

Agenda Item:	IV H: Action Item
Date:	December 14, 2023
To:	Magnolia Educational & Research Foundation dba Magnolia Public Schools (“MPS”) Board of Directors (the “ <b>Board</b> ”)
From:	Alfredo Rubalcava, CEO & Superintendent
Staff Lead(s):	Suat Acar, Chief Operations Officer
RE:	Approval of Substitute Company: Sub Teacher Source STS

---

**1. Action Proposed:**

I move that the Board approve Sub Teacher Source (STS), a Limited Liability Company and to be added to the approved vendor list.

**2. Purpose:**

The company provides substitute teachers services. MERF is trying to increase the number of substitute teacher companies to be ready for flu season or any possible future pandemic when an increased number of teachers use their sick days.

**3. Background:**

MERF is aiming to increase the number of substitute companies to provide more options for our schools. All the Magnolia schools will be able to call for the company’s services in case they need them, and they want to call the substitute teachers of this company along with the previously approved companies’ substitute teachers.

**4. Analysis:**

On the next page is the comparison chart for comparable services of existing approved vendors versus SUB TEACHER SOURCE (STS), a Limited Liability Company as of the day of this board meeting.

	STS	Scoot	21 <sup>st</sup> Century	Teachers on Reserve	Educational Team	Direct Ed
<b>Full Day Pay (&gt; 4 Hours)</b>	\$380.00	\$294.00	\$319.00	\$38.54 per hour	N/A	\$365.00
<b>Half Day Pay (&lt; 4 Hours)</b>	\$195.00	\$197.00	\$195.00	\$34.58 per hour	N/A	\$150.00
<b>Overtime (8+ Hours)</b>	1.5x	1.5x	1.5x	1.5x	1.5x	1.5x
<b>Long-Term Pay Rate (15 days +)</b>	\$410.00	\$323.00	\$329.00	Hourly plus	N/A	\$380.00
<b>Cancellation Fees and Policies</b>	N/A if within allotted time Half Day if No cancellation before arrival	N/A if within allotted time Half Day if No cancellation before arrival	N/A if within allotted time Half Day if No cancellation before arrival	N/A if within allotted time Half Day if No cancellation before arrival	N/A if within allotted time Half Day if No cancellation before arrival	\$130 per occurrence
<b>Instructional Aides or Teacher Aides (Full Day/Half Day/Long Term)</b>	\$380.00 Full day	\$268/\$198/\$180	\$288/\$295		N/A	\$32.50 per hour
<b>Hiring Fees in case MERF hires Company's Employee</b>	N/A	1-90 days/10% AGS 91-180 days/5% of AGS 180+ days/\$1000	Flat Fee \$4500	160-240 hours—10% of the Annual Salary 240-320 hours—7.5% of the Annual Salary 320-400 hours—5% of the Annual Salary 400-480 hours—2.5% of the Annual Salary Over 480 hours—1.5% of the Annual Salary	N/A	1-90 days/\$350 Flat Fee >90 days/\$1500 Flat Fee
<b>Office Worker</b>	N/A	N/A	\$295.00	N/A	N/A	\$32.50 per hour
<b>Ground Supervisor</b>	N/A	N/A	\$288.00	N/A	N/A	\$32.50 per hour
<b>SPED Credential</b>	Negotiable	\$247/\$368/\$405	\$390.00	\$53.28 per hour	N/A	\$35.00 per hour

5. **Impact:**

Finding subs during flu or pandemic related seasons will be much easier.

6. **Budget Implications:**

Each school budgeted for substitute teacher services. No extra budget required.

7. **Exhibits:**

- SUB TEACHER SOURCE (STS), a Limited Liability Company Contract



24901 Northwestern Hwy. Ste. 400  
Southfield, MI 48075  
Telephone: 248-356-3400  
Fax Number: 248-356-3401

## **Educational Division Service Agreement**

**THIS SERVICE AGREEMENT**, is entered between **SUB TEACHER SOURCE (STS)**, a **Limited Liability Company** and an **INDUSTRY SPECIFIC STAFFING RELATED COMPANY** and the "CLIENT," as follows:

**Date:** 8.24.23

**Name of SCHOOL/DISTRICT:** Magnolia Educational & Research Foundation

**SCHOOL/DISTRICT Address:** 250 E. 1<sup>st</sup> Street, Suite 1500

Los Angeles, CA 90012

<b><u>SUB TEACHER SOURCE</u></b>	<b><u>BUSINESS/FINANCE MANAGER</u></b>	<b><u>Magnolia Educational &amp; Research Foundation</u></b>
<b>Title:</b>	<b>Title:</b>	<b>Title:</b>
<b>Printed Name:</b>	<b>Printed Name:</b>	<b>Printed Name:</b>
<b>Signature:</b>	<b>Signature:</b>	<b>Signature:</b>

CLIENT will pay an entity designated by Sub Teacher Source, a Limited Liability Company, for services rendered in the state of California as follows:

### **JOB CLASSES**

Daily Substitute Teachers  
Building/District Substitute Teachers  
Long Term Substitute Teachers  
Summer School

### **All Inclusive Bill Rate.**

\$ 380 Daily  
\$ 395 Daily  
\$ 410 Daily  
Negotiated Rates

Unless otherwise noted, this Agreement shall be in effect for two (2) years, from the date signed on page 1, unless earlier terminated. The above bill rate includes all Contractor costs, including but not limited to, Individual State Department of Education Compliance, Administrative Costs, Liability, and Bonding Premium Payments. The bill rate will increase by 4% annually beginning on the subsequent new school year after the signing of this Agreement, regardless of the original signing date of this Agreement, but in all cases, within 12 months of the signing of this Agreement. If specified, neither party is required to continue ordering or servicing, respectively at the conclusion date of this Agreement. Either party may terminate this Agreement upon providing thirty (30) days written notice.

STS and CLIENT When/if applicable agree that during the effective term of the Agreement, STS may increase worker pay, subject to the approval of the CLIENT. Such increase shall be billed by STS and paid by CLIENT by increasing the bill rates above under job classes.

The term CLIENT shall include the CLIENT named on page 1 and any pricing schedules of this Agreement. It shall also include any affiliates, subsidiaries, parent companies, management companies, or related companies. In addition, related staffing or employment companies or professional employment organizations (PEO) companies hired to serve as the employing entity of the CLIENT as defined above shall be considered part of the CLIENT.

Fill Rate Accelerator: Inclusive in the STS portal. The Client has the option to increase the rate paid to the substitute for one day or multiple day assignments. This feature is designed to incentivize STS staff to accept hard to fill CLIENT positions when specified. All increases initiated by the CLIENT will be paid to STS staff and charged to CLIENT at the exact amount put in and will not include a markup.

NOW, THEREFORE, the parties agree as follows:

**1. Service and Operation.**

- 1.1. CLIENT shall not hold STS responsible or liable for failure to provide staff as requested if prevented by war, labor dispute, fires, acts of God, accidents, or any other causes beyond the control of STS.
- 1.2. Where an STS substitute has been assigned or has accepted a position, CLIENT must provide a minimum of two (2) hours' notice prior to the start time of any order if that order is canceled. Failure to provide at least two (2) hours' notice for a canceled order will result in the minimum of 1/2-day sub pay rate being billed to the CLIENT.
- 1.3. CLIENT agrees to prepare a report or timecard and obtain a staff member(s) signature indicating the hours worked by an STS staff member(s) and to keep such reports on file at all times. STS shall have the right, upon demand, to inspect CLIENT reports.
- 1.4. Substitute staff or any staff assigned at a daily rate or ½ daily rate will be billed to CLIENT for a minimum of ½ day of work for any hours up to 4 hours of work from the worker's reporting to an assignment. Any time that exceeds 4 hours from the worker's reporting will be billed at the full day rate as designated in the rate section of this Agreement.
- 1.5. Substitute staff will be counted as Long-Term or Building/District Substitutes based on the initial request from CLIENT or if they are expected to fulfill the duties of a Long-Term Substitute or Building/District Substitute. If for any reason, substitutes are initially

requested as daily substitutes or Building/District substitutes for the same classroom for 20 consecutive assignments, they will be deemed as a Long-Term Substitute, or if for any reason, CLIENT orders a daily substitute (regardless of any individual name) for the same district or school for 2 consecutive weeks, irrespective of the number of days worked, they will be classified as a Building/District Substitute, based on the duties and type of assignment on the following billing cycle.

