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**BEFORE THE TENNESSEE STATE BOARD OF EDUCATION**

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IN RE: )  
KIPP NASHVILLE MIDDLE ) State Board of Education Meeting  
Charter School Appeal ) October 23, 2015  
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**FINDINGS AND RECOMMENDATION REPORT**  
**OF THE EXECUTIVE DIRECTOR**

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Pursuant to Tenn. Code Ann. (T.C.A.) § 49-13-108, sponsors proposing to open new charter schools may appeal the denial of their amended application by a local board of education to the State Board of Education (“State Board”). On August 28, 2015, KIPP Nashville (“Sponsor”), the Sponsor of the proposed KIPP Nashville Middle (“KIPP Middle”), appealed the denial of their amended replication application by Metropolitan Nashville Public Schools (“MNPS”) Board of Education to the State Board.

Based on the following procedural history, findings of fact, and Review Committee Report attached hereto, I believe that the decision to deny the KIPP Middle amended replication application was “contrary to the best interests of the pupils, school district, or community.”<sup>1</sup> Further, based upon the analysis included below, I find that the authorization of KIPP Middle will not have a substantial negative fiscal impact on MNPS. Therefore, I recommend that the State Board overturn the decision of MNPS Board of Education and approve the amended replication application for KIPP Middle.

In the following sections of this report, I will first explicate the reasons why I believe that the authorization of KIPP Middle will not have a substantial negative fiscal impact on the district, then turn to the sources of information gathered to inform my recommendation, as well as a discussion of the other reasons cited by the district in their decision to deny the application.

**STANDARD OF REVIEW**

Pursuant to T.C.A. § 49-13-108 and State Board policy 2.500, State Board staff and an independent charter application review committee (“Review Committee”) conducted a de novo, on the record, review of the KIPP Middle amended replication application. In accordance with the Tennessee Department of Education’s charter replication application scoring rubric, “applications that do not meet or exceed

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<sup>1</sup> T.C.A. § 49-13-108.

standard in every area will be deemed not ready for approval.”<sup>2</sup> In addition, the State Board is required to hold a public hearing in the district where the proposed charter school seeks to locate.<sup>3</sup>

Further, when a district denies a charter school application on the basis of substantial negative fiscal impact, per T.C.A. § 49-13-108(e), the State Board must consider the financial impact of the charter school on the district and shall not approve the charter school application if the State Board determines that the school will have a substantial negative fiscal impact on the district such that authorization would be contrary to the best interests of the pupils, school district, or community.<sup>4</sup> Pursuant to State Board Policy, 2.500, the burden is on the LEA to prove that substantial negative fiscal impact exists. If the charter school is found not to have a substantial negative fiscal impact on the district, the analysis then turns to the merits of the application.

Then, in order to overturn the decision of the local board of education, the State Board must find that the local board’s decision to deny the charter application was contrary to the best interests of the pupils, school district or community.<sup>5</sup> In addition, because KIPP Middle is proposed to locate in an LEA that contains a school on the current or preceding priority school list, the State Board has the ability to either approve the application or to affirm the local board’s decision to deny.

#### **PROCEDURAL HISTORY**

1. On January 30, 2015, the Sponsor submitted a letter of intent to the Tennessee Department of Education and MNPS expressing its intention to file a charter school application for KIPP Middle.
2. The Sponsor submitted its initial application for KIPP Middle to MNPS on April 1, 2015.
3. MNPS assembled a review team to review and score the KIPP Middle replication application. The review team recommended denial of the KIPP Middle initial application.
4. On June 23, 2015, MNPS Board of Education voted to deny the KIPP Middle initial replication application based upon the review team’s recommendation.
5. The Sponsor amended and resubmitted its application for KIPP Middle to MNPS on July 9, 2015.
6. MNPS’ review team reviewed and scored the amended replication application of KIPP Middle and recommended approval.
7. On August 11, 2015, MNPS Board of Education, missing one member, voted on a resolution to deny the application of KIPP Middle, however the vote tied 4-4. MNPS Board of Education scheduled a special called meeting on August 18, 2015 in order to re-vote when the ninth and final MNPS Board of Education member could attend.

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<sup>2</sup> Tennessee Charter School Replication Application – Sample Ratings and Scoring Criteria, pg. 1.

<sup>3</sup> T.C.A. § 49-13-108.

<sup>4</sup> Pursuant to the language of T.C.A. § 49-13-108(e) and State Board Policy 2.500, the State Board conducted a separate analysis for each charter application that was denied based upon substantial negative fiscal impact.

<sup>5</sup> Id.

8. On August 18, 2015, despite the review team's recommendation to approve, MNPS Board of Education voted to deny the amended replication application of KIPP Middle citing a number of reasons independent of the MNPS review team report, one of which was "fiscal impact on other district priorities."<sup>6</sup>
9. The Sponsor appealed the denial of the KIPP Middle amended replication application in writing to the State Board on August 28, 2015, including all required documents per State Board policy 2.500.
10. At the time of appeal to the State Board, the Sponsor did not submit corrections to the amended application as allowed under T.C.A. § 49-13-108(a)(4)(C).
11. On August 31, 2015, the State Board sent a letter requesting that MNPS and the Sponsor provide additional information either supporting or refuting the reasons for denial of the KIPP Middle amended replication application.
12. State Board staff sent an additional letter to MNPS on August 31, 2015 stating that it was unclear from the August 19<sup>th</sup> denial letter whether or not MNPS Board of Education denied the KIPP Middle application on the basis of "substantial negative fiscal impact." As such, the letter requested that MNPS notify the State Board whether or not the denial of KIPP Middle was based on substantial negative fiscal impact as defined in statute.
13. In response to the State Board's August 31<sup>st</sup> letter, MNPS and the Sponsor submitted numerous letters and documentation regarding the reasons for denial cited by MNPS Board of Education.
14. On September 3, 2015 MNPS sent a letter to the State Board clarifying that the denial of KIPP Middle was, in part, on the basis of substantial negative fiscal impact.
15. On September 4, 2015, the State Board sent a request for information regarding substantial negative fiscal impact to MNPS.
16. On September 11, 2015, MNPS responded to the request for information providing the documentation requested.
17. On September 17, 2015, the State Board sent a request for additional information regarding substantial negative fiscal impact to MNPS.
18. On September 22, 2015, MNPS responded to the request for additional information providing the documentation requested.
19. The State Board's Review Committee analyzed and scored the KIPP Middle amended replication application using the Tennessee Department of Education's charter replication application scoring rubric.

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<sup>6</sup> MNPS August 19, 2015 denial letter from Dr. Alan Coverstone to Randy Dowell.

20. On September 30, 2015, the State Board Executive Director and staff held a public hearing in Nashville. At the public hearing, the Executive Director heard presentations from the Sponsor and MNPS regarding the reasons for denial and took public comment regarding the KIPP Middle application.
21. After the public hearing, both MNPS and the Sponsor submitted additional documentation to support/refute arguments made during the hearing.
22. The Review Committee conducted a capacity interview with the proposed governing board of KIPP Middle along with key members of the leadership team on October 1, 2015 in Nashville.
23. After the capacity interview, the Review Committee completed a final rating of the KIPP Middle amended replication application and provided the Review Committee Recommendation Report.
24. On October 2, 2015, State Board staff met in person with representatives from MNPS at MNPS district offices to discuss and clarify additional questions regarding the fiscal impact documentation provided by MNPS in response to the State Board's requests. Additional documentation regarding the MNPS fund balance was provided at that meeting.
25. On October 2, 2015, State Board staff sent a letter to MNPS confirming the information received at the in-person meeting and requesting additional documentation as discussed at the meeting.
26. On October 6, 2015, MNPS responded to the October 2<sup>nd</sup> request for additional information, providing the requested documentation to the extent possible.
27. On October 7, 2015, the Sponsor provided a memorandum to State Board staff outlining arguments regarding the absence of substantial negative fiscal impact along with supporting documentation.
28. On October 13, 2015, MNPS submitted a response to the October 7<sup>th</sup> memorandum submitted by the Sponsor regarding substantial negative fiscal impact along with supporting documentation.
29. Later in the day on October 13, 2015, the Sponsor submitted a response to MNPS' October 13<sup>th</sup> letter.
30. On October 14, 2015, the State Board notified the Sponsor and MNPS that no additional documentation would be accepted regarding the KIPP Middle appeal.

**I. THE AUTHORIZATION OF KIPP MIDDLE WILL NOT HAVE A SUBSTANTIAL NEGATIVE FISCAL IMPACT ON MNPS.**

**FINDINGS OF FACT**

After collecting all of the information provided by MNPS in response to the State Board’s requests for information on substantial negative fiscal impact, the State Board undertook an analysis of enrollment fluctuations, the overall operating budget, and the fund balance of MNPS and finds as follows:

1. KIPP Middle’s amended replication application states that in 2019-20, KIPP Middle’s first anticipated year of operation, it will enroll a total of 96 Fifth Grade students.
2. The State Board requested historical trends on projected school year Average Daily Membership (ADM) versus actual ADM for the current and three preceding school years. In response to this request, MNPS provided the following data:

	<b>Projected ADM</b>	<b>Actual ADM</b>	<b>Percent Fluctuation<sup>7</sup></b>
<b>SY 15-16</b>	83,775	83,151	-0.74%
<b>SY 14-15</b>	82,635	81,831	-0.97%
<b>SY 13-14</b>	80,549	80,638	0.11%
<b>SY 12-13</b>	78,729	78,874	0.18%

This data shows that in SY 2015-16 MNPS dealt with a 0.74% decrease in enrollment over projections and that in SY 2014-15 MNPS dealt with a 0.97% decrease in enrollment over projections. In SY 2013-14 and in SY 2012-13, MNPS had an increase in enrollment over projections of 0.11% and 0.18% respectively. If KIPP Middle was authorized to open with a total of 96 students in the 2019-20 school year,<sup>8</sup> and a projected district enrollment (provided by MNPS) in SY 2019-20 of 87,477, KIPP Middle will only result in a .11% reduction of enrollment within MNPS.<sup>9</sup>

3. In SY 2012-13 through SY 2015-16, MNPS was able to adjust to actual enrollment coming in above and below projected enrollment at rates well in excess of the 0.11% decrease in enrollment that MNPS would experience if KIPP Middle is authorized. Based on this data, it appears that MNPS has dealt with and been able to adjust to enrollment fluctuations that are far greater than the decrease in enrollment that would result in SY 2019-20 if KIPP Middle is authorized.
4. While MNPS has dealt with both increases and decreases in actual enrollment compared to its projected enrollment, the actual enrollment figures for MNPS have been steadily increasing year

<sup>7</sup> Percent fluctuations were calculated by State Board staff using the data provided by MNPS.

<sup>8</sup> In keeping with the analysis conducted by the Treasurer’s office in previous years regarding substantial negative fiscal impact, the State Board analyzed the impact of the school in the first year of operation and took into account that KIPP Middle is proposed to open in SY 2019-20.

