



2012-13 Charter Renewal Report

Carlos Rosario International Public Charter School

January 24, 2013

Revised April 11, 2013

DC Public Charter School Board
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Washington, DC 20010

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RECOMMENDATION

PCSB staff recommends Carlos Rosario International Public Charter School's ("Carlos Rosario PCS") charter be renewed based on the school's overall academic, compliance, and fiscal performance.

EXECUTIVE SUMMARY

Carlos Rosario PCS is a charter Local Education Agency with one campus on two facilities. The school was able to demonstrate that it has met all of its goals and expectations (workforce training, English language skills, GED preparation) that were set forth in its charter, as evidenced by their annual reports and accountability plans and through PCSB's Qualitative Site Review ("QSR") process. Since its first year as a public charter school, Carlos Rosario PCS has performed well on PCSB's Program Development Reviews ("PDRs"). In 2012, PCSB began performing Quality Site Reviews in lieu of PDRs. In 2012, PCSB conducted a QSR at Carlos Rosario PCS to assess the extent to which the school's goals and student academic achievement expectations were evident in the school's everyday operations. Anecdotes from the QSR report are woven throughout the goals analyses in this report. In 2008, the school underwent a ten-year charter review, and was found to have met all academic, governance and compliance performance standards.

In 2005 Carlos Rosario PCS gained accreditation from the Middle States Association, and in 2012 it earned full re-accreditation. In 2007, Carlos Rosario PCS amended its charter to add English as a Second Language for families, advanced English as a Second Language, and workforce components to its school's instructional program. In 2012 the school broke ground a new campus that will allow it to serve 200 additional adult learners;

Over the course of fifteen years, Carlos Rosario PCS has been substantially compliant with general, special education, and financial laws. A review of the school's annual audited financial statements from 2008 – 2011 indicate that the school has adhered to generally accepted accounting principles, practiced sound fiscal management, and is economically viable.

GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

The District of Columbia School Reform Act (“SRA”) provides that PCSB shall not approve a charter renewal application if it determines that the school has failed to meet its goals and student academic achievement expectations set out in its charter agreement.¹ Goals are general aims, which may be categorized as academic, non-academic, and organizational, whereas student academic achievement expectations (“expectations”) are aims measured by assessments. Goals and expectations will only be considered as part of the renewal decision if they were approved by the PCSB Board in a school’s charter application, charter, or Accountability Plans (collectively, the “Charter”).

In its renewal petition, Carlos Rosario PCS identified goals and expectations that it contracted to in its Charter. To confirm whether these identified goals and expectations were indeed a comprehensive and accurate presentation of Carlos Rosario PCS’ goals and expectations, PCSB conducted a historical analysis of pertinent documents that Carlos Rosario PCS submitted identifying and measuring goals and expectations, as well as Carlos Rosario PCS’ five- and ten-year review reports produced by PCSB. This analysis indicates that the goals and expectations presented by Carlos Rosario PCS in its renewal petition are substantially accurate. Over the course of the past 15 years, PCSB’s expectations of charter schools have evolved along with the accountability indicators used to measure the Carlos Rosario PCS’s achievement of its charter goals. It is important that Carlos Rosario PCS’s renewed charter contain robust, measurable goals that are connected to the adult education PMF currently being piloted.

Carlos Rosario PCS has met all of its goals and expectations. The chart below details Carlos Rosario PCS’ goals and expectations and presents PCSB’s determination of whether Carlos Rosario PCS met each goal or expectation.

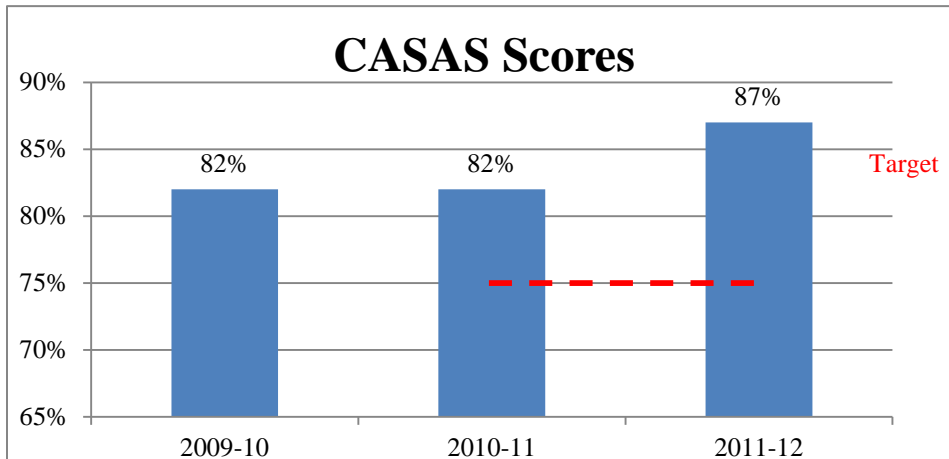
	Goal or Expectation as Stated in Document	Met?
1	Students will achieve proficiency in English language and life skills.	Yes
2	Students increasing their opportunity to become naturalized American citizens and fully contributing members of American society.	Yes
3	Students will earn their GED or high school equivalency, thereby increasing their potential for employment and/or continuing education.	Yes
4	Students will become more employable.	Yes
5	Through workshops, students will acquire necessary life skills.	Yes
6	Regular Attendance.	Yes

