



# **2013-14 Preliminary Charter Renewal Report**

## **Hospitality High Public Charter School**

**December 31, 2013**

DC Public Charter School Board  
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## **FINDINGS AND RECOMMENDATION**

After reviewing the renewal application<sup>1</sup> submitted by the Hospitality High Public Charter School (“Hospitality High PCS”), as well as the school’s record established by the District of Columbia Public Charter School Board (“PCSB”), PCSB staff has determined that while the school has met or partially met its mission-specific goals related to preparing students for the hospitality industry, it has not met its sole academic achievement expectation, and as such does not meet the standard for charter renewal set out in the District of Columbia School Reform Act of 1995 (the “School Reform Act” or the “SRA”).<sup>2</sup>

Based on the above determination, PCSB staff recommends that Hospitality High PCS’ renewal application be denied, that the school’s charter not be renewed, and the school close at the end of the 2013-14 school year.

## **INTRODUCTION**

### **School Overview**

Hospitality High PCS began operation in 1999 under authorization from PCSB and serves students in grades nine through twelve. Per the District Career and Technical Education Task Force (the “DC CTE Taskforce”), Hospitality High PCS is the only high school in the District of Columbia in which 100% of its students are enrolled in a Career and Technical Education (“CTE”) program; however, poor record-keeping by the school with respect to its CTE outcomes have led to substantial absence of data as to the school’s actual CTE outcomes.<sup>3</sup> Overview information about the school is included in the table below.

<b>Campus</b>	<b>Ward</b>	<b>Year Opened</b>	<b>Grades Served</b>	<b>2013-14 Enrollment</b>	<b>10-11 PMF</b>	<b>11-12 PMF</b>	<b>12-13 PMF</b>
Hospitality High PCS	1	1999	9 – 12	183	45.5% (Tier 2)	38.2% (Tier 2)	36.9% (Tier 2)

<sup>1</sup> See Hospitality High PCS Renewal application, attached to this report as Appendix A.

<sup>2</sup> “[... {T}he eligible chartering authority shall not approve such [renewal] application if the eligible chartering authority determines that...[t]he school failed to meet the goals and student academic achievement expectations set forth in its charter.” SRA §38-1802.12.(c)(2). Sections 1 and 2 of this report serve as the analytical support for this recommendation.

<sup>3</sup> See “Strengthening the Pipeline to College & Careers: A Strategic Plan for Career and Technical Education in the District of Columbia,” prepared by the District Career and Technical Education Task Force, December 2012, attached to this report as Appendix B.

## Previous Charter Reviews and Related Board Actions

### Five-Year Charter Review

In the 2003-04 school year, PCSB conducted a charter review of Hospitality High PCS and determined that the school met none of the three academic standards in place at that time, while meeting two of its four non-academic performance standards.<sup>4</sup>

### 2004 Notice of Probation

Based on the 2003-04 charter review, in April 2004 the PCSB Board issued a Notice of Probation to Hospitality High PCS that required the school to: (1) develop an integrated curriculum emphasizing hospitality as well as reading and writing skills; (2) provide staff development opportunities related to curriculum implementation and standards-based assessment; and (3) secure a building or create renovation plans to ensure students have access to culinary lab facilities.<sup>5</sup> The Board lifted this Notice of Probation in November 2004 after the school submitted documentation satisfactorily addressing these issues.<sup>6</sup>

### 2005 Notice of Conditional Continuance

In January 2005, after the Notice of Probation was lifted, PCSB issued Hospitality High PCS a Notice of Conditional Continuance, and established conditions the school was required to meet for this conditional continuance to be lifted: (1) develop consistent standards and grading to measure student performance in the hospitality industry; (2) provide a curriculum framework integrating hospitality themes across all core subjects; (3) implement a curriculum framework of hospitality courses, and establish a timeline for further developing hospitality courses; and (4) submit documentation that the school was staffed with “highly qualified” teachers as defined by federal law.<sup>7</sup>

In March 2006, the PCSB Board lifted the notice of Conditional Continuance and granted the school full charter continuance after Hospitality High PCS met three of these four requirements (the school was still in the process of ensuring that all of its teachers were considered “highly qualified”).<sup>8</sup>

### 2009 Charter Review

In January 2009, PCSB conducted a ten-year review of Hospitality High PCS, in which it was noted that the school “has experienced many organizational and academic challenges over the years,” including much leadership turnover, and that it met only one of the three academic review standards in place at the time.<sup>9</sup>

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<sup>4</sup> See Hospitality High Public Charter School PCS 5-Year Review, Executive Summary, attached to this report as Appendix C.

<sup>5</sup> See Decision Memorandum, dated November 15, 2004, attached to this report as Appendix D.

<sup>6</sup> See PCSB Meeting Minutes, dated November 15, 2004, p. 6, attached to this report as Appendix E.

<sup>7</sup> See Letter to Mr. Gregory Stafford, Board Chair, Hospitality High PCS, dated March 23, 2006, attached to this report as Appendix F.

<sup>8</sup> See Appendix F.

<sup>9</sup> See Candidacy for Charter Warning Board Memorandum, January 2009, attached to this report as Appendix G.

### 2009 Charter Warning

In February 2009, as a result of the 2009 charter review findings, the PCSB Board voted to issue a Charter Warning to Hospitality High PCS, and the school entered into an agreement with PCSB to take remedial action.<sup>10</sup> Under this agreement, PCSB required the school to implement measures to (1) align its curriculum with DC content standards; (2) further differentiate instruction; (3) continue to develop a system for monitoring student progress; and (4) increase awareness of its teacher incentive system.<sup>11</sup>

### 2010 Notice of Conditional Continuance

In January 2010, after lifting the Charter Warning, PCSB issued a Notice of Conditional Continuance to the school that required it to fulfill several academic and programmatic conditions: (1) develop a comprehensive written curriculum; (2) align instruction and assessments with content standards; (3) provide a professional development calendar; (4) continue to train leadership staff; (5) collect and analyze data to further refine curriculum; and (6) use assessment data to build a link between instructional interventions and enrichment activities for students. This Notice was lifted in January 2011.

### **2013-14 Renewal Process**

On September 6, 2014, Hospitality High PCS' charter will expire, and on December 6, 2013 the school's board of trustees submitted to PCSB a complete application to renew the school's charter for a second fifteen-year term. The standard for charter renewal, as established by the SRA, is that "PCSB shall approve a school's renewal application, except that PCSB shall not approve the application if it determines one or both of the following:

- (1) The school committed a material violation of applicable laws or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities; or
- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter."<sup>12</sup>

Separate and apart from the renewal process, PCSB is required by the SRA to revoke a school's charter if PCSB determines that the school (1) has engaged in a pattern of nonadherence to generally accepted accounting principles; (2) has engaged in a pattern of fiscal mismanagement; and/or (3) is no longer economically viable.<sup>13</sup>

Given the SRA's standard for charter renewal, as well as PCSB's obligation to revoke a school's charter if it has engaged in the above types of fiscal misconduct, this report is organized into three sections.

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<sup>10</sup> See 2009 Memorandum of Understanding, PCSB and the Hospitality High PCS, attached to this report as Appendix H.

<sup>11</sup> See Appendix H.

<sup>12</sup> SRA §38-1802.12(c).

<sup>13</sup> SRA § 38-1802.13(b).

Sections One and Two are analyses of the school’s academic performance and legal compliance, respectively, and serve as the basis for PCSB staff’s renewal recommendation. Section Three is an analysis of the school’s fiscal performance – included so that in the case that a school is found to have met the standard for charter renewal but also to have engaged in fiscal misconduct or other financial practices that require charter revocation, PCSB staff can advise the PCSB Board accordingly.

#### PCSB staff renewal analysis and recommendation

Hospitality High PCS has met or partially met its goals related to the hospitality industry – it prepares students to enter the hospitality industry, and its students develop workplace related skills. Indeed, the school has in place all five measures of a strong CTE program identified by the DC CTE Task Force: (1) external assessments leading to industry-recognized certification; (2) industry-recognized curriculum; (3) experiential learning; (4) work-based learning; (5) and dual enrollment opportunities.<sup>14</sup> However very poor record-keeping by the school with respect to its CTE outcomes have led to substantial absence of data as to the school’s success in meeting its CTE goals. Additionally, Hospitality High PCS met its goal related to preparing students for post-secondary education: Hospitality High PCS alumni have strong college-going and persistence rates, as compared to their DC peers.

