

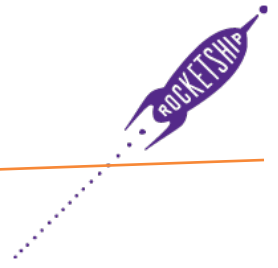


**New School Greenlighting**

February 2015



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# Rocketship's Vision



**Rethinking elementary school  
so that we can eliminate  
the achievement gap in our lifetime**





# Our Mission is Built on Three Core Pillars



**Excellent Teachers  
& Leaders**



**Personalized  
Learning**



**Engaged  
Parents**

**Realize superior academic achievement for our Rocketeers through a scalable and sustainable school model uniquely combining excellent teachers and leaders, engaged parents who become life-long advocates for their child, and technology-supported personalized learning.**



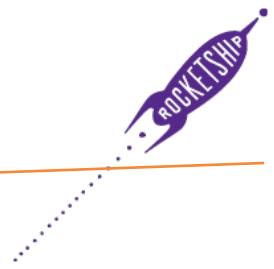
# In service of this vision, we aim to open five schools in 16-17, in line with strategic plan



RSED 5-year plan New schools per year						
	Existing	2015-16	2016-17	2017-18	2018-19	2019-20
Bay Area	9	1	2	2	3	3
Milwaukee	1	-	-	-	-	-
Tennessee	1	1	2	2	3	4
DC	-	-	1	1	1	1
<b>Total</b>	<b>11</b>	<b>2</b>	<b>5</b>	<b>5</b>	<b>7</b>	<b>8</b>
<b>Cumulative</b>	<b>11</b>	<b>13</b>	<b>18</b>	<b>23</b>	<b>30</b>	<b>38</b>
<b>Rocketeers</b>	<b>6k</b>	<b>7k</b>	<b>9k</b>	<b>12k</b>	<b>16k</b>	<b>20k</b>



# Over the past two years, we have been “building muscle” to realize our vision



- In 2013, we identified a need to invest more deeply in our Network Support team in order to build the organizational strength needed to realize our collective vision and mission
- We’ve now built out strong teams across functions structured to support high-quality execution across regions...
  - Moved to a centralized org structure to allow quality and efficient use of resources in each function
  - Invested in central resources to support impact and quality, e.g., student and staff recruitment teams, achievement supports, project management support for regional openings
- ...And put many systems and processes in place
  - For example: procurement, recruiting, HR, knowledge management, compliance tracking

**This investment has been critical in readying Rocketship to realize our strategic plan and collective mission to reach more students**



# Network health data shows this investment is paying off, but we have more to do (1/2)



## Areas of progress

## Areas to continue to build

### Achievement

- 2013-14 network API of 841, with 1.4 years average student growth
- New schools are thriving, with 2013-14's Rocketship Spark achieving 871 and first Milwaukee school RSCP achieving 833 with a significantly lower student starting point
- Mid-year 2014-15 NWEA data promising; on track to outpace 2013-14

- Continue staff development to implement instructional shifts needed to address college ready standards (Common Core)
- Further build upon and codify our instructional model while also further personalizing instruction via technology, tutoring, and other means

### Talent

- Internal talent pipeline strong, with several principals promoted to network leadership roles for 15-16
- School leader and Network Support Team diversity increasing
- Seeing signs of progress and momentum in staff satisfaction as well as staff retention

- Continue to invest in recruitment capacity and internal teacher pipelines due to competitive teacher hiring market, especially in California
- Promote staff retention, especially of teachers and principals, in order to support continuity at schools



# Network health data shows this investment is paying off, but we have more to do (2/2)



## Areas of progress

## Areas to continue to build

### Financial health

- Tracking toward network-wide financial sustainability by 2019-10
- Bay Area region is sustainable
- Network Support 14-15 expenses under budget

- Continue to gain traction on fundraising work

### Comm. engagement

- Charter and entitlement process has evolved significantly in past two years—and we have successfully adjusted
- Unanimous charter approvals in SJ & RSC
- Successfully opened two brand new , high-quality facilities
- 92% of parents attended 2+ parent-teacher conferences last year
- Two local district-approved charters in Nashville
- Over 1,200 parents attended San Jose Mayoral Forum

- We continue to build relationships and partnerships throughout California
- We are still building our internal Parent Leadership team and work
- Continue building stronger relationships in DC's Ward 8



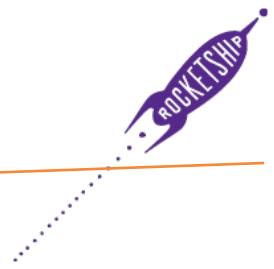
# We are focusing now on building systems, tools, and processes



- We are **codifying the lessons** we've learned and best practices
- We have hired a **Director of Strategy & Scalability**, Lige Shao, to drive the greenlighting process and project manage new region start-up
  - As an Engagement Manager at McKinsey & Company, Lige focused on strategy, turnaround, and change management in consumer-packaged goods and education
- On the instructional side, we have promoted several **top-performing principals to network leadership roles in school management and instruction/curricula**
  - Adam Nadeau, Principal of Northeast Elementary and Director of Schools, will be VP of Achievement next year
  - Jaclyn O'Brien, Principal of Spark Academy, will be to Director of Schools
  - Sharon Kim, Principal of Alma Academy, will be Director of Humanities next year
- We are building **interactive tools** to enable better coordination and tracking and monitoring, and are putting in place **systems and processes** to align the organization and push towards our strategic objectives



# We are following a 3-phase process to greenlight and open new schools



*Focus for today*

## Phase 1: Preparing for regional launch

*30+ months prior to school start*

## Phase 2: Preparing for greenlighting

*30-18 months prior*

## Phase 3: Preparing for school start

*18-0 months prior*

### Decision

- Should we put a team on the ground?
- Should we open a new school?
- How do we successfully launch by Day 1?

### Decision owner

- Full Rocketship Board
- Full Rocketship Board
- Staff functional team leads

### Milestone

- August board meeting (n-2 yrs)
- February board meeting (n-1 yr)
- First day of school



# At each phase, we are applying increasing rigor across five criteria



NOT EXHAUSTIVE

**Phase 1 (30+ months prior):**  
*Preparing for regional launch*

**Phase 2 (18-30 months prior):**  
*Preparing for greenlighting*

**Phase 3 (0-18 months prior):**  
*Preparing for school start*

## Need/ Enrollment

### Is there an unserved need?

- Size of need, scale in region
- Population demographics
- Location of failing schools

### Can Rocketship contribute?

- Existing charters size/perf
- New entrants
- What differentiates us

### What is our recruitment plan?

- Population segments/needs
- Outreach channels/messages
- Local challenges

## Facility

### Are there affordable sites?

- Site availability/affordability in target districts; zoning exemptions or entitlements

### Can Rocketship obtain a site?

- Potential parcels IDed
- Path to entitlement and site control

### Can the facility be completed?

- Site under contract, and deliverable 1 mo before start
- Affordable financing options

## Finance

### What is the charter funding?

- Current and future funding
- Fundraising required
- Other charters' lessons

### Is it sustainable?

- Initial financial model with new region assumptions

### What do actuals look like?

- Continued refinement of financial model based on enrollment, operations, etc

## Charter/ Politics / Governance

### What is the political climate?

- Charter authorizer(s)
- Charter granting/renewal issues or opposition

### Is there local support?

- Local stakeholders
- Submit charter petition or path to charter approval

### What is our outreach plan?

- Charter approved
- Identify partners/champions

## Talent

### How is the talent landscape?

- Assess local talent pool
- Survey internal staff on interest in new region

### Is the staffing pool adequate?

- 1-2 interested internal leadership candidates
- Understand credentialing

### What is our recruitment plan?

- Founding principal identified
- Internal transfers set
- Outreach channels, calendar

Note: The level of detail in our analysis will range for new regions vs. new schools in existing regions.



# We are seeking to greenlight five schools across three states for 2016-17



- Low risk
- Med risk
- High risk

Region	# of schools	Need/ enroll	Charter/ govern	Talent	Facility	Finance
East Bay	1	●	●	●	●	●
San Jose (Franklin McKinley)	1	●	●	●	●	●
Nashville	2	●	●	●	●	●
Washington, DC	1	●	●	●	●	●

We are requesting approval in the February 2015 board meeting



# Backup: Need/enrollment

- Low risk
- Med risk
- High risk



Region	Status	Rationale	Next steps
East Bay	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>• High, growing Latino and FRPM pop</li> <li>• Significant disparity in academic perform (overall avg vs. socio-econ disadvan pop)</li> <li>• Limited charter activity in past or near future</li> </ul>	<ul style="list-style-type: none"> <li>• Continue local outreach</li> </ul>
San Jose (Franklin McKinley)	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>• High Latino and ELL; very high FRPM</li> <li>• Opportunity to continue positive partnership (existing charters positive affect on district schools performance; innovative facility lease agreement)</li> <li>• High Rocketship demand by parents</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to build support and partnership with FMSD</li> </ul>
Nashville	<span style="color: green;">●</span>	<ul style="list-style-type: none"> <li>• High African-American and FRPM pop</li> <li>• Large number of over-capacity, low performing schools</li> <li>• Very few other elementary charters</li> </ul>	<ul style="list-style-type: none"> <li>• Continue local outreach and building partnership w/ MNPS</li> </ul>
Washington, DC	<span style="color: yellow;">●</span>	<ul style="list-style-type: none"> <li>• High African-American and FRPM pop in certain wards (including target Ward 8)</li> <li>• Still several low performing schools</li> <li>• Significant elementary charter activity</li> </ul>	<ul style="list-style-type: none"> <li>• Early, proactive community engagement</li> </ul>



# Backup: Charters and authorizers

For Executive Committee discussion

- Low risk
- Med risk
- High risk



Region	Status	Rationale	Next steps
East Bay	●	<ul style="list-style-type: none"><li>• Developing local relationships</li><li>• Likely submitting charter in April; decision will likely occur at a local level in June</li></ul>	<ul style="list-style-type: none"><li>• Submit district charter</li></ul>
San Jose (Franklin McKinley)	●	<ul style="list-style-type: none"><li>• Submitted petition in early Jan; local decision will occur in March</li><li>• Change in leadership (Dr. Porter retiring and two new board members)</li></ul>	<ul style="list-style-type: none"><li>• Submit charter petition</li></ul>
Nashville	●	<ul style="list-style-type: none"><li>• Fresh start charters from ASD in hand</li><li>• Applying for charters from MNPS and hopeful for approval in June 2015</li></ul>	<ul style="list-style-type: none"><li>• Submit MNPS charter</li></ul>
Washington, DC	●	<ul style="list-style-type: none"><li>• Charter in hand already</li><li>• Hired experienced Regional Director to further build local community relationships</li><li>• Have local, complete team on the ground</li></ul>	<ul style="list-style-type: none"><li>• Ensure last facility permit; continue stakeholder outreach</li></ul>



# Backup: Talent

## For Achievement Committee discussion

- Low risk
- Med risk
- High risk



Region	Status	Rationale	Next steps
East Bay	●	<ul style="list-style-type: none"><li>• Competitive but familiar Bay Area talent recruitment landscape</li><li>• Strong internal school leader pipeline with ample time for external recruiting</li></ul>	<ul style="list-style-type: none"><li>• Continue recruitment</li></ul>
San Jose (Franklin McKinley)	●	<ul style="list-style-type: none"><li>• Competitive but familiar Bay Area talent recruitment landscape</li><li>• Strong internal school leader pipeline with ample time for external recruiting</li></ul>	<ul style="list-style-type: none"><li>• Continue recruitment</li></ul>
Nashville	●	<ul style="list-style-type: none"><li>• Opening two new schools on a base of two is a significant challenge</li><li>• Promising internal Nashville school leader pipeline</li></ul>	<ul style="list-style-type: none"><li>• Continue recruitment</li></ul>
Washington, DC	●	<ul style="list-style-type: none"><li>• Principal appointed</li><li>• Strong internal and external school leader pipeline with focus on Ward 8 experience</li></ul>	<ul style="list-style-type: none"><li>• Continue leadership development / recruitment</li></ul>



# Backup: Facilities

## For Executive Committee discussion

- Low risk
- Med risk
- High risk



Region	Status	Rationale	Next steps
East Bay	●	<ul style="list-style-type: none"><li>• Five promising facility options in region meeting criteria</li></ul>	<ul style="list-style-type: none"><li>• Pursue all five options to mitigate risk</li></ul>
San Jose (Franklin McKinley)	●	<ul style="list-style-type: none"><li>• Two promising facility options meeting criteria</li><li>• Entitlements process more familiar but still difficult to predict</li></ul>	<ul style="list-style-type: none"><li>• Pursue both options to mitigate risk</li></ul>
Nashville	●	<ul style="list-style-type: none"><li>• Five promising facility options in targeted regions</li><li>• Entitlements fairly predictable and on a feasible timeline</li></ul>	<ul style="list-style-type: none"><li>• Pursue all options to mitigate risk</li></ul>
Washington, DC	●	<ul style="list-style-type: none"><li>• Acquisition and entitlements complete</li><li>• Building permit expected in Jan 2015</li><li>• Ground breaking targeted for April 2015</li></ul>	<ul style="list-style-type: none"><li>• Continue to press for final permits</li></ul>



# Backup: Finances

## For Business Committee discussion

- Low risk
- Med risk
- High risk



Region	Status	Rationale	Next steps
East Bay	●	<ul style="list-style-type: none"><li>• Projected to be sustainable within targeted timeframe of 3 years</li><li>• Estimated maximum cumulative loss of \$0.3M in the first two years</li></ul>	<ul style="list-style-type: none"><li>• Continue to vet / refine assumptions</li></ul>
San Jose (Franklin McKinley)	●	<ul style="list-style-type: none"><li>• Projected to be sustainable within targeted timeframe as submitted in charter petition</li><li>• Positive ending cash balances each year</li></ul>	<ul style="list-style-type: none"><li>• Continue to vet / refine assumptions</li></ul>
Nashville	●	<ul style="list-style-type: none"><li>• Sustainable within targeted timeframe</li><li>• No state aid for special education which is paid for out of general purpose revenues</li></ul>	<ul style="list-style-type: none"><li>• Continue to vet / refine assumptions, esp. ISE</li></ul>
Washington, DC	●	<ul style="list-style-type: none"><li>• Sustainable within targeted timeframe, even with conservative assumptions</li><li>• Estimated maximum cumulative loss of \$600K by third year of operation</li></ul>	<ul style="list-style-type: none"><li>• Continue to vet / refine assumptions, esp. ISE</li></ul>



