250.00	
STEP kits	$ 475.00	5	$ 2,375.00	1 per student
STEP Annual Data Manatement Fees	$ 750.00	1	$ 750.00	
STEP Student License	$ 12.00	260	$ 3,120.00	
STEP Annual Professional Support	$ 3,500.00	1	$ 3,500.00	1 per day
CGI Investigation Kits/Manipulatives	$ 944.97	1	$ 944.97	
Ready Reading 1 yr	$ 29.99	260	$ 7,797.40	1 per additional grade
Mastery Connect Academic Software	$ 6.00	260	$ 1,560.00	1 per student
Total			$26,294.28	1 per student

Year 3				
Curriculum and Resources	Unit Cost	Qty	Subtotal	Notes
K-4th Gr Science Kids (FOSS)	$ 599.00	2	$ 1,198.00	
K-4th Gr Math Manipulatives (enVision)	$ 399.97	2	$ 799.94	1 set for each additional classroom
NWEA MAP Assessments	$ 12.50	305	$ 3,812.50	1 set for each additional classroom
STEP kits	$ 475.00	5	$ 2,375.00	
STEP Annual Data Manatement Fees	$ 750.00	1	$ 750.00	
STEP Student License	$ 12.00	305	$ 3,660.00	1 per student
STEP Annual Professional Support	$ 3,500.00	1	$ 3,500.00	
Ready Reading 1 yr	$ 29.99	305	$ 9,146.95	1 per student
Mastery Connect Academic Software	$ 6.00	305	$ 1,830.00	1 per student
Total			$27,072.39	

- Assumes no AIS contracted services. Special education contracted services based on estimates from current vendors using student population and current ratio of needs. PCAE anticipates only needing to contract for specific special education services that include: Speech/Language Pathology, Psychology Services, and Occupational Therapy. PCAE assumes slightly higher than current levels of need at existing campus and worked with current providers, including occupational therapy and psychology independent contractors and Bilingual SLP Services, to estimate projections for the first three years. A breakdown of how estimates were calculated is in section B3.2 Contracted Services in the section related to special education services. The total estimates for all three types of services are as follows:
    - Year One: $21,826
    - Year Two: $32,739
    - Year Three: $39,286
- Assumes partial SAIS software fees shared by 3 campuses, with Year 1 covered in the start-up budget
- Assumes auditor fees based on expected costs from Brett Backlund, CPA
- Assumes specific library materials purchased in for year 1 are included in startup budget.
- Assumes library materials for year 2 and 3 as detailed below and supplemented by donations (as already observed at other campuses and using DonorsChoose program and in-kind gifts) and existing PCA materials:

Figure C4.D: Year 2 and 3 Library Expenses

Library, Year 2				
Library Resources	Unit Cost	Qty	Subtotal	Notes
Leveled books 1st-4th	$ 4.68	150	$ 702.00	50bks/clssrm, 3 new rooms; observed avg price/bk from preferred vendors
Magazine Subscription (Nat Geo)	$ 71.81	1	$ 71.81	shared campus-wide
Reading A-Z	$ 84.95	10	$ 849.50	1 set per class
Total			$ 1,623.31	

Library, Year 3				
Library Resources	Unit Cost	Qty	Subtotal	Notes
Leveled books 1st-4th	$ 4.68	100	$ 468.00	50bks/clssrm, 2 new rooms; observed avg price/bk from preferred vendors
Magazine Subscription (Nat Geo)	$ 71.81	1	$ 71.81	shared campus-wide
Reading A-Z	$ 84.95	12	$ 1,019.40	1 set per class
Total			$ 1,559.21	

Operations and Management

- Assumes supply costs that match current usage at PCA middle school campus based on paper costs estimated on student enrollment and $75-$125 per instructional staff member.
- Assumes elementary school marketing costs estimated as historically paid by PCA campuses in marketing and advertising in student recruitment.
- Assumes contracted service costs based on current PCA MS campus needs, rates, and discussions with vendors for multi-campus and startup school discounts.

Figure C4.E: O&M Contracted Services

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
Financial	$ 4,500.00	$ 7,500.00	$ 7,500.00
Total	$16,675.00	$24,850.00	$27,850.00

- Assumes rent payment to PCA, Inc. for co-location with PCA Middle School during Year 1 at rate of $8077.56 per month, as reference in the C4 start-up budget.
- Assumes building cost of $5M. Assumes payments starting in Year 2 based on 5% amortization rates. These estimates come from experienced financial advisors based on actual building drawings.
- Assumes landscaping costs based on PCA MS campus needs, rates, and discussions with vendors for multi-campus and startup school discounts.
- Assumes the cost of fees and permits will be covered by PCA, Inc., the CMO managing PCAE.
- Assumes insurance and liability costs based on estimates from The Arizona Group and current rates, including provision for rate increases.
- Assumes utility costs between $1.50-$2.00/sq ft used, based on current utility costs and advisement from PCA construction team (designers, realtors, project managers).

- Assumes telecommunications costs based on AZ State Master Contract and 70% Erate subsidy.
- Assumes no transportation provided.
- Assumes that federal reimbursements from National School Lunch Program and Breakfast Program will cover 100% of costs for meal service.
- Assumes food service costs to meet 30% of previous year state funding matching requirement per NSLP guidelines.
- Assumes equipment and office furniture costs based on pricing at School Outfitters for the number of classrooms added each year. Furniture costs for Year 1 classrooms are included in start-up budget.
- Assumes technology costs as estimated by school catalogs for mobile computing carts, and based on historical PCA campus technological needs.
- Assumes costs for leasing copiers based on school size, usage, and supply consumption rates historically seen within PCA, Inc. schools.
- Assumes CMO fees of 10% to PCA, Inc. as an education service provider-related cost. Assumes graduated fees at lower than 10% in years 1 and 2 if school is unable to meet 90% of enrollment goal.