<sup>9</sup> The State Board recognizes that students who leave traditional district schools to attend a charter school do not actually result in a reduction in district enrollment. However, in keeping with the enrollment calculation done by the Treasurer’s office in the past, the State Board analyzed the number of students transferring to KIPP Middle in the first year to account for the fact that funding follows these students from the traditional district schools into the charter school to provide for their education.

over year. Further, MNPS projected this trend to continue into the future.<sup>10</sup> Historical data provided by MNPS in the following table reflects these year to year enrollment increases:

	<b>1st 20 Day ADM Count</b>	<b>Percent Increase From Previous Year<sup>11</sup></b>
<b>SY 15-16</b>	83,151	1.61%
<b>SY 14-15</b>	81,831	1.48%
<b>SY 13-14</b>	80,638	n/a

5. Since SY 2013-14, MNPS has seen enrollment increase an average of 1.55% annually, and in the figures provided by MNPS projects that this trend will continue. Based on this data, it appears that enrollment within MNPS will likely continue to increase annually even with a 0.11% decrease in enrollment in SY 2019-20 if KIPP Middle is authorized.
6. When analyzing the projected approved operating budget and projected enrollment figures provided by MNPS for the 2019-20 school year, MNPS estimated a 3.5% increase in the approved operating budget from the 2018-19 school year, as well as a 1.1% increase in enrollment from the 2018-19 school year.
7. MNPS provided an estimated total operating budget figure for SY 2019-20 as well as an estimate of the amount of Basic Education Program (BEP) funding that would be transferred to KIPP Middle beginning in 2019-20. When analyzing these figures, the State Board looked at the following data provided by MNPS:

<b>KIPP Middle Impact</b>	<b>SY 2019-20</b>
<b>Estimated Approved Operating Budget</b>	\$ 931,031,394
<b>Estimated Transfer Amount (Annual)</b>	\$ (976,592)
<b>Percent of Approved Operating Budget<sup>12</sup></b>	0.10%

8. MNPS provided figures regarding the estimated amount of funds left over in the budget after funding has been distributed to all schools in the district. This figure was labeled by MNPS as "Amount Available for New Investments." This number was explained by MNPS personnel to be an amount above and completely separate from the district's fund balance. The figures provided by MNPS, as reflected below, show that even after transferring funds to KIPP Middle in the first year of operation, MNPS still has a healthy amount of funds (nearly \$9.8 million) available for new investments for the 2019-20 school year.

<sup>10</sup> Data provided by MNPS reflects an estimated enrollment increase of between 1.1% and 1.4% through 2022-23.

<sup>11</sup> State Board calculation.

<sup>12</sup> State Board calculation.

<b>MNPS-Generated Figures</b>		<b>SY 2019-20</b>
<b>Estimated Approved Operating Budget</b>	<b>\$ 931,031,394</b>	
<b>Distribution of Funds</b>		
<b>Charter Schools</b>	<b>\$ 148,930,216</b>	
<b>Amount Needed for District-Run Schools</b>	<b>\$ 772,305,003</b>	
<b>Amount Available for New Investments</b>	<b>\$ 9,796,175</b>	

9. MNPS provided figures regarding a cost offset model that they have developed to determine the amount of funds transferred to charter schools that can be offset by the district. MNPS stated: “for example, if non-charter enrollment declines 1.0% non-charter costs can only be reduced by 0.65%.” After using the district’s cost-offset formula to calculate the total amount of costs that the district could offset, MNPS data show that the total “investment” in KIPP Middle in the first year would be \$307,042. In addition, if MNPS is in fact able to absorb 65% of the funds transferred to KIPP Middle, the cumulative impact on the MNPS operating budget is even less: 0.03%.

<b>KIPP Middle Impact</b>		<b>SY 2019-20</b>
<b>Distribution of Funds<sup>13</sup></b>		
<b>Transfer Amount (Annual)</b>	<b>\$ (976,592)</b>	
<b>Cost Offset (Cumulative)</b>	<b>\$ 669,550</b>	
<b>Investment (Cumulative)</b>	<b>\$ (307,042)</b>	
<b>Percent of Approved Operating Budget<sup>14</sup></b>	<b>\$ 0.03%</b>	

10. MNPS provided figures at the October 2, 2015 in-person meeting regarding the fund balance maintained by the district for the past 17 years. This data shows that MNPS has maintained a healthy fund balance since 1998, at a high of 12% of its operating budget from the prior year (in 2002) to a low of 3.5% of its operating budget in the prior year (2005). The latest year of data provided showed that in SY 2014-15 MNPS had a fund balance of \$56,115,532, or 6.9% of its operating budget in the prior year. This fund balance is well above the 3% minimum required by the State Department of Education.
11. In the September 22, 2015 letter to the State Board, MNPS stated that it did not use fund balance reserves to supplement the approved operating budget in SY 2012-13 or SY 2013-14, and in fact MNPS was able to add to its fund balance in those years. In SY 2014-15 the approved operating

<sup>13</sup> MNPS-generated figures.

<sup>14</sup> State Board calculation.

budget anticipated the use of \$38,005,000 in fund balance, however, only \$26.6 million was used in that year, including a \$16 million transfer to the MNPS Debt Service Fund.<sup>15</sup>

### ANALYSIS

When a local school district has denied a charter school application on the basis of substantial negative fiscal impact, the burden is on the LEA to establish that such substantial negative fiscal impact exists such that approval of the charter school would be contrary to the best interests of the pupils, school district or community. After an in-depth analysis of the data provided by MNPS in support of its argument, I cannot conclude that MNPS has carried its burden of proving that the approval of KIPP Middle's application presents a substantial negative fiscal impact on the district.

The crux of the MNPS' argument rested on the cumulative effect that charter school enrollment has on the district's budget, including citations to a September 2014 MGT of America, Inc. study commissioned by MNPS which discussed the effect that charter schools are having on the district's budget, as well as a February 2015 performance audit commissioned by the Metro Council addressing the fiscal impact of charter schools. However, this argument cannot be considered as part of the State Board's analysis as the state statute is clear that the substantial negative fiscal impact analysis must be done on a per-school basis.<sup>16</sup> When looking at the figures provided by MNPS with regard to the fiscal impact of KIPP Middle exclusively, the data does not support a finding of substantial negative fiscal impact.

Figures provided by MNPS anticipate a steady increase in district enrollment year over year including an anticipated 1.1% increase in enrollment in the 2019-20 school year. An analysis of the district's historical enrollment fluctuations as compared to the projected enrollment demonstrate that the district was able to adjust to actual enrollment coming in above and below projected enrollment. When calculating the decrease in enrollment that MNPS will experience as a result of KIPP Middle in the first year of operation (2019-20), it amounts to a .11% reduction in enrollment for that year. This figure is well below fluctuations in actual enrollment as compared to projected enrollment that MNPS has experienced in the past and been able to accommodate.<sup>17</sup>

In addition, when analyzing the impact of KIPP Middle on MNPS' anticipated overall budget in SY 2019-20, the transfer of \$976,592 in BEP funds to KIPP Middle represents only 0.10% of the overall operating budget of MNPS in that year. When analyzing the impact on the approved operating budget taking into account the district's cost-offset, KIPP Middle represents an even smaller percentage of the district's overall operating budget in 2019-20, at 0.03%. Given that MNPS has anticipated a steady increase in its overall operating budget of 3.5% from SY 2018-19 to SY 2019-20 and thereafter, it is not reasonable to conclude that the opening of KIPP Middle at a 0.10% decrease to the overall budget would constitute

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<sup>15</sup> Although the State Board requested a projection of MNPS' fund balance through the 2019-20 school year, MNPS did not provide these figures.

<sup>16</sup> T.C.A. §49-13-108(e) plainly uses the singular term "the charter school" stating that: "the state board shall consider the financial impact of the charter school on the LEA . . . The state board shall not approve for operation any charter school that is determined by the board to have a substantial negative fiscal impact on an LEA, such that authorization of the charter school would be contrary to the best interests of the pupils, school district or community." (emphasis added).

<sup>17</sup> The analysis of the impact that the first year's enrollment of the charter school will have on the district as compared to enrollment fluctuations experienced by the district in the past is in keeping with the substantial negative fiscal impact analysis conducted by the State Treasurer's office in previous years.



a substantial negative fiscal impact. Further, when analyzing the amount of funding left “for new investments” after the transfer of funds to KIPP Middle in 2019-20, MNPS still has \$9,796,175 to invest in other areas of the district.

In addition, the data provided by MNPS shows that it has a healthy fund balance to which it was able to add in SY 2012-13 and SY 2013-14. Data show that in the 2014-15 school year, MNPS’ fund balance represented 6.9% of its operating budget for the previous year. Further, while \$26.6 million of fund balance was used in 2014-15, \$16 million was sent to the MNPS Debt Service fund, and the district used a total of \$27 Million less than what they anticipated using in that year.<sup>18</sup> The fact that MNPS has a robust fund balance that it has been able to add to in three of the past four years is indicative of the general financial health of the district.

Based on these findings of fact and analysis, I find that the evidence provided by MNPS does not meet the burden of proving that the approval of KIPP Middle will constitute a substantial negative fiscal impact on the district such that approval of the school would be contrary to the best interests of the pupils, school district or community.

**II. THE DECISION OF MNPS BOARD OF EDUCATION TO DENY THE AMENDED REPLICATION APPLICATION FOR KIPP MIDDLE WAS CONTRARY TO THE BEST INTERESTS OF THE PUPILS, SCHOOL DISTRICT OR COMMUNITY.**

Having resolved the threshold issue that the approval of the KIPP Middle amended replication application will not constitute a substantial negative fiscal impact on MNPS such that approval is contrary to the best interests of the pupils, school district or community; the analysis now turns to whether or not the denial of the KIPP Middle application based on the additional reasons given by MNPS Board of Education was contrary to the best interests of the pupils, school district or community. Because the statute<sup>19</sup> requires the State Board to undertake a de novo, on the record, review of the charter school application, I will discuss the results of the State Board Review Committee’s evaluation of the KIPP Middle application and then turn to an analysis of the additional reasons for denial cited by MNPS Board of Education.<sup>20</sup>

**FINDINGS OF FACT**

- **District Denial of Application.**

The review team assembled by MNPS to review and score the KIPP Middle initial and amended replication applications consisted of the following individuals:

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<sup>18</sup> It should be noted that the State Board is not attempting to imply that MNPS should use its fund balance to offset the cost of charter schools. In fact, the State Board would have much more concern about the impact of KIPP Middle on the district if in fact the presence of this school would require the district to dip into its fund balance over and above what is customary and anticipated.

<sup>19</sup> T.C.A. 49-13-108.

<sup>20</sup> Given that the State Board is charged with undertaking a de novo review; the State Board has requested and collected documentation and evidence from both MNPS and the Sponsor regarding the additional reasons for denial, analyzed and evaluated the evidence provided and determined whether or not, in or own independent review of the evidence, the reasons for denial cited by the MNPS Board of Education were valid reasons to deny the KIPP Middle application.

