

Stanford Alumni Consulting Team



Final Review

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March 8, 2024



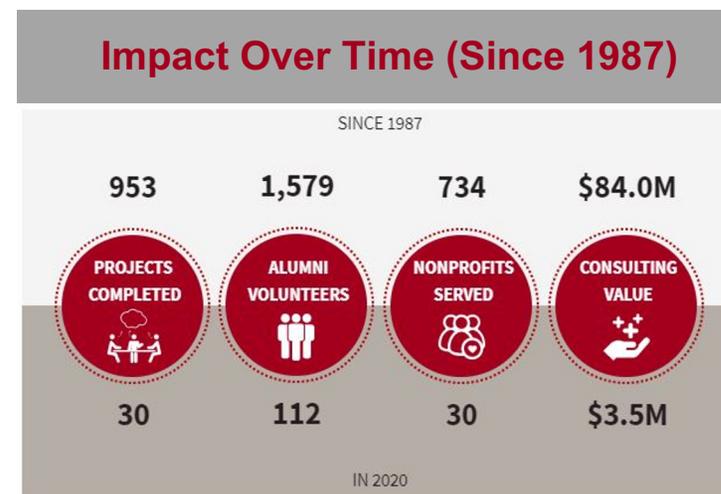
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STANFORD GRADUATE SCHOOL OF BUSINESS | Alumni Consulting Team
BUSINESS

Stanford Alumni Consulting Team

Who We Are

- Stanford Alumni Consulting Team (ACT) provides pro bono management consulting to nonprofits through a network of Stanford Graduate School of Business (GSB) alumni volunteers
- Project teams typically consists of GSB alumni with relevant background, interests and expertise to meet the specific needs of client
- Founded by GSB alumni in 1987, sponsored and operated by the School of Business
 - Contributes \$3 million in pro bono consulting services to the Bay Area annually



ACT is the largest pro bono resource in the San Francisco Bay Area

Service also provided in Dallas/Fort Worth, Texas; Monterey County, California; and Pasadena, California.

Review of Project Plan & Scope

Project Objective & Timeline

- Provide OMI and its Board with a financial planning tool to assist in evaluating different decisions/scenarios regarding the future of the school.

Month	Activity	Status
September	Project kickoff	✓
September	Finalize project scope, determine OMI/ACT points of contact	✓
September/ October	Conduct BOT, Staff interviews, data gathering & analysis, external GSB consultation	✓
November	Develop model, stress test	✓
December	Mid Term check in	✓
January	Incorporate Feedback from Mid Term	✓
March	Final presentation & recommendations	✓

Recap

- **Financial Model**
 - 6 Year model
 - Key assumptions as to enrollment, faculty salaries, staffing levels, student support, facility needs/costs
 - Year 0 based on 2023-24 Revised Budget/current staffing
 - The Model is a tool to run different scenarios
- **Example**
 - Increase faculty salaries by 4%/3%/2%/2%/2%/2%
 - Total enrollment of 617 reached in year 6
 - Class size = 30
 - Funding for Summer and Saturday programs
 - Result: \$1.1MM cumulative short-term cash need, recovered by Year 6

Mid-Term Follow-Up / Interviews

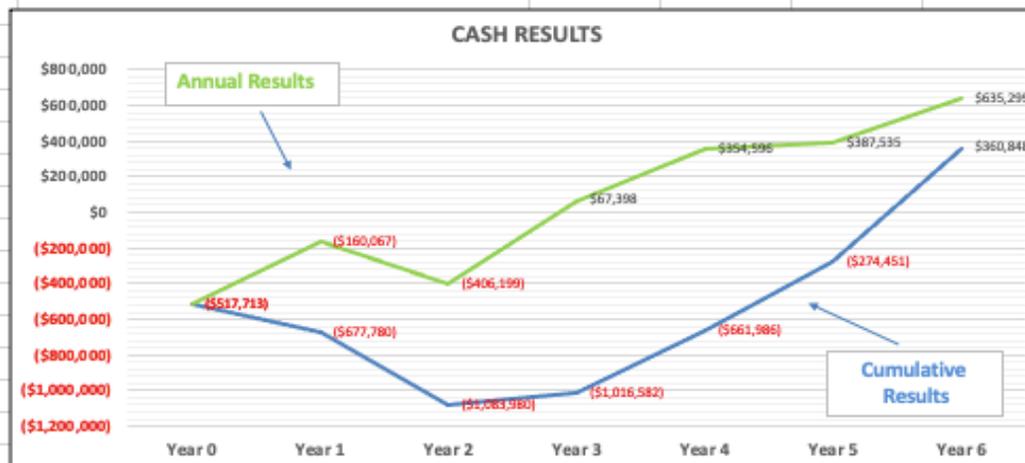
- **In January/February:**
 - Further Interviews /Feedback
 - Superintendent – Mary Streshly
 - Consulting CFO – Jacque Eischens
 - Board Member – Marc Mares
 - Model Adjustments
 - Focus Primary Assumptions on Enrollment / Attrition/Class Size variables
 - Highlight Key Metrics/economic consequences
 - Tie to 2024 Updated Budget