However, the school has not met its sole academic achievement expectation – “[t]o provide students the tools, support, and opportunities needed to meet and exceed standards.”<sup>15</sup> Over the course of the school’s 15 years in operation it has continuously struggled to execute a strong academic program, and its students’ reading and math proficiency rates have remained consistently low. Above all, Hospitality High PCS is a high school and the expectation is for its graduates to be proficient readers, writers, and mathematicians. The additional certificates that the school offers, while helpful, do not replace the central importance of offering a strong high school academic program.

PCSB’s recent on-site reviews of the school confirm that it struggles to execute its academic programming. Among other on-site reviews, PCSB conducted two Qualitative Site Reviews referenced in this report – one in March 2013, and another in September 2013, which indicate an academic program of poor quality.

- In March 2013, PCSB reviewers observed “many classrooms with students [not paying attention] and mediocre teaching.”<sup>16</sup>
- In September 2013, “...in almost half of the classrooms observed, many students were off task, either talking to other students or staring passively around the room. Many students did not demonstrate a commitment or pride in their work. In these classrooms, observers, did not see an

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<sup>14</sup> See Appendix B, pp. 11-12.

<sup>15</sup> See Appendix A.

<sup>16</sup> See Hospitality High PCS March 2013 QSR Report, p. 2, attached to this report as Appendix I.

expectation from the teachers for all students to participate in the lesson.”

- Also in September 2013, in approximately two thirds of classes observed, “Student engagement was largely passive. Students chose not to participate and were not encouraged to do so.”

The school notes in its renewal application that approximately 25% of its students have been identified as having disabilities requiring special education (above the charter average of 12%). Nonetheless, the school has not been identified as an alternative program. Nor is there established policy that if a DC charter high school provides CTE training to students that it is held to different, lower academic standards than other DC charter high schools. Accordingly, based on the school’s academic performance, and also on PCSB staff findings from its 2013 Qualitative Site Reviews, Hospitality High PCS has not met this academic expectation. Because of this, the school does not meet the SRA’s standard for renewal.

Based on the above determination, PCSB staff recommends that Hospitality High PCS’ renewal application be denied, that the school’s charter not be renewed, and the school close at the end of the 2013-14 school year.

## SECTION ONE: GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

The SRA requires that PCSB not approve a charter renewal application if the school has failed to meet its goals and student academic achievement expectations (“expectations”) in its charter agreement.<sup>17</sup> Goals are general aims (usually related to a school’s mission), which may be categorized as academic, non-academic, and organizational, whereas expectations are student academic aims measured by assessments.

In its renewal assessment, PCSB only analyzes goals and academic expectations that were included in a school’s charter, charter amendment, or accountability plans that were originally included in a school’s charter application and periodically updated and approved by the PCSB Board (collectively, the “Charter”). For goals and expectations that were not consistently pursued over the course of the school’s Charter, or were not historically measured by the school, it is noted in this report that they were “not historically measured.”

Hospitality High PCS detailed nine goals in its charter application, which are included in the chart below.<sup>18</sup> Of the seven goals that the school has consistently pursued over the course of its Charter, Hospitality High PCS has fully met two goals, partially met three goals, but did not meet its student academic achievement expectation. The chart below summarizes these determinations, which are detailed in the body of this report.

	<b>Goal or Expectation</b>	<b>Met?</b>
1	To prepare students with the academic skills and experiences for continued education	Partially met
2	To prepare students for career opportunities in the hospitality industry	Partially met
3	To provide student skills in oral and written communication, thinking, and reasoning.	Not historically measured
4	To provide students the tools, support, and opportunities needed to meet and exceed standards	
5	To provide resources, including technology tools, tutorial programs, and out-of-classroom learning experiences to enable students to meet standards through more complex thought processes	No
6	To develop work place skills outlined in SCANS	Yes
7	To infuse curriculum with character education, including such concepts as responsibility, honesty, respect for the law- self-discipline and perseverance with emphasis on business ethics.	Not historically measured
8	Students will attend school on a regular basis	Yes
9	Hospitality High PCS will encourage the continuance of students from first enrollment to graduation	Partially Met

<sup>17</sup> SRA §38-1802.12(c)(2).

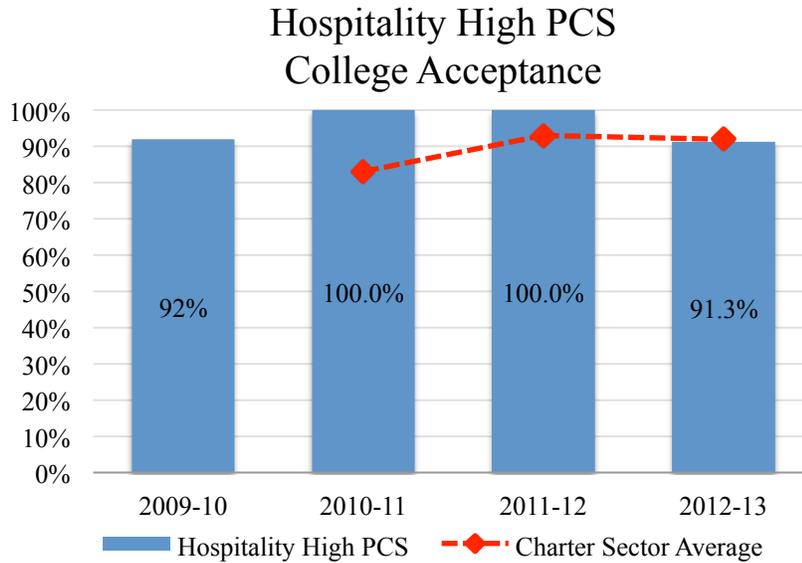
<sup>18</sup> See Charter School Application, attached to this report as Appendix J.

**1. To prepare students with the academic skills and experiences for continued education.**

Assessment: **Hospitality High PCS has partially met this goal.** The school spoke to its PSAT/SAT performance; college enrollment, persistence, and graduation; and dual enrollment in support of this goal. The school’s college acceptance and persistence rate, as well as its students’ SAT performance, support that Hospitality High PCS has met this goal. However the school’s underdevelopment of its dual enrollment program (with less than 10% of students participating), its students’ below-average PSAT performance, and the school’s subpar academic results (described further below) all weigh against the school meeting this goal.

College Acceptance

Hospitality High PCS’ college acceptance rate has been at or above the average for public charter high schools since PCSBS began calculating the sector rate in 2010-11.



College Enrollment and Persistence

The table on the following page details Hospitality High PCS graduates’ college enrollment, persistence, and graduation rates. National Student Clearinghouse reports that 53% of 2011 and 2012 low-income, high-minority high school graduates enrolled in college immediately after high school graduation, and that 66% of 2010 low-income, high minority high school graduates enrolled in college within two years of their high school graduation.<sup>19</sup>

<sup>19</sup> See National Student Clearinghouse 2013 High School Benchmarks Report at <http://nscresearchcenter.org/hsbenchmarks2013/#1>.

College Enrollment, Persistence, and Graduation <sup>20</sup>									
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of Graduates	48	53	69	38	19	34	19	19	Not reported
Enrolled in fall after HS graduation	<b>26</b> (54.2%)	<b>24</b> (45.3%)	<b>26</b> (37.7%)	<b>17</b> (44.7%)	<b>13</b> (68.4%)	<b>20</b> (74.1%)	<b>7</b> (36.8%)	<b>12</b> (63.2%)	Not reported
Enrolled within two years of HS graduation	<b>30</b> (62.5%)	<b>33</b> (62.3%)	<b>34</b> (49.3%)	<b>28</b> (73.7%)	<b>14</b> (73.7%)	<b>23</b> (67.6%)	<b>9</b> (47.4%)	-	-
Returned for second year of college <sup>21</sup>	<b>24</b> (85.7%)	<b>25</b> (86.2%)	<b>16</b> (57.1%)	<b>15</b> (68.2%)	<b>8</b> (61.5%)	<b>14</b> (63.6%)	<b>5</b> (62.5%)	Not reported	-
Earned degree within six years	<b>12</b> 25.0%	<b>6</b> 11.3%	<b>15</b> 21.7%	-	-	-	-	-	-

### PSAT and SAT Performance

Hospitality High PCS notes in its renewal application that its students don't meet "consistent success" on the PSAT and SAT, but that the cohorts of students who took the PSAT in 2010-11 and 2011-12, achieved higher scores on the SAT in the following year. Additionally, while not part of the indicator itself, which focuses on performance, the school notes an increase in the number of students taking the PSAT and SAT tests each year.