<b>Name</b>	<b>Title</b>
Art Fuller	President and CEO, Knowledge Academies
Kimberly Covington	School Improvement Program Facilitator, MNPS
Dan Killian	Coordinator of Exceptional Education, MNPS
Laura Villines	Chief Academic Officer, STEM Prep
Travis Commons	Principal, Valor Collegiate
Shawna Russell	Instructional Lead, Purpose Prep
Shameka Beasley	Instructional Coach, Smithson Craighead Academy
Ariel Sprotzer	Data Coach, MNPS
Anthony Hall	Community Outreach Specialist, MNPS
Claudia Russell	Coordinator ELD Curriculum, MNPS
Larry Miles	Data Coach, MNPS

The KIPP Middle initial application received the following ratings from the MNPS review team:

<b>Sections</b>	<b>Rating</b>
Academic Plan Design and Capacity	Meets or Exceeds the Standard
Operations Plan and Capacity	Partially Meets the Standard
Financial Plan and Capacity	Partially Meets the Standard
Portfolio Review/Performance Record	Partially Meets the Standard

After the MNPS review team completed its review and scoring of the initial application, its recommendation was presented to the MNPS Board of Education on June 23, 2015. Based on the review team’s recommendation, the MNPS Board of Education voted to deny the initial replication application of KIPP Middle.

Upon resubmission, the amended replication application received the following ratings from the MNPS review team:<sup>21</sup>

<b>Sections</b>	<b>Rating</b>
Academic Plan Design and Capacity	Meets or Exceeds the Standard
Operations Plan and Capacity	Meets or Exceeds the Standard
Financial Plan and Capacity	Meets or Exceeds the Standard
Portfolio Review/Performance Record	Meets or Exceeds the Standard

After the MNPS review team completed its review and scoring of the amended application, its recommendation to approve the KIPP Middle application was presented to the MNPS Board of Education on August 18, 2015. However, MNPS Board of Education voted to deny the amended application of KIPP Middle for reasons outside of the MNPS review team’s recommendation. The reasons for denial cited by MNPS Board of Education were as follows:

- “Current KIPP Schools are not filled to capacity and other already approved KIPP schools allow more opportunity to grow;

<sup>21</sup> Please see EXHIBIT B for a copy of the MNPS review team report.

- KIPP has postponed the opening dates for other KIPP schools after approval;
- The demand for more charter school/KIPP growth is not evident due to short or non-existent waitlists at the current charter/KIPP schools, in comparison to the large waitlists at some non-charter MNPS schools;
- KIPP discipline and/or bathroom policies are unduly harsh;
- KIPP’s parent volunteer requirements and their connection to potential dismissal from school are concerning, if not illegal;
- There are deficiencies in the academic data and/or college readiness for KIPP;
- Findings in a Mathematica study of KIPP schools, including doubts regarding the success of KIPP schools and concerns regarding the qualifications and/or experience of staff;
- KIPP is not proposing to open these schools for 2 and 4 years respectively;
- The fiscal impact on other district priorities;
- Others discussed by the board during the meeting of August 18, 2015.”<sup>22</sup>

• **State Board Charter Application Review Committee’s Evaluation of the Application**

Following the denial of KIPP Middle’s amended replication application and their subsequent appeal to the State Board of Education, State Board staff assembled a diverse Review Committee of experts to evaluate and score the KIPP Middle amended replication application using the Tennessee Department of Education’s charter application scoring rubric. This Review Committee consisted of the following individuals:<sup>23</sup>

<b>Name</b>	<b>Title</b>
Rich Haglund	General Counsel and Chief Operating Officer, Achievement School District
Samuel L. Jackson	Shareholder, Education Practice Group, Lewis Thomason
Stephanie Mason	Assistant Superintendent, Robertson County Schools
Angela Sanders	General Counsel, State Board of Education
Hillary Sims	Dean of Culture and Managing Director of Support Services, STEM Preparatory Academy
Tess Stovall	Director of Charter Schools, State Board of Education

The Review Committee conducted an initial review and scoring of KIPP Middle’s amended replication application, a capacity interview with the Sponsor and a final evaluation and scoring of the amended application resulting in a consensus rating for each major section of the application. The Review Committee’s consensus rating of KIPP Middle’s amended replication application was as follows:

<sup>22</sup> As summarized in the August 19, 2015 Denial Letter from Dr. Alan Coverstone to Randy Dowell.

<sup>23</sup> Please see EXHIBIT A for detailed bios of each review committee member.

<b>Sections</b>	<b>Rating</b>
Academic Plan Design and Capacity	Meets or Exceeds the Standard
Operations Plan and Capacity	Meets or Exceeds the Standard
Financial Plan and Capacity	Meets or Exceeds the Standard
Portfolio Review/Performance Record	Meets or Exceeds the Standard

The Review Committee is recommending that the application for KIPP Middle be approved because the Sponsor provided sufficient evidence in the academic, operational, financial, and portfolio review sections that the application met the required criteria of the rubric. The academic plan presented a robust description of the proposed academic model for the school and how the operator planned to adjust the model to meet the needs of the targeted population. The application also included educational goals and targets for the proposed school and possible interventions in challenge areas.

Additionally, the operations plan presented in the application detailed a strong network organization with clear lines of support for the schools and delineated roles and responsibilities for the network and school. The governance structure described within the application demonstrated strong evidence of a compelling oversight model as well as evidence that the governing board is engaged in the growth strategy of the network. The Review Committee also found sufficient evidence of a human capital plan that was viable and compelling for the growth of the organization. The financial plan included comprehensive cost assumptions for the school-level budget, a viable and reasonable network budget, strong financial procedures, and clear and compelling contingency plans.

In the portfolio review section, the Sponsor provided strong and clear evidence of successful outcomes for all schools within the network as well as high performance on state assessments. The application provided data around how the network’s schools perform on state assessments as compared to the local district, the state, and surrounding middle schools. Overall, the Review Committee found compelling and comprehensive evidence that the Sponsor has a strong track record of success with the schools within its network.

For additional information regarding the Review Committee’s evaluation of the application, please see **EXHIBIT A** for the complete Review Committee Report, which is fully incorporated herein by reference.

- **Public Hearing**

Pursuant to Statute,<sup>24</sup> and State Board policy 2.500, a public hearing chaired by the Executive Director was held in Nashville on September 30, 2015. MNPS’ presentation at the public hearing focused on the reasons for denial cited by MNPS Board of Education, arguing that for these reasons, the approval of the KIPP Middle application is not in the best interests of the pupils, school district or community. MNPS presented a number of threshold legal arguments regarding the KIPP Middle application, arguing that it should be denied because state law requires that charter school applications be filed in “the year preceding the year in which the proposed public charter school plans to begin operation.”<sup>25</sup> MNPS also responded to a number of legal arguments made by the Sponsor in a letter sent to the State Board upon

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<sup>24</sup> T.C.A. § 49-13-109.

<sup>25</sup> MNPS Public Hearing Presentation

appeal, including arguing that certain legal arguments have been waived “based on their actions, specifically continuing to work with the MNPS Board . . . and never raising this argument earlier.”

Next, MNPS addressed each of the reasons for denial cited by MNPS Board of Education, including that KIPP Middle is not slated to open until four years from now, arguing that the need for this school so far into the future is uncertain. MNPS addressed arguments that the demand for additional schools from this Sponsor is not evident due to short or non-existent waitlists at current schools as compared to large waitlists at some non-charter MNPS schools and that the Sponsor already has approved capacity to grow additional seats. Arguments were also addressed regarding concerns over the Sponsor’s current no-excuses practices including parent volunteer requirements and a strict bathroom policy. Additionally, arguments addressed concerns regarding achievement and college readiness of some schools operated by the Sponsor as well as findings in a Mathematica study of all schools in the nationwide KIPP network. Finally, MNPS addressed data in support of its argument of substantial negative fiscal impact.<sup>26</sup>

In response, the Sponsor’s presentation focused on the achievement data of their current Nashville schools, showing that students in middle schools operated by the Sponsor increase proficiency on state assessments dramatically in one year from 4<sup>th</sup> grade to 5<sup>th</sup> grade (the first year at a KIPP middle school).<sup>27</sup> Additionally, the Sponsor addressed MNPS’ arguments on waitlist and capacity numbers of the Sponsor’s current schools, stating that the only school with a waitlist in the Maplewood cluster is KIPP Academy Nashville, and that district schools in both the Maplewood and White’s Creek clusters (where the Sponsor’s current schools are located) are operating between 71% and 44% capacity, while KIPP schools in these clusters are operating between 93% and 104% capacity. Further, the Sponsor cited quotes from MNPS regarding support for the staggered opening of KIPP Middle and the benefits it provides as well as quotes from a Mathematica researcher stating that KIPP schools have significant, positive impact on student achievement.<sup>28</sup> Finally, the Sponsor argued that they are proposing to locate in Southeast Nashville where the greatest need exists in the district due to overcrowding. Finally, the Sponsor addressed the legal arguments made by MNPS.

A portion of the public hearing was dedicated to taking public comment. A total of 16 people made verbal comments at the hearing, including a number of parents, a state legislator representing Nashville, and a number of community members from Nashville. In addition, State Board staff accepted public comments in writing via e-mail.<sup>29</sup>

## ANALYSIS

State law requires the State Board to review the decision of the local board of education and determine whether the denial of the proposed charter school was in the “best interests of the pupils, school district, or community.”<sup>30</sup> T.C.A. § 49-13-108 requires the State Board to adopt national standards of authorizing. One such standard is to maintain high standards for approving charter applications. Given the great responsibility of educating students and taxpayer dollars entrusted to a charter school that is

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<sup>26</sup> Please see the discussion in Section I of this Report regarding findings on substantial negative fiscal impact.

<sup>27</sup> KIPP Public Hearing PowerPoint

<sup>28</sup> Id.

<sup>29</sup> Copies of written public comments received by the deadline have been provided to State Board members.

<sup>30</sup> T.C.A. § 49-13-108.

approved by a local district, the State Board expects that only those schools that demonstrate a high likelihood of success and meet or exceed the required criteria will be authorized.

In making my recommendation to the Board, I have considered the Review Committee's Report, the arguments made by both the Sponsor and MNPS at the Public Hearing, documentation submitted by the Sponsor and MNPS, and the public comments received by State Board staff, and conclude as follows:

- **State Board's Review Committee Recommendation Report**

The Review Committee's report and recommendations are sound and grounded in evidence contained in the application and gained at the capacity interview. For the reasons stated in the Review Committee Report, I agree that the KIPP Middle amended replication application meets or exceeds the standards required for approval.

- **Additional Reasons for Denial Cited by MNPS**

Both the Sponsor and MNPS put forth numerous legal arguments regarding the denial of the KIPP Middle application. The legal arguments made by both parties were brought forth after denial of the KIPP Middle application by the MNPS Board of Education. The legal arguments made by MNPS were neither brought before the Board of Education nor contained in the objective reasons for denial given in writing to the Sponsor.<sup>31</sup> Further, regarding the legal argument made by MNPS that the applications must be denied because the statute requires that applications be submitted in the year prior to opening, MNPS accepted KIPP Middle's application knowing the proposed opening dates and never raised this issue. As such, this argument is considered waived.

After consideration of the documentation submitted by both MNPS and the Sponsor regarding the additional reasons for denial that were presented to the Sponsor in writing, I cannot conclude that these are valid reasons for denial of the KIPP Middle application:

- KIPP has postponed the opening dates for other KIPP schools after approval; KIPP is not proposing to open these schools for two and four years, respectively.

