

Section Eight - Financial Data, Facilities, Transportation

Proposed Budget

SVCMS is aware that charter school finances are challenging, and that financial failure is the primary cause of charter school failure. With this in mind, the budget has been developed with conservative revenue expectations, and with the goal of reducing costs where possible. The budget can be found in Attachment 21.

Budget Assumptions

Revenue

SVCMS has conservatively planned its first year of activities using funds it can reasonably expect to receive. Per pupil revenue (PPR) is the school's main source of funding and SVCMS expects to receive funding per the school finance act and in accordance with applicable state statutes. (C. R. S § 22-30.5-112) Annual increases in PPR have been set at 2%, which the SVCMS Board feels is sufficiently conservative.

Tuition for preschool and full-day Kindergarten is also a major part of the school's revenue.

SVCMS also expects to receive a start-up grant from Colorado Department of Education, a Charter School Capital Construction grant from Colorado Department of Education, as well as start-up and operating grants from the Daniels Fund. SVCMS has already received a Daniels Fund planning grant for assistance in pre-operating activities.

Finally, to supplement the other revenue streams, SVCMS plans to raise \$22,000 from private donations in year one, and \$15,000 per year for years 2 through 5. The Board will be responsible for this fund-raising effort. The Board feels this is a conservative goal that can be met easily. If funds beyond the \$22,000 are raised, it will serve to relieve first-year budget pressures.

Expenses

Montessori classrooms require specialized materials, the expense of which makes starting new classes more expensive than found in other schools. However, in choosing materials, it is reasonable to purchase core materials for the first year, and add more extended materials in subsequent years. Therefore, if SVCMS finds enrollment does not meet expectations, the school will choose to buy only core materials in its first year of operations. The core materials would be cross-referenced vs. the Curriculum to make sure no gaps are created by this approach.

Another Montessori preference is to have a Lead Teacher and an assistant teacher in elementary (grades 1-3 and 4-6) classes. This results in a teacher-pupil ratio of 1:15. However, SVCMS is aware that legally, a teacher-pupil ratio of 1:30 is acceptable. If

revenue cannot support an assistant per class, SVCMS will consider reduced staffing for the first few years. Some options are sharing an assistant between two elementary classes, or training parent volunteers to serve as classroom assistants.

- Revenue calculations assume 95% of PPR and an annual increase equivalent to inflation. Inflation is estimated to be 2% each year.
- Revenue associated with public, chartered students will not be used to finance the preschool. However, any excess funds from the preschool may be transferred to the charter school's general fund for use as needed.
- SVCMS expects to secure start-up grants from the Daniels Fund and from the Colorado Department of Education. Additionally, the school expects to secure a Charter School Capital Construction grant from the Colorado Department of Education.
- SVCMS expects to be able to raise \$22,000 in private donations in year one, and \$15,000 per year in years two through five. The SVCMS Board will bear responsibility for this fundraising.
- Full-time teacher salaries will average \$40,000, competitive with SVVSD schools with reasonable variance based on skills and experience. Average annual increases are pegged at 2%. Skills which are expected to command a higher salary include ELL training and Special Education certification.
- Administrator and staff salaries will be competitive with market rates, again based on skills and experience.
- SVCMS intends to fully contribute to the Public Employee's Retirement Association (PERA). This budget assumes a contribution rate of 13.40% per salary dollar of all full-time employees.
- Funds are allotted yearly to allow the full teaching staff to take the state assessment exam yearly, to receive their Highly Qualified status. This is a conservative measure, to ensure that even if the school experiences full staff turnover each year, the budget will be met.
- The school intends to provide SVVSD sack lunch food service for lunch, and anticipates no financial gain or loss from this service. A food service line item is shown in the budget, but at \$0.
- Facility costs assume that 50 to 70 square feet are required per student and that the highest reasonable rent the school might pay is \$10 per square foot per year. This is based on Montessori best practices, which suggest 40 or 50 sq. ft. per student in the classroom ([NAMTA School Startup template](#)) and on discussions with other local Montessori schools.

