

**Budget Narrative**

The Sussex Montessori School is expected to enroll 260 students in its first year of operation and grow to 455 students by Year 4. Funding sources will include state and local appropriations based on unit counts, federal funding for Title I, Title III and Free and Reduced Lunch programming, and private donations. To the extent possible, all operating costs associated with personnel, facilities and contracts will be paid with state and local appropriations, except in cases where federal funds are eligible or required.

The budget is comprised of many different costs; however, the majority of costs will be for personnel salaries and benefits, facility rentals, classroom materials and transportation costs.

Among our assumptions for the revenue projections and budget for Sussex Montessori School:

**Revenues:**

- State and local revenues are based on 260 students in Year 1 to 455 students by Year 4, adding approximately 65 students per grade. We will enroll students from Kindergarten through Grade 3, adding Grade 4 in Year 2, Grade 5 in Year 3, and Grade 6 in Year 4. We have also calculated these units based on 80% of full enrollment (208 students in Year 1). We have projected normalized enrollment of 65 students per year in Year 3.
- All personnel, contractual and facility costs will be paid for through state and local appropriations. Private funding will be used to pay for portions of the additional furniture, other capital equipment, and some materials / supplies for special programs.
- Federal funding has been calculated for free and reduced lunch programs and other federal titles and is not allocated for any other costs.

**Budget Assumptions:**

- Division I state portion of teacher and assistant teacher salaries is based on 90% of the average salaries of the charter schools in the state. Each classroom will have one teacher and one assistant teacher. Additional personnel (counselors, instructional coaches, etc.) will be added in later years as cash flow accumulates from higher enrollment.
- A 2% inflation index has been included each year for salaries.
- Health benefits and other employee costs are allocated based on the state cost and percentage.
- Non-teaching support in Year 1 includes the School Leader, one Educational Director, one clerical staff member, one custodian, and one nurse. Additional positions are added in later years.
- Transportation costs are based on 90% of students being eligible for transportation. The unit cost is \$897.78 per student.
- Site Number 1 - The campus consists of four facilities, three of which will require renovation to bring it up to classroom and code standards. Two buildings will be renovated in the Planning Year and the third will be renovated in Year 1 of operations for year 2. Funding for the facility renovations will be secured through a capital loan, either with NCALL or through a private bank with guarantees from NCALL or the Longwood Foundation.
- Cafeteria costs, which are partially funded by the federal government and the remainder through student payments, are estimated at \$625 per eligible student per year.
- Supplies and materials equals \$20,000 per new classroom with \$5,000 per year for each existing classroom thereafter.

- Professional and parent educational development in Montessori pedagogy is allocated at \$10,000 for teachers in Year 1 (with each new teacher at another \$10,000 allocated in Year 2-5) and \$1,000 for parents. These funds are reimbursed by the teachers through a 3 year repayment plan.
- Funds are allocated each year for student recruitment, marketing and community outreach.
- Contracts for the 10% population of Special Education and English Language Learners will total \$1,000 per eligible student per year.
- Furniture and equipment purchases for classrooms total \$20,000 per classroom as each comes on-line. SMS will contract or hire a part-time business manager for accounting and payroll services totaling \$35,000 per year.

The Sussex Montessori School will be hiring a certified full-time classroom teacher and a non-certified full-time assistant teacher for each cohort of 26 students. This will require positions to be hired over and above the number of full-time teachers as per the unit count allocation. These additional salaries will be funded by a) reducing the number of administrative and support positions and b) utilizing additional units, such as Academic Excellence units, and Equalization funding to supplement funds from teaching units.

Outside donations will be solicited to assist with non-personnel and facility costs, specified for programming associated with extra-curricular activities and technology. Facility construction costs will be funded through private donations, foundation funds and institutional financing in the planning year. Subsequent mortgage payments have been incorporated into the state and local budgets. A letter of interest from NCALL is included in attachment 15.