However, the percentage of Hospitality High PCS eleventh grade students scoring at least 80 on the combined PSAT verbal and math sections of the PSAT has been consistently below that of other public charter high schools.<sup>22</sup>

Rate of students scoring 80+ on PSAT			
	10-11	11-12	12-13
Rate of Hospitality PCS students scoring 80+	25.0%	13.6%	15.0%
Charter sector average	26.9%	29.0%	26.1%

The percentage of Hospitality High PCS' twelfth grade students scoring 800 or higher on the combined SAT verbal and math sections has been sporadic over the past three years, with Hospitality High PCS' students exceed the charter average in SY11-12, at the average in SY10-11 and below it in SY12-13.

<sup>20</sup> See National Student Clearinghouse data, attached to this report as Appendix K.

<sup>21</sup> Persistence measure only includes students who enrolled in college at any time during their first year after high school and who returned for a second year.

<sup>22</sup> "The current benchmarks [47 in math and 45 in critical reading] are the eleventh-grade PSAT/NMSQT scores that predict, with a 65 percent probability, a first year college grade point average of 2.67 or higher.  
<http://professionals.collegeboard.com/profdownload/understanding-psat-nmsqt-scores.pdf>.

Rate of students scoring 800+ on SAT			
	10-11	11-12	12-13
Rate of Hospitality PCS students scoring 800+	25.0%	47.6%	31.8%
Charter sector average	25.7%	39.5%	37.9%

### Dual Enrollment

Hospitality High PCS notes in its renewal application that due to a lack of consistent opportunities from postsecondary partners, the number of students who have been dually enrolled throughout the years at HHS has been relatively small until recently. The school formalized a partnership with the University of the District of Columbia (UDC) in spring 2012.<sup>23</sup>

The school’s supporting documentation indicates that only 12 of 183 students are dually enrolled this school year, and last year 11 were dually enrolled (see table below).

Hospitality High PCS Dual Enrollment			
Year	Total Students	Dually Enrolled Students	Students Earning “C” or Better
09-10	174	-	-
10-11	154	-	-
11-12	196	0% (0 students)	N/A
12-13	201	5.5% (11 students)	81.8% of dually enrolled students (9 students)
13-14	183	6.6% (12 students)	In progress

### Qualitative Evidence

In PCSB’s qualitative review of the school in September 2013, PCSB observers found conflicting evidence regarding this goal.

While the review team observed varying degrees of rigor and challenge in the classrooms, the review team did observe a variety of lessons that will increase academic skills and prepare students for continued education. English classes discussed non-fiction text and found details to support student statements. Students were also learning how to use a “double entry journal” to find quotes in an article and write a statement or question about the quote. In language classes, the teacher challenged students to use adjectives

<sup>23</sup> See Appendix A, p. 7.

to describe items or work with formal and informal “you” in the second language. Teachers connected lessons to prior knowledge and students’ personal lives. Additionally, teachers had students work together in most classes to complete assignments.

However, the level of difficulty in over half of the classes observed was not challenging to students. Some classes observed recited vocabulary definitions but the teacher did not challenge the students’ understanding of the vocabulary terms with follow up questions or discussion. In classes where the teacher did not connect the lesson to previous knowledge or students’ interests, the students were not engaged with the assignment. Additionally, the QSR team did not observe many teachers who utilized differentiation of process or product. In some classes, some students appeared confused with the lesson and unsure how to complete the assigned task.<sup>24</sup>

## **2. To prepare students for career opportunities in the hospitality industry.**

**Assessment: Hospitality High PCS has partially met this goal.**

In its renewal application, Hospitality High PCS spoke to the following indicators in support that it had met this goal: (1) industry-recognized certifications earned by students; (2) industry hours and internships completed by students; and (3) post-graduation employment rates. The school does not track post-graduation employment, but the other indicators are analyzed below.

### **Certifications**

Hospitality PCS writes in its renewal application that 100% of its graduates receive industry-recognized certification and that the school’s core curriculum “...includes industry-recognized programs and certifications offered through the American Hotel & Lodging Association’s (“AH&LA”) Lodging Management Series – Hospitality Tourism Management Program (HTMP), and the National Restaurant Association’s (“NRA”) ProStart® curriculum.”<sup>25</sup> The school also notes that students may pursue additional industry-recognized certifications offered by ServSafe and the Customer Gold Service Program (“CGSP”).<sup>26</sup>

### **ServSafe Food Protection Manager Certification**

Hospitality High PCS students can earn the ServSafe Certification Food Manager Certification, which is

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<sup>24</sup> See October 2013 QSR Report, pp. 4-5, attached to this report as Appendix L.

<sup>25</sup> See Appendix A, p. 11.

<sup>26</sup> See Appendix A, p. 11.

an industry-recognized certification accredited by the American National Standards Institute Conference for Food Protection. Four students have earned this certification since 2009-10. The school provided data for the two most recent years for student outcomes related to this goal neither in its renewal application nor in its response to PCSB’s request for the underlying data. This has made this part of the goal unable to be measured.

<b>ServSafe Food Protection Manager Certification</b>			
<b>Year</b>	<b>Attempted</b>	<b>Earned Certification</b>	<b>Certification Rate</b>
09-10	6	1	16.7%
10-11	22	3	13.6%
<b>11-12</b>	No data	No data	No data
<b>12-13</b>	No data	No data	No data
<b>Total</b>	<b>28</b>	<b>4</b>	<b>14.3%</b>

Certified Guest Service Professional (CGSP) Exam

In 2012-13, 20 of 27 students passed the “Certified Guest Service Professional” exam. To be officially designated as a CGSP, a student must meet three criteria: (1) complete the course training program; (2) pass the certification exam with a 70% or higher; and (3) be currently employed in a lodging or hospitality position.<sup>27</sup> The school only provided data for the most recent year for the CGSP, although it describes this program in the renewal application as an essential component of its CTE program.

<b>“Certified Guest Service Professional” Exam</b>			
<b>Year</b>	<b>Attempted</b>	<b>Passed</b>	<b>Passage Rate</b>
09-10	No data	No data	No data
10-11	No data	No data	No data
11-12	No data	No data	No data
12-13	27	20	74.1%

**START Training**

Hospitality High PCS students can complete the American Hotel & Lodging Educational Institute’s (“AHLEI”) 180-hour Skills, Tasks, and Results training (“START Training”). This certification allows students to get entry-level jobs such as front desk representative, guest room attendant, maintenance employee, and restaurant server.<sup>28</sup> Hospitality High PCS has more than doubled the number of students that it has enrolled in this program from 2009-10 to 2010-11, and the school reached its highest completion rate in 2011-12.

<sup>27</sup> <https://www.ahlei.org/CGSP/>.

<sup>28</sup> <https://www.ahlei.org/Programs/High-School/START/>.

<b>START Training</b>			
<b>Year</b>	<b>Enrolled</b>	<b>Exam and Course Completion</b>	<b>Certification Rate</b>
09-10	30	7	23.3%
10-11	74	20	27.0%
11-12	79	43	54.4%
12-13	76	36	47.4%

### **Industry Hours**

Hospitality High PCS defines industry hours “...as any opportunity afforded to students to explore career options available in the industry from outside representatives and industry representatives identified as subject matter experts (‘SMEs’).”<sup>29</sup> Hospitality High PCS details in its renewal submission numerous industry hour events, including collaborations with or visits to the following organizations, among others:

Hilton Worldwide	Holiday Inn	Avenue Suites
American Hotel & Lodging Assn.	Courtyard by Marriott	DC Ducks Tours
Hotel Assn. of Washington	Grand Hyatt	Donovan House (Kimpton)
National Zoo	Spy Museum	Newseum
Verizon Center	DC Convention Center	DC Central Kitchen

### **Internships**

Hospitality High PCS facilitates its students to work as summer interns in the hospitality industry. Any student can apply for an internship. In 2013-14, completing an internship was established as a requirement for graduation. However, to date, very few students (fewer than 20 per year) have completed summer internships through Hospitality PCS’s program.

Students first internally apply to the school’s internship program; participate in an internal resume and interviewing session; and pass an assessment of their interviewing skills in a review conducted by external Human Relations managers. The rate of Hospitality High PCS students completing summer internships has declined since 2011.

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<sup>29</sup> See Appendix A. “Activities include offsite tours, site visits, guest speakers, Career Day programs, Groundhog Job Shadowing Days, participation in community events, and industry program (i.e., participation as ambassadors in corporate programs, galas, convention center shows, and local competitions and events with industry partners.)”

<b>Number of students completing a summer internship</b>			
<b>Year</b>	<b>Total Interns</b>	<b>Total Students</b>	<b>% of Students Completing Internships</b>
2010	Not reported	-	-
2011	19	154	12.3%
2012	19	196	9.7%
2013	17	201	8.5%

### **Industry Letters Confirming Internships/Employment**

Three hotels submitted letters confirming that Hospitality High PCS students have completed internships and/or worked at their hotels. The letters are unclear as to how many students were paid employees, and how many students were interning, and account for a small number of the school’s graduates.

