

The attached budget for The Delores Taylor Arthur School for Young Men (operated by Lyceum Schools) is based on conservative assumptions of enrollment, funding, staffing and operating expenses, based on the extensive school leadership and operating experience of the founding team.

The key assumptions are outlined below. The base budget assumes 150 students in ninth grade, expanding to 600 in grades ninth through twelfth grade at sustainability.

Lyceum Schools has anticipated \$405,000 in start-up grants and \$165,000 of committed philanthropic funding for the first year of operation. The school will operate on the per pupil and federal grant funding amounts for all schools under the OPSB LEA. The board does not anticipate incurring any indebtedness.

The largest cost category is staffing, and the staffing model including in the Staffing Plan attachment adequately serves the needs of the young men attending the school based on the academic program and recruiting plan set forth in this application. The non-personnel expenses are consistent with other similar-sized schools in Orleans Parish.

Based on these conservative assumptions, the school will fund its ongoing operations from cash flow and sustain it long-term in compliance with the financial metrics specified by Orleans Parish in its performance framework.

Start-Up

- Lyceum anticipates start-up funding of \$405,000 through grants from New Schools Venture Fund, Camelback Ventures and State Planning and Implementation Funding (CSP).
- The school plans to hire two administrators on September 1, 2019. This team will be responsible for all student and staff recruiting activities. The start dates of the administrators will remain flexible based on the timing of funds received. The start-up budget also includes funding for advertising and promotion of the school, as well as materials and supplies.

Operating Revenue

- Paid enrollment is projected to be 150 in ninth grade in year 1 and expand one grade level per year.
- MFP is \$10,643 per student based on the OPSB differentiated funding formula and assuming an average mix of students across each special education tier:

MFP Funding Calculation	\$/Stdnts	Percent of Students
<i>Base - State</i>	2,135	100%
<i>Base - Local</i>	5,365	100%
<i>SPED - Tier 1</i>	1,500	10%
<i>SPED - Tier 2</i>	8,813	7%
<i>SPED - Tier 3</i>	14,063	2%
<i>SPED - Tier 4</i>	16,313	1%
<i>SPED - Tier 5</i>	22,500	1%
<i>Debt Service</i>	800	100%
<i>ELL</i>	2,250	5%
<i>Overage</i>	1,688	4%
<i>Continuation Pay Raise</i>	727	100%
	10,643.25	

- Local MFP also includes \$800 in debt service funding for operating in a non-district building.
- MFP revenue (and operating expenses) are projected to inflate at 2% per year.
- Title I is projected at \$620 per eligible students. (Lyceum Schools will operate under OPSBs LEA.) Beginning in year 2 Title I is based on the prior year pupil count.
- Title II is projected at \$64 and Title III at \$21 per eligible student.
- Federal Food Service assumes 95% lunch eaters, 75% breakfast eaters, 95% free & reduced lunch.
- E-Rate: Assumes \$9,000 for 25% of technology consultants and 90% of internet and 60% of telecommunications costs.

Personnel

- The staffing plan for year 1 includes 6 regular education teachers, 1 teacher aides, 1 special education teacher, A part-time music/band teacher, A part-time athletics/PE teacher, 1 SPED Coordinator, 1 social worker, 1 counselor. The leadership team includes a CEO, an Academic Director, Director of Finance and Operations and 1 clerical position.

- In year 1, teacher salaries assumed to average \$46,000 annually.
- The total number of regular education teachers grows at 4-5 per grade level per year. Special education teacher increases to 2 in year 2, and 3 in year 3 through full growth.
- Medical benefits are estimated at \$4000/FTE in year 1 with a 2% increase per year. While medical rates are generically increasing faster, we expect this to be offset by savings that come with getting to scale and by potential savings in unemployment and retirement costs.
- Assumes retirement contributions of 3% of salaries, with 80% participation.
- Social security & Medicare budgeted at the statutory rate of 6.2% and 1.45%, respectively. Unemployment estimated at 0.55% of salaries. Workers compensation assumed at 0.5%.
- All personnel costs are expected to increase at 2% per year for cost of living adjustments, consistent with the increases projected in revenue.

