Thomas D. Wolfgram tw 1-31-08

Economic Development
Financial Projection of ROI for each 133 children starting Kindergarten Ready to Read
133 children is proforma definition of the number required to deliver 100% ready to read to kindergarten

Interest	Payback Required Investment plus Principal	Year	Investment in 133 kids to reach 100% Even Start	The City The Community The Effective Citizen	The Schools	$80,000 per saving unit School and City Annual Savings Each year	Paid Annual Savings Each year OR (Interest Earned	Retained Net Annual Cash Savings Expected	Cumulative Retained Net Annual Cash Savings Expected
			400000						
			400000	$ 800,000	(a)				
$ 24,000	$800,000	1	k		$ -	$ -	$ (24,000)	$ (24,000)	$ (24,000)
$ 24,000	$800,000	2	1		$ 80,000	$ 80,000	$ (24,000)	$ 56,000	$ 32,000
$ 24,000	$800,000	3	2		$ 160,000	$ 160,000	$ (24,000)	$ 136,000	$ 168,000
$ 24,000	$800,000	4	3		$ 160,000	$ 160,000	$ (24,000)	$ 136,000	$ 304,000
$ 24,000	$800,000	5	4		$ 160,000	$ 160,000	$ (24,000)	$ 136,000	$ 440,000
$ 24,000	$800,000	6	5	$ 80,000	$ 160,000	$ 240,000	$ (24,000)	$ 216,000	$ 656,000
$ 24,000	$800,000	7	6	$ 80,000	$ 160,000	$ 240,000	$ (824,000)	$ (584,000)	$ 472,000
		8	7	$ 80,000	$ 160,000	$ 240,000	$ 14,160	$ 254,160	$ 726,160
		9	8	$ 80,000	$ 160,000	$ 240,000	$ 21,785	$ 261,785	$ 987,945
		10	9	$ 80,000	$ 80,000	$ 160,000	$ 29,638	$ 189,638	$ 1,177,583
		11	10	$ 80,000	$ 80,000	$ 160,000	$ 35,327	$ 195,327	$ 1,372,911
		12	11	$ 80,000	$ 80,000	$ 160,000	$ 41,187	$ 201,187	$ 1,574,098
		13	12	$ 80,000	$ 80,000	$ 160,000	$ 47,223	$ 207,223	$ 1,781,321
		14	13	$ 80,000	$ 80,000	$ 160,000	$ 53,440	$ 213,440	$ 1,994,761
		15	14						
		16	15						
		17	16						
		18	16						
		19	16						
		20	16						
		21	16						
		22	16						
		23	16						
		24	16						
		25	16						

$ 400,000 New Investment

The investment

Per child	Year 1	Year 2
Mentoring 100 hours per year	1500	1500
Training	500	300
Supplies	300	100
Supervison	500	500
Extra	200	600
	3000	3000
133 children	133	133
	399000	399000

What is a savings unit $ 80,000 per year
That pays back the investment Must be created to inflate with time

This calculation is the property of Thomas D. Wolfgram
To use this calculation in discussions of any kind please call Tom Wolfgram at 612-968-1579 for permission
©Thomas D. Wolfgram

Summary of costs/benefits with high expectations

Total number of children who are ready to read, count and understand positive direction before they start kindergarten
Cost to prepare these children for entry into kindergarten
Payback for that investment into the CDC in cash

ROI Contract

First Investor Group | 2nd investor Group 2.4 million 4 years delivery | 3rd Investor Group 1.8 million 3 year delivery

		Prek 1 2008	Prek 2 2009	K year 1	grade 1 year 2	grade 2 year 3	grade 3 year 4	grade 4 year 5 City Gov't Y1	grade 5 year 6 City Gov't Y2	grade 6 year 7 City Gov't Y3	grade 7 year 8 City Gov't Y4	grade 8 year 9 City Gov't Y5	grade 9 year 10 City Gov't Y6	grade 10 year 11 County Gov't Y1	grade 11 year 12 County Gov't Y2	grade 12 year 13 County Gov't Y3	
Cost $6,000 per	Year1 Prek	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000			$ 5,200,000
	Year2 Prek		$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000	$ 400,000		$ 5,200,000
Total per group	Investment Before K			$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 10,400,000
Cummulative Investment	Total Investment in Community Pre-K			$ 2,000,000	$ 2,800,000	$ 3,600,000	$ 4,400,000	$ 5,200,000	$ 6,000,000	$ 6,800,000	$ 7,600,000	$ 8,400,000	$ 9,200,000	$ 10,000,000	$ 10,400,000	$ 10,400,000	
# of children served in 2 years of Mentoring		133	266	266	266	266	266	266	266	266	266	266	266	266	133	0	
# of children who start ready				133	266	399	532	665	798	931	1064	1197	1330	1463	1596	1729	

