



TO: School Performance and Accountability Committee

FROM: Tess Stovall, Executive Director

DATE: November 18, 2024

SUBJECT: Rocketship Nashville Northeast Elementary Amendment Petition

Background

Rocketship Nashville Northeast Elementary (“Rocketship Northeast” or “RNNE”), operated by Rocketship Education Board of Directors (“RSED” or “National Board”) entered into a charter agreement with the Tennessee Public Charter School Commission (“Commission”) on March 22, 2024 to continue to operate Rocketship Nashville Northeast Elementary in the Northeast region in Nashville, Tennessee serving students in grades kindergarten through fifth. Since the charter school was first authorized, Rocketship Northeast has been governed by the National Board. During this time, the National Board has been responsible for the governance and oversight of the school. Rocketship Education Tennessee Board of Trustees (“RSED-TN”) was formed and incorporated in March 2022 and has served in an advisory capacity to the RNNE’s leadership team, while also providing the National Board counsel on local matters related to the Rocketship Public Schools chartered in Tennessee, including Rocketship Northeast. In addition, the RSED-TN Board Chair and the Second RSED-TN Board Member serve on the National Board and participate in the National Board’s meeting as full voting members. Rocketship Northeast contracts with Rocketship National to provide academic, financial, and operational support. In the 2024-25 school year, the school has approximately 470 students in kindergarten through fifth grade.

The proposed amendment for RNNE was predicated on RSED-TN’s receipt of its exemption letter from the Internal Revenue Service (“IRS”) and a desire to enhance local control and community responsiveness. By transferring governance of RNNE from the national Rocketship Education Board of Directors to the local Rocketship Education Tennessee Board of Trustees, the amendment aims to bring decision-making closer to the school and the families it serves. This shift is driven by the belief that a local governing body, with deep roots in the community, is better positioned to understand and respond to the specific needs and priorities of RNNE students. This transition also empowers the Tennessee community with a stronger voice in shaping the future of the school.

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 a change in governance structure (including, but not limited to, a change in the nonprofit entity governing the school) or the addition of or changes to the charter management organization. In the case of RNNE, it was determined that the planned restructuring was a material modification to the charter agreement. Upon receipt of an amendment petition, the Commission is responsible for reviewing and scoring the amendment application with the Tennessee Department of Education’s scoring rubric and must act on the petition within sixty calendar days of receiving the petition.¹

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



Commission staff independently reviewed the amendment petition, attachments, and budgets submitted by RNNE. The analysis below is based on materials submitted by the school and the conversations between Commission staff and school representatives.

Analysis

The Commission strives to be a first-in-class authorizer and desires to support the charter schools in its 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 in accordance with Commission Policy 3.900.

The governance shift was made possible by RSED-TN receiving its tax exemption from the IRS, enabling it to assume full legal and operational responsibility for RNNE. If approved by the Commission, effective July 1, 2025, the RSED-TN Board will hold RNNE's charter agreement and oversee all governance, replacing the National Board in this role. Despite this transfer of governance, RNNE will maintain its connection to the national Rocketship network. The National Board will continue to play a role as a member of the Rocketship network and as the Sole Statutory Member of RSED-TN. This arrangement ensures continuity and support for RNNE while allowing for greater local control.

Furthermore, the current charter management organization ("CMO") that serves the national network will continue to provide the same academic, financial, and operational support to RNNE as it has throughout the school's history. This shift aims to give a stronger voice to the Tennessee community by bringing decision-making closer to the school and ensuring it is more responsive to the specific needs and priorities of its students and families. The application demonstrates how the amendment serves the best interests of students by aiming to enhance the educational experience and outcomes for students, as it preserves the school's existing infrastructure and resources while granting greater autonomy to local leadership.

The amendment petition outlines clear contingency plans should the proposed change be denied. Both the National Board and the local RSED-TN board are committed to serving Tennessee students and will maintain their strong partnership to ensure local community input remains central to school operations, regardless of the outcome of the governance portion of the amendment. Similarly, the existing agreement and services provided by the CMO will remain unchanged and uninterrupted. RNNE believes the amendment is in the best interest of the school, its students, and other stakeholders, but if it is not approved, RNNE will cure any deficiencies and resubmit the application during the next amendment cycle.