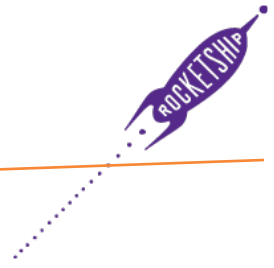
# We are proactively examining and mitigating other key risks of this growth plan



Risks	RSED experience to build on	Mitigating strategies
Opening five schools in one school year	<ul style="list-style-type: none"><li>This is no more than 1-2 schools in a given region, which we have been opening successfully for years</li></ul>	<ul style="list-style-type: none"><li>Central project management for DC and for a potential conversion</li><li>Appropriate staffing for each local team</li><li>Early strategic planning by all functional teams, focused on “what it takes to open five schools in 16.17 school year”</li></ul>
Opening schools across three states	<ul style="list-style-type: none"><li>We have opened schools across two states in one year twice already</li></ul>	
Expanding to a new region in Washington, DC	<ul style="list-style-type: none"><li>We have opened in two new regions before, and learned a lot each time</li><li>Delayed DC start by one year to ensure needed support</li></ul>	
Pursuing our first conversion <i>(if approved by board in May)</i>	<ul style="list-style-type: none"><li>For several years, we have been discussing the details of conversions with operators who have done it successfully</li></ul>	



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# We conducted extensive internal and external interviews to build a fact base

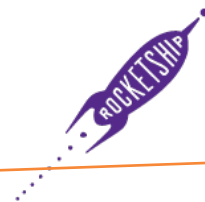


## Internal

• Preston Smith	Chief Executive Officer	• Farah Dilber	Director, Program Strategy
• Andy Stern	Chief Business Officer	• Mike Teng	Director, Technology
• Lynn Liao	Chief Program Officer	• Caitlyn Metteer	National Recruiter
• Carolyn D. Lynch	VP, Strategy & Scalability	• Meg Robinson-Li	Associate Director, Talent
• Katy Venskus	Former VP Policy	• Denice Leong	Director, Talent Recruitment
• Josh Mukhopadhyay	Legal Counsel	• Jenny Zhou	Sr. Associate, Analytics
• Margaret Diesel	Controller	• Alanna Phelan	Sr. Director, Achievement
• Alex Murillo	Associate Director, Operations	• Adam Nadeau	Director of Schools, Principal
• D'Andre Walker	Legal Counsel	• Wendy Noble	Principal, RLS
• Bobby Sanborn	Former BOM, Nashville	• Genevieve Thomas	Director, ISE
• Dynasti Hunt	Senior Director, HR	• Jan Faraguna	Director, Analytics & Assessm't
• Laura Kozel	VP, Facilities & Treasury	• Nicki Blackwell	AP, RNNE (Nashville)
• Harrison Tucker	Assoc. Dir., RE Development	• Tyler Thorton	Former Director of Operations
• Melanie Steger	Financial Analyst	• Kristoffer Haines	Former, Growth
• Alicia Ross	Director, Parent Leadership	• Bebe Ryan	Director, Development
• Lilli Jackson	Director, Community Dev.	• Brittany Kinser	Principal, RSCP
• Shaka Mitchell	Regional Director, Nashville	• Kirsten Slungaard	Former, Strategy & Scalability
• Laurence Moses	Education Organizer, DC	• Arielle Rittvo	Former, Strategy
• Charlie Bufalino	Manager, Growth and Policy	• Amy Zapatka	AP, RDP
• David Kuizenga	VP, Bay Area	• Jennifer Garmirian	ISE Program Manager



# Our past experiences have taught us a lot



Detail to follow

## Learning

## Change in greenlighting process

### Pull up research

#### **TIMELINE**

- Defined three greenlighting phases and specified research to be completed at each phase, moving items from post-greenlight to pre-greenlight

### Need broader and more rigorous

#### **DUE DILIGENCE**

- Added 5<sup>th</sup> external criteria: need / enrollment
- Deepened rigor for each criteria (e.g., credentialing, financials)
- Bolstered internal criteria standards

### Allow more

#### **FLEXIBILITY**

### while instilling more

#### **DISCIPLINE**

- Make milestones more flexible: either meet objective (e.g., obtained charter) or demonstrate clear path to objective in timeframe
- Force go/no go discussion if milestones not met at set checkpoints

### Enable better

#### **COORDINATION** across functions and over time

- Hired project manager to work cross-functionally and serve as central touchpoint
- Established cross-functional working team to conduct due diligence

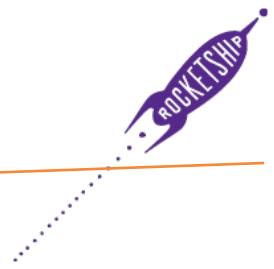
### Establish stronger connection between

#### **REGION AND NATIONAL**

- Established more comprehensive onboarding for regional director focused on relationship building and visits to the national office
- Set up regular communication between national and region (DC)



# We will follow a 3-phase process to greenlight and start-up new regions



*Focus for today*

## Phase 1: Preparing for regional launch

*30+ months prior to school start*

## Phase 2: Preparing for greenlighting

*18-30 months prior*

## Phase 3: Preparing for school start

*0-18 months prior*

### Decision

- Should we put a team on the ground?
- Should we open a new school?
- How do we successfully launch by Day 1?

### Decision owner

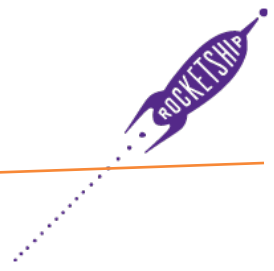
- Full Rocketship Board
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- Functional team leads

### Milestone

- August board meeting (n-2 yrs)
- February board meeting (n-1 yr)
- First day of school



# Our greenlighting criteria will examine both external and internal factors



## **EXTERNAL:** Due diligence on the target region

- Need/enrollment
- Facility
- Finance
- Charters/politics
- Talent



## **INTERNAL:** Evaluation of organizational readiness

- Alignment with mission and strategic plan
- Network health
- Org priorities/capacity



# External: We have established five criteria to evaluate potential regions



	Description
<b>Need / Enrollment</b>	<ul style="list-style-type: none"><li>• Identify a <b>high need community</b> with failing schools</li><li>• Prove that Rocketship can recruit <b>financially viable enrollment</b></li></ul>
<b>Facility</b>	<ul style="list-style-type: none"><li>• <b>Identify a site</b> that meets the target criteria for each region, is financially viable, and is deliverable given our timeline</li></ul>
<b>Finance</b>	<ul style="list-style-type: none"><li>• Determine that <b>public funding can sustain the school and region</b> over time (given demographics, staffing, etc)</li></ul>
<b>Charter/ Politics / Governance</b>	<ul style="list-style-type: none"><li>• Build <b>support in local community</b> to enable enrollment, political hurdles</li><li>• Obtain <b>charter/facilities entitlements</b></li><li>• Determine <b>board structure</b></li></ul>
<b>Talent</b>	<ul style="list-style-type: none"><li>• Identify <b>strong principal and AP candidates</b> willing to move to region</li><li>• Understand <b>credentialing and teacher pipeline</b></li></ul>



# At each phase, we are applying increasing rigor across five criteria



NOT EXHAUSTIVE

**Phase 1 (30+ months prior):**  
*Preparing for regional launch*

**Phase 2 (18-30 months prior):**  
*Preparing for greenlighting*

**Phase 3 (0-18 months prior):**  
*Preparing for school start*

## Need/ Enrollment

### Is there an unserved need?

- Size of need, scale in region
- Population demographics
- Location of failing schools

### Can Rocketship contribute?

- Existing charters size/perf
- New entrants
- What differentiates us

### What is our recruitment plan?

- Population segments/needs
- Outreach channels/messages
- Local challenges

## Facility

### Are there affordable sites?

- Site availability/affordability in target districts; zoning exemptions or entitlements

### Can Rocketship obtain a site?

- Potential parcels IDed
- Path to entitlement and site control

### Can the facility be completed?

- Site under contract, and deliverable 1 mo before start
- Affordable financing options

## Finance

### What is the charter funding?

- Current and future funding
- Fundraising required
- Other charters' lessons

### Is it sustainable?

- Initial financial model with new region assumptions

### What do actuals look like?

- Continued refinement of financial model based on enrollment, operations, etc

## Charter/ Politics / Governance

### What is the political climate?

- Charter authorizer(s)
- Charter granting/renewal issues or opposition

### Is there local support?

- Local stakeholders
- Submit charter petition or path to charter approval

### What is our outreach plan?

- Charter approved
- Identify partners/champions

## Talent

### How is the talent landscape?

- Assess local talent pool
- Survey internal staff on interest in new region

### Is the staffing pool adequate?

- 1-2 interested internal leadership candidates
- Understand credentialing

### What is our recruitment plan?

- Founding principal identified
- Internal transfers set
- Outreach channels, calendar

Note: The level of detail in our analysis will range for new regions vs. new schools in existing regions.



# External: We have set minimum and ideal targets for each of the five criteria



## Min: Triggers go/no go decision

- Multiple local high-performing elementary school options

- No site control at 12 mo prior
- No viable back up site; BA may still have Prop 39 opportunity

- School not financially viable
- Unclear path to regional financial viability

- Regulatory Conditions
- No charter 1 year prior
- No suitable conversion option 6 months prior

- Founding principal not confirmed by December 1 (8 months prior) for following year

### **Need / Enrollment**

### **Facility**

### **Finance**

### **Charter/Politics/Gov**

### **Talent**

## Ideal: Teams strive to achieve this

- Proximity to high-perf middle schools and over-crowded, low-perf elementary schools

- Site control 15 months prior
- 1 viable back-up site still available

- School and region are financially viable, maintains 15% reserves each year

- Charter approved 18 mo prior, can use for conversion or fresh
- Conversion option identified 10 months prior

- Strong founding Principal confirmed 15 months prior
- 1-2 strong AP candidates, with potential to rise to Principal