While the Sponsor acknowledged that the opening date of two of its schools was postponed,<sup>32</sup> the Sponsor was able to show that these postponements were done in cooperation with MNPS and for valid reasons. KIPP Nashville Collegiate High School was postponed because the Sponsor did not yet have a school leader identified to open the school. The Sponsor stated that all school leaders must attend the yearlong KIPP Fisher Fellowship training, and the approval of the charter was needed in order to allow the Sponsor to recruit a strong leader for the Fisher Fellow program to lead KIPP Nashville Collegiate High School. Further, with regard to KIPP Nashville College Prep Elementary, the Sponsor articulated that a delay in opening was sought and approved by MNPS in order to allow the Sponsor to focus on the conversion of Kirkpatrick Elementary, a chronically low-performing school on the state's priority list that MNPS approved KIPP to convert in an effort to turn around the school. Both of these decisions to delay openings were done in consultation with and approved by MNPS. As such, MNPS cannot later argue that these extensions to which they agreed are a valid reason for denial of the KIPP Middle application.

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<sup>31</sup> T.C.A. § 49-13-108(a)(3).

<sup>32</sup> KIPP Nashville Collegiate High School and KIPP Nashville College Prep Elementary.

Further, the decision to open KIPP Middle in 2019-20 was made in consultation with, and at the behest of, the MNPS review team. As a part of the MNPS review team's report on the amended application, the review team cited the revised plan within the amended application to open KIPP Middle four years from now as resolving concerns identified by the review team regarding the ability of KIPP Middle to be ready to open sooner, including the ability to keep up with leadership and teacher pipelines. Further, MNPS Board of Education recently approved an extension of the opening date for another charter school, East End Prep, who plans to serve middle school grades 6-8 beginning in 2017. The 2017 opening date was not cited as an issue by MNPS Board of Education when voting to approve the request.<sup>33</sup> As such, MNPS Board of Education cannot then simultaneously claim that pushing opening dates into the future is a valid reason for denial of the KIPP Middle application. As such, I cannot conclude that these were valid reasons to deny the KIPP Middle application.

- KIPP discipline and/or bathroom policies are unduly harsh; and KIPP's parent volunteer requirements and their connection to potential dismissal from school are concerning, if not illegal.

MNPS Board of Education has approved a total of five schools for operation by the Sponsor since 2005, including an approval less than a year ago requesting that the Sponsor convert Kirkpatrick Elementary School. In approving five previous applications from this Sponsor, the Sponsor's discipline/bathroom policies and the parent volunteer requirement have never been cited as issues by MNPS Board of Education. Thus, this cannot now be considered a valid reason for denial. Further, after an analysis of the Sponsor's bathroom and discipline policies in current schools, these policies are strict, but I cannot conclude that they are "unduly harsh," as they fit within the "no excuses" culture of the Sponsor's schools. Further, data provided by the Sponsor illustrates that suspension rates at KIPP Academy Nashville and KIPP Nashville College Prep are lower than schools in the same cluster.<sup>34</sup>

Finally, the parent volunteer requirement is not a valid basis for denial of the KIPP Middle application as the Sponsor articulated that this requirement is only present in the student handbook of one of the Sponsor's current schools, and is not a requirement for KIPP Middle. Further, the Sponsor articulated that it does not track parent volunteer hours and does not punish students due to their parents' actions or inactions at the school where this requirement is present.

- Findings in a Mathematica study of KIPP schools, including doubts regarding the success of KIPP schools and concerns regarding the qualifications and/or experience of staff; there are deficiencies in the academic data and/or college readiness for KIPP.

After analysis of the full Mathematica report cited by MNPS Board of Education, it appears that the criticisms of the KIPP national network relied on by MNPS Board of Education were excerpts from the report regarding suggested areas for improvement. However, a full reading of the report reveals that it is overwhelmingly positive regarding KIPP schools and their impact on academic achievement.<sup>35</sup> As such, I

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<sup>33</sup> MNPS Board of Education June 23, 2015 Meeting.

<sup>34</sup> Data show that schools in the White's Creek and Maplewood clusters suspend students at rates between 37.6% to 56.7%, while suspension rates at KIPP Academy Nashville and KIPP Nashville College Prep are between 19.8% and 30.9%.

<sup>35</sup> A February 27, 2013 press release from Mathematica Policy Research, stated "Knowledge is Power Program (KIPP) middle schools have significant and substantial positive impacts on student achievement in four core academic subjects: reading, math, science, and social studies." While the report did reveal some criticisms of the

cannot conclude that findings in the Mathematica report were valid reasons for denial of the KIPP Middle application.

Regarding the academic data and college readiness of schools operated by the Sponsor in Nashville, MNPS pointed out some areas for improvement regarding the Sponsor's current schools,<sup>36</sup> but an analysis of the overall academic achievement data for the Sponsor's Nashville schools reveals that they are consistently outperforming the district and surrounding schools on state assessments,<sup>37</sup> that the Sponsor's schools are all rated as Excelling on MNPS' Academic Performance Framework, KIPP Academy Nashville has been recognized as a SCORE prize finalist in 2014 and 2015 for performance on state assessments as well as growth, and KIPP Academy Nashville has been recognized as a Reward school for growth by the State.

With regard to college readiness, MNPS compared the college readiness scores of the Sponsor's schools with three of its highest performing magnet schools in the district: Hume Fogg, Meigs, and Martin Luther King Jr., all of which have academic requirements for admission. However, when comparing the 2013-14 college readiness scores of the Sponsor's KIPP Academy Nashville to schools in the cluster where the Sponsor's schools are located (Maplewood and White's Creek clusters), 16.3% of KIPP Academy Nashville students are likely to score a 21 or better on the ACT as predicted by the ACT EXPLORE test, versus 1.3% to 6.8% of students at White's Creek and Maplewood cluster district schools. This data shows that students at the Sponsor's school are four times more likely to score a predicted 21 or better on the ACT than other middle school students in the Maplewood and White's Creek clusters. Based on this data I cannot conclude that these were valid reasons to deny the application of KIPP Middle.

- Current KIPP schools are not filled to capacity and other already approved schools allow opportunity to grow; The demand for more charter school/KIPP growth is not evident due to short or non-existent waitlists at the current charter/KIPP schools, in comparison to the large waitlists at some non-charter MNPS schools.

The MNPS Board of Education argued that there is relatively little demand for the Sponsor's schools when compared to certain other district schools. However, MNPS compared the waitlists of the Sponsor's current schools to waitlists at elementary schools that include a majority of students on the waitlist for the preschool and pre-K program<sup>38</sup> as well as some of the district's highest-performing magnet schools, all of which have academic requirements for admission.<sup>39</sup> In addition, when comparing the capacity numbers of the Sponsor's current schools with the surrounding district schools in the Maplewood and White's Creek clusters, the Sponsor's schools are enrolled above or near capacity (between 104% and 93% capacity) when traditional district schools in the same clusters are dramatically under enrolled (between 44% and 71% capacity). Further, a comparison of the waitlist numbers for

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KIPP program with regard to some behaviors exhibited by KIPP students, the study also found positive effects on behavior in other areas.

<sup>36</sup> The MNPS Presentation at the Public Hearing noted only "average growth" in reading and math at KIPP Nashville College Prep and that the percent of students at KIPP Nashville College Prep scoring proficient or advanced decreased by 16% in reading in math from 2014 to 2015.

<sup>37</sup> KIPP Primary Amended Replication Application, Attachment 7

<sup>38</sup> Una Elementary; Stanford Montessori; Hull Jackson Montessori.

<sup>39</sup> Hume Fogg Magnet, Meigs Magnet, and Martin Luther King Magnet.



schools in the same cluster provides similar evidence that three of the Sponsor's schools have waitlists, while other schools in the same cluster do not.

Further, the Sponsor has proposed to locate KIPP Middle in the overcrowded area of southeast Nashville as identified by MNPS. Thus, relying on the smaller waitlist numbers at the Sponsor's current schools in clusters located in North and East Nashville is not a valid reason to determine that little demand exists for charter schools in the area that KIPP Middle is proposing to locate. In fact, an analysis of waitlist numbers at charter schools currently located in the overcrowded area of southeast Nashville shows that there is a high demand for charter schools in that area.<sup>40</sup> As such, I cannot determine that these are valid reasons for denial of the KIPP Middle application.

### CONCLUSION

After analysis of the Review Committee Report as well as the documentation submitted by MNPS and the Sponsor with regard to the additional reasons for denial, I cannot conclude that denial of the KIPP Middle application was in the best interests of the pupils, school district, or community. The Sponsor has provided robust and compelling evidence of student success in Nashville. Additionally, the Sponsor has worked with the district to tailor this application to best serve the needs of the district with regard to location as well as budget planning. Finally, it is clear that the Sponsor is committed to serving all students at a high level and has established an enviable track record of academic performance that further establishes KIPP as a strong partner and provider of quality education in MNPS. For these reasons, and for the reasons stated in the Review Committee Report attached hereto, I conclude that the decision to deny KIPP Middle's amended replication application was contrary to the best interests of the students, the school district, or the community. Therefore, I recommend that the State Board of Education overturn the decision of the MNPS Board of Education and approve the amended replication application of KIPP Middle.



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Dr. Sara Heyburn, Executive Director  
State Board of Education

10/20/2015

Date

### EXHIBITS

- **Exhibit A:** State Board of Education Review Committee Report and Reviewer Bios
- **Exhibit B:** MNPS Review Team Final Recommendation Report

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<sup>40</sup> Waitlist numbers as supplied by MNPS for southeast Nashville charter schools are as follows: LEAD Prep Southeast: 18; Knowledge Academies Middle: 75; Intrepid College Prep: 35; STEM Prep Academy: 154; STEM Prep High School: 37; Valor Academy: 213; Valor Collegiate Southeast: 199.



**EXHIBIT A**

**Charter Application Review Committee Recommendation Report**

**October 23, 2015**

School Name: KIPP Nashville Middle

Sponsor: KIPP Nashville

Proposed Location of School: Metropolitan Nashville Public Schools

Evaluation Team:

Rich Haglund  
Samuel L. Jackson  
Stephanie Mason  
Angela Sanders  
Hillary Sims  
Tess Stovall

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## Introduction

Tennessee Code Annotated (T.C.A) § 49-13-108 allows the public charter school sponsors to appeal the denial of an application by the local board of education to the State Board of Education. In accordance with T.C.A. § 49-13-108, the State Board of Education shall conduct a de novo, on the record, review of the proposed charter school's application, and the State Board of Education shall adopt national authorizing standards. As laid out in State Board Policy 6.200 – Core Authorizing Principles, the State Board has committed to implementing these authorizing standards which are aligned with the core principles of charter school authorizing and include setting high standards for the approval of charter schools in its portfolio.

The State Board of Education's charter application review process is outlined in T.C.A. § 49-13-108, State Board Policy 2.500 – Charter School Appeals, and State Board Policy 6.300 – Application Review. The State Board assembled a charter application review committee comprised of highly qualified internal and external evaluators with relevant and diverse expertise to evaluate each application. The State Board provided training to all review committee members to ensure consistent standards and fair treatment of all applications.