¹ SRA §38-1802.12(c)(2).

1. Students will achieve proficiency in English language and life skills.

Assessment: **Carlos Rosario PCS has met this goal.** During the school’s QSR, reviewers observed several classroom activities focused on English instruction, including: creative role plays, structured student dialogues, computer-assisted English instruction, and simulated/mock interviews.² The school has implemented extensive programming to promote English learning: it facilitates a school-wide spelling bee, publishes a student-led literary arts magazine, and holds annual essay contests.³

Beyond this programming, the school uses several assessments to measure achievement of this goal. The Comprehensive Adult Student Assessment System (“CASAS”) language test is designed to measure reading skills for students whose native language is not English. The school surpassed its goal for the CASAS language test in its fifth and tenth year reviews, as well as every subsequent year for which it reported on this goal.

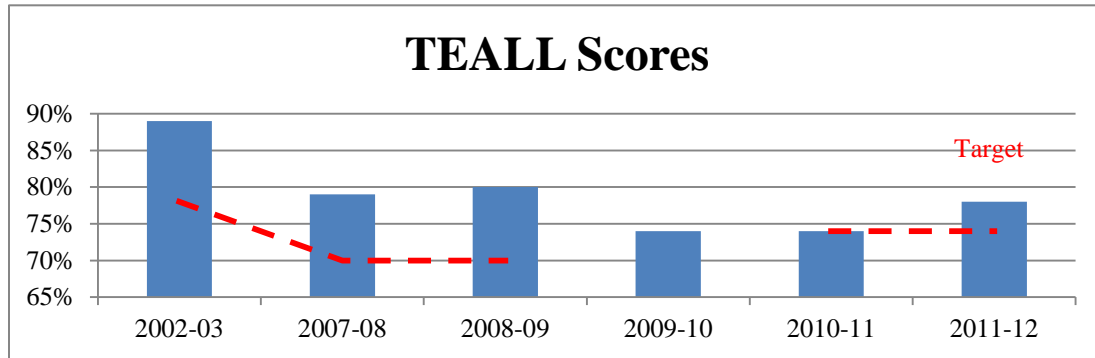


Carlos Rosario PCS also administers the Test of English Language Achievement for Adult Learners (“TEAAL”) to measure its students’ listening skills and met goals in its 2010-11 and 2011-12 Accountability Plans for the TEALL test, which is another indicator it has met this

² See Carlos Rosario PCS January 24, 2013 Quality Site Review Report, attached to this document as Appendix A.

³ See Carlos Rosario PCS Renewal Report, attached to this document as Appendix B.

goal.



2. Students will increase their opportunity to become naturalized American citizens.

Assessment: Carlos Rosario PCS met this goal. In its 2003-08 Accountability Plan, it set a target that 95% of its students would pass the US Citizenship and Immigrations Services mock exam. In its tenth year review, it was found to have met this goal, with forty-two out of forty-two students passing the mock exam. This goal was not included or pursued in its 2010-11 and 2011-12, however, during the school's qualitative site review visit, the team observed mock interviews that focused on the citizenship examination.⁴

