



TENNESSEE
STATE BOARD OF EDUCATION

RECOMMENDATION OVERVIEW

KNOWLEDGE ACADEMIES REVOCATION APPEALS

OCTOBER 28, 2019

STATUTORY CHARGE

REVOCATIONS AND REVOCATION APPEALS

THE REVOCATION DECISION

- Pursuant to T.C.A. § 49-13-122(b), a charter school authorizer may revoke a charter agreement if it determines one of the following:
 - The charter school committed a material violation of any conditions, standards, or procedures set forth in the charter agreement;
 - The charter school failed to meet or make sufficient progress toward the performance expectations set forth in the charter agreement; or
 - The charter school failed to meet generally accepted standards of fiscal management.
- In the case of the charter agreements for Knowledge Academies (Knowledge Academy, KA @ The Crossings, and Knowledge Academy High School), Metro Nashville Public Schools (MNPS) cited all three reasons in the revocation decisions.

STATE BOARD'S PROCESS

- Pursuant to T.C.A. § 49-13-122, a charter school that has its charter agreement revoked may appeal the decision to the State Board.
- Pursuant to T.C.A. § 49-13-122 and State Board Policy 6.110, the State Board staff conducted the following process:
 - Requested documentation on three different occasions from MNPS and Knowledge Academies to gather evidence regarding the allegations cited by MNPS in the revocation decisions;
 - Held a public hearing for each revocation appeal on October 2, 2019 and accepted both written and oral public comment; and
 - Did a complete review of the record.

STANDARD OF REVIEW

- In order to overturn a local board of education's decision to revoke a charter agreement, the State Board must find that the local board of education's decision was contrary to T.C.A. § 49-13-122.

RECOMMENDATION

RECOMMENDATION

- Based on the following procedural history, findings of fact, and analysis of the issues, the Executive Director of the State Board believes that the decision to revoke the three charter agreements was contrary to T.C.A. § 49-13-122.
- Therefore, the Executive Director recommends that the State Board overturn the decision of MNPS to revoke the Knowledge Academy, KA @ The Crossings, and Knowledge Academy High School charter agreements.

RECOMMENDATION

- It was determined that MNPS's decision to revoke the charter agreements was contrary to T.C.A. § 49-13-122 because:
 - The substantiated issues were not **material** violations of the charter agreements because MNPS did not give timely notice and an opportunity to remedy the non-emergency contract issues with the schools, nor did it give any indication prior to initiating revocation that the issues equated to material violations of the charter agreements.
 - The evidence does not support revocation of the charter agreements for failure to meet or make progress towards academic performance standards in the charter agreements.
 - The evidence in the appeals does indicate financial challenges at the school beginning in school year 2017-18, but there is no clear evidence of the failure to meet generally accepted standards of fiscal management warranting revocation.

STATEMENTS FROM PARTIES

BACKGROUND INFORMATION

OVERVIEW OF TIMELINE

TIMELINE OVERVIEW

- April 2019 – The Governing Board of Knowledge Academies hired a charter management organization (Noble Education Initiative or NEI) and terminated its founder and chief executive officer.
- April 2019 – The MNPS Office of Charter Schools became aware of suspected challenges at Knowledge Academies and began communicating with and meeting with the Governing Board regularly.
- May 2019 – The Governing Board Chair of Knowledge Academies released a detailed, six-page statement to the press and MNPS regarding the issues at Knowledge Academies and steps the Governing Board had taken to remedy the issues.
- June 10, 2019 – The MNPS Office of Charter Schools emailed the Governing Board chair of Knowledge Academies stating that the schools would be placed on charter probation, a corrective action plan would be developed, and a charter review would be conducted by MNPS in June 2020.