1.6. Long Term Substitute duties may include, but are not limited to, the following:

The long-term substitute is responsible for providing classroom coverage for a teacher who is absent for an extended period. The long-term substitute works the regular hours of the absent classroom teacher during his/her absence. Essential Duties:

- 1.6.1. Teaches content and skills in subject area utilizing curriculum designated by the Client and other appropriate learning activities.
  - 1.6.2. Develops lesson plans and supplementary materials compatible with the Client's instructional requirements provides individualized and small group instruction to adapt the curriculum to the needs of each student and subgroups of students.
  - 1.6.3. Evaluates academic and social growth of students, prepares report cards, keeps appropriate records to include attendance reports, checklists, census forms, and other recordkeeping activities, as necessary.
  - 1.6.4. Evaluates each student's progress in meeting the course standards.
  - 1.6.5. Establishes and maintains standards of student behavior needed to provide an orderly, productive classroom environment.
  - 1.6.6. Communicates with parents, counselors, and administration on student progress.
  - 1.6.7. Supervises students in assigned out-of-classroom activities during the working day.
  - 1.6.8. Participates in faculty committees and the sponsorship of student activities.
  - 1.6.9. Administers testing in accordance with division testing practices.
- 1.7 The Building/District substitute is responsible for providing teaching or teacher support to any class in need, except classes requiring special training or certification. CLIENT is responsible for directing the Building/District substitute to the class or building in need of support. The Building/District Substitute is responsible for providing classroom coverage for a teacher that is absent for a short period of time and to work the regular hours of that teacher. If the Building/District substitute is serving in the capacity of a District substitute, the substitute is responsible for floating to school buildings within the district that may be in need, on any given day and will be directed by appropriate district/school staff as to the location of the school and details of the assignment. If any school or district has a consecutive period of ordering at least 1 daily open substitute for a total of 10 consecutive working days, STS will automatically open a position as a Building/District Substitute, and once that position is filled, the length of service for that filled position will initially be scheduled as a 20-working day cycle. The school can extend that position for as long as they believe the position is needed. If that Building/District substitute serves in the same classroom for 20 consecutive assignments, they will be deemed as a Long-Term Substitute, and the assignment will be switched to Long Term. All staff Classified as District Subs will be billed to the Administration Building or an alternative home building location and allocated internally by CLIENT for accounting purposes.

## **2. Fees**

2.1. CLIENT shall pay to STS ALL CHARGES upon receipt of an electronic invoice (as billed and with attached approved staff time cards, signifying CLIENT approval of billed staff time) through the STS portal. STS will update the CLIENT of the payment entity that will receive banking transactions or receive payment from the CLIENT. Invoices will be emailed weekly no later than each Wednesday. All invoice payments must be received by ACH Electronic Payment initiated by CLIENT and received by STS within fourteen (14) days after receipt of weekly invoice. STS reserves the right to cancel or suspend services to client schools with unpaid balances beyond the terms outlined above. In the event of chronic non-funded or late transactions, STS may declare a material breach of this Agreement and terminate the Agreement.

All approved timecards or electronic approval of weekly timecards must be submitted within the Sub Teacher Source portal, for each assigned substitute or other personnel provided is due to STS no later than 5 pm on each Friday. If weekly timecards are not approved and returned to STS via our Sub Teacher Source portal by Monday at 10 am, for STS substitutes or other personnel supplied to CLIENT, STS reserves the right to suspend services until payroll approval has been given by the Client.

2.2. All Substitute Teachers classified as long-term shall be entitled to up to five (5) Building Closure days each school year at their determined respective school/district assignment(s). Paid closure days will be based on the school/district closing for a declared building closure for weather or maintenance issues and notification to STS.

2.3. All hourly workers will be paid at 1.5 times their regular rate of pay for hours worked over Eight (8) hours per day and 40 hours per week or at their daily rate of pay, or at the daily overtime equivalent rate based on CLIENT's daily bill rate.

## **3. Unsatisfactory Performance and Termination of Contractors**

3.1. The CLIENT shall report and give notice to STS of all concerns regarding the conduct or performance of workers supplied to the CLIENT by STS as soon as possible.

