2013-14 Charter Renewal Report

Meridian
Public Charter School

December 16, 2013

DC Public Charter School Board
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**INTRODUCTION**

_School Overview_
Meridian PCS began operation in 1999 under authorization of PCSB and serves students in grades pre-kindergarten-3 through eighth grade.

<table>
<thead>
<tr>
<th>Program</th>
<th>Ward</th>
<th>Year Opened</th>
<th>Grades Served</th>
<th>2013-14 Student Enrollment</th>
<th>10-11 PMF Performance</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Early Childhood</td>
<td>1</td>
<td>1999-2000</td>
<td>PK3-2</td>
<td>323</td>
<td>Met 7 of 7 targets</td>
<td>Met 7 of 7 targets</td>
<td>Met 7 of 7 Targets</td>
</tr>
<tr>
<td>Elementary</td>
<td></td>
<td>3-8</td>
<td>266</td>
<td>51.2%</td>
<td>45.3%</td>
<td>62.8%</td>
<td></td>
</tr>
</tbody>
</table>

_Previous Charter Reviews_

_Five-Year Charter Review_
In the 2004-05 school year, PCSB conducted a five-year review of Meridian PCS and determined that the school met only one of the three academic standards, while meeting all four

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1 See Meridian PCS Renewal Application, attached to this report as Appendix A.
2 “…[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.
of the non-academic standards. Following this review, PCSB recommended that the school develop and implement alternative assessments to measure student performance.

PCSB issued Meridian PCS a Notice of Conditional Continuance in January 2005 based on the school’s performance in school years 1999-2000 through 2003-04, enumerating several conditions the school was required to fulfill. The PCSB Board lifted this notice in January 2006 and granted the school full charter continuance after it determined the school had fulfilled these conditions.

**Ten-Year Charter Review**
In the 2008-09 school year, PCSB conducted a ten-year review of Meridian PCS, and found that the school met two of the three academic standards and all four non-academic standards, and also found the school to have remained in compliance with applicable laws.

**2013-14 Renewal**
On September 7, 2014, Meridian PCS’ charter will expire, and on October 31, 2013 the school’s board of trustees submitted to PCSB an application to renew the school’s charter for another 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.”

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 non-adherence to

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3. See Meridian PCS 5-Year Review, Executive Summary, p. 1-2, attached to this report as Appendix B. The review found that the schools did not meet its targets in (1) showing improvement on a majority of academic goals over the two most recent school years, and (2) coming within 80% of the annual Stanford 9 achievement targets in its accountability plan.
4. See Appendix B, p. 3.
5. See PCSB Decision Memorandum, “Meridian PCS – Request to Lift the Notice of Conditional Continuance,” dated January 11, 2006, attached to this report as Appendix C.
6. See PCSB Board Meeting Minutes, dated January 23, 2006, p. 4, attached to this report as Appendix D; see also Appendix C.
7. See Meridian PCS 10-Year Review, Executive Summary, p. 1-2, attached to this report as Appendix E.
8. See Appendix A.
9. SRA § 38-1802.12(c).
generally accepted accounting principles; (2) has engaged in a pattern of fiscal mismanagement; and/or (3) is no longer economically viable.\(^\text{10}\)

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. 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 has also engaged in fiscal mismanagement, PCSB staff can advise the PCSB Board accordingly.

**PCSB renewal analysis and recommendation**

PCSB has determined that Meridian PCS has substantially met its goals and student academic achievement expectations and has not materially violated the law, and as such meets the standard for charter renewal set out in the District of Columbia School Reform Act of 1995 (the “School Reform Act” or the “SRA”).\(^\text{11}\)

Based on the above determination, the PCSB Board voted 5-0 on December 16, 2013 to approve Meridian PCS’ renewal application.

\(^\text{10}\) SRA § 38-1802.13(b).

\(^\text{11}\) “…[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.
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. 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. Goals and expectations are only considered as part of the renewal analysis if they were included in a school’s charter, charter amendment, or accountability plans approved by the PCSB Board (collectively, the “Charter”).

