



Human Resources <hr@aimschools.org>

Re: Swing and AIMS 17-18 Year End Report and Prepay

Jerry Lee <jerry@swingeducation.com>

Wed, Aug 29, 2018 at 5:59 PM

To: Alma Morales <alma.morales@aimschools.org>, Human Resources <hr@aimschools.org>, Peter Saechao <peter.saechao@aimschools.org>

Cc: Melanie Reeves <melanie@swingeducation.com>

Peter and Alma,

Thanks for the calls today.

I wanted to lay out the three options we discussed for your finance committee and share some context on where we are:

Overall Context

- AIMS has set the daily rate paid to subs at \$160/day, which after our current 25% service fee ($\$160 \times 1.25$), meant \$200/day filled by Swing invoiced to AIMS
- For the 17-18 school year, Swing filled 736 sub days for AIMS schools at a 91% fill rate for a total billing of **\$142K+**
- For this school year, Swing has already filled 139 sub days for AIMS at a 99% fill rate in the month of August 2018 alone, for a total billing of **\$28K+**
- Swing is in the process of moving all our school partners to a Prepay model (with the option of remaining pay-as-you-go at a higher fee). This is the standard way we do business with new schools and we're working closely with our existing partners on an option that works for them

Option 1 - Prepay

- This is our preferred option that keeps the service fee at 25%. We believe it has multiple and mutual benefits in 1) minimizing accounting overhead and weekly invoices and 2) increasing sub budget controls for our school partners
- We typically ask our school partners to prepay for 3 months worth of anticipated service based on the prior years usage (**\$50K**).
- Given the strong, positive partnership to date and feedback from Peter and Alma, we agreed to lower that number to \$7,500 per school or **\$35K total**. That proposal is reflected in the attached addendum.

Option 2 - Deposit

- We don't typically offer this option, but our Head of Finance is open to extending it to AIMS: this option would also keep the service fee at 25% for a deposit of **\$15K**
- The Deposit will be held by Swing, and applied to the School's invoices during the last 3 months of the school year and any Deposit balance remaining on June 30th of each year will be returned to AIMS. The Deposit will be fully refundable to the School within 30 days of the written termination of the Contract by either party. All or any portion of the Security Deposit may be used by Swing Education to (i) cure AIMS default in payment of invoices, (ii) pay SwingSub(s) for work completed at AIMS in advance of the Amount Due being collected from the school.

Option 3 - Pay-As-You-Go at Higher Service Fee

- We definitely want to give our school partners the option of staying Pay-as-you-go. We will be increasing our service fee (what Swing makes per successful fill) from 25% to 35% of the daily pay rate to subs, for the schools that want to stay on that billing model. Here's the math on a per Swing fill basis:
 - AIMS determines and sets the daily pay rate paid to subs at \$160/day (you can change this rate, but it may affect your fill rates)
 - Pay-as-you-go option (35% fee): $\$160 \times 1.35 = \$216/\text{day}$ for each Swing Sub fill

The recruitment fee change isn't on the table as that one-time \$2500 charge is already well below market, used to defray the costs of losing a strong sub from our pool and because a portion of that fee is shared with our subs to celebrate their full-time offer and acceptance.

We've done our best to be flexible and responsive to your feedback and hope you can also appreciate the concessions we're making on our end to find an option that works for both AIMS and Swing. Please let me know if you have any follow-up questions.