## Overview of the Evaluation Process

The State Board of Education's charter application review committee developed this recommendation report based on three key stages of review:

1. **Evaluation of the Proposal**: The review committee independently reviewed the amended charter application, attachments, and budget submitted by the sponsor. After an independent review, the review committee collectively identified the main strengths, concerns, and weaknesses as well as developed specific questions for the applicant in the four sections of the application: Academic Plan Design and Capacity, Operations Plan and Capacity, Financial Plan and Capacity, and Portfolio Review and Performance Record.
2. **Capacity Interview**: Based on the independent and collective review of the application, the review committee conducted a 90 minute in-person interview with the sponsor, members of the proposed governing board, and identified school leader (if applicable) to address the concerns, weaknesses, and questions identified in the application and to assess the capacity to execute the application's overall plan.
3. **Consensus Judgment**: At the conclusion of the review of the application and the capacity interview, the committee submitted a final rubric and developed a consensus regarding a rating for each section of the application.

This recommendation report includes the following information:

1. **Summary of the application**: A brief description of the applicant's proposed academic, operation, financial plans, and performance record.
2. **Summary of the recommendation**: A brief summary of the overall recommendation for the application.

3. Analysis of each section of the application: An analysis of the four sections of the application and the capacity of the team to execute the plan as described in the application.
- a. Academic Plan Design and Capacity: executive summary; targeted population; performance management; and the capacity to implement the proposed plan.
  - b. Operations Plan and Capacity: network vision, growth plan, and capacity; management; governance; charter management contracts (if applicable); personnel/human capital; professional development; and the capacity to implement the proposed plan.
  - c. Financial Plan and Capacity: budget narrative; budgets of network and schools; cash flow projections; related assumptions; financial policies and procedures; and the capacity to implement the proposed plan.
  - d. Portfolio Review and Performance Record: evidence of successful student outcomes in network; evidence that schools within network are high-performing; detailed narrative of high-performing and low-performing schools; latest audit presented without findings; and organization in good standing with authorizers.

The State Board’s charter replication application review committee utilized the Tennessee Department of Education’s Charter School Replication Application Evaluation Ratings and Sample Scoring Criteria (“the rubric”), which is used by all LEAs when evaluating an application. The rubric states:

[A]n application that merits a recommendation for approval should present a clear, realistic picture of how the school expects to operate; be detailed in how all schools in the network expect to operate and include solid evidence that their organization has the capacity and ability to grow while sustaining financial and operational viability and expanding academic outcomes for students.

The evaluators used the following criteria and guidance from the scoring rubric to rate applications:

Rating	Characteristics
Meets or Exceeds the Standard	The response reflects a thorough understanding of key issues. It clearly aligns with mission and goals of the school. The response includes specific and accurate information that shows thorough preparation.
Partially Meets Standard	The response meets the criteria in some aspects, but lacks sufficient detail and/or requires additional information in one or more areas.
Does Not Meet Standard	The response is significantly incomplete; demonstrates lack of preparation; is unsuited to the mission and vision of the district or raises significant concerns about the viability of the plan or the applicant’s ability to carry it out.

## Summary of the Application

School Name: KIPP Nashville Middle

Sponsor: KIPP Nashville

Proposed Location of School: Metropolitan Nashville Public Schools

Mission:<sup>1</sup>

The mission of KIPP Nashville Middle is to cultivate in our students the academic and character skills needed for them to succeed in high school, college, and life beyond.

Number of Schools Currently in Operation:

Nashville: KIPP Kirkpatrick Elementary School; KIPP Academy Nashville; KIPP Nashville College Prep; KIPP Nashville Collegiate High School; and KIPP Nashville College Prep Elementary (opening 2018).

Proposed Enrollment:<sup>2</sup>

Grade Level	Year 1 (2019)	Year 2 (2020)	Year 3 (2021)	Year 4 (2022)	Year 5 (2023)	At Capacity (2023)
<b>5</b>	96	96	96	96	96	96
<b>6</b>	0	94	94	94	94	94
<b>7</b>	0	0	84	84	84	84
<b>8</b>	0	0	0	76	76	76
<b>Total</b>	<b>96</b>	<b>190</b>	<b>274</b>	<b>350</b>	<b>350</b>	<b>350</b>

Brief Description of the Application:

KIPP Nashville Middle is a middle school proposing to locate in Nashville, Tennessee and serve students in 5<sup>th</sup> through 8<sup>th</sup> grades. The school is a replication of the KIPP Nashville middle school model used at KIPP Academy Nashville and KIPP Nashville College Prep, and would be the sixth KIPP school in Nashville. The core instructional model for the school uses math and reading curriculum adopted by KIPP schools nationwide as well as a blended learning strategy during intervention.<sup>3</sup>

KIPP Nashville Middle will be organized under the existing non-profit entity of KIPP Nashville, and the existing KIPP Nashville Board of Directors will govern the school in addition to the operator's other schools. The school proposes to locate in southeast Davidson County.

KIPP Nashville Primary projects to have \$1,386,015 in revenue in Year 1 and \$1,434,645 in expenses in Year 1, resulting in a negative fund balance of (\$48,630). In Year 5, the school projects to have \$4,243,504 in revenue and \$4,277,757 in expenses, resulting in a negative fund balance of (\$34,254). The school assumes that 90% of the student population will qualify for Free and Reduced Price Lunch and 12% of the student population will be students with disabilities.

<sup>1</sup> KIPP Nashville Middle School Replication Application, pg. 3.

<sup>2</sup> Ibid, pg. 6.

<sup>3</sup> Ibid, pg. 4.

## Summary of the Evaluation

The review committee recommends that the application for KIPP Nashville Middle be approved because the applicant provided sufficient evidence in the academic, operational, financial, and portfolio review sections that the application met the required criteria of the rubric. The academic plan presented a robust description of the proposed academic model for the school and how the operator planned to adjust the model to meet the needs of the targeted population. The application also included educational goals and targets for the proposed school and possible interventions in challenge spots.

The operations plan presented in the application detailed a strong network organization with clear lines of support for the schools as well as delineated roles and responsibilities for the network and school. The governance structure described within the application demonstrated strong evidence of a compelling oversight model and evidence that the governing board is engaged in the growth strategy of the network. The review committee also found sufficient evidence of a human capital plan that was viable and compelling for the growth of the organization. The financial plan included comprehensive cost assumptions for the school-level budget, a viable and reasonable network budget, strong financial procedures, and clear and compelling contingency plans.

In the portfolio review section, KIPP Nashville provided strong and clear evidence of successful outcomes for all schools within the network as well as high performance on state assessments. The application provided data on how the network's schools perform on state assessments as compared to the local district, the state, and surrounding middle schools. The review committee found compelling and comprehensive evidence that the operator has a strong track record of success with its network schools.

### Summary of Section Ratings

In accordance with the Tennessee Department of Education's charter replication application scoring rubric, "applications that do not meet or exceed standard in every area will be deemed not ready for approval,"<sup>4</sup> and strengths in one area of the application do not negate material weaknesses in other areas. Opening and maintaining a successful, high-performing charter school depends on having a complete, coherent plan and identifying highly capable individuals to execute that plan.

<b>Sections</b>	<b>Rating</b>
Academic Plan Design and Capacity	Meets or Exceeds the Standard
Operations Plan and Capacity	Meets or Exceeds the Standard
Financial Plan and Capacity	Meets or Exceeds the Standard
Portfolio Review and Performance Record	Meets or Exceeds the Standard

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<sup>4</sup> Tennessee Charter School Replication Application – Sample Ratings and Scoring Criteria, pg. 1.

## **Analysis of the Academic Plan Design and Capacity**

*Rating: Meets or Exceeds the Standard*

### **Strengths Identified by the Committee:**

The applicant's Academic Plan Design and Capacity section meets or exceeds the standard because it presented a realistic, comprehensive, and detailed description of the proposed academic plan for the school and how it would adjust to meet the needs of the targeted population. The application included detailed educational goals and targets for the proposed school, how schools and the network as a whole are assessed, and possible interventions for identified areas of struggle. The applicant also articulated how the health of the network is assessed and how the governing board has used this information to make expansion decisions.

The review committee found evidence that the executive summary subsection met all of the required criteria by clearly outlining the operator's mission and defining the key features of the school's academic plan. Within the application and in the interview, the applicant described in great detail the operator's middle school academic model, what a typical day would look like for students, and how the model infused the KIPP model's foundational pillars. The model uses nationally adopted KIPP curriculum that allows teachers to access resources from other KIPP schools beyond Nashville. The applicant described its staffing model, which included 2 English/language arts teachers, 1 math teacher, 1 social studies/science teacher, and 1 special education teacher per grade. This staffing model is currently being used in the two Nashville KIPP middle schools. The leadership team discussed the success that they have seen with this model.

The targeted population subsection provided sufficient evidence to meet the criteria outlined in the rubric. In the application, the applicant described a focus on serving students who qualified for free or reduced price lunch as well as students who are a racial/ethnic minority. During the capacity interview, the leadership team provided additional details about the proposed location of southeast Nashville and the shifts in the student population that they expect to see as compared to their current Nashville schools. The leadership team articulated in clear details how the academic model would be a higher fit for the needs of an English Language Learner population and the planning that has taken place at a network level in order to prepare for the student population shift. Specifically, the school would plan to hire one of the ELA teachers as EL certified. The leadership team also stated that ELL students would be able to be pulled during a 150-minute literacy block during each day to ensure they received the adequate services.

The application sets out clear educational goals and targets within the performance management subsection including the assessment measures and the specific metrics the school will be expected to achieve. The applicant provided sufficient evidence regarding the assessments that the school will utilize including NWEA MAP, AimsWeb, and Fountas and Pinnell. Additionally, the application described how the network uses a regional dashboard, frequent school visits, and weekly school leader coaching sessions to monitor the progress of all of the schools. The Healthy School Review, a KIPP Foundation initiative, allows KIPP Nashville to monitor the success of its schools as compared to national data. In addition to the annual school review, the application describes an additional, third party review of new schools or schools with new leaders supported by the KIPP Foundation. The review committee found strong evidence of a compelling academic plan that would meet the needs of the students within the targeted population and met or exceeded the standard of the required criteria in the Academic Plan Design and Capacity section.



## **Analysis of the Operations Plan and Capacity**

*Rating: Meets or Exceeds the Standard*

### **Strengths Identified by the Committee:**

The Operations Plan and Capacity section meets or exceeds the standard because it presented a clear network strategy for expansion along with a thorough description of challenges it is working to mitigate, a strong governance structure overseeing the organization, and a viable leadership and staff pipeline. The review committee found evidence of a detailed vision for network growth as well as a candid discussion both in the application and in the interview about the challenges the organization has faced and what they are doing to prevent those issues from occurring again in the future. There was evidence of strong network support for the school and a clear delineation of the roles and responsibilities between the network and the school. The organization demonstrated evidence of a strong governing board that is very engaged with the operations of the organization. The applicant described in detail its talent pipeline and how it ensures staff are the right fit for their organization.

The network vision and growth plan subsection detailed the organization's growth plan over the next five years including the number of schools, targeted start years, and feeder patterns. During the interview, there was evidence that the governing board was very engaged in KIPP Nashville's expansion plans, and the application provided detail about the challenges the organization faces as a part of this growth, such as human capital and facilities. During the interview, the applicant discussed multiple facility options that the organization is currently reviewing, and the leadership team provided sufficient evidence to demonstrate that a sound financial plan was in place for the various options. The governing board representatives spoke candidly about decisions to delay expansion in the past because the conditions were not exactly right, which demonstrated evidence to the review committee that the organization puts great value in ensuring the conditions are there for a high-quality school.