Montessori Works has secured a support letter (attachment 15) for SMS from the Longwood Foundation which will contribute \$350,000 to SMS upon approval of the charter and will support another request for \$500,000 in March 2018. These funds will support the facility renovations, initial payments, and hiring the school leader in September 2018. The Welfare Foundation has provided a letter supporting an application for up to \$300,000 for September 2018. These funds would support the professional development fund for teachers and the purchase of Montessori materials.

With separate funds from the Longwood Foundation (Attachment 15), Montessori Works will engage with Horizon Philanthropic during the approval process to establish a strong foundation for the SMS fund raising activities. This initiative is outlined in the start-up plan (Attachment 16).

Revenues raised through fundraising activities will be collected by a Fundraising Committee of the SMS board and deposited into the school's First State Financial (FSF) account, in accordance with required procedures. Decisions for the use of these funds will become part of the overall financial planning process for the school, subject to review by the Citizens Budget Oversight Committee, and will be part of the annual financial audit of the school.

SMS will apply for the federal non-SEA grant should it become available in the 2018 year. The grant was not available in the 2017 year. Montessori Works will continue to seek grant opportunities for SMS and support them in the grant writing effort during the planning year.

The contingency finance plan for SMS, should enrollment fall below the projections as presented in this application, will be to reduce personnel and operating costs to meet funding limitations. SMS has demonstrated in this application that it can operate financially at any student level between 208 and 364 students. The minimum number of students the school can enroll to remain economically viable in

year 1 is 208 with enrollment increasing in subsequent years. We have provided a financial scenario which supports this enrollment estimate. Please see Attachment 17 for the financial spread sheets. Following are two budget narratives outlining funds with 100% enrollment and with 80% enrollment.

All contingencies for the budget as required by law have been fully met.

**Line by Line Assumptions for 100% enrollment:**

<b>State and Local Funds</b>		
<b>Line</b>	<b>Budget Item</b>	<b>Description</b>
<b>Revenue</b>		
1	State Appropriations	Based on Charter School Web Site Revenue Worksheets
2	School District Local Fund Transfers	Based on Charter School Web Site Revenue Estimates worksheet provided by DDOE.
3	Prior Year Carryover Funds	Carryover Funds from Previous Year Surplus
<b>Expenditures</b>		
<b>Salaries and OECs</b>		
4	Classroom Teachers	Based on Salaries - Indian River School District - Bachelors + 12
5	Special Education Teachers	Based on Salaries - Indian River School District - Bachelors + 12
6	Special Teachers (Phys Ed, Art, Music)	Based on Salaries - Indian River School District - Bachelors + 12
7	Counselors	Based on Salaries - Indian River School District State plus Local Adjustments
8	Principal/Administrative	Based on Salaries - Indian River School District State plus Local Adjustments
9	Nurse	Based on Salaries - Indian River School District State plus Local Adjustments
10	Clerical	Based on Salaries - Indian River School District State plus Local Adjustments
11	Custodial	Based on Salaries - Indian River School District State plus Local Adjustments
12	Substitutes	Not Applicable – in most cases classroom assistants and teachers will cover classrooms when one or the other is absent. When substitutes are needed they are in line 13.
13	Other	Includes Educational Director and Contractual 30 hour per week Assistant Teachers - 1 per class
14	Other Employer Costs (30.98% of Salaries)	Based on all full-time equivalent salaries at State recommended rate
15	Health Insurance	Based on all full-time equivalent salaries at State recommended rate
16	Other Benefits	Not Applicable
<b>Student Support</b>		