# External: Based on the min thresholds, we have set checkpoints to evaluate progress

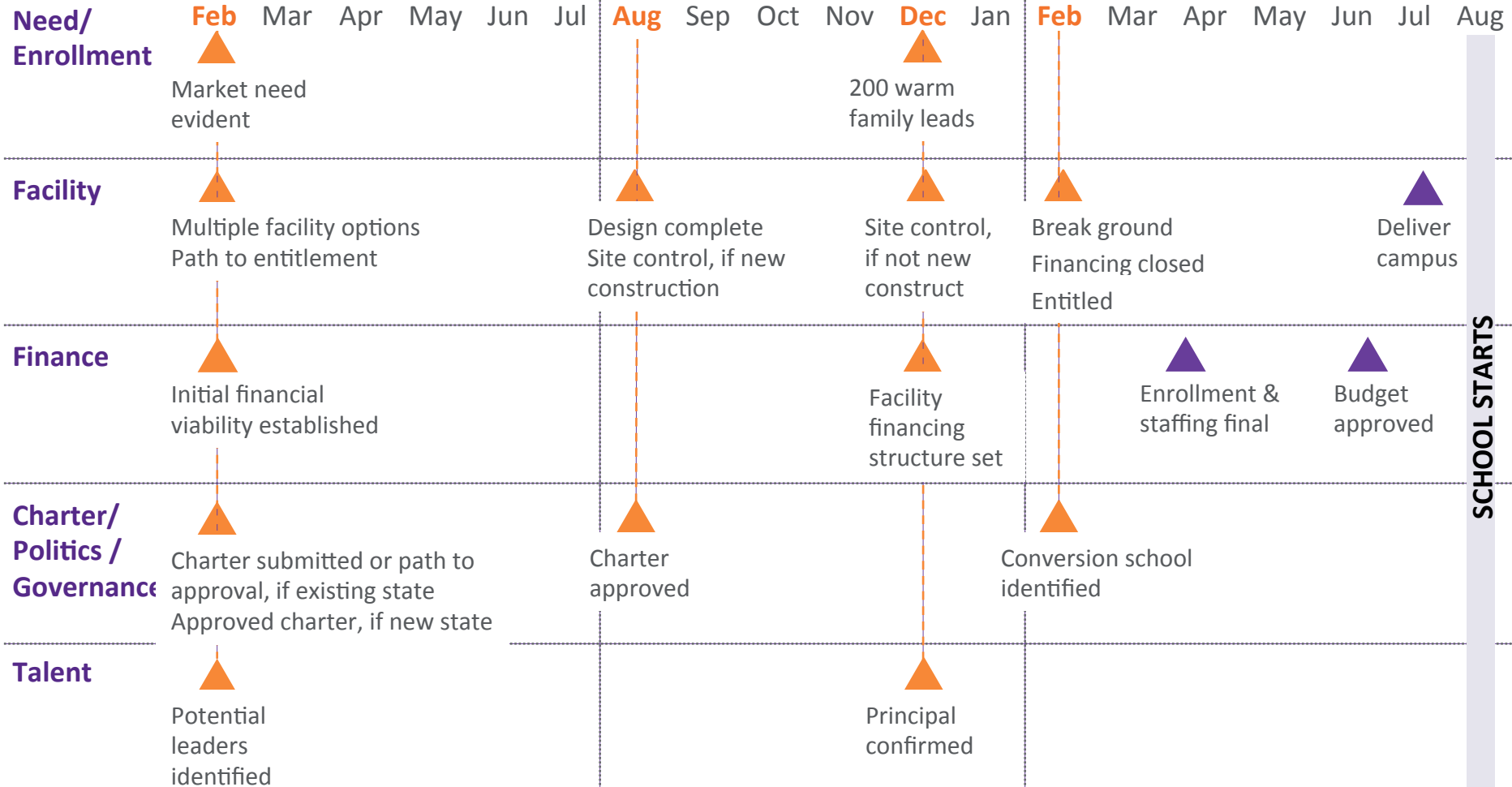


**Greenlighting  
Board meeting**

▲ Checkpoint  
▲ Milestone



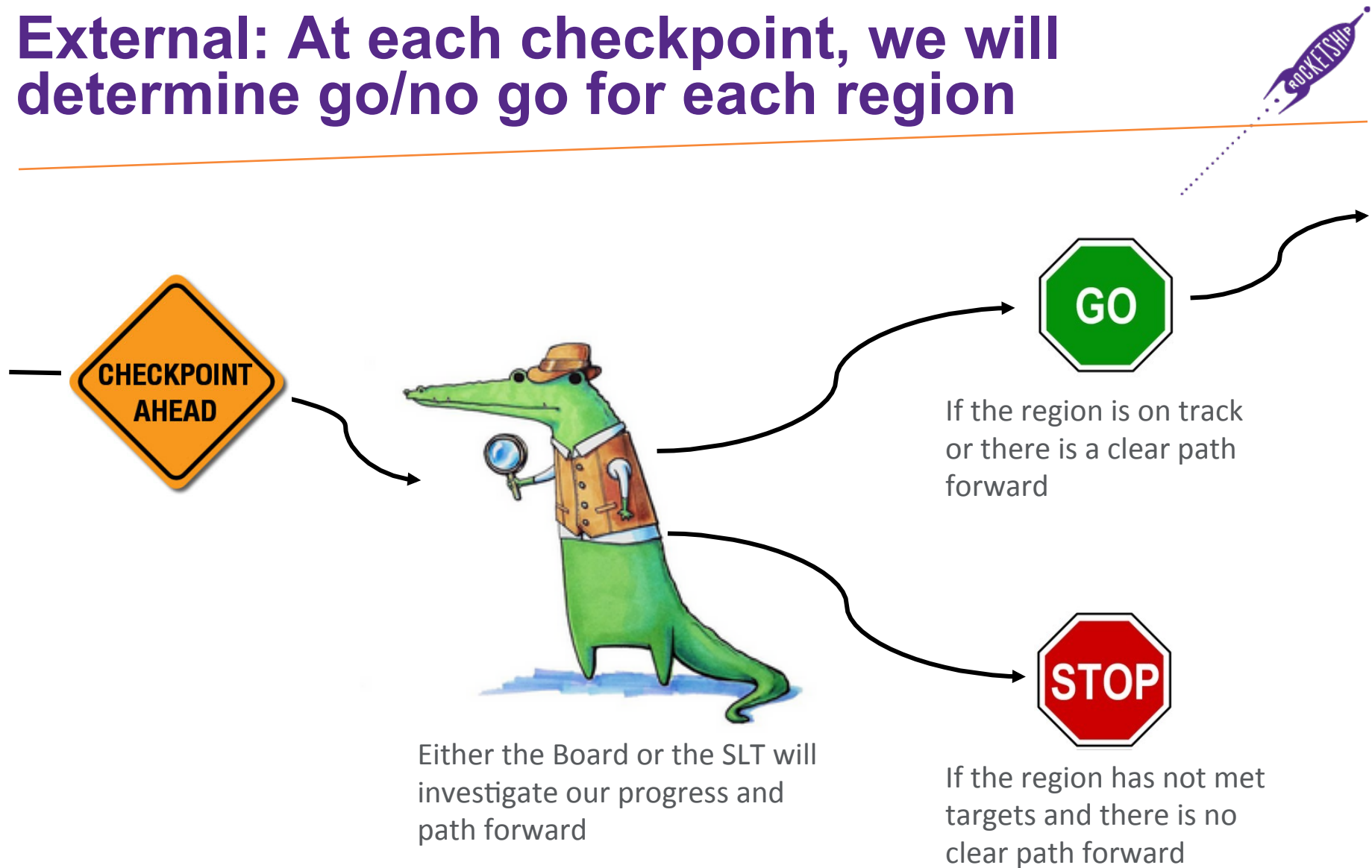
**Phase 3 (0-18 months prior):** *Preparing for school start*



**SCHOOL STARTS**



# External: At each checkpoint, we will determine go/no go for each region





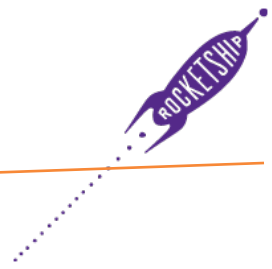
# Internal: We have established 3 criteria to evaluate our organizational readiness



	Description
Alignment with mission and strategic plan	<ul style="list-style-type: none"><li>• Ensure that growth (e.g., new formats) are <b>aligned with mission</b></li><li>• Evaluate if and why growth plans have <b>changed from strategic plan</b></li></ul>
Network health	<ul style="list-style-type: none"><li>• Evaluate health of the network across <b>achievement, talent, financial sustainability, and growth metrics</b></li></ul>
Organizational priorities / capacity	<ul style="list-style-type: none"><li>• Assess major ongoing initiatives and determine whether <b>SLT and functional teams have bandwidth</b> for proposed growth</li></ul>



# Internal: At the Feb Board meeting, we will also assess internal criteria



Phase 1: Preparing for regional launch

30+ months prior to school start

Phase 2: Preparing for greenlighting

18-30 months prior

Phase 3: Preparing for school start

0-18 months prior

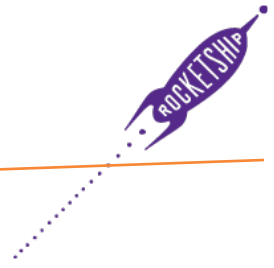


Feb Board meeting internal review

ACADEMIC ACHIEVEMENT		2020	2021	2022	2023	2024
Achievement		100%	100%	100%	100%	100%
Learning		100%	100%	100%	100%	100%
FINANCIAL SUSTAINABILITY		2020	2021	2022	2023	2024
Financials		100%	100%	100%	100%	100%
Budgetary		100%	100%	100%	100%	100%
Financial Health		100%	100%	100%	100%	100%
Capital Expenditure		100%	100%	100%	100%	100%
Debt		100%	100%	100%	100%	100%
Risk		100%	100%	100%	100%	100%
GROWTH		2020	2021	2022	2023	2024
Growth		100%	100%	100%	100%	100%
Recruitment		100%	100%	100%	100%	100%
Retention		100%	100%	100%	100%	100%
Productivity		100%	100%	100%	100%	100%
Innovation		100%	100%	100%	100%	100%
Customer Satisfaction		100%	100%	100%	100%	100%
Market Share		100%	100%	100%	100%	100%
Competitive Advantage		100%	100%	100%	100%	100%
Brand Equity		100%	100%	100%	100%	100%
Sales Volume		100%	100%	100%	100%	100%
Profitability		100%	100%	100%	100%	100%
Revenue		100%	100%	100%	100%	100%
Costs		100%	100%	100%	100%	100%
Gross Profit		100%	100%	100%	100%	100%
Operating Profit		100%	100%	100%	100%	100%
Net Profit		100%	100%	100%	100%	100%
EBITDA		100%	100%	100%	100%	100%
EPS		100%	100%	100%	100%	100%
Dividend Yield		100%	100%	100%	100%	100%
P/E Ratio		100%	100%	100%	100%	100%
Market Capitalization		100%	100%	100%	100%	100%
Total Return to Shareholders		100%	100%	100%	100%	100%



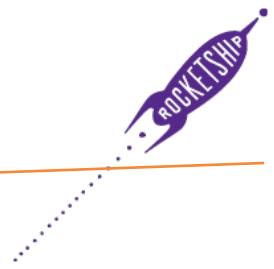
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- External evaluation: Nashville
- External evaluation: San Jose (Franklin McKinley)
- External evaluation: East Bay
- Update on DC (already greenlit)



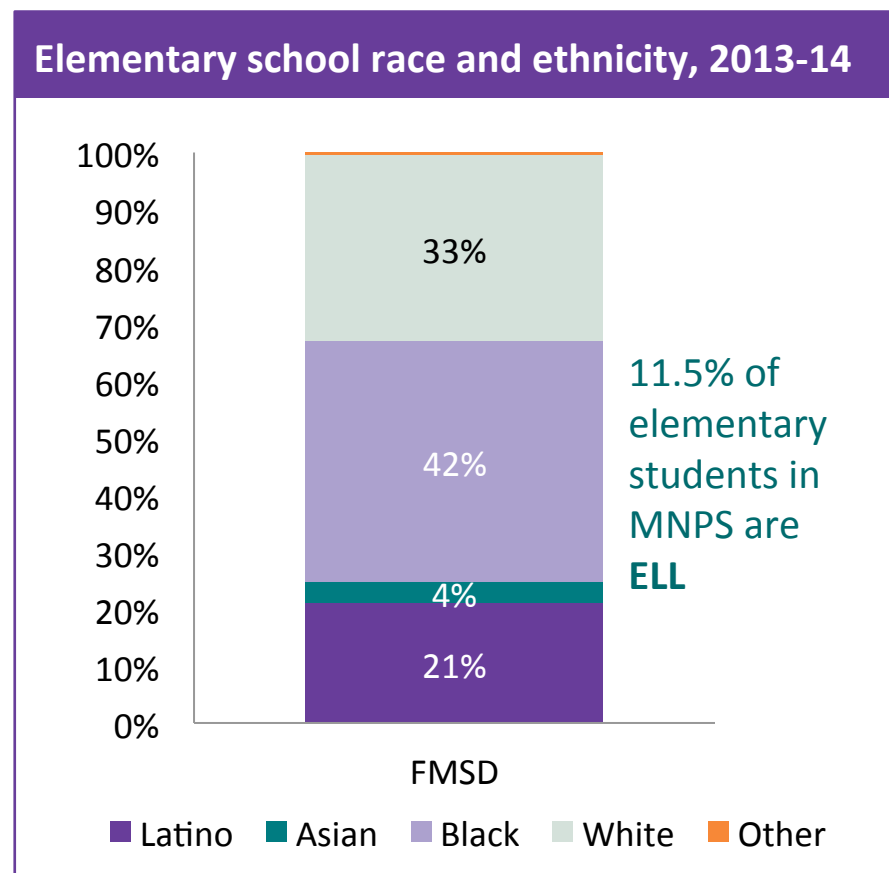
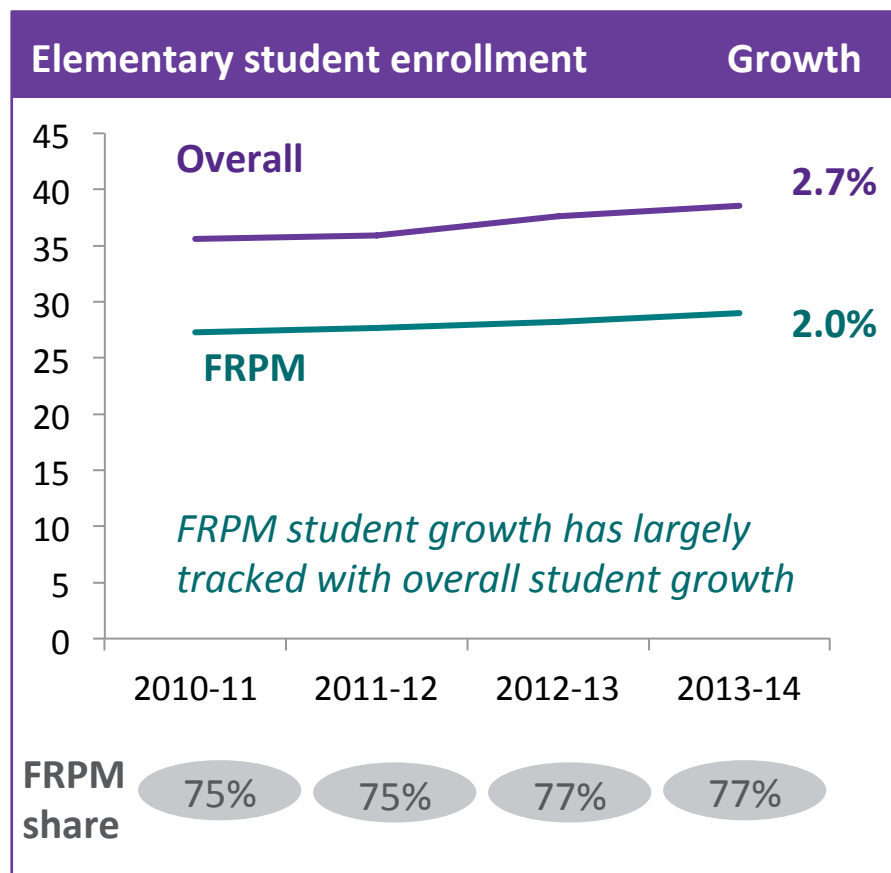
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- External evaluation: Nashville
  - Need / enrollment
  - Talent
  - Finance



# MNPS elementary students are 77% FRPM and 63% Black or Latino





# Charter schools have an extremely low share of total elementary students



## Overall elementary school enrollment

Number of students in traditional vs. charter schools in Nashville

	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-16 <sup>E</sup>
Total charter schools	1	2	2	4	5	8-9
Total charter enrollment	240	326	456	715	1462	2565
Total district enrollment	29,400	30,800	32,200	33,600	35,000	36,400
Charter share (%)	.8	1	1.4	2.1	4.2	7

## Comments

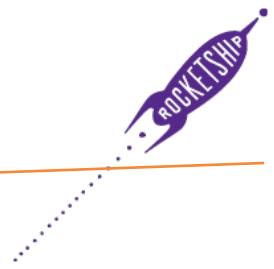
- Only 9 of 75 elementary schools in Nashville were rated “Achieving” or “Excelling” by the district’s Academic Performance Framework.
- The number of K-4 students in Nashville is growing , but the supply of quality seats remains low.