- The school will open with 3 full-time teachers, 1 part-time teacher, 1 full-time assistant and two part-time assistants. By year 5, this will grow to 8 full-time teachers, 2 part-time teachers, 6 full-time assistants and four part-time assistants.
- In the first several years of operation, the school will have assistant teachers perform substitute teaching responsibilities as necessary. However, the budget does allow for a substitute teacher to cover some portion of teacher days off.
- Health insurance will be made available for full-time employees only. Employees will pay 50% of the premium for this insurance. Dental insurance will be made available, but employees will pay 100% of the premium for dental insurance.
- The school will retain 3% of total revenue as mandated by TABOR.
- \$300 per student of per pupil revenue will be allocated into the Capital/Insurance Risk Reserve. This reserve will be applied towards the facility lease and capital improvements, as permitted by CRS 22-45-103.
- The school intends to contract with SVVSD for special education services and has estimated the cost of this service to be \$425 per student in year one, increasing at 5% per year.
- Montessori classrooms do not make extensive use of computers. Therefore, the budget shows one computer per classroom, with a small allocation for basic word processing and internet access software. Because of the structure of a Montessori class, a single computer per room will allow each student sufficient computer access.
- Montessori classrooms use few desks or tables; instead, small rugs are used. The cost of these rugs is included in the Montessori Equipment line item. As a result, although there is a student furniture line item, the amount there is lower than it would be for a classroom with 30 desks and chairs.
- 3- and 4-year-old students will be primarily half-day; but due to the nature of the Montessori program, SVCMS expects a small number of 4-year-olds, and at least half of Kindergarten-aged children, will be full-day students.
- The budget allocates a scholarship fund to enable more low-income students to attend the *Children's House* and full-day Kindergarten program. The scholarship fund is 10% of the school's expected tuition, and is expected to provide partial need based scholarships to approximately 15% of the enrolled students.
- The budget shows a Lunch Bunch line item. This is a tuition-based optional lunch period for half-day students. SVCMS feels that due to a number of factors: parents wishing a slightly longer day; students wishing to stay with friends longer; and the Montessori program itself, will encourage a portion of the half-day students to stay for lunch.

- The budget assumes each classroom will contain approximately a 3-year age range. This is central to the Montessori philosophy of mixed-age groupings.
- The budget assumes that half-day *Children's House* students will occupy the same classroom as full-day *Children's House* and Kindergarten students, and that full-day students will not have the interruption of another set of half-day students joining after lunch. This means the school will not re-use the classroom in the afternoon for a second half-day class.
- The initial Montessori equipment required for a new classroom is expensive. However, these materials are far more durable than standard textbooks. Therefore, the budget counts these materials towards the required instructional supplies amount, and also considers the Montessori equipment to be capital goods.

SVCMS has hired an accountant, Bart A. Skidmore, CPA, MBA, to assist in presenting our proposed budget in the CDE-18 format.

Independent Audit; Plan for Fiscal Accountability

SVCMS plans to hire a professional accountant to keep financial records in an industry-standard manner. With these records, SVCMS anticipates hiring an experienced independent auditing company to conduct an annual external audit following the end of the fiscal year. The results of this audit will be shared with the District, and will be made part of the public record. The results will also be used to plan the future financial activities of the SVCMS Board and Head of School.

The SVCMS Board of Directors will be responsible for oversight of the school's finances. To fulfill this responsibility, the Board will have a standing Finance Committee, and will seek either to have an accountant serving as Treasurer of the Board, or to hire a professional accountant to assist in maintaining the financial records.

The SVCMS Board Treasurer will be responsible for ensuring the school financial records are accurate and complete, and will provide monthly financial reports to the Board.

Services Purchased from District

SVCMS will provide most instructional and administrative services directly—the exception being certain Special Education instructional requirements. At this time, SVCMS anticipates purchasing Special Education, Food Service, and Student Management Software from the District. SVCMS is also considering purchasing employee health insurance from the District, if available; however, we will also consider other providers for this service. During the annual budgeting process, SVCMS will compare the cost of services available from the District to other options for providing those services, and will make decisions for that year.

Insurance

SVCMS will arrange to purchase Directors & Officers Insurance (including Employment Practices Liability), General Liability Insurance, Professional Liability Insurance, Property Insurance, Crime Insurance, an Umbrella Insurance policy, Student Accident Insurance, and Worker's Compensation Insurance.

Financial Policies

The Board of Directors has responsibility for setting and refining financial policies. At a minimum, those policies will include:

1. Checks over \$50 must have two signatures.
2. Purchase orders must have two signatures.
3. The administrative assistant or business director will be responsible for petty cash disbursement.
4. All checks and purchase orders must have supporting documents such as a statement of services provided, or an invoice or other documentation showing the purpose and amount of the check or purchase order.

The Board of Directors will develop a more detailed Financial Policies and Procedures prior to the opening of the school.

Facilities

SVCMS is actively working to find a facility that can accommodate our student population and support our program. The ideal facility for year one would be four classrooms in an existing SVVSD school building. To that end, SVCMS would welcome discussions with staff and Board members of St. Vrain Valley School District about the possibility of occupying a facility, or part of a facility, currently owned by the District. SVCMS believes this option would offer several distinct advantages to all parties:

- It would allow the District to take advantage of the excess capacity in the system.
- It would allow SVCMS to locate in a building that was designed to be a school rather than trying to reconfigure a space that was not intended to serve that purpose.
- Existing SVVSD school buildings are in easily accessible locations, allowing SVCMS to draw a diverse student population.
- It would provide financial relief in the first year, allowing SVCMS to reach financial stability quickly. This, in turn, would enhance the long-term prospects for success.