C.5 Three Year Operational Budget Assumptions

Pensar Academy's three-year operational budget begins from August 1, 2016 to July 31, 2019 based on the following assumptions:

a. Explanation of Expenditures

Administration, Instruction & Support (AIS) Expenditures

Salaries

Director of Student Learning: Assumes 1 full-time employee ("FTE") for the Director of Student Learning at annual salary of $65,000 in year one. Assumes required employer contributions, estimated at 10% of salary. Cost is based on comparable positions at similarly sized charter schools. Assumes enrollment and performance goals are met and salary increases by 5% to $68,250 in year 2 to and to $71,662.50 in year 3. Required employer contributions estimated at 10% of salaries.

Director of Operations: Assumes 1 full-time employee ("FTE") for the Director of Operations at an annual salary of $65,000 in year one. Assumes required employer contributions, estimated at 10% of salary. Cost is based on comparable positions at similarly sized charter schools. Assumes enrollment and performance goals are met and salary increases by 5% to $68,250 in year 2 to and to $71,662.50 in year 3. Required employer contributions estimated at 10% of salaries.

General Education Teacher: Assumes 6 FTE for the General Education Teacher at an average annual salary of $45,000 in Year 1 for student enrollment of 150. Assumes 12 FTE for the General Education Teacher at an average annual salary of $46,125 in Year 2 for student enrollment of 300. Assumes 16 FTE for the General Education Teacher at an average annual salary of $47,432.81 in Year 3 for student enrollment of 400. Assumes an average increase per teacher of 5% annually based upon available funds and performance reviews. Required employer contributions estimated at 10% of salaries for Y1, Y2, and Y3. *(See C.5.2. Table 1: Salary Calculations-General Education Teacher)*

Physical Education/Chess Teacher: Assumes cost in Year 1 of $31,750 for Physical Education/Chess FTE. Assumes 1 FTE of a Physical Education Teacher at an average annual salary of $45,000 in Year 2 and $47,250 in Year 3. Assumes an average increase per teacher of 5% annually based upon available funds and performance reviews beginning at the end of Y2 of operation. Required employer contributions estimated at 10% of salaries annually. *(See C.5.2. Table 2: Salary Calculations-Physical Education Teacher)*

C.5.a Table 1: Salary Calculations-General Education Teacher

	Year 1	Year 2	Year 3
Grade 4	2 Grade 4 Teachers: a) Assumes 2 teachers at starting salary of $45,000.	2 Grade 4 Teachers: a) Assumes enrollment and performance goals are met and salary increases by 5% for 2 teachers to $47,250 in year two.	2 Grade 4 Teachers: a) Assumes enrollment and performance goals are met and salary increases by 5% for 2 teachers to $49,612.50 in year three.
Grade 5	2 Grade 5 Teachers: a) Assumes 2 teachers at starting salary of $45,000.	2 Grade 5 Teachers: a) Assumes enrollment and performance goals are met and salary increases by 5% for 2 teachers to $47,250 in year two.	2 Grade 5 Teachers: a) Assumes enrollment and performance goals are met and salary increases by 5% for 2 teachers to $49,612.50 in year three.
Grade 6	2 Grade 6 Teachers: a) Assumes 2 teachers at starting salary of $45,000.	4 Grade 6 Teachers: a) Assumes enrollment and performance goals are met and salary increases by 5% for 2 teachers to $47,250 in year two. b) Assumes 2 teachers at starting salary of $45,000.	4 Grade 6 Teachers: a) Assumes enrollment and performance goals are met and salary increases by 5% for 2 teachers to $49,612.50 in year three. b) Assumes enrollment and performance goals are met and salary increases by 5% for 2 teachers to $47,250 in year two.
Grade 7		4 Grade 7 Teachers: a) Assumes 4 teachers at starting salary of $45,000.	4 Grade 7 Teachers: a) Assumes enrollment and performance goals are met and salary increases by 5% for 4 teachers to $47,250 in year two.
Grade 8			4 Grade 8 Teachers: a) Assumes 4 teachers starting salaries of $45,000
Average Yearly Salary	$45,000	46,125.00	47,432.81

C.5.a Table 2: Salary Calculations-Physical Education/Chess Teacher

Physical Education Teacher	a) Assumes 1 teacher at a starting salary of $31,750. (1 Year at this rate due to job description and student numbers.)	a) Assumes 1 teacher at a salary of $45,000.	a) Assumes enrollment and performance goals are met and salary increases by 5% for 1 teacher to $47,250 in year three.
Average Yearly Salary	$31,750	$45,000	$47,250

Coordinator of Special Services: Special Education: Assumes no full-time special education teacher in year 1 because Director of Student Learning will cover Special Education Services. Assumes 1 FTE for the Coordinator of Special Services at $45,000 annual salary in Year 2. Employer contributions estimated at 10% of salaries. Assumes performance goals are met and salary increases 5% to $47,250 in year 3. Employer contributions estimated at 10% of salaries.

