



Business Plan Overview

The SUNY Charter School Institute (Institute) requests Business Plans for charter schools – in New York termed **not-for-profit education corporations** – that partner or intend to partner with not-for-profit charter management organizations (CMOs) or educational service providers (ESPs). The Institute carefully reviews these submissions to verify the organizational and fiscal capacity of partner organizations to fulfill contractual obligations to charter schools, and help assess the risk associated with replicators opening new schools. The Business Plan supports the Institute’s work in evaluating the capacity for growth, whether the applicant is a single school seeking to replicate or a larger network of schools looking to grow.

Which Applicants Should Submit One or More Business Plans and Which Entities Should Complete the Business Plan?

Any existing New York education corporation seeking to add the authority to operate one or more additional schools must complete a Business Plan.

Any applicant who would partner with any CMO, ESP, or partner organization that would provide a majority of the educational services to the proposed school(s) must have the CMO, ESP or partner organization complete a Business Plan.

Other types of replications may require the submission of one or two Business Plans. This includes several types of applicants:

- A. **An existing New York not-for-profit charter school education corporation** applying to open additional schools as part of the same education corporation, and that **does not intend to partner** or contract with a CMO, ESP or partner organization.
 - The existing charter school education corporation should complete a Business Plan.
- B. **An existing New York charter school education corporation** that is applying to open one or more additional schools as part of the same education corporation, and that **does intend to partner** or contract with a CMO, ESP or partner organization to provide a majority of the educational management services organization.
 - The existing charter school education corporation should complete a Business Plan.
 - The CMO, ESP or partner organization providing a majority of the educational management services organization should also complete a Business Plan.
 - In total, the applicant should submit two Business Plans.

- C. **A proposed New York charter school education corporation** applying to replicate an existing New York charter school that **intends to partner** or contract with a CMO, ESP or partner organization to provide a majority of the educational management services organization.
- The CMO, ESP, or partner organization should complete a Business Plan.
- D. **A proposed applicant seeking to partner or contract with a New York or out of state CMO, ESP or partner organization** to provide a majority of the educational management services.
- The CMO, ESP or partner organization providing a majority of the educational management services should complete a Business Plan.

The design of the proposed new charter school will define an applicant's need to submit one, or more than one, business plan. For example, an existing New York education corporation operating two schools, contracting with a CMO, ESP or other partner, *and* seeking to add two additional charters will need to complete a Business Plan. So, too, will the CMO, ESP or other partner. As used in the Business Plan requirements, the term **organization** refers to the entity that is completing the business plan.

Organizations responding to the business plan requirements will include both first time replicators as well as expanding networks. Accordingly, responses will necessarily vary for each organization's business plan. Please note, however, that all of the questions included in the Business Plan requirements pertain to both groups unless specifically noted otherwise.

The Business Plan focuses on eight key areas:

1. Mission, Vision and Growth Plan

This section focuses on a high level overview of the organization's strategic vision for expansion, the specific timeline for rolling out new schools, and an assessment of the risks associated growth.

2. Market Analysis

This section requests an explanation of the organization's targeted communities and an assessment explaining why the proposed school design in these areas will result in high performing charter schools.

3. Organizational Capacity

This section assesses the current and future capacity of the organization's leadership team and governance board to open and operate new schools in accordance with the growth plan.

4. Network Management

This section seeks to gain insight into the role of the CMO, ESP, partner organization or education corporation (as the case may be) vis-à-vis its schools. This includes the services

and/or goods provided to schools, the management and oversight of the schools, the fidelity of the model across schools, and the school-level degrees of flexibility.

5. Human Capital

This section seeks to understand how the organization intends to identify, recruit, develop and retain the organizational and school level staff necessary to realize the planned growth.

6. Financial Plan and Capacity

This section requests information necessary to evaluate the organization's financial health, and the viability of the proposed growth plan.

7. Prior Performance

This section requests historic academic data for schools operated, or that were operated, by the organization. The Institute will place a significant weight on the organization's past performance in its decision making.

8. Organizational Background

This section requests current and historic organizational and financial information to provide insight into the organization's track record.