- Eight graduates have interned or worked at Holiday Inn;
- Four graduates have interned or worked at the Hilton Garden Inn; and
- 18 graduates have interned or worked at the Courtyard Marriott.<sup>30</sup>

### **Qualitative Evidence**

A PCSB review team observed the following in support of this goal:

PCSB observed students being prepared for a career in the hospitality industry throughout the classroom observations. During the hospitality classes observed, students learned different ways to communicate with guests, both verbally and non-verbally and teachers used frequent connections and references to the hospitality industry. These teachers consistently connected the lesson topics to students’ lives. In a few observations, these connections to students’ lives created a rich discussion about the topic.<sup>31</sup>

### **3. To provide student skills in oral and written communication, thinking, and reasoning.**

**Assessment: This goal has not been historically measured.**

<sup>30</sup> See letters confirming employment and internships, attached to this report as Appendix M.

<sup>31</sup> See Appendix L, p. 5.

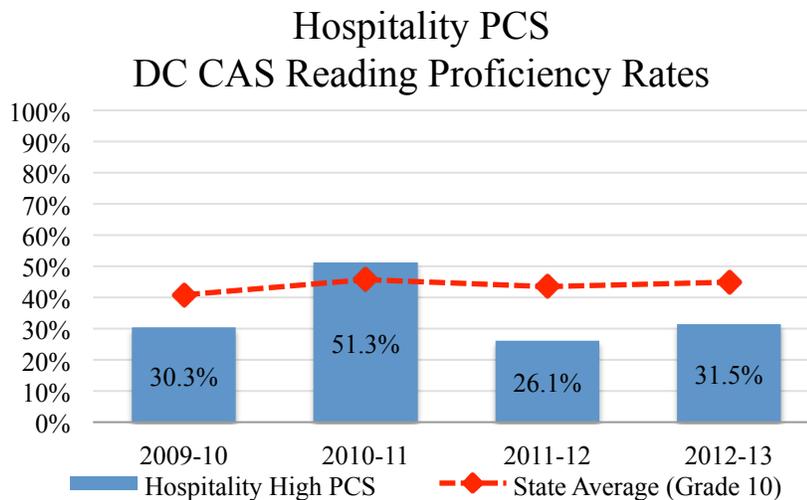
4. To provide students the tools, support, and opportunities needed to meet and exceed standards.
5. To provide resources, including technology tools, tutorial programs, and out-of-classroom learning experiences to enable students to meet standards through more complex thought processes

Assessment: **Hospitality High PCS has not met this academic expectation or goal.** PCSB and the school agreed that the above expectation and goal, which are substantively similar, would be assessed together in PCSB’s renewal analysis. Additionally, PCSB communicated to the school that in assessing these “...[it] is principally focused on outcomes, and will therefore give great weight to outcome measures such as DC CAS proficiency and growth.”<sup>32</sup> Hospitality High PCS submitted in its renewal application analysis of its DC CAS performance and its internal assessment results on the Scantron Performance Series (“Scantron assessment”).

In 2012-13, Hospitality High PCS’ reading and math proficiency rates were 13.3 and 7.7 percentage points below the respective state averages. While its reading and math median growth percentiles were at the state average, student growth on the Scantron assessment show that students enter the school below grade level in both reading and math and, although they show increases in their scores, they fall even further behind grade level in both subjects (see the table below).

**Reading Proficiency**

The percent of Hospitality High PCS students who scored proficient or advanced in reading on the DC CAS has been below the state average for tenth grade students three of the past four years, as shown in the graph below. In 2012-13, the school was 13.3 percentage points below the state average in reading proficiency.

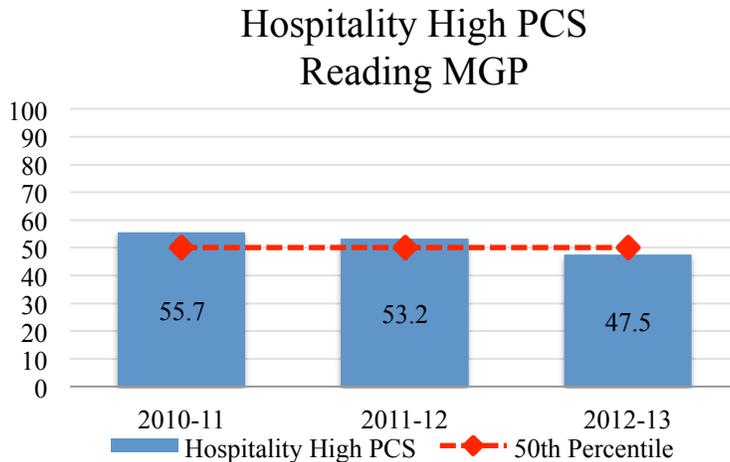


<sup>32</sup> See August 2013 letter from PCSB to Hospitality High PCS, attached to this report as Appendix N.

## Reading Growth

The graph below represents Hospitality High PCS’ median growth percentile (“MGP”) in reading, which is the median of its individual students’ growth percentiles.<sup>33</sup> A growth percentile of 50 indicates that a school’s students have “average” growth in reading proficiency, as compared to other DC students in the same grades and with the same initial DC CAS performance.

In 2010-11 and 2011-12, the first two years this metric was calculated, Hospitality High PCS’ reading MGP was just above the 50th percentile, declined over time to 47.5 in 2012-13.



## Scantron Reading Assessments

In its renewal application, Hospitality High PCS noted that a large number of its incoming ninth grade students enter below grade level. Indeed, since 2009-10, the average ninth grade student has entered with a Scantron reading grade level equivalent (“GLE”) of 6.2, just above a sixth grade reading level – more than two and a half years below grade level.

However, while enrolled at Hospitality High PCS, students fall even further behind grade level. The average twelfth grade student’s final grade level equivalent is only 8.0 (or at an eighth-grade reading level), meaning that after four years at Hospitality High PCS, the average twelfth grade student graduates from Hospitality High PCS reading at an eighth grade level.

The school submitted historical Scantron data for all cohorts of students who were enrolled in 2012-13, which are summarized in the table below. In no academic year did any cohort of students grow a full grade level in reading.

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<sup>33</sup> A student’s growth percentile (“SGP”) can range from 1 to 99, and reflects that students’ academic growth compared to that of other DC students in their grade with similar initial proficiency. For example, a student with a reading SGP of 77 has grown in reading proficiency (as measured by the DC CAS), as much or more than 77% of his/her peers.

In the majority of cohorts (shaded orange below), students grew less than one grade level in reading over the course of the year. And, in two cohorts (shaded red below), students decreased in reading level over the course of the school year.

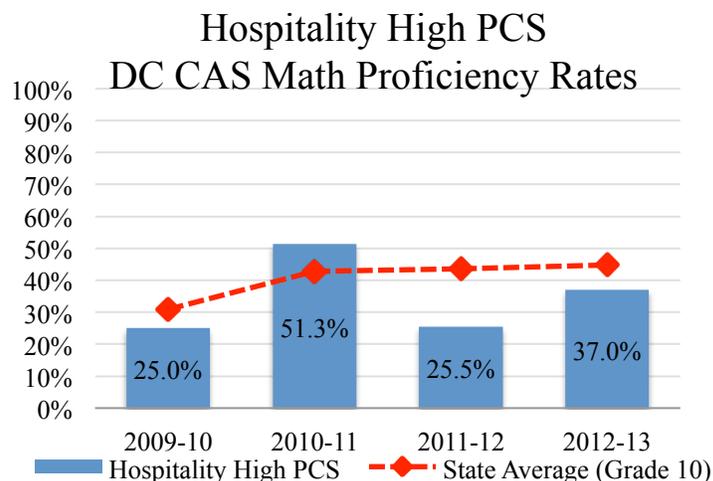
Reading Grade Level Equivalent as measured by Scantron Assessment								
	9th Grade		10th Grade		11th Grade		12th Grade	
	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring
09-10	6.8	7.2	-	-	-	-	-	-
10-11	6.7	6.5	7.8	8.0	-	-	-	-
11-12	6.0	6.3	7.4	7.3	7.1	7.3	-	-
12-13	5.4	6.2	6.7	6.9	6.7	6.9	7.9	8.0

The following table organizes the above reading growth performance by cohort.