General Education Assistants: Assumes hourly wage of $10 per hour at 7.5 hours per day for 200 days for 1 general education assistant in Y1, 6 FTE positions in Y2, and 8 FTE positions in Y3. Employer contributions estimated at 10% of salaries. Assumes hourly wage of $10 per hour at 7.5 hours per day for 200 days with a 3% annual increase based upon performance and available funds. Employer contributions estimated at 10% of salaries. *(See C.5.2. Table 3: Salary Calculations-General Education Assistants)*

C.5.a Table 3: Salary Calculations-General Education Assistants

	Year 1	Year 2	Year 3
General Education Assistants	a) Assumes 1 General Education Assistant at a starting salary of $15,000.	a) Assumes enrollment and performance goals are met and salary increases by 3% for 1 General Education Assistant to $15,450 in year two. b) Assumes 5 General Education Assistants at a starting salary of $15,000.	a) Assumes enrollment and performance goals are met and salary increases by 3% for 1 General Education Assistant to $15,913.50 in year three. b) Assumes enrollment and performance goals are met and salary increases by 3% for 5 General Education Assistants to $15,450 in year two. c) Assumes 2 General Education Assistants at a starting salary of $15,000.
Average Yearly Salary	$15,000	$15,075	$15,395

Special Education Assistant: Assumes no special education assistant in Y1. Assumes 1 FTE Special Education Assistant in Y2 and Y3. Assumes hourly wage of $10 per hour at 7.5 hours per day for 200 days for Y2 and Y3 with a 3% annual increase based upon performance and available funds. Employer contributions estimated at 10% of salaries.

Office Manager: Assumes an annual salary based on $30,000 for one office manager for his or her time and effort during the school year plus an additional 10% in required employer contributions. Assumes performance goals are met, and annual salary increases based on 3% of base salary in Y2 and again in Y3.

Office Aide: Assumes hourly wage of $10 per hour at 7.5 hours per day for 200 days beginning in Y3 for a total of $15,000. Employer contributions estimated at 10% of salaries.

Bookkeeper/ Finance: Assumes cost for a bookkeeper/finance during the first three years due to Pensar Academy's plan to contract with ASPIRE Business Consultants, Inc. to be overseen by the Director of Operations. Allocation explanation for these services can be found under Contracted Services (O&M) below.

Custodial/ Maintenance: Assumes cost for a custodial/maintenance salary during the first three years as Pensar Academy intends to contract with a custodial/maintenance company, Marsden. Allocation explanation for these services can be found under Contracted Services (O&M) below.

Curriculum Team. Assumes a total for Y1 of $6,000, for Y2 of $7,500, and of Y3 of $7,500 plus an annual 10% employer contribution of $600 (Y1) and $750 (Y2 and Y3) for pacing guides and assessments broken down below:

Out of Start-up funds for the preparation of the Y1 pacing guides, assumes a team of 3 teachers to devise a pacing guide under the guidance of the Director of Student Learning at a per diem of $187.50 x 5 eight hour days for a total of $2,812.50. Out of Y1 funds for the preparation of the Y2 pacing guides, assumes a team of 4 teachers to devise a pacing guide under the guidance of the Director of Student Learning at a per diem of $187.50 x 5 eight hour days for a total of $3750. Out of Y2 funds for the preparation of the Y3 pacing guides, assumes a team of 5 teachers to devise a pacing guide under the guidance of the Director of Student Learning at a per diem of $187.50 x 5 eight hour days for a total of $4,687.50. Out of Y3 funds for the preparation of the Y4 pacing guides, assumes a team of 5 teachers to devise a pacing guide under the guidance of the Director of Student Learning at a per diem of $187.50 x 5 eight hour days for a total of $4,687.50. (Assumes no additional cost for Y1 pacing guides outside of start-up salary for Director of Student Learning. Pacing guide construction is a job requirement embedded in Y1-3 annual salary.)

