C.5 Three Year Operational Budget Assumptions

C.5.a Expenditures to Meet Plan

The attached budget covers all aspects of the Phoenix Collegiate Academy High School plan. This is a unique case in that there is not a "start-up" year before the Year One budget, because the High School is already in existence as an attached part of the Phoenix Collegiate Academy, Inc. charter. The infrastructure and materials for the high school program already exist and will just continue to exist under a new charter upon approval. Up until that point, Phoenix Collegiate Academy, Inc. will operate the High School.

This budget includes the necessities of the instructional plan (teachers, textbooks, student materials), operational plan (marketing, building operations, materials for teachers), and business plan (benefits, leases and loans, etc.) All items required for the completion of this program are accounted for.

C.5.b Revenue Consistent with Target Population

Based on enrollment of 250 in Year One, 260 in Year Two and 280 in Year Three, these are within our limits for enrollment (to never exceed 350 students). Further, based on our Target Population, we will have approximately 25% ELL students and 11% students with special needs. These numbers are not only the average in the school district surrounding Phoenix Collegiate Academy High School, but they are also the numbers that are reflective of the current students at Phoenix Collegiate Academy Middle School. Many of these students will feed into the Phoenix Collegiate Academy High School.

C.5.c Student Add-ons

Based on our Target Population, we will have approximately 25% ELL students and 11% students with special needs. These numbers are not only the average in the school district surrounding Phoenix Collegiate Academy High School, but they are also the numbers that are reflective of the current students at Phoenix Collegiate Academy Middle School. Many of these students will feed into the Phoenix Collegiate Academy High School.

C.5.d Rationale for Percent of Full Enrollment

The Phoenix Collegiate Academy High School budget is based on 250 students in year one, 260 in year two, and 280 in year three, which is the anticipated average number of students that will attend PCA HS through the 100th day. As noted in section C.2, we will enroll up to 275 students in year one, because we know from five years of experience in this target area that attrition is about 10% over the first 100 days of school. Thus, our budget is realistic and rational given our intention and proven ability to enroll more students in the start of the year, and then maintain that average total as our goal (250).

As proof of this, in the 2013-14 school year, our target enrollment for Phoenix Collegiate Academy, Inc. was 440 students. Through the 100th day we averaged 442.5 students. But, in the beginning of the year, we had 470 students enrolled in the school. So, 10% as an over-enrollment target is sufficient to prove this budget is realistic.

C.5.e Adequate Assumptions

Dean of Culture and Dean of Curriculum- These figures are sufficient as they are both leaders of the campus, in a shared capacity. In a traditional model of a High School Principal and an Assistant Principal, the competitive

salaries would be about $80,000 and $55,000, so our total cost of leaders is less than this model, but competitive in salary with what an assistant principal would earn in a school.

Teacher Salaries- The local elementary school district in our area, Roosevelt School District, just increased their starting teacher salary to $39,000 so our salaries are competitive with that district. Phoenix Union High School District, the local High School District has starting salaries of $38,500 so this number is a competitive figure based on that figure.

Special Education Salaries- These are competitive base salaries with a special education bonus built in, which is competitive with the local school districts surrounding Phoenix Collegiate Academy.

Custodial- With a full campus of students, we require a full-time custodial member. This is a competitive salary and allows the flexibility to maintain this person as a year-round employee to take on summer projects to prepare for the next school year.

Operations Manager- This salary is competitive for those interested in operational aspects of schools, but not interested in people management. In our current organization, Phoenix Collegiate Academy, Inc. this is a competitive salary.

Receptionist- In the surrounding district this role is typically an hourly role (approximately $13 per hour), so we are competitive with this salary and benefits plan.

Employee Benefits- Assuming 8.75% for all payroll taxes, Medicare and Social Security.

Employee Insurance- Assuming 8% for Year 1 and Year 2 and 10% of total salaries for Year 3. These rates are typically what we have seen in the past five years working at Phoenix Collegiate Academy, Inc. and in discussions with the Arizona Group, our insurance broker, these rates are reasonable. This is coverage for all employees for medical, dental, and vision insurance.

Office Supplies- Assumption is that there are $350 per student spent on office supplies (copy paper and writing utensils being the largest amount). This has proven to be adequate at Phoenix Collegiate Academy, Inc.

Instructional Consumables- Assumption is that we will spend $150 per student. This includes all student novels (so they can write notes and highlight text), lab supplies, organizational supplies (agendas, binders, folders, notebooks), and workbooks for classes like Spanish and SAT Prep.

Membership Dues- Memberships include the Charter School Association, Teach Like A Champion Professional Development, Advanced Placement status, Accreditation with Advanced Ed, etc.

Contracted Services (Special Education)- In our conversations with Bilingual SLP services, our current Speech therapy providers and our current psychologist, these are the amounts we can expect to pay for speech therapy and psychological testing based on 11% of students with special needs (per our Target Population). Since the school is only growing a small amount in years two and three, these numbers are not growing.