Reading Grade Level Equivalent as measured by Scantron Assessment								
	Fall 2009	Spring 2010	Fall 2010	Spring 2011	Fall 2011	Spring 2012	Fall 2012	Spring 2013
Cohort 1 9th-12th	6.8	7.2	7.8	8.0	7.1	7.3	7.9	8.0
Cohort 2 9th -11th			6.7	6.5	7.4	7.3	6.7	6.9
Cohort 3 9th -10th					6.0	6.3	6.7	6.9
Cohort 4 9th							5.4	6.2

### **Math Proficiency**

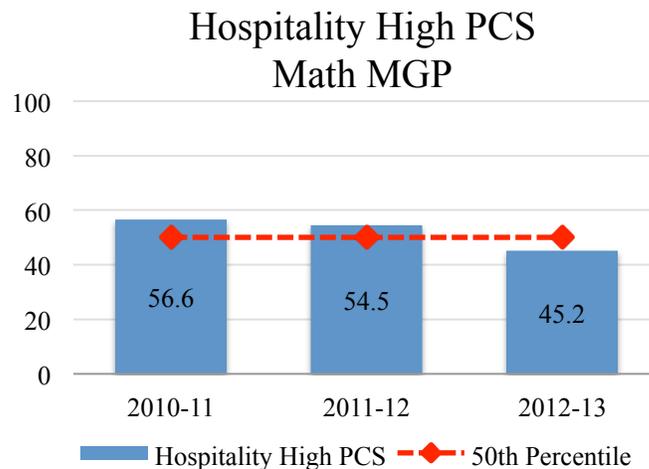
The percent of Hospitality High PCS students who scored proficient or advanced in math on the DC CAS has been below the state average for tenth grade students three of the past four years. In 2012-13, the school was 7.7 percentage points below the state average in math proficiency.



## Math Growth

The graph below represents Hospitality High PCS’ median growth percentile (“MGP”) in math, which is the median of its individual students’ growth percentiles.<sup>34</sup> A growth percentile of 50 indicates that a school’s students have “average” growth in math proficiency, as compared to other DC students in the same grades and with the same initial DC CAS performance.

In 2010-11 and 2011-12, the first two years this metric was calculated, Hospitality High PCS students’ growth in math proficiency was slightly above average, with a decline this last year to five points below average.



## Scantron Interim Math Assessments

Since 2009-10, the average ninth grade student has entered with a Scantron math grade level equivalent (“GLE”) of 5.9, just below a sixth grade math level – more than three years below grade level. By the time they finish eleventh grade and prepare to enter senior year,<sup>35</sup> Hospitality High PCS students’ math levels are on average 8.2 (just above an eighth grade math level), an improvement of just 2.3 grade levels over the course of three school years.

The school submitted historical Scantron data for all cohorts of students who were enrolled in 2012-13, which are summarized in the table below. In only one year did any cohort of students demonstrate one or more grade levels of growth during the school year (shaded green); in all other years, students grew less than one grade level (shaded orange).

<sup>34</sup> A student’s growth percentile (“SGP”) can range from 1 to 99, and reflects that students’ academic growth compared to that of other DC students in their grade with similar initial proficiency. For example, a student with a reading SGP of 77 has grown in reading proficiency (as measured by the DC CAS), as much or more than 77% of his/her peers.

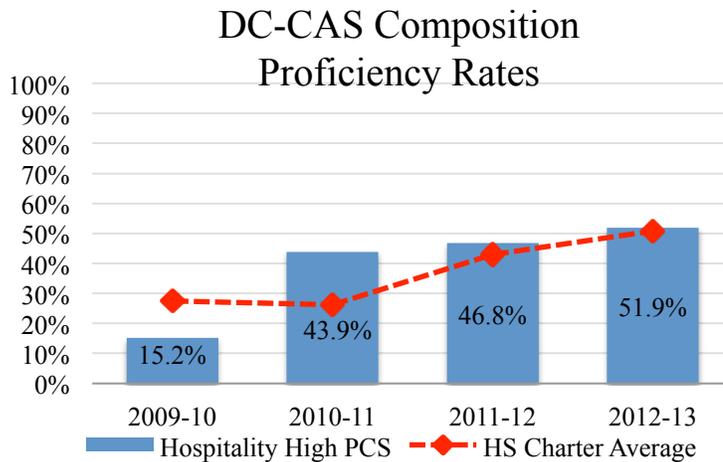
<sup>35</sup>For all years in which Hospitality High PCS submitted data, fewer than 10 students were tested in math in both the spring and fall of their twelfth grade year; as a result, final eleventh grade Scantron scores are used instead.

Math Grade Level Equivalent as measured by Scantron Assessment								
	9th Grade		10th Grade		11th Grade		12th Grade	
	Fall	Spring	Fall	Spring	Fall	Spring	Fall	Spring
2009-10	6.9	7.2	-	-	-	-	-	-
2010-11	5.9	6.5	7.3	8.1	-	-	-	-
2011-12	5.6	6.7	6.8	7.5	7.5	8.2	-	-
2012-13	5.0	5.1	6.8	7.2	6.2	<10 students tested	<10 students tested	<10 students tested

Math Grade Level Equivalent as measured by Scantron Assessment								
	Fall 2009	Spring 2010	Fall 2010	Spring 2011	Fall 2011	Spring 2012	Fall 2012	Spring 2013
Cohort 1 9th-12th	6.9	7.2	7.3	8.1	7.5	8.2	<10 students tested	<10 students tested
Cohort 2 9th -11th			5.9	6.5	6.8	7.5	6.2	<10 students tested
Cohort 3 9th -10th					5.6	6.7	6.8	7.2
Cohort 4 9th							5.0	5.1

### Composition Proficiency

The percent of Hospitality High PCS students who scored proficient or advanced in composition on the DC CAS has increased each year since 2009-10 and has been above the state average in three of the past four years.



**Academic Proficiency of Students with Disabilities**

As of December 2013, 32.8% of the school’s students had been identified as students with disabilities (“SWD”) requiring special education services, substantially higher than the overall charter sector rate of 12%. The following table compares the percentage of the school’s SWD population at each special education service level to that of the charter sector as a whole.

<b>Students with Disabilities by Special Education Service Level</b>				
	Level 1	Level 2	Level 3	Level 4
Hospitality High PCS	21.7%	58.3%	15.0%	5.0%
Charter Sector	32.1%	32.3%	14.5%	21.2%

Since 2011-12, the reading proficiency rate of Hospitality High PCS’ students with disabilities has been below the state average. In 2009-10 and 2010-11, there were too few tested students to report results.

<b>Reading Proficiency Among Students with Disabilities</b>				
	09-10	10-11	11-12	12-13
Hospitality High PCS SWD	<10 students	<10 students	9.1%	5.9%
State SWD Average (Grade 10)	15.0%	15.8%	14.2%	13.9%

Since 2011-12, the math proficiency rate of Hospitality High PCS’ students with disabilities has been both above and below the state average for students with disabilities on the state assessment, as shown in the table below. In 2009-10 and 2010-11, there were too few tested students to report results.

<b>Math Proficiency Among Students with Disabilities</b>				
	09-10	10-11	11-12	12-13
Hospitality High PCS SWD	<10 students	<10 students	0.0%	17.6%
State SWD Average (Grade 10)	13.1%	13.3%	14.4%	16.0%

**Qualitative Evidence**

The PCSB review team observed much qualitative evidence that the school’s academic program did not provide students the “...tools, support, and opportunities needed to meet and exceed standards,” as described on the following page.

...[I]n almost half of the classrooms observed, many students were off task, either talking to other students or staring passively around the room. Many students did not demonstrate a commitment or pride in their work. In these classrooms, observers did not see an expectation from the teachers for all students to participate in the lesson.

...

In the other half of the classrooms, teachers did not have effective routines in place. Some teachers were inconsistent in using the routines they have tried to establish. For example, a few teachers constantly reminded students to raise their hands to talk but many students continued to shout out answers over others. This led to a few very loud classrooms where none of the students could be heard. A few teachers did not have routines in place for handling materials. Students were confused when asked to pass up papers in one class and in another class, the teacher had no routine for passing out materials and supplies, which took almost 18 minutes to complete.

...

In other classrooms, the content and purpose of the lessons were not clear. Some teachers did not explain directions for activities, just told students to begin when they received the worksheet. Other students were confused and did not understand the lesson content as presented. In a few classes, the majority of students remained confused with the activities and attempted to ask other students what to do. Some of these students just sat at their tables until the activity was over without doing any of the work. In a few classrooms, teachers used incorrect grammar when presenting the lesson and when interacting with students.

...