Out of Start-up funds for the preparation of the Y1 Galileo assessments/benchmarks, assumes a team of 3 teachers to devise Galileo assessments under the guidance of the Director of Student Learning at a per diem of $187.50 x 3 eight hour days for a total of $1,687.50. Out of Y1 funds for the preparation of the Y2 benchmarks, assumes a team of 4 teachers to devise

Galileo assessments under the guidance of the Director of Student Learning at a per diem of $187.50 x 3 eight hour days for a total of $2,250. Out of Y2 funds for the preparation of the Y3 benchmarks, assumes a team of 5 teachers to devise Galileo assessments under the guidance of the Director of Student Learning at a per diem of $187.50 x 3 eight hour days for a total of $2,812.50. Out of Y3 funds for the preparation of the Y4 benchmarks, assumes a team of 5 teachers to devise Galileo assessments under the guidance of the Director of Student Learning at a per diem of $187.50 x 3 eight hour days for a total of $2,812.50. (Assumes no additional cost for Y1 benchmark construction outside of start-up salary for Director of Student Learning. Galileo benchmark construction is a job requirement embedded in Y1-3 annual salary.)

Employee Retirement Benefits:

Pensar Academy will not be offering retirement benefits in Y1-Y3. Pensar Academy intends to begin offering benefits in Y4.

Employee Insurance

Assumes employer-paid employee medical insurance coverage for full-time staff at a rate of $300/month. Quote based on communication with Holmes Murphy Insurance.

Office Supplies

Assumes each full-time staff member will be allotted a stipend of $400 per year in years 1, 2 and 3 for office supplies including copy paper, pencils, staplers, etc. Cost is based on comparable supply costs at similarly sized charter schools.

Instructional Consumables

Assumes $6,000 for instructional consumables to be purchased in Y1, $12,000 for Y2, and $16,000 in Y3 at an approximate rate of $40/student. Assumes this same rate will continue for Y3. Quote based on similar charter school budgets with similar program of instruction and enrollment numbers.

Membership Dues, Registrations, and Travel

Assumes fees to become members of the Arizona Charter Schools Association at a rate of $3.50/student each of the first three years. Assumes $525 in Y1; $1,050 in Y2; and $1,400 in Y3. Assumes Local First Membership fee for Y1 of $129, Y2 $129, and Y3 $249.

Assumes fees and travel associated with Pensar Academy's staff attending PD conferences and training workshops in Y1, Y2, and Y 3. The allocations for each year is as follows; Y1 $2,500, Y2 $5,000, and Y3 $7,500.

AIS Contracted Services (Other): Assumes a Y1 cost of $40, 050, in Y2 a cost of $40,425, and Y3 of $41,175 for the other AIS services listed below: *(See C.5.a Table 4: AIS Contracted Services)*

C.5.a Table 4: AIS Contracted Services

	Year 1	Year 2	Year 3
PD through CSA	15,000	15,000	15,000
Legal Services	5000	5000	5000
Informational Technology	1500	750	750
Financial Management-Aspire	17,200	17,200	17,200
Substitute Teachers	1,350	2,475	3,225
Total	40,050	40,425	41,175

Professional Development Services:

Assumes annual cost of $15,000 (to begin payments in September of 2016) in Year 1, Year 2, and Year 3 with the Center for Student Achievement (CSA) which will provide Professional Development including the Bulldog Boot Camp, the Bulldog Re-Boot Camp, and a Summer Educator Summit for teaching staff each summer. Topical professional development opportunities include: Galileo, Project Based Learning, Common Core Implementation, and Data Driven Instruction.

Legal Services: Assumes that Pensar Academy will retain legal services for $5,000 per year in years 1, 2, and 3 for extenuating circumstances in which Pensar Academy would need to bring in additional outside counsel. Cost obtained from Carter Law Group.

Informational Technology Services: Assumes 30 hours in year 1 at a rate of $50 per hour to install a computer lab and maintain staff technology. Assumes 15 hours in year 2 at a rate of $50 per hour to maintain and fix school technology. Assumes 15 hours in year 3 at a rate of $50 per hour to maintain and fix school technology. Cost obtained from private contractor, David LeVesque.

Financial Services. Y1: Assumes a total of $17,200 for financial business consulting services as quoted by ASPIRE Business Consultants at a contracted annual rate for full service. Services include: Assist or prepare and submit monthly cash management reports and annual completion reports to the Arizona Department of Education; Assist in the preparation of monthly financial statements for the Governing Board; Review accounting related functions including accounts payable, payroll (through third party payroll processing company), general ledger maintenance (review of coding), and preparation of monthly bank reconciliations; Assist management in complying with state/federal laws and regulations; Assist and review the annual budgets, reports for AZ Corporation Commission and the Annual Financial Report; Assist the charter with their annual audit requirements including acting as the audit liaison.