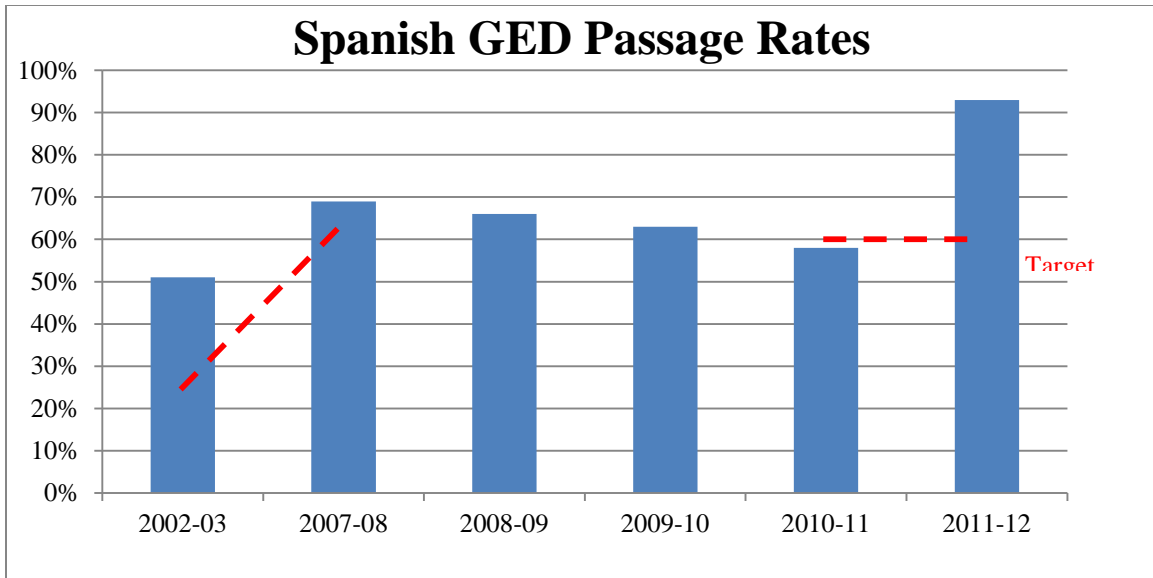
3. Students will earn their GED or high school equivalency, thereby increasing their potential for employment and/or continuing education.

Assessment: Carlos Rosario PCS has met this goal. The school measures this passage rate as the percentage of students who pass the Spanish GED out of the students who take this exam. While this goal is measured by an explicit outcome, Carlos Rosario PCS ensures attainment of the goal through its educational programming. The QSR team observed students using the General Equivalency Diploma (“GED”) computer lab to improve their online test taking skills and using classroom computer centers to practice their computer and test-taking skills.⁵ In addition, the school met this goal in its fifth and tenth year reviews. While it came just short of its 2010-11 goal (58% of its students taking the exam passed it, while it had set a goal for 60% passage rate), in 2011-12 its passage rate increased significantly. Carlos Rosario PCS calculates that 66% of its students who take the exam have passed it over fifteen years.⁶

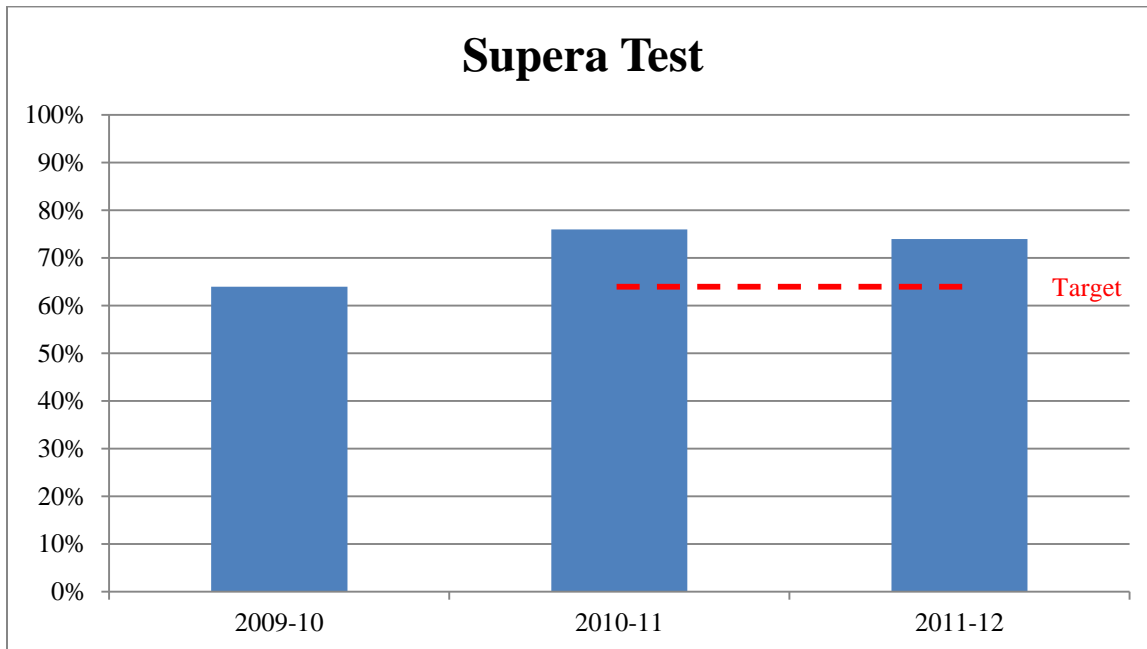
⁴ See Appendix A.