3.2. The CLIENT reserves right to reject any teacher/staff member referred to the CLIENT by STS, in which case such teacher/staff member shall not be assigned to work at CLIENT.

## **4. Administration**

4.1. It is understood and agreed that STS is an independent contractor, and all staff assigned by STS to CLIENT to fill the assignments are contractors of STS. STS is responsible for all administrative employment matters as payment of all associated costs. STS shall pay all salaries, wages, benefits, payroll, and other taxes to or on account of such employee arising out of or resulting from services performed pursuant to this Agreement. CLIENT shall not be liable for the payment of any such salaries, wages, benefits, payroll, or other taxes to or on account of any such employee. The employee shall not receive any compensation, benefits, or other amenities in any form from CLIENT, including but not limited to mileage and conference fees. STS agrees to hold CLIENT harmless from all out-of-pocket expenses of CLIENT, which CLIENT may suffer as a result of STS' failures with respect to the above.

4.2. STS will comply with all applicable federal, state, and local laws concerning its employees, including, but not limited to, tax laws, laws relating to discrimination, workers compensation, and state specific Department of Education requirements to work in the individual state's public school system, including but not limited to, licenses and certifications as required by the position and providing the information required for the

state specific Department of Education. STS shall work with the Client School in providing all the necessary records needed, at the Client School's request, to meet compliance review audits as required by the IDE, Authorizer, and/or federal and state governments.

#### 4.3. STS Staff

- 4.3.1. STS shall process and pay its staff from STS' own account, based upon reported hours by CLIENT with respect to the work assignments performed by STS' workers.
- 4.3.2. Collection, reporting, and payment of applicable federal, state, and local payroll taxes from STS' own account.
- 4.3.3. Administration and payment of any applicable workers' benefit plans adopted by STS and workers' compensation insurance.
- 4.3.4. COBRA compliance and continuation of health benefits to terminated staff members and dependents of STS who qualify as applicable.
- 4.3.5. Completion, reporting, and maintenance of payroll and benefit records, except for recordation of actual hours or days worked for CLIENT, which shall be kept and verified by CLIENT.

4.4. STS agrees to be responsible for workers' compensation insurance for the staff members assigned to work at CLIENT. If any workers' compensation claim is asserted against CLIENT, CLIENT shall notify STS within ten (10) days of receipt of claim.

4.5. Client school shall be responsible for loss or damage to machinery, school documents, or other materials furnished by the Client school, which are operated or utilized by STS' Contractors.

4.6. CLIENT agrees to use the STS online portal Sub Teacher Source (STS) as its management tool for order entry, order cancellation, timesheet review and approval, and other substitute staffing order management functions. CLIENT also agrees that it will use STS as its sole source of receipt of substitute qualification file submission. CLIENT shall indicate staff that will be responsible to utilize STS and will not authorize any person outside of District employees and will not authorize any CLIENT employees that do not have a functional need and duty to utilize the STS portal.

4.7 Client school shall be responsible for loss or damage to equipment, computer equipment and software, school documents or other materials furnished by the Client school to STS substitutes, which may be used on school property or taken off of school property. STS is not liable for any losses or damage to any machinery, equipment, computer hardware, software or any other school property.

## **5. Prohibition Against Hiring or Contracting**

5.1. CLIENT recognizes that STS will incur various costs and expenses related to recruitment, certification, and qualification of staff assigned to CLIENT by STS. CLIENT agrees that it will not, directly or indirectly, solicit or employ any staff members of STS or induce any of STS' staff to leave STS' employment. This provision and related language under item 5 and sub-provisions thereof covers any form of employment or contracting directly or indirectly with CLIENT or affiliates whether during business hours or outside of business hours, whether related to the assignment classification or un-related. Prohibitions under item 5 and sub-provisions thereof also include the prohibition of directing of STS staff to other contractors or vendors of CLIENT, serving in any capacity for CLIENT to diminish or eliminate STS' ability to conduct commerce with CLIENT or



other STS clients and not have interference with its relationship between STS and the appointed staff to CLIENT. If STS staff initiates interest or conversations regarding open positions at the CLIENT or any affiliate of CLIENT or any contractor of CLIENT as they may become aware of while working at CLIENT location or remotely for CLIENT, CLIENT will refrain from engaging in such discussions and will refer STS staff member to appropriate STS representatives as well as update STS as to the nature of the inquiry. All violations of the prior circumstances or similar circumstances will subject the CLIENT to the fees outlined in section 5.2 of this Agreement.