Group 1 School District Budgeted Saving Units that pay back the investment

				K Post													
					This unspent budgeted savings goes on to serve future groups, in future years												
					G1 post	This unspent budgeted savings goes on to serve future groups, in future years											
						G2-1 post	Ditto										
						G2-2 post	Ditto										
							G3-1 post	Ditto									
				0			G3-2 post	Ditto									
					1	2	2	2	2	2	2	2	1	1	1	1	
					1	3	5	7	9	11	13	15	16	17	18	19	
																$ 1,520,000	

Group 1 City Gov't Budgeted Saving Units that pay back the investment

								City Post 1	This unspent budgeted savings goes on to serve future groups, in future years								
									City Post 2	This unspent budgeted savings goes on to serve future groups, in future years							
										City Post 3-1	Ditto						
										City Post 3-1	Ditto						
												City Post 4-1	Ditto				

	Prek 1	Prek 2	K	grade 1	grade 2	grade 3	grade 4	grade 5	grade 6	grade 7	grade 8	grade 9	grade 10	grade 11	grade 12			
											City Post 4-1	Ditto						
								1	1	1	1	1	0	0	0			
									2	3	4	5	5	5	5			
															$ 400,000			
Group 1 County Gov't Budgeted Saving Units that pay back the investment																		
													County Post 1	This unused budgeted position goes on to serve future groups, in future years				
														County Post 2	This unused budgeted position goes on to serve future groups, in future years			
															County Post 3		Ditto	
													1	1	1			
														2	3			0
															$ 240,000		$ -	
Total Saving Units used in payback for Group 1investment																		
This is the total leading edge impact of Group 1 supported by the impact			0															
of all other subsequent groups				1	2	2	2	3	3	3	3	2	2	2	2			
				1	3	5	7	10	13	16	19	21	23	25	27			
			$ -	$ 80,000	$ 240,000	$ 400,000	$ 560,000	$ 800,000	$ 1,040,000	$ 1,280,000	$ 1,520,000	$ 1,680,000	$ 1,840,000	$ 2,000,000	$ 2,160,000			
					$ 320,000	$ 720,000	$ 1,280,000	$ 2,080,000	$ 3,120,000	$ 4,400,000	$ 5,920,000	$ 7,600,000	$ 9,440,000	$ 11,440,000	$ 13,600,000			
			K															
	Prek 1	Prek 2	year 1	grade 1	grade 2	grade 3	grade 4	grade 5	grade 6	grade 7	grade 8	grade 9	grade 10	grade 11	grade 12			$ 13,600,000
	2008	2009		year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10	year 11	year 12	year 13	year 14	$ 2,160,000	$ 15,760,000
							City Gov't Y1	City Gov't Y2	City Gov't Y3	City Gov't Y4	City Gov't Y5	City Gov't Y6	City Gov't Y7	City Gov't Y8	City Gov't Y9	year 15	$ 2,080,000	$ 17,840,000
													County Gov't Y1	County Gov't Y2	County Gov't Y3	year 16	$ 1,920,000	$ 19,760,000
																year 17	$ 1,760,000	$ 21,520,000
																year 18	$ 1,600,000	$ 23,120,000
																year 19	$ 1,360,000	$ 24,480,000
																year 20	$ 1,120,000	$ 25,600,000
																year 21	$ 880,000	$ 26,480,000
																year 22	$ 640,000	$ 27,120,000
																year 23	$ 480,000	$ 27,600,000
																year 24	$ 320,000	$ 27,920,000
																year 25	$ 160,000	$ 28,080,000
																year 26	$ -	$ 28,080,000
																year 27		$ 28,080,000