However, the questioning in most classrooms required simple recall of facts or procedures. Questions were of low cognitive level requiring a single correct response. In some classes, teachers only asked for definitions of terms. Students knew the definitions from a previous lesson but it was unclear if students understood how the vocabulary term applied to the lesson or real life. When asked, some students responded incorrectly and, in one case, the teacher did not correct the student and moved on. While teachers attempted to involve more students, few actually participated in the discussions. In many classes, the same three to five students

responded to the questions asked by the teacher even though the teacher encouraged more students to participate.

...

In the other classrooms observed, student engagement was largely passive. Students chose not to participate and were not encouraged to do so. Many of the learning tasks required recall and there was no choice in how students could complete the tasks. Most class activities involved whole group discussion, characterized by little participation from off-task students, or independent work, with many students not participating. The review team did not observe modified lessons for struggling students or evidence of a co-teaching model. In the two instances where there was a second staff member in the room, the second person walked around to observe students and answer questions. Additionally, the review team observed limited instances of differentiation in product or process.

...

In just under half of the classrooms observed, teachers did not check for understanding and there was little evidence that students knew how teachers would evaluate their work. Teachers walked around to monitor behavior instead of student work. When they did give feedback, it was not specific and did not help students improve the quality of their work.

**6. To infuse curriculum with character education, including such concepts as responsibility, honesty, respect for the law- self-discipline and perseverance with emphasis on business ethics.**

Assessment: **This goal has not been historically measured.**

**7. To develop work place skills outlined in SCANS.**

Assessment: **Hospitality High PCS has met this goal.** Hospitality High PCS' student participation in internships and completion of industry hours (described above in this report) supports that the school has met this goal.

**SCANS Skills**

In 1991, the Secretary's Commission on Achieving Necessary Skills ("SCANS"), appointed by the U.S. Secretary of Labor, published "What Work Requires of Schools," which identified five types of competencies essential for employment:

1. Resource skills (identifies, organizes, plans, and allocates resources);
2. Interpersonal skills (works with others);
3. Information skills (acquires and uses information);
4. Systems skills (understands complex inter-relationships); and
5. Technology skills (works with a variety of technologies).<sup>36</sup>

In its renewal application, Hospitality High PCS discusses the following in support of it meeting this goal.

**Industry Hours and Internships**

Hospitality High PCS details in its renewal application stated that many of the industry hours and internships (detailed above in this report) completed by its students focus on the SCANS information-gathering and interpersonal skills.<sup>37</sup> However, given the low numbers of students completing internships, it was not considered as support that the school had met this goal.

**START Training**

As previously described under Goal 2, many of Hospitality High PCS students complete the American Hotel & Lodging Educational Institute’s (“AHLEI”) 180-hour Skills, Tasks, and Results training (“START Training”). The number of Hospitality High PCS students in this program more than doubled from 2009-10 to 2010-11, and the school reached its highest completion rate in 2011-12.

<b>START Certification</b>			
<b>Year</b>	<b>Enrolled</b>	<b>Exam and Course Completion</b>	<b>Certification Rate</b>
09-10	30	7	23.3%
10-11	74	20	27.0%
11-12	79	43	54.4%
12-13	76	36	47.4%
<b>Total</b>	<b>259</b>	<b>106</b>	<b>40.9%</b>

<sup>36</sup> See “What Work Requires of Schools,” a report of the US Department of Labor Secretary’s Commission on Achieving Necessary Skills at <http://wdr.doleta.gov/SCANS/whatwork/>.

<sup>37</sup> See Appendix A, p. 23.

Any student who completes the START training successfully is eligible to sit for an industry-recognized professional certification issued by AHLEI. Hospitality High PCS did not report whether its students completing this training earned this certification.

### **Lodging Management Program**

Separate and apart from the AHLEI professional certification described in the preceding paragraph, AHLEI offers a two-year Lodging Management Program focused on operations management, as well as business skills. Hospitality High PCS only provided supporting documentation of students completing the first year of this program – its student completion rate has increased each year since 2010-11.

<b>AHLEI Lodging Management Program - Year One</b>			
<b>Year</b>	<b>Enrolled</b>	<b>Completed</b>	<b>Completion Rate</b>
10-11	8	1	12.5%
11-12	14	3	21.4%
12-13	14	4	28.6%
<b>Total</b>	<b>36</b>	<b>8</b>	<b>22.2%</b>

### **Senior Portfolio**

Hospitality High PCS describes in its renewal application that all graduating seniors are required to complete a portfolio outlining their “successes, growth opportunities and hospitality experiences” to demonstrate their mastery of the SCANS skills.<sup>38</sup> Since 2007, the school reports that every graduate has successfully completed the portfolio process demonstrating mastery in the SCANS skills. PCSB did not validate this information.

### **Qualitative Evidence**

PCSB reviewers observed the following during the school’s September 2013 qualitative site visit, which supports that the school has met this goal.

PCSB observed evidence of this goal throughout the classroom observations. In addition to the three-part foundation, Hospitality High PCS also tries to teach students five workplace competencies related to SCANS: Resources, Interpersonal, Information, Systems, and Technology. In every classroom observed, the teachers had one to three “SCANS skills” written on the board next to the objective of the day’s lesson. The SCANS skills appeared to be relevant to the lessons taught. Some of the SCANS skills written on the board focused on communication in the workforce, working with diverse groups, and using effective learning skills to acquire knowledge and

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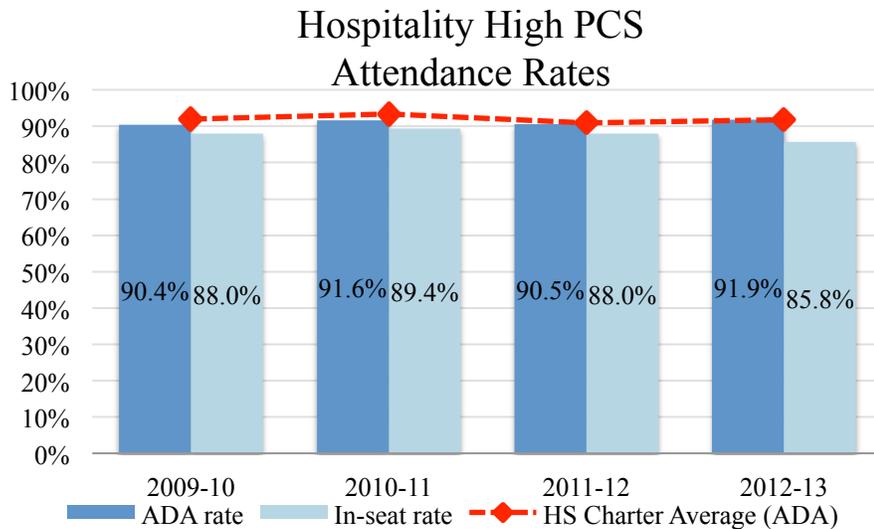
<sup>38</sup> See Appendix A, p. 23.

skills. During the lessons, observers heard teachers discussing the SCANS skills with their classes, particularly in the hospitality classes. One class discussed how body language could positively or negatively affect a relationship with a client.<sup>39</sup>

**6. Students will attend school on a regular basis.**

Assessment: **Hospitality High PCS has met this goal.**

Hospitality High PCS’ attendance has been at or near the charter high school average in each of the past four years, as shown in the graph below.



**7. Hospitality High PCS will encourage the continuance of students from first enrollment to graduation.**

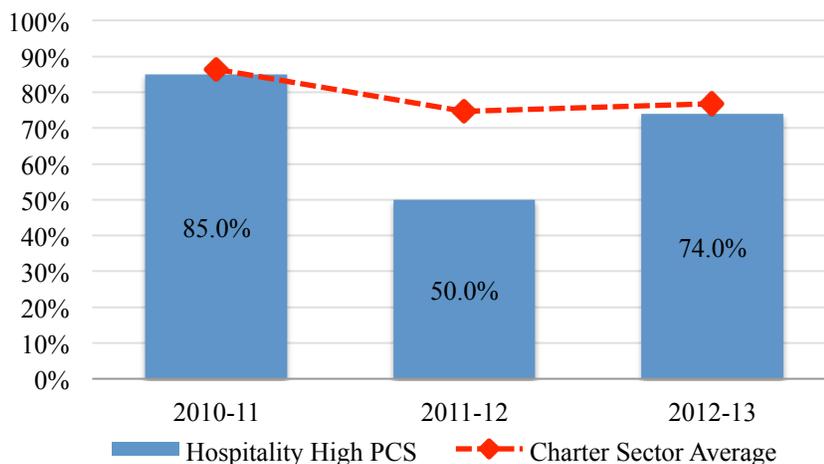
Assessment: **Hospitality High PCS has partially met this goal.**

Graduation Rate

Hospitality High PCS’ graduation rate has been at the charter high school average in two of the past three years, with only a 50% graduation rate in 2011-12.