⁵ See Appendix A.

⁶ See Appendix B.



The school also set and met goals in its 2010-11 and 2011-12 Accountability Plans for the Supera test, the Spanish-language version of the TerraNova assessment test, which measures whether students in GED 100 and 200 courses advance at least one grade level in language instruction in a school year.



4. Students will become more employable.

Assessment: **Carlos Rosario PCS has met this goal.** In its 2003-08 Accountability Plan, Carlos Rosario PCS indicated that its target to measure attainment of this goal was for “40-50% of its

students referred to sources of employment to be offered the job.”⁷ In its tenth year review, Carlos Rosario PCS was found to have met this goal, with 76% of students being referred to sources of employment to be offered a job.⁸

While Carlos Rosario PCS still offers a workforce program,⁹ it did not include this goal in its most recent Accountability Plans due to PCSB's focus on the use of assessments to measure outcomes. However, the Adult Education Performance Management Framework, which is in the pilot phase, includes an indicator based on employment outcomes. Carlos Rosario PCS is a participant in this pilot.

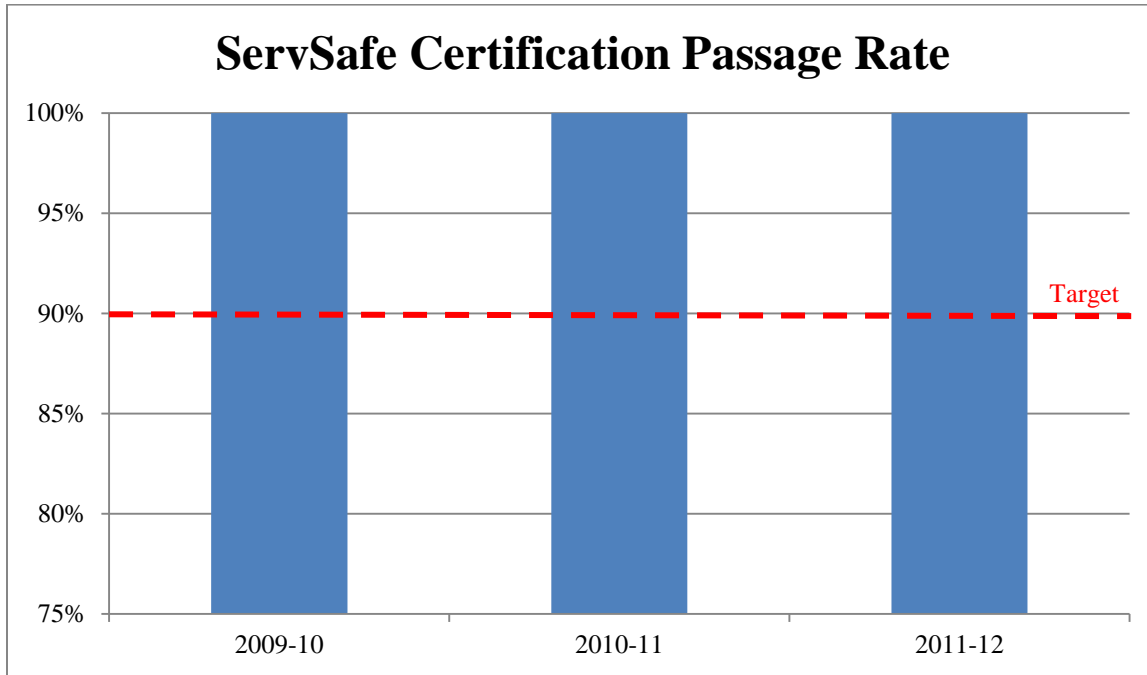
⁷ See Carlos Rosario PCS 2003-08 Accountability Plan, attached to this report as Appendix C.

⁸ See Carlos Rosario PCS 2007-08 Accountability Plan Summary, attached to this report as Appendix D.

