Paul Laurence Dunbar Charter School
Budget Narrative

Overview

Choice Foundation's budgeting and financial model ensure organizational solvency, school site solvency and long-term sustainability by ensuring non-dependency on fundraising, philanthropy and competitive grant-making to achieve the Foundation's mission. Federal entitlement revenue and local/state per pupil funding are the foundation of the Foundation's budgeting and financial modeling. These federal, local and state funds are required to support the key elements of each school's academic programs. Other revenues including food service revenues, Medicaid revenue and miscellaneous revenues are utilized to support the academic programs. Any philanthropic or competitive grant funds are considered supplemental and are utilized to supplement existing programmatic offerings.

At the proposed school site, Paul L. Dunbar Charter School, the Foundation will continue its mission of educating its students while efficiently managing its finances and ensuring no single-year deficit spending.

Per Pupil Revenue

The school will rely on the following per pupil revenue streams:

- Local Minimum Foundation Program (MFP) including Tiered Funding for Special Needs Populations;
- State MFP; and
- Federal Entitlements including (Title I, Title II, Title III and IDEA Part B)

These revenue streams will be required to support the key elements of school's educational program. We anticipate these revenue streams to increase over time as the school's demand enrollment increases over time. They will be based on the current per student allocations at the existing Choice Foundation Schools as follows:

Category	Per Pupil
State MFP	$ 2,095.00
Special Education Tier 1	$ 1,474.62
Special Education Tier 2	$ 8,663.37
Special Education Tier 3	$ 13,824.52
Special Education Tier 4	$ 16,036.45
Special Education Tier 5	$ 22,119.24
Gifted and Talented	$ 368.65

Category	Per Pupil
ELL	$ 2,211.92
Overage	$ 1,658.94
Teacher Pay Raise	$ 642.89
Local MFP (State Facility)	$ 5,278.00
Title Funding	$ 886.11
IDEA Funding	$ 212.17

The school's projected enrollment is expected to be 425 in Year 1 and increase steadily over time.

Other Anticipated Funding Sources

In addition to per pupil funding, the school will rely on other funding sources to meet its mission including school food service revenue, Medicaid revenue and other miscellaneous revenue streams. Most of other anticipated revenue streams will be based on per student allocations at the existing Choice Foundation Schools as follows:

Revenue Stream	Per Student Allocation	Total Allocation @ 425 Students
National School Meal Program	$ 738.95	$ 314,054
Food Sales	$ 1.33	$ 567
Miscellaneous Revenue	$ 46.15	$ 19,613
Medicaid Revenue	$ 14.34	$ 6,094
Student Activity Revenue	$ 79.60	$ 33,829

The Foundation's Development Committee is actively pursuing additional start-up funds via philanthropic means. Funding from the Foundation, donations and contributions will may also be utilized until the school's enrollment demand sustains its budgeted per pupil revenue streams. If required, the school will also obtain a credit line of $250,000 to be utilized only in cases when the school is awaiting reimbursements of expenses from federal or state funding sources.

Anticipated Expenses

The school's expenditures are projected to include instructional expenses, support service expenses and operational expenses. All projected instructional, support and operational expenses include sub-categories such as personnel expenses, contracted services, supplies and equipment, occupancy expenses and other services.

The personnel expense projections for the school are based on the average salaries of staff at the existing Choice Foundation Schools as follows:

Year 1 Staffing Assumptions		
Function	**Average Base Salary**	**# of FTE's**
Administration	$ 60,938	8
Instructional	$ 46,379	29
SPED	$ 39,650	8
Support	$ 31,667	9
Grand Total	**$ 45,087**	**54**

The non-personnel expense projections for the school are allocated either on a per student basis, per square foot of the facility basis or on a per employee basis as follows:

Expense Projections (Based on Student Enrollment)						
		Year 1	Year 2	Year 3	Year 4	Year 5
Expense	**Per Student Allocation**	**425 Students**	**450 Students**	**475 Students**	**500 Students**	**525 Students**
Other Contract Services - Educational	$ 46.42	$ 19,727	$ 20,887	$ 22,047	$ 23,208	$ 24,368
Printing and Binding	$ 28.45	$ 12,093	$ 12,804	$ 13,515	$ 14,227	$ 14,938
Advertising, Recruitment & Marketing	$ 10.97	$ 4,664	$ 4,938	$ 5,213	$ 5,487	$ 5,762
Bank Fees	$ 2.15	$ 912	$ 966	$ 1,020	$ 1,073	$ 1,127
Waste/Trash Disposal	$ 16.05	$ 6,822	$ 7,224	$ 7,625	$ 8,026	$ 8,428
Contracted IT Service	$ 31.15	$ 13,238	$ 14,017	$ 14,796	$ 15,574	$ 16,353
Other Contract Services - Admin	$ 54.71	$ 23,253	$ 24,621	$ 25,989	$ 27,357	$ 28,725
Teaching/Classroom Supplies	$ 174.28	$ 74,069	$ 78,427	$ 82,784	$ 87,141	$ 91,498
Equipment & Other Fixed Assets	$ 49.66	$ 21,105	$ 22,346	$ 23,588	$ 24,829	$ 26,071
Student Activity Expenses	$ 115.42	$ 49,055	$ 51,940	$ 54,826	$ 57,711	$ 60,597
Dues, Fees and Membership	$ 3.61	$ 1,535	$ 1,626	$ 1,716	$ 1,806	$ 1,896
Postage	$ 2.16	$ 918	$ 972	$ 1,026	$ 1,080	$ 1,134
Other Misc. Expenses	$ 134.60	$ 57,204	$ 60,569	$ 63,934	$ 67,299	$ 70,664
Contracted SPED Services	$ 145.48	61829	$ 65,466	$ 69,103	$ 72,740	$ 76,377
Janitorial Contract	$ 2.08	191646	$ 191,646	$ 191,646	$ 191,646	$ 191,646
Student Transportation	$ 709.20	$301,408.97	$ 319,139	$ 336,869	$ 354,599	$ 372,329
Food Service	$ 650.94	$276,649.00	$ 292,923	$ 309,196	$ 325,470	$ 341,743

Expense Projections (Based on Facility Square Footage)						
		Year 1	Year 2	Year 3	Year 4	Year 5
Expense	Per SF Allocation	100K SF	100K SF	100K SF	100K SF	100K SF
Office Temps	$ 0.03	$ 3,443	$ 3,443	$ 3,443	$ 3,443	$ 3,443
Maintenance Temps	$ 0.53	$ 52,777	$ 52,777	$ 52,777	$ 52,777	$ 52,777
Renting & Leasing	$ 0.54	$ 54,488	$ 54,488	$ 54,488	$ 54,488	$ 54,488
Rep/Maint - Bldg/Facility Equip.	$ 2.03	$ 202,787	$ 202,787	$ 202,787	$ 202,787	$ 202,787
Insurance	$ 0.70	$ 70,168	$ 70,168	$ 70,168	$ 70,168	$ 70,168
Telephone & Internet	$ 0.65	$ 65,294	$ 65,294	$ 65,294	$ 65,294	$ 65,294
Utilities	$ 2.30	$ 230,088	$ 230,088	$ 230,088	$ 230,088	$ 230,088
HVAC Contract	$ 0.88	$ 88,177	$ 88,177	$ 88,177	$ 88,177	$ 88,177

Expense Projections (Based on # of Employees)						
		Year 1	Year 2	Year 3	Year 4	Year 5
Expense	Per EE Allocation	54 EE's	57 EE's	60 EE's	63 EE's	66 EE's
Background/Drug Screenings	$ 84.22	$ 4,548	$ 4,800	$ 5,053	$ 5,306	$ 5,558
Professional Development	$ 115.89	$ 6,258	$ 6,606	$ 6,954	$ 7,301	$ 7,649
Payroll Fees	$ 407.71	$ 22,016	$ 23,239	$ 24,462	$ 25,685	$ 26,909
Office & Consumable Supplies	$ 949.82	$ 51,290	$ 54,140	$ 56,989	$ 59,838	$ 62,688
Special Events	$ 404.89	$ 21,864	$ 23,079	$ 24,293	$ 25,508	$ 26,723
Travel Expenses	$ 138.94	$ 7,503	$ 7,919	$ 8,336	$ 8,753	$ 9,170

Sustainability Plan

The Executive Director (ED), Director of Finance & Operations (DFO) and the Board's Finance Committee (BFC) are responsible for ensuring organizational solvency, school site solvency and long-term sustainability. The sustainability plan consists of the following components:

- Budget Development Process;
- Finance Committee Oversight;
- Board Budget Review/Approval;
- Budget Review & Analysis;
- Periodic Budget Revisions; and
- Budget Crisis Plan.

In the event the school is faced with a budget shortfall, the ED, DFO and the BFC will meet to develop a budget shortfall and action plan. If the shortfall is projected to be significant, a budget crisis plan may be implemented to ensure the integrity of educational programs remain intact. Budget crisis steps may include:

- Use of Choice Foundation reserves;
- Delay or deferment of large capital purchases; or
- Reduction in non-essential expenditures

CHOICE

FOUNDATION

EXEMPLARY PUBLIC CHARTER SCHOOLS

February 20, 2018

RE: Startup Funding for Paul L. Dunbar Charter School

To Whom It May Concern,

Choice Foundation has allocated and approved $300,000 in funding for the start-up phase of Paul L. Dunbar Charter School. The approved funding will cover the following projected expenses:

- Staffing (Head of School and Assistant Head of School);
- Recruiting and Marketing Expenses; and
- Advertising Expenses

Please let me know if there are any questions regarding this communication.

Sincerely,

James Swanson
Choice Foundation Board Chairperson
Choice Foundation, Inc.