Model Example – Key Metrics

OMI KEY METRICS

		(ACTUAL)						
I.	ENROLLMENT	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	NEW STUDENTS		116	110	110	106	106	110
	GRADUATED		-65	-68	-87	-75	-80	-81
	ATTRITION		-18	-18	-18	-18	-18	-20
	TOTAL ENROLLMENT	520	553	578	584	598	607	617
		(ACTUAL)						
II.	CERTIFICATED TEACHERS	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
	Target Class Size	28.0	30.0	30.0	30.0	30.0	30.0	30.0
	# Teachers based on Target Class Size	24.3	21.0	21.0	21.0	21.0	21.0	22.0
	Annual Certified Teacher Salary Increase %		4.00%	3.00%	2.00%	2.00%	2.00%	2.00%
	TOTAL FACULTY AND PAID STAFF	61.4	59.7	60.9	61.4	62.2	62.7	64.3

III. CASH RESULTS



Model Example - Enrollment

OMI COLLEGE PREP	2023	2024	2025	2026	2027	2028	2029
Primary Assumptions	2024	2025	2026	2027	2028	2029	2030
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6

REF	Student Enrollment						
	New Students	(YR 0 ACTUAL)	New Students				
1	6th Grade	77	90	90	90	90	90
2	7th Grade	75	2	2	2	2	2
3	8th Grade	76	5	5	5	5	5
4	9th Grade	71	10	10	10	6	6
5	10th Grade	88	7	2	2	2	2
6	11th Grade	68	1	1	1	1	1
7	12th Grade	65	1	1	1	1	1
8	Total	520	116	110	110	106	106
	Attrition		Attrition From End Of Prior Year Class				
1	6-7		-5	-5	-5	-5	-5
2	7-8		-3	-3	-3	-3	-3
3	8-9		-5	-5	-5	-5	-7
4	9-10		-2	-2	-2	-2	-2
5	10-11		-2	-2	-2	-2	-2
6	11-12		-1	-1	-1	-1	-1
7	Total Attrition		-18	-18	-18	-18	-20
8	Targeted Enrollment	(YR 0 ACTUAL)	Target				
9	6th Grade	77	90	90	90	90	90
10	7th Grade	75	74	87	87	87	87
11	8th Grade	76	77	76	89	89	89
12	9th Grade	71	81	82	81	90	92
13	10th Grade	88	76	81	82	81	90
14	11th Grade	68	87	75	80	81	89
15	12th Grade	65	68	87	75	80	81
16	Total	520	553	578	584	598	617

Model Example – Staffing/Capital Outlay

OMI COLLEGE PREP		2023	2024	2025	2026	2027	2028	2029	
Primary Assumptions		2024	2025	2026	2027	2028	2029	2030	
		Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Certificated Teachers									
17	Target Class Size	28.0	30.0	30.0	30.0	30.0	30.0	30.0	28 = ideal
18	Annual Certified Teacher Salary Increase %		4.0%	3.0%	2.0%	2.0%	2.0%	2.0%	
19		(ACTUAL)							
Academic Support Programs									
20	Program Salaries	55,000	60,000	60,000	60,000	60,000	60,000	60,000	e.g. Summer, After-school, Saturday
OTHER LOCAL REVENUES									
21	8600-8799 - All other Local Revenues/Donations	255,434	5,000	5,000	5,000	5,000	5,000	5,000	New Grants, Donations, etc.
Capital Outlay									
22	IP Phone	25,361							
23	Network Wifi System	-	-	180,000	-	-			
24	Staff Computer Refresh	24,743	25,000	25,000	25,000	25,000	180,000	180,000	
25	Van Replacement	-	100,000	-	-	100,000	103,000	103,000	
26	Chromebook Refresh	55,567	75,000	75,000	75,000	75,000			
27	Kitchen Remodel	248,092							
28	Security System	83,681					125,000		
29	Technology Infrastructure	101,482	-	-	-	-			
30	OTHER								
	TOTAL	538,926	200,000	280,000	100,000	200,000	408,000	283,000	