Y2: Assumes a total of $17,200 for financial business consulting services as quoted by ASPIRE Business Consultants at a contracted annual rate for full service. Services include: Assist or prepare and submit monthly cash management reports and annual completion reports to the Arizona Department of Education; Assist in the preparation of monthly financial statements for the Governing Board; Review accounting related functions including accounts payable, payroll (through third party payroll processing company), general ledger maintenance (review of coding), and preparation of monthly bank reconciliations; Assist management in complying with state/federal laws and regulations; Assist and review the annual budgets, reports for AZ Corporation Commission and the Annual Financial Report; Assist the charter with their annual audit requirements including acting as the audit liaison.

Y3: Assumes a total of $17,200 for financial business consulting services as quoted by ASPIRE Business Consultants at a contracted annual rate for full service. Services include: Assist or prepare and submit monthly cash management reports and annual completion reports to the Arizona Department of Education; Assist in the preparation of monthly financial statements for the Governing Board; Review accounting related functions including accounts payable, payroll (through third party payroll processing company), general ledger maintenance (review of coding), and preparation of monthly bank reconciliations; Assist management in complying with state/federal laws and regulations; Assist and review the annual budgets, reports for AZ Corporation Commission and the Annual Financial Report; Assist the charter with their annual audit requirements including acting as the audit liaison.

Substitute Teachers: Assumes Pensar Academy will contract with substitute teachers to cover classrooms in the event that coverage is not possible from within the existing school staff. During teacher absences, other teachers, administrators, or other qualified school employees or Pre-selected volunteers with fingerprint clearance cards will cover classes. Pensar Academy will also budget for substitute teachers when coverage within the school is not possible.

- This assumes that teaching staff in Y1 (7 FTE) will have a total of 70 days off, but likely only use 50% or 35 days. We assume current staff can cover half of them, leaving approximately 18 days with coverage needed. At a rate of $75/day, we have budgeted $1,350 for substitute teachers in Y1.
- This assumes that teaching staff in Y2 (13 FTE) will have a total of 130 days off, but likely only use 50% or 65. We assume current staff can cover half of them, leaving approximately 33 days with coverage needed. At a rate of $75/day, we have budgeted $2,475 for substitute teachers in Y2. If Coordinator of Special Services is absent, he/she can make up the service times missed.
- This assumes that teaching staff in Y3 (17 FTE) will have a total of 170 days off, but likely only use 50% or 85 days. We assume current staff can cover half of them, leaving approximately 43 days with coverage needed. At a rate of $75/day, we have budgeted $3,225 for substitute teachers in Y3. If Coordinator of Special Services is absent, he/she can make up the service times missed.

- Assumes that absences from the Director of Student Learning in Y1 and the Coordinator for Student Services in Y2 and Y3 will result in the cancellation of services for that day and the make-up of the instructional service time for Special Education students as mandated by IEP's to remain in compliance.

AIS Contracted Services (Special Education)

Special Education Services: Assumes that the percentage of students with disabilities enrolled at Pensar Academy will be 11%, however Pensar Academy wants to ensure enough funding is budgeted so assumptions will be increased to 12%. This figure was determined by finding the average of the three middle schools within the targeted area. *(See C.5.a Table 5: Special Education Serviced Percentile)*

C.5.a Table 5: Special Education Serviced Percentile [1]

School Name	Grades Served	% of Students with Disabilities
Don Mensendick	4-8	10%
Barcelona Middle School	4-8	14%
Seville West School	4-8	9%
Average		11%

School Psychologist Services. Pensar Academy assumes that in Y1, there will be 18 students identified with a disability. Pensar Academy assumes that one-third of our special education students will be due for their 3 year Multi-Evaluation Team (MET) also known as re-evaluations annually. Each evaluation is approximately $500 for the school psychologist to complete the testing portion of the determination of eligibility. Additional services will be billed at an hourly rate of $74 as quoted by Ridge Zeller Therapy Services.

In Y1, it is assumed that 18 students enrolled will be receiving special education service with 6 students needing re-evaluations (MET). It is assumed that $3,000 of the $5,000 for psychological services will be spent on re-evaluation with $2,000 allocated for 4 initial evaluations as quoted by Ridge Zeller Therapy Services.

In Y2, it is assumed that 36 students enrolled will be receiving special education services with 12 needing re-evaluations (MET). It is assumed that $6000 of the $10,000 for psychological services will be spent on re-evaluation with $4,000 for eight initial evaluations as quoted by Ridge Zeller Therapy Services.

[1] http://www.centerforstudentachievement.org/school-quality-matrix.html

In Y3, it is assumed that 48 students enrolled will be receiving special education services with 16 needed re-evaluations. It is assumed that $8000 of the $12,500 for psychological service will be spent on re-evaluation with $4,500 for nine initial evaluations as quoted by Ridge Zeller Therapy Services.