Note: RNNE opens in 2014-15; assumes that RSED opens a second school in 2015-16 (total of two schools with ~955 students)

SOURCE: TN Charter School Center & MNPS



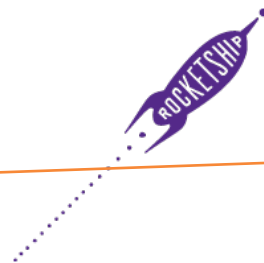
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- External evaluation: Nashville
  - Need / enrollment
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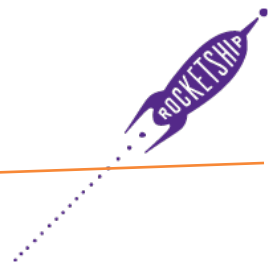
# Leadership pipeline is promising but jump from 2 to 4 schools is challenging



- We have seen promising results from current internal Nashville school leader pipeline, but increase from two to four schools in one year is still a significant challenge in terms of leader hiring.
  - Staffing model of 3 APs in schools supports broader principal pipeline
  - Hiring of teachers with AP interest/potential supports AP pipeline
- External teacher hiring pool is promising and includes helpful partnerships with Teach for America and the New Teacher Project.



# Significant school leader interest in NSH but readiness of pool is still untested



## Principal pipeline

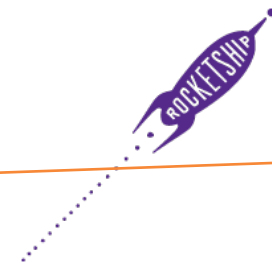
- Anticipated NSH need: 2 (2 start-up or conversion); Goal is 1.5x anticipated need →  $1.5 \times 2 = 3$  in pipeline
- Current pipeline:
  - 5 (2 returning APs with principal interest; 2 newly selected APs from teacher pool in NSH, 1 newly selected AP from teacher pool in BA )
  - 1-2 AP openings to fill with high potential external candidates
  - Developing and assessing readiness of current pipeline is continued need and priority

## AP pipeline

- 2 teachers who applied for AP roles in 15-16 and were not quite ready yet
- Teachers with AP potential are major focus of external recruitment



# We expect both teacher pool and competition to grow in Nashville



## Internal

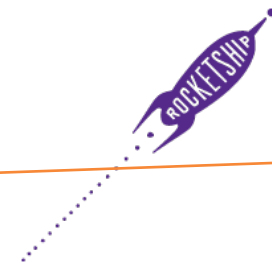
- Goal to transfer 1-2 teachers from existing RSED campuses (NSH or elsewhere) to each new school
- To date, 4 current RSED teachers have expressed interest in transfer to NSH #2 (2 from BA, 2 from TN) (Survey open until 1/23)

## External

- TFA and TNTP partnerships
- Currently large pool of interested teachers (compared to BA)
- Charter networks on friendly terms but no current formal channels for collaboration on talent
- Growing charter scene may yield more candidates *and* more competition



# We have investigated credentialing requirements in Nashville



	Teacher	School leader
<b>Teaching credential</b>	<ul style="list-style-type: none"> <li>• Must have or be working towards valid TN teaching credential (minimum of Transitional or Apprentice teaching credential)</li> <li>• Only highest level license from another state is eligible for transfer (i.e. CA Clear Credential)</li> </ul>	<ul style="list-style-type: none"> <li>• None required by state, authorizer, or charter</li> </ul>
<b>Admin credential</b>	<ul style="list-style-type: none"> <li>• None required by state , authorizer, or charter</li> </ul>	<ul style="list-style-type: none"> <li>• None required by state, authorizer, or charter</li> <li>• Note: School leaders with a TN teacher or admin credential may participate in the Tennessee Consolidated Retirement System (TCRS); otherwise RSED must pay for their participation in MN Pension Plan (additional 8% of their salary not required for TCRS)</li> </ul>



# We expect to complete the credential transfer process by August 2016



**School leader  
(Ideal, not required)**

Identify credential status of applicants

If eligible, start transfer process for teacher and/or admin credential to TN

Transfer process complete

**Teachers  
(Required)**

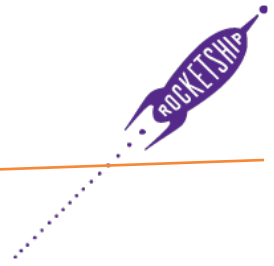
Check credential status of applicants

Start transfer process for teacher credential

Transfer process complete



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- External evaluation: Nashville
  - Need / enrollment
  - Talent
  - Finance



# Finance – New Start

## 5 Year School Projection



(\$ in Thousands)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Baseline School - Nash Baseline School</b>						
<b>Financial Summary</b>						
Grades	–	K-4	K-4	K-4	K-4	K-4
Enrollment	–	448	497	550	550	550
<b>Revenue</b>						
PPR	–	\$4,084	\$4,511	\$4,992	\$5,013	\$5,013
Grants	128	496	–	–	–	–
Other	–	110	122	135	135	135
<b>Total Revenue</b>	<b>128</b>	<b>4,690</b>	<b>4,633</b>	<b>5,128</b>	<b>5,149</b>	<b>5,149</b>
<b>Expenses</b>						
Compensation	102	1,649	1,820	1,973	1,991	2,009
Other	14	1,542	1,320	1,395	1,384	1,384
Management	–	586	647	716	719	719
Facilities	–	822	815	815	815	842
<b>Total Expenses</b>	<b>116</b>	<b>4,599</b>	<b>4,603</b>	<b>4,899</b>	<b>4,909</b>	<b>4,954</b>
<b>Inc in Net Assets</b>	<b>\$13</b>	<b>\$91</b>	<b>\$30</b>	<b>\$228</b>	<b>\$240</b>	<b>\$195</b>
<b>EOP Cash</b>	<b>(\$127)</b>	<b>\$185</b>	<b>\$282</b>	<b>\$391</b>	<b>\$633</b>	<b>\$829</b>

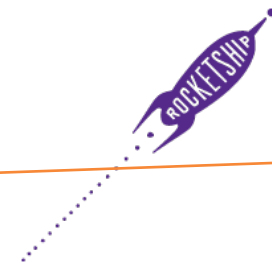
### Commentary:

- By itself, each school is projected to be sustainable in year 1. However, since there is no state aid specific to special education, the addition of the 2 new schools will be negative on a combined basis (with ISE). The region is expected to have sufficient cash resources to sustain the addition of these two new schools.



# Finance – New Start

## *Enrollment & Staffing Drivers*



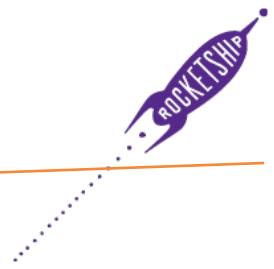
Enrollment	Attrition	2016-17	2017-18	2018-19	2019-20	2020-21
Kindergarten		112	112	112	112	112
1 <sup>st</sup> Grade		112	112	112	112	112
2 <sup>nd</sup> Grade		112	112	112	112	112
3 <sup>rd</sup> Grade		56	112	112	112	112
4 <sup>th</sup> Grade	9%	56	49	102	102	102
<b>Total</b>	-	<b>448</b>	<b>497</b>	<b>550</b>	<b>550</b>	<b>550</b>

Teacher	2016-17	2017-18	2018-19	2019-20	2020-21
Kindergarten	3	3	3	3	3
1 <sup>st</sup> Grade	3	3	3	3	3
2 <sup>nd</sup> Grade	3	3	3	3	3
3 <sup>rd</sup> Grade	1.5	3	3	3	3
4 <sup>th</sup> Grade	1.5	2	3	3	3
<b>Total Teachers</b>	<b>12</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>
Tutors	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Tutors</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>5</b>



# Finance – Nashville Region

## 5 Year Regional Projection



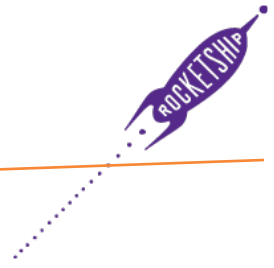
(\$ in Thousands)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Consolidated Regional Summary - Nash REGION</b>							
<b>Stats</b>							
New Schools	1	1	2	1	2	2	–
Total Schools	1	2	4	5	7	9	9
Enrollment	448	945	1,943	2,542	3,593	4,640	4,844
<b>Schools</b>							
Recurring Revenue	4,194	8,827	18,148	23,736	33,573	43,376	45,265
Grants & Fundraising	356	648	1,120	752	1,248	992	–
Expenses	4,838	9,529	18,814	23,843	33,692	43,026	43,726
<b>Inc in Net Assets</b>	<b>(288)</b>	<b>(55)</b>	<b>454</b>	<b>645</b>	<b>1,129</b>	<b>1,341</b>	<b>1,538</b>
<b>Cash</b>	<b>(254)</b>	<b>(454)</b>	<b>228</b>	<b>831</b>	<b>1,955</b>	<b>3,688</b>	<b>5,059</b>
<b>NeST</b>							
Recurring Revenue	195	411	845	1,105	1,563	2,020	2,108
Grants & Fundraising	253	278	50	–	–	–	–
Expenses	677	531	903	836	844	947	957
<b>Inc in Net Assets</b>	<b>(228)</b>	<b>158</b>	<b>(8)</b>	<b>269</b>	<b>719</b>	<b>1,072</b>	<b>1,151</b>
<b>Cash</b>	<b>1,813</b>	<b>1,953</b>	<b>1,942</b>	<b>2,195</b>	<b>2,892</b>	<b>3,447</b>	<b>4,594</b>
<b>ISE</b>							
Recurring Revenue	109	230	474	620	876	1,131	1,181
Grants & Fundraising	–	–	–	–	–	–	–
Expenses	317	673	1,384	1,811	2,560	3,306	3,451
<b>Inc in Net Assets</b>	<b>(208)</b>	<b>(443)</b>	<b>(911)</b>	<b>(1,192)</b>	<b>(1,684)</b>	<b>(2,175)</b>	<b>(2,271)</b>
<b>Cash</b>	<b>(198)</b>	<b>(629)</b>	<b>(1,516)</b>	<b>(2,694)</b>	<b>(4,354)</b>	<b>(6,504)</b>	<b>(8,770)</b>
<b>Combined</b>							
<b>Inc in Net Assets</b>	<b>(725)</b>	<b>(340)</b>	<b>(464)</b>	<b>(277)</b>	<b>164</b>	<b>239</b>	<b>419</b>
<b>Total Cash</b>	<b>\$1,361</b>	<b>\$870</b>	<b>\$654</b>	<b>\$332</b>	<b>\$493</b>	<b>\$630</b>	<b>\$882</b>

**Commentary:**  
Opening 2 new schools in 2016/17, the region will maintain a positive cash balance.

ISE is budgeted to operate at \$750/ADA is 2015/16 onwards.



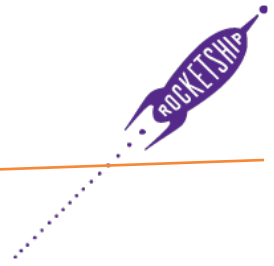
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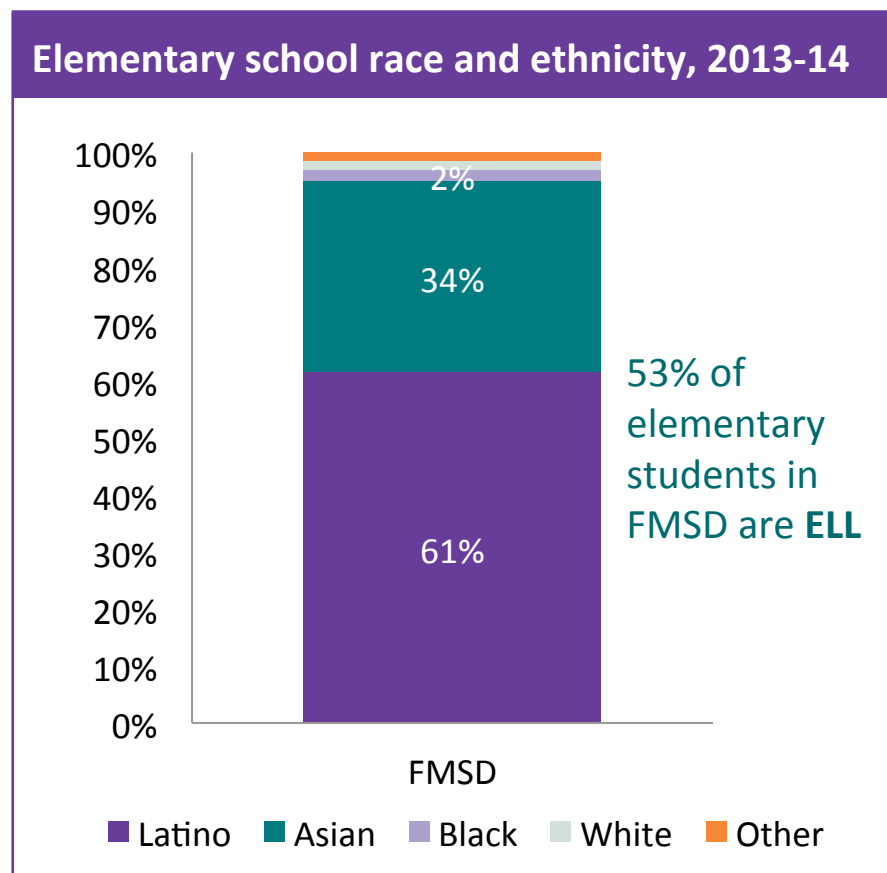
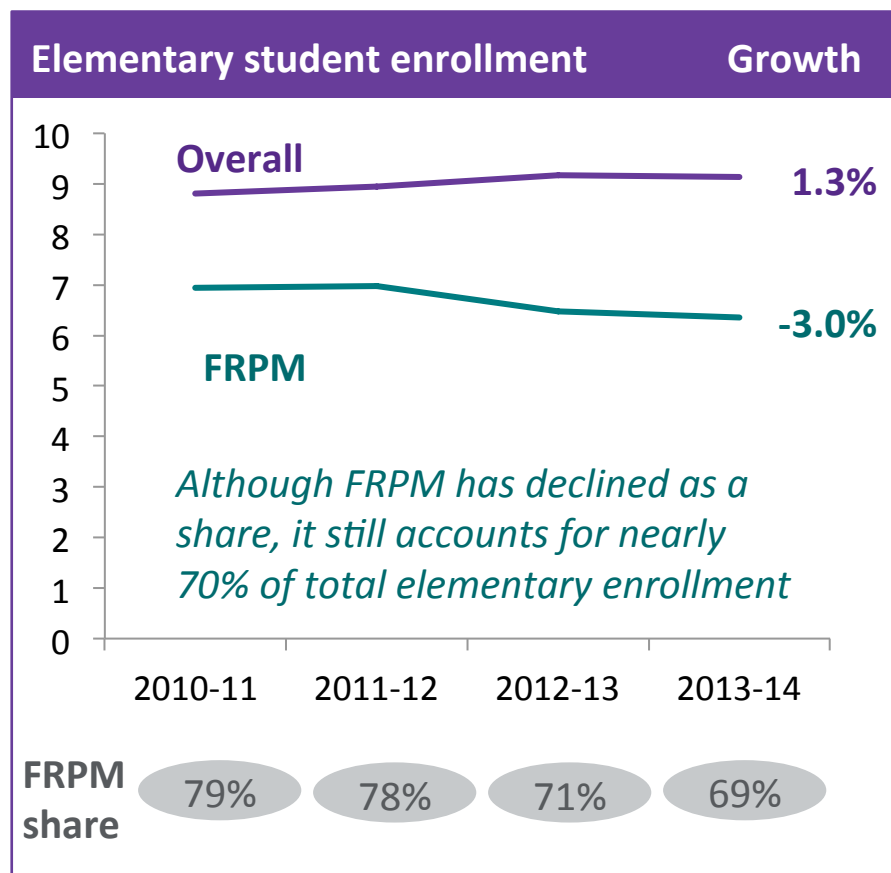
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- External evaluation: San Jose (Franklin McKinley)
  - Need / enrollment
  - Talent
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# Franklin McKinley continues to be a high-need district, with 70% FRPM and 53% ELL