Model Example

OMI FORECAST MODEL							
	2023	2024	2025	2026	2027	2028	2029
	2024	2025	2026	2027	2028	2029	2030
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Enrollment	520	553	578	584	598	607	617
Revenue							
LCFF Sources							
Subtotal - LCFF	\$7,175,590	\$7,931,624	\$8,562,944	\$8,927,826	\$9,430,732	\$9,883,777	\$10,373,122
Federal Sources							
Subtotal - Federal Sources	\$956,743	\$661,303	\$713,939	\$744,361	\$786,291	\$824,064	\$864,864
Other State Sources							
Subtotal - Other State Sources	\$2,794,972	\$1,727,468	\$1,471,019	\$1,533,254	\$1,619,031	\$1,690,803	\$1,774,267
TOTAL REVENUES	\$10,927,305	\$10,320,395	\$10,747,902	\$11,205,441	\$11,836,054	\$12,398,645	\$13,012,253
Expenditures							
Certificated Salaries							
Total, Certificated Salaries	\$3,825,595	\$3,734,072	\$3,905,681	\$4,018,203	\$4,149,998	\$4,269,862	\$4,505,332
Non-Certificated Salaries							
Total, Non-Certificated Salaries	\$1,060,702	\$1,198,730	\$1,237,467	\$1,270,727	\$1,308,713	\$1,344,390	\$1,381,286
Employee Benefits	\$2,010,887	\$1,949,129	\$2,028,379	\$2,083,567	\$2,146,731	\$2,205,495	\$2,311,517
Books and Supplies	\$1,038,788	\$1,048,176	\$1,119,431	\$1,158,499	\$1,213,967	\$1,261,781	\$1,313,217
Services and Other Operating Expenditures	\$2,889,365	\$2,269,599	\$2,502,387	\$2,426,291	\$2,381,293	\$2,440,826	\$2,501,846
Capital Outlay	\$538,926	\$200,000	\$280,000	\$100,000	\$200,000	\$408,000	\$283,000
Depreciation Expense	\$453,179	\$492,898	\$485,231	\$468,043	\$461,377	\$472,911	\$484,734
Interest Expense	\$24,214	\$23,083	\$21,930	\$20,754	\$19,553	\$18,329	\$17,081
Principal Payment	\$56,542	\$57,673	\$58,826	\$60,002	\$61,203	\$62,427	\$63,675
TOTAL EXPENDITURES	\$11,898,197	\$10,973,360	\$11,639,332	\$11,606,087	\$11,942,835	\$12,484,022	\$12,861,689
TOTAL OPERATING RESULTS	(\$970,892)	(\$652,965)	(\$891,430)	(\$400,645)	(\$106,781)	(\$85,377)	\$150,565
Add back Depreciation	\$453,179	\$492,898	\$485,231	\$468,043	\$461,377	\$472,911	\$484,734
NET INCREASE (DECREASE) IN CASH	(\$517,713)	(\$160,067)	(\$406,199)	\$67,398	\$354,596	\$387,535	\$635,299
CASH BALANCE							
Beginning Cash Balance							
As of July 1	\$0	(\$517,713)	(\$677,780)	(\$1,083,980)	(\$1,016,582)	(\$661,986)	(\$274,451)
Ending Operating Cash Balance, June 30	(\$517,713)	(\$677,780)	(\$1,083,980)	(\$1,016,582)	(\$661,986)	(\$274,451)	\$360,848

Conclusions & Recommendations

- **Initial Insights/Recommendations**

- Model Example
 - The School will burn about \$1.1 million before turning cash positive in year 3, and not recover that “investment” until Year 6
 - The Model is only a tool.
- Focus on:
 - Increasing school /enrollment
 - Be realistic (New Students/Attrition by class in relation to class size)
 - Getting to 600 needs to be strategic, looking at each class
 - Need full 6th grade classes plus offsets to attrition
 - Visibility/marketing
 - Improve access
 - Attracting and retaining the best faculty and staff –
 - Requires successive faculty increases
 - Funding increased student support to improve learning results
 - Enhanced Summer programs, Saturday Program, faculty/student relationships
- OMI should consider engaging a consultant to provide a formal strategic plan (e.g. ACT Full Team Project?).

- **Final Steps**

- Formal hand-off of the Model

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QUESTIONS?

March 8, 2024



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