TIMELINE OVERVIEW

- June 11, 2019 – The MNPS Board of Education met in a closed session to receive an update on Knowledge Academies.
- June 11, 2019 – At the MNPS Board of Education public meeting, a board member stated her intention to bring up revocation at the next board meeting.
- July 9, 2019 – The MNPS Board of Education gave Knowledge Academies a notice that it may be revoked in thirty (30) days under T.C.A. § 49-13-122(b).
- August 27, 2019 – The MNPS Board of Education revoked the charter agreements of all three Knowledge Academy schools.
- September 6, 2019 – The Governing Board of Knowledge Academies appealed the revocation decisions to the State Board.

TIMELINE OVERVIEW

- September 9, 2019 – The State Board sent its first request for information to MNPS and Knowledge Academies.
- September 24, 2019 – The State Board sent its second request for information to MNPS and Knowledge Academies.
- October 2, 2019 – The State Board held a public hearing in Nashville for all three appeals and heard public comment.
- October 3, 2019 – The State Board sent its third request for information to MNPS and Knowledge Academies.

QUALITY AUTHORIZING STANDARDS

ANALYSIS OF MNPS'S PRACTICES



ALIGNMENT TO QUALITY AUTHORIZING STANDARDS

- T.C.A. 49-13-108(f) requires local boards of education to align their practice to the State Board's Quality Authorizing Standards.
- MNPS provided evidence of alignment to the following standards:
 - Adoption of a performance framework;
 - Establishment of intervention procedures to use when dealing with underperformance by a charter school; and
 - Attempting to place Knowledge Academies on charter probation in June 2019 in alignment with the district's intervention procedures.

ALIGNMENT TO QUALITY AUTHORIZING STANDARDS

- The State Board staff identified the following areas where MNPS's practices did not align to the quality authorizing standards:
 - Clear and accurate communication to the schools of their evaluation results based on the performance framework;
 - Clear, adequate, evidence-based and timely notice of contract violations and performance deficiencies;
 - Articulating and enforcing stated consequences for failing to meet performance expectations or compliance requirements;
 - Allowing schools reasonable time and opportunity for remediation in non-emergency situations; and
 - Only revoking a charter agreement if there is clear evidence of extreme underperformance or violation of the law.

DISCUSSION AND QUESTIONS

BACKGROUND INFORMATION

FACTS AND ANALYSIS

REASONS FOR REVOCATION: ALLEGED MATERIAL VIOLATIONS

- A lack of instructional staff including certified teachers.
 - Facts:
 - In 2018-19, MNPS communicated with all three schools at Knowledge Academies to gather additional licensure information about some teachers, particularly in advance of TNReady testing.
 - MNPS stated that these communications “did not raise any red flags” at the time.
 - At the public hearing, MNPS stated that they had identified two teachers across all three schools that were not licensed in the 2018-19 school year.
 - Knowledge Academies confirmed through the Governing Board’s statement and at the public hearings that they had some unlicensed teachers (approximately 10%).
 - Analysis:
 - While this issue is substantiated – Knowledge Academies did have some unlicensed teachers in the 2018-19 school year – MNPS lacks definitive evidence of the precise size and scope of the issues during the 2018-19 school year.
 - The number of unlicensed teachers has shifted throughout the appeal process.
 - MNPS has not presented clear evidence of the magnitude or exact specifics of the issue.

REASONS FOR REVOCATION: ALLEGED MATERIAL VIOLATIONS

- Outsourcing the management of the school to NEI without seeking approval of the contract by MNPS.
 - Facts:
 - On April 2, 2019, the Knowledge Academies governing board signed a contract with NEI, and the Governing Board Chair admitted that it did not seek MNPS approval prior to signing the contract.
 - In April 2019, MNPS officials communicated with Knowledge Academies that the signing of the contract likely necessitated an amendment to the charter agreement. MNPS officials stated that they intended to bring that amendment before the MNPS Board of Education in June 2019.
 - On April 29, 2019, the Knowledge Academies Governing Board Chair submitted the contract to MNPS officials for review.
 - On May 1, 2019, MNPS officials submitted the contract to their attorney asking for it to be reviewed for any issues.
 - MNPS officials did not bring any amendments to the charter agreement to the MNPS Board of Education nor did they inform the Knowledge Academies Governing Board of any potential issues regarding the contract.
 - Analysis:
 - While this issue is substantiated – Knowledge Academies signed the contract prior to MNPS approval – Knowledge Academies attempted to remedy the issue, and MNPS communicated to the school its willingness to present an amendment to the charter agreement for approval.
 - At no time prior to commencing revocation proceedings did MNPS notify Knowledge Academies the signing of the contract would be a material violation.