In 2004, Meridian PCS amended its Charter to adopt the goals detailed in the following table. For purposes of this review, PCSB analyzed these goals from the school’s amendment that it consistently pursued and measured since that time. For goals and expectations that were not consistently pursued by the school over the course of its Charter, or were not historically measured by the school, it is noted in the chart below that they were “not historically measured.”

Meridian PCS has met nine of goals that it consistently pursued and measured since amending its Charter in 2004, and partially met one goal. The chart below summarizes these determinations, which are detailed in the body of this report.

<table>
<thead>
<tr>
<th>Goals and academic expectations</th>
<th>Met?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Students will be confident, independent readers.</td>
<td>Yes</td>
</tr>
<tr>
<td>2 Students will be strong, independent writers and speakers.</td>
<td>Yes</td>
</tr>
<tr>
<td>3 Students will be able to think critically and solve problems effectively.</td>
<td>Not historically measured</td>
</tr>
<tr>
<td>4 Students will become independent learners and will complete independent papers, reports, and performances, culminating in a high-stakes independent project before they graduate.</td>
<td>Partially Met</td>
</tr>
<tr>
<td>5 The school will create a welcoming environment for student and adult learning.</td>
<td>Yes</td>
</tr>
<tr>
<td>6 Students will treat themselves, other students, staff, and the physical plant with respect.</td>
<td>Yes</td>
</tr>
<tr>
<td>7 Students will embrace diversity.</td>
<td>Yes</td>
</tr>
</tbody>
</table>

12 SRA § 38-1802.12(c)(2).
13 See Meridian PCS 2004 charter amendment, attached to this report as Appendix F.
The school will strive to recruit and retain a diverse group of students, teachers, staff, administrators, and board members.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>Students will contribute to their school and community.</td>
<td>Yes</td>
</tr>
<tr>
<td>9</td>
<td>Teachers and staff will be highly qualified and demonstrate high expectations for all students.</td>
<td>Yes</td>
</tr>
<tr>
<td>10</td>
<td>Families will see themselves as partners in their child’s education and will be actively involved in the life of the school.</td>
<td>Yes</td>
</tr>
<tr>
<td>11</td>
<td>The school will be led by a Board of Trustees and a competent, effective leadership team headed by the principal.</td>
<td>Yes</td>
</tr>
</tbody>
</table>
1. Students will be confident, independent readers.

Assessment: Meridian PCS has met this academic expectation.

Early Childhood Targets
Meridian PCS has met all of its early childhood literacy targets since 2010-11.

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Target Met?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>70% of kindergarten through second-grade students will demonstrate a</td>
<td>Met 79% of students demonstrated at least a year of academic growth or</td>
</tr>
<tr>
<td></td>
<td>year of growth (or demonstrate proficiency) in reading on the Stanford</td>
<td>proficiency</td>
</tr>
<tr>
<td></td>
<td>Achievement Test (SAT-10).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>70% of preschool and pre-kindergarten students will improve their score</td>
<td>Met 99% of students improved by 10% or achieved at or above 70%</td>
</tr>
<tr>
<td></td>
<td>by 10% from the fall administration to the spring administration (or</td>
<td></td>
</tr>
<tr>
<td></td>
<td>achieve at least 70%) on the Brigance Developmental Inventory.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>70% of kindergarten through second-grade students will demonstrate</td>
<td>Met 75% of students demonstrated proficiency</td>
</tr>
<tr>
<td></td>
<td>proficiency in reading on the Stanford Achievement Test (SAT-10).</td>
<td></td>
</tr>
<tr>
<td>2011-12</td>
<td>70% of kindergarten through second-grade students will demonstrate 9</td>
<td>Met 90.2% of students demonstrated growth or proficiency</td>
</tr>
<tr>
<td></td>
<td>months of growth or proficiency in reading by the spring administration</td>
<td></td>
</tr>
<tr>
<td></td>
<td>on the Stanford Achievement Test (SAT-10).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>70% of pre-kindergarten-3 and re-kindergarten-4 students demonstrated 70%</td>
<td>Met 99% of students demonstrated growth or achieved 70%</td>
</tr>
<tr>
<td></td>
<td>growth by increasing their score by 10% or achieved at least 70% by the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>spring administration on the Brigance Inventory of Early Development.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>70% of kindergarten through second-grade students will demonstrate</td>
<td>Met 78.7% of students demonstrated proficiency</td>
</tr>
<tr>
<td></td>
<td>proficiency in reading according to their Grade Equivalent Score on the</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Stanford Achievement Test (SAT-10).</td>
<td></td>
</tr>
<tr>
<td>2012-13</td>
<td>70% of pre-kindergarten-3 and pre-kindergarten-4 students will achieve</td>
<td>Met 99.0% of students met this goal</td>
</tr>
<tr>
<td></td>
<td>at or above 70% or improve from fall to spring by 10% on the Brigance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inventory of Early Development Basic Skills assessment.</td>
<td></td>
</tr>
</tbody>
</table>
70% of kindergarten through second grade students will demonstrate a school year of academic growth or demonstrate proficiency, as determined by the Grade Equivalent Score on the Stanford Achievement Test in reading. Met 81.2% of students met this goal.