<sup>39</sup> See Appendix L.

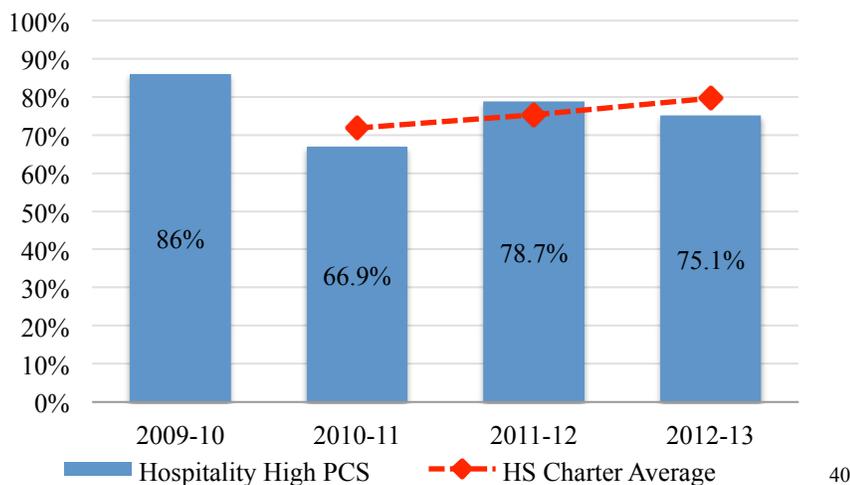
### Hospitality High PCS Graduation Rate



### Reenrollment Rates

Hospitality High PCS' reenrollment rates were slightly below the public charter average in two of the past three years and above average one year, as shown in the chart below.

### Hospitality High PCS Reenrollment Rates



<sup>40</sup> 2009-10 reenrollment rate was sourced from the Hospitality High PCS Annual Report, p. 13, and has not been validated by PCSB.

### Mid-Year Withdrawal Rates

The school reports the following mid-year withdrawal rates in its annual reports. These rates are considerably higher than the average for charter high schools.<sup>41</sup>

<b>Hospitality High PCS Mid-year Withdrawal Rate</b>	
<b>Year</b>	<b>Rate</b>
09-10	16.0%
10-11	20.0%
11-12	20.0%
12-13	12.4%

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<sup>41</sup> See Hospitality High PCS Annual Reports, attached to this report as Appendix O.

## **SECTION TWO: COMPLIANCE WITH APPLICABLE LAWS**

The SRA requires that PCSB not approve a renewal application if it determines that the school has materially violated applicable laws.<sup>42</sup> The SRA contains a non-exhaustive list of applicable laws, and PCSB also monitors charter schools for compliance with additional laws. The following section identifies these laws and includes a determination of whether Hospitality High PCS has complied with these laws.

Since 2009-10, Hospitality High PCS substantially complied with all applicable laws assessed in PCSB’s annual compliance review, as detailed in the table below.

<b>Compliance Item</b>	<b>Description</b>	<b>School’s Compliance Status 2009-10 to present</b>
<b>Fair enrollment process</b> SRA § 38-1802.06	DC charter schools must have a fair and open enrollment process that randomly selects applicants and does not discriminate against students.	Compliant since 2009-10
<b>Notice and due process for suspensions and expulsions</b> SRA § 38-1802.06(g)	DC charter school discipline policies must afford students due process <sup>43</sup> and the school must distribute such policies to students and parents.	Compliant since 2009-10
<b>Student health and safety</b> SRA § 38-1802.04 (c)(4); DC Code §4-1321.02; DC Code § 38-651	The SRA requires DC charter schools to maintain the health and safety of its students. <sup>44</sup> To ensure that schools adhere to this clause, PCSB monitors schools for various indicators, including but not limited to whether schools: <ul style="list-style-type: none"> <li>- have qualified staff members that can administer medications;</li> <li>- conduct background checks for all school employees and volunteers; and</li> <li>- have an emergency response plan in place and conduct emergency drills as required by DC code and regulations.</li> </ul>	Compliant since 2009-10

<sup>42</sup> SRA § 38.1802.12 (c).

<sup>43</sup> See *Goss v. Lopez*, 419 U.S. 565 (1975).

<sup>44</sup> SRA § 38.1802.04 (c)(4)(A).

<p><b>Equal employment</b> SRA §§ 38-1802(c)(5)</p>	<p>A DC charter school’s employment policies and practices must comply with federal and local employment laws and regulations.</p>	<p>Compliant since 2009-10</p>
<p><b>Insurance</b> As required by the school’s charter</p>	<p>A DC charter school must be adequately insured.</p>	<p>Compliant since 2009-10</p>
<p><b>Facility licenses</b> DC code § 47-2851.03(d); DC regulation 14-1401</p>	<p>A DC charter school must possess all required local licenses.</p>	<p>It was noted in Hospitality High PCS’ 2011-12 compliance report that the school was in the process of obtaining a Certificate of Occupancy for its new facility; In its 2012-13 compliance review, the school was compliant with this requirement.</p>
<p><b>High Quality Teachers</b> Elementary and Secondary Education Act (“ESEA”)</p>	<p>DC charter schools receiving Title I funding must employ “Highly Qualified Teachers” as defined by ESEA.</p>	<p>Compliant since 2009-10</p>
<p><b>Proper composition of board of trustees</b> SRA § 38-1802.05</p>	<p>A DC charter school’s Board of Trustees must have: an odd number of members that does not exceed 15; a majority of members that are DC residents; and at least two members that are parents of a student attending the school.</p>	<p>Compliant since 2009-10</p>
<p><b>Articles of incorporation and by-laws</b> SRA § 38-1802.02(8)</p>	<p>A DC charter school must have up-to-date articles of incorporation and by-laws.</p>	<p>Compliant since 2009-10</p>
<p><b>Accreditation Status</b> SRA § 38-1802.02(16)</p>	<p>A DC charter school must maintain accreditation from an SRA-approved accrediting body approved by the SRA.</p>	<p>Compliant since 2009-10</p>

## **PCSB Board Action**

- In October 2009 PCSB voted to issue a Notice of Concern to Hospitality High PCS because the school had not submitted to PCSB a Basic Business License, which the District of Columbia requires for all schools serving food,<sup>45</sup> and because it had not maintained an accurate inventory of all school assets.<sup>46</sup>
- In March 2010, PCSB issued Hospitality High PCS a Notice of Concern because the school had a 31.32% truancy rate in the third quarter.

## **Procurement Contracts**

SRA §38-1802.04(c)(1) requires DC charter schools to utilize a competitive bidding process for any procurement contract valued at \$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 that the school has executed.

From FY2009-2011, the school submitted corresponding determination and finding forms for four contracts at or above \$25,000. Fourteen \$25,000+ expenditures were identified in FY2012 and seven determination and finding forms were submitted. Only four of these forms corresponded with the fourteen \$25,000+ expenditures identified. In FY2013, five \$25,000+ expenditures were identified.

## **Special Education Compliance**

Charter schools are required to comply with all federal and local special education laws, including, among others, the Individuals with Disabilities Education Act<sup>47</sup> (“IDEA”) and the Rehabilitation Act of 1973.<sup>48</sup> As permitted by the SRA,<sup>49</sup> Hospitality High PCS elected to operate as a “dependent charter” for federal special education purposes, meaning that DC Public Schools works with Hospitality High PCS as it would a traditional DCPS school to service the school’s special education students.

Because of its dependent charter status, the school’s special education compliance performance is, for the most part, reported by OSSE as part of DCPS’ overall compliance performance, and compliance data specific to Hospitality High PCS students is limited. The following section summarizes the school’s special education compliance from 2010 to the present.

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<sup>45</sup> See 25-A DCMR §§ 4000.1(a), 4300.1, 9901.

<sup>46</sup> See October 2009 Notice of Concern, attached to this report as Appendix P.

<sup>47</sup> 20 USC §1413(a)(5).

<sup>48</sup> 20 USC §794.

<sup>49</sup> SRA §38-1802.10(c).

### References to Special Education in School Charter

References in a school’s Charter to special education must comply with special education laws. Hospitality High PCS’ description in its Charter of its special education programming complies with special education laws.

### Quarterly Findings

OSSE submits quarterly reports to the U.S. Department of Education’s Office of Special Education Programs detailing DC LEAs’ compliance in three areas: (1) initial and reevaluation timeliness; (2) early childhood transition timelines; and (3) secondary transition requirements.