The application presented a clear and comprehensive management structure including defined roles and responsibilities of the leadership team, delineated network-level and school-level decision-making, and a strong governance structure. During the interview, the application provided additional details around how the network leadership team supports their schools and school leaders through coaching sessions, staffing and budget conversations, as well as the school leader's autonomy to make decisions regarding hiring, assessment calendars, professional development, and purchasing authority. KIPP Nashville Middle will be overseen by the same governing board that oversees the KIPP Nashville organization. The governing board representatives provided details around the board's long-term strategic vision and how they are focused on sustainability within their governing body.

The review committee found sufficient evidence of a compelling strategy to recruit and retain staff within KIPP Nashville Middle. The leadership pipeline of the Fisher Fellowship allows for KIPP to bring in a school leader with experience within their network. During the capacity interview, the leadership team spoke in depth regarding its staff recruitment strategy and the key characteristics that it looks for in candidates. The team also spoke candidly about staff retention issues in one specific cohort, and the organizational changes that were made to mitigate future issues. KIPP Nashville also described how the organization surveyed the staff to understand what was important to them regarding benefits and compensation, as well as what the staff needed from KIPP in order to increase staff satisfaction. Overall, the review committee found evidence throughout the Operations Plan and Capacity section that the applicant meet or exceeded the required criteria of the rubric.

## **Analysis of the Financial Plan and Capacity**

*Rating: Meets or Exceeds the Standard*

### **Strengths Identified by the Committee:**

The Financial Plan and Capacity section meets or exceeds the standard because it presented evidence of viable network and school-level budgets, detailed descriptions of financial procedures, and an in-depth discussion of contingency and fundraising plans for the school as well as the network. The budget presented within the application includes a detailed budget narrative with realistic cost assumptions based on the operator's experience with their current schools. The cost assumptions include personnel costs, school operations, transportation, and KIPP licensing and network fees that are reflected both in the budget narrative and the school-level budget. The applicant provided evidence for a strong finance team that will oversee the financial operations of the school and the network as well as a clear delineation of the financial roles between the network and the school. The governing board has a finance committee that oversees the finances of the network. The director of finance and the executive director work with the school leader on the school's financial operations. The school will also have a business manager onsite to support all of the financial and operational needs of the school.

In the application and the capacity interview, the application provided robust and detailed plans regarding cash-flow projections and contingency plans. The leadership team and governing board provided extensive detail about the cash-flow projections of the school and the network, and how the organization is strategically moving toward self-sustainability for schools within the network. The leadership team discussed that it takes a middle school longer to get to sustainability, but this is factored into their network projections. The applicant's contingency plans include six months of cash on hand for the network as well as a line of credit that was evidenced by a letter from Pinnacle Bank. The applicant also builds a financial model based on the conservative student attrition rate of 12%, and the school leaders build their yearly budget off of this model.

The review committee found strong evidence of realistic and viable fundraising goals both for the school and the network. While the network maintains robust annual fundraising goals, the leadership team discussed a shift in their fundraising strategy away from long-term, indefinite support of individual schools to a more targeted approach of providing short-term capital during the start-up phases of schools. The applicant also discussed alternative transportation, food service, and special education service options as well as the budget implications of those different options if the school did not contract with Metropolitan Nashville Public Schools. Overall the review committee found sufficient evidence of a strong financial plan, fiscal procedures, and contingency planning for the section to meet or exceed the standard.

## **Analysis of the Portfolio Review and Performance Record**

*Rating: Meets or Exceeds the Standard*

### **Strengths Identified by the Committee:**

The Portfolio Review and Performance Record meets or exceeds the standard because the applicant provided clear and compelling evidence that each school in the network produces successful student outcomes and are high performing on state standards, included detailed descriptions of high-performing and low-performing schools within the network, and is in good standing financially as well with the current authorizer. The applicant provided detailed evidence of the academic performance of KIPP Academy Nashville and KIPP Nashville College Prep, such as the proficiency rate in reading, math, science, and social studies as compared to the district and state averages. This data shows that the two middle schools outperformed the district on most assessments and was equal to or exceeded the average performance of the state.

In the Portfolio Review subsection, the applicant also provided a comparison of the average proficiency rates of the two middle schools in comparison to other middle schools in their geographic areas, and the chart provided demonstrates that the schools outperformed these schools. KIPP Nashville summarized the proficiency rates of the schools since 2011, demonstrating growth overtime, particularly at KIPP Academy Nashville. The applicant also provided cohort growth data for 5<sup>th</sup> grade students describing the amount of student growth from 4<sup>th</sup> grade to 5<sup>th</sup> grade, the first year at a KIPP middle school. All of the student academic achievement provided in the application demonstrated clear and compelling evidence that each school in the network produces successful student outcomes and are high performing on the state standards.

During the interview, the leadership team provided additional details regarding the performance of the network on the 2015 assessments. The applicant stated that KIPP Academy Nashville was a SCORE prize finalist and had been recognized as a Reward school by Metropolitan Nashville Public Schools. Additionally, the team stated that the high school had seen some of the best achievement scores in the state. For example, between last year and the current year, the average ACT score of students had increased 4 points. KIPP Nashville candidly discussed some of the challenges they had seen at KIPP Nashville College Prep as the school dipped in academic achievement in 2015. The leadership team provided details that explained how they had predicted this dip coming in the middle of the year and began to make changes in order to improve for this year. Out of this experience, the network developed an instructional excellence rubric to ensure consistency across the network.

The application provided compelling descriptions of a high-performing school in their network, KIPP Academy Nashville, and the elements the organization has identified as impacting the performance. Specifically, the operator isolated the data-driven culture of the school and the coaching and feedback model for the staff that has resulted in a high-performing school. The application also identified a lower-performing school in the network, KIPP Nashville College Prep, and the changes that the organization made to mitigate the challenges they faced at the school, such as bringing in an additional leadership team member to provide supplementary coaching support to the faculty. The network also added capacity through a Director of Curriculum and Instruction to provide more direct support to teachers and school leaders.

Accompanying the academic performance data, the application provided evidence that the latest financial audit for the organization contained no findings, and KIPP Nashville is currently in good standing



with its authorizer, Metropolitan Nashville Public Schools. In totality, the review committee found clear and compelling evidence that the Portfolio Review and Performance Record section demonstrated successful student outcomes for each school in the network and schools are high performing and successful on state assessments.



## Evaluation Team

**Rich Haglund** is General Counsel and Chief Operating Officer for the Achievement School District (ASD). Rich ensures that the ASD, and its portfolio of schools, has excellent operational services and legal guidance to realize their mission of turning around many of the state's lowest performing schools. Rich previously served as the director of charter schools for the Tennessee Department of Education, general counsel to the Tennessee Board of Education, and as an assistant attorney general. Rich has a B.A. in Philosophy and Political Science from Boston University. Prior to earning his J.D. at Vanderbilt, Rich worked in marketing for a manufacturer of network security and management devices. Rich and his wife Jen have four children. Rich was co-captain of the Ultimate Frisbee team at BU, and hopes to be commissioner of Major League Baseball in 20 years.

**Samuel L. Jackson** is a shareholder at Lewis, Thomason, King, Krieg & Waldrop who practices in the area of Education Law in a variety of legal matters, including employment of licensed and classified employees, employee contracts, employee and student discipline, employee and student rights, special education and disability accommodation, First Amendment issues, sexual harassment and civil rights matters, desegregation, tort liability, school finance and taxation, and school construction. Mr. Jackson is also experienced in general defense litigation, product liability, labor and employment law, transportation, and workers' compensation law. Mr. Jackson has represented boards of education and other business entities and individuals in various federal and state actions and administrative actions across Tennessee. Mr. Jackson's current clients are boards of education, transportation companies, national, regional, and local employers, insurance companies, and independent insurance agencies. Mr. Jackson resides in Nashville with his wife and daughters.

**Stephanie Mason** is a 27-year veteran educator who has served as a teacher, school administrator, and district level supervisor. She currently serves as the assistant director of schools for Robertson County. Prior to her current role, Stephanie served as the federal programs supervisor and the co-assistant director of schools in Robertson County. She was responsible for developing and evaluating federal project budgets and master schedules. Stephanie also planned and implemented district-wide professional development for over 800 educators in Robertson County. Stephanie received her B.S. in Elementary and Special Education from Middle Tennessee State University. She earned a Master's in Administration and Supervision from Austin Peay State University as well as a Master's in Early Childhood Special Education from Vanderbilt University consecutively. In 2005, Stephanie became an Education Specialist with a degree from Tennessee State University.

**Angela Sanders** serves as the General Counsel for the Tennessee State Board of Education. In this role, she advises board members and staff on all legal matters relating to public K-12 education in Tennessee. Ms. Sanders works closely with the Director of Charter Schools to manage the charter school appeals and authorization process. She also prepares board-approved rules and regulations for review by the Attorney General and filing with the Secretary of State and provides interpretation of Board policies and rules to internal and external stakeholders. Prior to joining State Board staff, Ms. Sanders was an Associate Attorney in the Nashville office of Lewis, Thomason, King, Krieg & Waldrop, P.C., working primarily in the Education Law and Business Law practice groups. In this role, Ms. Sanders advised and represented



education clients in a variety of legal matters and litigation including employment issues related to licensed and classified employees, employee and student discipline, employee and student rights, special education and disability accommodations, civil rights matters, tort liability and first amendment issues. Ms. Sanders graduated Magna Cum Laude from Saint Louis University School of Law and received her Bachelor's Degree in Communication from the University of Tennessee, Knoxville, Summa Cum Laude.

**Hillary Sims** served as the STEM Prep Middle School Director in 2014-15 following almost three years of service to STEM Prep students and families as Founding Dean of Students and Support Services. She is currently supporting STEM Preparatory Academy and STEM Preparatory High School faculty, staff, students and families in the role of Dean of Culture and Managing Director of Support Services. Hillary has been educating youth and leading high-performing organizations for nearly two decades. A graduate from both East Tennessee State University and The University of Tennessee-Knoxville, Ms. Sims aspires to be a life-long learner. Having served as a school administrator for more than 10 years as well as actively supporting the charter school movement, state and nation-wide, since 2005, Ms. Sims enthusiastically leads faculty and staff in achieving ambitious outcomes both in and out of the classroom. Ms. Sims was appointed by Governor Haslam to serve on the Advisory Council for Students with Disabilities and is honored to serve in that capacity.

**Tess Stovall** serves as the Director of Charter School Accountability and Policy for the Tennessee State Board of Education. In this role, she manages the charter school application process and authorization duties of the State Board. Prior to joining the staff of the board, she served as the Transformation Facilitator at Cameron Middle School, the first district-led conversion of a traditional public school to a charter school in Metropolitan Nashville Public Schools. While in Washington, DC, Tess worked for Congressman Jim Cooper (TN-05) and a centrist think tank, Third Way, on economic and education policy. She is a Phi Beta Kappa graduate of The George Washington University earning a Bachelor of Arts Degree in Political Science and Sociology and a graduate of the London School of Economics with a Master of Science Degree in Political Sociology. Tess is a member of the National Association of Charter School Authorizers' 2015 Leaders Program.

