C. BUSINESS PLAN

C.4. INSTRUCTIONAL RESOURCES

C.4.a. Instructional Expenditures

INSTRUCTIONAL RESOURCES				
Pre-Opening Instructional Resources				
	Reported In	**Year 1**	**Year 2**	**Year 3**
Assistant Director Pay for July 2012 + 7%	Start-Up Budget	$4,115		
Governance and Board Meeting Training	Start-Up Budget	$750		
Instructional Supplies (paper, postage…)	Start-Up Budget	$1,000		
Employee Pre-service Training Stipends	3-Yr Oper Budget	$11,803		
Consultant Fee for Pre-Service (Jul-Aug 2012)	Start-Up Budget	$5,000		
Curric. & Resource Materials for Pre-Service	Start-Up Budget	$1,500		
Post-Opening Human Instructional Resources - Salaries And Employee Benefits				
	Reported In	**Year 1**	**Year 2**	**Year 3**
33% Executive Director	3-Yr Oper Budget	$24,750	$26,235	$27,809
Assistant Director, Curriculum & Instruction	3-Yr Oper Budget	$50,000	$52,000	$54,080
Teacher-Regular Education	3-Yr Oper Budget	$306,000	$385,220	$432,847
Teacher-Special Education	3-Yr Oper Budget	$36,000	$37,440	$38,938
Teacher- 50% FTE French & Spanish	3-Yr Oper Budget	$28,000	$43,260	$44,558
Teacher- Lead – Specialist – Coordinator	3-Yr Oper Budget	$0	$36,500	$75,190
Teacher- Aides	3-Yr Oper Budget	$37,440	$57,845	$59,580
Teacher- PE	3-Yr Oper Budget	$10,500	$10,815	$11,139
Employee Benefits	3-Yr Oper Budget	$91,050	$129,863	$148,828
Post-Opening Physical Instructional Resources				
Curriculum & Resource Materials	3-Yr Oper Budget	$12,000	$16,210	$16,696
Membership Dues, Registrations, & Travel	3-Yr Oper Budget	$3,000	$4,762	$4,904
Purchased Services (Special Education)	3-Yr Oper Budget	$44,844	$60,576	$62,393
Instructional Supplies	3-Yr Oper Budget	$85,400	$49,389	$29,705
Library Resources/Software	3-Yr Oper Budget	$5,000	$6,754	$6,957
SAIS Software	3-Yr Oper Budget	$6,090	$8,226	$8,473
Consultants: Instruction/Tech	3-Yr Oper Budget	$27,000	$14,500	$14,935
Student Furniture & Other Equipment	3-Yr Oper Budget	$44,080	$25,492	$15,333
Student Technology Equipment (computers)	3-Yr Oper Budget	$24,000	$6,180	$6,365
Total Expenditures		$797,714	$970,557	$1,058,001
Total Revenues		$1,347,392	$1,764,210	$2,064,106
Percent Expenditures over Revenues		**59%**	**55%**	**51%**

Table 1. Instructional Resources (Human and Physical).