70% of kindergarten through second grade students will demonstrate proficiency, as determined by the Grade Equivalent Score on the Stanford Achievement Test in reading. Met 79.1% of students met this goal.

**Reading Proficiency**

Since 2009-10, Meridian PCS has consistently had reading proficiency rates above the state average, including 56.9% of its students scoring proficient or advanced in its 14th year of operation, above both the state average of 50.4% for students in grades three through eight. The dip in proficiency in school year 2011-12 reflects a test integrity violation, where the school was found by the DC Office of the State Superintendent of Education (“OSSE”) to have critical test integrity issues (See Section 2 of this report for further detail about this testing violation). The invalid test scores were removed from the school’s proficiency rate.

**Meridian PCS: Grades 3-8**

**DC CAS Reading Proficiency**
DC CAS Reading Growth
The graph below represents Meridian PCS’ reading median growth percentile (“MGP”), the median of its individual students’ growth percentiles.¹⁴ An MGP 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, Meridian PCS’ reading MGP was below the 50th percentile. In 2012-13, its reading MGP increased to 53.3. Both its 2011-12 and 2012-13 MGPs were affected by its tests scores being invalidated in 2011-12.

Reading Proficiency among Students with Disabilities
In 2012-13 17.6% of Meridian PCS’ total student population has been identified as students with disabilities (“SWD”) requiring special education programming, compared to the state rate of 13.3%). The table below compares the percentage of the school’s SWD population at each special education service level to that of the state average.

<table>
<thead>
<tr>
<th>Percentage of students with disabilities identified at each special education service level¹⁵</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meridian PCS</strong></td>
<td>39.4%</td>
<td>37.9%</td>
<td>10.6%</td>
<td>12.1%</td>
</tr>
<tr>
<td><strong>District of Columbia</strong></td>
<td>36.1%</td>
<td>32.1%</td>
<td>11.5%</td>
<td>20.3%</td>
</tr>
</tbody>
</table>

¹⁴ A student’s growth percentile (“SGP”), which ranges from 1 to 99, reflects that students’ academic growth as compared to growth 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.

¹⁵ Data accessed in October 2013 from OSSE’s Statewide Longitudinal Education Data System.
The reading proficiency rate of Meridian PCS’ students with disabilities has increased from 2009-10 to 2012-13, with the school above the state SWD math proficiency rate during this most recent school year. The dip in the school’s 2011-12 SWD reading proficiency rates were due to the school’s invalidated test scores.

### Meridian PCS: Special Education Reading Proficiency

![Graph showing reading proficiency rates for Meridian PCS and state grades 3-8 SWD from 2009-10 to 2012-13.]

#### Reading Proficiency among English Language Learners
In 2012-13, one-third of Meridian PCS’ total student population has been identified as English language learners (“ELLs”), compared to the state ELL rate of 8.8%. The reading proficiency rate of the school’s ELLs exceeded the state average in 2012-13, while its 2011-12 scores decreased after its invalidated tests were excluded.