REASONS FOR REVOCATION: ALLEGED MATERIAL VIOLATIONS

- Special education concerns.
 - Facts:
 - There have been some special education issues at the three schools over the years.
 - In many instances, MNPS praised Knowledge Academies for quickly resolving the issues.
 - In May 2019, Knowledge Academies hired new vendors to provide services to the schools.
 - The MNPS Special Education Coach stated the schools are currently in compliance both in recent email correspondence and at the public hearings.
 - Analysis:
 - While special education monitoring and compliance is an ongoing expectation, there is no clear evidence that this allegation is substantiated to a level that merits revocation.

REASONS FOR REVOCATION: ALLEGED MATERIAL VIOLATIONS

- Repeatedly ignored requests by MNPS to provide documents with no explanation to the authorizing authority.
 - Facts:
 - Knowledge Academies did not respond to multiple requests for information from MNPS.
 - The requests for information began after MNPS initiated revocation proceedings.
 - State law states that all records of a charter school are open for inspection and that a charter school shall be accountable to the authorizer for the purpose of ensuring compliance.
 - Analysis:
 - The choice not respond to requests for information was wrong and did not align with Knowledge Academies' previous spirit of collaboration and transparency.
 - However, this issue in and of itself does not merit revocation of a charter agreement.

DISCUSSION AND QUESTIONS

REASONS FOR REVOCATION: ACADEMIC PERFORMANCE

- Knowledge Academies had poor academic performance as a federally designated Additional Targeted Support & Improvement (ATSI) or Targets Support & Improvement (TSI) school.
 - Facts:
 - All three schools have been identified as a TSI or ATSI school in the last two years.
 - MNPS officials notified the schools that they would be placed on a correction plan of action because of this designation, not that it was grounds for revocation.
 - Analysis:
 - The schools currently under a TSI or ATSI designation should be placed on a corrective action plan, but the designation itself does not merit revocation.

REASONS FOR REVOCATION: ACADEMIC PERFORMANCE

- Knowledge Academies had low performance scores as compared to other charter schools.
 - Facts:
 - All three schools have performed at the bottom of the MNPS Charter School Portfolio.
 - All three schools have generally met or exceeded the academic performance of the zoned schools in the Antioch Cluster.
 - In February 2019, MNPS Officials notified the schools of both areas of underperformance as well as areas of outperformance as compared to the district averages.
 - The schools had not been placed on any previous corrective action plans for academic performance by MNPS prior to initiating revocation proceedings.
 - Analysis:
 - While it is clear that Knowledge Academies has work to do to increase academic performance for its students, the academic evidence MNPS presented does not demonstrate significant underperformance and merit revocation of the charter agreement.

DISCUSSION AND QUESTIONS

REASONS FOR REVOCATION: FISCAL MISMANAGEMENT

- Knowledge Academies' staff were not paid on time and not being paid as promised.
 - Facts:
 - MNPS had two complaints from two teachers that they were not paid on time and did not receive promised stipends.
 - Knowledge Academies had a signed affidavit from eleven teachers that stated they had been paid on time and in-full.
 - Analysis:
 - Since there was evidence presented on both sides of this allegation, the issue is not substantiated and does not merit revocation.

REASONS FOR REVOCATION: FISCAL MISMANAGEMENT

- Knowledge Academies did not deliver on promised scholarships.
 - Facts:
 - MNPS presented complaints from two parents and a flier from January 2015 that states the first graduating class is on track to be eligible for \$500,000 in academic scholarships.
 - In one of the two parent emails, the class of 2019 received approximately \$450,000 in scholarship money.
 - Analysis:
 - There is a lack of evidence to determine that this issue is substantiated, is evidence of fiscal mismanagement, or merits revocation.

