



TO: School Performance and Accountability Committee

FROM: Ashley Thomas, General Counsel, and Beth Figueroa, Director of Authorizing

DATE: February 10, 2022

SUBJECT: Nashville Collegiate Prep Emergency Amendment Petition

Background

ReThink Forward, Inc. ("Governing Board") entered into a charter agreement with the Tennessee Public Charter School Commission ("Commission") on December 16, 2020 to establish and operate Nashville Collegiate Prep ("NCP") in the Southeast region in Nashville, TN serving kindergarten through fifth in the opening year, with subsequent expansion through the eighth grade through the addition of a grade level annually. The maximum enrollment under the current agreement is 770 when the school is fully serving grades K-8. Subsequent to the signing of the charter agreement, NCP secured a facility in Antioch, TN, which allowed them to begin operations as agreed upon in the 2021-2022 school year. The school opened in August 2021 serving students in grades K-5 with an enrollment of 322.

However, the current facility's maximum student capacity is 478, and the school leadership determined that the facility can only accommodate the proposed enrollment levels in grades K-4, and one class in grades 5-6. In the search for a facility to house grades 5-8 in the long-term, the school identified a land opportunity that would allow the school to build a new facility and serve through grade 12. As a result, the school's governing board approved a resolution to move forward with an emergency amendment petition to add grade levels 9-12 and increase the student enrollment thresholds set forth in the original charter school's charter agreement to 1,668 to accommodate the addition of these grade levels.

Pursuant to T.C.A. 49-13-110(d), the governing body of a public charter school may petition the authorizer to amend the charter agreement. The Commission is charged with determining the timelines for approval of amendment petitions and the process for reviewing these petitions. Under Commission rule 1185-01-01-.04, a public charter school may petition for the addition or removal of a grade level or levels as well as changes in student enrollment, both being identified as material modifications to the charter agreement. Moreover, the governing board may file an emergency amendment petition outside of the established fall and spring amendment timelines should an extraordinary or unanticipated event occur. Upon receipt of an amendment petition, the Commission is responsible for reviewing and scoring the amendment application in accordance with the Department of Education's scoring rubric and must act on the petition within sixty (60) calendar days of receiving the petition.¹

Commission staff independently reviewed the amendment petition, applications, attachments, and budgets submitted by NCP. After the independent review, staff collectively drafted follow up questions for the operator related to academics, operations, and financial items. NCP responded to these

¹ Tenn. Comp. R. & Regs. 1185-01-01-.04(1)(h).



additional questions on January 21, 2022. The additional records were reviewed, and Commission staff then conducted a 90-minute discussion on February 1, 2022 with the representatives from the school's charter management organization, Noble Education Initiative, and a board member of ReThink Forward. During this call, the representatives responded to questions from Commission staff and provided further information regarding the petition. All of this information is incorporated in the findings of fact detailed below.

Findings of Facts

The Commission strives to be first in class, and it is our desire to support the charter schools in our portfolio to best set them up for success. Recommendations for approval or denial of each amendment requested in an amendment application will be based on the materials submitted as well as the authorizer's due diligence. The Tennessee Department of Education's amendment petition scoring rubric lays out the characteristics of a strong amendment petition, and the staff has provided evidence within the record under each characteristic.

1. Alignment of proposed amendment with the school's mission and goals.

The mission of NCP is "to provide a personalized, engaged, supported, and challenging environment that will strengthen students academically, socially, and emotionally. Students will leave NCP with the skills and mindset necessary to not only face reality but create improvements for the next generation." The school's vision further supports the mission by stating that NCP will "inspire and equip a generation of self-directed critical thinkers to influence the world around them." The mission and vision provide the roadmap for the school, and within its amendment petition, the operator stated that it has always been a part of the future plan to expand into serving high school students. The operator states that the land and facility opportunity would allow them to fulfill this mission.

2. Academic results provide compelling support for the proposed amendment.

In response to this prompt in the application and based on staff requests, the operator provided internal assessment data for NCP. The information provided includes i-Ready assessment data from the 2021-2022 school year and growth benchmark data for subgroups, and TVAAS data for the three schools operated by Noble Education Initiative under the Knowledge Academy umbrella.