Curriculum and Resource Materials- The year Phoenix Collegiate Academy High School opens, it will be the first year of having any seniors, so all of those students (40) will need textbooks for all classes. This assumes that will cost $650 per student. Also, there will be a larger tenth and eleventh grade than ever before, so there will be a need for all new textbooks for some students (30). Again, this is assuming $650 for these textbooks. As we will be adding students in years two and three and needing to replace lost or damaged books, this number

remained the same. This also assumes the cost of NWEA MAP testing for all three years. This test is $12 per student.

Library Resources/Software: A standing amount of funds to replace lost books. There is already an existing library, so this is just to add and replace books as needed ($4,000). The software that we purchase is Microsoft work licenses for new staff members, so at most this is 10 licenses at $100 each. ($1,000) This number is consistent in years two and three.

SAIS Software: We contract with ETC for all attendance services through PCA, Inc., and will continue to do so with PCA High School. We assume these costs will increase with a 3% inflationary amount in years two and three.

Auditor Fees: This is the highest number for an audit. Our expectation would be to secure a lower price, but in conversations with our current auditor for Phoenix Collegiate Academy, Inc. this was deemed a good placeholder. (Note: The audit costs are reimbursed each year in the following year. This is not reflected in this budget, as there is not a space to do so, but we know this would be a cost that would be zero in years two and three.)

Staff Professional Development: This is a central component of our program, and a central idea in our PMP. Phoenix Collegiate Academy will send staff to *Teach Like A Champion* trainings ($1,000-$2,000 per training plus travel and hotel), and also invest in resources for the whole staff on this methodology. Also, staff will attend summer AP institutes ($675 per teacher). This is a recurring cost each year.

Supplies: Estimated at $100 per student for a year of paper towels, cleaning supplies, toilet paper and tissues. This figure is based on the amount per student at the existing PCA, Inc. charter.

Marketing and Advertising: Per the section C.2, Phoenix Collegiate Academy High School will spend $5,000 on marketing materials (direct mailers to students).

Contracted Services (O&M): Night cleaning, pest control, accounting services and landscaping services for a year, based on conversations with these vendors. In years two and three these costs are estimated with a 3% inflationary increase.

Building Rent/Lease/Loan: Per the existing bond financing that the high school was built with. The total amount of payment is based on the number of students and thus increases slightly each year in year two and three.

Building and Improvements: This is a maintenance number for the event of graffiti or vandalism.

Land and Improvements: The site is new as of the summer of 2013, and there are no anticipated improvements. There is no cost in this row.

Fees and Permits: The annual County Health Permit fee, any fees for the alarm company to report alarms, and other unforeseen fees. As this is a placeholder, it is not increasing each year.

Property and Casualty and Liability Insurance: This is based on the current amounts at PCA, Inc. and by conversations with the Arizona Group, our insurance provider. There is a 3% inflationary rate accounted for in years two and three.

Utilities: Based on utilities costs in the school year 2013-14, and then increased to account for more students. In years two and three, there is a 3% inflationary rate accounted for.

Phone/Internet: Based on phone and internet costs in the school year 2013-14, and then increased to account for more students. In years two and three, there is a 3% inflationary rate accounted for.

Transportation: No anticipated costs as we do not intend to provide a bus or transportation for any activities.

Food Service: This will be a zero sum, as we will spend the funds the federal government provides for free and reduced lunch students on the food they need through an approved ADE catering company.

Student Furniture: All student furniture will already have been purchased or donated prior to the charter authorization of Phoenix Collegiate Academy High School. PCA, Inc. will have already provided all of the needed furniture.

Office Furniture: Please see answer above.

Student Technology Equipment: Under PCA, Inc. there already is an existing computer lab of 35 computers. In year one, Phoenix Collegiate Academy High School will purchase a laptop cart and 20 laptops. In year three they will purchase a second cart and set of 20 laptops. This is all in preparation for the computer skills the new state assessment will require.

Office Technology Equipment: Anticipated that new staff members will all require a new laptop ($350 per laptop) and that any staff member that has been in the PCA, Inc. organization for more than 3 years will need a new computer. (Assumption is that this is 9 computers per year.)

Other Leases (Copiers, Security, etc.): Copiers at PCA HS will all be leased, and security services are also necessary. This amount is based on expenditures under the existing charter, PCA, Inc. In years two and three this number is increased by a 3% inflationary rate.

Loan Repayment- Debt Covenant Required Carryover: Per the debt covenants agreed upon in the bond to build the high school building, PCA HS must keep 20% of the loan payment amount as liquid cash on hand. While it will eventually be carried over into the next year budget, it being treated as an expense in this document to show that it is money that is restricted and not expendable.

Other- CMO fee: All schools in the Phoenix Collegiate Academy, Inc. organization are required to pay 10% of their annual state revenue to the CMO to support services the CMO provides (talent acquisition, marketing support, fundraising, accounting, strategic vision, etc.)

C.5.g Revenues cover expenses

All revenues are sufficient to cover expenses.