Instructional Resources Assumptions

- Table 1 shows that Seneca Preparatory Academy (SPA) will have the following 3 categories of instructional resources expressed by their associated expenditures: 1) Pre-Opening Instructional Resource/Expenditures; 2) Post-Opening Human Instructional Resources - Salaries and Employee Benefits; and 3) Post-Opening Physical Instructional Expenditures.
- On July 1, 2012 Seneca Preparatory Academy (SPA) will take possession of a school-ready facility through the financial arrangements made with a well-known Community Development Financial Institution (CDFI) that for years has been financing charter schools in Arizona and throughout the national.
- This CDFI will guarantee the payments of SPA first and last month lease. Consequently, SPA will not have a lease payment in July 2012 when it takes possession of the school facility.
- The Assistant Director of Curriculum and Instruction, the Office Manager and one of the two clerks will start working full-time at SPA on July 1, 2012.
- Seneca Preparatory Academy (SPA) will have a pool of highly qualified teachers who will provide a scientifically-based instruction that will allow students to close the achievement gap. Therefore, SPA teachers and the employee benefits provided to them will represent an important instructional for the School.
- The instructional and curriculum materials and other items such as furniture and computers will be ordered in May 2012 and delivered between July 18 and 31, 2012. Payments will be made in three monthly equal installments starting on 7-18-12. To reduce costs, SPA will buy used books and used furniture from vendors associated with the Arizona Charter Schools Association. Computers and electronic equipment will be purchased new.
- The costs of instructional materials in Year 1 were estimated either from the cost data provided by vendors; or from the information supplied either by the Arizona Charter Schools Association or by two local charter schools with similar demographics as SPA. The Year 1 expenditure was then converted into a cost per student; and after a 3% upward adjustment per year for inflation, this figure was used to determine the cost of goods in Year 2 and 3. For re-usable items such books, and furniture, SPA assumed that 25% per year will be replaced. SPA has used this method to estimate the cost of goods not only in this section but throughout the project.

Pre-Opening Instructional Resources

- The Assistant Director will be paid his July 2012 salary with a 7% payroll tax; that is, $4,115.

  This instructional expense is reported in the Start-Up Budget in Year 1 as shown in Table 1.

- Seneca Preparatory Academy (SPA) will organize a Governance and Board Training Meeting for SPA School Board Members, SPA Foundation Corporate Directors and School Director.

  This event is budgeted at $750 and is reported in the Start-Up Budget as shown in Table1.

- SPA will make $1,000 available to the Executive Director for instructional supplies between January and July 2012.

This expense is reported in the Start-Up Budget as shown in Table1.

- Teachers and non-teaching staffs attending the pre-service training in July 30 – August 3 2012 will receive a training stipend of $654 for a teacher and $440 for non-teaching staff or teacher aide; except for payroll taxes, no other employee benefit will be paid. The total payment will be $11,031 + 7% payroll taxes or $11,803, payable in the first paycheck received in August 2012.

  This expense is reported in the 3-Year Operational Budget as shown in Table 1.

- In addition, SPA will hire some educational consultants at a total cost of $5,000 to help run the pre-service training; and the School will spend $1,500 on curriculum and instructional materials for the pre-service.

  These costs are reported in the Start-Up Budget as shown in Table1.

- Instructional Supplies budgeted at $1,000 will be available to SPA from February to July 2012.

  Reported in Table 1 and in Star-Up Budget.

Post-Opening Human Instructional Resources - Salaries and Employee Benefit Expenditures

- *As shown in Table 1, all post-opening instructional resources are reported in the 3-Year Operational Budget.*

- About 33% of the Executive Director salary will be derived from his instructional activities as a French teacher and a RTI expert. His annual instructional salary will be --Year 1: $24,750; Year 2: $26,235; Year 3: $27,809. His salary is budgeted to increase by 6% per year.

- The Assistant Director, Curriculum & Instruction salary over three years is --Year 1: $50,000; Year 2: $52,000; Year 3: $54,080. His/her salary will increase by 4% a year.
- The total salary for regular education teachers are: Year 1: $306,000 for 9 teachers; Year 2: $385,220 for 11 teachers; Year 3: $432,847 for 12 teachers. The teacher salaries will increase by 3% per year.
- The salary of one special education teacher is: Year 1: $36,000; Year 2: $37,440; Year 3: $38,938. His/her salary will increase by 4% a year.
- The total salaries for the part-time French & Spanish teachers are: Year 1: $28,000 for 2 part-time 50% FTE teachers; Year 2: $43,260 for 3 part-time (50% FTE) teachers; Year 3: $44,558 for 3 part-time (50% FTE) teachers. These salaries will increase by 3% per year.
- The total salary for lead/specialist/coordinator teachers are: Year 1: $0; Year 2: $36,500 for 1 teacher; Year 3: $75,190 for 2 teachers. The increase in salary is 3% per year.
- The total salary for teacher aides are: Year 1: 0; Year 2: $57,845 for 3 teacher aides; Year 3: $59,580 for 3 teacher aides. Their salaries will also increase by 3% per year.
- The PE teacher salary is: Year 1: $10,500 for a part-time (50% FTE) teacher; Year 2: $10,815 for a part-time (50% FTE) teacher; Year 3: $11,139 for a part-time (50% FTE) teacher. This salary will increase by 3% per year.