Speech Services. Assumes in Y1, 9 students will be receiving speech services through a contracted provider at a rate of $44/hr as quoted by Ridge Zeller Therapy Services. It is assumed that student's services will be delivered in small groups of three in weekly 30 minute sessions for a total of 6 total hours per month or 60 hours for the academic year. The assumed cost of Y1 is $2,640.

Assumes in Y2, 18 students will be receiving speech services through a contracted provider at a rate of $44 /hr as quoted by Ridge Zeller Therapy Services. It is assumed that student services will be delivered in small groups of three in weekly 30 minute sessions for a total of 12 total hours per month or 120 hours for the academic year. The assumed cost of Y2 is $5,280.

Assumes in Y3, 24 students will be receiving speech services through a contracted provider at a rate of $44 /hr as quoted by Ridge Zeller Therapy Services. It is assumed that student services will be delivered in small groups of three in weekly 30 minute session for a total of 16 total hours per month or 160 hours for the academic year. The assumed cost of Y3 is $7,040.

Physical Therapy. Assumes in Y1, 4 students will be receiving physical therapy services through contracted provider at a rate of $ 74/hr as quoted by Ridge Zeller Therapy Services. It is assumed that student services will be delivered in small group settings of 2 students for 30 minute bi-monthly sessions for a total of 2 hour per month or 24 hours for the academic year. The assumed cost of Y1 is $1,776.

Assumes in Y2, six students will be receiving physical therapy services through contracted provider at a rate of $74 /hr as quoted by Ridge Zeller Therapy Services. It is assumed that student services will be delivered in small group settings of two students for 30 minute bi-monthly sessions for a total of 3 hour per month or 36 hours for the academic year. The assumed cost of Y2 is $2,664.

Assumes in Y3, 8 students will be receiving physical therapy services through contracted provider at a rate of $74/hr as quoted by Ridge Zeller Therapy Services. It is assumed that student's services will be delivered in small group settings of two students for 30 minute bi-monthly sessions for a total of 4 hour per month or 48 hours for the academic year. The assumed cost of Y3 is $3,552.

Occupational Therapy. Assumes in Y1, six students will be receiving occupational therapy services through contracted provider at a rate of $ 74/hr as quoted by Ridge Zeller Therapy Services. It is assumed that student services will be delivered in small group settings of three students for 30 minute weekly sessions for a total of 4 hour per month or 40 hours for the academic year. The assumed cost of Y1 is $ 2,960.

Assumes in Y2, twelve students will be receiving occupational therapy services through contracted provider at a rate of $ 74/hr as quoted by Ridge Zeller Therapy Services. It is assumed that student's services will be delivered in small group settings of three students for 30 minute weekly sessions for a total of 8 hour per month or 80 hours for the academic year. The assumed cost of Y2 is $5,920.

Assumes in Y3, sixteen students will be receiving occupational therapy services through contracted provider at a rate of $ 74/hr as quoted by Ridge Zeller Therapy Services. It is assumed that student's services will be delivered in small group settings of four students for 30 minute weekly sessions for a total of 8 hour per month or 80 hours for the academic year. The assumed cost of Y3 is $5,920.

Pensar Academy assumes to total expenditure for special education contracted services to be Y1 $12,376, Y2 $23,864, and Y3 $29,012. *(See C.5.a Table 6: Pensar Academy Special Services Budget)*

C.5.a Table 6: Pensar Academy Special Services Budget

	Year 1	Year 2	Year 3
School Psychologist	$5,000 (12% of 150)	$10,000 (12% of 300)	$12,500 (12% of 400)
Speech Services	$2,640 (6% of 150)	$5,280 (6% of 300)	$7,040 (6% of 400)
Physical Therapy Services	$1,776 (2% of 150) 4 students	$2,664 (2% of 300) 6 students	$3,552 (2% of 400) 8 students
Occupational Therapy Services	$2,960 (4% of 150) 6 students	$5,920 (4% of 300) 12 students	$5,920 (4% of 400) 16 students
Total	$12,376	$23,864	$29,012

Auditor Fees/Services. Assumes an annual rate of $8,000 for auditing services as quoted by the administration team at Create Academy through Brent Bachland.

