



## PCSC Petition Budget Template Guidelines

(As of September 2016)

The purpose of preparing a petition budget is to demonstrate an understanding of school funding and expenditures as related to state statute and the model or mission of your school. Below you will find an explanation of the required break-even budget and pre-opening budget. \*Please note\*: we no longer require, or will accept, a best, worst, or expected case scenario budget. In addition, some helpful tips for completing your budget template have been included below.

### Break-Even Budget

The purpose of a break-even budget is to determine how many students are needed to cover expenses and obtain a zero or marginal net income balance at the end of the year. A break-even budget should be based upon the assumptions, explanations, and vendor quotes used to establish your 3-year operating budget. In a break-even analysis, fixed expenses (such as administration employees, facilities, utilities-or expenses that vary little, if any, based upon the number of students enrolled) should be consistent with the amounts listed in the 3-year operating budgets. Variable costs (such as per student expenses for curriculum, technology, transportation, nutrition, etc) should remain consistent with the per-student breakdown(s) provided in the assumptions. It is helpful to determine the assumptions and calculate the 3-year operating budgets first. From there, break-even calculations can begin to take shape.

Petitioners may find that the calculated break-even enrollment is higher than the projected year 1 attendance. If that is the case, a break-even budget provides petitioners with the ability to reflect on the financial viability of the program. A break-even budget also allows petitioners to determine if the prepared budget reflects the mission and objectives of the school. Should petitioners present a 3-year operating budget that displays an anticipated student enrollment lower than the calculated break-even attendance (and therefore a funding shortfall) it is crucial that an explanation is provided on how this deficit will be covered and at what operating year the school anticipates breaking-even.

### Pre-Opening Budget

The pre-opening budget should reflect documented revenue available to the school as well as reasonable expenditures that align with the mission of the school. The budget should align with the tasks and expectations provided in the pre-opening timeline, listed in the petition appendices. It is important to note that the pre-opening budget should not be based upon an anticipated early payment of state funding, as this is inadequate to cover the full costs of starting a new school.

## Budget Template Tips

It is recommended that schools begin by completing the 3-year budget on the break-even budget tab in the template. All numbers entered will automatically populate the 3-year budget on the pre-opening tab. \*Please Note, numbers entered or changed in the 3-year budget in the pre-opening tab WILL NOT populate or change numbers in the break-even budget tab.

A financial summary, providing a net income (loss), is provided at the end of each budget tab. These calculations will automatically populate based upon totals entered in the previous budget categories.

Schools are welcome to add more lines as needed. It can be helpful to review the SDE budget template (available on the SDE website: [www.sde.idaho.gov](http://www.sde.idaho.gov)) when deciding on expense categories to budget.

Please provide detailed assumptions, explanations, and per-student expense breakdowns where applicable.

Check your calculations! Please check your template for calculation errors and consistency between the budget tabs.

Still have questions? Please feel free to contact our office regarding the budget template or understanding break-even budget calculations.

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