Overall, students at NCP showed growth within semester one both in math and ELA, and across subgroups. NCP's i-Ready Benchmark assessment data highlights are:

- Reading Benchmark Grade-Level Gains
 - *Key: Grade level gains are when a student moves a grade-level regardless of their current tier placement.*

Grade	Reading Gain
K	1%
1	29%
2	46%
3	67%
4	56%



Grade	Reading Gain
5	61%

- Math Benchmark Grade-Level Gains
 - *Key: Grade level gains are when a student moves a grade-level regardless of their current tier placement.*

Grade	Math Gain
1	29%
2	51%
3	67%
4	40%
5	61%

- Subgroup Comparison data by subgroup
 - *Key: Tier 1 refers to students requiring the least amount of intervention as they are at or are approaching grade level.*

Subgroup	Test 1 % in Tier 1	Test 2 % in Tier 1
Reading		
Students with Disabilities	0%	40%
English Language Learners	17%	45%
Economically Disadvantaged	17%	42%
Math		
Students with Disabilities	0%	20%
English Language Learners	8%	30%
Economically Disadvantaged	5%	27%

The operator also provided TVAAS data from 2020-2021 of schools both operated by Noble Education Initiatives and other surrounding traditional public middle and high schools.

- Schools operated by Noble Education Initiative
 - Knowledge Academy at the Crossings (middle) – TVAAS 3
 - Knowledge Academy (middle) – TVAAS 3
 - Knowledge Academies High School – TVAAS 2
- Other Public Middle/High Schools within the South/Southeast Region of Nashville
 - Antioch Middle School – TVAAS 2
 - Intrepid College Prep Middle School – TVAAS 2
 - John F. Kennedy Middle School – TVAAS 1
 - LEAD Southeast Middle School – TVAAS 1
 - Oliver Middle School – TVAAS 1
 - Antioch High School – TVAAS 1
 - Cane Ridge High School – TVAAS 1



- John Overton High School – TVAAS 1

3. Realistic and detailed budget that explains the financial impact of the proposed amendment and clear evidence that the financial outlook of the school supports the costs associated with the proposed amendment.

NCP provided a five-year financial projection which incorporated the financial impact of the proposed amendment application. While the school projects that it will maintain a positive net position based on an annual surplus of revenue over expenses, the revenue is based on enrollment materializing at the projected amounts. The operator explained that NCP requires a K-12 grade level expansion to generate the revenue that is required to cover the cost of the new facility. While staffing costs and management fees would decrease as the school grows, the operator's main contingency plan, should enrollment not materialize as projected, would be to delay the construction of "Phase 2" of the new facility which is currently projected to house grades 9-12. Under this contingency plan, the operator stated they would continue to build out through 12th grade in "Phase 1" of the facility.

Below are the main budget observations from the information submitted:

- BEP funding per student was projected utilizing an accurate per pupil rate.
- Federal revenues are not included in revenue projections, and the school will receive federal grants as a part of the Commission's district.
- Management fees are projected at 10% of revenue.
- Lease expenses are projected at 15% of revenue.
- A \$1 million loan will be accessed to fund the necessary capital expenses to outfit the new campus.

4. Thoughtful and realistic facility plans that accommodate the proposed amendment.

Noble Education Initiative is working with the development company, Ryan Company, to enter a fixed price contract for the land and the construction of the campus. Noble Education Initiative and Ryan Company expect to use funds from Hamlin Capital Management to finance the project. The development company would be the owner of the land, and NCP would enter into a long-term lease for the new campus effective August 1, 2023 when it occupies the facility.

The lease will scale in subsequent years based on the projected total cost of the development, which is currently \$30 million total for both phases of the building. The project would be completed in two phases: Phase 1 which is projected to house grades 5-8, and Phase 2 which is projected to house grades 9-12. Phase 1 is projected to open in School Year 2023-24, and then the school will immediately begin construction of Phase 2. The full campus is projected to be completed by August 2024.

The school's projected facility plan includes the following details:

- The current facility, which is under a twenty (20) year lease, will continue to serve grades K-4.
- NCP will lease the new facility, and therefore will not take on the liability of the building.
- Per recent discussions with NCP, the purchase price of the land is \$2 million and is located at 14446 Old Hickory Blvd (approximately 2 miles from current campus).