REASONS FOR REVOCATION: FISCAL MISMANAGEMENT

- Lack of oversight of the Knowledge Academies Governing Board and no evidence that greater oversight would be put in place in the future.
 - Facts:
 - Beginning in June 2017, the Governing Board minutes show that the board was engaged in the school's finances, working closely with the former administration to correct the budgetary issues, brought in an external party to support the finances of the network, and ultimately fired the CEO over the financial issues.
 - The Governing Board engaged a new CMO to help right-size the finances and operations of the school.
 - All of these actions occurred independently and without request by MNPS.
 - The Governing Board appears to have done everything that an authorizer expects a governing board to do once issues have been identified.
 - Analysis:
 - There is a lack of evidence to determine that this issue is substantiated, is evidence of fiscal mismanagement, or merits revocation.

REASONS FOR REVOCATION: FISCAL MISMANAGEMENT

- Private businesses being run out of the Knowledge Academies facilities with no apparent benefit to students.
 - Facts:
 - The former administration sought partnerships to further the mission of the school and to generate additional revenue for the school. Discussion of these partnerships and revenue streams are documented in the Governing Board minutes.
 - The school rented out their facility to other entities which is not uncommon or illegal.
 - No evidence has been presented that the former administration financially benefited from any of the partnerships or that there was fraud, embezzlement, or misuse of funds because of these partnerships or rentals.
 - Analysis:
 - There is a lack of evidence to determine that this issue is substantiated, is evidence of fiscal mismanagement, or merits revocation.

REASONS FOR REVOCATION: FISCAL MISMANAGEMENT

- Lack of fiscal management including losing substantial amounts of public money in a phishing scam.
 - Facts:
 - Based on a review of the Governing Board minutes, the Governing Board appeared to be engaged in the network's financial position and having regular conversations with the former administration to improve the school's financial position.
 - The network did have delayed payments to MNPS in the 2017-18 school year, but the balance was paid in 2018. MNPS did not implement any corrective follow up action.
 - There was no evidence of impropriety presented regarding the outstanding invoices.
 - While the school leader did fall victim to an online phishing scam, the Governing Board reported it to the FBI, and the bank reimbursed 70% of the money lost. In March 2019, the Governing Board secured cyber insurance.
 - Analysis:
 - In totality, there is a lack of evidence to determine that this issue is substantiated, is evidence of fiscal mismanagement, and merits revocation.

REASONS FOR REVOCATION: FISCAL MISMANAGEMENT

- Deficit balances.
 - Facts:
 - The network operated in a deficit in FY17 and FY18.
 - The former administration overspent on the budgets approved by the Governing Board.
 - MNPS rated the network's FY17 audit as "meets or exceeds" the standard on its financial performance framework. When the State Board staff ran the FY17 audit through the MNPS performance framework, several indicators should have received a falls far below standard.
 - The Governing Board was aware of the financial challenges of the network and worked to correct those issues prior to MNPS becoming involved.
 - Analysis:
 - In totality, while this issue is substantiated, it does not merit revocation.

DISCUSSION AND QUESTIONS

RECOMMENDATION

- Revocation should not be a “gotcha” moment, and the MNPS Office of Charter Schools was right to try to place the schools on charter probation in alignment with the MNPS intervention procedures.
- MNPS failed to give the school any notice or time to remedy non-emergency issues before immediately moving to revoke the charter agreements.
- Based on the following procedural history, findings of fact, and analysis of the issues, the Executive Director of the State Board believes that the decision to revoke the three charter agreements was contrary to T.C.A. § 49-13-122.
- Therefore, the Executive Director recommends that the State Board overturn the decision of MNPS to revoke the Knowledge Academy, KA @ The Crossings, and Knowledge Academy High School charter agreement.

QUESTIONS?



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