C.5 Three Year Operational Budget Assumptions

Overview

The Caepe School has been operating as a private school since August 2008. We have been operating at our current location since June 2011. We will continue at this location throughout the three year operational budget period. Our budget assumptions reflect that base of experience and continued due diligence to implement the best value proposition for our students and community. All assumptions are based on data from over 5 years of operations as a private school, collection and review of price quotes from multiple vendors, consulting advice, and /or validation from conversations with comparable Charter School Operators.

Student Count

Figure C5.1 below shows the assumed student count at full enrollment and the number of students that the budget is based on (expressed as a count and as a percentage of full enrollment).

The full enrollment count is based on our educational philosophy and practices with regard to school and class size, planned staffing, and classroom space in each budget year. The budget is based on 87% of the full enrollment number as a conservative budgeting technique.

Figure C5.1

		YEAR	
	First	**Second**	**Third**
STUDENT COUNT at Full Enrollment	**92**	**108**	**124**
Number of Students (**Budget based on**)	**80**	**94**	**108**
% of Full Enrollment Budget Based On	**87%**	**87%**	**87%**

Based on our 5 years of experience with the community and very recent data points our estimates for student enrollment are sound. Coincident with our announcement of intent to apply to be an Arizona State Charter School, 6 new students enrolled mid semester at The Caepe School in April and May 2013. An additional 10 new families with 12 new students have communicated their intent to enroll their children in the 2014-2015 school year.

Figure C.5.2 below shows assumed breakdown of students per grade grouping for the student used in our three year operational budget. We assume enrollment of 20 students in kindergarten each year and that they will matriculate in grade over the 3 year plan. These estimates are conservative based on enrollment over the last 5 years of operation.

Figure C5.2

Number of Students	Year 1	Year 2	Year 3
Total Number of Kindergarten Students	20	20	20
Total Number of Grade 1-3 Students	30	44	52
Total Number of Grade 4-8 Students	30	30	36
Total Number of Students	80	94	108

Currently we have 4 students with an IEP. We assumed a modest increase of 1 per year in year 2 and 3. The contracted service expenses reflect appropriate increases correspondent to this change in enrollment.

Carryover
This is a calculated field. In year 1, the carryover is from the startup budget. The year one carryover is result of private loans. These loans are repaid in year 2 and 3 of the three year operational budget in accordance with our agreements with the creditors.

Revenue

Total revenue shown for each operational budget year is solely based on the state funding (equalization assistance) as calculated by the Charter Board Revenue calculator**.** Assumed student counts as input to that calculation are explained above.

Fund raising, fee based programs, and grants are not included in this budget.

However, we will utilize the expertise of our Governing Board and the demonstrated commitment of our parents and community at large to continue and improve our successful fundraising programs as established and implemented over the last 5 years. Revenue our fundraising efforts exceeds $48,000 in the current 2012-2013 school year. That is more than $1,000 additional revenue per enrolled student.

We will continue and improve our fee based programs in a fashion consistent with public and charter school practices in Arizona. These revenues are not included in the three year operational plan. Our fee based programs will include: Junior Cougars, Kindergarten half day enrichment, after school care, tutoring and summer programs. Some of these programs are offered to the community at large not just The Caepe School students.

We also have not included any planned revenues from grant programs. Assuming approval of our charter application we will aggressively pursue opportunities that are in line with our educational philosophy and objectives and Arizona charter school practices.

Administration, Instruction, & Support (AIS)

Salaries
All salaries are based on our experience securing and retaining appropriate talent in our local market. They are consistent with what we currently pay our employees and expect to pay during the three year operational budget period. Staffing levels will support our educational objectives and the projected enrollment growth throughout the three year operational budget period.

Classroom Teachers
All teachers of The Caepe School will contribute to its mission of educating children while enriching their lives. Specifically, The Caepe School believes that every child is unique, each with his or her own set of strengths and challenges. The average salary for a TCS teacher is $33,000 per year and this is consistent with state teacher salaries and the three-year operational budget.

Director / Principal (Head of School)
$49,000, $50,000, $55,000
The Head of School/School Director salary is competitive and consistent with what we currently pay based on the job description and duties of this position.

Hourly Employees
The position of Clerical & Bookkeeper/Finance will be filled by one staff member working a 40 hour work week during the school year at an hourly rate between $11.00-$12.50 increasing over the 3 year period.
The instructional assistant positions for both regular education and special education (paraprofessionals) working 182 school days a year at an hourly rate between $8.00-$11.00. The staffing need in this area begins at 1 assistant in year one, 1.5 in year two and 1.75 in year 3.

Employee Benefits
Currently and during the entire three-year operational budget period, The Caepe School will not offer benefits beyond those legally required. This policy may be reviewed at a later date. Any decision to add benefits offerings in the years beyond the three-year operational budget will be based on legal, financial, recruitment, and retention considerations.

Employee Insurance
Currently and during the entire three-year operational budget period, The Caepe School will not offer employee insurance beyond that legally required. This policy may be reviewed at a later date. Any decision to add employee insurance benefits in the years beyond the three year operational budget will be based on legal, financial, recruitment, and retention considerations.