<table>
<thead>
<tr>
<th>ELL DC CAS Reading Proficiency Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Meridian PCS ELLs Scoring Proficient or Advanced&lt;sup&gt;17&lt;/sup&gt;</td>
</tr>
<tr>
<td>Unavailable</td>
</tr>
<tr>
<td>State Grades 3-8 ELL Proficiency Rate</td>
</tr>
</tbody>
</table>


<sup>17</sup> Per OSSE policy, since the 2011-12 school year, students currently receiving special education services and students who received special education services during the past two years are included in the “students with disabilities” subgroup.
2. Students will be strong, independent writers and speakers.

Assessment: Meridian PCS has met this expectation.

DC students take the DC CAS composition exam in grades four and seven. Meridian PCS students in these grades have scored above the DC charter sector average since 2010-11, with the school’s composition proficiency rate increasing every year.  

3. Students will be able to think critically and solve problems effectively.

Assessment: This goal has not been historically measured.

4. Students will master increasingly sophisticated mathematical concepts and be able to apply those concepts in a variety of settings.

Assessment: Meridian PCS has met this academic expectation.

Early Childhood Targets
The school met all early childhood math targets from 2010-11 to 2012-13.

<table>
<thead>
<tr>
<th>Year</th>
<th>Target</th>
<th>Target Met?</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-11</td>
<td>70% of kindergarten through second-grade students will demonstrate a year of growth (or demonstrate proficiency) in mathematics on the Stanford Achievement Test (SAT-10).</td>
<td>Met 91% of students demonstrated at least a year of academic growth or proficiency</td>
</tr>
</tbody>
</table>

18 OSSE has not published the school’s recalculated 2011-12 DC CAS composition scores excluding the school’s invalidated scores.
### Math Proficiency

Since 2009-10, Meridian PCS has consistently had math proficiency rates above the state average. In 2012-13, 55.6% of Meridian PCS’ students scored proficient or advanced, slightly above the state average of 54.7% for students in grades three through eight. The school’s 2011-12 math proficiency rate was affected after it was found to have test integrity violations.

<table>
<thead>
<tr>
<th>Year</th>
<th>Goal Description</th>
<th>Met</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2011-12</strong></td>
<td>70% of kindergarten through second-grade students will demonstrate proficiency in mathematics on the Stanford Achievement Test (SAT-10).</td>
<td>84% of students demonstrated proficiency</td>
</tr>
<tr>
<td></td>
<td>70% of kindergarten through second-grade students will demonstrate 9 months of growth in math by the spring administration on the Stanford Achievement Test (SAT-10).</td>
<td>94.0% of students demonstrated growth or proficiency</td>
</tr>
<tr>
<td></td>
<td>70% of kindergarten through second-grade students will demonstrate proficiency in math according to their Grade Equivalent Score on the Stanford Achievement Test (SAT-10).</td>
<td>70.5% of students demonstrated proficiency</td>
</tr>
<tr>
<td><strong>2012-13</strong></td>
<td>70% of kindergarten through second grade students will demonstrate a school year of academic growth or demonstrate proficiency, as determined by the Grade Equivalent Score on the Stanford Achievement Test in mathematics.</td>
<td>87.8% of students met this goal.</td>
</tr>
<tr>
<td></td>
<td>70% of kindergarten through second grade students will demonstrate proficiency, as determined by the Grade Equivalent Score on the Stanford Achievement Test in mathematics.</td>
<td>77.0% of students met this goal.</td>
</tr>
</tbody>
</table>

**Meridian PCS: Grades 3-8**

DC CAS Math Proficiency

![Graph showing math proficiency rates from 2009-10 to 2012-13]

- 2009-10: 65.0%
- 2010-11: 50.0%
- 2011-12: 53.7%
- 2012-13: 56.6%

- Meridian PCS
- Grades 3-8 State Average
DC CAS Math Growth
The graph below represents Meridian PCS’ math median growth percentile (“MGP”), the median of its individual students’ growth percentiles. An MGP 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, Meridian PCS’ math MGP was below the 50th percentile. In 2012-13, its math MGP increased to 55.9. Both its 2011-12 and 2012-13 MGPs were affected by its tests scores being invalidated in 2011-12.

