



Tuesday, May 21, 2024
Rocketship Public Schools Business Committee (2023-24 Q4)

Meeting Time: 10:30am

Public Comment: Members of the public can make comment on off-agenda items at the start of the meeting, and on agenda items immediately preceding the board's discussion of each item. You will be recognized once the public comment time begins, and be permitted to make comment for a duration of up to 3 minutes.

Meeting Location: 2001 Gateway Place, Suite 230E San Jose, CA 95110

Teleconference locations:

683 Sylvandale Ave, San Jose, CA 95111
1700 Cavallo Rd, Antioch, CA 94509
2351 Olivera Rd, Concord, CA 94520
909 Roosevelt Ave, Redwood City, CA 94061
311 Plus Park Blvd Suite 130, Nashville, TN 37217
5 S Somerset Ave, Ventnor City NJ 08406
125 Fox Hollow Rd, Woodside CA 94025
1198 Crestmont Drive, Lafayette, CA 94549
1080 North 7th Street, San Jose, CA 95112
3413 W. Pacific Ave, Burbank, CA 91505

1. Opening Items

- A. Call to order
- B. Public comment on off-agenda items

2. Consent Items

- A. Approve minutes from February 14, 2024 Business Committee meeting

3. Information Items

- A. Listing of checks in excess of \$100,000

4. Agenda Items

- A. Q3 Development Update and Q4 Next Steps
- B. Q3 Financial Review and Business Operations Update
- C. Review and Recommend Approval of Network Support Fee Deferral and Forgiveness to the Rocketship Board of Directors
- D. Review 2024-25 Annual Plan and Recommend 2024-25 Budget to the Rocketship Board of Directors

5. Adjourn

THE ORDER OF BUSINESS AND TIMINGS MAY BE CHANGED WITHOUT NOTICE: Notice is hereby given that the order of consideration of matters on this agenda may be changed without prior notice, provided that the Board takes action to effectuate such change.

REASONABLE ACCOMMODATION WILL BE PROVIDED FOR ANY INDIVIDUAL WITH A DISABILITY: Pursuant to the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990, any individual with a disability who requires reasonable accommodation to attend or participate in this meeting may request assistance by contacting us at compliance@rsed.org.

SPANISH & VIETNAMESE TRANSLATION: If you need Spanish or Vietnamese audio translation in order to access the Rocketship Board meeting, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting. If you would like to make a public comment in Spanish or Vietnamese and would like us to translate to English for the Board, please send a request to compliance@rsed.org at least 24 hours before the start of the meeting.

Si necesita traducción de audio al español para acceder a la reunión de la Mesa Directiva de Rocketship, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Si desea hacer un comentario público en español y desea que lo traduzcamos al inglés para la Mesa Directiva, envíe una solicitud a compliance@rsed.org por lo menos 24 horas antes del inicio de la reunión.

Rocketship Public Schools Business Committee (2023-24 Q3) (Wednesday, February 14, 2024)

Generated by Cristina Vasquez on Friday, February 16, 2024

1. Opening Items

A. Call to order

At 10:02am, Mr. Terman took roll call. With a quorum of committee members present, Mr. Terman called the meeting to order.

Present: Greg Stanger, Charmaine Detweiler, Dan Sanchez, Alex Terman, *Ken Kumer (advisor)*

Absent: Ray Raven, Mike Fox, *Rob Elliott (advisor)*, Louis Jordan (advisor),

B. Public comment on off-agenda items

At 10:03am, Mr. Terman called for public comment on off-agenda items. No members of the public provided comment.

2. Consent Items

A. Approve minutes from November 16, 2023 Business Committee meeting

At 10:04am, Mr. Sanchez made a motion to approve the consent items. This motion was seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Greg Stanger, Charmaine Detweiler, Dan Sanchez, Alex Terman

No: --

Abstain: --

3. Informational Items

A. List of checks in excess of \$100,000

At 10:05am, the committee reviewed item 3(A). No action was taken.

4. Agenda Items

A. Fundraising Update

At 10:06am, the committee discussed agenda item 4(A). No action was taken.

B. Q2 Financial Review and Business Operations Update

At 10:22am, the committee discussed agenda item 4(B). No action was taken.

5. Adjourn

At 11:49am, Mr. Sanchez made a motion to adjourn the meeting. This motion was seconded by Ms. Detweiler, and carried unanimously by roll call vote.

Y: Greg Stanger, Charmaine Detweiler, Dan Sanchez, Alex Terman

No: --

Abstain: --

Rocketship Education						
Checks signed in excess of \$100,000						
Jan 2024 - Mar 2024						
Check Date	Check #	Vendor and Invoice #	Invoice Amount	Amount of check		
Reoccurring Monthly Budgeted Expenditures (Policy #138 August 2014)						
Subtotal by category						
Group health insurance						
1/16/2024	52457	Cigna 3292543		562,199.32		
2/6/2024	52640	Cigna 3306798		635,940.83		
3/20/2024	53043	Cigna 3322246		565,650.58		
1/16/2024	EFT	Kaiser Foundation Health Plan 813721114729		338,599.42		
1/30/2024	EFT	Kaiser Foundation Health Plan 813727693047 _ A		338,599.42		
3/20/2024	EFT	Kaiser Foundation Health Plan 813728967995		354,994.75		
					\$ 2,795,984.32	
Subscriptions						
2/23/2024	ACH	Workday WD-328651	304,576.00			
		Workday WD-328649	10,375.00			
				314,951.00		
2/9/2024	ACH	BookNook_2049		101,200.00		
					\$ 416,151.00	
Student Transportation						
2/2/2024	ACH	Gray Line Tennessee 61401		120,032.00		
2/23/2024	ACH	Gray Line Tennessee 61835		120,032.00		
					\$ 240,064.00	
School Food Services						
1/19/2024	ACH	Revolution Foods, Inc. 000454-C000469		426,615.18		
2/9/2024	ACH	Revolution Foods, Inc. 001794-C000469		397,503.03		
					\$ 824,118.21	
After School Program						
1/5/2024	ACH	Boys & Girls Club of Silicon Valley 202113170		526,578.00		
2/12/2024	ACH	Boys & Girls Club of Silicon Valley 202113248		526,578.00		
3/8/2024	ACH	Boys & Girls Club of Silicon Valley 202113320		526,578.00		
					\$ 1,579,734.00	
Example	Jumpstart					
	School startup online programs or furnitures.					
Total - All checks signed in excess of \$100,000					\$ 5,856,051.53	

Q4 Rocketship Public Schools Business Committee Meeting

May 21, 2024



Agenda

1. Opening Items

A. Call to order

B. Public comment on off-agenda items

2. Consent Items

A. Approve minutes from February 14, 2024
Business Committee meeting

3. Information Items

A. Listing of checks in excess of \$100,000

4. Agenda Items

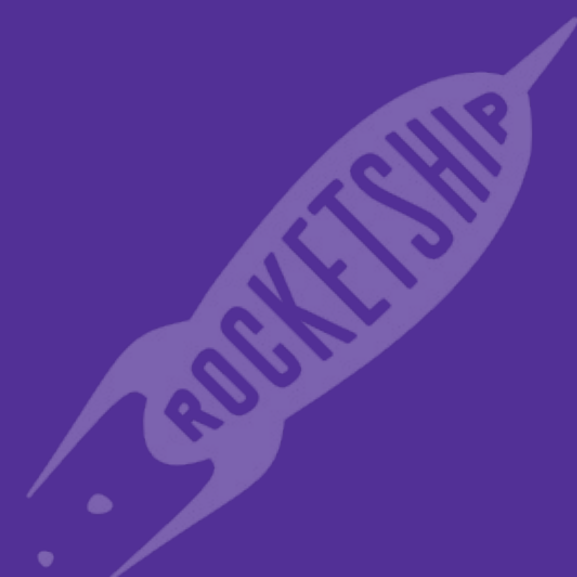
A. Q3 Development Update and Q4 Next Steps

B. Q3 Financial Review and Business Operations
Update

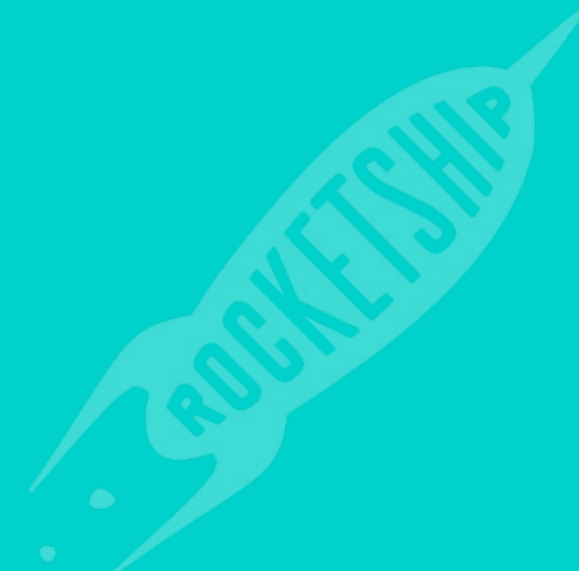
C. Review and Recommend Approval of Network
Support Fee Deferral and Forgiveness to the
Rocketship Board of Directors

D. Review 2024-25 Annual Plan and Recommend
2024-25 Budget to the Rocketship Board of
Directors

5. Adjourn



Public Comment

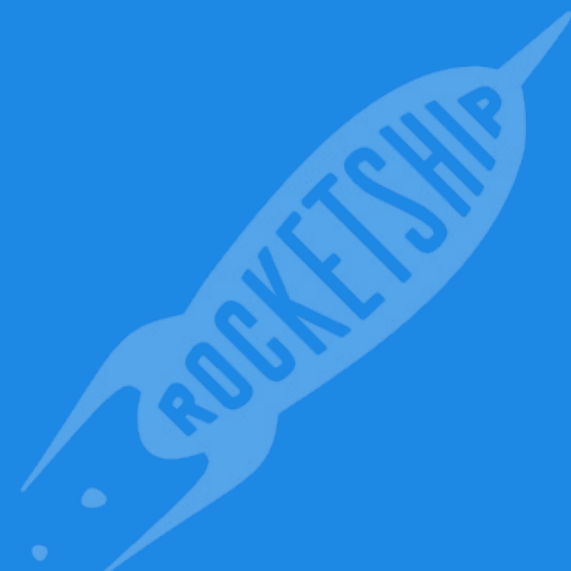


Information Items:

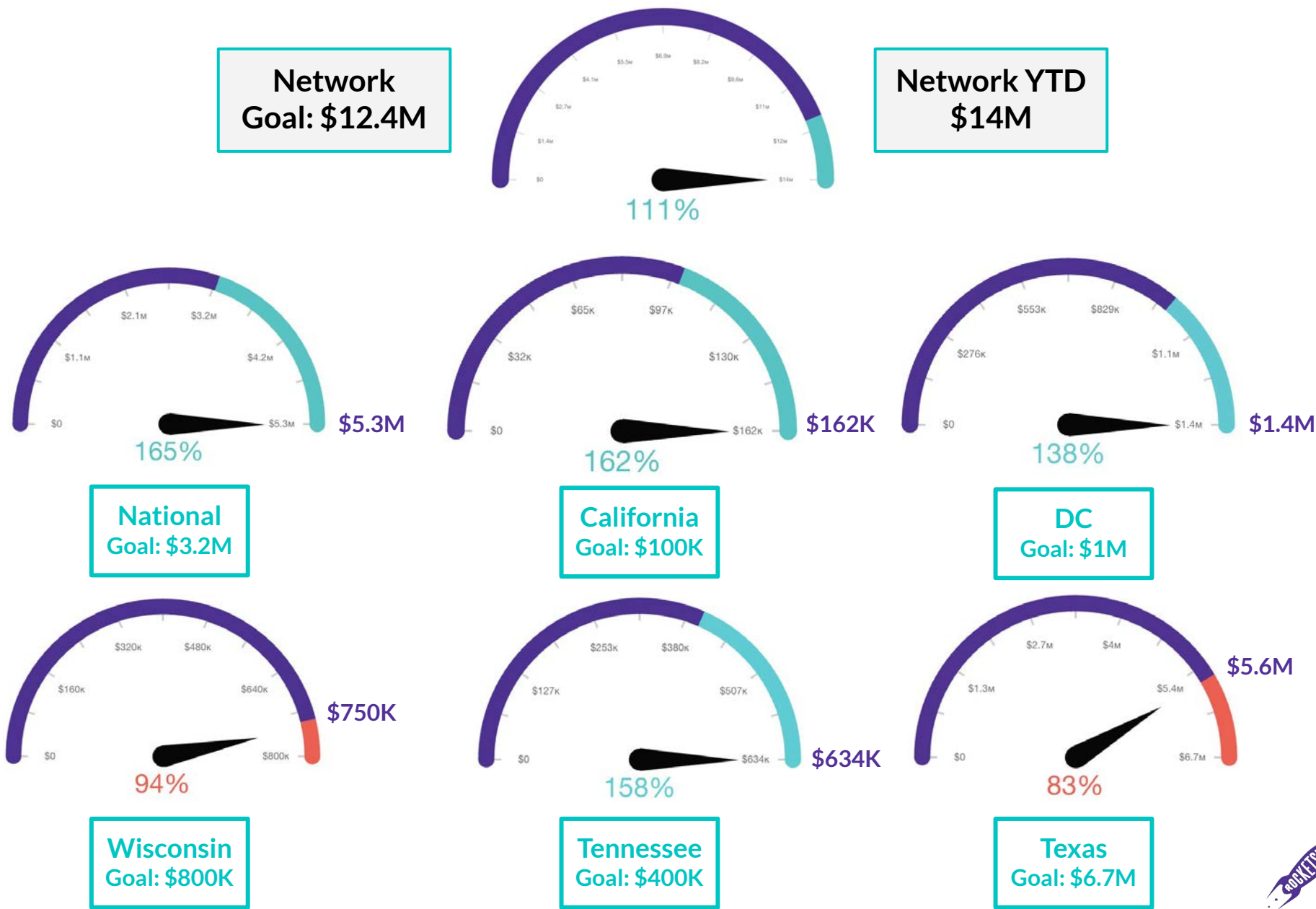
List of Checks in Excess of \$100,000



FY24 Q3 Development Update and Q4 Next Steps



Year-to-Date Fundraising Progress to Goal by Region



Network fundraising health dashboard

National



Achieved

TN



Achieved

MKE



Monitoring

CA



Achieved

DC



Achieved

TX



Off Track

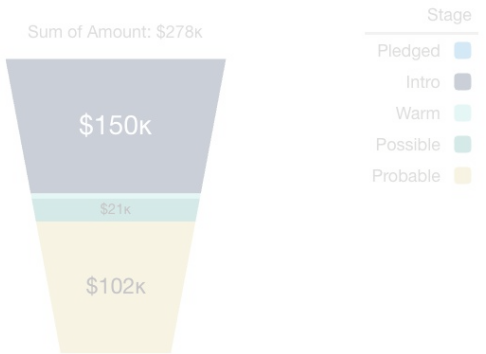
National has exceeded its annual goal and is looking ahead to FY25 to build a stronger funnel with a focus on new donors

Total Ask Amount
Total amount in the pipeline

\$278k

[View Report \(FY24 Open Pipeline \(National\)\)](#)

Pipeline Amount by Stage



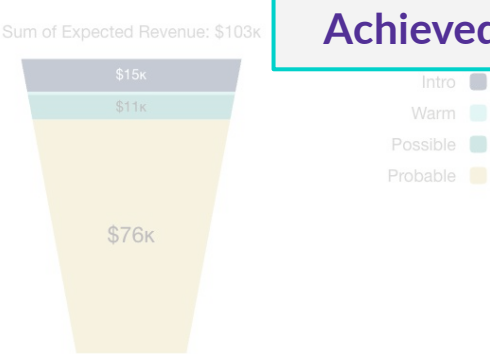
[View Report \(FY24 Open Pipeline \(National\)\)](#)

Likelihood Amount
Likelihood amount in the pipeline

\$103k

[View Report \(FY24 Open Pipeline \(National\)\)](#)

Likelihood Amount by Stage



[View Report \(FY24 Open Pipeline \(National\)\)](#)

Closed Work
Amount received

FY24 Goal: \$3.2M

\$5.3M

C+C = Cash-in + Committed
[View Report \(FY24 C+C \(National\)\)](#)

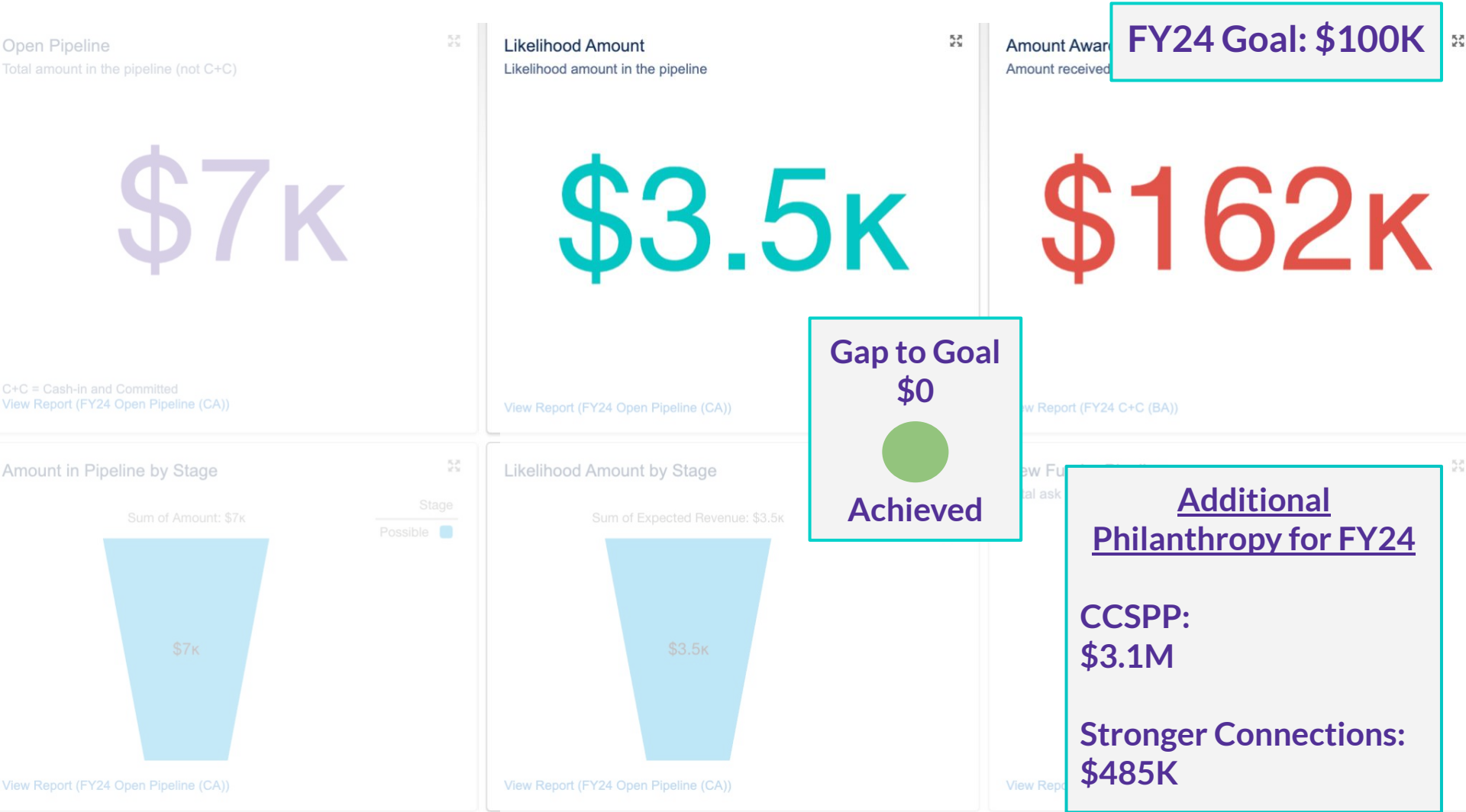
Gap to Goal
\$0
Achieved

New Funder Pipeline
Ask amount from new funders

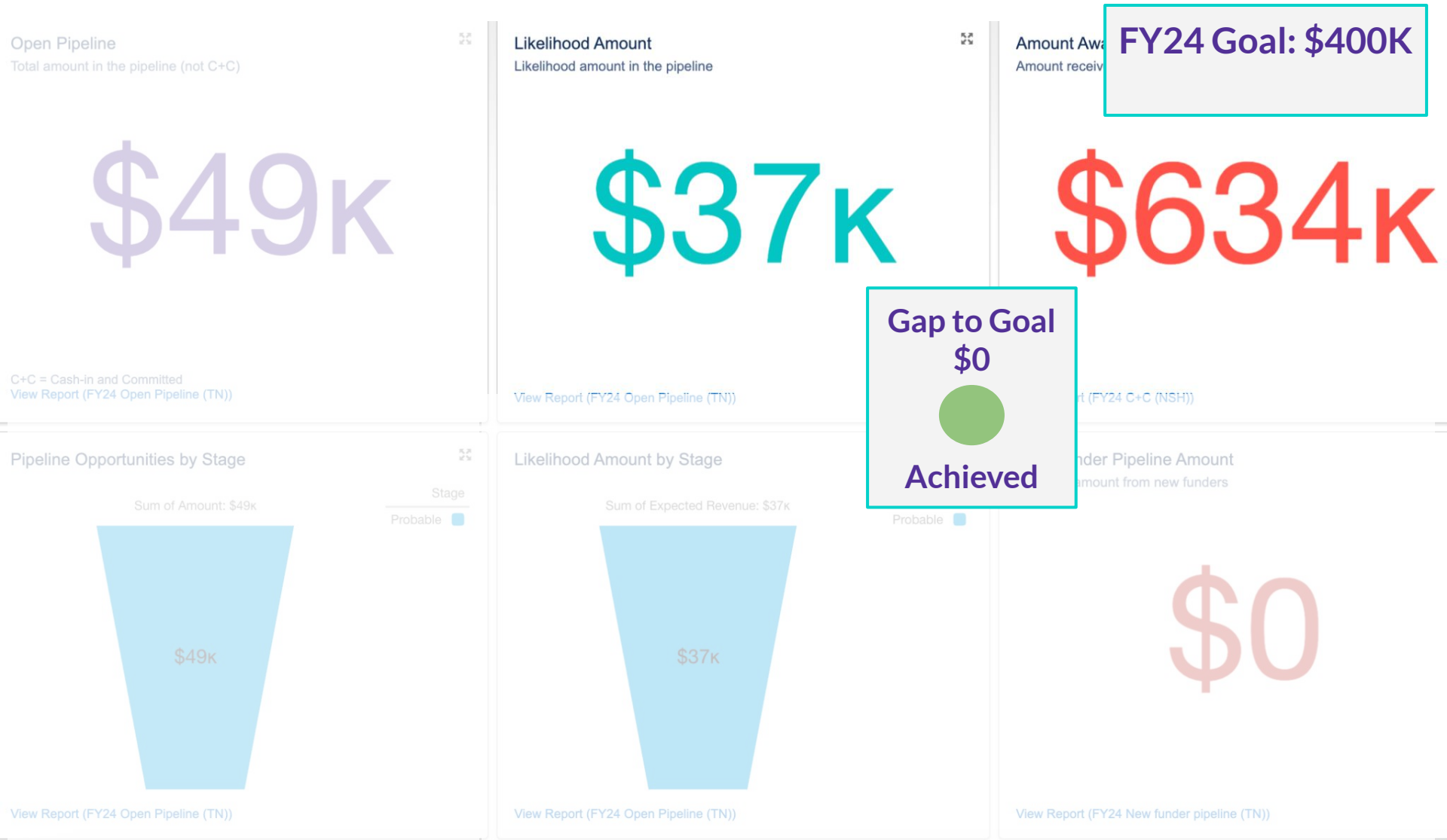
\$150k

[View Report \(FY24 New funder pipeline \(National\)\)](#)

California has exceeded its annual goal thanks in part to a May *Friendraiser* which brought in \$46K in sponsors



Tennessee has exceeded its goal by more than \$200K and continues to pursue new funding to prepare for future growth



Milwaukee is closing in on their \$800K goal for the year!