## EXHIBIT B

KIPP Nashville Middle



# Metropolitan Nashville Public Schools Office of Innovation

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## Charter School Application Replication Recommendation Report

*KIPP Nashville Middle*

*Submitted By: KIPP Nashville*

*Evaluation Team*

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## Introduction

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Charter schools are public schools operated by independent, non-profit governing bodies that must include parents. In Tennessee, public charter school students are measured against the same academic standards as students in other public schools. Charter schools are required to serve all eligible students, with the education of at-risk students being of utmost importance.

It is the responsibility of the authorizer, to apply a rigorous authorization process in order to ensure only those charter schools meeting the needs of students open. Metropolitan Nashville Public Schools is interested in charter applicants who demonstrate the capacity to educate the most at-risk students in highly diverse and personalized settings.

An existing Tennessee operator proposing to open an exact model (including focus and grade levels) of an existing school currently authorized by MNPS may submit just the replication application, along with a copy of the original application of the school to be replicated.

The replication application allows existing operators to describe their organization's structure, track record, and capacity to operate one or more schools in Tennessee and within MNPS. MNPS is allowed to look at previous academic data, operational data and financial data as found within the performance frameworks that are included as a part of each charter contract and that are used in creating the annual school report card for each charter school.

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## Evaluation Process

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The Office of Innovation, Division of Charter Schools, has worked closely with the National Association of Charter School Authorizers (NACSA) to set up an evaluation process that embodies best practices from authorizers throughout the country and is rigorous and thorough.

In accordance with the NACSA Principles and Standards, three review teams were assembled to review the April, 2015 applications. Each team consisted of a team lead plus individuals who had expertise with curriculum, special education, English language learners, charter school financials, operations, management and legal. Each team was given extensive training in application review and interviewing techniques.

The Office of Innovation and one MNPS board representative exercised additional oversight of the process.

The stages of review are as follows:

### **Phase I - Capacity Review**

Charter applications are thoroughly reviewed to insure sufficient strength in areas of Education Plan, Organization Plan and Business/Financial Plan, and Portfolio Review/Performance Record as described below:

- **Proposal Overview**

Basic information about the proposed school

- **Evaluation**

Analysis of the proposal based on the four major areas of plan development

- **Educational Plan** - Key academic features described in the original application that might differ from the operator's existing schools
- **Organizational Plan** - Includes governing body; governing board composition, management and operations; staffing and Human Resources; Professional Development; Student Recruitment and Enrollment; Growth Plan, CMO status (if applicable), and detailed management plan for governance structure at both the school and network levels
- **Business Plan** - Including budget assumptions, five year budget and first year start-up budget; Financial Management; network fiscal capacity with an emphasis on human capital expenditures, accounting, purchasing, payroll, and audits
- **Portfolio Review/Performance Record** - Summary of replicating school's performance record and network financial capacity.

Opening a successful, high-performing charter school depends on having a complete, coherent plan. It is not an endeavor for which strength in one area can compensate for



weakness in another. Therefore, in order to receive a recommendation for approval, the application must meet or exceed the criteria in all four areas of the capacity review in order to move forward to the next phases of consideration.

### **Phase II – Absolute Priorities**

If an application meets standard in all four (4) areas of the capacity review, it then moves to Phase II. The application must meet both absolute priorities of strong academic benchmarks and diversity plan that aligns with the MNPS Board of Education diversity goals. A separate diversity plan submitted by applicants will be evaluated for recruiting plans, transportation, facility acquisition and recruitment strategies to discern whether an applicant meets diversity standards. An application that does not meet both absolute priorities in Phase II will not move forward in the application process.

### **Phase III – Competitive Priorities**

Once applications have been ranked by tier-level according to their competitive priority ranking, and the district's annual needs assessment plan report is complete, the Office of Innovation in consultation with Student Assignment, Diversity Management, and the Director's Office will consider and make recommendation for investment in new schools matched to identified needs of the district.

## Proposal Overview

*School Name: KIPP Nashville Middle*

**Rationale for Expanding Current Network of Schools:** KIPP Nashville Middle is designed with the needs of students who come from low-performing schools and may be behind grade level in reading and/or math, and /or require intervention to meet and exceed standards. In Nashville, these students are largely low-income and /or students of color. Because the capacity to meet these needs is a foundation of the model (data-driven decision making, robust time and capacity for intervention, and differentiation as a core element of instruction), KIPP Nashville Middle is designed with the capacity to meet the diverse needs of a diverse population by expanding access to a proven high-performing college-prep program in a community currently without such options.

**Proposed location:** KIPP Nashville Middle will partner with MNPS to identify a community with limited access to high-performing, college-prep schools as the target community for the school.

### *Enrollment Projections*

<i>Academic Year</i>	<i>Planned # of Students</i>	<i>Maximum # of Students</i>	<i>Grades</i>
<i>Year 1</i>	96	96	
<i>Year 2</i>	190	190	5-6
<i>Year 3</i>	274	274	
<i>Year 4</i>	350	350	5-8
<i>Year 5</i>	350	350	
<i>Year 6</i>	350	350	5-8
<i>Year 7</i>	350	350	
<i>Year 8</i>	350	350	5-8
<i>Year 9</i>	350	350	
<i>Year 10</i>	350	350	5-8
<i>At Capacity</i>	350	350	

# RECOMMENDATION

School Name: KIPP Nashville Middle

## Recommendation

Deny and resubmit

## Amended Recommendation

Approve

### Summary of Section Ratings

Ratings options for each section are Exceeds the Standard; Meets the Standard; Partially Meets the Standard; Does Not Meet the Standard.

### Phase I Capacity Review

#### Academic Plan Design and Capacity

Meets or exceeds

If applicable, rationale and identified resources for any key academic features that would differ significantly from the organization's current model

#### Amended Academic Capacity

Meets Standard

#### Operations Plan and Capacity

Partially Meets

A strong description of the network vision, growth plan, and capacity for quality school replication. Includes staffing plans, network management, governance, and school management contracts (if applicable)

#### Amended Operations Capacity

Meets Standard

#### Financial Plan and Capacity

Partially Meets

Financial plan is aligned internally, accounts for network growth as well as individual school growth, has sufficient cash flow, revenues, and realistic budget assumptions.

#### Amended Financial Capacity

Meets Standard

#### Portfolio Review/Performance Record

Partially Meets

Review of previous performance management reports - academic, operational, and financial

#### Amended Portfolio Capacity

Meets Standard

**Recommendation**

**Phase II Absolute Priorities**

**Approve**

**Academic Benchmarks**

**Meets Standard**

New school will increase number of Achieving or Excelling schools on an annual and three year rolling basis; new school will serve students currently not served in Achieving or Excelling schools; new school will establish annual performance targets and benchmarks aligned with the Academic Performance Framework (APF)

**Diversity Management**

**Meets Standard**

New school will meet diversity definitions in the MNPS Diversity Management Strategy; new school will adopt a diversity plan supportive of and similar in kind to the MNPS Diversity Strategy; new school will not reduce the number of diverse schools (district-run or charter) currently operating in Nashville

**Phase III Competitive Priorities (one or more of three)**

**Recommendation**

**Growth/Demand**

**Approve**

**Meets Standard**

New school will assist in serving students currently attending schools that are overcrowded or likely to become overcrowded; new school will offer opportunities to serve students at schools with enrollments that are rapidly declining or below a reasonable threshold; new school will expand district capacity to respond to population growth consistent with its goals for academic excellence and diversity; new school will recruit, retain, locate and offer transportation plans that will add unique and/or new options for access to educational opportunities; new school will expand opportunities for families who are unable to access similar options at present

**Management Conversion**

New school will serve all students residing in the current school zone of an MNPS school with a three year status of Target on the Academic Performance Framework as of fall 2015; sponsor organization offers experience and planning demonstrating expertise in school turnaround and building schools with readiness to teach, readiness to learn, and readiness to act; new school proposal addresses transition challenges and costs associated with serving all students well who reside in the current school zone of an MNPS school with three year status of Target on the Academic Performance Framework; new school will recruit, retain, locate, and offer transportation plans that will add unique and/or new options for access to educational opportunities; new school will expand options for families who are unable to access similar options at present

## Continuation/Addition of Grades for Existing Operators



New school will open a school pathway with priority enrollment for all students matriculating from an existing elementary/middle school managed by the same operator; existing school will be in Achieving or Excelling status on the Academic Performance Framework; review of the criteria for replication applications offers great confidence that the new school will continue to serve students well

Applications that pass the capacity review and meet the absolute priorities in Phases I and II may be considered for their ability to serve the competitive priority of management conversion. All applications found to have the capacity to serve this priority will be then ranked by tier-level according to the relative quality of the plan and the strength of the stated commitments.

## Academic Plan Design and Capacity

**Plan Summary** – KIPP Nashville Middle will be latest school opened and managed by KIPP in Nashville and in partnership with MNPS. The academic plan for the new middle school will not differ significantly from the plan approved prior to this submission and will open in a community currently in need of a high performing quality college pre option in a community the MNPS Board designates as having the greatest need.

KIPP Nashville has adopted a blended learning strategy to provide increased individualization for each student using 1:1 Chromebooks during daily intervention time. Curricula such as Khan Academy and Achieve 3000 are utilized on this computer platform to supplement core curricular materials and provide computer adaptive, standards-aligned practice for each student in reading and math. Each grade level retains two ELA teachers, one math teacher, and one science/social studies teacher, which allows for a data-driven literacy block each day (in addition to the grade level ELA course).

Special populations, schedule, calendar, assessments and RTI2 approaches will remain the same as the other KIPP Middle schools already operating.

All KIPP schools are built on KIPP's Five Pillars:

- High Expectations – clearly defined, measurable expectations for all students
- Choice and Commitment – All stakeholders make the choice to be part of the school community
- More Time – longer school day, week, and year; student and staff development each summer; allocation of instructional minutes prioritized to student needs
- Power to Lead – School leaders drive decision-making; flexibility to meet the needs of students and their community; support and development for leaders to leverage best practices from across the country
- Focus on Results – Objective data to measure progress and set goals; unrelenting focus on achievement for every student

**Analysis** – The academic plan meets the standard for approval, as KIPP has a proven academic model that has consistently been recognized by both MNPS and the State of Tennessee as one that is effective in achieving higher academic outcomes for students. KIPP Nashville is rapidly closing the achievement gap for low-performing students, and has a smaller gap across all subgroups that that of the state.

All three existing KIPP schools are largely comprised of low-income students of color and have a percentage of students who qualify for special education that is the same as or greater than that of the district average. Both KIPP Nashville middle schools were

designated as “Excelling” on the most recent MNPS school report card, and will increase the number of high performing schools in the district.

## **Operational Plan and Capacity**

**Plan Summary** – KIPP Nashville has successfully opened and operated two middle schools and one high school to date. Additionally, KIPP Nashville is opening KIPP Academy Nashville Elementary School (KANES) at Kirkpatrick in 2015-16. An elementary school approved through MNPS prior to this application cycle will open in 2017 to partially complete the KIPP Nashville short-term vision for growth by providing three communities K-12 programming in the form of three (3) primary schools, three middle schools, and one high school (an additional middle school has also been applied for in this application cycle).

