



Board Agenda Item #	III. B- Action Items
Date:	January 18, 2018
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Nanie Montijo, Chief Financial Officer
RE:	Charter Impact – STRS Analysis Agreement

Proposed Board Recommendation

I move that the board authorize Dr. Caprice Young, CEO and Superintendent of Magnolia Public Schools (MPS) to negotiate and sign contract agreement between MPS and Charter Impact.

Background

MPS is seeking a firm to review, analyze and adjust any incorrect STRS data for all MPS employees reported to County Offices and CALSTRS. The scope of the services includes analyzing data to prepare, correct, report and submit necessary adjustments and corrections covering fiscal years 2012-13 through 2016-17.

A Request for Proposal (RFP) was posted on December 21, 2017 with a closing date of January 5, 2018.

We only received one proposal from Charter Impact. MPS CEO and CFO had discussed the project coverage and expectations with Charter Impact President and CEO. The firm is fully aware of the sensitive and critical nature of the project.

Budget Implications

- Period Covered 2012-13 through 2016-17 = 5 fiscal years
- Estimated number of MPS employees per fiscal year under STRS = 222 employees
- Total Number of Schools (LACOE and OCOE) = 9 school sites
- Estimated Cost per school per year = \$3,050.00
- Total estimated cost of the project = \$137,625.

This expenditure is not included in the 2017-18 board approved budget.

Funding Source

Long Term Reserves for each school site.

How Does This Action Relate/Affect/Benefit All MSAs?

Completion of the project will provide correct STRS records and ensure accurate service credits to all past and current MPS employees.

Name of Staff Originator:

Nanie Montijo, Chief Financial Officer

Attachments (1)

Charter Impact Proposal




charter impact

PROPOSAL FOR PROJECT-BASED SUPPORT



**CHARTER IMPACT
15760 VENTURA BLVD., SUITE 960
ENCINO, CA 91436
888.474.0322**



December 22, 2017

Dr. Caprice Young, EdD
Chief Executive Officer and Superintendent
Magnolia Public Schools
250 E. 1st. Street, Suite 1500
Los Angeles, CA 90012

Dear Dr. Young:

Thank you for the opportunity to submit a proposal for consulting services for Magnolia Public Schools. We are thrilled at the possibility of working with you. Charter Impact provides a variety of business management services to charter schools and non-profit organizations nationally and we pride ourselves on our hands-on approach and top-notch customer service.

Our team is well-versed and experienced with the needs of charter schools, CMO's and complex organizational structures and we offer customized solutions accordingly. The company's style combines a professional and friendly feel, with personalized service being our number one priority. Our goal is to provide timely and accurate financial reporting as well as insight and guidance in a way that only an experienced financial advisor and CPA can. We also focus on providing the professional development and tools necessary to empower board members and executives to make the best business decisions possible for their organization.

Please contact me with any questions or comments regarding our proposal or our services. We are very excited about the opportunity to partner with your organization and greatly look forward to hearing back from you.

Sincerely,



Spencer C. Styles, C.P.A., M.P.A.
President and CEO
Charter Impact, Inc.

Contents

Collaboration as a Management Solution1
References2
Your Project Leads3
Services Proposed5
Term and Fees6

“The Charter Impact team has an uncanny ability to break down complex financial information. They do a great job balancing prudent fiscal management with creative problem-solving.”

VALERIE BRAIMAH, EXECUTIVE DIRECTOR
CITY CHARTER SCHOOLS

Collaboration as a Management Solution

Managing a charter school and providing specialized education to your local community is a righteous endeavor and one that only a team of highly qualified educators can tackle. However, navigating the financial and operational side of the organization can be a daunting task. School funding, regulations and reporting are constantly changing. Managing and monitoring these areas while staying in compliance with internal controls and avoiding audit findings is labor intensive, and it takes your time away from the classroom. **We can help.**

Charter Impact is a mission-driven business partner dedicated to empowering charter schools and non-profits with professional, personalized financial management and operational support. Our number one priority is to provide **timely, accurate financial information** with **dependable, responsive customer service** at an affordable cost.

