

**Freire Charter School New Charter Application Budget Narrative  
For Budget Sheets based on Modified Target Enrollment  
Updated 12/31/2014**

**State and Local Funds**

Line 1 – The state appropriations recorded in the budget were derived from the “Revenue Estimates” worksheets.

<http://www.doe.state.de.us/infosuites/schools/charterschools/files/RevenueEstimates121313.xls>

As indicated by our completed worksheets, we expect 20% of our students to reside in Red Clay SD, 47% in Christina SD, 20% in Colonial SD, and 13% in Brandywine SD. We expect about 15% of our students to be special ed (basic.) That percentage is consistent with our special ed enrollment numbers in Philadelphia.

Line 2 – The SD Local Fund Transfers amounts were derived from the “Revenue Estimates” worksheets utilized in Line 1.

Line 3 – Carryover funds from prior fiscal year budgets were brought forward.

Line 4 - 11 and Line 13 – See attached Salary Schedule. We plan to hire approximately 5.4 teachers for every 100 students. The teachers are expected to be primarily TFA-type teachers with bachelor degrees. Special ed teachers earn more than regular ed teachers. Salaries will increase by 3% in Years 1 & 2 and then remain constant in the years thereafter. We expect to have 49 FTE when we are fully enrolled with 560 students.

Line 12 – We do not plan to hire in-house substitute teachers. We will contract with an agency that provides substitute teachers on an as-needed basis. The cost of that service is included in Contracted Services (Line 31.)

Line 14 – Line 14 is automatically calculated, OECs projected at inflationary increased rate of 30.08%.

Line 15 – Health insurance costs were calculated utilizing the Highmark DE First State Basic Plan rates from this chart:

<http://ben.omb.delaware.gov/medical/documents/fy15-published-rates.pdf?ver=0329>

Based on demographics at our Philadelphia campuses, we anticipate about 60% of our employees will be enrolled at the Single rate, 18% of the staff will be enrolled at the Family rate, and the remainder will be enrolled as Employee/Spouse or Employee/Children.

Line 16 – The school will offer no other benefits.

Line 17 – The amount indicated for transportation was derived by using \$350 annual DART bus pass multiplied by the number of students enrolled. In Philadelphia, all high school students are issued SEPTA passes as their means of school transportation. The program works well, is cost effective, and allows students who are involved in afterschool activities or sports flexibility as to when they need to leave the school. We have researched bus routes for the school districts from which we expect to draw students to ensure that there is sufficient public transportation serving those districts.

Line 18 –N/A

Line 19 – N/A

Line 20 – Extra Curricular is comprised of Sports. Sports will not be offered until Year 3 when we have 448 students enrolled. The amount is based on our sports budget in Phila.

Line 21 – Supplies and Materials consist of instructional materials for the classrooms. Examples of instructional supplies are science lab materials, art class supplies, graphing calculators, etc.

Line 22 – The amount for textbooks is based on what we typically spend on books at our Phila HS.

Line 23 – Drivers Education program. Cost of leasing one vehicle from Fleet services at an annual rate of \$6300 and \$110 per pupil instructional supplies. Anticipated 112 sophomores enrolled each year.

Line 24 – The amounts budgeted in Line 24 are for external professional development such as external conferences, workshops, seminars, and college courses. We consider external Professional Development to be a discretionary cost and make it available to staff when our budget allows for this type of spending. Since we will have less than 30 staff members in Years 1 & 2, we don't anticipate making it available during those years. It will be available in subsequent years on a limited basis. It is important to note that external professional development is separate from Freire's internal professional development program. Our internal program is developed by the leadership team and master teachers, does not incur additional costs, and is delivered on a regular schedule, such as bi-weekly.

Line 25 – We plan to invest in software designed to assess students' grasp of the material and provide useful benchmarking data for our teachers.

Line 26 – N/A

Line 27 – We plan to contract with an outside company that offers speech therapy, academic evaluations, etc. The cost is based on what we typically incur at our Phila HS.

Line 28 – Classroom Technology consists of software such as a Student Information System (SIS) and IT supplies such as printers, toner, and smartboard accessories.

Line 29 – School Climate consists of Student Activities such as field trips, dances, prom, senior class activities, school spirit, pep rally, etc. The amount is based on what we typically spend on such activities in Philadelphia.

Line 30 – We anticipate on periodically purchasing computers and laptops to replace worn or broken ones. The amount is based on what we typically spend on computers in Philadelphia.

Line 31 – We plan to contract with an outside company that provides substitute teachers. This category also includes money budgeted for educational consultants that we may want to utilize as necessary. An example is hiring a math coach to work with our math teachers on delivering effective lessons. The amounts we budgeted are based on use of such services in Philadelphia.

Line 32 – Other costs are miscellaneous costs for instruction support.