- The total employee benefits paid are: Year 1: $91,050; Year 2: $129,863; Year 3: $148,828. Seneca Preparatory Academy (SPA) will contribute funds equivalent to 20% of employees' salaries to the benefit accounts of full-time employees. Part-time employees will receive 7% payroll benefits and no other employee benefits.

Post-Opening Physical Instructional Resources – Physical Instructional Expenditures

- *All items in this section are reported in the 3-Year Operational Budget.*
- Instructional Supplies

This expenditure amounts to $85,400 in Year 1. Seneca Preparatory Academy (SPA) has estimated that it will cost $350 to supply a student with the instructional materials from SRA Reading Mastery Signature Edition; Core Knowledge language arts, social studies and science; and Singapore Math. The cost in Year 2 and 3 are $49,389 and $29,705 respectively.

- Student Furniture and Other Equipment

SPA will allocate close to $180 per pupil for student furniture (desks, chairs and others). This expense amounts to $44,080; and $25,492 and $15,333 in Year 2 and 3 respectively.

- Purchased Services (Special Education)

SPA learned from the 2010 Charter Starter Program organized by the Arizona Charter Schools Association that the budget for special education services in Arizona charter schools varies from 4 to 8% of the total yearly school revenues. SPA has used a base estimate of 6% of Year 1 revenues to calculate the allocation for purchased special education services in Year 1 knowing the salary of the Special Education Teacher. The estimates are: Year 1 - 44,844. Year 2 - $60,576. Year 3 - $62,393. These costs increase with the increasing number of students and by 3% per year for inflation.

Having an excellent special education program is one of SPA top priorities because the target area students have a much higher rate of learning disabilities than students in Arizona schools. We believe that the RTI-Early Intervention Reading & Math Program will help SPA reach this goal.

- Student Technology Equipment

Seneca Preparatory Academy (SPA) will use technological innovations and tools to help students close the achievement gap so that they can be prepared for a life of success in the 21st century. Consequently, in Year 1 SPA has budgeted $24,000 for the acquisition of computers and equipment for the Computer Lab. Year 2 and 3 expenses are estimated to be $6,180 and $6,365 respectively.

- Consultants: Instruction/Technology

SPA will allocate $27,000 for staff training and professional development in Year 1. This investment in teachers' training is critical for the School to develop and successfully implement the RTI-Early Intervention Reading & Math Program within 24 months after school open. The Ohio and Minnesota experiences have shown that it takes four to six years to launch a RTI program successfully in a regular setting. However, SPA will do it in 24 months because it will be center-piece of the School educational approach to closing the

achievement gap. Year 2 and 3 educational consultant expenses will decrease to $14,500 and $14,935 as SPA in-house training team becomes more involved in providing professional development and training services to school staffs.

- Curriculum & Resource Materials: Year 1- $12,000; Year 2 - $19,083; and $23,095 for Year 3.
- SAIS Software: Year 1- $6,090. For Year 2 and 3 $8,226 and $8,473 respectively.
- Library Resources/Software: Year 1 - $5,000. For Year 2, $6,754; and $6,957 for Year 3.
- Membership Dues, Registrations & Travel: Year 1 - $3,000. For Year 2, $4,762; and $4,904 in Year 3.

C.4.b. Financial Arrangements and Timeline for Securing Goods

Financial Arrangements for Securing Goods

The following Seneca Preparatory Academy (SPA) has conducted several initiatives designed to make the financial arrangements needed to secure the goods required for school operations.

