Edupreneur Academy

# Micro-School Sample Budget

## High School Blending Learning/Early College Model

### Description of Model

In this example, we provide information for a high school (9-12) with enrollment of 150 students implementing a blended-learning model in which all curriculum is provided asynchronously (online), but options are provided for face-to-face small lab learning and tutoring, synchronous online tutoring, and space for extension and enhancement projects aligned with student interest. This example also includes options for students to participate in face-to-face extracurricular programs in digital photography, guitar, karate, and dance using adjunct instructors and community partnerships. A highlight of this example is the early college opportunity. Students in this example enroll in high school curriculum for 9th and 10th grades and a fully accredited online college program, rather than traditional 11th and 12th grade courses.

### Budget for the Model

iNACOL (n.d.) estimates that quality online learning costs on average $6,500 per student with the majority of the funds spent on teachers, curriculum, technology, and administration. However, costs for virtual schools vary depending on the model design, curriculum choice, and face-to-face options offered. The following "big picture" budget categories are provided with sample costs unique to the design of this example.

*Salaries* - Oklahoma's minimum teacher salary schedule ranges from $31,600 for a new teacher with no experience to $46,000 for a teacher with 25 years of experience and a doctoral degree (Oklahoma State Department of Education, 2017). Included in our salary estimate is a 30% cost for benefits. Benefits include health insurance, FICA, Medicare, and other required employment costs. Overall salary costs will be determined by the Federal requirements for organizations of your size and the requirements of your state.

For the purposes of this example, we have budgeted $156,000 for salary and benefits for three certified teachers. These teachers will also serve as tutors (synchronous and asynchronous), project facilitators, and provide advice administration and guidance. As this is a high school/college with an array of course offerings, one teacher with specialized content knowledge will be needed for each of the areas of English, math, science, and social studies. However, these teachers do not necessarily need to be full-time.

Dependent of the design of the micro-school and the level of support and instruction given students in the online college program, FTE could be as low as 2, or as high as 4.

With 150 students and additional responsibilities of staff based on the age group of students, we are also budgeting for one administrative assistant. This administrative assistant will serve as business office clerk, registrar, attendance clerk, and general support for the instructional staff. We are budgeting $25,000 for salary and benefits for this position.

*Facilities Rental* – In this example, the high school offers a blended learning environment with flexible, student centered scheduling options. To best fit our model, we will need a facility providing an open floor plan that can be reorganized throughout the school year to accommodate student need and interest. The open floor plan will allow for learning spaces such as tutoring spaces, small group learning tables, laptop hubs, and a science lab or maker space. In this example, not all 150 students will be present in the brick and mortar facility each day. We have estimated that 50, or one-third, of the students will attend a session or use the facilities each day. However, we also want to plan in the case that all 150 students may be present at one time for school meetings, celebrations, or collaborative work-days.

The cost per square foot is determined by the average cost of renting a commercial space in the location we want to open the school. Commercial rent in the area is available for $10-$20 per square foot. Some rental facilities offer shared large space such as auditoriums or conference rooms. Another option for increasing space and maximizing cost is to partner with local non-profit or faith based organizations to schedule use of facilities when needed. For the purposes of this budget, we have estimated our needs at 4500 sq. ft. at $17 per square foot with no build out necessary. This facility assumes shared common space and restrooms and access to an auditorium at no charge. The total yearly cost for facility rental is $76,500.

*Utilities* – Although some facilities may include utilities in the rent agreement, other rental properties require you to pay for your own utilities. In addition, you may have to pay a common use fee for shared spaces such as entryways, bathrooms, and kitchen areas. If you are sharing a space with a larger organization, such as in this example, you may be responsible for a percentage of the utilities based on the square footage you are occupying. For the purposes of this example, we are including the cost of facilities in the rent estimate.

*Furniture* –To meet our goals in providing flexible, student centered learning spaces, we will provide furniture such as comfortable seating, quiet study carrels, collaborative workspaces, and rotating project spaces. Costs for furniture can vary based on type of learning center provided. In the first year, our estimate for furniture and equipment is $15,000. We would assume that in subsequent years, furniture and equipment costs would be minimal, needed only for replacement or repair of damaged items. In this

budget, we assume an average useful life of four years resulting in an average annual cost of $25 per student.

*Curriculum* – In these examples, students are receiving instruction mainly through online asynchronous curriculum, but have the option of attending school for face-to-face instruction, tutoring, or projects. Online academic curriculum ranges in cost based on who will support the curriculum. Most online curriculum providers offer two options. Online curriculum fully supported by online teachers employed by the curriculum company is usually more costly and is estimated at $4,500 per student. In our example, we are hiring four certified teachers as employees of our school who can support the online curriculum. This reduces the cost considerably. For seven fully online courses without instructors, the cost is estimated at $1750 per student. This cost is applicable for the 9th and 10th grade students attending the high school in this example.

As this example also provides the first two years of college, rather than traditional high school, for 11th and 12th grade students, a separate curriculum is necessary to meet college-level standards. Fully online, accredited college programs are emerging as low-cost options to the traditional concurrent enrollment models. For this example, we are using a fully-online, self-paced curriculum at a cost of $3000 per year per student.

Lower-priced college options may be available. Some providers now charge as little as $1000. In some cases, zero tuition may be available from a state-subsidized public college.

*Technology* – Online learning requires each student have access to internet and a computer. Some virtual schools provide this technology for students as part of the tuition or course fee. Other virtual schools require students to access these technologies themselves. For this example, we will estimate $500 to provide a laptop or Chromebook for each student. We assume an average life of four years for this technology resulting in an average annual cost of $125 per student.