Line 33 – The amount budgeted for insurance is based on a full insurance package for our Phila HS.

Line 34 – We are in negotiations to lease a building located at 201 W. 14th St. The entire building is 50,000 sq ft. The amount of space we will occupy will increase as we ramp up enrollment from Year 1 to Year 3. Specifically, we expect to occupy 20,000 sq ft in Year 1, 30,000 sq ft in Year 2, and the full 50,000 sq ft in Year 3 and beyond. The rental rate is based on a letter of intent from the landlord.

Line 35 – There will be no mortgage in the initial charter.

Line 36 – We expect utilities to run about \$1.80 per sq foot, based on utility costs in Phila. We multiplied \$1.80 by the square footage that we plan to lease to come up with the amounts in Line 36.

Line 37 – We do not employ janitorial staff. Instead, we will contract with an outside cleaning company and negotiate for reduced fees in years 1 & 2 since we will be occupying less classrooms, offices, etc. Maintenance also includes routine maintenance and repairs such as hiring plumbers, electricians, locksmiths, etc when needed. It also includes trash removal services, exterminators, and shredding services.

Line 38 – Telephone/Communications includes internet access, landlines, VoIP service, cell phones, and aircards. These services can be discounted up to 90% by E-rate, a federal program that provides funds to help schools pay for their telecommunications. The amount shown is net of e-rate funds and is comparable to that of the Phila HS.

Line 39 – N/A.

Line 40 – N/A.

Line 41 – Facilities supplies are budgeted here. Typical supplies include toilet paper, trash bags, soap, paint, hardware, etc. The amount is based on actual usage in Phila.

Line 42 – We plan to lease a postage meter and certain computer equipment. This category also includes maintenance costs for copiers and computers. The amount is comparable to that of our Phila HS.

Line 43 – N/A

Line 44 – This category consists of general office supplies as well as supplies and materials purchased by Administration. This may include items such as supplies for Professional Development week, decorations for the school, and supplies utilized by the Admissions office. The amounts are based on similar purchases in Phila.

Line 45 – We outsource the printing of our Parent Student Handbook. We will also utilize a printshop such as Fedex Kinkos for color copies, posters, laminated items, etc. The amounts are based on similar purchases in Phila.

Line 46 – Postage and Shipping expenses are based on similar costs at the Phila HS. Since we will have lower enrollment during the first two years, our postage cost should be lower since we will have less families to mail letters to.

Line 47 – N/A

Line 48 – We plan to recruit teachers by advertising on websites that target DE teachers specifically. We will also hire teachers through TFA. TFA charges a fee for this. The amount is based on similar teacher recruiting efforts in Phila.

Line 49 – In Philadelphia, we utilize an E-rate consultant to help us apply for e-rate funds that go toward the cost of telecom and certain IT infrastructure. We plan to use the same consultant in DE.

Line 50 – Other costs consists of legal fees, consulting fees, meals and travel expense incurred by Administration, and interest and principal payments on the \$1.1M loan incurred in Year 0.

Legal fees are budgeted at \$30,000 in year 1 and increase to \$60,000 in year 3. These costs are based on similar legal costs in Phila.

Repayment of \$1.1M bank loan - If we assume similar loan terms to what we received for our middle school in Phila (20 year loan at 6.25% fixed rate interest,) then the principal & interest repayment will be approximately \$95k annually. In Year 1, we will be paying interest only, thus the lower repayment amount.

Line 51-Fees consist of CMO Fees that are charged as a percentage of total revenue. The percentages are as follows:

Year 1: 8%  
Year 2: 7%  
Year 3: 6%  
Year 4: 6%

The majority of the CMO fees is paid out of Other Funds with the balance paid out of state and local funds.

Line 52-53 N/A

Line 54 - Accounting and payroll costs consist of the annual audit fee and the cost of financial management company (Michelle Lambert) to provide FSF, PHRST, Human Resource, Benefit, Payroll, Budgeting and Financial Reporting support. After consulting with local experts in Wilmington, we budgeted \$14k for the annual audit in all years. We budgeted \$60k for the financial management company in Years 1 & 2. In Year 3, we will hire an in-house Business Manager and scale back on the services contracted with Ms. Lambert. Thus the cost of her services will reduce to \$40k annually in Years 3 & 4.

Line 55 – N/A

Line 56 – Our school will consist of grades 8-12 and each grade level will have 112 students. In year 1, we will enroll students in grades 8-9. In year 2, we will add grade 10. In year 3, we'll add grade 11. Finally, in year 4, we'll have grade 12 and reach full capacity.

### **Federal Funds**

Line 1 – The Entitlement funds included are Title I, Title II and IDEA and the amounts are an average of what is awarded to a charter school with a similar program and enrollment.