The majority of the staff at KIPP Nashville and the leadership of KIPP Middle will be developed from within the organization, which has significant experience and demonstrated skill. KIPP Nashville has benefitted from planning support and refinement from the Charter School Growth Fund and KIPP National which has enabled the regional office to afford the expertise, capacity, structures and systems necessary for growth to be successful.

The current KIPP Nashville Board of Directors will be the governing body for the new school and will continue to operate in the same way as they currently do for the existing schools. No leader or facility has been chosen for the current school proposal.

**Analysis** – As presented, the operational plan partially meets standard. The review team is concerned that the aggressive growth plan for the KIPP network is outpacing both the leadership and teacher growth pipelines, thus establishing a pattern of approving schools that may continue to be deferred due to gaps in these areas. KIPP states this as an area of risk for them as well in the application on page 18, and while we can appreciate KIPP’s willingness to wait to open until fully prepared, the written application does not reflect this intended timeline.

A facility has not been identified, and the KIPP team indicates it will partner with MNPS to identify a surplus or under-utilized MNPS facility, which has worked out well for KIPP to date. The plan for locating the school is to partner with MNPS to find a location where the need exists. Unfortunately, those areas that are most in need of new school capacity are also areas that do not offer surplus or vacant MNPS capacity suitable for KIPP to occupy, and the plans in this application do not account for this challenge. KIPP indicates it will need to find a long term facility option, however, and their business model does not currently include purchasing buildings. While leasing



from MNPS on a short term basis is feasible, there is no indication that a long term solution has been reached with MNPS.

However, the most concerning for the review team was the indication by the KIPP team in the interview that the middle school would not open until the 2019-20 school year. The written application indicates a pending school opening date of 2016. The review team is concerned that the application has been submitted too far in advance of the school opening. The written resubmission needs to include an accurate timeline for opening each school so that the budgetary contingencies can be accurately addressed.

### **Amended Operations Analysis**

The amended application sufficiently addressed the review team's concerns around personnel, leadership, facilities and timeline.

KIPP Nashville has developed a growth plan that, as a part of their strategic plan, establishes complete K-12 pathways to college for students in MNPS. KIPP's research of successful, high-performing middle schools suggests proven best practices which they have included in their academic plan as well as urgency around gap closure between sub-groups that led to an aggressive growth plan with enough time before school openings to ensure the right leadership and teacher talent are recruited and trained. The addition of this middle school, along with KIPP's currently approved elementary and middle schools, will complete the vision of providing three Nashville communities with high quality options that include three primary schools, three middle schools and one high school. At capacity KIPP intends to graduate 148 students each year, with a goal of 100% scoring 21 or higher on the ACT and positioned to be accepted to and graduate from a four-year higher learning institution.

KIPP has been well-established in the east and north Nashville communities thus far, but intends through this school to work with MNPS to identify the community of greatest need in which to open the new middle school. These students will receive priority enrollment into KIPP high school and KIPP is dedicated to recruiting a diverse student population as outlined in the MNPS diversity plan.

In response to the review team's concern about leadership and teacher recruitment, KIPP has outlined a robust, comprehensive plan for both, beginning in 2015 with the addition of a COO, and Director of Talent Management. In addition, KIPP has doubled the capacity of their recruitment team and are making investments in developing key relationships with both local and national sources of talent.

KIPP presented a much more comprehensive plan for facilities, including an analysis of costs, development of partnerships with foundations that fund facility development and working with developers to secure space for long-term leases. Although the preferred plan is to lease space from MNPS, KIPP has presented other viable options, and adjusted

its budget to reflect those options, which gives the review team confidence they will be able to secure adequate space.

## Financial Plan and Capacity

**Plan Summary** – The KIPP governing board oversees the financial operations of KIPP Nashville and works closely with the regional finance team to implement rigorous internal control policies.

KIPP Nashville has produced annual audits free of findings and financials that are reviewed by the governing board. Budget assumptions and five –year projections are given that include all incoming revenues and outgoing expenses. Historically, KIPP Nashville has had significant success fundraising, and has the capacity to meet the funding needs to offset operating costs as the school grows to scale. KIPP Nashville has received a \$2 million gift from the Charter School Growth Fund, and has also historically received money from both the Walton Foundation and the Federal Charter School Program grant. KIPP anticipates receiving a total of \$115,000 from the Walton Foundation over two years and another \$450,000 from the Charter School Planning Grant over three years. Neither of these grants is included in the budget in order to ensure conservative numbers. KIPP has also had fundraising success, with an average of \$300,000 a year over its history in Nashville.

**Analysis** – The Financial Plan partially meets the standard because the review team found significant budget deficits in the first years of operation.

In attachment 6A – Budget Summary – KIPP Nashville Middle – Year to Year Surplus

Year 1: **-\$387,541**

Year 2: **-\$188,111**

Year 3: **-\$50,330**

Ending Fund Balance

Year 1: **-\$387,541**

Year 2: **-\$575,652**

Year 3: **-\$625,982**

Year 4: **-\$431,368**

Year 5: **-\$456,916**

Attachment 6d – 10 Year Network Budget

Year to Year Surplus

2014: -\$659,617  
 2015: -\$730,730  
 2016: -\$1,421,563  
 2017: -\$1,094,284  
 2018: -\$158,996  
 2019: \$191,191

During the review team interview and discussion, KIPP Nashville indicated a goal of maintaining a three months (90 days) cash reserve. The following table represents the capacity of the submitted budget to maintain a one (1) month (30 day) cash reserve, based on the budget submitted for review with the application.

KIPP Network	Total Revenue	30 Day Cash Reserve Target	End of Year Budget Reserved	Difference from 30 Day Cash Reserve Target	Proposed Year of Implementation
2014	\$9,124,515.00	\$760,376.25	\$3,873,716.00	\$3,311,339.75	
2015	\$13,526,725.00	\$1,127,227.08	\$3,142,369.00	\$2,015,141.92	
2016	\$19,965,590.00	\$1,663,799.17	\$1,720,805.00	\$57,005.83	Year 1
2017	\$26,526,676.00	\$2,210,556.33	\$626,521.00	(\$1,584,035.33)	Year 2
2018	\$31,655,580.00	\$2,637,965.00	\$467,526.00	(\$2,170,439.00)	Year 3
2019	\$35,541,426.00	\$2,961,785.50	\$658,716.00	(\$2,303,069.50)	Year 4
2020	\$38,643,311.00	\$3,220,275.92	\$1,959,283.00	(\$1,260,992.92)	Year 5

While the review team believes KIPP has the fundraising capabilities to begin addressing these deficits, the Financial Performance Framework, developed by MNPS in conjunction with NACSA and MDS Advisors, and by which the financial health of charter organizations is calculated, indicates the following cash flow standard:

*“Multi-Year Cash Flow = (Year 3 Total Cash) minus (Year 1 Total Cash); One-Year Cash Flow = (Year 2 Total Cash) minus (Year 1 Total Cash)*

**Meets Standard** • Multi-Year cumulative cash flow is positive and cash flow is positive each year, OR

• Multi-Year cumulative cash flow is positive, cash flow is positive in one of two years, and cash flow in the most recent year is positive.” The budget presented within the application for KIPP primary does not meet that standard.

The same is true for unrestricted days cash. The standard set by the Financial Performance Framework requires a 60 day cash reserve, or between 30 and 60 days with a one-year positive trend. For schools in their first year of operation, 30 days unrestricted cash is the minimum expectation. Although KIPP stated in the interview with the review team their goal is to have a three (3) month (90 days) cash reserve, the submitted budget falls well below this goal.

## **Amended Financial Capacity Analysis**

The amended financial plan sufficiently addressed the review team concerns about the budget, growth strategy and reserves based on the timeline for the new school to open. KIPP will implement the same strategies, fiscal policies and procedures which have been successful with their currently operating schools. Along with strong fiscal oversight by the KIPP Board of Directors, KIPP has shown very successful fundraising abilities in the past and has outlined a much more robust strategy for development of philanthropy which includes 900 separate individual donors, KIPP Leaders and Scholars Breakfast, and a diversified corporate donor base. Additionally, KIPP has received a \$2,000,000.00 gift from the Charter School Growth Fund to provide support for their growth plan as outlined in the operations section of this report.

The budget provided adequately addressed the initial concerns of the review team, including sufficient cash reserves and sound growth strategy.

## **Portfolio Review/Performance Record**

**Summary of Performance** – KIPP Nashville has had a long and successful history with MNPS since 2005 when their first school, KIPP Academy, opened. They consistently score in the “Excelling” range on the MNPS charter school report card on the academic, operational and financial areas, and KIPP Academy was named a rewards school by the state for progress for the past two years (see attached MNPS School Report Card). After the initial KIPP Academy, KIPP Nashville has opened KIPP Nashville College Prep (2013) and KIPP High School (2014). They are scheduled to open KIPP @ Kirkpatrick in 2015 with grades K-1 and have been approved for an additional elementary school (grades K-4) which they have deferred until 2017.

KIPP National has an excellent training program for new school leaders with its Fisher Fellow program, and it has produced outstanding leaders for the KIPP Nashville schools. No leaders were introduced in this application.

**Analysis** - The KIPP Nashville past performance record and portfolio review indicates an organization that has proven successful in raising the academic achievement of its middle school students while relying on lean budgets and tight operations to control costs and avoid overruns.

However, this application does not meet the standard of review to open an additional school right now or approve the opening of a school up to 4 years from now. While all of the above is true, the review team has overarching concerns with the budget as presented. It shows large cash flow deficits and does not meet the financial performance framework criteria to insure financial stability and sustainability. Questions remain concerning the timing of this application. In the interview KIPP stated they would not open the middle school until 2019-20, while the written information indicates a 2016 opening date.

In summary, with an elementary school already approved in a prior application cycle and its opening deferred, time to get the budget and contingency planning around facilities completed, and large cash flow deficits, the review team believes that opening this school at this time is not in the best interests of the parents, students, and community.

Getting it right before entering a 10 year contract is why our charter review process includes time for revisions and resubmission. KIPP has a great track record in Nashville of opening and operating successful schools. This round of applications missed the mark in terms of financial stability. The KIPP team has been doing this for a long time. They have a lot of experience in our process and know what we expect from our

schools. We hope they will take advantage of the opportunity to revise and resubmit their application.

### **Amended Portfolio Review/Performance Record**

The KIPP Nashville portfolio of schools has shown strong student outcomes amid growth and the changing landscape of public education within our district. Their willingness to partner with MNPS and the leadership they provide to other charter operators is well-documented and speaks well of their collaborative approach with all aspects of the MNPS district.

The review team is impressed that KIPP acted upon the areas of needed improvement for this application cycle, including an explanation of their growth plan and its many components which suggests the timeline they presented will give adequate time to recruit the best leadership and teacher talent available before opening the school. The revised budget and expanded financial plan are more than sufficient to meet the needs of that growth. KIPP has shown itself to be responsive to the concerns and the review team is confident that KIPP will continue to provide a high-quality education that creates opportunities for some of Nashville's most disadvantaged students. At this time, the review team is convinced that approving this school is in the best interest of the students, parents and community in Nashville.