Open Pipeline
Total amount in the pipeline (not C+C)

\$537k

C+C = Cash-in and Committed
View Report (FY24 Open Pipeline (MKE))

Pipeline Opportunities by Stage



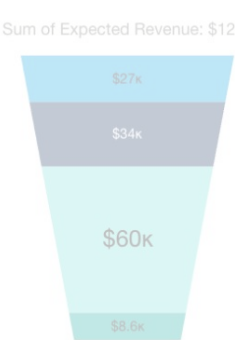
View Report (FY24 Open Pipeline (MKE))

Likelihood Amount
Likelihood amount in the pipeline

\$129k

View Report (FY24 Open Pipeline (MKE))

Likelihood Amount by Stage



View Report (FY24 Open Pipeline (MKE))

Amount Awarded
Amount received on award

\$750k

View Report (FY24 New funder pipeline (MKE))

FY24 Goal:
\$800K

Gap to Goal
\$50,000



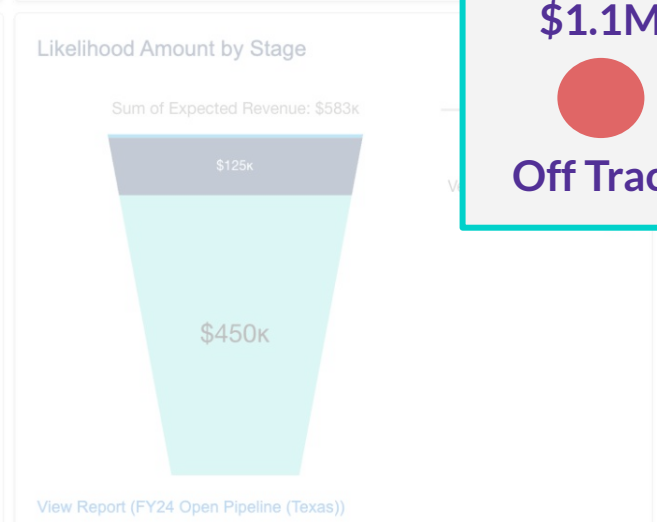
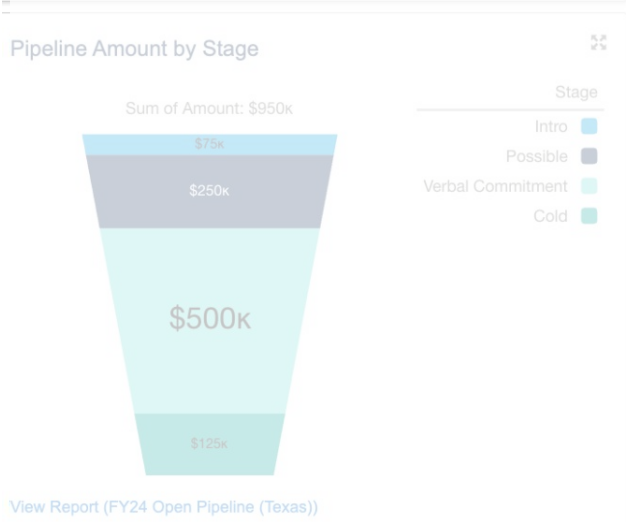
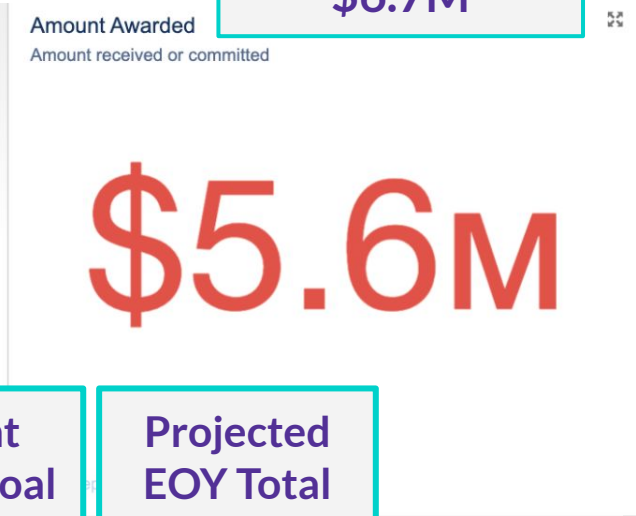
Monitoring

Projected EOY
Total
\$879K
(above goal)

\$270k

Texas has already achieved 83% of their goal and closed large grants in Q2-Q3

FY24 Goal:
\$6.7M



FY25 Preview

National

FY25 Goal: \$3.2M

**FY25 Commitments:
\$0**

**FY25 Likely:
\$2.2M**

Gap: \$1M

California

FY25 Goal: \$150K*

**FY25 Commitments:
\$35K**

**FY25 Likely:
\$48K**

Gap: \$67K

Tennessee

FY25 Goal: \$600K*

**FY25 Commitments:
\$492K**

**FY25 Likely:
\$47K**

Gap: \$61K

Wisconsin

FY25 Goal: \$950K

**FY25 Commitments:
\$350K**

FY25 Likely: \$416K

Gap: \$184K

Texas

FY25 Goal: \$2.89M

**FY25 Commitments:
\$800K**

FY25 Likely: \$275K

Gap: \$1.8M

D.C.

FY25 Goal: \$1.3M

**FY25 Commitments:
\$555K**

FY25 Likely: \$120K

Gap: \$625K

* Amounts pending

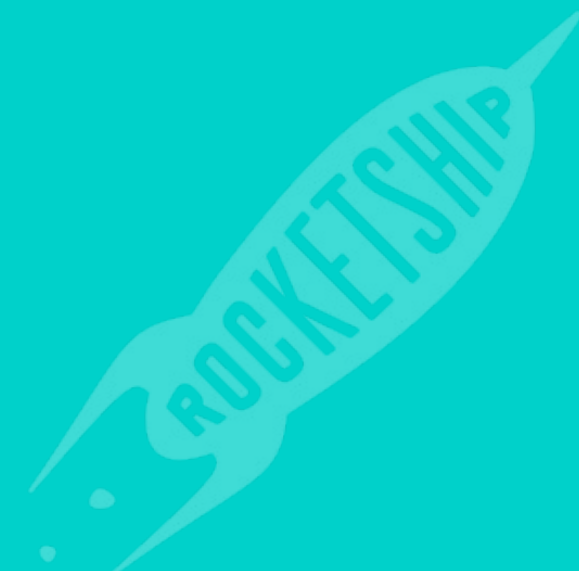


FY24 Q3 Financial Review and Business Operations Update



FY24 Q3 Financial Review and Business Operations Update:

Financial Statements



RPS Financial Scorecard

We continue to update the RPS financial scorecard to provide summary data on financial health of the entire organization.

Liquidity

We are measuring financial health through a set of balance sheet metrics which are commonly used throughout our sector.

- Cash position
- Days Cash on Hand
- Current Ratio

Fiscal Management

A comparison of the projected year-end CINA to the budgeted CINA allows us to quickly understand how we are managing to our budgets.

Financial Stewardship

This section of the scorecard is updated annually to indicate our performance against our bond covenants and the outcomes of our financial audits.

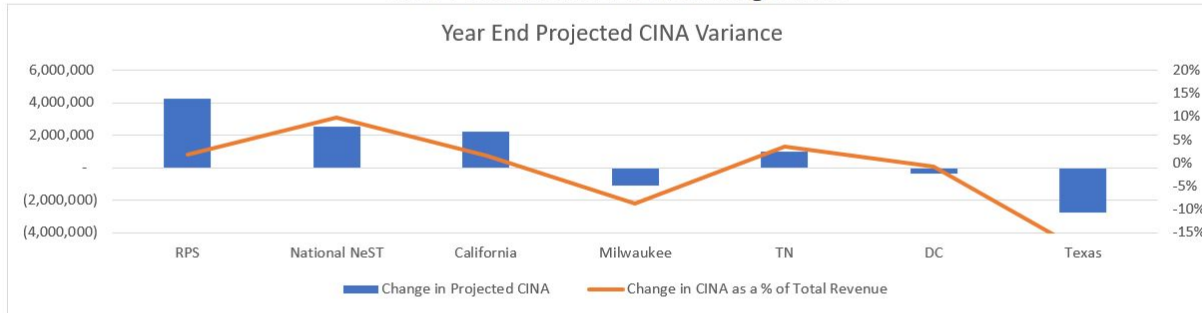
FY24 Q3 Scorecard

Rocketship Financial Scorecard as of March 31, 2024

Financial Health

	RPS Sept 23	Red	Yellow	Green	Formula
Cash Position	75,111,029				
DCOH	122.20	<30	30 < x < 60	>60	=unrestricted cash / (operating expenses/365)
Current Ratio	2.06	<1	1 < x < 1.2	>1.2	=current assets / current liabilities
Liabilities as a % of Assets	81%	>0.90	0.80 < x < 0.90	0.80 <	=liabilities / assets
Net Asset Margin	34%	<10%	10% < x < 20%	>20%	=net assets / operating expenses

CINA Forecast and Fiscal Management



	Budgeted CINA	Year-End Reforecast	Change in Projected CINA	Change in CINA as a % of Total Revenue
RPS	6,112,785	10,382,874	4,270,089	2%
National NeST	835,983	3,384,001	2,548,018	10%
California	3,425,459	5,629,715	2,204,256	2%
Milwaukee	178,516	(937,271)	(1,115,787)	-9%
TN	741,584	1,758,452	1,016,868	4%
DC	931,243	547,976	(383,266)	-1%
Texas	1,604,144	(1,150,000)	(2,754,144)	-19%

Annual Measures

FY24			
Bond Covenants	Met/Not Met		Met
Audit Rocketship	Opinion Findings	Unqualified/Qualified	Unqualified None
Audits Regions	Opinion Findings	Unqualified/Qualified	Unqualified None

Financial Health

- RPS is in a very strong financial position.
- Our near-term balance sheet metrics show that we have excellent liquidity with 122 DCOH and a current ratio above 2.0.
- A key driver of the cash balance is the \$13M+ that we received from CA in FY23. These funds are intended to be spent over the next four years. A significant portion of these funds are shown as a liability on our balance sheet as we have not yet earned them.

