



TO: Charter Commission Members

FROM: Tess Stovall, Executive Director

DATE: January 27, 2023

SUBJECT: Rutherford Collegiate Prep Amendment Petition

Background

ReThink Forward, Inc. ("Governing Board") entered into a charter agreement with the Tennessee Public Charter School Commission ("Commission") on April 1, 2022. The agreement allowed the governing board to establish and operate Rutherford Collegiate Prep ("RCP" or "the school") in Rutherford County serving kindergarten through fifth grade 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, Rutherford Collegiate Prep exercised the option allowed under T.C.A. § 49-13-110 to delay opening by one year, setting opening at the 2023-24 school year.¹

While the school has been searching for a facility that is suitable to serve the agreed upon grades and structure, RCP and its Charter Management Organization ("CMO"), Noble Education Initiative ("NEI"), have faced numerous challenges in finding an existing facility or a site appropriate for the construction of a new building. Despite these challenges, the school desires to move forward with opening in the 2023-24 school year, but in a temporary facility. Since filing the petition, the operator has identified a temporary facility, a local church. However, it is only conducive to serving grades K-1 and a total enrollment of 106 in the 2023-24 school year. Additionally, RCP cannot enter into a lease agreement with the church until approved through a congregational vote. As a result, the school requests the flexibility to move forward with an amended agreement with the Commission that would allow the school to enroll no more than grades K-2 with a maximum of 250 students. Should the school be able to finalize the lease agreement with the identified church site, the Commission staff and operator would have the flexibility under the agreement to support a smaller opening. After one year in a temporary space, the school proposes to open a permanent facility in the 2024-25 school year under the originally approved grade span of grades K-5, with a maximum enrollment of 470 for 2024-25. The school would then expand one grade level per year until reaching full enrollment of 770 students in grades K-8.

Pursuant to T.C.A. § 49-13-110(d), the governing board of a public charter school may petition the authorizer to amend the charter agreement. 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. The Commission is responsible for reviewing and scoring the amendment application in accordance with

¹ See T.C.A. 49-13-110(b).



the Department of Education’s scoring rubric, within sixty (60) calendar days of the due date.² On October 24, 2022, the Commission’s Executive Director, as its designee, and the Governing Board came to a mutual agreement to extend the date for ruling on the amendment petition to the Commission’s quarterly meeting scheduled for January 27, 2023.

Commission staff independently reviewed the amendment petition, attachments, budgets, and contingency plan submitted by RCP. Commission staff and RCP met multiple times after the filing of the amendment petition to discuss the school’s progress toward securing a temporary and long-term facility. The analysis below is based on materials submitted by the school and the numerous conversations between Commission staff and school representatives.

Analysis

The Commission strives to be a first-in-class authorizer, and we 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 in accordance with Commission Policy 3.900. Identifying and securing a facility or land suitable to build a school has presented many unforeseen challenges and obstacles for RCP. Facility challenges particularly unique to Rutherford County include the availability of facilities or land suitable to build a school within the county, compounded by constraints to infrastructure in the rapidly expanding county. Since the filing of the amendment petition, RCP has executed a purchase and sale agreement for an 8-acre parcel of land to build the permanent facility for a 2024-25 opening and is ready to sign a temporary short-term lease agreement for a space that will accommodate a smaller enrollment and grade structure for the 2023-24 school year. RCP is waiting for Commission authorization to move forward on the lease agreement as well as the approval of the church congregation.

Upon completion of the permanent facility in 2024-25, the school would resume the enrollment schedule proposed in the original charter agreement and serve 470 students in grades K-5 in the 2024-25 school year, and then grow by one grade level each year, until it reaches full capacity serving grades K-8. RCP has submitted this amendment petition as an opportunity to navigate this challenge and fulfill its commitment to opening in the 2023-24 school year. The amendment petition recognizes the hurdles that RCP faced, and based on the progress made by the operator, sets a clear path forward toward success.

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.

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

The mission of RCP is “to provide a personalized, engaged, supported, and challenging environment that will strengthen students academically, socially, and emotionally. Students will leave

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



RCP with the skills and mindset necessary to not only face reality but create improvements for the next generation.” Since being approved by the Commission, RCP has demonstrated a commitment to opening and serving the students of Rutherford County and has worked diligently to locate a space that is sufficient to carry out its mission. The proposed amendment allows RCP to follow through on this commitment and open in the 2023-24 school year, while simultaneously moving towards its long-term facility plan. The proposed new facility would be located in the Blackman school zone, bordering I-840 and near I-24, and will include a 56,000 sq. foot building inclusive of 36 classrooms and a gym/multi-purpose room, all the while achieving its intended mission set forth in their charter agreement.