The Tennessee Department of Education's amendment petition scoring rubric lays out the characteristics of a strong amendment petition, and it is on these characteristics that this recommendation is based. The amendment petition allows RNNE to be governed by a Tennessee-based board, further enhancing the opportunities for local voice.

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

The mission of Rocketship Northeast is to catalyze transformative change in low-income communities through scalable and sustainable public-school model that propels student achievement, develop exceptional educators, and partner with parents who enable and support high-quality public schools to thrive in their community. The proposed amendment will support the school's mission to eliminate the achievement gap by enhancing local voice and representation through a Tennessee-based governing board. By establishing a local RSED-TN Board, the school enhances community voice and input, a cornerstone of the Rocketship Northeast model and mission statement. This ensures the school remains responsive to the needs of its students and the community it serves.

2. 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.

RNNE provided financial projections for the current and two succeeding fiscal years, assuming approval of the amendment petition. These projections are supported by the most recent audited financial statements, which, due to RNNE's network affiliation, include the financial performance of all RSED schools in Tennessee. Review of the financial statements allow for an evaluation of the costs related to the proposed amendment and overall impact on the organization's financial performance.

RNNE's proposed restructuring of governance will not directly impact the school's finances. The school's budget will remain the same, and there are no anticipated revenues or expenses arising from the proposed change. The overall financial health of the school and network were still evaluated as a part of this review and the financial projections submitted within the petition reflect that the school continues to operate with positive net income year over year, with the school operating with a budgetary surplus. Additionally, the organization has a history of clean audits and met standards for financial performance based on their most recent audited financial statements as measured by the indicators on the Commission's School Performance Framework. This financial plan presented within the amendment demonstrates the school and network are well positioned to make the shift in governance without impacting the fiscal stability of the school or network and is a viable option for the school.

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

To ensure compliance with regulatory requirements and allow sufficient time for operational transitions, the proposed amendments are slated to take effect on July 1, 2025. This timeline allows sufficient time for the transfer of key operational functions between Rocketship National and RSED-TN. While RNNE will continue to receive academic, operational, and financial support from Rocketship National at the same level that is currently provided, the transfer in governance responsibility will require certain transfers between entities. These transfers will be facilitated and led by Rocketship National and will include the transfer of state and federal funding from one nonprofit to another, the transfer of employees from one nonprofit entity to another, as needed, and the transfer of assets that belong to RNNE from Rocketship National to RSED TN. Until the official governance transfer takes place, the RSED-TN Board will continue to serve in a close advisory capacity to the National Board on matters related to the Rocketship schools authorized in Tennessee. Both boards will also continue to monitor RNNE's performance using customized data dashboards to track measure network health and ensure smooth transition.

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

RNNE has garnered support for the proposed amendments from parents, staff, and community partners. The proposed shift to a Tennessee-based governance structure has been met with support from the local community. Although the current governance structure has allowed for collaboration between the National Board and the RSED-TN Board, the proposed amendment aims to further strengthen community engagement and input. The RSED-TN Board has functioned as a local advisory board for several years, and this amendment aims to bring decision-making closer to the communities served by transferring the actual oversight and governance of the school to an official board of local Tennessee citizens. This transition is expected to enhance local community voice and expand opportunities for participation in the school's governance. The collective support from parents, staff, and community partners underscores the alignment of the proposed amendments with the needs and aspirations of the RNNE community. The school's commitment to seeking and incorporating feedback from its stakeholders demonstrates a



collaborative approach to governance and a dedication to providing the best possible educational experience for its students.

Recommendation

Throughout the Commission staff's review of the record of RNNE's amendment application, staff focused on the characteristics of a strong response as defined by the Tennessee Department of Education's amendment petition rubric. Through working with the operator and based on the materials reviewed, I acknowledge that the operator is well positioned to make the shift in governance structure as it will create bring the decision making to an official board that is comprised of local citizens. Based on this review, Commission staff recommends approval of the amendment petition for Rocketship Nashville Northeast Elementary. Upon Commission approval of the amendment petition, the charter agreement will be amended to permit RNNE to formally shift its governance from Rocketship National to RSED-TN, effective July 1, 2025.

A handwritten signature in black ink that reads "Tess Stovall".

Tess Stovall, Executive Director
Tennessee Public Charter School Commission

November 18, 2024
Date