Curriculum & Resource Materials:

Assumes that primarily, the curriculum will be created by the staff of Pensar Academy, and assumes Pensar Academy will purchase limited or no "off the

shelf" curriculum resources. Assumes $2000 license for assessment materials through Galileo that will be paid in the start-up budget for Y1. Quote through Galileo is the same for Y2 and Y3. Assumes $200 for each teacher to purchase instructional resources (ie. Teacherspayteachers, Amazon) in Y1, Y2 and Y3. In Y1, there will be 7 teachers for a total of 7 x 200=1400. In Year 2, there will be 1 Coordinator of Special Services, 1 Physical Education Teacher, and 12 General Education Teachers for a total of 14 x 200= $2800. In Y3, there will be 1 Coordinator of Special Services, 1 Physical Education Teacher, and 16 General Education Teachers for a total of 18 x 200= $3600. Assumes that the curriculum and resource materials budget will be proportionally shared between classrooms and special education based on the number of students each instructional entity serves.

Assumes an annual additional amount of $500 for Physical Education equipment and supplies in Y1, Y2, and Y3. This matches the annual investment in supplies gathered through conversations with other schools of similar size.

Library Resources/Software:

- Assumes reading progress monitoring program as quoted through Scholastic, Inc for the Scholastic Reading Inventory (SRI) for Y1 at $2,950, Y2 at $5900, and Y3 at $5900.
- Assumes cost for online learning modules as quoted by Carrie Aviles at Edmentum for Study Island in Y1 is $2,540, Y2 is $2,355, Y3 is $4,677.
- Assumes no cost in Y1 for library books, but $4000 for Y2 and Y3 to build school library.

SAIS Software: Assumes $12 per student per year for the Synergy SAIS software system.

Other:

Assumes no additional expenses for administration, instruction, and support for Pensar Academy in years one through three.

Explanation of Operations & Maintenance (O&M) Expenditures:

Supplies:

Assumes $2,000 for supplies in Y1, and an additional $3,000 in Y2 and again in Y3. These supplies will include miscellaneous cleaning, office, and classroom supplies. This quote was attained through analysis of other charter schools with similar enrollment numbers and facility size.

Marketing/Advertising:

Assumes $4,015 for marketing and advertisement expenses for both teachers and students during Y1 and Y2 in preparation for Y2 and Y3. This total assumes $1,000 for online teacher job postings; Assumes $15 per year for a domain name. $1,500 for printed materials, including fliers, brochures and print ads for student recruitment; $500 for miscellaneous marketing supplies; $500 for student recruitment events; and $500 for teacher recruitment events. Assumes a static amount since the number of students and the number of teachers need to be recruited at a similar rate for Y2-Y3.

Contracted Services: (O&M):

Maintenance. Assumes custodial services for 40 weeks, including 36 weeks with the students and one week prior to school starting and a week after school is out. Assumes once a week cleaning during off school months will be 10 days or two weeks. Assumes Y1 is based on a rate of $2 per enrolled student per week is $300/week per Year, $600 week for Year 2, and $800/week in year 3. The increase in rate corresponds to the increase in the number of students each year, and is based on a quote Pensar Academy received from Anthony Messner, Marsden, who has contracted with other charter schools, including Arizona Charter Academy.

Building Rent/Lease/Loan:

With a square footage suggested range of 45 to 57 square feet/student, based on a recommendation from Keyser, a real estate broker who has brokered numerous charter school facility deals, assumes the high end of the range of 57 square feet/student for facility costs to ensure fidelity within the budget.

Assumes rent at a rate of $12/square foot, comparable to market rates as quoted by realtor and reflective of the higher viable sample property as described in C.1 Facilities Acquisition. (Outlined in C.1., Facility #2 was quoted at $12/foot.) The total amount for rent each year is based on 8,550 square feet in Y1, 17,100 square feet in Y2, and 22,800 square feet in Y3.

Building & Improvements:

Assumes up to an annual cost of $10,000 for tenant building improvements in Y1, Y2, and Y3. This assumes that the improvements would happen as student enrollment expanded and the need for additional space presented itself. Assumes a percentage of the building improvements would be paid by the landlord or absorbed into the cost of the lease based on conversations with other charter start-ups.

Land & Improvements:

Assumes up to an annual cost of $5,000 for tenant building improvements in Y1, Y2, and Y3. This assumes that the improvements would happen as student enrollment expanded and the need for additional space presented itself. Assumes a percentage of the building improvements would be paid by the landlord or absorbed into the cost of the lease based on conversations with other charter start-ups.

Fees/Permits:

Assumes $1,000 for fees and permits that may be necessary to annually renew, based on estimates from other charter school start-ups in the Phoenix area.

Property/Casualty Insurance:

Assumes cost of $5,000 for Y1, 10,000 for Year 2, and 14,000 for Y3 per year based on quote from Holmes Murphy.

Liability Insurance:

Assumes cost of $4,000 for Y1, $5,500 for Y2, and 7,000 for Y3.