Line 2 – N/A

Line 3 – We plan to use Title I money to pay for one classroom teacher in the subject of Catch-up Reading or Catch-up Math. Title I is a supplemental grant and the funds can't be used to supplant. Our Catch-up Reading / Catch-up Math course is a supplemental education program that would cease in the absence of the federal funding.

Lines 4 – We plan to use IDEA money to fund one to two special ed teachers. The Federal Funds budget sheet indicates how many special ed teachers will be funded and in which years.

Line 5 and Lines 7-12: None of these positions will be funded by federal funds.

Line 6 – At Freire, the positions of Academic Advisor and College Counselor fall into the category of "Counselors." We plan to use Title I money to pay for up to 3.4 counselors. The Federal Funds budget sheet indicates how many counselors will be funded and in which years.

Line 13 – Line 13 is automatically calculated, OECs projected at inflationary increased rate of 30.08%.

Line 14 – See narrative for Line 15 under State/Local Funds.

Line 15 – The school will offer no other benefits.

Line 16-19 – N/A

Line 20 – Supplies and materials used in federal funded activities.

Line 21 & 22 – N/A

Line 23 – Professional development activities under the Title II grant. Our Title II funds will be used to provide ongoing training that helps teachers develop deeper understanding of academic subjects and learn strategies to help students meet high academic standards. This may be in the form of workshops provided by independent consultants / coaches.

Line 24-53 N/A

### **Other Funds**

Line 1 - Longwood Foundation has awarded Freire grant money to open a school in DE. The total grant amount is \$400,000: \$100,000 paid upfront in the form of a check, and up to \$300,000 as a matching grant if we raise \$300,000 by September 2014.

Line 2 – Freire Foundation is a separate entity whose purpose is to raise money for Freire’s various campuses. Freire Foundation will donate \$300k to Freire Wilmington in Year 0. That money has already been raised and deposited in Freire Foundation’s bank account.

Line 3 – As outlined in our attached fundraising plan, Freire plans to fundraise \$300,000 of new money each year.

Line 4 – We will borrow \$1.1M from a bank to help pay for start up costs. When Freire opened its middle school in 2012, we were able to secure a \$4.55M loan from The Reinvestment Fund. Attached is the commitment letter for that loan. We have been working on procuring a loan from Barclay’s and The Reinvestment Fund.

Line 5 – Cafeteria funds under “Other Funds” represent the funding and expenditures anticipated from participation in the USDA child nutrition program. We expect to break even on the Lunch Program.

Line 6-21 N/A

Line 22 - Food Service will be outsourced to a qualified food service vendor in accordance with regulation of the Free & Reduced Lunch program. Our local experts in Wilmington who have experience with opening and operating charter schools have advised us that it costs about \$320k to feed 560 students. We then prorated that amount to reflect lower enrollment levels in Years 1-3.

Line 23 N/A

Line 24 & 25 – During the start up year, we will buy \$100k worth of books and classroom materials. This is consistent with the amount purchased when we opened Phila MS.

Line 26-30 – N/A

Line 31 – Rather than outfitting the classrooms with smartboards which are costly and break easily, we will utilize the latest technology of a tablet and projector. We have seen this technology in place at other charter schools and are impressed with it. The technology should cost about \$2000 per classroom. We anticipate 22 classrooms, meeting rooms, etc.

Line 32 – NA

Line 33 – We expect a computer lab with 25 computers to cost \$50k. This is comparable to our computer lab at the Phila MS.

Line 34 – N/A

Line 35 – This is furniture specifically for students: lockers, classroom desks, chairs, tables, and cafeteria furniture. The amount is consistent with what we spent when we furnished the Phila MS.

Line 36 – Lenders often require borrowers to purchase insurance as part of the loan process / building renovation process. The amount is based on our Phila MS startup.

Line 37-42 – N/A

Line 43 – We have budgeted \$300k for the architect, project management firm, inspector fees and appraiser fees. The amount is based on our Phila MS startup. The remaining \$700k will be used to convert office space at 201 W 14<sup>th</sup> St to classroom space.

Line 44 – We have budgeted \$100k for the building's security system and signage. The amount is based on our Phila MS startup.

Line 45 – NA

Line 46 – We will purchase two copiers and telephone hardware that will work on a VoIP system. The amount is based on our Phila MS startup.

Line 47-51 – N/A

Line 52 – The building will need to be appropriately cabled , networked, and equipped with servers, desktops, WAPS, drops, etc. The amount is based on our Phila MS startup.

Line 53 – We budgeted \$100k for legal fees and \$40k for an IT consultant/project manager. The amounts are based on our Phila MS startup.

Line 54 – Please see the narrative for Line 51 under State/Local Funds.

Line 55-56 – N/A

Line 57 - Please see the narrative for Line 54 under State/Local Funds.