Non-Personnel

- Instructional materials & supplies for year 1 total \$27,000, which is approximately \$130 per student to include assessments, software and classroom supplies.
- Curriculum of \$15,000 in year 1 at \$100 per student.
- Instructional equipment and furniture were purchased in start up to include staff laptops, classroom computers, computer labs, core classroom technology, infrastructure and classroom & office furniture. In year one budget, we assumed the same calculation for all additional staff and students for year 2 to be purchased at the end of year 1.
- Special education purchase professional and technical services are estimated at \$1,000 per SPED student and include consultants for OT/PT, psychologists and IEP evaluation related functions. OPSB will be responsible for SPED compliance, IEP evaluations and other SPED wrap around services as part of the LEA agreement Lyceum will operate under.
- Most of the recruitment will be done during the start-up period, and an additional \$7500 is budgeted during year 1 for recruitment for year 2.
- Rent is currently projected equal to the debt service funding at \$800 per pupil. The Board and President of Lyceum have been in communication with the Archdiocese of New Orleans about the possibility of a facility and the estimated expense seems to be within reason.
- Custodial and Maintenance budgeted at \$46K assuming a contract for 15 hours of custodial services and an additional \$75 per student for any additional needs. The estimated cost per student is approximately \$307 per student.
- Transportation estimated at \$300 per day per bus in year 1, with 75% ridership, plus \$10K for extracurricular activities and trips.

Operating Surplus

- The school's projected operating surplus in year 1 is \$44K or 2% of total expenses. This is in line with OPSB's financial accountability framework which states Y1 should be 2%, Y2>3%, Y4>6%, Y5>8%, +Y5>10%. Over the five-year charter term, the cumulative surplus is projected to be \$2.4MM.
- If any unfavorable variances arise, the school will make any necessary adjustments working to maintain its mission and maintain its most effective resources to ensure the academic program will achieve student success. The school will first seek to increase enrollment, then reduce any non-mission critical non-personnel expenses, and reduce any personnel staff to align the staffing model to the actual enrollment.
- The first-year cash flow forecast projects a positive cumulative balance each month. We have been conservative on the timing of our federal categorical grant funding not coming in until as late as October for the first quarter claims. Also, we have the ability to delay certain payments for third party contracts should any cash flow issues arise. We are confident that future fundraising efforts will also be secured to increase our cash.

Facilities

The Board and President/CEO continue to work with the Archdiocese of New Orleans to finalize a facility that will meet the needs of The Delores Taylor Arthur School for Young Men for the 2020-21 school year and beyond.

We have established needs for the following space during the life of our initial charter application

	2020-21	2021-22	2022-23	2023-24	2024-25
Classrooms	8	14	20	26	26
Computer Lab	1	1	1	1	1
Science Lab	0	1	1	1	1
Music Room	1	1	1	2	2
Art Room	0	0	1	1	1
Cafeteria	1	1	1	1	1
Gymnasium	1	1	1	1	1
IT Area	1	1	1	1	1
Library	1	1	1	1	1
Main Office	1	1	1	1	1
Leadership Offices	4	5	6	6	7
RTI Room	1	1	1	1	1
Multi-Sensory Environment	1	1	1	1	1
Guidance/Social Work Offices	3	3	3	4	4

We are in discussions with the Archdiocese of New Orleans and the Pastor of St. James Major Church Parish to lease the facilities at 3774 and 3800 Gentilly Road as a home for the school. This campus has been home to at least two charter schools, Edward L. Hynes and Milestone Academy as recently as the 2016-17 school year. The building at 3774 would serve as our main school building. It has a designated Main Office (with a connecting space to house the Chief Academic Officer), a Cafeteria, Gymnasium, IT area, and designated Computer Science Area. There are 37 classroom spaces which will allow us to have more than enough main classroom spaces, areas for enrichment courses, a special education multi-sensory environment, and areas that can be converted to areas for offices and guidance. 3800 provides space for a number of the external engagement offices such as the President/CEO, Business Office, Development and Fundraising, and Admissions. The building also has some smaller classrooms that can be utilized for small classes and tutoring. This will allow us to more efficiently utilize space in the academic building. The two buildings combined allow us to have 64,549 square feet of enclosed space.

Lyceum believes a clean, well-functioning and safe school environment is an important factor in establishing high expectations for student work. Lyceum will contract with a third party custodial and maintenance provider that has experience providing similar services to other Orleans Parish schools. The contractor's scope will include periodic inspections of building and security systems. On our Board of Trustees, John Gerrets has experience in the area of facilities management during his time as Chief Financial Officer at Holy Cross School. During that time, the 21-acre campus in Gentilly was constructed which obviously included the input of the CFO. In addition, John worked with the Director of Operations in the area of procurement of outside vendors, the purchase and maintenance of capital equipment, efficient use of utilities, landscaping, janitorial, build out of smaller construction, and routine maintenance. The next addition to our Board of Trustees will be someone with a background in architecture or construction as indicated in the Board Readiness section of this narrative.

Lyceum will comply with all applicable building codes and requirements, including the Americans with Disabilities Act. It will receive a certificate of occupancy prior to opening – which requires state fire marshal approval -- and will comply with the occupancy capacities set therein.