Overlap with the RFP

Depending on the plan and structure of the proposed charter school(s), a few questions may be similar in both the RFP and the Business Plan requirements. For example, both the Business Plan and the RFP request the financial information of an education corporation planning to operate additional schools without a CMO or partner organization. In such cases, **do not duplicate** the information. Instead, specifically cross-reference the information by identifying *in the Business Plan* where the information is found in the RFP response. The applicant/charter school education corporation should answer RFP questions from the perspective of the education corporation addressing the specifics of the operation of the proposed school(s). Likewise, the Business Plan should be answered by the CMO, ESP, partner organization or charter school education corporation (as the case may be) from the perspective of the CMO, ESP, partner organization or education corporation.

Submitting the Business Plan

Applicants should submit the Business Plan electronically in a separate folder from the accompanying proposal to open a new charter school. Acceptable electronic formats for the saved files are Microsoft Word®, Microsoft Excel® or Adobe Acrobat® only. When scanned files are submitted in Adobe Acrobat® format, they should be OCR'd (Optical Character Recognition) and Optimized to reduce the file size. Please be sure that if the development of this Business Plan included the use of the track changes feature of Microsoft Word® that the respondent accepted all changes accepted and turned off tracked changes prior to saving the document.

The Business Plan folder should not contain any sub-folders but should be presented in a single document with appropriate section title pages for all attachments.

Please contact the Institute at 518/433-8277 with any questions about submitting a Business Plan.

Business Plan Requests

Section 1: Mission, Vision and Growth Plan

- 1) Describe the organization's mission, strategic vision, desired impact and five-year growth plan for developing new schools in New York and other states.
- 2) As **Business Plan Attachment 1A**, provide a table or spreadsheet that includes the following information for each of the **next five years** (for all existing and projected schools in the organization's portfolio within New York and in other states):
 - Currently authorized schools (please include schools which are currently operating and which are authorized, but not yet open):
 - Indicate if the school is **directly operated** by the organization or if the organization provides services to the school by **contract**
 - Grades served and enrollment
 - Year opened
 - Location
 - Authorizer
 - Future schools (please include information for the proposed new school(s) related to the September 2013 Request for Proposals and other planned schools for subsequent years):
 - Indicate if the proposed school will be **directly operated** by the organization or if the organization provides services to the school by **contract**
 - Grades served and enrollment
 - Grade levels schools are approved to serve in the next five years
 - Planned opening year
 - Planned Location

As **Business Plan Attachment 1B**, provide a second table or new spreadsheet tab that includes the following information for every operating school in the organization's portfolio:

 - Percent of
 - Students eligible to receive free-lunch (excluding reduced-price lunch)
 - Special Education students
 - English language learners
 - Student retention rates for the last three years for the following:
 - General student population
 - Students eligible to receive free lunch
 - Special Education students
 - English language learners.
 - Last three years of state assessment results in English language arts, mathematics, science and social studies (both aggregated and disaggregated by grade)
 - Comparable state assessment results for the district in which each school is located.- 3) Provide a rationale for the proposed five-year growth plan.

- 4) Specifically identify the key risks associated with this growth plan and describe the steps the organization is taking to mitigate these risks.
- 5) Discuss the results of past replication efforts and lessons learned including, but not limited to:
 - particular challenges or troubles encountered
 - how the organization addressed them
 - the results
 - how the organization will avoid or minimize such challenges for the proposed schools.

Section 2: Market Analysis

- 1) Identify the organization's target communities in New York State and describe how the organization determines areas for replication.
- 2) If the existing portfolio does not include schools in New York, provide the rationale for entering the state.
- 3) Discuss the organization's competition for students and staff in the target communities, as well as the organization's competitive advantages and assessment of student demand.

Section 3: Organizational Capacity

- 1) Identify the organization's leadership team and each member's specific roles and responsibilities. Provide evidence to demonstrate that this team has the collective capacity to implement the organization's growth plan and operate academically and operationally successful schools.
 - Provide resumes or a detailed biographical statement for each member of the organization's leadership team in **Business Plan Attachment 2**.
- 2) Describe the relevant governance structures of the organization, and its schools, if applicable.
 - Include the by-laws, charter or certificate of incorporation of the CMO, ESP or other partner providing a majority of the educational management services in **Business Plan Attachment 3**.
 - Provide a diagram of structure for the network-level board, including all subcommittee plans.
 - If there are both education corporation level and school-level boards, explain how the two will interface with each other.
 - If any overlap exists between members of the proposed school board and the members of the board for the CMO, ESP or partner organization providing a majority of the educational management services organization, please list the overlapping members and provide the reasons for the overlap.
- 3) Provide a list of each of the above organizations' (CMO, ESP or partner organization providing a majority of the educational management services) directors/trustees/members and include board resumes or bios in **Business Plan Attachment 4**.