Line 58 – Loan application fee and title & recording costs. The amounts are based on our Phila MS startup.



## Delaware Staff Compensation Based on Target Enrollment

number of students:	224	336	448	560	560
reg ed teachers:	11	15	20	25	25
sped teachers:	1	3	4	5	5

Dept	Staff	Year 1	Year 2	Year 3	Year 4	Year 5
1	1100 Teacher	-	-	-	-	-
2	1100 Teacher	-	-	-	-	-
3	1100 Teacher	-	-	-	-	-
4	1100 Teacher	-	-	-	39,140	39,140
5	1100 Teacher	-	-	-	39,140	39,140
6	1100 Teacher	-	-	-	39,140	39,140
7	1100 Teacher	-	-	-	39,140	39,140
8	1100 Teacher	-	-	-	39,140	39,140
9	1100 Teacher	-	-	39,140	39,140	39,140
10	1100 Teacher	-	-	39,140	39,140	39,140
11	1100 Teacher	-	-	39,140	39,140	39,140
12	1100 Teacher	-	-	39,140	39,140	39,140
13	1100 Teacher	-	-	39,140	39,140	39,140
14	1100 Teacher	-	38,000	39,140	39,140	39,140
15	1100 Teacher	-	38,000	39,140	39,140	39,140
16	1100 Teacher	-	38,000	39,140	39,140	39,140
17	1100 Teacher	-	38,000	39,140	39,140	39,140
18	1100 Teacher	38,000	39,140	40,314	40,314	40,314
19	1100 Teacher	38,000	39,140	40,314	40,314	40,314
20	1100 Teacher	38,000	39,140	40,314	40,314	40,314
21	1100 Teacher	38,000	39,140	40,314	40,314	40,314
22	1100 Teacher	38,000	39,140	40,314	40,314	40,314
23	1100 Teacher	38,000	39,140	40,314	40,314	40,314
24	1100 Teacher	38,000	39,140	40,314	40,314	40,314
25	1100 Teacher	38,000	39,140	40,314	40,314	40,314
26	1100 Teacher	38,000	39,140	40,314	40,314	40,314
27	1100 Teacher	38,000	39,140	40,314	40,314	40,314
28	1100 Teacher (gym)	38,000	39,140	40,314	40,314	40,314

	Dept	Staff	Year 1	Year 2	Year 3	Year 4	Year 5
29	1200	Director of Student Services	55,000	56,650	58,350	58,350	58,350
30	1200	Special Ed Secretary	-	-	30,000	30,000	30,000
31	1200	Special Ed Teacher	-	-	-	43,260	43,260
32	1200	Special Ed Teacher	-	-	43,260	43,260	43,260
33	1200	Special Ed Teacher	-	42,000	43,260	43,260	43,260
34	1200	Special Ed Teacher	-	42,000	43,260	43,260	43,260
35	1200	Special Ed Teacher	42,000	43,260	44,558	44,558	44,558
36	2120	College Counselor	-	-	-	41,200	41,200
37	2120	College Counselor	-	-	41,200	41,200	41,200
38	2120	Academic Advisor	-	40,000	41,200	41,200	41,200
39	2120	Academic Advisor	-	-	-	42,436	42,436
40	2120	Academic Advisor	40,000	41,200	42,436	42,436	42,436
41	2380	CEO	100,000	100,000	103,000	103,000	103,000
42	2380	Head of Academic Supports	70,000	72,100	74,263	74,263	74,263
43	2380	Head of Academics	-	-	-	79,568	79,568
44	2380	Dean of Students	-	-	51,500	51,500	51,500
45	2380	Administrative Assistant	-	-	-	30,000	30,000
46	2380	Administrative Assistant	-	-	30,000	30,000	30,000
47	2380	Administrative Assistant	30,000	30,900	31,827	31,827	31,827
48	2390	Receptionist	30,000	30,900	31,827	31,827	31,827
49	2390	School Monitor	-	-	-	-	-
50	2500	Business Manager	-	-	47,741	47,741	47,741
51	2600	Director of Technology	-	-	-	45,000	45,000
52	3200	Director (Katie)	-	-	-	45,000	45,000
53	2400	Nurse	-	-	-	45,000	45,000
		<b>TOTAL</b>	<b>785,000</b>	<b>1,081,550</b>	<b>1,553,398</b>	<b>2,120,562</b>	<b>2,120,562</b>
		Coaches payroll	-	-	15,000	15,000	15,000
		Afterschool stipends	-	10,000	10,000	10,000	10,000
		Summer school pay	10,000	15,000	15,000	15,000	15,000
		<b>GRAND TOTAL</b>	<b>795,000</b>	<b>1,106,550</b>	<b>1,593,398</b>	<b>2,160,562</b>	<b>2,160,562</b>
		total FTE	18	25	36	49	49