In OSSE’s FFY2013 first quarterly report (detailing compliance from April-June 2013), Hospitality High PCS was noncompliant in providing students with secondary transition requirements.<sup>50</sup> Per OSSE, these points of noncompliance remain uncured, and the school is required to correct these findings by June 30, 2014.

### Blackman-Jones Implementation Review

With compliance requirements pursuant to the IDEA and the 2006 Blackman-Jones Consent Decree, OSSE manages and oversees the Blackman Jones database that tracks each LEAs’ timely implementation of Hearing Officer Determinations (“HODs”) and Settlement Agreements (“SAs”). As of November 2013, Hospitality High PCS has two HODs/SAs that OSSE currently considers timely.

### DCPS assessment of timely special education evaluations and reevaluations

The following table details the timely completion rate of Hospitality High PCS in (a) conducting eligibility determinations; and (2) creating and implementing Individualized Education Plans (“IEPs”).

<b>Timely Completion Rates</b>		
	<b>Eligibility Determinations</b>	<b>IEPs</b>
10-11	55%	100%
11-12	68%	88%
12-13	88%	94%

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<sup>50</sup> See Hospitality High PCS Quarterly Findings Report, attached to this report as Appendix Q.

## **SECTION THREE: 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 renewal process, PCSB has reviewed Hospitality High School's financial performance regarding these areas. Since fiscal year 2009, the school has adhered to generally accepted accounting principles, has not engaged in fiscal mismanagement, and is economically viable.

### **Adherence to Accounting Principles**

The school has consistently adhered to generally accepted accounting principles, as established by the Financial Accounting Standards Board.

### **Fiscal Management**

Per its audited financial statements, Hospitality High PCS has not engaged in fiscal mismanagement. The school's audit reports reflect sound accounting and internal controls, and no instances of noncompliance that are required to be reported per the U.S. Government Accountability Office's Auditing Standards.

### **Economic Viability**

Hospitality High PCS is economically viable, based on the school's financial performance, expenditures, sustainability, liquidity, and debt burden, as described below.<sup>51</sup>

### **Financial Performance**

PCSB assesses a school's financial performance with two key indicators. The first indicator is a school's operating result, which is how much the school's total annual revenues exceed total annual expenditures. In general, PCSB recommends that a school's annual operating result at least equal zero. During the past five financial periods, Hospitality High PCS has produced two operating surpluses and three operating deficits, detailed in the table below.

The operating deficits are due to the approximate \$400,000 annual depreciation expense of the school's co-location facility agreement. In FY2012, the school produced the \$1.7 million operating surplus due to a capital campaign to buy a facility for its new school campus. In FY2013, the school generated its second consecutive operating surplus of \$1.1 million.

Another indicator of a school's financial performance is its earnings before depreciation ("EBAD"),<sup>52</sup> a financial performance measure that excludes the effects of financing and accounting decisions.

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<sup>51</sup> See Hospitality High School activities and financial analysis sheet, attached to this report as Appendix R.

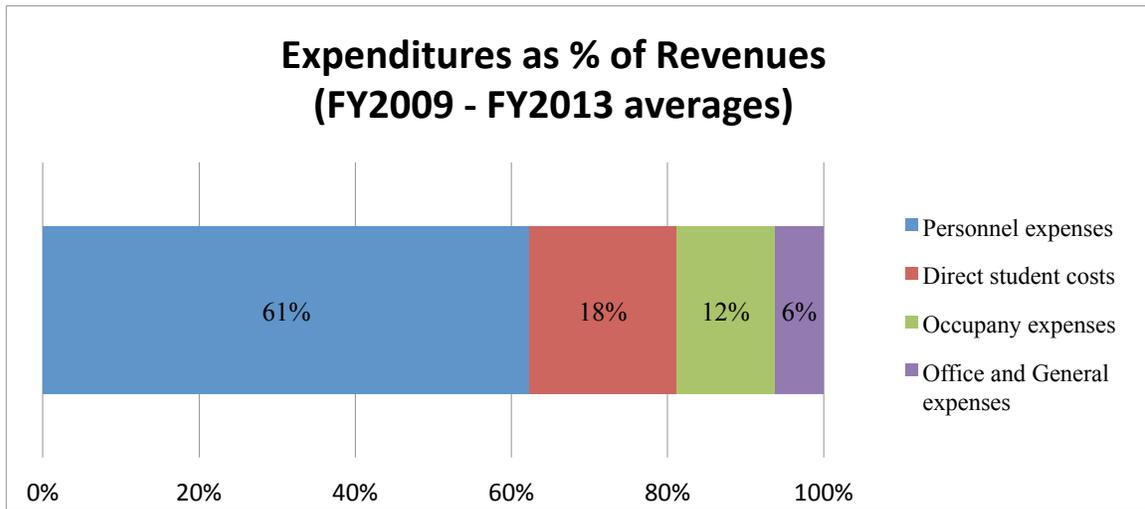
<sup>52</sup> EBAD equals change in net assets plus amortization and depreciation.

Hospitality High School had a positive EBAD in four of the past five fiscal years.

Fiscal Period	2009	2010	2011	2012	2013
Operating Result	\$(597,858)	\$(380,496)	\$(391,687)	\$1,733,446	\$1,091,966
EBAD	\$(209,815)	\$9,225	\$14,112	\$2,166,484	\$1,264,666

Expenditures

Hospitality High School’s spending decisions, illustrated in the graph below, are aligned with PCSB’s financial metrics for general education public charter schools.



Sustainability

A school’s net assets<sup>53</sup> and primary reserve ratio demonstrates its sustainability.<sup>54</sup> PCSB recommends that schools accrue net asset reserves equal to three to six months of operational expenditures. In FY2013, the school’s net asset reserves equal approximately 11 months of expenditures at about \$3.8 million, with monthly expenditures averaging approximately \$356,000.

Also, the school’s FY 2013 primary reserve ratio was 0.88, meaning that its net asset reserves equals 88% of its annual expenditures, an improvement from FY 2012. The table below details the school’s net assets and primary reserve ratios over the past five years.

Fiscal Period	2009	2010	2011	2012	2013
Net Assets	\$1,707,145	\$1,326,649	\$934,962	\$2,668,408	\$3,760,374
Primary Reserve Ratio	0.46	0.36	0.24	0.67	0.88

<sup>53</sup> Net Assets equals total assets minus total liabilities.

<sup>54</sup> Primary Reserve Ratio equals total net assets divided by total annual expenses.

### Liquidity

Two indicators of a school's short-term economic viability are its current ratio<sup>55</sup> and its days of cash on hand.<sup>56</sup> A current ratio greater than one points to a school's ability to satisfy its immediate financial obligations. Since FY2009, Hospitality High PCS' current ratio has been at least one. This indicates that the school can meet its short-term financial obligations with current assets.

Typically, 90 days or more of cash on hands indicate a school can satisfy immediate obligations with cash. Hospitality High PCS' days of cash-on-hand have declined in line with the school's net assets from FY2009 to FY2011, but increased in FY2012. In FY2013, the school's cash liquidity declined to three days of cash on hands, which was restricted. Hospitality High PCS' liquidity ratio and days of cash on-hand are detailed in the table below.

Fiscal Period	2009	2010	2011	2012	2013
Current Ratio	2.45	1.85	1.97	5.56	1.90
Days of Cash on-Hand	56	51	24	31	3

Cash flow from operations and cumulative cash flow indicate whether a school can meet its operating needs. PCSB recommends that a school have positive cash flow from operations. Hospitality High PCS has maintained positive cash flow from operations in three of the past financial periods, as detailed in the below table.

Fiscal Period	2009	2010	2011	2012	2013
Cash Flow from Operations	\$(347,208)	\$18,186	\$(135,271)	\$471,002	\$1,163,242

### Debt Burden

A school's debt ratio<sup>57</sup> indicates the extent to which a school relies on borrowed funds to finance its operations. Hospitality High School's debt ratio remained relatively stable from FY2008 to FY2011, but increased to 0.74 as a result of significant notes payable increase to fund the acquisition and renovation of the new school facility in FY2012. In FY2013, the debt ratio stood at 0.66, a decline from prior year.

Fiscal Period	2009	2010	2011	2012	2013
Debt Ratio	0.19	0.30	0.28	0.74	0.66

<sup>55</sup> Current assets divided by current liabilities. Current refers to the 12 months or normal operating cycles that a school can convert certain assets into cash or use up or settle certain obligations.

<sup>56</sup> Unrestricted cash and cash equivalents divided by total expenditures divided by 360 days. If cash and cash equivalents were not specified as unrestricted, the total cash amount was used.

<sup>57</sup> Debt ratio equals total liabilities divided by total assets.