Fiscal Management

- The CINA Forecast and Fiscal Management tables indicate RPS' FY24 Q3 CINA projection is \$4.3M higher than budgeted.
- Total NeSTs are projected to have a positive CINA of \$3.1M, which is \$1.4M higher than budgeted, driven mainly by National NeST with a \$3.4M positive CINA, \$2.5M higher than budget

Annual Measures

- The Annual Measures still show that we met our bond covenants and had clean audits with no findings for FY23.



FY24 Q3 Statement of Activities - Total Region (Schools + Nest)

RPS realized a \$10M CINA through Q3.

Rocketship Public Schools	Actuals YTD Mar												
(\$000)	CA	DC	MKE	TN	Schools	CA NeST	DC NeST	MKE	TN NeST	National	NeST	Elim	Total
Federal Revenue	11,027	4,114	2,064	3,954	21,159								21,159
State	89,774	24,154	5,202	19,111	138,240								138,240
Other Local Revenues	166	2,358	23	42	2,589					1,776	1,776		4,365
Int Transfers/Network Support Fee						4,540	1,090	334	1,101	14,926	21,990	(21,490)	500
Grants and Fundraising	200	22	4	20	246	41	556	287	697	5,215	6,795		7,042
Total Revenues	101,167	30,648	7,293	23,127	162,234	4,581	1,646	620	1,798	21,917	30,562	(21,490)	171,306
Certificated Salaries	21,763	4,996	2,199	4,281	33,239	257	99	()	79		435		33,674
Classified Salaries	12,139	3,378	1,425	3,451	20,393	3,103	1,252	681	587	10,748	16,371		36,764
Employee Benefits	10,114	1,687	889	2,390	15,080	672	231	129	248	1,841	3,120		18,200
Books and Supplies	4,733	1,472	612	1,151	7,968	266	220	44	119	689	1,339		9,307
Food Services	3,202	923	327	817	5,268	25	2	1	1	6	35		5,303
Operating and Housekeeping	2,294	924	264	425	3,908	4	9		11	7	30		3,939
Professional Services	13,862	7,820	655	2,204	24,541	802	474	250	341	3,482	5,349		29,889
Other Operating Expenses	1,388	336	178	280	2,181	307	320	44	110	1,450	2,230		4,411
Facility Fee	8,319	5,260	569	1,892	16,041								16,041
Leases and Repairs	1,567	502	178	425	2,673	318	93	2	59	308	780		3,453
Network Support Fee	13,916	3,269	1,001	3,303	21,490							(21,490)	
Miscellaneous Expenses	140	6	89	13	248			2	4	147	153		400
Total Expenses	93,437	30,574	8,386	20,633	153,030	5,754	2,699	1,151	1,560	18,678	29,841	(21,490)	161,381
CINA	7,730	74	(1,093)	2,494	9,204	(1,173)	(1,053)	(531)	238	3,234	716		9,920

FY24 Q3 Statement of Activities

- Rocketship realized a \$10M CINA which increased our net assets from \$66M to \$76M.
- Q3 YTD revenues totaled \$171M with expenses of \$161M

FY24 Q3 Balance Sheet

Rocketship Public Schools Balance Sheet - Consolidated

	3/31/2024	6/30/2023	
	Actual	Actual	Change
Assets			
Total Cash and cash equivalents	75,111,029	60,105,087	15,005,942
Total Accounts Receivable	38,188,594	36,102,417	2,086,177
Total Prepaid expenses and deposits	2,610,292	5,520,138	(2,909,846)
Total Security Deposits	459,297	459,297	-
Total Property, plant & equipment	304,810,461	287,798,429	17,012,032
Total Less: Accumulated depreciation	(20,166,323)	(12,214,291)	(7,952,032)
Total Note receivable	8,140,177	776,304	7,363,872
Total Assets	409,153,526	378,547,381	30,606,145
Liabilities			
Total Accounts payable	2,238,928	3,461,873	(1,222,945)
Total Accrued liabilities	11,198,737	12,138,301	(939,563)
Total Accrued lease payments S-T	9,364,293	8,765,009	599,284
Total Deferred Revenue	33,023,860	19,677,626	13,346,234
Total Deferred management fee S-T	-	-	-
Total Intercompany Loan	-	-	-
Total Current portion of loans payable	499,999	540,439	(40,440)
Total Current Liabilities	56,325,818	44,583,248	11,742,570
Total Accrued lease payments L-T	276,435,522	267,485,164	8,950,358
Total Accrued Interest	221,382	215,757	5,625
Total Loans payable L-T	250,000	250,000	-
Total Long-Term Liabilities	276,906,905	267,950,921	8,955,984
Total Liabilities	333,232,723	312,534,170	20,698,553
Net Assets	75,920,804	66,013,212	9,907,592
Total Liabilities and Net Assets	409,153,526	378,547,381	30,606,145

- Rocketship ended Q3 with \$75M in cash and net assets of \$76M.
- Our strong cash position provides Rocketship with reserves that will allow us to weather a downturn in revenue, a delay in cash receipts, or a significant increase in expenditures.
- The balance sheet reflects implementation of the new lease standards which have increased both revenues and liabilities significantly. These were implemented in FY23.



NeST Balance Sheet Summary

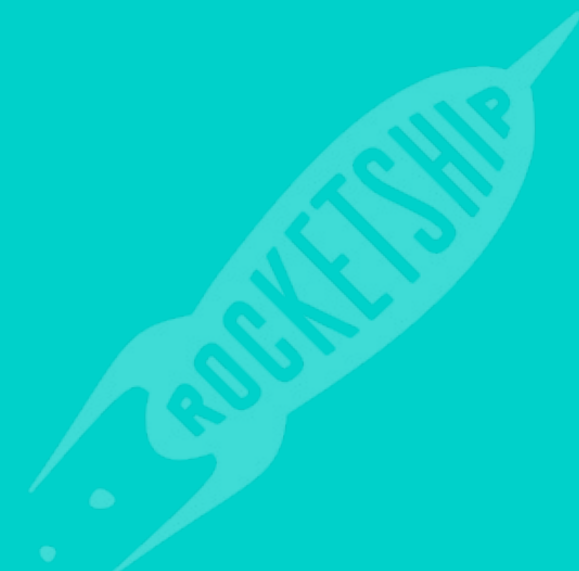
	Natl+NeST(s)	CA	DC & Elim	WI	TN	ELIM	Total RSED
Assets							
Total Cash and cash equivalents	(5,482,194)	60,704,647	14,449,956	(1,869,723)	7,308,344	-	75,111,029
Total Accounts Receivable	3,308,129	28,285,834	3,691,584	1,809,317	3,158,631	(2,064,902)	38,188,594
Total Prepaid expenses and deposits	1,190,804	542,409	590,218	146,898	139,964	-	2,610,292
Total Security Deposits	34,297	425,000	-	-	-	-	459,297
Total Property, plant & equipment	5,390,732	129,348,022	122,786,061	8,068,668	39,216,978	-	304,810,461
Total Less: Accumulated depreciation	(1,639,391)	(11,797,877)	(4,104,015)	(848,432)	(1,776,608)	-	(20,166,323)
Note receivable							
9341 - Intercompany Loan (A)	1,600,000	-	-	-	-	(1,600,000)	-
9361 - Receivable - Management Fee [Long Term]	3,466,409	-	-	-	-	(3,466,409)	0
9361-0001 - Receivable - Rocketship Education DC [Long	2,375,991	-	-	-	-	(2,375,991)	-
9220-0004 - InterCompany due to/from - RPS Texas	8,023,075	-	-	-	-	-	8,023,075
9220-0005 - InterCompany Receiv - LDC	(89,097)	141,815	63,259	1,125	-	-	117,101
Total Note receivable	15,376,378	141,815	63,259	1,125	-	(7,442,400)	8,140,177
Total Assets	18,178,754	207,649,848	137,477,063	7,307,854	48,047,308	(9,507,301)	409,153,526
Liabilities and Net Assets							
Total Accounts payable	(663,669)	639,277	1,766,730	96,866	399,725	-	2,238,928
Total Accrued liabilities	3,061,574	6,239,334	770,473	165,204	962,153	-	11,198,737
Total Accrued lease payments S-T	355,239	6,147,293	1,881,516	428,028	552,218	-	9,364,293
Total Deferred Revenue	(0)	27,330,148	5,351,637	176,466	165,610	-	33,023,860
Total Deferred management fee S-T	-	-	2,064,902	-	-	(2,064,902)	-
Total Intercompany Loan	100,000	-	-	-	-	(100,000)	-
Total Current portion of loans payable	500,000	(1)	-	-	-	-	499,999
Total Current Liabilities	3,353,144	40,356,051	11,835,257	866,563	2,079,705	(2,164,902)	56,325,818
Total Accrued lease payments L-T	1,295,682	108,795,025	121,881,695	6,854,411	37,608,710	-	276,435,522
Total Accrued Interest	221,382	-	-	-	-	-	221,382
Total Loans payable L-T	250,000	-	2,375,991	4,220,563	745,846	(7,342,400)	250,000
Total Long-Term Liabilities	1,767,064	108,795,025	124,257,686	11,074,974	38,354,555	(7,342,400)	276,906,905
Net Assets	13,058,546	58,498,773	1,384,120	(4,633,683)	7,613,048	-	75,920,804
Total Liabilities and Net Assets	18,178,754	207,649,848	137,477,063	7,307,854	48,047,308	(9,507,301)	409,153,526

- The consolidated NeSTs currently show a cash deficit due to cash imbalances with DC, Wisconsin RPS Texas.
- NeST Cash position should improve slightly through closeout of short-term fee receivables (~+2.5mm) but we will likely need to use our CAM line of credit to offset Texas liability (see later slides).



FY24 Q3 Financial Review and Business Operations Update:

Enrollment



FY24 Q3 Enrollment Update

Enrollment as of 1/31/24 was 10,378, 2% lower than budgeted across all regions.

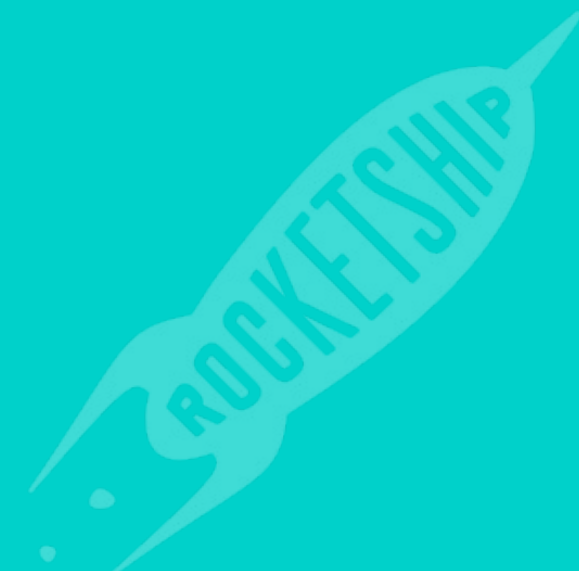
- California shows enrollment that is in line with budget.
 - Attendance has been higher than budget: 93% Q3 attendance rate vs 89% in budget
- Tennessee's enrollment is 31 students (+2%) higher than budgeted.
- Milwaukee has two count days, each accounts for 50% of per pupil funding. The average of the two counts is 639 students, 113 (-15%) lower than budget.
- DC has a single count which determines its enrollment for the entire school year. The official count for DC was 1,379, 103 (-7%) fewer students than budgeted.
- Texas had 32 (-5%) students fewer than budgeted.