To fully engage in online curriculum and prepare for the 21st century workforce, students may also need access to other types of technology. This includes day-to-day technology such as printer/scanner machines and software apps and newer and emerging technologies. The extent to which a virtual school with a brick and mortar facility provides this access depends on the mission of the school and the design model. For example, a maker space can range in cost from a few hundred dollars for software applications or hands-on, low-tech craft products to tens of thousands of dollars for 3-D printers or robotics equipment. For the purposes of this example, we will assume nominal additional technology costs of $2000 per year for items such as printers/scanners for laptop hubs, internet hotspots, maker space and STEM lab technologies, and instructional technologies for the teachers.

*Extracurricular* – Not all micro-schools or virtual schools offer extracurricular activities for students. However, there are multiple options for micro-schools who do desire to provide these outside experiences for students. The options vary in cost, and costs may be

covered by tuition or students may be charged an additional activity fee.

- **Homeschool Cooperatives** – In some cases, micro-schools may be able to partner with local homeschool cooperatives, or co-ops. These co-ops offer programs from STEM extension activities to band programs to team sports such as basketball or volleyball. The micro-school can serve as the connection between the students' families and the homeschool co-op or can provide space for activities for free in exchange for student access.
- **Community Partnerships** – If partnering with a homeschool co-op is not an option in your area, you may be able to access resources through community partners. For example, one micro-school partnered with a martial arts dojo and a dance studio near the school location. Students took classes during the school day, when these businesses were less busy, for a reduced fee. Micro-schools may include fees for these activities in the tuition rate or charge a separate activity fee for students who choose to participate. Additionally, there are many faith based organizations and non-profits that offer free programming for youth in exchange for space and marketing.
- **Adjunct Instructors** – Micro-schools may choose to maximize space rental costs by opening the facility after scheduled school hours for extracurricular activities. Options such as guitar lessons, studio art, STEM labs, and digital photography require minimal space and can capitalize on the resources already in the school. Instructors can be hired at an adjunct rate competitive with rates offered by other organizations. We estimate $3000 per semester per instructor. Micro-schools can choose to include these costs in tuition, allowing each student to choose one activity per semester in an a la carte manner or can charge activity fees per session. Often, these services can be included in grant funding requests or sponsored by interested organizations.

For the purposes of this example, we do not include extracurricular costs in the Year 1 budget, but provide these options for further consideration when developing a high school micro-school model.

*Miscellaneous Costs* – Micro-schools will assume several nominal costs related to general operation of a school. These may include security, repairs and improvements on the building, copy supplies, marketing and advertising, and substitute teacher costs. These costs will be determined by your particular micro-school design and context. For the purposes of this model, we are budgeting $200 per month for miscellaneous costs for a total of $2,400.

*Insurance* – Common types of insurance recommended for schools include general liability, educator's legal liability, property, and crime. An insurance specialist that specializes in insurance packages for schools can answer questions about the insurance

coverage you need. For the purpose of this model, we are estimating $1,200 a year for insurance.

**School Year Estimate**

The following sample budgets are estimates of cost of our micro-school examples. These numbers are estimates and are provided as a guide for how to complete the budget for you micro-school design. The Budget Line Item column includes our "big picture" budget items. The Assumption column is based on our estimates, but can be changed to reflect your context. The Total Cost column calculates the assumed cost times the number of units (number of students, number of months, etc.).

**Sample Budget - High School Blending Learning/Early College Model**

| Budget Line Item | Assumption | Total Cost 15 Students |
|---|---|---|
| Salaries and Benefits | $52,000/teacher-3FTE<br>$25,000/Admin. Assistant | $181,000 |
| Rent | $17/sq ft | $76,500 |
| Utilities | Included | |
| Furniture | $25/student | $3750 |
| Curriculum | $1750/student (9-10)<br>$3000/student (11-12)<br>$125/student technology<br>$2000/year technology | $131,250<br>$225,000<br>$18,750<br>$2000 |
| Miscellaneous | $200/month | $2400 |
| Insurance | $1200/year | $1200 |
| **Total** | | $641,850 |

In this example, the total cost for one year is $641,000 or approximately $4279 per student. This includes tuition cost for the first two years of college.

In this example, tuition is the main source of revenue for the school year. Although other revenue sources may be pursued (e.g., grants, sponsorships, donations), it is assumed in this example that these revenue sources are nominal compared to total revenue for the micro-school.

The following table estimates tuition revenue and net income. Net income for the school year increases as tuition rates increase. Determining tuition costs is based on the number of students, comparison to similar schools in the area, analysis of the market, and recognition of the capacity of the target population.

*See Table Below*

| Tuition Revenue for 150 Students | Cost Per Student | Total Income |
|---|---|---|
| $641,850 ($4,279/student) | $4,279 | $0 |
| $675,000 ($4,500/student) | $4,279 | $33,150 |
| $750,000 ($5,000/student) | $4,279 | $108,150 |
| $825,000 ($5,500/student | $4,279 | $183,150 |

If curriculum costs for 11-12 were $1,000 rather than $3,000, the total cost for one year would be $491,850, or approximately $3,279 per student. The following table estimates tuition revenue and net income with 11-12 curriculum costs of $1,000.

| Tuition Revenue for 150 Students | Cost Per Student | Total Income |
|---|---|---|
| $491,850 ($3,279/student) | $3,279 | $0 |
| $525,000 ($3,500/student) | $3,279 | $33,150 |
| $600,000 ($4,000/student) | $3,279 | $108,150 |
| $675,000 ($4,500/student) | $3,279 | $183,150 |