⁹ See Appendix B.

ServSafe Certification Test

In its 2010-11 and 2011-12 Accountability Plans, Carlos Rosario PCS set a target for this goal that 90% of its students in its Culinary Arts program would earn the ServSafe Certification by the end of the school year.¹⁰ It met this Accountability Plan target in 2010-11 and 2011-12; indeed, 100% of Carlos Rosario PCS students participating in its culinary arts program have passed the ServSafe certification test since 2009-10.



¹⁰ See Carlos Rosario 2010-11 and 2011-12 Accountability Plans, attached to this report as Appendix E.

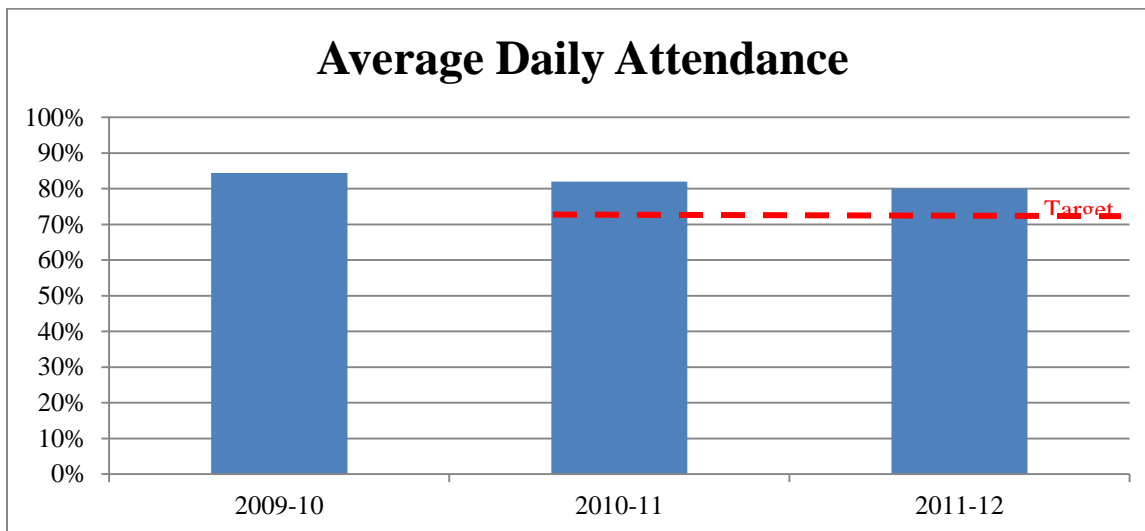
5. Through workshops, students will acquire life skills.

Assessment: **Carlos Rosario PCS has met this goal.** The school provides students with opportunities to learn "...the rights and responsibilities of citizens, parenting and family skills, consumer education, the world of work, health and illness prevention, multicultural awareness and appreciation and participation in the democratic process."¹¹ it incorporates these topics into its curriculum, and partners with outside organizations that assist it in pursuing these goals. During the QSR, the team observed teachers linking classroom skills to real-life situations, such as potential employers' expectations for English fluency. Student government members were present during student focus group interviews; they indicated that their participation in the student government allows them to practice leadership skills.¹²

In its 2003-08 Accountability Plan, Carlos Rosario PCS indicated that its target to measure attainment of this goal was for "at least 50% of its students [to] acquire life skills."¹³ In its tenth year review, Carlos Rosario PCS was found to have met this target and achieved this goal.¹⁴ Carlos Rosario PCS did not pursue this goal after 2008.

6. Regular Attendance.

Assessment: **Carlos Rosario PCS has met this goal.** For the last two years Carlos Rosario PCS has set and met a target of 69% average school-wide daily attendance.



¹¹ See Appendix B.

¹² See Appendix A.

¹³ See Appendix C.

¹⁴ See Appendix D.

COMPLIANCE WITH APPLICABLE LAWS

The SRA provides that the Board is justified in not approving a charter renewal application if it determines that the school has committed a material violation of applicable laws.¹⁵ Several such laws are specifically referenced in the SRA, and PCSB has also monitored schools' compliance with additional laws. The following section identifies these laws and includes a determination of whether Carlos Rosario PCS has consistently complied with these laws over the past fifteen years.