Enrollment Change				
	Budget	3/31/2024	Change	% Change
CA	6,366	6,365	(1)	0%
TN	1,356	1,387	31	2%
MKE	752	639	(113)	15%
DC	1,482	1,379	(103)	7%
TX	640	608	(32)	5%
Total	10,596	10,378	(218)	2%



FY24 Q3 Financial Review and Business Operations Update:

Financial Analysis



RPS FY24 Q3 Consolidated Reforecast

The Q3 forecast shows a projected \$10.4M positive CINA, \$4.3M higher than budgeted.

Rocketship Public Schools	Q3 Forecast													FY24 Board Approved Budget	
(\$000)	CA Schools	DC Schools	MKE Schools	TN Schools	Schools Total	CA NeST	DC NeST	MKE NeST	TN NeST	National	NeST Total	Elim	Total	Total	Variance
Enrollment	6,348	1,379	648	1,408	9,783								9,783	9,956	173
Federal Revenue	15,480	6,388	2,819	4,806	29,492								29,492	28,699	794
State	123,855	33,920	7,036	24,488	189,299								189,299	188,130	1,169
Other Local Revenues	167	3,408	107	59	3,741					2,423	2,423		6,165	2,419	3,745
Int Transfers/Network Support Fee						6,345	1,560	444	1,407	21,174	30,930	(29,551)	1,379	1,039	339
Grants and Fundraising	200	602	4	217	1,023	41	556	800	697	5,292	7,385		8,408	5,817	2,592
Total Revenues	139,701	44,318	9,966	29,570	223,556	6,386	2,116	1,244	2,103	28,889	40,739	(29,551)	234,743	226,104	8,639
Certificated Salaries	29,428	7,023	2,795	5,809	45,054	321	56	(343)	(87)		(52)		45,002	51,207	6,205
Classified Salaries	19,528	4,457	1,981	4,673	30,640	2,151	1,203	1,084	807	14,279	19,524		50,163	48,990	(1,173)
Employee Benefits	14,065	2,317	1,135	3,358	20,875	563	297	174	287	2,535	3,857		24,732	25,429	696
Books and Supplies	6,850	2,200	763	1,424	11,237	398	207	54	124	853	1,637		12,874	12,786	(88)
Food Services	5,138	1,175	428	1,087	7,828	42	4	5	5	10	65		7,894	7,423	(471)
Operating and Housekeeping	3,133	1,262	337	647	5,379	5	9		11	10	34		5,413	5,329	(84)
Professional Services	21,021	11,479	847	3,525	36,871	981	679	209	391	4,652	6,911		43,782	35,375	(8,408)
Other Operating Expenses	2,243	537	223	434	3,437	467	388	60	205	1,884	3,004		6,442	5,114	(1,328)
Facility Fee	10,105	7,197	712	2,222	20,236								20,236	19,403	(833)
Leases and Repairs	2,786	588	232	632	4,238	429	121	2	119	411	1,082		5,320	5,606	286
Network Support Fee	19,317	4,681	1,333	4,221	29,551							(29,551)	()	()	()
Miscellaneous Expenses	788	6	114	16	924	700		2	6	866	1,573		2,497	3,316	819
Total Expenses	134,402	42,921	10,900	28,047	216,271	6,056	2,965	1,248	1,867	25,499	37,635	(29,551)	224,355	219,977	(4,378)
CINA	5,300	1,397	(934)	1,522	7,285	330	(849)	(3)	236	3,384	3,098		10,383	6,127	4,256

- The Q3 forecast shows a CINA across all schools of \$7.3M which is \$2.9M higher than budgeted and \$3.1M across all NeSTs which is \$1.4M higher than budgeted.
- The changes in CINA are primarily due to higher than expected attendance rates in CA, higher enrollment in TN, better per pupil funding in DC and higher than budgeted philanthropy and interest income at National NeST.
- Expense totals across the organization are projected to end about \$4.3M (2%) higher than originally budgeted, driven by substantial increases in professional services (consultants and contractors) across all regions.
- The TX financials are presented separately. The Texas region currently projects a -\$1.4M CINA and is a top priority for rest of year.



FY24 Q3 California Reforecast

The CA forecast shows a CINA of \$5.6M which is \$2.2M higher than budgeted.

CA Schools & Regional NeST	Q3 Forecast			Aug Budget			
(\$000)	Total Schools	CA NeST	Total	Total Schools	CA NeST	Total	Variance
Enrollment	6,348	0	6,348	6,366	0	6,366	-18
Federal Revenue	15,480		15,480	15,677		15,677	(197)
State	123,855		123,855	121,199		121,199	2,656
Other Local Revenues	167		167	86		86	82
Int Transfers/Network Support Fee		6,345	6,345		6,442	6,442	(97)
Grants and Fundraising	200	41	241				241
Total Revenues	139,701	6,386	146,088	136,961	6,442	143,403	2,685
Certificated Salaries	29,428	321	29,749	32,226	4,119	36,345	6,596
Classified Salaries	19,528	2,151	21,679	20,360	(1,368)	18,992	(2,687)
Employee Benefits	14,065	563	14,628	15,117	517	15,633	1,005
Books and Supplies	6,850	398	7,247	6,528	243	6,771	(476)
Food Services	5,138	42	5,179	4,665	39	4,704	(475)
Operating and Housekeeping	3,133	5	3,138	2,865	9	2,874	(264)
Professional Services	21,021	981	22,001	17,713	667	18,380	(3,621)
Other Operating Expenses	2,243	467	2,710	1,695	484	2,179	(531)
Facility Fee	10,105		10,105	9,586		9,586	(519)
Leases and Repairs	2,786	429	3,216	3,041	379	3,420	205
Network Support Fee	19,317		19,317	19,325		19,325	8
Miscellaneous Expenses	788	700	1,488	1,068	700	1,768	280
Total Expenses	134,402	6,056	140,458	134,189	5,789	139,978	(480)
CINA	5,300	330	5,630	2,773	652	3,425	2,205

- The California forecast projects a \$5.6M CINA, \$2.2M higher than budget.
- Driven mainly by higher than budgeted Enrollment and Attendance Rates
 - Budget ADA Rate = 89% of Enrollment Target | Q3 Forecast ADA Rate = 93% of Enrollment Target
- Expenses are projected to be \$480K higher than budgeted. There are significant shifts in expenditures. Compensation is projected to be almost \$5M lower than budgeted, partially offset by professional services (Consultants), which are projected to be \$3.6M higher than budgeted.



FY24 Q3 Milwaukee Reforecast v Q1 Revision

MKE Schools & Regional NeST (\$000)	Q3 Forecast			Q1 Forecast			Variance
	Total Schools	MKE NeST	Total	Total Schools	MKE NeST	Total	
Enrollment	648	0	648	654	0	654	-6
Federal Revenue	2,819		2,819	2,590		2,590	229
State	7,036		7,036	6,865		6,865	172
Other Local Revenues	107		107	80		80	27
Int Transfers/Network Support Fee		444	444		435	435	9
Grants and Fundraising	4	800	804		800	800	4
Total Revenues	9,966	1,244	11,211	9,535	1,235	10,770	441
Certificated Salaries	2,795	(343)	2,452	2,634	155	2,789	338
Classified Salaries	1,981	1,084	3,065	1,874	767	2,641	(425)
Employee Benefits	1,135	174	1,310	947	194	1,140	(169)
Books and Supplies	763	54	818	673	10	683	(135)
Food Services	428	5	433	504		504	71
Operating and Housekeeping	337		337	352		352	15
Professional Services	847	209	1,056	492	167	658	(398)
Other Operating Expenses	223	60	284	178	27	204	(80)
Facility Fee	712		712	723		723	11
Leases and Repairs	232	2	233	277		277	44
Network Support Fee	1,333		1,333	1,306		1,306	(27)
Miscellaneous Expenses	114	2	116	60		60	(56)
Total Expenses	10,900	1,248	12,148	10,019	1,319	11,338	(810)
CINA	(934)	(3)	(937)	(485)	(83)	(568)	(369)

While the Milwaukee region has collected the revenue projected in its Q1 budget revision following enrollment plan changes, it has exceeded the revised expense targets (trending close to original budget).

As a result, the region is on track for a \$937k decrease in net assets.

The region will defer a portion of its network support fee in order to meet loan covenants.



FY24 Q3 Nashville Reforecast

TN Schools & Regional NeST (\$000)	Q3 Forecast			Aug Budget			Variance
	Total Schools	TN NeST	Total	Total Schools	TN NeST	Total	
Enrollment	1,408	0	1,408	1,356	0	1,356	52
Federal Revenue	4,806		4,806	3,918		3,918	888
State	24,488		24,488	22,903		22,903	1,585
Other Local Revenues	59		59	71		71	(12)
Int Transfers/Network Support Fee		1,407	1,407		1,285	1,285	122
Grants and Fundraising	217	697	913	417	200	617	297
Total Revenues	29,570	2,103	31,673	27,309	1,485	28,794	2,879
Certificated Salaries	5,809	(87)	5,722	5,552	428	5,979	257
Classified Salaries	4,673	807	5,480	4,908	292	5,200	(280)
Employee Benefits	3,358	287	3,645	3,127	151	3,279	(366)
Books and Supplies	1,424	124	1,548	1,497	19	1,515	(33)
Food Services	1,087	5	1,092	1,121	12	1,133	42
Operating and Housekeeping	647	11	658	768		768	110
Professional Services	3,525	391	3,916	2,728	272	3,000	(916)
Other Operating Expenses	434	205	639	365	181	546	(93)
Facility Fee	2,222		2,222	1,974		1,974	(247)
Leases and Repairs	632	119	751	544	87	631	(120)
Network Support Fee	4,221		4,221	3,855		3,855	(366)
Miscellaneous Expenses	16	6	22	163	9	171	149
Total Expenses	28,047	1,867	29,915	26,602	1,450	28,052	(1,862)
CINA	1,522	236	1,758	707	35	742	1,017

- The Tennessee schools have exceeded enrollment by about 4% and per-pupil revenue has exceeded projections by about 6%.
- While expenses have been higher than budgeted, overall CINA is still on track to exceed budget by \$1mm.



FY24 Q3 DC Reforecast v Q1 Revision

DC CINA is forecast to be \$548K, \$240K higher than the Q1 Revision.

DC Schools & Regional NeST (\$000)	Q3 Forecast			Q1 Forecast			Variance
	Total Schools	DC NeST	Total	Total Schools	DC NeST	Total	
Enrollment	1,379	0	1,379	1,365		1,365	14
Federal Revenue	6,388		6,388	5,933		5,933	455
State	33,920		33,920	34,676		34,676	(757)
Other Local Revenues	3,408		3,408	1,505		1,505	1,903
Int Transfers/Network Support Fee		1,560	1,560		1,574	1,574	(14)
Grants and Fundraising	602	556	1,158	350	650	1,000	158
Total Revenues	44,318	2,116	46,434	42,464	2,224	44,689	1,745
Certificated Salaries	7,023	56	7,079	6,558	58	6,616	(463)
Classified Salaries	4,457	1,203	5,660	4,698	1,018	5,716	56
Employee Benefits	2,317	297	2,614	2,404	231	2,635	21
Books and Supplies	2,200	207	2,408	2,025	203	2,227	(180)
Food Services	1,175	4	1,180	928	9	936	(243)
Operating and Housekeeping	1,262	9	1,270	1,290	1	1,291	21
Professional Services	11,479	679	12,157	11,040	297	11,337	(820)
Other Operating Expenses	537	388	925	490	221	711	(214)
Facility Fee	7,197		7,197	7,007	72	7,079	(118)
Leases and Repairs	588	121	710	885	72	958	248
Network Support Fee	4,681		4,681	4,723		4,723	42
Miscellaneous Expenses	6		6	152		152	146
Total Expenses	42,921	2,965	45,886	42,200	2,181	44,381	(1,505)
CINA	1,397	(849)	548	265	43	308	240

Following enrollment gaps in the fall, DC revised its budget after Q1 and has been managing towards those targets.