The Bogies for the course

17% internal rate of return

12% Community					Investment Plus						
10% Reduced to be conservative				133 kids to reac	Without PRIN						
		12356	$ 400,000.00	100% Even Sta	9.17%						
1		$ 12,356	$ 400,000.00	$ 800,000.00	Return	$ 1					
1.03	9.17%	$ 13,489		$ 873,360	$ 73,360	$ 2					
1.0609	9.17%	$ 14,726		$ 953,447	$ 153,447	$ 3		4 partners			
1.092727	9.17%	$ 16,076		$ 1,040,878	$ 240,878	$ 4	130%	partner 1	partner 2	partner 3	partner 4
1.1255088	9.17%	$ 17,551		$ 1,136,327	$ 336,327	$ 5	111%				
1.1592741	9.17%	$ 19,160		$ 1,240,528	$ 440,528	$ 6	IRR	IRR			
1.1940523	9.17%	$ 20,917		$ 1,354,284	$ 554,284	$ 7					
1	9.17%	$ 22,835		$ 1,478,472	$ 678,472	$ 8	######## ##	$ 100,000	$ 100,000	$ 100,000	$ 100,000
1.1	9.17%	$ 24,929		$ 1,614,048	$ 814,048	$ 9	$ 520,000	$ 130,000	$ 130,000	$ 130,000	$ 130,000
1.21	9.17%	$ 27,215		$ 1,762,056	$ 962,056	$ 10	$ 676,000	$ 169,000	$ 169,000	$ 169,000	$ 169,000
1.331	9.17%	$ 29,711		$ 1,923,637	$ 1,123,637	$ 11	$ 878,800	$ 219,700	$ 219,700	$ 219,700	$ 219,700
1.4641	9.17%	$ 32,435		$ 2,100,034	$ 1,300,034	$ 12	$ 1,142,440	$ 285,610	$ 285,610	$ 285,610	$ 285,610
1.61051	9.17%	$ 35,409		$ 2,292,608	$ 1,492,608	$ 13	$ 1,485,172	$ 371,293	$ 371,293	$ 371,293	$ 371,293
1.771561	9.17%	$ 38,656		$ 2,502,840	$ 1,702,840	$ 1,994,761	$ 1,930,724	$ 482,681	$ 482,681	$ 482,681	$ 482,681
1.9487171	9.17%	$ 42,201		$ 2,732,350	$ 1,932,350	$ 15	$ 2,143,103	$ 535,776	$ 535,776	$ 535,776	$ 535,776
2.1435888	9.17%	$ 46,071		$ 2,982,907	$ 2,182,907	$ 16	$ 2,378,845	$ 594,711	$ 594,711	$ 594,711	$ 594,711
2.3579477	9.17%	$ 50,296		$ 3,256,439	$ 2,456,439	$ 17	$ 2,640,517	$ 660,129	$ 660,129	$ 660,129	$ 660,129
2.5937425	9.17%	$ 54,908		$ 3,555,054	$ 2,755,054		$ 2,930,974	$ 732,744	$ 732,744	$ 732,744	$ 732,744
2.8531167	9.17%	$ 59,943		$ 3,881,053	$ 3,081,053		$ 3,253,382	$ 813,345	$ 813,345	$ 813,345	$ 813,345
3.1384284	9.17%	$ 65,440		$ 4,236,946	$ 3,436,946		$ 3,611,254	$ 902,813	$ 902,813	$ 902,813	$ 902,813
3.4522712	9.17%	$ 71,440		$ 4,625,473	$ 3,825,473		$ 4,008,491	$ 1,002,123	$ 1,002,123	$ 1,002,123	$ 1,002,123
3.7974983	9.17%	$ 77,992		$ 5,049,629	$ 4,249,629		$ 4,449,425	$ 1,112,356	$ 1,112,356	$ 1,112,356	$ 1,112,356
4.1772482	9.17%	$ 85,143		$ 5,512,680	$ 4,712,680		$ 4,938,862	$ 1,234,716	$ 1,234,716	$ 1,234,716	$ 1,234,716
4.594973	9.17%	$ 92,951		$ 6,018,193	$ 5,218,193		$ 5,482,137	$ 1,370,534	$ 1,370,534	$ 1,370,534	$ 1,370,534
5.0544703	9.17%	$ 101,475		$ 6,570,061	$ 5,770,061		$ 6,085,172	$ 1,521,293	$ 1,521,293	$ 1,521,293	$ 1,521,293
5.5599173	9.17%	$ 110,780	$ 110,780	$ 7,172,536	$ 6,372,536		$ 6,754,541	$ 1,688,635	$ 1,688,635	$ 1,688,635	$ 1,688,635

Per Art Rolnick -- Early Childhood Development: Economic			
Development with a High Public Return		110785	ROI of The Art Rolnick Discussions
More efficent K-12 education	6872		
Decrease in adult education	283		
Increase in earnings	8846		
Decrease in crime	70381		
Increase in public higher education		-868	not included
Decrease in Welfare	2918		
20% synergy because of 100%			
and higher wages	21485		
	110785		

		millions			
We want to see the budgets of the school, city and county	School budget approximates	50			
from which theses saving untis will be committed.	City budget approximates	20			
	County budget approximates	21	350	21000/350000	0.0600
		91			
Added to these budgets is the federal money spent in the county of more than 1 billion	Federal Budget Spent in DakC	60	1000	21000/350000	0.0600
Added to these budgets is the federal money spent in the state not allocated to county of more t	Federal Budget Spent in State	4	1000	21000/5100000	0.0041
		64			

Please note that the money being called for to start this process is being called forth as a Investment so that it is paid back after 7 years.
An annual investment into this process for the metro area is less than .2% of trailing mfg shipments and retail sales reported for the Metro Area.