Financial Arrangements made with $62,150 Personal Loans

Seneca Preparatory Academy (SPA) will receive two loans amounting to $62,150 from the personal funds of Dr. Abougou and Mrs. Dyer-Abougou. These funds will be available to SPA once a charter contract is awarded and signed by Seneca Preparatory Academy (SPA) Foundation. The loan proceeds will allow SPA to secure goods in a timely manner so that the School can be open in August 2012.

Financial Arrangements through Grant Applications and Donations

Seneca Preparatory Academy (SPA) has compiled a list of potential donors in Tucson, Arizona and will actively seek donations once a charter school contract is awarded in January 2012. In addition, SPA Foundation intents to run fund raising campaigns short after the approval. Moreover, SPA is currently applying for the Arizona Charter School Start-Up Grant with the Arizona Department of Education, and the school will continue seek both private and public grants.

Financial Arrangements made with Community Development Financial Institutions (CDFI)

Seneca Preparatory Academy (SPA) has been involved in some positive financial arrangement negotiations with a national community development financial institution (CDFI) that specializes solely in charter school financing and that has been very active in the financing of charter school facilities in Arizona. These financial arrangements will move to higher gears once a charter contract is awarded to Seneca Preparatory Academy (SPA) in January 2012. The CDFI will either act as a "co-signer" of the lease agreement or through its Turnkey Development Program will finance, design, and renovate a build to suit facility for SPA.

This financial arrangement will positively affect the outcome of this project.

School Facility Renovated to School-Standards by the Facility Owner(s)

First Seneca Preparatory Academy (SPA) has conducted an extensive due diligence with regard to the academic and financial feasibility of this school project. In this process, SPA has learned that to secure long-term lease on their properties, commercial facilities owners routinely finance the tenant improvements needed to meet customers' needs. The tenant improvement costs are then added to the facility lease rates. This fact is confirmed by the enclosed letter from Ike Isaacson, Vice-President of Brokerage Services at CBRE in Tucson, Arizona.

Timeline for Securing Goods

Important Assumption about the Timeline

This timeline is developed on the assumption that school will start in August 2012. However, it is possible that Seneca Preparatory Academy (SPA) might not be able to secure a certificate of educational occupancy early enough to open the school in August 2012. In this situation, school will start in August 2013 and a $9,792 Marketing/Advertising Reserve Fund will be set in reserves for the additional advertising and promotion expenditures that will be required for 2013.

June – December 2011

Apply for Charter Contract and Conduct Preliminary Real Estate Financial Discussions and Arrangements

- June 30, 2011; Seneca Preparatory Academy (SPA) Foundation applies for a charter school contract with the Arizona State Board for Charter Schools
- Jean-Claude Abougou, PhD., MBA, President of Seneca Preparatory Academy (SPA) Foundation initiates exploratory financial arrangement discussions for securing funding for the school facility with a local bank and two Community Development Financial Institutions (CDFIs), and with a few real estate brokers.
- Dr. Abougou works with a real estate broker to identify school facilities that would require as little tenant improvements as possible to be brought to school code.
- Dr. Abougou initiates discussions with his real estate broker about facility owners financing tenant improvements and starting the renovations soon after the charter contract is awarded to SPA in January 2012.

January 2012

SPA Receive Loan Proceeds; Apply for AZ CSP Grant and Secure Facility Financing through a Community Development Financial Organization (CDFI)

- Charter school contract is awarded by the Arizona State Board for Charter Schools; and the contract is accepted and signed by Seneca Preparatory Academy (SPA) Foundation.
- SPA receives $62,150 from loans secured from Jean-Claude Abougou and Donka Dyer-Abougou accounts.
- Dr. Abougou applies for the Arizona Charter School Program (AZ CSP) Start-Up Grant.
- Dr. Abougou submits a formal application to the Community Development Financial Institution (CDFI) to secure funding and/or lease guarantee for the school facility.
- Dr. Abougou formally hires the current real estate agent who has been in the project since 2010.