Utilities:

Assumes utilities at a rate of $1.50/square feet for all years as determined by similar cost estimations from recent charter school start-ups. For Y1estimated square footage of 8,550 (57sq. ft x 150 students), Pensar Academy assumes a cost of $12,825. For Y2 square footage of 17,100 (57sq. ft x 150 students), Pensar Academy assumes a cost of $25,650. For Y3 square footage of 22,800 (57sq. ft x 150 students), Pensar Academy assumes a cost of $34,200. All figures are above the size needs for the projected student population each year, which indicates that these numbers are conservative.

Phone/Communications/Internet Connectivity:

Assumes upfront technical set-up fees of $13,600 as quoted by Dave Levesque, an independent contractor and technical support specialist, for Year 1 for setup and maintenance costs to maintain Internet connectivity. Specifically, assumes setup of CIPA filter, wireless network, including Wireless Access Points, routers, and modem at a cost of $1,800 per classroom x 6 classrooms and 1 office= $12,600 total. Assumes an additional 20 hours of support as needed to troubleshoot problems during the school year = 20 hours x $50 per hour = $1,000.

Also accounts for lower amounts in Y2 and Y3 as the setup charges will no longer be necessary in those and future years. Accounts for adjustments in bandwidth needed over the course of the first three years of operation. For Y2, assumes regular maintenance of filter and wireless network, addition of 82 computers for 20 hours per school year at $50 an hour = $1,000. As well as 6 additional classrooms at a cost of $1,800 per classroom = $10,800. For Y3: Assumes regular maintenance of filter and wireless network, addition of 80 student computers for 20 hours per school year at $50 an hour = $1,000, as well as 4 additional classrooms at a cost of $1,800 per classroom = $7,200.

Assumes two phone lines, a fax line, and wireless Internet at an annual rate of $3,600 through Cox Communications for Y1 as quoted from leaders of other start-up charter schools. Assumes $4,800 in Y2, and $6,000 to account for increased capacity due to additional devices used as enrollment increases. Assumes that teachers will use their personal cell phones for any emergency communication during the school day.

Transportation:

•Assumes no cost as transportation to and from school will not be provided at Pensar.

Food Service:

Assumes Pensar Academy students will qualify for reimbursed student breakfast and lunch from the National School Lunch Program (NSLP) and School Breakfast Program (SBP) and will therefore not incur any expenses from the school budget. Assumes student who do not qualify for the NSLP will pay their individual breakfast and lunch costs. Assumes contracting L&M, a service

used and recommended by several start-up charters, including CASA Academy and Create Academy. L&M rate is inclusive and matches the amount allocated through the NSLP and SBP. Assumes a overage budget of $5,000 for Y1, Y2, and Y3 for incidentals that occur when providing a meal program.

Student Furniture & Equipment:

Assumes student furniture for Y1 will be paid for in Start-up Budget. Assumes Y2 cost same as Y1 of $17,681.50 as student enrollment will double by 150 students to 300. Assumes cost in Y3 of $11,788 to proportionately address student enrollment increase an additional 100 students.

Office Furniture & Equipment:

Assumes an annual cost of $2,000 in Y1, Y2, and Y3 to accommodate increasing enrollment and staff numbers. Assumes purchases at discount suppliers and used stores such as Treasures for Teachers, Goodwill, and ASU Surplus as well as donated furniture as recent charter start-up schools have secured.

Student Technology Equipment:

Assumes purchasing 75 Google Chromebooks out of the start-up budget, so no cost for student computers in Y1 budget. In Y2, assumes cost of purchasing 225 Google Chromebooks ($40,497.75). In Y3, assumes cost of purchasing 100 additional Google Chromebooks ($17,999). Quote based on online price at Fry's Electronics in April of 2015.

Assumes any funds raised through in-kind donations, individual giving, and technology grants will help offset the above costs as well as purchase enough equipment for every student to have access to either a tablet or a laptop.

Office Technology Equipment:

In Y1, assumes no cost for office technology as equipment was purchased with start up funds.

In Y2, assumes $4,186 for school laptops for seven additional certified staff members (6 General Education Teacher, 1 Coordinator for Special Services) to be paid at a cost of $598/laptop. Assumes $1,540 for seven projectors at $220/apiece (for the six additional classroom spaces, one for the Coordinator of Special Services teacher space), as quoted from Fry's Electronics.

In Y3, assumes $2,392 for school laptops for each of the four additional staff members at a cost of $598/laptop. Assumes $880 for four projectors at $220/projector used (for the four additional classroom spaces) as quoted by Fry's Electronics.