Math Proficiency among Students with Disabilities
The math proficiency rate of Meridian PCS’ students with disabilities has increased from 2009-10 to 2012-13, with the school above the state SWD math proficiency rate during this most recent school year. The school’s 2011-12 SWD math proficiency rates were affected by the school’s invalidated test scores.
Math Proficiency among English Language Learners
The math proficiency rate of the school’s ELLs exceeded the state sector average in 2012-13. The school’s 2011-12 ELL math proficiency rates were affected by the school’s invalidated test scores.

<table>
<thead>
<tr>
<th>Meridian PCS English Language Learners Reading Proficiency on DC CAS</th>
<th>09-10</th>
<th>10-11</th>
<th>11-12</th>
<th>12-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Meridian PCS ELL Scoring Proficient or Advanced</td>
<td>Unavailable</td>
<td>Unavailable</td>
<td>40.7%</td>
<td>59.2%</td>
</tr>
<tr>
<td>State ELL Proficiency Rate</td>
<td>46.7%</td>
<td>50.7%</td>
<td>47.1%</td>
<td>51.9%</td>
</tr>
</tbody>
</table>

5. Students will become independent learners and will complete independent papers, reports, and performances, culminating in a high-stakes independent project before they graduate.

Assessment: Meridian PCS has partially met this goal. Although there is substantial documentation supporting that students complete independent projects, the school has partially met this goal based on its incomplete records for its eighth grade high-stakes independent project.

Science Fair Project
All eighth grade students are expected to complete a high-stakes independent science fair project. However, per PCSB’s on-site review of grades for this project, the school’s records are incomplete.

<table>
<thead>
<tr>
<th>Total Eighth Grade Students</th>
<th>2009-10&lt;sup&gt;20&lt;/sup&gt;</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turned in Projects&lt;sup&gt;21&lt;/sup&gt;</td>
<td>63.3% (19 students)</td>
<td>79.2% (19 students)</td>
<td>Records Incomplete</td>
<td>81.8% (18 students)</td>
</tr>
<tr>
<td>Received Grade of 60% or Higher</td>
<td>60.0% (18 students)</td>
<td>70.8% (17 students)</td>
<td>Records Incomplete</td>
<td>81.8% (18 students)</td>
</tr>
</tbody>
</table>

The school submitted supporting documentation of numerous independent learning projects completed by Meridian PCS students.

- Kindergarten through third grade students create a page of what becomes a printed class story book;

<sup>20</sup> For 2009-10, Meridian PCS only provided science fair grades for students for one class section.
<sup>21</sup> The number of students who turned in projects was calculated by counting the number of students who had a grade recorded, excluding grades of zero and blank grades.
• Second grade students also create a habitat diorama representing the natural world;
• Fifth grade students have completed numerous independent projects, including a report on a country’s history (in 2009-10), a report about a specific mineral (in 2010-11), and a black history biography and diary project (in 2012-13);
• Seventh grade students create and present multimedia PowerPoint presentations, in addition to other projects such as science papers (in 2011-12) and books written in the narrative voice of slaves (in 2012-13);
• In various grades, students complete art projects, culminating in a final art project in eighth grade (in 2012-13, the final art project was to create a self-portrait print and write an accompanying artist statement).

6. Students will have a positive attitude towards school and learning. The school will create a welcoming environment for student and adult learning.

Assessment: Meridian PCS has this goal. The school cites its students’ attendance rate, as well as other qualitative evidence, which both support that the school has met this goal.

Pre-Kindergarten Attendance
From 2009-10 through 2011-12, Meridian PCS attendance rate in pre-kindergarten-three and pre-kindergarten-four was above the charter sector average. In 2012-13, Meridian PCS’ average daily attendance in pre-kindergarten was 91.5%, slightly below the charter average of 93.1%.

Meridian PCS: Pre-K Attendance Rate
Kindergarten through Eighth Grade Attendance
Since 2009-10, Meridian PCS’ average daily attendance rate has been above the charter average for elementary and middle school students.

![Meridian PCS: Grades K-8 Attendance Rate](chart)

Qualitative Evidence
In the school’s 2012-13 QSR Report, PCSB reviewers found that:

Overall, students were attentive and on-task. Students were working at a suitable pace and at appropriate levels of development. Most students appeared to be highly motivated and responsive to the learning tasks introduced. Most of the students observed were very eager to please their teachers and complete activities.