February 2012

SPA Hire Executive Director on Full-Time Basis; Develop Advertising and Marketing Product and Initiate Phase-1 Pre-Opening Advertising and Promotion Program

- The Executive Director of Seneca Preparatory Academy (SPA), Dr. Abougou, starts working full-time on the school project for a monthly administrative fee of $3,000/month + 7% payroll tax benefit or $19,260 for six months. This expense is reported in Start-Up Budget; and this flat fee may be increased if additional funding becomes available. However, SPA will not provide payroll benefits to any employee before school start on August 6, 2012. This expense
- No office space is rented for the school. Dr Abougou will work from his home but he will have the freedom to contract with an outside company that provides secretarial services. He will have a $1,000 budget for secretarial services and $1,000 for xeroxing and faxing expenses. He also has a $1,000 account for instructional expenses in his Start-Up Budget.
- Seneca Preparatory Academy (SPA) develops the school advertising and promotion materials and the school website.
- SPA initiate Phase-1 Pre-Opening Advertising and Promotion Program with the full implementation of the following advertising and marketing plans:
    - Word of Mouth Advertising Plan through SPA Foundation Corporate Directors, friends and supporters of Seneca Preparatory Academy (SPA).
    - Online Advertising Plan through the school website and ads placed in social networks such as Facebook, MySpace, Google and Tweeter.
    - Outdoor Advertising Plan through the lease of two poster billboards from Clear Channel
    - Newspapers/Online Advertising Plan with advertisements placed in The Arizona Daily Star and its online edition.
    - Direct Interaction Advertising and Promotion Plan where SPA staffs and supporters have face-to-face meetings or direct person-to-person phone interactions with those interested in the School.
- SPA recruits additional School Board Members to reach and surpass the minimum stipulated by Seneca Preparatory Academy (SPA) Foundation's bylaws. The School will organize a training session on governance and board management for this group on July 15, 2012 at a cost of $750 reported in Start-Up Budget.
- SPA finalizes funding and/or lease guarantee transactions for school facility with the specific Community Development Financial Institution (CDFI) of interest to SPA.

March – June 2012

Start Tenant Improvement; Phase-1 Pre-Opening Advertising and Promotion is Running at Full Speed; Hire Teachers and Non-Teaching Staffs; Order Instructional Resources; Secure Certificate of Educational Occupancy.

- ***No later than March 15, 2012:*** School facility owners start tenant improvement with the financial support and/or lease guarantee provided by the Community Development Financial Institution (CDFI); or the CDFI itself uses it Turnkey Development Program to renovate the facility for SPA. *In both case, the CDFI*

*guarantee the payments on the first and last months of lease***.** *Therefore, SPA will have no lease payment in July 2012.*