Other Leases (Security, Copiers, etc.):

• Assumes one large black and white copier, which also scan and fax, at $350/month for 40,000 copies per month x 11 months in Y1 for $3,850. (One month paid for out of Start-up Budget) Assumes 350/month for 12 months at a total $4,200 for Y2 and Y3. Quoted by administration at Create Academy.

Loan Repayment:

• Assumes repayment of loan in the form of a Promissory Note in the first two years of operation. Payments of $500 per month beginning in August of 2016 with a final payment in September of 2017 for a total of $7000 out of a loan of $7000 at 0% interest from Martin Ole Zupetz in Start-up Phase. Y1 total will be $5500 for payments from August to June of 2017. Y2 Total will be $1500 with payments from July of 2017 to September of 2017. (Of the $7,000 loan, $6,500 was spent on the charter application, $30 on the monthly account maintenance fees, and $10 on the certified check for the charter application. Balance of $460 is in the account as a contingency. The promissory note and supporting documentation are in the verification of funds section.)

Other:

Assumes no additional expenses for maintenance and operations for Pensar Academy's first three operational years.

b. Explanation of Student Count and Equalization

Pensar Academy assumes that there will be 150 students in Year 1 (Y1), 300 in Year 2 (Y2), and 400 in Year 3 (Y3). In Y1, Pensar Academy assumes that there will be 50 students in grade 4, 50 students in grade 5, and 50 students in grade 6. In Y2, Pensar Academy assumes that there will be 50 students in grade 4, 50 students in grade 5, 100 students in grade 6, and 100 students in grade 7. In Y3, Pensar Academy assumes that there will be 50 students in grade 4, 50 students in grade 5, and 100 students in grade 6, 100 students in grade 7, and 100 students in grade 8. This information aligns to the Target Population section of this charter application. *(See C.5.a Table 7: Student Enrollment Projections)*

C.5.a Table 7: Student Count by Year

	Year 1	Year 2	Year 3
Grade 4	50	50	50
Grade 5	50	50	50
Grade 6	50	100	100
Grade 7		100	100
Grade 8			100
90% of Total	135	270	360

c) Rationale Student Count Add-on Levels

State equalization funding is based at 90% of the following grade-level target enrollments for its first three years of operation in the Projected Revenue Calculator for assumed equalization funding. No add-ons were included. *(See C.5.a Table 1: Student Enrollment Projections)*

d) Rationale for the Percent of Full Enrollment.

Whereas, Pensar Academy anticipates a full enrollment of 150 students in Y1, 300 in Y2, and 400 in Y3; the budget projection includes a conservative 90% enrollment projection of the total enrollment capacity for the student body. This percentage was suggested by the New Schools for Phoenix Organization that has opened up successful charter schools in the urban Phoenix area such as CASA, Western, and SySTEM.

f) Operational Revenue For Start-up Expenses

Assumes the following: Pensar Academy's founding board has approved acceptance of a gift of $100,000 from Martin Ole Zupetz for start-up funding to be used for general operational expenses once the charter has been approved.

g) Ensure revenues cover expenditures.

Explanation of Revenues:

State Funding (Equalization Assistance). Total revenue amount was calculated using the provided Revenue Calculator. It assumes the per ADM funding amount and student weights provided in the revenue calculator as well as the student count figures explained above, including 90% enrollment for each of the first three years, with kindergarten enrollment divided in half. Although Pensar Academy anticipates that a percentage of students will qualify for special education and/or ELL services, the total revenue calculated conservatively assumes no Student Count Add-Ons for special education or English Language Learners, and therefore were not used.

Secured Funds- Private Donations. Pensar Academy will file for 501(c)(3) status with the IRS, allowing for tax-exempt donations from private donors. While Pensar Academy fully intends to continue pursuing financial support from private donations, the budget assumes entire revenue stream for start-up from donations by the Founders.

Secured Funds- Other. Assumes no other secured funds.

Explanation of Carryover:

Carryover (Balance from Start-Up Budget in Year 1 of the previous year):

Assumes $4,438.28 of carryover from the Start-Up Budget to Y1, from Y1 the amount of $16,835 to Y2, and from Y2 the amount of $79,691.50 to Y3, and from Y3 the amount of $213,962.04 to Y4. Each of these carry-overs was not added to the revenue lines of the 3 year budget revenue total. This was intentional to have the carryovers be additional contingency funds.

In addition, these figures do not take into consideration any fundraising, so these are the lowest possible amounts, as Pensar Academy plans to rigorously seek additional grants, in-kind gifts, and donations which will allow us to save additional funds.

h) Section Consistency with Other Areas

Information placed in this section C.5, this section is consistent with all other areas of the Charter Application.