Our model of service resembles more of a hand-in-hand partnership than a “back” office company. **We stand with our clients, not behind them**, and help navigate from start-up through strategic growth and into long-term sustainability. We believe that what separates us from other firms is our ability to go a step beyond producing financial statements. As a team of experienced CPA’s, financial advisors, and other business professionals focused on nothing but charter school and non-profit business management, we can offer the type of high-level professional and personal support that no one else can.

We highly encourage you to contact our references. From the perspective of a school leader, they can speak very clearly about what it means to work with a business management firm as a true partner to their mission.

References

Laura Herman, lherman@tpaa.org, (661) 273-3680

Headmaster, The Palmdale Aerospace Academy, Palmdale, CA

Valerie Braimah, vbraimah@citycharterschool.org, (818) 877-3557

Executive Director, City Charter Schools, Inc., Los Angeles, CA

Ben Paul, ben@as-as.org, (323) 938-3232

President and CEO, After-School All-Stars, Serving Students Nationally

Raul Carranza, rcarranza@teachpublicschools.org, (323) 754-5500

Superintendent of Schools, TEACH Public Schools, Los Angeles, CA

Kathleen Brown, kathy.brown@newspiritfresno.org, (559) 221-6300

Executive Director, New Spirit Charter Academy, Fresno, CA

Kristin Kraus, kkraus1389@gmail.com, (909) 888-3300

Director of Finance and Operations, SOAR Charter Academy, San Bernardino, CA

Brent Bishop, brentbishop@highland-academy.org, (951) 266-0220

Director, Highland Academy Charter School, Beaumont, CA

Lindsay Sturman, lindsay.sturman@gmail.com,

Founder, Larchmont Charter School,

Valley Charter Schools, City Charter

Schools, Los Angeles, CA

“Charter Impact’s expertise and support have made it possible for us to focus on ensuring that our programs can grow and thrive. They are critical to our ongoing success.”

DR. LAURA HERMAN, HEADMASTER
PALMDALE AEROSPACE ACADEMY

Your Project Leads

Below you will find bios for members of our team who will be working directly with your organization and managing the project. For more information on the rest of our leadership team, please visit our website at www.charterimpact.com.

Spencer Styles, C.P.A, M.P.A., President & CEO

As President and CEO, Spencer spearheads Charter Impact's initiatives and is responsible for the long-term growth and sustainability of the company. In addition to internal operations oversight, Spencer guides new schools through the start-up and grant application process, directs and manages the strategic growth of existing schools, and bolsters established schools in their navigation and execution of facility financing.

Prior to Charter Impact, Spencer was the Vice President of Finance for Alliance College-Ready Public Schools, a network of 28 free public high schools and middle schools serving over 12,000 students in low-income communities in California with historically under-performing schools. His primary areas of concentration included maintaining all accounting systems, designing and implementing the internal control framework, developing cash flow projections and forecasts for organizational growth, and providing guidance on fiscal best practices.

Before working in the charter school world, Spencer was a practitioner in public accounting for several years and has experience leading audits and reviews of privately-held companies, publicly-traded companies, governmental agencies, not-for-profit organizations and employee benefit plans. He has also provided a wide variety of technical consulting including litigation support, due diligence testing for mergers and acquisitions, internal control design and implementation, stock option valuation and Sarbanes Oxley Section 404 compliance and implementation.

Spencer earned a Bachelor of Business Administration in Accounting with a minor in Mathematics, and a Master of Professional Accountancy degree with an emphasis in Finance, both from the University of Wisconsin-Whitewater. He is an actively licensed CPA.