# 54% of disadvantaged elementary students are served by schools with APIs <800

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- Eight schools have APIs for socio-economically disadvantaged students under 800 and five under 775
- Those eight schools account for over 2,500 socio-economically disadvantaged students, or over 50% of students in the district

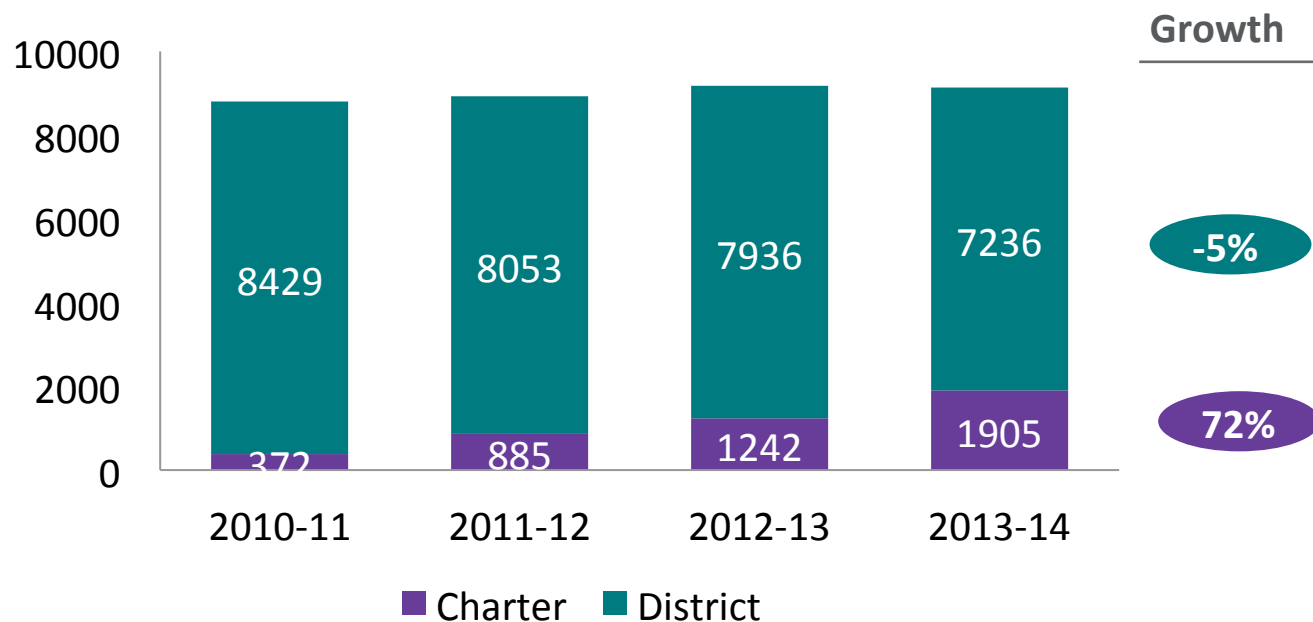


# Rocketship has been the only elementary charter network growing in the district



## Elementary school enrollment in FMSD

Number of students



Charter share

■ Charter ■ District

ROMO opens

RSK opens

## Key takeaways

- Rocketship has been growing its share and strengthening its brand in FMSD
- Although new middle schools have entered (e.g., KIPP, ACE), other elementary charters have not entered nor expanded
- FMSD elementary students remain underserved



# Franklin McKinley is looking to bring in several new charters in the next few years



## Upcoming charter activity

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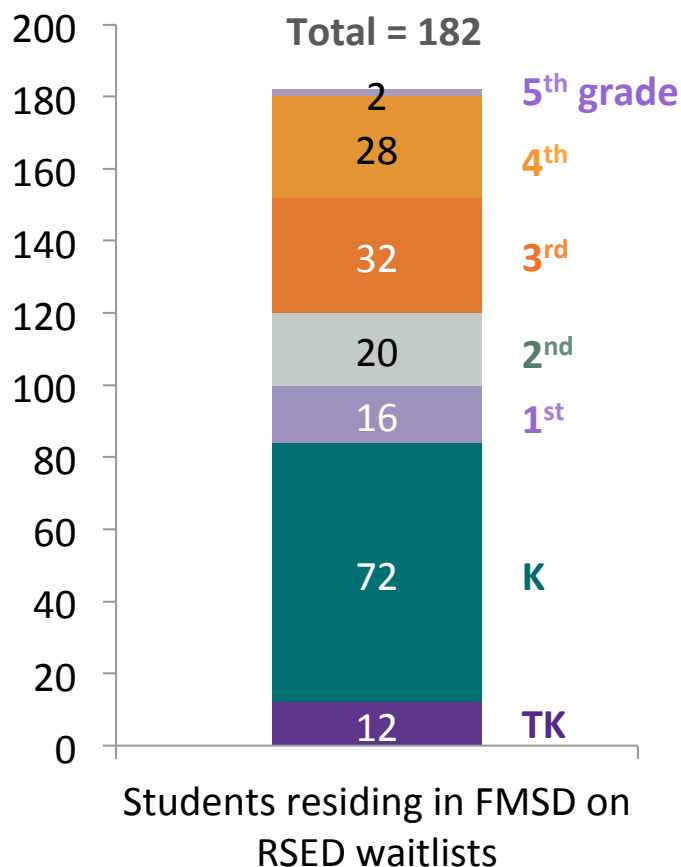
- Franklin McKinley's master facilities plan anticipates co-location of 4 new charter schools in the district over the next several years
- ACE is exploring the possibility of a new middle school



# All signs indicate high demand for a new Rocketship school in FMSD



## Strong FMSD demand on 2014-15 waitlists, as of Jan 15, 2015



## High 2015-16 application volume for ROMO & RSK (FMSD schools), as of Jan 15, 2015

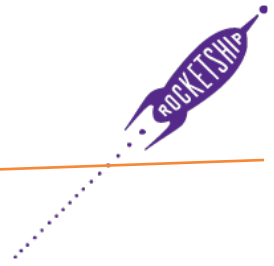
- For SY15-16, we already have 429 applications for ROMO and RSK (Rocketship schools located in FMSD) to fill a projected 315 seats
- We are more than a month away from lottery

## Signatures for FMSD charter petition exceed targets

- For charter petitions, we are obligated to produce 250 signatures
- Normally, we target 500 signatures and achieve around 400 signatures
- For this FMSD school, we were easily able to obtain 750



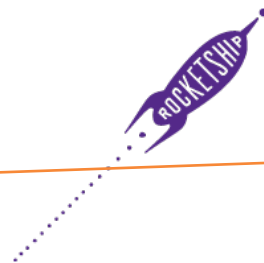
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# The internal school leader pipeline is sufficient, with time to hire externally



## **Principal pipeline:** We have over 1.5x the anticipated need in the pipeline

- Anticipated BA need: 7 (2 start-up, 5 succession); Goal is 1.5x anticipated need → 11 should be in pipeline
- Current pipeline:
  - 12 APs (7 returning APs with principal interest; 5 newly selected APs from teacher pool)
  - 1-2 Current principals may be interested in East Bay
  - 4 AP positions to be filled (priority to hire for principal potential)
  - Developing and assessing readiness of current pipeline is continued need and priority

## **AP pipeline:** We have many internal leads and opportunity for external hiring

- Internal: 17 current BA teachers serving in teacher leadership positions (Grade Level Lead or hybrid teacher/coach role), not including 5 already selected for AP positions in 15-16
- External: Priority for hiring in 15-16 (as teachers) and 16-17 (as APs)



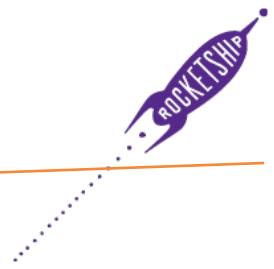
# The FMSD teacher pipeline is same as our other SJ schools – competitive but known



Teacher pipeline	
Internal	External
<ul style="list-style-type: none"> <li>• <b>Same pipeline</b> as for other San Jose start-up campuses</li> <li>• <b>Ability to leverage existing San Jose talent pool:</b> Anticipate 2-3 internal transfers to support new school</li> <li>• <b>Initiatives to support talent pool:</b> teacher retention and internal career path from tutor to teacher are priorities that will support overall talent pool</li> <li>• <b>Same credentialing requirements</b> as for our other CA schools</li> </ul>	<ul style="list-style-type: none"> <li>• <b>TFA important partner</b></li> <li>• <b>Same talent landscape/context</b> as for our other CA schools: competitive but known</li> </ul>



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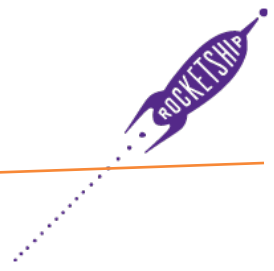


- External evaluation: San Jose (Franklin McKinley)
  - Need / enrollment
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# Finance – Franklin McKinley

## *Summary*



- We ran three different financial scenarios (Charter, Large-size, Small-size), all of which estimate that schools would reach sustainability by the second year of operation at the latest
- Assumptions will be constantly revised based on new information
- Key factors that may change and have a large influence on the financials:
  - Enrollment of School
  - LCFF Estimates for Franklin McKinley School District
  - Facility Costs



# Finance – Franklin McKinley (per Charter)

## 5 Year School Projection



(\$ in Thousands)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Franklin McKinley Charter Petition</b>						
<b>Financial Summary</b>						
Grades	–	TK-4	TK-5	TK-5	TK-5	TK-5
Enrollment		498	589	639	639	639
<b>Revenue</b>						
PPR	–	\$5,045	\$6,058	\$6,583	\$6,583	\$6,583
Grants	\$50	\$450	–	–	–	–
Other	–	96	113	123	123	123
<b>Total Revenue</b>	<b>50</b>	<b>5,591</b>	<b>6,172</b>	<b>6,706</b>	<b>6,706</b>	<b>6,706</b>
<b>Expenses</b>						
Compensation	48	2,335	2,793	3,101	3,133	3,149
Other	14	1,498	1,338	1,427	1,427	1,427
Management	–	709	855	931	931	931
Facilities	–	1,000	1,000	1,000	1,000	1,000
<b>Total Expenses</b>	<b>62</b>	<b>5,542</b>	<b>5,986</b>	<b>6,459</b>	<b>6,490</b>	<b>6,507</b>
<b>Inc in Net Assets</b>	<b>(\$12)</b>	<b>\$49</b>	<b>\$186</b>	<b>\$247</b>	<b>\$216</b>	<b>\$199</b>
<b>EOP Cash</b>	<b>\$188</b>	<b>\$215</b>	<b>\$309</b>	<b>\$453</b>	<b>\$638</b>	<b>\$837</b>

### Commentary:

- The school is projected to become sustainable in the first year of operation and have positive ending cash balances each year.