Overview of School's Legal Compliance

Over the past fifteen years, Carlos Rosario PCS has largely been found to be in compliance with general, special education, and financial laws. Carlos Rosario PCS underwent two compliance reviews in 2002, both of which indicated that Carlos Rosario PCS was in compliance with all applicable laws.¹⁶ For school year 2005-06, Carlos Rosario PCS was found to be in compliance with all applicable laws.¹⁷ In its tenth year review, the school was found to have been "consistently in compliance with applicable laws, rules, and regulations and has the necessary internal controls that will allow for continued success in these areas."¹⁸ For school year 2011-12, Carlos Rosario PCS was found to be in complete compliance with all applicable laws.¹⁹

General Laws

Carlos Rosario PCS has been substantially in compliance with all generally applicable laws.

Health and Safety

In 2003, Carlos Rosario PCS did not have a certificate showing that the DC Fire Department had inspected its building to ensure compliance with fire safety laws.²⁰

Enrollment and Attendance

The SRA requires schools to conduct a fair and open enrollment process that randomly selects

¹⁵ SRA §38-1802.12(c)(2).

¹⁶ See Carlos Rosario PCS Compliance Review Report (January 11, 2002); Carlos Rosario Compliance Review Report (December 3, 2002), attached to this document as Appendix F.

¹⁷ See Carlos Rosario PCS Compliance Review Report (2005), attached to this document as Appendix G.

¹⁸ See Carlos Rosario PCS Charter Review Analysis (2008), attached to this document as Appendix H.

¹⁹ See Carlos Rosario PCS Compliance Review Report, 2011-12, attached to this document as Appendix I.

²⁰ See Carlos Rosario PCS Compliance Review Report, p. 8 (2003), attached to this document as Appendix J.

applicants and does not discriminate against students. There is no indication in the record that Carlos Rosario PCS has not been in compliance with these requirements.

Maintenance and Dissemination of Student Records

The Family Educational Rights and Privacy Act requires schools to properly maintain and disseminate student records.²¹ There is no indication in the record that Carlos Rosario PCS has not been in compliance with these requirements.

Civil Rights Statutes and Regulations

Charter schools must comply with all applicable local and federal civil rights statutes.²² There is no indication in the record that Carlos Rosario PCS has not been in compliance with these requirements.

Governance

The SRA requires that a school's board of trustees have an odd number of members on it that does not exceed fifteen, of which the majority must be DC residents, and two must be parents.²³ There is no indication in the record that Carlos Rosario PCS has not been in compliance with these requirements.

Special Education Laws

The Individuals with Disabilities Education Act²⁴ ("IDEA") and Section 504 of the Rehabilitation Act of 1973²⁵ ("Section 504") require schools to provide a "free appropriate public education" ("FAPE") to students with disabilities. However, IDEA's definition of FAPE only extends through secondary school (through grade twelve).²⁶ Because Carlos Rosario PCS provides adult education services, it is not required to comply with the IDEA and Section 504 provisions regarding providing FAPE to students.

Financial Laws

Procurement Contracts

SRA §38-1802.04(c)(1) requires DC charter schools to utilize a competitive bidding process for

²¹ 20 USC §1232g.

²² SRA §38-1802.02(11). This includes The Age Discrimination Act of 1985, the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, §504 of the Rehabilitation Act of 1973, part B of the Individuals with Disabilities Education Act, and the Americans with Disabilities Act of 1990.

²³ SRA §38-1802.5(a).

²⁴ 20 USC §1411, *et seq.*

²⁵ 20 USC §794.

²⁶ 20 USC §1401(9).

any procurement contract \$25,000 or more, and within three days of awarding such a contract, to submit to PCSB all bids received, the contractor selected, and the rationale for which contractor was selected. To ensure compliance with this law, PCSB requires schools to submit a Determinations and Findings form to detail any qualifying procurement contract entered into.

From 2009 through 2011, the school entered into 28 \$25,000 + contracts, and submitted all corresponding Determinations and Findings forms to PCSB for review. Last year, according to Carlos Rosario PCS' 2011-12 financial audit, the school entered into ten such contracts, and the school submitted all corresponding Determinations and Findings forms to PCSB. As such, Carlos Rosario PCS is found to be in compliance with this SRA provision.

Timely Audits

The SRA requires schools to submit to PCSB an annual financial audit conducted by an independent certified public accountant or accounting firm.²⁷ Carlos Rosario PCS has consistently submitted its audits in a timely manner.

Submission of Information about Donors and Grantors

The SRA requires schools to submit to PCSB an annual list of all donors and grantors that have contributed monetary or in-kind donations having a value equal to or exceeding \$500.²⁸ Rosario PCS has complied with this goal in recent years.

