**Why Is BASIS Losing Money?**

**BASIS Administrative Costs and Debt Skyrocket 2016-2018**

**While Parents Pay 41% of Teacher Salaries**

We reported last week that BASIS Schools lost a $12 million in 2018 and are now $43 million in the red - but still borrowed $117 million and are expanding to Baton Rouge, LA.

Where is the money going?

Not into the classroom. Total instructional expenses went up just 5% between 2016 and 2018 ($3,621/pupil to $3,803/pupil). Administrative costs went up 18% and plant maintenance and debt went up 68% over the same time period.[[1]](#footnote-1)

Shockingly, BASIS spending for instructional support (money spent on curriculum directors, staff training, and student testing) increased 220% to over $1000/pupil in 2018. BASIS Phoenix South Primary spent $2,645/pupil on instructional support in 2018. The average charter school in Arizona only spends $183/pupil on instructional support.

BASIS Scottsdale spent over $1 million on instructional support in 2018 - $587,000 just on salaries. Thing is…BASIS Scottsdale had **no** instructional support salaries in 2017. Did BASIS hire ten new staff at over $50,000/year at one school to oversee curriculum and testing?? Overall, BASIS claims to have spent $11 million on instructional support in 2018…enough to hire 200 people at $50,000/year.

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|   | Total Instruction | Instructional Support | Total Administration | Total Facilities | Total Instructional Support+Admin+Facilities | Compared to Instruction |
| 2016 | $3,621  | $321  | $1,636  | $1,131  | $3,088  | ($533) |
| 2017 | $3,322  | $233  | $2,280  | $1,249  | $3,762  | $440  |
| 2018 | $3,803  | $1,025  | $1,935  | $1,900  | $4,860  | $1,057  |
| Change 2016-18 | $183  | $705  | $299  | $769  | $1,773  | $1,590  |
| Increase 2016-18 | 5% | 220% | 18% | 68% | 57% |   |

We believe BASIS reported administrative costs as instructional support in 2018 to make it appear that management expenditures were going down. We have asked to Charter Board to look into the possibility that BASIS submitted fraudulent spending numbers on their 2018 Annual Financial Reports to hide management spending.

Classroom spending went up just $183/pupil between 2016 and 2017 while spending for administration and increased by over $1,700/pupil. It is safe to say that massive debt and increasing administration costs charged by Michael Block’s management company, BASIS.ed Inc., are burying BASIS Schools in crushing debt, unfortunately, on the backs of BASIS parents.

The total salaries of all BASIS teachers in 2018, including base salaries, overtime, and additional compensation, such as Prop 301 Classroom Site Funds and stipends for extra-curricular activities was $44,859,325. Parents paid $18,400,064 in fees and donations in 2018, providing BASIS with 41% of the total cost of teacher salaries.

Parents subsidized the cost of teacher salaries allowing BASIS to shift $58,101,419 to administrative costs and facilities, 48% of total expenditures, while only spending 37% of funds on teacher salaries.

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|  2018 BASIS | Total Expenditures | Percent of total M&O |
| Total Administration | $35,387,454 | 29% |
| Total Facilities | $22,713,965 | 19% |
| Total Administration +Facilities | $58,101,419 | 48% |
| Total Teachers Salaries | $44,859,325 | 37% |

A note to BASIS parents – the money you give BASIS Schools in fess and donations enables them to build a multi-state real estate empire and pay exorbitant salaries to BASIS owners and executives.

We could be in error. Maybe Michael Brock would like to share the corporate finances of BASIS.ed Inc. to prove us wrong….

1. From 2017 and 2018 Annual Financial Reports at: http://www.ade.az.gov/Districts/EntitySelection.asp [↑](#footnote-ref-1)