# Finance – Franklin McKinley (per Charter)

## Enrollment & Staffing Drivers



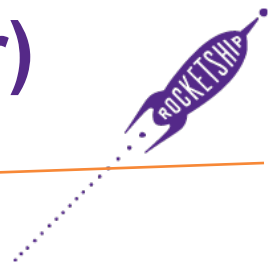
Enrollment	Attrition	2016-17	2017-18	2018-19	2019-20	2020-21
TK/K4		50	50	50	50	50
Kindergarten		112	112	112	112	112
1 <sup>st</sup> Grade		112	112	112	112	112
2 <sup>nd</sup> Grade	8%	112	112	112	112	112
3 <sup>rd</sup> Grade	9%	56	112	112	112	112
4 <sup>th</sup> Grade	9%	56	47	101	101	101
5 <sup>th</sup> Grade	45%	-	44	40	40	40
<b>Total</b>	-	<b>498</b>	<b>589</b>	<b>639</b>	<b>639</b>	<b>639</b>

Teacher	2016-17	2017-18	2018-19	2019-20	2020-21
TK/K4	2	2	2	2	2
Kindergarten	3	3	3	3	3
1 <sup>st</sup> Grade	3	3	3	3	3
2 <sup>nd</sup> Grade	3	3	3	3	3
3 <sup>rd</sup> Grade	2	3	3	3	3
4 <sup>th</sup> Grade	1	2	3	3	3
5 <sup>th</sup> Grade	-	1	2	2	2
ISE Teachers	1	2	2	2	2
<b>Total Teachers</b>	<b>15</b>	<b>19</b>	<b>21</b>	<b>21</b>	<b>21</b>
Tutors	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Tutors/Paras</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>



# Finance – Franklin McKinley (per Charter)

## *Assumptions Continued*



### Staffing Drivers

- 3 Assistant Principals
- 3 Enrichment Coordinators
- ISE staff included (2 teachers / 2 paras)

### Revenue Drivers

- ADA: K4 – 80% ; K-5<sup>th</sup> – 95%
- FRL: 70%, ELL: 70%
- Older LCFF calculator - \$8,492
- ~\$500K in CSP Funding (Year 0-1)
- No CSGF-Walton Start-up Grant/Loan

### Expense Drivers

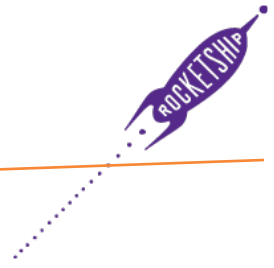
- STRS in Year 1 – 12.6% increases to 16.3% in Year 5
- Facility – Included in OG (\$1M/Year)
- Management Fee @ 15%

### Balance Sheet Drivers

- No Security Deposit
- Facility in OG – benefits from Cap. Interest in Year 1
- CSFA Revolving Loan @ \$250K in Year 1
- No deferrals, No RAN
- \$900K inter-company loan to cover mid-year cash shortages in Year 0 & 1 (paybacks following month)



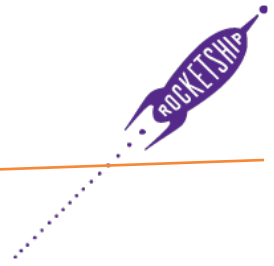
# Table of contents



- Greenlighting process
- External evaluation: Nashville
- External evaluation: San Jose (Franklin McKinley)
- External evaluation: East Bay
- Update on DC (already greenlit)



# Table of contents



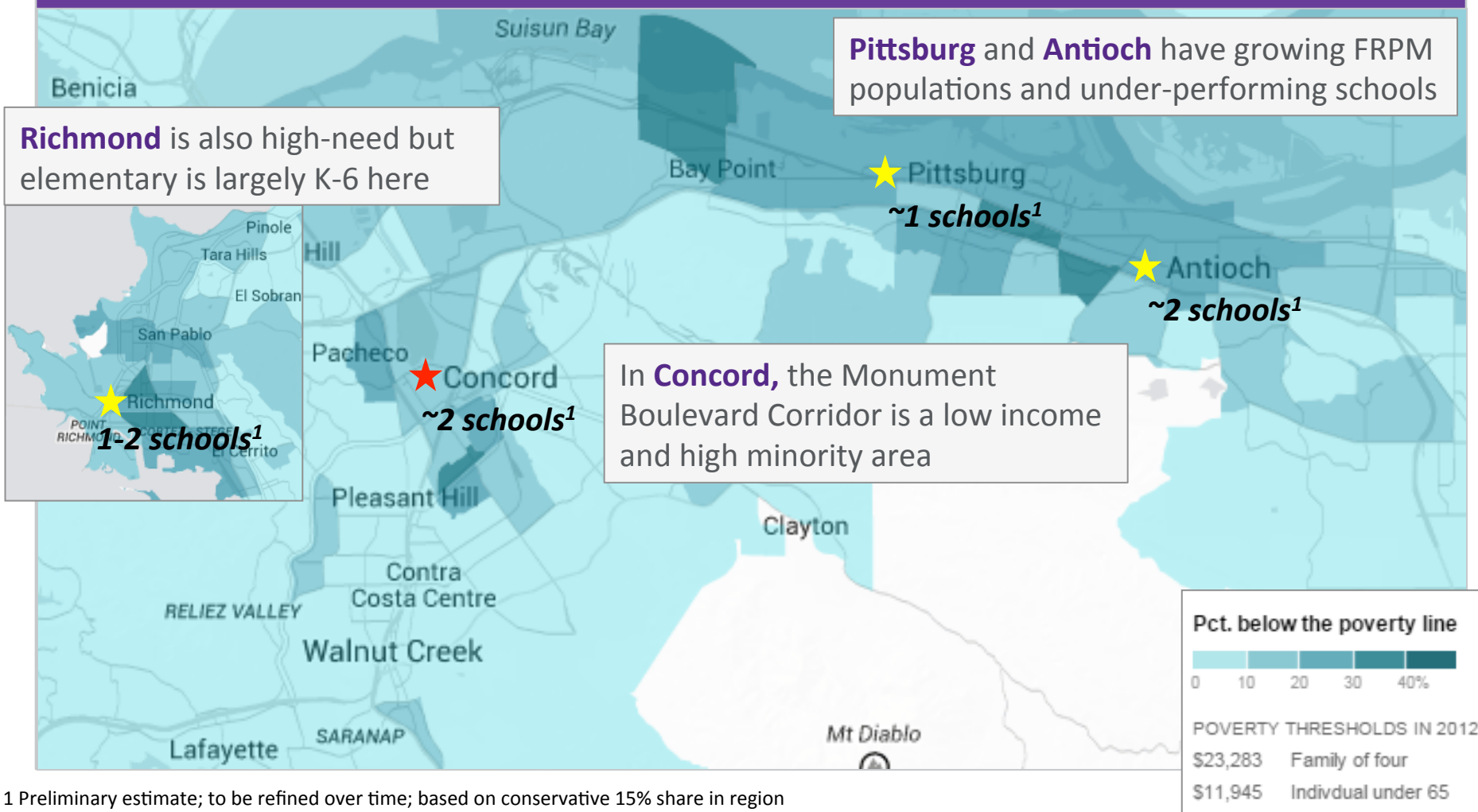
- External evaluation: East Bay
  - Need / enrollment
  - Talent
  - Finance



# Contra Costa County is an area of high need in the Bay Area



## Poverty map of Contra Costa County, 2012

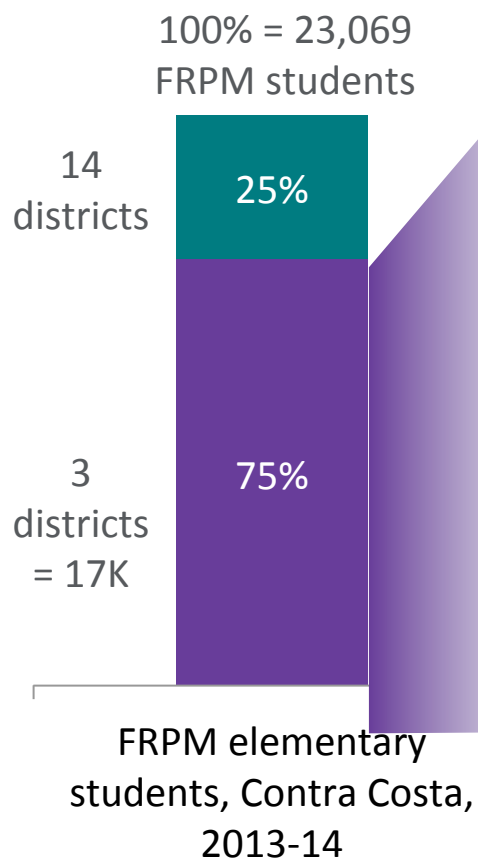


<sup>1</sup> Preliminary estimate; to be refined over time; based on conservative 15% share in region

SOURCE: New York Times Poverty Map, published Jan 4, 2014



# 3 districts account for 75% of all FRPM elementary<sup>1</sup> students in Contra Costa

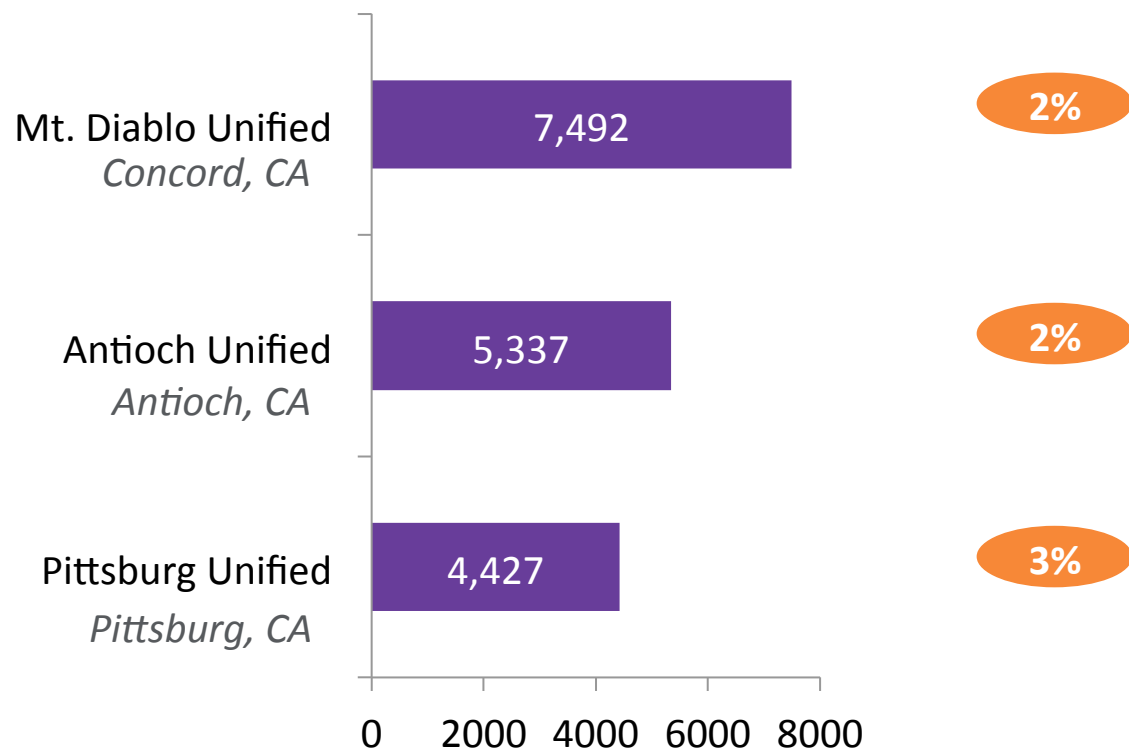


## FRPM elementary students by district

Number of students

Annual growth

2012-13 to 2013-14



<sup>1</sup> Elementary defined as K-5; Richmond elementary schools are largely K-6 and thus does not appear as a top 3 priority district

SOURCE: CDE Student Poverty-FRPM Data 2013-14



# The 3 priority districts have high rates of FRPM/ELL but low academic performance



	Elementary enrollment	% FRPM	% ELL	Race and ethnicity		API <sup>1</sup>	
				% Af-Am	% Latino	LEA-wide	Disadvantaged <sup>2</sup>
<b>Mt. Diablo Unified</b> <i>Concord</i>	15,725	48%	47%	4%	43%	792	703
<b>Antioch Unified</b> <i>Antioch</i>	7,540	71%	43%	24%	43%	743	710
<b>Pittsburg Unified</b> <i>Pittsburg</i>	5,112	87%	70%	18%	65%	734	726

1 For total LEA, not only elementary school enrollment; data from 2013

2 Defined by the CDE as "A student neither of whose parents have received a high school diploma" OR "A student who is eligible for the free or reduced-price lunch program also known as the National School Lunch Program (NSLP)."

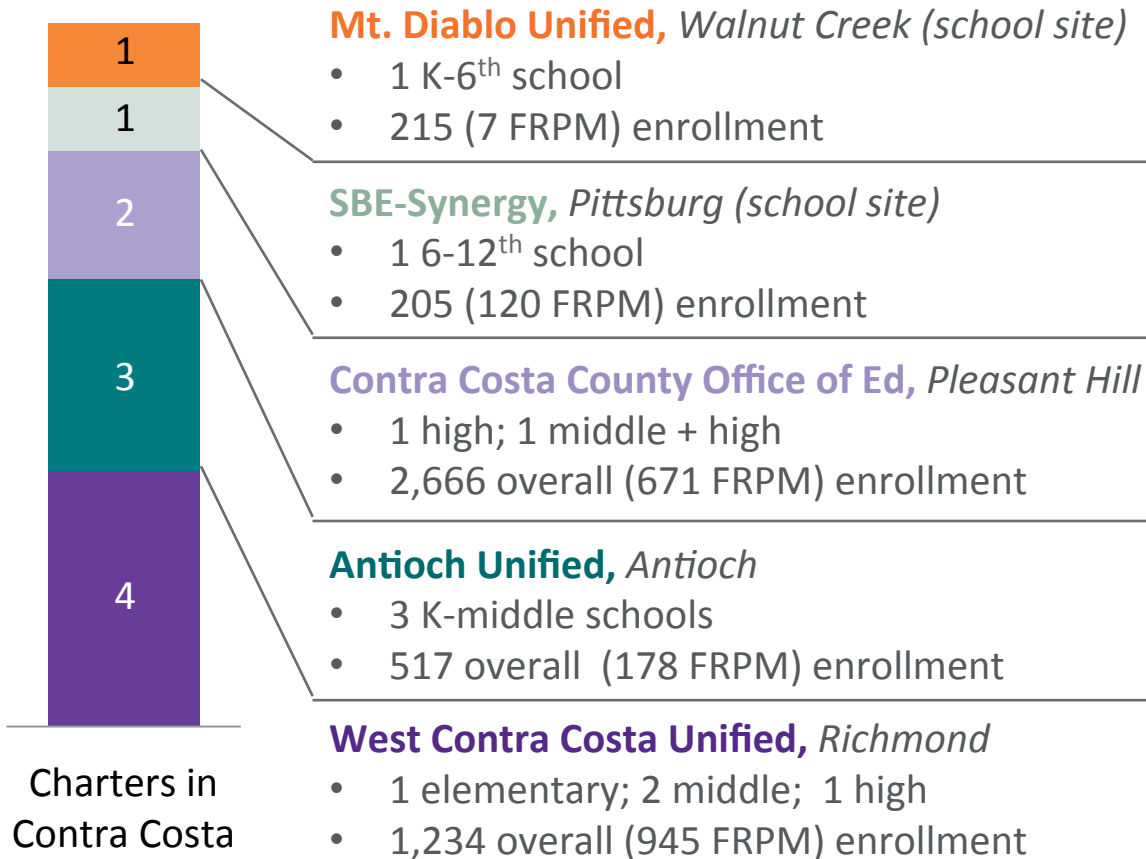
SOURCE: California Department of Education, 2013-14