Overall CINA is projected slightly higher than the original target, on the back of higher state and local revenues and higher staffing and professional services expenses.



RPS FY24 Q3 Reforecast vs Budget - National NeST

Revenue:

National NeST Q3 reforecast reflects higher revenue as a result of higher interest income and philanthropy.

- Interest income is \$1.3M YTD and projected to be \$1.8M for FY, \$1.4M higher than budgeted
- Philanthropy is \$5.2M YTD and projected to be \$5.3M for FY, \$1.9M higher than budgeted.

Expenses:

Expenses are projected to be \$316K higher than budgeted. The net changes in expenses reflect several strategic investments:

- A Director of Schools in Milwaukee. This position will be paid for by National NeST in FY24 and will shift to the region's budget in FY25 as enrollment elevates in order to sustainably afford the regional team and infrastructure.
- A shift of resources from compensation to consulting due to vacancies and leaves.
- Additional un-capitalized consulting expenses to support the payroll and accounting teams to allow for a high level of engagement in the Workday implementation.

FY24 Q3 National Reforecast

The Q3 forecast shows a projected \$3.4M positive CINA, \$2.5M higher than budgeted.

National NeST (\$000)	Q3 Forecast Total	Aug Budget Total	YTD Mar Total	YTD Mar (% of Budget)	Fcst v Budget Variance
Federal Revenue					
State					
Other Local Revenues	2,423	918	1,776	193%	1,505
Int Transfers/Network Support Fee	21,174	21,753	14,926	69%	(580)
Grants and Fundraising	5,292	3,400	5,215	153%	1,892
Total Revenues	28,889	26,071	21,917	84%	2,817
Salaries	14,279	14,863	10,748	72%	585
Employee Benefits	2,535	2,624	1,841	70%	89
Books and Supplies	853	1,231	689	56%	378
Food Services	10	6	6	98%	(4)
Operating and Housekeeping	10	6	7	110%	(4)
Professional Services	4,652	3,038	3,482	115%	(1,614)
Other Operating Expenses	1,884	1,519	1,450	95%	(365)
Facility Fee					
Leases and Repairs	411	311	308	99%	(100)
Network Support Fee					
Miscellaneous Expenses	866	1,623	147	9%	757
Total Expenses	25,499	25,221	18,678	74%	(279)
CINA	3,384	850	3,234	380%	2,534

- Overall network support fee projection declines \$580k vs. budget, with budgeted contingency absorbing some of a \$975k net shift in network support fee expense forecasts by region:
 - Texas (\$663k decrease), DC (424k decrease), MKE (127k decrease), TN: (\$244k) increase, CA (5k decrease)
- The projections include \$515k of non-cash depreciation expense related to the Workday and Jetpacked IT projects.
- Compensation savings due to budget are based on leaves and vacancies, which are generally offset with higher professional services expenses.



Business Team Update

1. FPA shifts
 - a. Team transitions and new roles
 - b. Modernizing our tools
2. Accounting shifts
 - a. New capacity (Payroll and Audit)
 - b. Improving closing calendars
 - c. Prepping for a better audit



Review and Recommend Approval of Network Support Fee Deferral and Forgiveness to the Rocketship Board of Directors



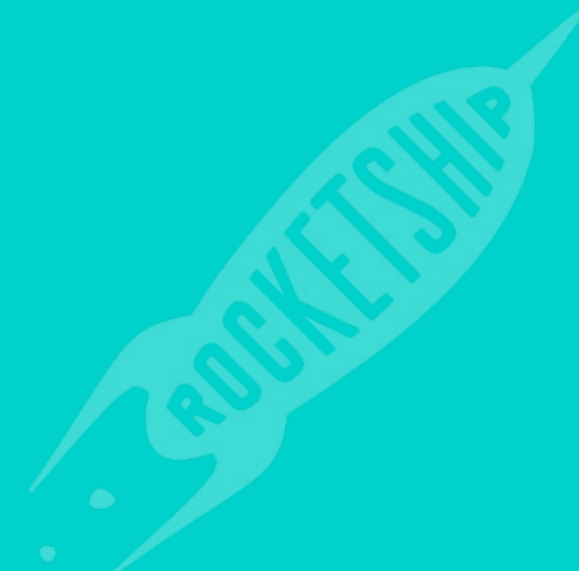
Network support fee Waivers and Deferrals

We are requesting Board approval for two actions relating to network support fees:

1. Approval of the deferral of the Rocketship Wisconsin network support fee to support with regional liquidity at the end of the year. Amount not to exceed \$1mm
2. Approval of the waiver of the Rocketship Public Schools Texas network support fee for 2023-24 to support with regional liquidity and profit/loss at the end of the year. Amount not to exceed \$675,000.



Review 2024-25 Annual Plan and
Recommend 2024-25 Budget to Rocketship
Board of Directors



Objectives of this session

- Review the annual planning process
- Review regional and school budgets
- Review National NeST budget and subsequent implications
- Conversation regarding our 2024-25 priorities and tradeoffs

Review 2024-25 Annual Plan and Recommend
2024-25 Budget to Rocketship Board of Directors:

Annual Planning Process



Planning Updates

- 5 Year Plan
 - Received SteerCo support on 2/29
 - Received Board approval on 3/6
 - Emphasis on strategies, with resources to be included in June budget approval
- Annual Planning
 - Initial enrollment and staffing targets by 3/8
 - Initial functional and regional priorities by 3/14
 - National Leadership Convening 3/21
 - Board subgroup engaged, three meetings (March, April, May)
 - Final refinements to Regional, School and NeST priorities and budgets the week of 5/6
 - Budget priority: schools→ regions → NeST (by 5/16 for last subgroup meeting)
 - 2024-25 Rocketship Annual Plan and Budget
 - Regional Business Committees/Boards 5/7 - 6/4
 - National Business Committee 5/21
 - National Board 6/13



Review 2024-25 Annual Plan and Recommend
2024-25 Budget to Rocketship Board of Directors:

Regional Budgeting



Regional budgeting process overview

- Over the last 8 weeks, national and regional leaders have worked intensely to develop sustainable budgets in a challenging revenue environment.
- Regional leadership teams and national FP&A team have been closely engaged on verifying enrollment, staffing, and expense assumptions
- In general - we are dealing with a huge reduction in federal revenue, resulting in expense controls and enrollment management becoming more important than ever.
- Several regions are committing to non-compensation expense reductions that will have to be lived out all year long to become reality.
- We will continue verifying assumptions and working with regions throughout the summer with an expectation of budget adjustments in the August board cycle.

National Budget Summary

Rocketship Public Schools	FY25 Budget												FY24 End of Year Forecast		
(\$000)	CA Schools	DC Schools	MKE Schools	TN Schools	Schools Total	CA NeST	DC NeST	MKE NeST	TN NeST	National	NeST Total	Elim	Total 10,308	Total 9,783	Variance 525
Enrollment	6,658	1,430	780	1,440	10,308										
Federal Revenue	7,737	3,246	1,808	2,981	15,771								15,771	29,492	(13,722)
State	126,982	39,325	9,101	24,900	200,308								200,308	189,299	11,009
Other Local Revenues	15	305	27	50	398								1,898	6,165	(4,267)
Int Transfers/Network Support Fee						6,267	1,606	499	1,331	21,145	30,848	(29,109)	1,739	1,379	360
Grants and Fundraising													5,362	8,408	(2,446)
Revenue Contingency		600			600		700	950	462	(2,114)	(2,114)		(2,114)		
Total Revenues	134,734	43,476	10,936	27,931	217,077	6,267	2,306	1,449	1,793	23,780	35,595	(29,109)	223,563	234,743	(11,180)
Certificated Salaries	29,500	6,210	2,977	5,655	44,341								44,341	45,002	(661)
Classified Salaries	18,893	6,392	2,799	4,759	32,844	2,089	1,085	705	901	14,728	19,507		52,351	50,163	2,188
Employee Benefits	14,822	2,710	1,386	3,482	22,399	482	233	144	315	2,356	3,531		25,930	24,732	1,197
Books and Supplies	5,637	956	372	1,195	8,159	316	38	32	46	1,057	1,488		9,647	12,874	(3,227)
Food Services	5,179	1,070	513	1,166	7,929	52	6	1		9	69		7,998	7,894	104
Operating and Housekeeping	3,114	1,313	300	706	5,432	1	3				4		5,436	5,413	23
Professional Services	17,143	11,903	401	2,912	32,358	872	136	35	329	3,056	4,429		36,786	43,782	(6,996)
Other Operating Expenses	2,045	502	173	458	3,178	531	178	56	193	1,546	2,504		5,682	6,442	(759)
Facility Fee	10,106	6,668	819	1,975	19,568		72				72		19,640	20,236	(596)
Leases and Repairs	2,478	690	202	567	3,937	397	54	1	106	117	676	(29,109)	4,613	5,320	(707)
Network Support Fee	18,801	4,818	1,496	3,994	29,109										
Miscellaneous Expenses	3,222	4	60	12	3,298	700		1	7	933	1,642		4,940	2,497	2,443
Total Expenses	130,941	43,235	11,498	26,880	212,554	5,441	1,805	976	1,897	23,803	33,921	(29,109)	217,366	224,355	(6,989)
CINA	3,793	241	(562)	1,052	4,523	826	501	473	(104)	(22)	1,674		6,197	10,388	(4,191)

At a consolidated level, Rocketship is projecting a more than \$11mm decline in year-over-year revenue due to the end of the ESSER federal program and a reduction in anticipated philanthropy.

Schools are hoping to add 525 students (not including Texas growth) to compensate, as well as planning to reduce overall expenses by \$7mm (with schools reducing expenses by about 2% and NeST reducing by about 10% non-compensation expenses).

California Budget Summary

- As a region, California is budgeting for \$2mm less in overall revenue, using increased planned enrollment to offset reduced federal dollars.
- The reduction in facility fee is an artifact of lease accounting, not a change in underlying costs.
- After overspending its professional services budget n 23-24, the region is committed to reducing the cost of contracted substitutes and special education consultants.