- 4) Discuss the capacity of the boards (CMO, ESP or partner organization providing a majority of the educational management services and/or the not for profit education corporation) to govern and ensure that the school's mission is met.
- 5) Provide evidence of organizational capacity to open and operate high quality schools in accordance with the overall growth plan.
 - Outline specific timelines for building or deploying organizational capacity to support the proposed schools.
 - Provide a detailed staffing table in **Business Plan Attachment 5** that shows how the organization will grow over at least the next five years. In the case of the CMO, ESP or partner organization providing a majority of the educational management services, the table should specify all organization-wide staffing positions that will support school growth for each of the next five years.
 - Discuss the process, matrices, or other steps the organization takes to determine readiness for replication. Provide any "green lighting" procedures for opening schools including a description of any circumstances or conditions which, if not met, result in the organization not opening a school.
 - In **Business Plan Attachment 6** provide organizational charts for the following timeframes:
 - Current
 - Year 5
 - Provide a detailed chart or drawing in **Business Plan Attachment 7** that shows how the education corporation's schools AND school siting plans will grow over at least the next five years including specifically feeder patterns and matriculation of students to higher grades. Include enrollment numbers and timelines as appropriate.

Section 4: Network Management

- 1) Describe the role of any national, state-wide, regional and/or local offices or personnel in relation to their role in:
 - the overall operations of the organization; and
 - the provision of services/goods to the proposed New York charter school(s).
- 2) Explain any shared or centralized support services the organization provides or will provide to the proposed school(s). Describe the specific services and the associated costs of services the CMO, ESP or partner organization will provide. Identify services and costs included in any management contract as well as services and costs billed in addition to the management contract fee. In the case of separately billed services/goods shared across schools, please provide any methodology or break down for distributing cost among schools.
- 3) Describe the systems and structures that the organization has in place to support the effective operation of its schools to include at a minimum academic support, student data, technology, recruitment and human relations, financial, back office, and real estate.
- 4) Describe the performance metrics used by the organization and its board to monitor the effectiveness of centralized support services. Describe how the organization will know whether or not it is successfully delivering these services.

- 5) If the education corporation intends to contract with a CMO, ESP or a partner organization to manage one or more of the proposed school(s), or if there would be a shared services agreement among New York education corporations, provide a detailed term sheet or draft contract in **Business Plan Attachment 8**.
- 6) Provide a summary of the organization-level and school-level decision making authority and responsibility (as related to key educational and operational functions) including, but not limited to, the following:
 - Selection of the school leader
 - Performance goals
 - Curriculum
 - Professional development
 - Data management
 - Promotion and graduation criteria
 - School culture
 - Student recruitment
 - School staff recruitment and hiring
 - Budgeting and resource allocation
 - Human relations services
 - Fundraising
 - Information technology
 - Facilities management
 - Community relations
- 7) Explain the key non-negotiable of the proposed school model(s).
- 8) Provide a description of the extent to which there is variation of the educational model between schools that the organization manages.
- 9) Describe the organization's approach to performance management across the network and with individual schools.
- 10) Describe under what conditions the organization would close a consistently low performing school.

Section 5: Human Capital

- 1) Explain the process and timelines for identifying and developing organizational and school leaders.
- 2) Describe the strategy for personnel recruitment for organizational leaders, school leaders, and teachers. How do these strategies align with the proposed growth plan?
- 3) Provide details regarding the evaluation of organizational and school leaders.

- 4) Explain the proposed compensation strategy and provide salary ranges for school level staff.