# However, there are few other charter schools in Contra Costa



## Charter schools in Contra Costa County by district 2013-14



## Fast facts about charters in Contra Costa

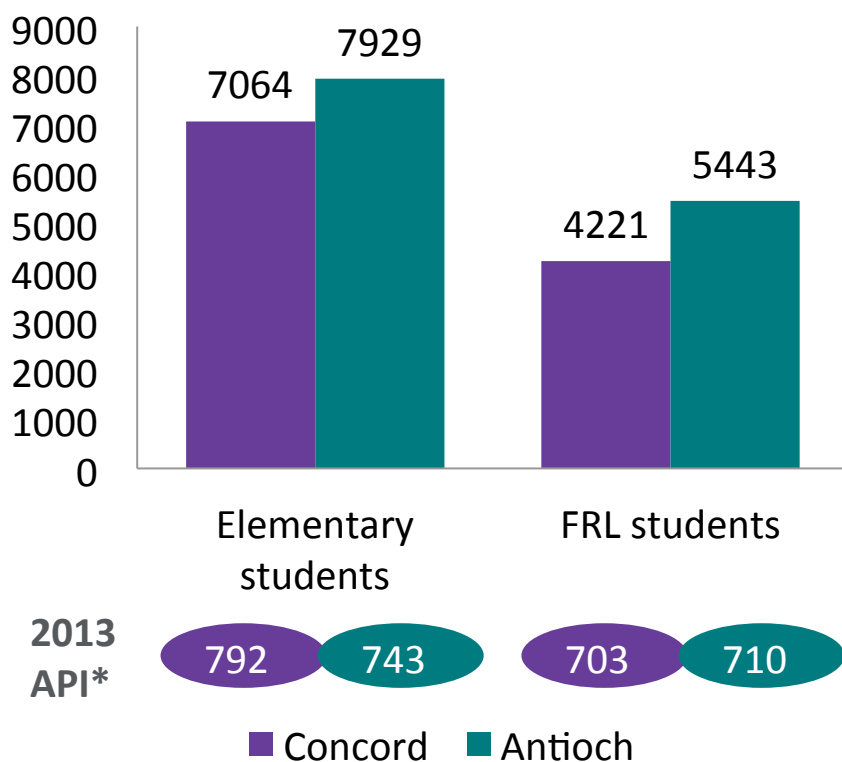
- **Number of charter schools:** 11  
(4% of 278 total schools)
- **Student enrollment in charters:** 4,833  
(2.8% of 173,023 total enrollment)
- **FRPM enrollment in charters:** 1,921  
(8.3% of 23,069 total FRPM enrollment)



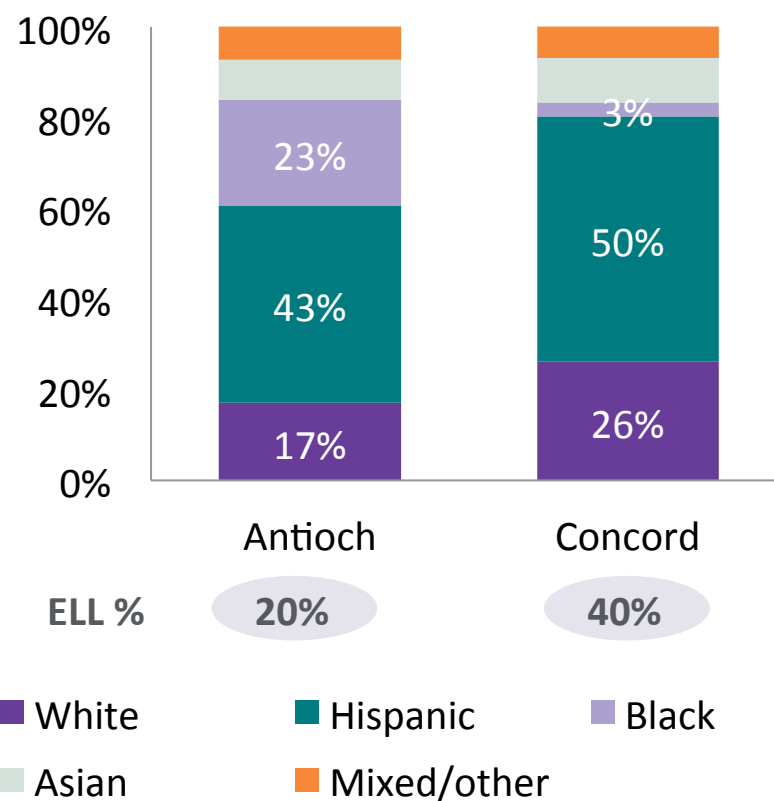
# East Bay student demographics are similar to that which RSED serves in SJ



Elementary student size and performance, 2013-14

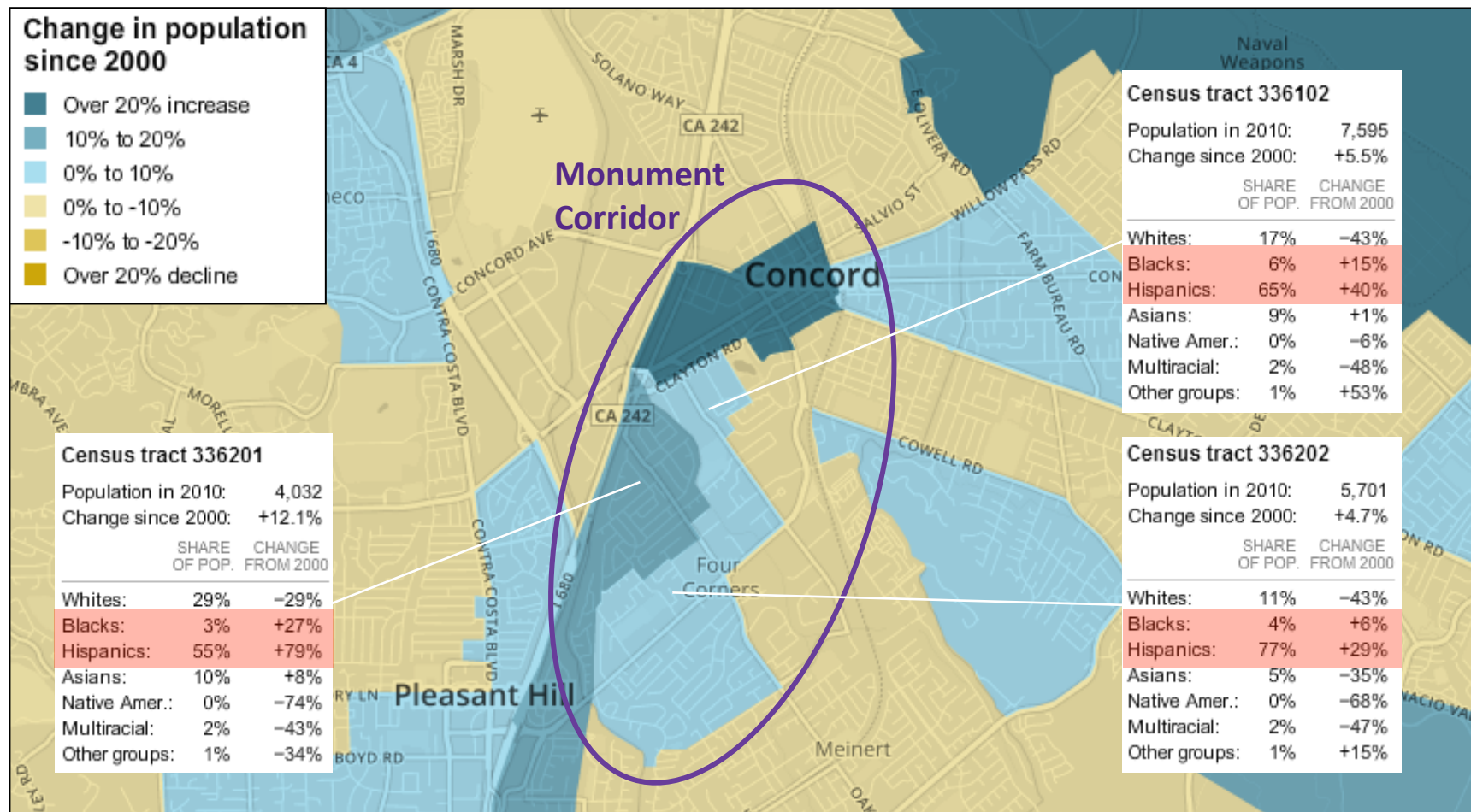


Elementary school race and ethnicity, 2013-14





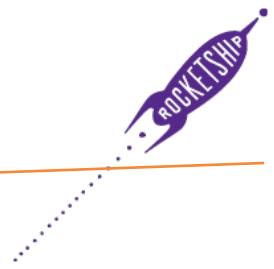
# There are pockets of high-need in affluent communities, e.g., Monument Corridor





# Many existing elementary schools in Monument Corridor area have APIs <800

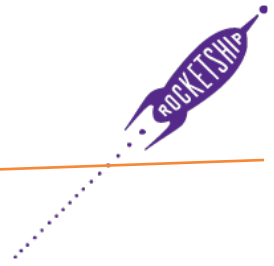
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- There are nearly 30 schools in the Mt. Diablo school district
- Of those, two-thirds have APIs for socio-economically disadvantaged students of under 800 and 17 schools are under 775
- These schools account for nearly 15,000 students and 12,500 students respectively, or 68% and 58% of the total elementary enrollment in Mt. Diablo



# Table of contents



- External evaluation: East Bay
  - Need / enrollment
  - Talent
  - Finance



# The school leader pipeline is sufficient in size and quality to proceed to next phase



## **Principal pipeline quantity:** We have over 1.5x the anticipated need in the pipeline

- Anticipated BA need: 7 (2 start-up, 5 succession); Goal is 1.5x anticipated need → 11 should be in pipeline
- Current pipeline:
  - 12 APs (7 returning APs with principal interest; 5 newly selected APs from teacher pool)
  - 1-2 Current principals may be interested in East Bay
  - 4 AP positions to be filled (priority to hire for principal potential)
  - Developing and assessing readiness of current pipeline is continued need and priority

## **AP pipeline:** We have many internal leads and opportunity for external hiring

- Internal: 17 current BA teachers serving in teacher leadership positions (Grade Level Lead or hybrid teacher/coach role), not including 5 already selected for AP positions in 15-16
- External: Priority for hiring in 15-16 (as teachers) and 16-17 (as APs)



# Similarly, the teacher pipeline is relatively strong both internally and externally



## Teacher pipeline

### Internal

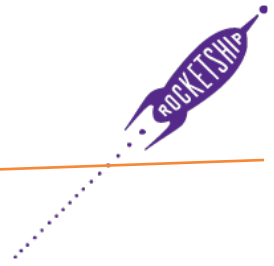
- **Interest in East Bay from existing talent pool:** In January survey, 17 current RSED teachers selected “I would go to this location” and 16 more selected “I would probably go to this location for the right opportunity” for Concord.
- **BART access is an advantage** for relocation of current staff
- **Credentialing requirements** for Concord will be the same as with other California schools

### External

- **Talent landscape similar to that in San Jose:** Competitive but known
- **East Bay opens new talent pool (and new competition)** from local districts and charters, particularly in Oakland
- **BART access will attract candidates** from a wider radius in the East Bay
- **However, access to TFA unconfirmed:** Will need to work with TFA to explore option of corps member placement in Concord



# Table of contents



- External evaluation: East Bay
  - Need / enrollment
  - Talent
  - Finance



# Finance – East Bay (Full-size)

## 5 Year School Projection



(\$ in Thousands)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Baseline School - BA Baseline School</b>						
<b>Financial Summary</b>						
Grades	–	TK-4	TK-5	TK-5	TK-5	TK-5
Enrollment	–	498	570	609	632	632
<b>Revenue</b>						
PPR	–	\$4,660	\$5,545	\$5,977	\$6,202	\$6,202
Grants	150	431	–	–	–	–
Other	–	112	128	136	142	142
<b>Total Revenue</b>	<b>150</b>	<b>5,202</b>	<b>5,672</b>	<b>6,114</b>	<b>6,343</b>	<b>6,344</b>
<b>Expenses</b>						
Compensation	104	2,105	2,409	2,614	2,750	2,791
Other	14	1,396	1,193	1,246	1,281	1,277
Management	–	651	779	842	874	874
Facilities	271	1,105	1,105	1,105	1,105	1,105
<b>Total Expenses</b>	<b>389</b>	<b>5,257</b>	<b>5,486</b>	<b>5,806</b>	<b>6,010</b>	<b>6,047</b>
<b>Inc in Net Assets</b>	<b>(\$239)</b>	<b>(\$55)</b>	<b>\$186</b>	<b>\$307</b>	<b>\$333</b>	<b>\$297</b>
<b>EOP Cash</b>	<b>(\$328)</b>	<b>\$163</b>	<b>\$362</b>	<b>\$652</b>	<b>\$996</b>	<b>\$1,324</b>

### Commentary:

- The school is projected to become sustainable in Year 2 of operation, and see a combined loss of \$0.3M in the first two years. Cash will be an issue for the school in Year 0. This cash shortage will be absorbed within the Bay Area by an internal loan by already operating schools in the Bay Area.