17	Transportation	State appropriation based on 90% of students transported
18	Extra Curricular Transportation	Included in the base student transportation contract
19	Cafeteria	Based on \$625 per student per year
20	Extra Curricular	Not Applicable at this time
21	Supplies and Materials	\$20,000 for each new class per year plus \$5000 per year thereafter
22	Textbooks	Instructional materials included in supplies and materials/ there is minimal to no use of traditional textbooks in a Montessori School.
23	Curriculum	Montessori curriculum materials included in supplies and materials
24	Professional Development	Responsive Classroom Training
25	Assessments	Progress monitoring and summative assessments
26	Other Educational Program	For recruitment, marketing and parent and community outreach
27	Therapists (Occupational, Speech)	\$1,000 per student per 10% SPED/ELL Contracted Services
28	Classroom Technology	Systems for Teacher Classrooms
29	School Climate	Responsive Classroom materials
30	Computers	Tech for Administrative / Clerical staff
31	Contracted Services	Substitutes
32	Other	Not Applicable
<b>Operations and Maintenance of Facilities</b>		
33	Insurance (Property/Liability)	Liability and Board Insurance coverage
34	Rent	Rent for the administrative staff for Planning Year
35	Mortgage	Payments on Debt Service for Renovation of Site 1 in Years 3&4
36	Utilities	Payment for 4 facilities
37	Maintenance	Maintenance funds for small capital needs
38	Telephone/Communications	Contracts for telephone, computer bandwidth
39	Construction	Not Applicable
40	Renovation	Renovations are being covered under Other Funds and through securing a capital loan with guarantee; debt service is noted under Line 35 - Mortgage
41	Other	Not Applicable
<b>Administrative Operations</b>		
42	Equipment Lease/Maintenance	Copier leases
43	Equipment Purchase	\$12,000 per classroom for new furniture; purchased as new classrooms open plus for admin staff
44	Supplies and Materials	Supplies for Administrative Staff is being allocated under Other funds for the Planning Year

45	Printing and Copying	Costs for Administrative Staff
46	Postage and Shipping	Costs for Administrative Staff
47	Enrollment / Recruitment	Funds for the marketing and recruitment to parents and students
48	Staffing (recruitment and assessment)	Funds for the marketing and recruitment of teachers
49	Technology Plan	Cost for technology services, layout and equipment as needed
50	Other	Costs for audit, legal and financial services (back office) - All contractual
<b>Management Fees</b>		
51	Fees	Management Fees - Not Applicable
52	Salaries/Other Employee Costs	Management Fees - Not Applicable
53	Curriculum	Management Fees - Not Applicable
54	Accounting and Payroll	Management Fees - Not Applicable
55	Other	Management Fees - Not Applicable
<b>Federal Funds</b>		
1	Entitlement Funding	Free and Reduced Lunch Funds based on \$625 per day for 90% of student population
18	Cafeteria	Cost of Free and Reduced Lunch program (based on 90% of population)
<b>Other Funds</b>		
<b>Revenue</b>		
1	Non Profit Grants	Not Applicable
2	Foundation Funds	Includes funds from Longwood and Welfare Foundations (Letters in Attachment 15)
3	Donations	Includes funds raised locally from individuals and private grants through Horizon Philanthropic (Letter in Attachment 15)
5	Cafeteria Funds	Based on estimated fee of \$3.50 per student for 10% of student population
6	Miscellaneous Revenue	Reimbursement from teachers for PD training in Year 1 (paid over 3 years at \$10,000 per teacher)
7	Prior Year Carryover Funds	Carryover from previous year surplus
<b>Student Support</b>		
23	Cafeteria	Cost of non-Free and Reduced Lunch Program
25	Supplies and Materials	\$20,000 per classroom for instructional materials
28	Professional Development	\$10,000 for teacher PD and \$1,000 for parent Montessori training
33	School Climate	Responsive Classroom training program
34	Computers	Technology for Principal and Clerical Staff
37	Insurance (Property/Liability)	Insurance estimate is based on information prepared by an insurance professional with

		experience with charter schools in Delaware (attachment 18)
<b>Maintenance of Facilities</b>		
38	Rent	Rent for Planning Year
39	Mortgage	Debt Service on Renovation costs paid through Longwood Foundation
42	Telephone/Communications	Telephone and Communications equipment for Admin Staff in Planning Year
43	Construction	Down payment on renovation, site planning, site development for school facility
<b>Administrative /Operations Support</b>		
47	Equipment Purchase	Equipment purchases for admin staff
48	Supplies and Materials	For Admin staff - Planning Year
50	Postage and Shipping	For Admin staff - Planning Year
51	Enrollment / Recruitment	For Admin staff - Planning Year
54	Other	Funds for Legal and Audit for Planning Year