²⁷ SRA §38-1802.04(c)(11)(ix).

²⁸ SRA §38-1802.04(c)(11)(xi),

FISCAL MANAGEMENT AND ECONOMIC VIABILITY

The SRA requires the Board to revoke a charter at any time if it determines that the school:

- Has engaged in a pattern of nonadherence to generally accepted accounting principles;
- Has engaged in a pattern of fiscal mismanagement; or
- Is no longer economically viable.

As part of the 15-year renewal process, PCSB has reviewed Carlos Rosario PCS' documentation supporting these areas. **Over the course of fifteen years Carlos Rosario PCS has demonstrated adherence to generally accepted accounting principles, sound fiscal management, and economic viability.**

Adherence to Accounting Principles

Based on a review of Carlos Rosario PCS' financial record, PCSB concludes that Carlos Rosario PCS has adhered to generally accepted accounting principles and all applicable accounting rules and regulations dictated by the Financial Accounting Standards Board. In its tenth year review, PCSB found that Carlos Rosario PCS' audit reports "reflect[ed] sound accounting and internal controls policies."²⁹ A review of Rosario PCS' financial audits since 2008 reveals the same adherence to such accounting principles.

Key results of Rosario PCS' FY 2011 financial audit are:

- The school's financial statements were conformed to accounting principles generally accepted nationally;
- The school's financial statements were absent of matters involving the internal control over financial reporting that are considered to be deficiencies; and
- The school's financial statements were absent of instances of noncompliance that are required to be reported under Government Auditing Standards as promulgated by the U.S. Government Accountability Office.

Fiscal Management

Carlos Rosario PCS has solid fiscal management processes in place. In the school's tenth year review, PCSB noted that it had "solid fiscal management processes in place."³⁰ The school's audit reports over the last four years reflect sound accounting and internal controls policies. It has consistently submitted all necessary documents to PCSB in a timely manner when required.

For the year ending June 30, 2011, the school's net assets increased to \$14.2MM from \$13.2MM the prior year. Additionally, the school's liquidity ratio of 2:1 indicates that the school possessed \$2 of liquid assets for every \$1 of short-term debt (a one-to-one ratio is adequate).

²⁹ See Appendix H.

³⁰ See Appendix H.

However, as with any not-for-profit organization, the school should seek to continuously improve its fiscal management and internal controls structures. Based on its FY 2011 financial audit, the school has clear, written internal controls in place to provide checks and balances to minimize the chance of misappropriation of funding. In this regard, efforts to strengthen internal controls should be continuous.

The school should also strive to maintain a healthy net asset reserve, which will ensure that a school can maintain its operations if planned revenues due not materialize in a timely fashion. PCSB supports schools’ attainment of current asset accumulations capable of absorbing three to six months of operational expenditures. For the period ending June 30, 2011, Carlos Rosario PCS’ total current assets approached \$7.1MM and monthly expenditures were approximately \$1.3MM, indicating an asset reserve of nearly six months. This is a superior outcome per PCSB standards.

Economic Viability

A review of the record indicates Carlos Rosario PCS is economically viable³¹. Since its inception, Carlos Rosario PCS has elected to refrain from using long-term debt to advance its growth or sustain its operations. Thus, the school has not been exposed to the financial pressures that routinely accompany excessive debt balances, unlike many other DC charter schools with the scale of Rosario PCS that routinely tap the debt markets to support expansion and growth efforts. Rosario PCS’s leadership should be commended for its handling of the school’s fiscal resources. For a detailed overview of Rosario’s finances since 2008, please refer to Appendix B.

One indicator of economic viability is a positive year-end annualized net income, which indicates that school management effectively deploys financial resources. Carlos Rosario PCS has concluded its last four fiscal periods with positive net income balances.

Another indicator of economic viability is high net asset reserves, which demonstrates a school’s solvency and depicts the “net-worth” of the school should it be required to dissolve. Carlos Rosario PCS has amassed a substantial net asset reserve (see table below). For the period ending June 30, 2011, Carlos Rosario PCS’ total net assets in excess of total debts approached \$14.2MM.