- SPA hires the Assistant Director of Curriculum and Instruction. He will start on July 1, 2012 and will receive one month salary ($3,846) and 7% payroll tax deduction or $4,115 for the month of July 2012. This expense is reported on the Start-Up Budget. No other employee benefits will be provided.
- Seneca Preparatory Academy (SPA) interviews and hires teachers; their first day of work will be when school open on August 6, 2012. However, they will attend a 5-day pre-service training and will each teacher will receive a pre-service stipend of $654 with a 7% allowance for payroll taxes. Teacher aides and non-teaching staffs will receive $440 each and a 7% allowance for payroll taxes. These payments will total $11,803 and will be included in the first regular paycheck that employees will receive in August 2012. This expense is reported in the 3-Year Operational Budget.
- Seneca Preparatory Academy (SPA) interviews and hires non-teaching staffs. The starting day for the Business Manager and one of the two clerks is July 1, 2012. These two employees receive their salary for July 2012 + 7% payroll tax; that is, $1,978 and $1,540 respectively for the Office Manager and the Clerk. These expenses are reported in the Start-Up Budget.
- Phase-1 Pre-Opening Advertising and Promotion Program is in full swing. Dr. Abougou who has formal training in marketing and business administration (MBA), and field experience in the marketing and launch of pharmaceutical products will direct and implement all the advertising and promotion activities associated with SPA Advertising and Marketing Program. Phase-1 Pre-Opening Advertising and Promotion Program will cost $11,224 and $9,792 will be put in reserves for additional marketing activities if the School opens in 2013 instead of 2012. These expenditures are reported in the Start-Up Budget.
- May 2012
    - SPA orders all curriculum and instructional resources (books, furniture, computers…) for delivery in July 18-31, 2012. Except for electronic equipment like computers and printers that will be ordered brand new; the School will purchase used books and furniture with a delivery date of July 18-31, 2012.
    - SPA uses the Arizona Charter Schools Association Joint Purchasing Program to buy goods at discount prices.
    - SPA negotiates and convinces vendors to accept payments in three monthly installments starting on July 18, 2012 for major brand new curriculum and instructional expenditures.
- June 2012
    - By the end of May, the renovation of the school facility is advanced enough to qualify and pass the certificate of educational occupancy reviews in early June 2012.
    - SPA make the following payments for services required when the school facility open in July:
        - $916 for accounting/legal.
        - $507 for the first monthly payment of SAIS software.
        - $1,000 for the utility deposit (gas, electric, water and waste).

- $500 for phone deposit.
- $321 for property insurance deposit.
- $750 for liability insurance deposit.

These expenses are reported in the Start-Up Budget.

July 1, 2012

Seneca Preparatory Academy (SPA) Takes Possession of a School-Ready Facility; Assistant Director and Office Staffs Start Working Full-Time; Instructional Resources ordered in May 2012 are received on July 18-31, 2012; Pre-Service Training Starts.

- July 1 SPA receives the keys of the school facility that has receive a certificate of educational occupancy
- July 3 First day of work for Assistant Director of Curriculum & Instruction; Office Manager and one Clerk.
- July 15 Board Governance Training Meeting for the School Board is held at a cost of $750.
- July 30-August 3 All staffs attend Pre-Service training. SPA hires consultants to run this training conjointly at a cost of $5,000; and $1,500 in pre-service curriculum training is also purchased. These two expenditures are reported in the Start-Up Budget.
- July 18 - 31 Instructional Resources and Curriculum ($85,400) & Resources Material ($12,000) ordered in May are delivered. SPA makes the first payment of 3 monthly installments. These expenses are reported in the 3-Year Operational Budget.
- July 30 – August 3 Pre-service training for all school staffs takes place.
- Full implementation of the Direct Interaction Advertising and Promotion Plan at School.
- Open house during the whole month of July.

***August 6, 2012*: First day of school.**

C.4.c. Reporting of Instructional Resources Costs

The cost of instructional resources discussed in the narrative have been reported all along in the Start Up and 3-Year Operational Budgets. However, here is a list of instructional expenses mentioned in the narrative:

- $1,000 for instructional expenses for February to July 2012 available to the Executive Director and reported in the Start-Up Budget.
- $750 for the Board Governance Training run of July 15, 2011 and reported in the Start-Up Budget.
- $4,115 July 2012 salary of the Assistant Director of Curriculum and Instruction. This expense is reported in the Start-Up Budget.
- $11,803 for staff pre-service training of July 30 – August 3, 2012. This expense is reported in the 3-Year Operational Budget and payment will be made in the first paycheck received by employees in August 2012.

- $5,000 fee paid to consultants for running the pre-service program of July 30-August 3, 2012. And $1,500 spent on pre-service curriculum training materials. These two expenditures are reported in the Start-Up Budget.
- The $85,400 for Instructional Resources; and $12,000 for Curriculum & Resources Material ordered in May are delivered. SPA makes the first payment of 3 monthly installments. These expenses are reported in the 3-Year Operational Budget.

REFERENCES

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