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

While RCP has not yet opened and begun serving students, the governing board operates Nashville Collegiate Prep (“NCP”), a school located in the Southeast region of Nashville, serving kindergarten through sixth grade. Both schools will operate utilizing the same academic model and mission; therefore, Commission staff determined that it was relevant to incorporate the academic results of NCP into the recommendation and consideration of RCP’s proposed amendment. NCP completed its first year of operations in 2022-23 and earned a TVAAS 3 designation. While NCP achieved an overall academic score on the Commission’s framework of “Does Not Meet,” the school did meet standard on the academic growth indicator and the district comparison indicator. Areas of focus for NCP in Year 2 have been increasing overall student growth and proficiency, increasing the academic performance of its subgroups, and decreasing its chronic absenteeism rate.

By amending its agreement to start with a smaller grade and enrollment structure, RCP will be able to focus on building a strong foundation for high academic achievement on a small scale before the school fully scales to serve more students. Additionally, a smaller start at RCP will allow the network to have the capacity to continue to support the academic achievement at NCP while it grows.

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.

RCP provided five-year financial projections that 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 and on an estimation of TISA per pupil funding. While staffing costs and management fees are largely determined by actual enrollment and revenue, should enrollment not materialize as projected, the operator’s main contingency plan would be to hold on hiring teachers for sections that are not filled, paired with the reduction of other expenses, without impacting the quality of education.

Below are the main budget observations from the information submitted and discussions with the operator:

- Projected funding per student was projected utilizing a per pupil rate consistent with Rutherford County Schools.



- Federal revenues are budgeted at conservative levels and only include Title allocations.
- Management fees are reduced to reflect 5% of revenue. This amount is projected at 10% in subsequent years and financial models.
- Lease expenses reflect the terms of the proposed temporary facility

As previously noted, the governing board will be in the midst of construction on two separate facilities during the 2023-2024 fiscal year. The financial implication of construction costs will be covered by the builder, as the buildings will be leased and not owned by ReThink Forward.

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

Within the amendment petition, the operator indicated a proposed plan to open in the 2023-24 school year in a short-term facility, serving a maximum of grades K-2 during its initial year. During this time, the operator will be building an entirely new, state-of-the-art school, with flexible classrooms and a multi-purpose room to accommodate the student population. The school will be built on an 8-acre parcel, which is located two miles from the temporary facility. Since the execution of a purchase and sale agreement on the property, the operator has begun working with architects and contractors to design the facility, reserve materials, attain the necessary permits, and will be ready to close on the property to begin development work after a five-to-six-month period of due diligence.

Noble Education Initiative is working with the development company, Ryan Company, to manage the construction of the long-term facility. Once construction is complete, ReThink Forward will take possession of the building and enter into a lease based on the total construction costs. The lease agreement will be structured to not exceed 15% of revenues, which will be crucial to ensure long-term financial sustainability.

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

- The current identified temporary facility will serve students in K-1 during its first year of operation. If the current identified facility lease is not approved by the church congregation, RCP will seek another temporary facility option that will serve no more than grades K-2 and 250 students.
- Should there be delays in the construction of the long-term facility, RCP will re-engage with the temporary facility or seek an alternative temporary facility.
- RCP will lease back the long-term facility once built, and therefore it will not take on the liability of the building.
- Per recent discussions with RCP, the proposed permanent facility is located at 4418 Manson Pike (approximately two miles from the identified temporary campus).
- The newly constructed, permanent facility will house grades K-8 and will include classrooms and a multi-purpose room.
- While total construction costs are not yet determined, the operator assured Commission staff that the land cost under contract is within the range that allows the school to remain financially viable. Additionally, the school design has been rendered based on what is deemed affordable per the projected per pupil funding amounts.



Though the operator has identified promising temporary and long-term facility plans, a sound contingency plan is necessary should either option fall through, or the operator experience delays in construction. While RCP has offered contingency plans, it may be seeking alternative options over the course of the next one to two years. One of many potential challenges includes a required rezoning with the City of Murfreesboro as well as annexation to access the city sewer. This will likely prove to be challenging and time consuming, however these challenges are not unique to RCP. In fact, this challenge is one that no local educational entity is immune from, including Rutherford County Schools. Given the real facility challenges that exist within Rutherford County, regardless of how thoughtful or realistic a facility plan may be, it is worth noting that the school will likely face challenges that will impact the submitted timelines.