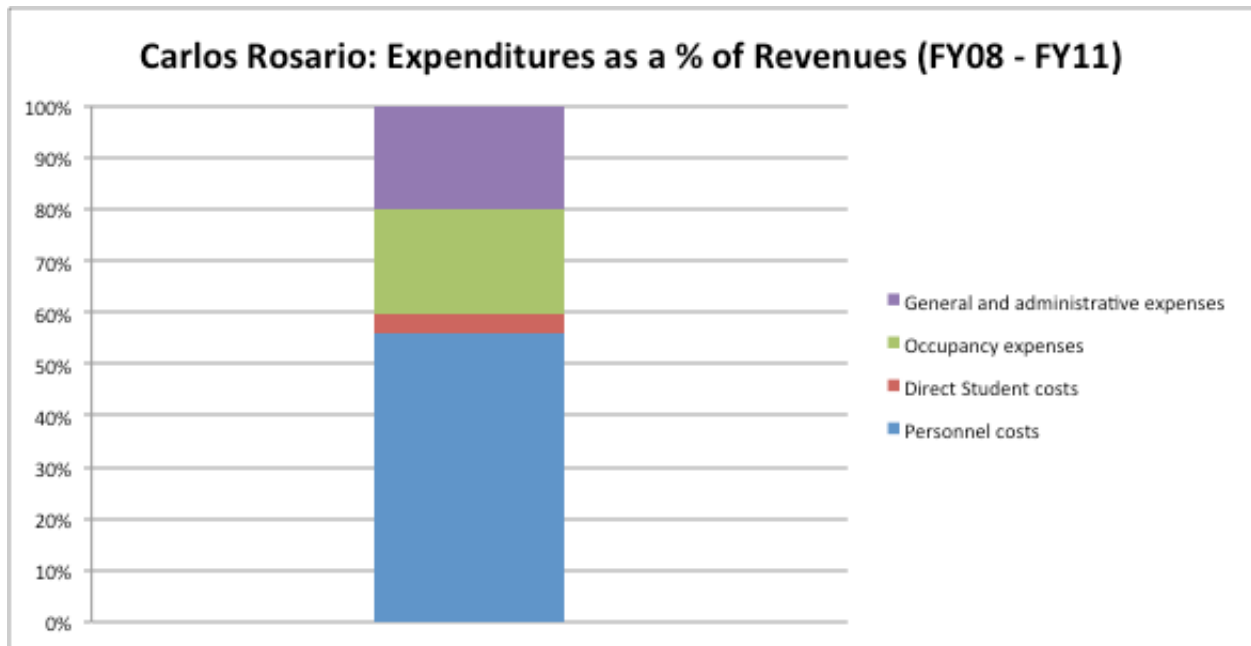
Fiscal Period	2008	2009	2010	2011
Net Income	\$438,337	\$258,668	\$456,411	\$1,057,365
Cumulative Reserves	\$11,299,303	\$11,557,971	\$13,171,770	\$14,229,135

³¹ See Carlos Rosario 5 Year Statement of Activities and Financial Position Analysis, attached to this report as Appendix K.

A positive year-end amount of net working capital demonstrates a school’s ability to meet immediate financial obligations and is another indicator of economic viability. Additionally, a liquidity ratio greater than one points to a school’s ability to satisfy immediate financial obligations. Carlos Rosario PCS has been able to successfully manage its working capital needs and has been able to generate positive working capital balances at the conclusion of each fiscal period (see table below). The school has sufficient liquid assets as indicated by the FY11 liquidity ratio of 2. The school should continue to strive to increase its liquidity to ensure that short-term payables are effectively managed and cash levels are adequate to cover debt payments.

Fiscal Period	2008	2009	2010	2011
Net Working capital	\$3,459,174	\$3,021,142	\$3,340,306	\$2,798,819
Liquidity ratio	\$6	\$5	\$2	\$2

The chart below details Carlos Rosario PCS’ expenditures as a percentage of revenues. The school makes spending decisions appropriate for managing education programs. Salaries and occupancy costs are in line with comparable industry amounts and PCSB financial metrics for general education charter schools.



Another indicator of the economic viability of a public charter school is student enrollment. DC public charter schools receive on average 85-90% of their annualized revenues as a result of funding received from DC for student enrollment. Public charter schools with consistent annual enrollment levels are more likely to have satisfactory financial performance metrics than those who do not. A quick look at the enrollment history for Carlos Rosario PCS yields the following:

	Unaudited	Audited	Audited	Audited	Audited	Five-year
	FY2013	FY2012	FY2011	FY2010	FY2009	Average
Carlos Rosario	1850	1808	1751	1659	1481	1,710
Annual growth rate	2%	3%	6%	12%	N/A	6%

As shown above, the school has a five-year average enrollment of 1,710 and has grown at about 6% per year since 2009, an indication that the school continues to attract students and remains a value proposition to DC parents and students alike.