**Sussex Montessori School Line by Line Assumptions for 80% enrollment:**

<b>State and Local Funds</b>		
<b>Line</b>	<b>Budget Item</b>	<b>Description</b>
<b>Revenue</b>		
1	State Appropriations	<b>Revenue Worksheets based on 80% enrollment</b>
2	School District Local Fund Transfers	<b>Revenue Worksheets based on 80% enrollment</b>
3	Prior Year Carryover Funds	<b>Previous Year Surplus changed due to changes in revenue and expenditures due to lower enrollment</b>
<b>Expenditures</b>		
<b>Salaries and OECs</b>		
4	Classroom Teachers –	Based on Salaries - Indian River School District - Bachelors + 12 / <b>Reduced to 8 teachers</b>
5	Special Education Teachers	Based on Salaries - Indian River School District - Bachelors + 12
6	Special Teachers (Phys Ed, Art, Music)	Based on Salaries - Indian River School District - Bachelors + 12/ Reduced to 1 FTE for year 1
7	Counselors	Based on Salaries - Indian River School District State plus Local Adjustments/ Reduced for year 1
8	Principal/Administrative	Based on Salaries - Indian River School District State plus Local Adjustments
9	Nurse	Based on Salaries - Indian River School District State plus Local Adjustments
10	Clerical	Based on Salaries - Indian River School District State plus Local Adjustments

11	Custodial	Based on Salaries - Indian River School District State plus Local Adjustments
12	Substitutes	Not Applicable – in most cases classroom assistants and teachers will cover classrooms when one or the other is absent. When substitutes are needed they are in line 13.
13	Other	Includes Educational Director and Contractual 30 hour per week Assistant Teachers - 1 per class <b>(Reduced assistant teachers/</b>
14	Other Employer Costs (30.98% of Salaries)	Based on all full-time equivalent salaries at State recommended rate <b>(reduced with less teachers)</b>
15	Health Insurance	Based on all full-time equivalent salaries at State recommended rate <b>(reduced with less employees)</b>
16	Other Benefits	Not Applicable
<b>Student Support</b>		
17	Transportation	State appropriation based on 90% of students transported <b>(reduced – less students)</b>
18	Extra-Curricular Transportation	Included in the base student transportation contract
19	Cafeteria	Based on \$625 per student per year <b>(reduced – less students)</b>
20	Extra-Curricular	Not Applicable at this time
21	Supplies and Materials	<b>(reduced – less students)</b>
22	Textbooks	Instructional materials included in supplies and materials/ there is minimal to no use of traditional textbooks in a Montessori School.
23	Curriculum	Montessori curriculum materials included in supplies and materials
24	Professional Development	Responsive Classroom Training <b>(reduced – less teachers)</b>
25	Assessments	Progress monitoring and summative Assessments <b>(reduced – less students)</b>
26	Other Educational Program	For recruitment, marketing and parent and community outreach
27	Therapists (Occupational, Speech)	\$1,000 per student per 10% SPED/ELL Contracted Services <b>(reduced – less students)</b>
28	Classroom Technology	Systems for Teacher Classrooms Services <b>(reduced – less students)</b>
29	School Climate	Responsive Classroom Training Program funds (reduced in operating years)
30	Computers	Tech for Administrative / Clerical staff
31	Contracted Services	Substitutes <b>(reduced – less teachers)</b>
32	Other	Not Applicable
<b>Operations and Maintenance of Facilities</b>		
33	Insurance (Property/Liability)	Liability and Board Insurance coverage