Total CA Region	FY24 Budget	Q3 Forecast	FY25 Budget	FY25 v FY24	FY25 v Fcst
(\$000)	Total	Total	Total	Variance	Variance
Enrollment	6,366	6,348	6658	292	292
Federal Revenue	15,677	15,480	7,737	(7,940)	(7,743)
State	121,199	123,855	126,982	5,784	3,127
Other Local Revenues	86	167	15	(71)	(152)
Int Transfers/Network Support Fee	6,442	6,345	6,267	(175)	(78)
Grants and Fundraising		241			(241)
Total Revenues	143,403	146,088	141,001	(2,402)	(5,087)
Certificated Salaries	36,345	29,749	29,500	6,845	249
Classified Salaries	18,992	21,679	20,983	(1,991)	697
Employee Benefits	15,633	14,628	15,303	330	(675)
Books and Supplies	6,771	7,247	5,953	819	1,294
Food Services	4,704	5,179	5,231	(527)	(52)
Operating and Housekeeping	2,874	3,138	3,114	(241)	24
Professional Services	18,380	22,001	18,015	365	3,986
Other Operating Expenses	2,179	2,710	2,577	(398)	133
Facility Fee	9,586	10,105	10,106	(520)	(1)
Leases and Repairs	3,420	3,216	2,875	545	340
Network Support Fee	19,325	19,317	18,801	524	516
Miscellaneous Expenses	1,768	1,488	3,923	(2,155)	(2,435)
Total Expenses	139,978	140,458	136,382	3,596	4,076
CINA	3,425	5,630	4,619	1,194	(1,011)

California School-Level Budget Summary

Total CA Region (\$000)	FY25 Budget													Total CA	CA Nest	Total CA
	RMS	RSSP	RLS	ROMO	RDP	RBM	RSA	RSK	RFZ	RWC	RRS	RFA	RDL			
Enrollment	514	321	369	600	426	520	550	570	573	306	620	660	620	6,658	0	6,658
Federal Revenue	604	469	480	657	561	721	653	570	699	425	611	674	612	7,737		7,737
State	10,162	6,373	7,564	11,655	8,471	10,389	10,321	10,605	11,155	5,647	11,680	11,595	11,365	126,982		126,982
Other Local Revenues	1	8	1								1	1	2	15		15
Int Transfers/Network Support Fee															6,267	
Grants and Fundraising																6,267
Total Revenues	10,767	6,850	8,044	12,312	9,033	11,111	10,974	11,175	11,854	6,072	12,293	12,269	11,979	134,734	6,267	141,001
Certificated Salaries	2,295	1,398	1,868	2,528	2,036	2,645	2,539	2,551	2,372	1,425	2,448	2,745	2,651	29,500		29,500
Classified Salaries	1,408	1,104	1,055	1,829	1,246	1,565	1,374	1,370	1,709	1,094	1,803	1,741	1,597	18,893	2,089	20,983
Employee Benefits	1,133	757	889	1,298	1,043	1,309	1,198	1,232	1,256	736	1,284	1,355	1,334	14,822	482	15,303
Books and Supplies	534	279	327	427	328	434	458	437	431	328	514	695	445	5,637	316	5,953
Food Services	414	301	265	469	407	493	418	490	449	279	386	411	396	5,179	52	5,231
Operating and Housekeeping	277	230	197	208	181	300	266	202	274	168	277	282	251	3,114	1	3,114
Professional Services	1,530	814	917	1,359	1,244	1,298	1,286	1,303	1,482	847	1,467	1,952	1,644	17,143	872	18,015
Other Operating Expenses	246	104	118	161	121	145	150	163	147	129	161	215	185	2,045	531	2,577
Facility Fee	886	622	881	886	766	853	731	912	1,109	22	895	409	1,134	10,106		10,106
Leases and Repairs	182	116	168	241	197	194	195	195	276	43	236	229	206	2,478	397	2,875
Network Support Fee	1,503	945	1,126	1,711	1,241	1,536	1,519	1,561	1,667	835	1,737	1,726	1,694	18,801		18,801
Miscellaneous Expenses	282	180	203	304	223	257	260	261	267	141	270	293	280	3,222	700	3,923
Total Expenses	10,690	6,849	8,015	11,420	9,032	11,030	10,394	10,676	11,440	6,049	11,478	12,053	11,815	130,941	5,441	136,382
CINA	78	1	29	892	1	81	581	499	415	23	815	217	164	3,793	826	4,619

- All of the California schools are (barely) budgeting CINA positive (RSSP is a minor formula error), though 6 are within a \$100,000 margin.
- The national obligated group bond covenant schools have a collective CINA of \$1.55mm (\$1mm in excess of their required lease coverage).
- Upside for the schools in the form of increased use of multi-year restricted funds.

DC Budget Summary

Total DC Region (\$000)	FY25 Budget					
	RISE	RLP	RIC	Total DC Schools	DC Nest	Total DC Region
Enrollment	441	619	341	1,430	0	1,430
Federal Revenue	1,001	1,405	840	3,246		3,246
State	12,178	17,015	10,131	39,325		39,325
Other Local Revenues	101	131	74	305		305
Int Transfers/Network Support Fee					1,606	1,606
Grants and Fundraising	200	200	200	600	700	1,300
Total Revenues	13,480	18,750	11,245	43,476	2,306	45,782
Certificated Salaries	2,092	2,453	1,665	6,210		6,210
Classified Salaries	2,069	2,741	1,583	6,392	1,085	7,477
Employee Benefits	895	1,117	698	2,710	233	2,943
Books and Supplies	315	382	259	956	38	993
Food Services	379	421	270	1,070	6	1,077
Operating and Housekeeping	438	378	497	1,313	3	1,316
Professional Services	3,878	5,010	3,014	11,903	136	12,039
Other Operating Expenses	167	172	163	502	178	680
Facility Fee	1,865	1,825	2,978	6,668	72	6,740
Leases and Repairs	277	244	169	690	54	744
Network Support Fee	1,495	2,075	1,248	4,818		4,818
Miscellaneous Expenses	1	3		4		4
Total Expenses	13,870	16,820	12,544	43,235	1,805	45,040
CINA	(390)	1,930	(1,299)	241	501	742

The region as a whole is budgeting a positive CINA equivalent to about 1.7% of revenue.

Opportunities to improve include exceeding enrollment projections, better controlling outsourced ISE expenses and better utilizing competitive public grants to offset core expenses.

Tennessee Budget Summary

Total TN Region (\$000)	FY25 Budget					
	RDCP	RNNE	RUA	Total TN Schools	TN Nest	Total TN Region
Enrollment	450	500	490	1,440	0	1,440
Federal Revenue	932	1,035	1,014	2,981		2,981
State	7,790	8,640	8,470	24,900		24,900
Other Local Revenues	16	18	17	50		50
Int Transfers/Network Support Fee					1,331	1,331
Grants and Fundraising					462	462
Total Revenues	8,737	9,693	9,501	27,931	1,793	29,725
Certificated Salaries	1,732	2,057	1,866	5,655		5,655
Classified Salaries	1,361	1,652	1,746	4,759	901	5,659
Employee Benefits	1,036	1,239	1,207	3,482	315	3,797
Books and Supplies	314	469	412	1,195	46	1,241
Food Services	365	405	397	1,166		1,166
Operating and Housekeeping	234	194	279	706		706
Professional Services	1,009	1,086	817	2,912	329	3,241
Other Operating Expenses	109	172	177	458	193	651
Facility Fee	895	575	505	1,975		1,975
Leases and Repairs	178	180	209	567	106	673
Network Support Fee	1,250	1,386	1,359	3,994		3,994
Miscellaneous Expenses		10	2	12	7	19
Total Expenses	8,480	9,425	8,975	26,880	1,897	28,777
CINA	257	268	526	1,052	(104)	948

While the region as a whole is projecting about a 3% of revenue surplus, there are a few open staffing questions relating to required ISE and ML services that may reduce CINA by ~\$200,000.

The region is budgeting conservatively on enrollment growth and has some opportunity for upside by enrolling additional students.

Wisconsin Budget Summary

Total MKE Region (\$000)	FY25 Budget				
	RSCP	RTP	Total MKE	MKE Nest	Total MKE
Enrollment	450	330	780	0	780
Federal Revenue	1,022	786	1,808		1,808
State	5,219	3,882	9,101		9,101
Other Local Revenues	16	12	27		27
Int Transfers/Network Support Fee				499	499
Grants and Fundraising				950	950
Total Revenues	6,257	4,679	10,936	1,449	12,384
Certificated Salaries	1,612	1,364	2,977		2,977
Classified Salaries	1,785	1,015	2,799	705	3,504
Employee Benefits	815	571	1,386	144	1,531
Books and Supplies	243	129	372	32	404
Food Services	296	217	513	1	515
Operating and Housekeeping	174	126	300		300
Professional Services	249	151	401	35	435
Other Operating Expenses	103	70	173	56	229
Facility Fee	425	394	819		819
Leases and Repairs	90	112	202	1	204
Network Support Fee	855	641	1,496		1,496
Miscellaneous Expenses	60		60	1	61
Total Expenses	6,708	4,790	11,498	976	12,474
CINA	(452)	(111)	(562)	473	(89)

Achieving the revenue and expense targets in this budget would reduce the Wisconsin deficit by 90% vs. FY24 and put it on a path to positive net income in FY26.

RPS Texas Budget Summary (for information)

	RDDE	REX	NeST	Eliminations	Total
Revenues	\$11,516	\$11,896			
State revenues	\$5,688,818	\$4,698,751			\$10,387,569
Federal revenues	761,826	609,153			1,370,979
Donations & grants			2,890,000		2,890,000
Regional network support fee			519,378	-519,378	0
Total revenues	\$6,450,645	\$5,307,904	\$3,409,378	-\$519,378	\$14,648,549
Expenses					
Certificated salaries	\$2,015,080	\$1,684,761	\$357,990		\$4,057,831
Classified salaries	937,466	862,859	582,451		2,382,776
Employee benefits	797,187	687,857	253,919		1,738,964
Books and supplies	398,573	323,883	77,224		799,680
Food services	344,813	275,711	0		620,523
Services and other operating expenses	768,842	746,640	188,618		1,704,100
Travel and conferences	5,809	5,457	82,350		93,616
Dues and insurance	0	0	98,940		98,940
Rental, leases and repairs	175,950	248,625	45,900		470,475
Facility fee + interest/principal	860,000	122,967	0		982,967
Depreciation expense - to be added later	0	0	0		0
network support fee - region	284,441	234,938	0	-519,378	0
network support fee - national	568,882	469,875	0		1,038,757
Total expenses	\$7,157,042	\$5,663,572	\$1,687,393	-\$519,378	\$13,988,629
Change in Net Assets (CINA)	-\$706,398	-\$355,668	\$1,721,985	\$0	<u>\$659,920</u>

1. **Enrollment** will grow by 413 students to 1,064 total students across both schools.
2. The region will receive **philanthropic** revenue of \$2.89mm.
3. We will **fully staff** the instructional model and ensure the average teacher is receiving a \$3,000 pay **increase**.
4. We will **reduce** overall **non-staff** expenses from 32% of revenue to 22% of revenue, including reducing transportation costs by \$500,000 and food service net expense by \$300,000.



Regional Budgeting Big Risk #1: Enrollment

What's the risk:

- If regions continue to perform at historical average for the next three months, we will fall short of our ambitious enrollment goals. Currently forecasting a modest growth (~400) in enrollment from 23-24. Regions need to outperform historical average for summer applications and enrollments to reach goal.

What can we do:

- If regions are not tracking towards enrollment goals by the end of the school year (~6/15), we will revise targets and expenses ahead of our usual August budget update process.