Office Supplies
We have had generous community donations of office supplies for the past five years. We have never spent more than $1,000 in this category in any school year. The budget reflects this assumption.

Instructional Consumables
This covers all student and consumable workbooks. Based on previous year actuals this has been $185 or less per student.
Figure C5.3

INSTRUCTIONAL CONSUMABLES		**YEAR**	
	First	**Second**	**Third**
Number of Students (**Budget based on**)	**80**	**94**	**108**
Planned Expense per student	185	185	185
Planned per annum expense	**14800**	**17390**	**19980**

Membership Dues, Registrations & Travel
Planned expense of $1,000 year includes the Arizona Charter Schools Association Transitional Charter Membership ($250 per annum as posted on their web site) and the AdvancED accreditation annual fee of $725 (based on actual invoice).

Contracted Services (AIS)
This category includes business office and financial services, consulting services with expertise in Charter School transition and compliance with Arizona Charter School requirements, and legal services.
Figure C5.4

Contracted Services (AIS)	**Year 1**	**Year 2**	**Year 3**
Business Operations	24,000	24,000	24,000
Consulting Services	9,600	12,000	12,000

Legal Fees	5500	5500	5500
TOTAL	**39,100**	**41,500**	**41,500**

Based on our experience using consulting service as a private school and researching available service providers and market rates we selected the best value to achieve our goals.

Contracted Services (Special Education)
$12,000, $14,000, 16,000
We have secured contracted services to support our students with special education needs. Charter School operators have advised us to plan for an increase in student enrollments with special needs. We have increased these planned expenses accordingly. In addition, we have added a salary line in years 2 and 3 of the operating budget for a part time instructional assistant- special education.

Curriculum and Resource Materials
The Caepe School currently has sufficient curriculum and resource materials. We are aligned with common core standards. These expenses are anticipation of replacement, addition and upgrade needs. Table C5.5 is a disaggregation of those planned expenses. Costs per item are taken from the vendor websites.
Figure C5.5

	Curriculum Resource/Material	**Grade**	**#**	**Amount Per**	**Total**
Year 1	Reading Street	2	1	$2,000.00	$2,000.00
	Envision Math 4 pack	K	4	$118.97	$475.88
	Envision Math Teacher Edition	K	1	$524.00	$524.00
	Envision Math 4 pack	1	4	$118.97	$475.88
Total					**$3,475.76**
Year 2	Envision Math Teacher Edition	1	1	$524.00	$524.00
	Envision Math 4 pack	2	4	$118.97	$475.88
	Envision Math Teacher Edition	2	1	$524.00	$524.00
	Envision Math 4 pack	3	4	$118.97	$475.88
	Envision Math Teacher Edition	3	1	$524.00	$524.00
	Envision Math 4 pack	4	4	$118.97	$475.88
	Envision Math Teacher Edition	4	1	$524.00	$524.00
	Prentice Hall Course 1 SE	5	10	$68.47	$684.70
	Prentice Hall Course 1 TE	5	1	$97.49	$97.49
	Prentice Hall Course 2 SE	6	10	$68.47	$684.70
	Prentice Hall Course 2 TE	6	1	$97.49	$97.49
	Prentice Hall Course 3 SE	7	10	$68.47	$684.70
	Prentice Hall Course 3 TE	7	1	$97.49	$97.49
	Prentice Hall Algebra 1 SE	8	10	$82.47	$824.70
	Prentice Hall Algebra 1 TE	8	1	$199.97	$199.97
	Prentice Hall Alg 1 Teacher Access	8	1	$299.97	$299.97
	Physical Education Equipment	K-8	1	$800.00	$800.00

Total					**$7,994.85**
Year 3	Pearson Interactive Life Science	7	10	$28.47	$284.70
	Pearson Life Science Activities Refill	7	1	$572.00	$572.00
	Pearson Interactive Physical Science	8	10	$28.47	$284.70
	Pearson Physical Science Kit	8	1	$2,434.00	$2,434.00
	Pearson Physical Science Labware	8	1	$1,262.97	$1,262.97
	Pearson Physical Science ExamView	8	1	$133.97	$133.97
	Pearson Science Classroom Materials	K	1	$525.97	$525.97
	Pearson Science Classroom Materials	1	1	$861.97	$861.97
	Pearson Science Classroom Materials	2	1	$1,215.97	$1,215.97
	Pearson Science Classroom Materials	3	1	$1,124.47	$1,124.47
	Pearson Science Classroom Materials	4	1	$1,292.47	$1,292.47
Total					**$9,993.19**

Library Resources and Software
Our primary resources in this area are Maricopa County (conveniently located just down the street from our school), the internet, on site computer systems and students own approved devices. The Caepe School has a mobile lab with 10 Net Books. Each classroom has 4 or 5 Personal Computers. We have 4 Smart boards. There is a small lending library of books on-site as well.