# Back-up: East Bay (Full-Size)

## Enrollment & Staffing Drivers



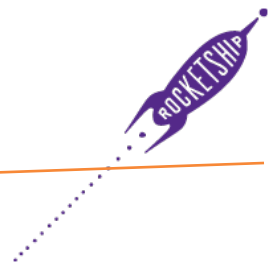
Enrollment	Attrition	2016-17	2017-18	2018-19	2019-20	2020-21
TK/K4		50	50	50	50	50
Kindergarten		112	112	112	112	112
1 <sup>st</sup> Grade		112	112	112	112	112
2 <sup>nd</sup> Grade	8%	112	112	112	112	112
3 <sup>rd</sup> Grade	9%	56	102	102	102	102
4 <sup>th</sup> Grade	9%	56	51	93	93	93
5 <sup>th</sup> Grade	45%		31	28	51	51
<b>Total</b>	-	<b>498</b>	<b>570</b>	<b>609</b>	<b>632</b>	<b>632</b>

Teacher	2016-17	2017-18	2018-19	2019-20	2020-21
TK/K4	2	2	2	2	2
Kindergarten	3	3	3	3	3
1 <sup>st</sup> Grade	3	3	3	3	3
2 <sup>nd</sup> Grade	3	3	3	3	3
3 <sup>rd</sup> Grade	2	3	3	3	3
4 <sup>th</sup> Grade	1	2	3	3	3
5 <sup>th</sup> Grade	-	1	1	2	2
<b>Total Teachers</b>	<b>14</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>19</b>
Tutors	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Tutors</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>



# Back-up: East Bay

## Assumptions Continued



### Staffing Drivers

- 2 Assistant Principals
- 3 Enrichment Coordinators

### Revenue Drivers

- ADA: K4 – 80% ; K-5<sup>th</sup> – 96%
- FRL: 70%, ELL: 70%
- LCFF based on average of SJUSD as Mt. Diablo has same unduplicated count as SJUSD @ 50%
- ~\$600K in CSP Funding (Year 0-1)
- No CSGF-Walton Start-up Grant/Loan

### Expense Drivers

- STRS in Year 1 – 12.6% increases to 19.1% in Year 5
- Facility – Included in OG (\$1.1M/Year)
- Management Fee @ 15%

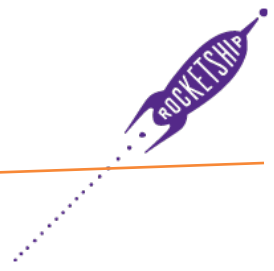
### Balance Sheet Drivers

- Security Deposit @ \$125K in Year 0
- Facility in OG – benefits from Cap. Interest in Year 0 and 1
- CSFA Revolving Loan @ \$250K in Year 1
- No deferrals, No RAN
- One month AP deferrals



# Finance – East Bay

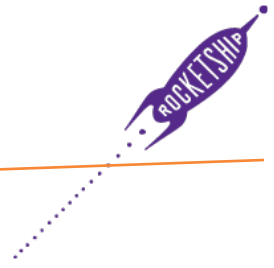
## Notes



- We modeled two different scenarios for the East Bay (small or large school), both of which will reach sustainability by the second or third year of operation
- Assumptions will be constantly revised based on new information
- Key factors that may change and have a large influence on the financials:
  - Enrollment of School
  - LCFF Estimates for Mt. Diablo School District (used as average of East Bay districts)
  - Facility Costs



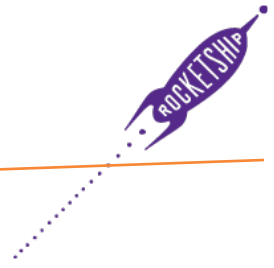
# Table of contents



- **Greenlighting process**
- **External evaluation: Nashville**
- **External evaluation: San Jose (Franklin McKinley)**
- **External evaluation: East Bay**
- **Update on DC (already greenlit)**



# Table of contents



- Update on DC
  - Talent
  - Finance



# We are seeing strong internal interest in DC and early progress on external recruitment



## Internal candidates

Plan to transfer 2 current APs, 3 current RSED teachers and 1 tutor

- 3 current APs, and 1 rising AP have expressed strong interest in DC
- 30 teachers have expressed interest in joining DC founding team (8 “would go”, 22 “would probably go”; 6 are strong teacher leaders
- RD Jacque Patterson and prospective principal Amy Zapatka will host dinner for interested internal candidates in Q1

## External recruitment and cultivation

Plan to hire 1 AP and 2 teachers who can work in our CA schools in 15-16 and then return to DC in 16-17.

- Current Status
  - DC/Bay Area Teacher Leads: 6
  - DC/Bay Area AP Leads: 8
- In Q4 2014,
  - Attended EdFest
  - Attended TFA school leadership pathways event. Obtained contact information for 56 alumni teachers interested in moving into school leadership.
  - Met with 5 potential candidates for coffee.
  - Met with the Director of Urban Teacher Residency about establishing a partnership for 2016, they will start to allow access to alumni.
- In Q1 2015,
  - Recruiter traveling with Amy Zapatka at end of February.
  - Meet individually with cultivated candidates.
  - Hosting a Happy Hour on 2/26
  - Tamika will be inviting our DC candidate leads to all community outreach events to keep them warm create additional touch-points



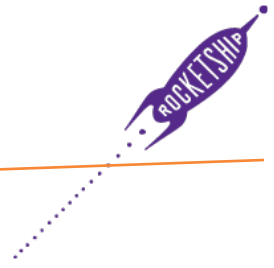
# Our principal is focusing on developing school planning and leadership schools



<b>Principal leadership development</b>	School plan development	<p>Complete school vision and mission and high-level descriptions of instruction, staff culture, student culture, and parent engagement by March 2015. Based on completion of these sessions and progress on draft to date, Amy is on track to compete this deliverable.</p> <p>At end of February, Amy Zapatka will join the PCSB school quality review to develop understanding of local school quality criteria and build relationships.</p> <p>In Q 2 2015, Amy will review and provide feedback on start-up school plans for new Rocketship schools in Redwood City and Nashville to inform her thinking on DC school plan. She will also develop a “Year 0” plan with support from Innovate Public Schools to guide completion of detailed start-up playbook aligned to school vision.</p>
	Individual leader development	<p>Amy’s first half-year at Rocketship Discovery Prep has been focused on the turnaround of student and staff culture. Based on mid-year survey and NWEA results, the school has made substantial gains.</p> <p>While this learning through execution has been valuable, in the second half of the year, Amy will receive more targeted coaching and management support on instructional coaching and staff development. The principal with the strongest results in our network is working with the RDP principal and with Amy to learn from best practices for teacher 1:1s, grade level meetings, and school leader team meetings focused on instructional coaching. Amy will observe two strong instructional coaches to see how they employ these systems and flex coaching and management style based on teacher need.</p>



# Table of contents



- Update on DC
  - Talent

- Finance



# Finance – DC

## 5 Year School Projection



(\$ in Thousands)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Baseline School - DC Baseline School</b>						
<b>Financial Summary</b>						
Grades	–	Pre-3	Pre-4	Pre-5	Pre-5	Pre-5
Enrollment	–	350	443	508	550	571
<b>Revenue</b>						
PPR	–	\$5,451	\$6,650	\$7,532	\$8,098	\$8,391
Grants	199	539	100	–	–	–
Other	–	86	109	125	135	141
<b>Total Revenue</b>	<b>199</b>	<b>6,077</b>	<b>6,859</b>	<b>7,657</b>	<b>8,233</b>	<b>8,532</b>
<b>Expenses</b>						
Compensation	172	1,885	2,207	2,459	2,488	2,593
Other	15	1,469	1,397	1,527	1,592	1,637
Management	–	797	971	1,100	1,182	1,225
Facilities	–	2,409	2,409	2,409	2,409	2,409
<b>Total Expenses</b>	<b>187</b>	<b>6,561</b>	<b>6,985</b>	<b>7,496</b>	<b>7,672</b>	<b>7,865</b>
<b>Inc in Net Assets</b>	<b>\$13</b>	<b>(\$485)</b>	<b>(\$126)</b>	<b>\$161</b>	<b>\$561</b>	<b>\$667</b>
<b>EOP Cash</b>	<b>(\$197)</b>	<b>(\$336)</b>	<b>(\$381)</b>	<b>(\$297)</b>	<b>\$287</b>	<b>\$977</b>

### Commentary:

- Based on a set of conservative assumptions, the school is projected to become sustainable in Year 3, and will experience a cumulative loss of \$600K by its third year of operation. The school will have a cash shortage of \$380K. This cash shortage will be need to be absorbed by RSED via an intercompany loan.



# Finance – DC

## Enrollment & Staffing Drivers



Enrollment	Attrition	2016-17	2017-18	2018-19	2019-20	2020-21
Kindergarten		100	100	100	100	100
1 <sup>st</sup> Grade		100	100	100	100	100
2 <sup>nd</sup> Grade	8%	75	100	100	100	100
3 <sup>rd</sup> Grade	9%	50	71	95	95	95
4 <sup>th</sup> Grade	9%	25	48	68	90	90
5 <sup>th</sup> Grade	45%	–	24	45	64	86
<b>Total</b>	-	<b>350</b>	<b>443</b>	<b>508</b>	<b>550</b>	<b>571</b>

Teacher	2016-17	2017-18	2018-19	2019-20	2020-21
Kindergarten	3	3	3	3	3
1 <sup>st</sup> Grade	3	3	3	3	3
2 <sup>nd</sup> Grade	3	3	3	3	3
3 <sup>rd</sup> Grade	2	3	3	3	3
4 <sup>th</sup> Grade	1	2	3	3	3
5 <sup>th</sup> Grade	–	1	2	2	3
<b>Total Teachers</b>	<b>12</b>	<b>15</b>	<b>17</b>	<b>17</b>	<b>18</b>
Tutors	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Total Tutors</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>



# Finance – DC

## Assumptions Continued



### Staffing Drivers

- 3 Assistant Principals
- 2 Enrichment Coordinators
- 1 Nurse

### Revenue Drivers

- ADA: K-5<sup>th</sup> – 95%
- FRL: 80%, ELL: 5%
- 160 Appletree students @ \$3,200
- ~\$720K in Title V Funding (Year 0-2)
- \$250K CSGF-Walton Start-up Grant/Loan

### Expense Drivers

- Teacher compensation +10% of Bay Area
- Facility ~\$2.5M each year
- Management Fee @ 15%
- 1 AP, 10% of Teacher Comp & 1,000 sqft. of facility cost covered with ISE funding

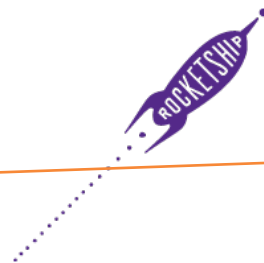
### Balance Sheet Drivers

- Security Deposit @ \$125K in Year 3
- \$250K CSGF-Walton Start-up Grant/Loan (50% Loan)
- No deferrals, No RAN
- One month AP deferrals



# Finance – DC Region

## 5 Year Regional Projection



(\$ in Thousands)	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Consolidated Regional Summary - DC REGION</b>							
<b>Stats</b>							
New Schools	–	–	1	1	1	1	1
Total Schools	–	–	1	2	3	4	5
Enrollment	–	–	350	793	1,300	1,850	2,399
<b>Schools</b>							
Recurring Revenue	–	–	5,538	12,297	19,954	28,162	36,395
Grants & Fundraising	–	100	744	738	838	838	838
Expenses	–	187	6,742	13,727	21,222	28,859	36,536
<b>Inc in Net Assets</b>	–	<b>(87)</b>	<b>(461)</b>	<b>(692)</b>	<b>(430)</b>	<b>141</b>	<b>697</b>
<b>Cash</b>	–	<b>7</b>	<b>(622)</b>	<b>(1,077)</b>	<b>(1,388)</b>	<b>(1,079)</b>	<b>(316)</b>
<b>NeST</b>							
Recurring Revenue	–	–	266	589	956	1,349	1,743
Grants & Fundraising	700	650	200	100	100	100	–
Expenses	744	744	841	1,090	1,368	1,507	1,522
<b>Inc in Net Assets</b>	<b>(44)</b>	<b>(94)</b>	<b>(376)</b>	<b>(401)</b>	<b>(312)</b>	<b>(58)</b>	<b>221</b>
<b>Cash</b>	<b>297</b>	<b>203</b>	<b>(181)</b>	<b>(586)</b>	<b>(902)</b>	<b>(973)</b>	<b>(771)</b>
<b>ISE</b>							
Recurring Revenue	–	–	1,020	2,310	3,790	5,392	6,994
Grants & Fundraising	–	–	–	–	–	–	–
Expenses	138	113	1,351	2,343	3,568	5,121	6,102
<b>Inc in Net Assets</b>	<b>(138)</b>	<b>(113)</b>	<b>(331)</b>	<b>(33)</b>	<b>222</b>	<b>271</b>	<b>892</b>
<b>Cash</b>	<b>(131)</b>	<b>(245)</b>	<b>(565)</b>	<b>(613)</b>	<b>(404)</b>	<b>(135)</b>	<b>726</b>
<b>Combined</b>							
<b>Inc in Net Assets</b>	<b>(182)</b>	<b>(295)</b>	<b>(1,167)</b>	<b>(1,126)</b>	<b>(520)</b>	<b>355</b>	<b>1,810</b>
<b>Total Cash</b>	<b>\$167</b>	<b>(\$35)</b>	<b>(\$1,369)</b>	<b>(\$2,276)</b>	<b>(\$2,694)</b>	<b>(\$2,187)</b>	<b>(\$361)</b>

### Commentary:

Based on a set of conservative assumptions for each school, the DC region is expected to require a cash infusion starting in 2015/16 from RSED growing to a cumulative ~\$2.7M.

The cash need is one of a drivers for the current national capital fundraising campaign.

The DC region is projected to become sustainable in 2019/20 at 4 schools.