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

The operator will be working with Ryan Company on the development and construction of the new campus. NEI has significant experience working with the construction company and provided a detailed timeline for implementation and deadlines related to the construction of the permanent facility. The timeline includes the preconstruction and design process, permitting, and a detailed construction plan inclusive of foundation work, steel, roofing, and interior buildout. The project plan anticipates that RCP will be able to take possession of the space by mid to late July 2024. As previously stated, while this timeline is ideal, the operator is likely to experience a certain level of delays as a result of the challenging environment of constructing a new building in Rutherford County.

NEI stated it will begin recruiting and hiring staff once they have a signed lease agreement and confirmation that they will be able to open in fall 2023, and this will be done centrally by NEI to include positions available at both NCP and Rutherford Collegiate Prep. As of quarter two monitoring by the Commission, NCP is fully staffed, and the school is up to date on all staff licenses. The operator is also aware of the licensure requirements and anticipates no licensure issues going into future school years. The operator has also provided a detailed timeline for student recruitment and enrollment.

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

While the operator has initially been focused on identifying a facility solution before initiating its full outreach and marketing plan, the operator has demonstrated a commitment to opening RCP and serving the community and families within Rutherford County. The operator is actively engaging with the staff of NCP, and already has a pipeline of employees interested in transferring to the new school upon opening. As with any new school, garnering community support in a manner that is sufficient to meet enrollment targets must be a priority. RCP plans to utilize its network marketing plan, which includes online and in-person marketing strategies, parent nights, and brand awareness.

Recommendation

Throughout the Commission staff's review of the record of Rutherford Collegiate Prep's amendment application, staff focused on the characteristics of a strong response as defined by the Tennessee State Department of Education's amendment petition rubric. Through working with the



operator since its inception and based on the materials reviewed regarding this amendment petition, I fully acknowledge the facility challenges that RCP is facing and the amount of time and due diligence that has been done by the operator to locate a space. At this time, the operator has identified both a viable temporary and long-term facility plan and is in a position to move forward on lease agreements to enable the school to open in the 2023-24 school year, as agreed upon in its original charter agreement. While the school is unable to serve the original grade span as indicated in their original charter application in years one through three, the commitment and diligence that RCP has demonstrated throughout this process is commendable.

As stated in my previous amendment recommendation to this operator, my directive was that the school operator, and any future operator, identify a facility and a facility plan that is financially and operationally viable prior to signing a lease, even if that means the school must delay its opening year. RCP has complied with this prior directive by coming to the Commission with a definitive short-term and long-term facility plan that can accommodate both the temporarily reduced grade band and enrollment and grow to full capacity by 2029.

Overall, the operator has several data points that point to RCP being a quality educational option for students, and my recommendation is for the Commission to approve the amendment petition to support the students of Rutherford County. However, in light of the operator simultaneously constructing two new facilities, my recommendation to the Commission comes with continued strict oversight to be included in the amended agreement to ensure that the school and operator continue towards a successful opening of the Rutherford school, without being at the detriment of the students of Nashville Collegiate Prep because of confines to administration's capacity. Therefore, I recommend the amended agreement incorporate the following considerations:

1. Rutherford Collegiate Prep must go through the traditional pre-opening process, in addition to a subsequent facility-specific pre-opening process overseen by the Commission staff, which will include oversight on the construction of the new facility and monitoring of enrollment and staffing.
2. In School Year 2023-24, RCP is approved to enroll students no more than the grade levels included in the amendment petition (grades K-2, and a total enrollment of 250 students). Additionally, given the challenging facility market, the amendment agreement will allow the operator flexibility to open with a smaller grade band and enrollment total than what is stated above if a lease agreement is signed with a smaller facility. This amended agreement language allows Commission staff and the operator to work together on another temporary facility should the current proposed site fall through.
3. RCP shall be under a lease agreement with a temporary location, named by address and signed agreement, by March 1, 2023. Should RCP fail to have a fully executed lease by March 1, 2023, this Amendment term shall expire, and the governing board shall delay the opening of Rutherford Collegiate Prep for one (1) additional year, in accordance with T.C.A. § 49-13-110(b).



4. Should the Charter School be required to operate from the temporary location beyond the 2023-2024 school, the Charter School shall notify the Authorizer and the Authorizer will determine if the change is material to this Agreement.

Tess Stovall

Tess Stovall, Executive Director
Tennessee Public Charter School Commission

January 27, 2023
Date