



TO: Charter Commission Members

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

DATE: November 29, 2021

SUBJECT: Cornerstone Prep School Amendment Petition

Background

Cornerstone Prep School (“Cornerstone”) entered into a charter agreement with the Tennessee Public Charter School Commission (“Commission”) on December 16, 2020 to establish a charter school in the Sherwood/Parkway Village region in Memphis, TN serving kindergarten and first grade in the opening year. Subsequent to the signing of the charter agreement, Cornerstone exercised the option to delay opening by one year, setting opening at the 2022-2023 school year.¹

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. Under emergency 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. The Commission is responsible for reviewing and scoring the amendment application in accordance with the Department of Education’s scoring rubric, within sixty (60) calendar days of the due date.²

While working towards a Fall 2022 opening, Cornerstone submitted an amendment petition to the Commission on August 31, 2021. In the amendment, Cornerstone seeks to reduce its initial grade levels from kindergarten and first to beginning the 2022-2023 school year serving only kindergarten. This grade level change also reduces the year 1 student enrollment numbers. Cornerstone’s petition details that in the first year of the charter agreement, i.e. 2020, the school leader had difficulty engaging families as well as securing a facility to open due to “fear related to COVID.” Cornerstone explained that most community meetings and group gatherings have been cancelled or postponed, thus decreasing the opportunity for relationship building and establishing partnerships. If the amendment petition is approved, Cornerstone would concentrate year 1 on reaching the newly proposed enrollment number for kindergarten (75 students) and securing a building that can serve the smaller number of students initially, with a larger facility being acquired for a long-term campus. Cornerstone provided an updated budget, indicating a deficit ending fund balance of approximately \$171,853 in year 1.

¹ See T.C.A. 49-13-110(b).

² Tenn. Comp. R. & Regs. 1185-01-01-.04(1)(h).



Commission staff held a phone call with Cornerstone to address questions after the evaluation of the amendment petition. In the follow-up conversation, Cornerstone explained that Capstone Education Group, Inc.'s unrestricted net position is over \$6.3 million, which will compensate for any budget and/or cash flow deficits experienced by the charter school. Additionally, Cornerstone detailed its latest plans and/or efforts in securing a facility and parent engagement. Cornerstone is in the final stages of negotiation and agreement to assume the lease of a short-term facility in the Sherwood/Parkway Village area. The facility has nine (9) classrooms, a cafeteria, and other common space which would allow the school to enroll both its kindergarten and 1st grades before having to find a longer-term facility. The school will have use of 100% of the building as the current occupant, a pre-kindergarten operated by Porter Leath, is vacating the facility in June 2022. Since this short-term facility is currently in use as a school, it will not require any construction or capital improvements. After that time, Cornerstone hopes to have a long-term facility secured and renovated for its continued growth and expansion. Cornerstone anticipates finalizing the short-term facility agreement after the Commission's decision on the amendment petition.

Analysis

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. The coronavirus pandemic has presented many unforeseen challenges and obstacles for the country as a whole; challenges that extend to school systems as well. Establishing a new school in any environment requires a dedication and focus that is unparalleled under any circumstances, but the coronavirus pandemic has exacerbated the attention and diligence necessary to be successful in the education environment. The Commission and its schools are not exempt from facing those challenges and the consideration of this amendment petition includes an understanding of the unique obstacles presented by the pandemic. Cornerstone has submitted this amendment petition as an opportunity to navigate these challenges. A reduction in enrollment focuses Cornerstone on its parent engagement to reach the enrollment number of 75 students for year 1. With this reduced enrollment numbers, the options for facilities can be adjusted to better serve the incoming class of students. Cornerstone, like all schools, experienced setbacks and challenges as a result of the COVID-19 pandemic. The amendment petition recognizes the hurdles that Cornerstone faced and sets a path forward toward success. A reduction in grade level enrollment allows Cornerstone to secure a facility for a smaller number of students and focus on the recruitment and staffing for only one grade rather than two grades.

Recommendation

After a thorough review and conference call, Commission staff recommended that the School Performance and Accountability Committee accept the amendment petition and recommend approval of the petition and an amendment to the charter agreement at the full Commission meeting on November 29, 2021. The School Performance and Accountability Committee had a robust discussion on the amendment petition at its November 16, 2021 meeting. The discussion included a review of the proposed facility, the operator's ability to cover the school's budget shortfall with its



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network's unrestricted net position, and the operator's ability to recruit students and staff to serve one grade level rather than two. The School Performance and Accountability Committee accepted the petition and recommends approval of the amendment petition by the Charter Commission. Upon Commission approval of the amendment petition and amended charter agreement, Cornerstone will begin year 1 with kindergarten grade level, serving a total of seventy-five (75) students.