5.2. If CLIENT or any affiliate or related party of CLIENT employs, solicits, discusses, or directs STS staff member to other vendors, agencies or any other arrangement of providing services to CLIENT other than through the contractual arrangement between STS and CLIENT without prior STS approval, either directly or indirectly prior to the staff member(s) completing a minimum of 160 working days within three consecutive school semesters and proper notice to STS, CLIENT agrees to pay STS \$17,500 dollars per staff member hired, solicited or directed by your organization, which shall represent reimbursement to STS for the costs and expenses incurred as noted above. CLIENT must notify and give at least 30 days' notice of its intent to convert STS staff whether the staff member has fulfilled the time requirement or not.

5.3. CLIENT shall be given the option to hire a contracted STS staff member through STS once that staff member completes a minimum of 90 working days, but less than 160 working days within the same semester or period. CLIENT agrees to pay STS \$7,500 dollars per staff member hired during a communicated plan with the appropriate STS Management and codified in writing. If CLIENT employs, solicits, discusses, or directs any STS staff member to other vendors, agencies or any other arrangement of providing services to CLIENT other than through the contractual arrangement between STS and CLIENT or without the prior knowledge and approval of STS, CLIENT will be subject to the fees outlined in section 5.2 of this Agreement. CLIENT must notify and give at least 30 days' notice of its intent to convert STS staff whether the staff member has fulfilled the time requirement or not.

5.4. If any current or prior staff of STS that has been introduced to CLIENT, including but not limited to a placement for an assignment or interview, terminates their work relationship with STS voluntarily or involuntarily, CLIENT or any affiliate or related party of CLIENT shall be prohibited from hiring such Contractor for a period of one (1) year following the conclusion of the last day of their work relationship with STS whether placed at CLIENT or any affiliate or related party of CLIENT or any other CLIENT of STS at the time of termination. Violation of this clause will make the Client subject to the fees referenced in section 5.2 of this Agreement.

6. **Student Records** STS understands that it may have access to Client School's student records and other personally identifiable information regarding its students ("education records") that are protected by state and federal law, including but not limited to, the Family Educational Rights and Privacy Act of 1974 ("FERPA"), 20 U.S.C. §1232(g), and its implementing regulations, 34 C.F.R. §99.1 et seq. STS represents and warrants that all substitutes assigned to CLIENT are and shall be provided with and instructed on the requirements, such as laws and regulations, of FERPA.

7. **Indemnification** STS shall indemnify, defend and hold harmless CLIENT from and against all taxes, penalties, fines, damages, sanctions, losses, assessments, liabilities, claims, costs, obligations, and other expenses (including legal costs and reasonable attorneys' fees), whether or not resulting from third party claims (collectively "Losses"), arising out of

any act or omission of STS or its employees or agents and any breach or other default of any agreement, representation, warranty or covenant on the part of STS contained in this Agreement or the performance and/or provision of any of the services contemplated by this Agreement

To the extent permitted by law, the CLIENT will defend, indemnify and hold harmless STS and all of its officers, managers, members, Contractors, agents, and representatives from and against any and all claims, liabilities, damages, losses, costs, and expenses (including litigation expenses and reasonable attorneys' fees) arising out of or resulting from the breach of any representation, warranted by the CLIENT of this Agreement. These indemnification obligations shall survive termination of the Agreement.

8. **Insurance** STS or its affiliates shall present evidence to the Client School that it maintains the requisite insurance. The insurance policy shall provide that the Client School receive from the insurer a minimum thirty (30) day written notice of termination or change of said policies. The Client School shall be named as additional insured. STS shall maintain the following insurance:

8.1. General Liability-STS shall maintain separate general liability insurance, as applicable. General liability insurance must have at least \$1,000,000 coverage per occurrence.

8.2. Professional Liability- STS shall maintain separate professional liability insurance, as applicable. Professional liability insurance must have at least \$1,000,000 coverage per occurrence.