Section 6: Financial Plan and Financial Capacity

- 1) Provide in **Business Plan Attachment 9** a five-year financial model that details the financial projections to support the organization's growth plan. The model should include the following:
 - A consolidated budget summary for the CMO, ESP, or partner organization providing a majority of the educational management services, including any affiliated entities (including real estate and/or equipment leasing entities) and the education corporations or school(s) in its portfolio (including those proposed through this process).
 - A central office services budget from the CMO, ESP or partner organization providing a majority of the educational management services, specifically outlining any national or regional organizations that will support the proposed school(s). This budget should detail the core function and personnel costs associated with network (non-school) personnel and services and not reflect individual school personnel and costs.
 - Budgets for existing schools (**Note:** these can be consolidated, except that any budgets for New York education corporations not authorized by SUNY should be included separately and in addition to the consolidated schools budget).
- 2) Provide detailed budget narratives, including a high level summary of the budgets and descriptions of all major budget assumptions.
- 3) Provide a 5-year development plan that addresses the annual and cumulative fundraising need at the network level and school level. The plan should include a history of the organization's fundraising outcomes to date and should identify any funds that have already been committed toward fundraising goals. If funds are raised at the CMO, ESP or partner organization providing a majority of the educational management services level, describe the allocation or distribution methodology especially in relation to the proposed NY schools.
- 4) Describe the organization's role in the financial management and oversight of the proposed school(s) including, but not limited to, its role in overseeing or implementing internal controls.
- 5) Describe the organization's strategy for securing, financing and maintaining school facilities in the short and long term including, but not limited to, any existing facilities that need to be financing or re-financing in the next five years.

Section 7: Prior Performance

- 1) Provide an overview of prior performance across all schools ever operated by the organization.
- 2) Provide a description and analysis of any shortcomings in student achievement experienced by schools that contract for services with the organization (or are otherwise supported by the organization), including any programmatic or operational adjustments that have been made as a result.
- 3) Select one or more of the consistently high-performing schools that the organization operates and discuss the school's academic performance.

- 4) Select one or more of the organization's schools whose performance is relatively low or not satisfactory and discuss the school's academic performance.

Section 8: Organizational Background

- 1) Provide a brief overview of the organization's history.
- 2) Provide a description of the organization's legal and governance structures and documentation related thereto.
- 3) List any and all charter revocations or surrenders, school closures, non-renewals, or shortened or conditional renewals for any of the schools operated by the organization and provide explanations.
- 4) Explain any performance deficiencies or compliance violations that have led to formal authorizer intervention with any school operated by the organization. Provide details as to how such deficiencies were resolved.
- 5) Provide the following as attachments:
 - **Business Plan Attachment 10** - Copies of, or electronic links or other access to, the three most recent annual consolidated audited financial reports from the CMO, ESP or partner organization providing a majority of the educational management services, including management letters and related notes. Provide the same information for related entities, subsidiaries, real estate or other service entities that would provide goods or services to the charter school or the organization.
 - **Business Plan Attachment 11** - Copies of, or electronic links or other access to, all audited financial statements and all management letters issued during the previous three years by one or more independent auditors who prepared the audited financial statements for any non-SUNY authorized New York not-for-profit charter school education corporations operating a school presently operated by the organization.
 - **Business Plan Attachment 12** - Evidence the CMO, ESP or partner organization providing a majority of the educational management services is authorized to do business in New York State (New York corporate formation documents from the Secretary of State or copy of approved application for authority to do business in New York from the Secretary).
 - **Business Plan Attachment 13** - Evidence of the CMO, ESP or partner organization providing a majority of the educational management services's not-for-profit status including tax-exempt status under section 501(c)(3) of the Internal Revenue Code, if applicable.
 - **Business Plan Attachment 14** - Copy of the organization's by-laws, charter and any other formation documents and a board meeting schedule (to the extent not provided previously).
 - **Business Plan Attachment 15** - Disclosure regarding the extent to which any members of the organization's board of trustees or directors also serves on the boards of trustees of schools under management.
 - **Business Plan Attachment 16** - Most recent annual reports, if applicable, of the CMO, ESP or partner organization providing a majority of the educational management services, and any related entities, and any non-SUNY authorized New York charter schools it operates.

- **Business Plan Attachment 17** - Client list for the preceding four years, with which the CMO, ESP or partner organization providing a majority of the educational management services is or has contracted for services. Include clients with which the organization has severed relations, and clients that have severed relations with the organization for financial deficiencies or malfeasance, charter revocation or non-renewal, statutory, regulatory, or charter compliance deficiencies, conflict of interest or other reasons, with reasons for each relationship severance stated forthrightly.
- **Business Plan Attachment 18** - Listing of any current or past litigation, including arbitration proceedings, that has involved the CMO, ESP, partner organization providing a majority of the educational management services, the not for profit education corporation, or any of the charter schools it operates. If applicable, provide:
 - The demand;
 - Any response to the demand; and
 - Results of the arbitration or litigation.