	Campus Targets <small>(Grade-Level Max)</small>	Enrollment as of May 14 <small>(Projected Returners + New Enrollment)</small>	Pipeline as of May 14 <small>(50% of all accepted offers) Source</small>	App Yield Projections <small>(2 year average + current conversion rate)</small>	(Very Rough) Projected Enrollment <small>(Current Enrollment + Pipeline + App Projections)</small>	Gap to Campus Target
CA	6,952	5,395	166	690	6,251	-701
WI	845	530	7	100	637	-208
TN	1,515	1,088	81	254	1,423	-92
DC	1,218	1,020	37	60	1,117	-101
TX	1,204	574	136	344	1,054	-150
RPS	11,734	8,607	427	1,448	10,482	-1,252



Regional Budgeting Big Risk #2: Expense Management

What's the risk:

- Several regions have set targets of reducing non-compensation spending as a method of balancing budgets without dropping staff.
- While in some cases those targets are driven by specific changes in service or purchasing (eg Texas transportation), in other cases, spending targets aren't yet paired with specifics (eg California schools collectively budgeting to save 2.3mm on consultants year over year).

What can we do:

- National finance team should commit to providing leaders with simple, quick expense dashboards to monitor progress towards budget goals, as well as support regions in making specific plans around reducing big ticket items (e.g. substitutes, special ed contractors, food service)



Review 2024-25 Annual Plan and Recommend
2024-25 Budget to Rocketship Board of Directors:

National NeST Budget



National Nest Budget: Revenue Risks

Key for budgeting schools this year has been to “act as if” - plan for full enrollment, set spending plans accordingly, but be prepared to reduce if enrollment isn’t as planned

- Key assumption: It is so much harder to spend unanticipated additional revenue as the year goes on than it is to trim; it is also critical to invest in school talent up front rather than be hiring late in a lower talent market

With NeST, it’s the opposite. We can always buy up, but cuts are difficult. Especially as NeST budget is nearly 80% people - difficult to reduce expenses without eliminating roles.

- Takeaway: We approach NeST budgeting with a pessimistic view towards revenue - making sure we can provide current levels of service to schools even in case of big enrollment misses while also stewarding our team and continuing to invest in their success.

Baseline: 90% of target enrollment and fee revenue = 19.030mm
(a 211 student decline from FY24 enrollment)

Win #1: 95% of target enrollment and fee revenue = +\$1.06mm in NeST revenue over Baseline
(a 327 student increase from FY24 enrollment)

Win #2: 100% of target enrollment and fee revenue = +\$2.12mm in NeST revenue over Baseline
(a 865 student increase from FY24 enrollment)



National NeST Budget Summary

National NeST (\$000)	FY24 August 2023 Board Budget Total	Current Forecast Total	FY25 PRELIM JUNE BUDGET Total	FY25 v FY24 Budget Variance	FY25 v FY24 Q3 Forecast Variance
Federal Revenue					
State					
Other Local Revenues	918	2,423	1,500	582	(923)
Int Transfers/Network Support Fee	21,753	21,174	19,030	(2,723)	(2,144)
Grants and Fundraising	3,400	5,292	3,250	(150)	(2,042)
Total Revenues	26,071	28,889	23,780	(2,291)	(5,108)
Certificated Salaries	(583)			583	()
Classified Salaries	15,447	14,279	14,728	(719)	449
Employee Benefits	2,624	2,535	2,356	(268)	(179)
Books and Supplies	1,231	853	1,057	(175)	203
Food Services	6	10	9	3	(1)
Operating and Housekeeping	6	10		(6)	(10)
Professional Services	3,038	4,652	3,056	18	(1,595)
Other Operating Expenses	1,519	1,884	1,546	27	(338)
Facility Fee					
Leases and Repairs	311	411	117	(194)	(294)
Network Support Fee					
Miscellaneous Expenses	1,623	866	933	(689)	68
Total Expenses	25,221	25,500	23,803	(1,418)	(1,697)
CINA	850	3,389	(22)	(873)	(3,411)

We are conservatively projecting revenue and balancing the budget against that projection. The net effect is a \$5.1mm reduction in revenue from the FY24 budget and \$2.29mm from current FY24 projection.

Steps taken to achieve balance include:

- Frozen NeST compensation - no new roles, promotions, or raises from current baseline.
- An overall reduction of \$2mm in non-compensation expenses from FY24 projection
 - Approximately \$750,000 in non-recurring consulting projects ending
 - Approximately 10% intended reduction in all other non-comp.

One key note: We are currently projecting \$733,000 in depreciation at National NeST (under miscellaneous expense) due to capitalized costs from JetPacked and Workday IT projects - not cash expense). Expensing JetPacked in FY24 would reduce FY25 expense by \$300k.



NeST Budgeting: Opportunities to Exceed

Win#1: Get to at least 95% of budgeted enrollment

- Revenue: +\$1mm

Win #2: Get to at least 100% of budgeted enrollment (or replace with philanthropy above baseline)

- Revenue: +\$1mm in addition to +\$1mm from 95% budgeted enrollment so total of +\$2mm

Investment decisions to be made in either scenario

- Expenses: 6% increase in comp for returning staff (5% average based on performance plus 1% reserved for promotions): +\$945k
 - Especially after 23.24 where NLT did not receive a compensation increase and NeST received a reduced increase (ceiling of 4% v. more traditional 7% for top performers), returning to more traditional increases would be a win for our NeST team and talent
- Expenses: NLT to prioritize investments in 5 year initiatives, President role, other priorities.



National NeST budget next steps

- **May:** NLT drafts and prioritizes funding scenarios for strategic initiatives; further explores non-compensation options to reduce expenses
- **May - July:** NET continues to monitor enrollment and philanthropy and prioritizes 2024-25 strategies at the National NeST level
- **August 12:** NET recommendations (compensation, roles, initiatives investment) finalized for inclusion in revised budgets for the August board cycle; recommendations based upon enrollment, state revenue amounts, competitive grant spending plans, and other details becoming clearer
- Enrollment updates, contingency plans, if necessary, and NeST priority strategies shared with the Annual Planning subgroup, Business Committee and National Board

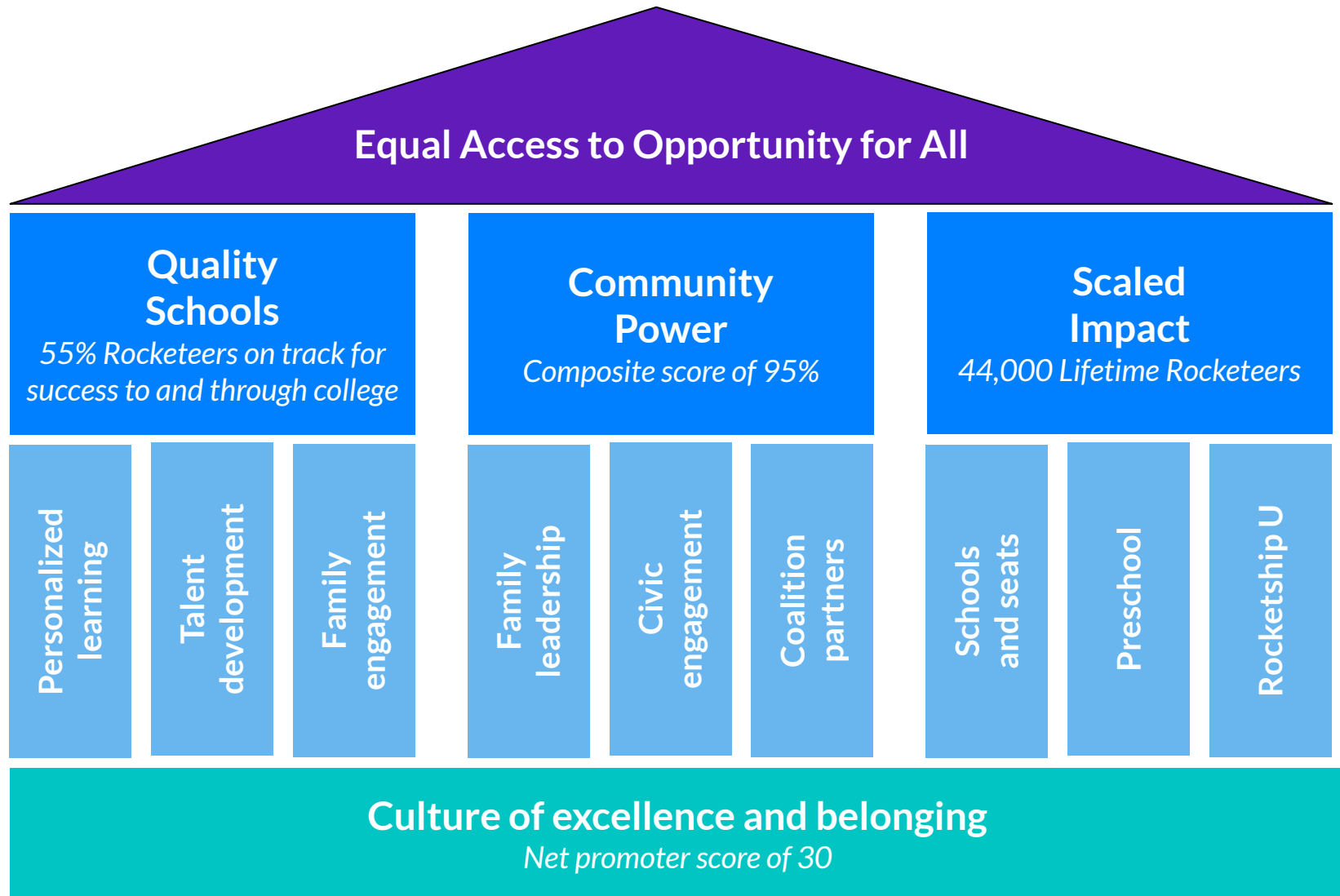


Review 2024-25 Annual Plan and Recommend
2024-25 Budget to Rocketship Board of Directors:

5-Year Plan and Initiatives



5-Year Strategic Plan



Strategic initiatives to advance 5-year strategic plan

Initiative	Lever/ Enabler	Initiative Components	Initiative Owner
Curriculum adoption and best practices	Quality	<ul style="list-style-type: none"> Mathematics best practices Early literacy best practices Upper elementary reading curriculum adoption/best practices Science curriculum adoption/best practices 	Program
Family engagement and community power	Quality	<ul style="list-style-type: none"> Family engagement best practices (academic focus) Family civic engagement strategy 	MarCom/ Program
	C Pow		
Talent development (instructional)	Quality	<ul style="list-style-type: none"> Overarching talent vision and teacher-AP-P-DOS pathway strategy New teacher support strategy (including onboarding) Career teacher pathway Potential expansion to Rocketship University in year 4/5 	Talent/ Program
	Scale		
Internal comms	Culture	<ul style="list-style-type: none"> Internal communications as part of employee engagement work to support retention, culture, belonging, and NPS score of 30 	Talent/ MarCom
Information systems	All	<ul style="list-style-type: none"> Build secure information systems and data architecture; continue current system adoptions Launch new integrated system (Workday, HelpCounter, alumni data tracking) 	Strategy



Our path towards Scaled and Transformational Impact in our 5 Year Plan

Description

Scaled Impact: Schools & Seats

- Initially go deeper, not wider and especially focus on our Tennessee and Texas regions
- In the next 3-5 years aspire towards opening a new region and continuing to grow our catalytic impact in new regions

Transformational Impact: Preschool

- Offer 3-year-old and 4-year-old preschool in regions where it is viable financially
- For DC, directly provide PK3 and PK4 to Rocketeers; for CA, become a Head Start provider or find a Head Start partnership

Transformational Impact: Educator residency program

- Partner with option to build a teacher training/residency program that results in teaching credential in order to elevate talent in the classroom with REACH or another organization to obtain BA and credential
- Following talent development initiative, potential for Rocketship University (to be evaluated in Years 4-5)