8.3. Workers Compensation- STS shall maintain separate workers' compensation insurance as required by law. STS shall present evidence to CLIENT that it maintains the requisite insurance.

8.4. Umbrella Liability if applicable-If Contractor is providing transportation to students, STS shall maintain separate umbrella liability insurance, as applicable. Umbrella liability insurance must have at least a \$2,000,000 limit per occurrence

9. **Arbitration** Any and all disputes between the parties concerning any alleged breach of this Agreement or arising out of or relating to the interpretation of this Agreement shall first be communicated in writing to the other party and mutually discussed between the parties with an opportunity to cure. If no resolution can be ascertained through that mutual discussion, then the matter will be submitted to a single arbiter mutually agreed upon by the parties, or if no single arbiter can be agreed upon, an arbiter shall be selected in accordance with the rules of the American Arbitration Association and such dispute, difference, or disagreement shall be settled by arbitration in accordance with the then prevailing Commercial Rules of the American Arbitration Association.

9.1. The arbitration shall be conducted virtually. Any award, order, or judgment made pursuant to the arbitration shall be deemed final and may be entered by either party in any court having jurisdiction over the enforcement of the award or judgment. The parties agree to submit to the jurisdiction of any appropriate court for purposes of enforcement of the award, order, or judgment.

9.2. The arbitrator's award, which shall include a written explanation as to the final decision and award, shall be final and binding.

10. **Interpretation** Competent businesspersons are entering into this Agreement, and the parties have reviewed this Agreement. Therefore, any ambiguous language will not be construed against the drafter of this Agreement. The parties intend that this Agreement shall be construed and interpreted in a consistent manner.

- 11. Reasonable Attorney and Arbitration Filing Fees** If a dispute arises between the CLIENT and STS, the prevailing party may be awarded reasonable attorney fees and costs as well as Arbitration Filing and Registration fees incurred while advocating its case.
- 12. Governing Law** This Agreement shall be construed in accordance with California law.
- 13. Entire Agreement and Amendments** This Agreement constitutes the entire Agreement between the parties with respect to the subject matter, and no other agreement, statement, promise or practice between the parties expand or alter the terms of this Agreement. Only a written instrument signed by the parties may modify this Agreement.
- 14. Partial Invalidity** Should any term, warrant, covenant, condition or provision of this Agreement be held to be invalid or unenforceable, the balance of this Agreement shall remain in full force and effect as if the unenforceable part did not exist.
- 15. Captions** The captions and paragraph headings in this Agreement are for reference only and shall not be considered in the interpretation of this Agreement.
- 16. Modifications** No changes or modifications of this Agreement shall be valid unless it is in writings and signed by both parties.
- 17. COVID 19 Provisions** At any school or district requiring placed staff to work from a district or school facility where students or staff are present in addition to STS placed staff members, and the following shall apply. If any placed staff is forced to quarantine at home and is unable to work from home (due to school technology issues or due to illness symptoms related to COVID 19) while on assignment at the school/district, whether the exposure can be directly traced to the school/district or not, CUSTOMER will be billed for that staff member's equivalent assignment category for the period recommended by the state health department or Centers for Disease Control in the absence of State Health Department guidance. If any placed staff is notified after the period of their assignment that there was a potential exposure during their assignment at the school/district that necessitates a period of quarantine, CUSTOMER will be billed for that staff member's equivalent assignment category for the period recommended by the state health department or Centers for Disease Control in the absence of State Health Department guidance. CLIENT will immediately notify STS of any positive cases of COVID 19 occurring within the School District, whether occurring on a student, staff member, or vendor that has been in contact with the district. CLIENT will also enforce the State Health Department best practices and provisions to reduce infection transmission, such as hand washing, mask wearing and social distancing. CLIENT will maintain an adequate supply of masks, hand sanitizer, bathroom soap, etc., to accomplish the safety precautions needed to reduce the spread of infections, including COVID 19.
- 18. Clause Survivability Past Agreement Termination** Clauses 2,5,7,9,10,11,12, 14 and 17 shall apply and survive the termination of this Agreement and any other subsequent agreements unless otherwise agreed to in writing. Clause 8 shall apply and survive for only a period of 2 (two) years after the termination of this Agreement and any other subsequent agreements unless otherwise agreed to in writing.

---

END OF AGREEMENT