Maylen Naranjo, M.B.A. – Director of Operations

Maylen is responsible for the administration of company-wide operations and management of the Payroll team at Charter Impact. She has been working with charter schools in several capacities for over a decade. In 2007, she joined the charter world as a payroll administrator at Partnerships to Uplift Communities (PUC), a non-profit charter school organization consisting of 16 schools serving the Northeast San Fernando Valley and Northeast Los Angeles. While there, she advanced to become the manager of PUC's Accounting department.

After her time at PUC, Maylen joined the team at a financial management services provider specializing in charter schools, where she played a leading role in managing both client services and personnel. She continues that work here at Charter Impact today, where she oversees and implements efficient operational systems, processes and policies in support of our growing company's mission and our expanding team. She is passionate about providing excellent service and personalized support to the great organizations we serve, and is confident that the work we do helps these schools offer the best possible education to underserved students.

Maylen earned a Bachelor of Science in Accounting and a Master of Business Administration from the University of Phoenix.

Services Proposed

Payroll is one of the most sensitive and critical areas of an organization's business office. Our payroll team is well versed in the specifics of charter school payroll issues and have the depth of experience to handle any and all processing nuances that inevitably arise. We are also well suited to address historical reporting issues and re-processing of data submissions to STRS. The following is a step-by-step process that we would take in our proposed work with Magnolia Public Schools.

1. Charter Impact Responsibilities

- Download requisite reports from CALSTRS, per employee, per month.
- Analyze the resulting data to identify errors by comparing payroll registers against the CALSTRS database.
- Determine the correct salary amount per year that should have been reported using reports provided (or by analyzing pay trends where reports are not available).
- Determine if there are any other earnings such as stipends that were incorrectly reported and require correction.
- Create a tracking tool in Excel that reverses the incorrectly reported earnings using the identical coding that was initially reported.
 - Note: This process must be done separately by employee, by month.
- Calculate the correct earnings to be reported per employee per month.
- Prepare separate correction reports for each school by year.
- Submit the reversing and corrected data for each month to Hess & Associates for conversion to LACOE format, then subsequently submit to LACOE for final submission through to CALSTRS.

2. Magnolia Public Schools Responsibilities

- Provide Charter Impact a CALSTRS login that allows access to all schools requiring STRS corrections.
- Provide copies of check registers for all periods being corrected including names and social security numbers for all employees.
- Ensure staff with the most knowledge regarding employee pay/employee records are available to answer questions that may arise during the analysis of the information provided.
- Approve any and all estimated calculations to be submitted where original payroll data is not available.

Term and Fees

The term of the initial contract would be from January 1, 2018 through the completion of the project and would be cancellable with 30 days' notice.

Estimated Time

Based on the steps involved, we estimate it will take 1.50 hours per employee per year (or 37.50 hours per school, per year on average). The estimated hours below is based on the last 5 years for each school (2012-13 – 2016-17). Additional years can be added using the same time estimate of 1.5 hours per employee per year.

Total Employees per Year	222
# of Years	5
Total Employee-Years	1,110
Correction Time / Employee / Year	1.50
Total Project Hours	1,665

Estimated Cost

Proposed fees for services would be based on the actual time incurred. Due to the size of the project, we will offer a 25% reduction in our standard hourly rates.

Level	Standard Rate	Discounted Rate
Clerk	\$100.00	\$75.00
Staff/Associate	\$150.00	\$112.50
Senior	\$175.00	\$131.25
Director	\$200.00	\$150.00
Executive	\$250.00	\$187.50

Position	Hours	Rate	Total
Clerk	1,665	\$75.00	\$124,875
Director (5% for oversight)	85	\$150.00	\$12,750
Estimated Total Cost			\$137,625
<i>Total cost per school, per year</i>			<i>\$3,050</i>

"The Charter Impact team has been extremely attentive and patient. They are willing to go above and beyond so we truly understand our budget and how funding works."

KRISTIN KRAUS, DIRECTOR OF FINANCE & OPERATIONS
SOAR CHARTER ACADEMY