34	Rent	Rent for the administrative staff for Planning Year
35	Mortgage	<b>Reduced Payments on Debt Service for Renovations due to one less building in Year 1</b>
36	Utilities	<b>Payment for 3 facilities</b>
37	Maintenance	Maintenance funds for small capital needs
38	Telephone/Communications	Contracts for telephone, computer bandwidth
39	Construction	Not Applicable
40	Renovation	Renovations are being covered under Other Funds and through securing a capital loan with guarantee; debt service is noted under Line 35 - Mortgage
41	Other	Not Applicable
<b>Administrative Operations</b>		
42	Equipment Lease/Maintenance	Copier leases
43	Equipment Purchase	\$12,000 per classroom for new furniture; purchased as new classrooms open plus for admin staff <b>(reduced – less students)</b>
44	Supplies and Materials	Supplies for Administrative Staff is being allocated under Other funds for the Planning Year <b>(reduced – less students)</b>
45	Printing and Copying	Costs for Administrative Staff
46	Postage and Shipping	Costs for Administrative Staff
47	Enrollment / Recruitment	Funds for the marketing and recruitment to parents and students
48	Staffing (recruitment and assessment)	Funds for the marketing and recruitment of teachers
49	Technology Plan	Cost for technology services, layout and equipment as needed
50	Other	Costs for audit, legal and financial services (back office) - All contractual
<b>Management Fees</b>		
51	Fees	Management Fees - Not Applicable
52	Salaries/Other Employee Costs	Management Fees - Not Applicable
53	Curriculum	Management Fees - Not Applicable
54	Accounting and Payroll	Management Fees - Not Applicable
55	Other	Management Fees - Not Applicable
<b>Federal Funds</b>		
1	Entitlement Funding	Free and Reduced Lunch Funds based on \$625 per day for 90% of student population <b>(reduced – less students)</b>
18	Cafeteria	Cost of Free and Reduced Lunch program (based on 90% of population) <b>(reduced – less students)</b>
<b>Other Funds</b>		



<b>Revenue</b>		
1	Non Profit Grants	Not Applicable
2	Foundation Funds	Includes funds from Longwood and Welfare Foundations (Letters in Attachment 15)
3	Donations	Includes funds raised locally from individuals and private grants through Horizon Philanthropic (Letter in Attachment 15)
5	Cafeteria Funds	Based on estimated fee of \$3.50 per student for 10% of student population ( <b>reduced – less students</b> )
6	Miscellaneous Revenue	Reimbursement from teachers for PD training in Year 1 (paid over 3 years at \$10,000 per teacher)
7	Prior Year Carryover Funds	Carryover from previous year surplus
<b>Student Support</b>		
23	Cafeteria	Cost of non-Free and Reduced Lunch Program
25	Supplies and Materials	<b>(reduced – less students)</b>
28	Professional Development	Montessori Training fund ( <b>reduced – less teachers</b> )
33	School Climate	Responsive Classroom training program – <b>(reduced – less teachers)</b>
34	Computers	Technology for Principal and Clerical Staff-
37	Insurance (Property/Liability)	Insurance estimate is based on information prepared by an insurance professional with experience with charter schools in Delaware (attachment 18)
<b>Maintenance of Facilities</b>		
38	Rent	Rent for Planning Year
39	Mortgage	Debt Service on Renovation costs paid through Longwood Foundation – <b>Reduced due to fewer buildings</b>
42	Telephone/Communications	Telephone and Communications equipment for Admin Staff
43	Construction	Down payment on renovation, site planning, site development for school facility
<b>Administrative /Operations Support</b>		
47	Equipment Purchase	Equipment purchases for admin staff
48	Supplies and Materials	For Admin staff - Planning Year
50	Postage and Shipping	For Admin staff - Planning Year
51	Enrollment / Recruitment	For Admin staff - Planning Year
54	Other	Funds for Legal and Audit for Planning Year