C.4 Start-Up Budget Assumptions

Western School of Science and Technology: A Challenge Foundation Academy ("Western Tech: CFA") created its start-up budget, in effect from February 1, 2014 to July 31, 2014, based around the following budget assumptions.

Explanation of Start-Up Revenue

Start-up revenue is based upon the $230,000 Year 2 of the Arizona Charter School Incentive Program grant and $100,000 Challenge Foundation Grant, both of which were secured by Western Tech: CFA.

Explanation of Expenses

Administration, Instruction & Support (AIS) Expenditures

Salaries

Principal

- Assumes the Founding School Director for Western Tech: CFA will be paid for service starting February 1, 2014 and will be paid $30,000 for six months based on a $60,000 annual salary. Total salary assumes 13.65% required employer contributions for a total of $34,095.
- Throughout this document, required contributions are assumed to be 13.65%, including payroll taxes, unemployment taxes, and 401(k) matching of 4%.

Clerical

- Assumes the Office Manager/Registrar for Western Tech: CFA will be paid for service starting February 1, 2014 and will be paid $15,000 for six months based on a $30,000 annual salary. Total salary assumes 13.65% required employer contributions for a total of $17,047.50.

Other

- Assumes the Dean of Operations for Western Tech: CFA will be paid for service starting February 1, 2014 and will be paid $24,000 for six months based on a $48,000 annual salary. Total salary assumes 13.65% required employer contributions for a total of $27,276.

Employee Benefits

- Assumes all employees elect the maximum 4% employer contribution to the 401(k) starting February 1, 2014, but includes the total in "required employer contributions" for each position.

Employee Insurance

- Assumes all employees elect the maximum $350 monthly allowance for health and dental insurance starting February 1, 2014 for six months for a total of $5,250.

Office Supplies

- Assumes office supply costs of $550 per month starting February 1, 2014 for six months for a total of $3,300. This cost assumption was provided by the TeamCFA Business Committee.

Membership Dues and Travel

- Assumes Arizona Charter Schools Association membership for $190 and $5,000 for travel and other professional dues. This cost assumption was provided by the Arizona Charter Schools Association website and the TeamCFA Business Committee.

Contracted Services: AIS

- Assumes legal services with Warren Charter Law $200 per hour for ten hours per month starting February 1, 2014 for six months for a total of $12,000.
- Assumes accounting services with Crisler Business Services at $58 per hours for thirty hours per month starting February 1, 2014 for six months for a total of $10,440.
- Assumes information technology services at $3,000 per month starting February 1, 2014 for six months for a total of $18,000. This is based upon the expense for Compass Network Solutions, LLC for Pioneer Preparatory School: A Challenge Foundation Academy ("Pioneer Prep: CFA"). Although the two schools are different sizes, it is assumed the amount of technology needs will be approximately equal.
- Assumes payroll services at $2,160 per year starting February 1, 2014 for six months for a total of $1,080. This is based upon the expense for Payroll Experts, Inc. for Pioneer Prep: CFA.
- Assumes 401(k) plan administration costs of $2,500 per year starting February 1, 2014 for six months for a total of $1,250. This cost assumption was provided by the TeamCFA Business Committee.

Curriculum & Resource Materials and Instructional Consumables

- Assumes $0 of curriculum and resource materials and instructional consumables; assumes curricular materials will be either teacher-created or free, open source, and online through the usage of hybrid learning, through the TeamCFA Educational Technology Committee, or through participation in free curriculum effectiveness studies with research-based curricula from Arizona State University.

Library Resources & Software

- Assumes $0 in library resources and software, as books for both classroom and school-wide libraries will be free, open source, and online through the TeamCFA Education Technology Committee.

SAIS Software

- Assumes SAIS software costs of $10,000 plus $1,500 for training to be purchased before July 31, 2014. This is based upon the expense for School Master at Pioneer Prep: CFA.

Operations & Maintenance (O&M) Expenditures

Supplies

- Assumes $900 in janitorial supplies for the incubation space to be purchased before July 31, 2014. This cost assumption was provided by the TeamCFA Business Committee.

Marketing/Advertising

- Assumes booth and travel costs of $700 each for four teacher recruitment events, for a total of $2,800. This cost was based on teacher recruitment event costs at which Pioneer Preparatory School: CFA has participated.
- Assumes $0 for student marketing or advertising materials, since costs will be assumed by the TeamCFA Marketing Committee.

Contracted Services: O&M

- Assumes no contracted O&M for the incubation space.

Building Rent/Lease/Loan

- Assumes $800 per month on temporary office space lease for six months starting February 1, 2014 and ending July 31, 2014. This expense is based upon the similar expense of Ridgeline Academy: A Challenge Foundation Academy.

Building & Improvements, Land & Improvements, Fees/Permits

- Assumes all of the above are $0, as they will be covered by Challenge Foundation Properties.

Liability Insurance

- Assumes $5,063 general liability insurance and $2,050 umbrella insurance to be purchased monthly between February 1, 2014 and July 31, 2014. This cost assumption was provided by the TeamCFA Business Committee.
- Assumes $329.36 in workers' compensation insurance to be purchased monthly between February 1, 2014 and July 31, 2014. This cost assumption was provided

in a quote from The Hartford via Wells Fargo, and is based on $0.42 per $100 of payroll.

Utilities

- Assumes $8,333.33 in electric deposits for the school facility. This cost assumption is based upon the formula provided by SRP.
- Assumes $268 in water and trash removal deposits for the school facility. This cost assumption was provided by the City of Phoenix.
- Assumes $225 in electric, water, and trash removal services for the incubation space, for a total of $1,350 between February 1, 2014 and July 31, 2014. This is based upon the utility cost for a similar property in the target community from the costs of SRP and the City of Phoenix.

Phone/Communications/Internet Connectivity

- Assumes $234 for internet and phone service per month for six months between February 1, 2014 and July 31, 2014 for a total of $1,404. This is based on the current rates for Cox Communications Small Business telephone and internet bundle services for the target neighborhood.

Student Furniture & Equipment

- Assumes $80 per student table and nine tables per classroom; $30 per student chair and 25 student chairs per classroom, and assumes eight classrooms' worth of student tables and chairs, plus an additional $1,000 per science classroom for two classrooms' worth of laboratory equipment, to be purchased by July 31, 2014. Costs determined from www.officemax.com and other TeamCFA schools.

Office Furniture & Equipment

- Assumes $4,750 for three desks, three chairs, three filing cabinets, and three bookcases to be purchased by July 31, 2014. Costs determined from www.officemax.com.

Student Technology Equipment

- Assumes $55,000 for 220 Samsung/Google Chromebooks at $250 each; $3,525 each for eight Mimeos (one per first year classroom); $700 for one document camera per classroom for eight classrooms; and $500 for one projector per classroom for eight classrooms for a total of $92,800 to be purchased by July 31, 2014. Costs determined from www.officemax.com and the TeamCFA Educational Technology Committee.

Office Technology Equipment

- Assumes $5,000 for twenty Samsung/Google Chromebooks at $250 each; $1,000 for a server to be purchased by July 31, 2014. Costs determined from the TeamCFA Educational Technology Committee and www.officemax.com.

Other Leases (Security, Copiers, etc.)

- Assumes $1,100 per month for one copier starting February 1, 2014 for six months for a total of $6,600. This assumption is provided by the TeamCFA Business Committee.