- Phase 1 of construction will house grades 5-8 and will include classrooms and a multi-purpose room.
- Phase 2 of construction will house grades 9-12 and include the addition of classrooms, gym, and performing arts space.
- Total cost of Phase 1 and Phase 2 is approximately \$30 million but is subject to change based on material and labor costs.
- The cost of construction will be financed by Hamlin Capital Management.
- As part of the lease agreement, NCP agrees to cover all expenses of the property including real estate taxes, building insurance, and maintenance.

The school stated that it has no current viable backup for a facility to house the current approved enrollment in grades 5-8 in the long-term should this petition be denied. Noble Education Initiative has approached the owners of the facilities in the near vicinity of the current facility, and no facility owner is interested in selling/leasing their property. If the petition is denied, the operator stated they will have to go back to the drawing board on the long-term facility plans to serve the current approved K-8 school.

5. Detailed implementation plan with a realistic timeline that addresses the operational impact of the proposed amendment.

In order to successfully purchase the land that was identified by Noble Education Initiative and secure the funding, the amendment application outlines the implementation timeline below. The primary deadlines related to facilities include:

- February 14, 2022 – Commission approves amendment petition
- March 30, 2022 – Closing on purchase of land
- March 2022 – July 2022 – Submittal and approval of permits related to grading and building
- September 2022 – July 2023 – Construction and building of Phase 1 of the new facility
- July 15, 2023 – Substantial completion/certificate of occupancy
- August 2023 – First day of school
- July 2023 - August 2024 – Construction and building of Phase 2 of the new facility

Additionally, NEI stated it will begin recruiting and hiring staffing as soon as the petition is approved, and this will be done centrally by NEI to include positions available at both NCP and Rutherford Collegiate Prep.

6. Clear evidence of support for the proposed amendment from parents, staff, and community partners.

In the petition, the operator requests to expand from serving K-8 to serving K-12 and to increase the school's the maximum enrollment from 770 to 1,668. NCP provided the following evidence of support from parents, staff, and community partners:

- One (1) Letter of support from MNPS School Board Member representing Southeast Davidson County
- Eight (8) letters from community partners expressing support for grade level expansion



- One-Hundred and seven (107) survey results from NCP parents, with 98% indicating a high-quality high school option is needed in Southeast Nashville
- Twenty (20) external Facebook survey results demonstrating 100% of respondents support for a new high school in Southeast Nashville

Current enrollment for NCP is approximately 308, but throughout the discussion of the amendment petition, the school emphasized that there is interest from various sources in the expansion of NCP to a K-12 model. At this time, since the Commission has limited enrollment trends for the school with it opening in August 2021, staff has limited data to ascertain whether the provided evidence of support is sufficient to support the projected enrollment included in the amendment application. As a contingency plan should the school not meet enrollment projections, the operator stated it would not roll out Phase 2 of the facility.

7. FOR EMERGENCY PETITIONS ONLY: Compelling evidence of unanticipated extraordinary circumstances supporting the filing of an emergency amendment application.

In justifying the need for an emergency amendment petition, the governing board stated that it was presented with an opportunity to build a campus located 5 minutes from its current location. This opportunity presented itself at an opportune time based on the current campus design which only accommodates grades K-4. The new campus allows NCP to support grades 5-8, as planned in the original charter application, and also expand to serve grades 9-12.

In order to secure financing for the property, NCP must be able to provide an amended charter agreement authorizing the school to expand into the proposed school design. If the petition is approved, the operator intends to close on the property in March of 2022 in order to allow adequate time to build the new campus and open in August 2023. The current NCP campus will support serving grades K-6 in the 2022-23 school year by limiting enrollment in grades 5 and 6. However, it is not feasible for the current campus to serve all of the existing students as they matriculate into the 2023-24 school year.

The governing board stated that the purchase of the land and real estate opportunity will provide NCP with a long-term facility solution it needs to serve the grades that they are currently approved to serve, and the addition of grades 9-12 allows for the school to achieve the sufficient financial means necessary to support the additional cost of the new facility. The school has known since securing the current building spring 2021 that it would need additional facilities, and school representatives have been actively engaged in a facility search to house the middle school since that time. The school states that this is the best long-term facility that they currently have.

Recommendation

The Commission staff will use the discussion of the School Performance and Accountability Committee and additional information collected at the committee meeting to make a recommendation on this petition to the Commission.