SAIS Software
Teacher Ease/Common Goals on line membership is already in place. The expense shown in this category is our actual annual membership fee. There are no additional planned expenses for this category.

Auditor Fees
This is an estimate based on consulting advice and input from other area charter school operators.

Other: (Psych Evaluations)
Based on experience and input from providers the actual cost of psychological evaluations vary from approximately $800 to $2000 based on the specific needs of the student. Those planned costs are in line with our current and planned enrollments**.**

Operation and Maintenance

Supplies (staff members)
Estimates based on actuals and projected growth in staffing. Planned numbers used are well below actuals from the past 5 years. Our community has been and continues to be generous in donations of supplies to our staff.

Marketing
Three-year budget projections allocate expenditures in local and North Valley publications. These include, In & Out, Images, North Valley Magazine (magazines) and two newspapers, Foothills Focus and the Arizona Republic. These publications have also printed several press releases for TCS each year at no cost to our organization.

Year one dedicates $1,350, year two, $2,350, and year three, $3,350.
Advertising /Promotion consistent with the Budget:

Item	Approach	Cost	Timeframe
1. Monthly TCS Community Coffee Conversation	Updates to the community with information to share- continued grass roots efforts	$0	Began February 2013 and continues monthly indefinitely. (No coffee meetings June & July)
Facebook, Twitter, Email, Newsletters and Website Updates	Announcements, Sharing Information to Promote Enrollment	$0	Weekly- ongoing
Paid Ads	Using Publications in the target audience to market during key enrollment periods	$1000 year 1 $2000 year 2 $3000 year 3 Consistent with our average cost and spending to rotate ads	August, November, January, and March Annually
Press Releases	Using Publications in the target audience to make announcements and give consistent messaging opposite paid ads	$0	September, December, February, and April Annually
TCS Community events for the larger community to include Anthem Days	Continued grass roots effort to share our mission and vision	$350 yearly	Three or more events per quarter (12+ Annually)

Contracted Services (O &M)
Estimates are based on actual from past 5 years with a moderate increase planned each year of the operating budget. Category includes cleaning and general maintenance.

Building Rent/Lease/Loan

The Caepe School has leased and occupied this facility since June 2011. These numbers are based on actual lease agreement.

Building and Improvements
Land and Improvements

The Caepe School has leased and occupied this facility since June 2011. We currently operate The Caepe School in this facility as a private school executing the same educational program described in this application.

We do not plan facility changes when we transition from a private school to an Arizona State charter school. The facility requires no modifications for scale, safety or legal compliance. The facility will support the projected increase in student enrollment as described in the business plan.

Fees/Permits
$500 per year estimate is based on input from other Charter School operators.

Property/Casualty Insurance
This is based on our current actual expenditure for this category.

Liability Insurance
This is based on our current actual expenditure for this category.

Utilities
This estimate is based on the actual history of utility expense at this facility since June 2011. We included a modest increase to that history of expenses.

The Caepe School is currently engaged with John Panfil in a very extensive energy audit of our facility. Mr. Panfil is a successful energy efficiency expert who has generously volunteered to help the Caepe School with this EDEE project. This experiential learning event for our students should result in actual utility savings. Being financially conservative, these expected savings are not part of the three year operating budget. We have conservatively entered a moderate increase in utility costs while pursuing a planned reduction.

Phone/Communication/Internet
This estimate is based on our history at this facility since June 2011. This includes Cox phone and internet services.

Transportation-
The Caepe School does not provide transportation services for any reason.

Food Service
The Caepe School does not provide food service. A dining area is provided for meals. It is already equipped with appropriate furniture for dining. This area is included in the Building lease category above. There are no planned expenses for this category.

Student Furniture and Equipment
All leased areas are suitably furnished for the planned activities in that area.
We do not plan additional furniture/equipment or upgrades during the 3 year operational budget period. We did plan $1,000 as a contingency in year 2 to repair or replace damaged furniture or equipment.

Office Furniture and Equipment
All leased office areas are suitably furnished for the planned activities in those areas.
We do not plan additional furniture/equipment or upgrades during the 3 year operational budget period. We did plan $1,000 as a contingency in year 3 to repair or replace damaged furniture or equipment.

Student Technology Equipment
Current student technology equipment (Smart boards, projectors, etc.) will support our educational objectives throughout the three year operating budget period. However, we did plan $2,000, $4,000, $6,000 for the three years respectively, to provide us with contingency for repair and replacement and possible upgrades or additions.

Office Technology Equipment
Current student technology equipment will support our educational objectives throughout the three year operating budget period. However we did plan $1,000, $2,000, $3,000 for the three

years respectively to provide us with contingency for repair and replacement and possible upgrades or additions.

Other leases (Security, Copiers)
This is based on our actual lease agreement for our multifunction copier/printer/scan/fax.

Loan Repayment
$17, 500 – year 2 and year 3 for a total of $35,000
This section reflects the repayment schedule agreed to with our creditors.
Loan originators do not require payment to begin until year 2 of the three-year operational budget. We do not plan to incur any additional debt, as this is an interest free loan, during the three-year operational budget period.