7. **Students will treat themselves, other students, staff, and the physical plant with respect. Students will work collaboratively and resolve conflicts effectively and safely.**

**Assessment:** Meridian PCS has met this goal.

Discipline Rates
The following tables detail Meridian PCS’ discipline rates since 2009-10.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meridian PCS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(K-8)</td>
<td>13.8%</td>
<td>22.9%</td>
<td>0.4%</td>
<td>6.5%</td>
</tr>
<tr>
<td>(PK-5)</td>
<td>-</td>
<td>-</td>
<td>13%</td>
<td>8.2%</td>
</tr>
<tr>
<td><strong>PK-5 Charter Sector Rate</strong></td>
<td>-</td>
<td>-</td>
<td>13%</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

22 Charter sector suspension rate for 2012-13 is for all grades; not PK-5.
### Long Term Suspensions

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meridian PCS</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>(0 students)</td>
<td></td>
<td></td>
<td>(0 students)</td>
<td></td>
</tr>
<tr>
<td>PK-5 Charter Sector Rate</td>
<td>-</td>
<td>-</td>
<td>1% 24</td>
<td>0%</td>
</tr>
</tbody>
</table>

#### Qualitative Evidence

In the school’s 2012-13 QSR Report, PCSB reviewers found that Meridian PCS students were “…very courteous and respectful to school staff, parents and review team members.” All classrooms were found to be proficient or exemplary in “creating an environment of respect and rapport, with observers noting that “[i]nteractions observed between teachers and students and among students were positive and respectful.”

#### Students Working Collaboratively to Solve Conflicts

In Meridian PCS’ renewal application, the three school-wide expectations in place are detailed. These are for everyone to be: (1) respectful; (2) responsible; and (3) safe.

The school describes several of its school-wide practices that support positive behavior:

- Every morning Ms. Cooper, Meridian PCS’ Head of School, reads a daily message to students that encourages everyone to “do and be their best;
- A schoolwide behavior system;
- Class goals chosen by students that are tied to school-wide goals and/or the Meridian PCS Code of Values; and
- Daily “Student of the Day Awards” awarded in each classroom to students demonstrating “exceptionally responsible behavior.”

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23 In 2012-13, PCSB defined long-term suspension as eleven or more days.
24 Charter sector rate for 2012-13 is for all grades, not just PK-5.
25 See Meridian PCS, 2012-13 Qualitative Site Review Report, p. 1, attached to this report as Appendix G.
26 See Appendix G, p. 6.
27 See Appendix A, p. 18.
28 See Appendix A, p. 18.
29 See Appendix A, p. 18-19.
8. Students will embrace diversity. The school will strive to recruit and retain a diverse group of students, teachers, staff, administrators, and board members.

Assessment: Meridian PCS has met this goal. Its student body, staff, and Board of Trustees are diverse.

Student Demographics: Race and Ethnicity
The table below describes Meridian PCS’ student enrollment by race and ethnicity from 2009-10 to 2013-14.\textsuperscript{30}

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
<th>2013-14</th>
</tr>
</thead>
<tbody>
<tr>
<td>African American</td>
<td>69.5%</td>
<td>64.9%</td>
<td>62%</td>
<td>62.3%</td>
<td>61.5%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>30.1%</td>
<td>33.7%</td>
<td>36%</td>
<td>35.1%</td>
<td>36%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>0.2%</td>
<td>0.4%</td>
<td>1%</td>
<td>1.1%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Asian</td>
<td>0.2%</td>
<td>0.4%</td>
<td>1%</td>
<td>1.2%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>0.6%</td>
<td>0%</td>
<td>0.4%</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Board of Trustees and Staff Demographics
In its renewal application, Meridian PCS noted the following about its Board of Trustees and staff members:

Our 13-member Board of Trustees is diverse in racial/ethnic makeup and in professional expertise: 45% are African-American, 45% are White and 10% are Hispanic. Professional expertise includes public school leadership, education policy, investment banking, international business and management consulting.

Our faculty and staff are also diverse: 77% are African-American, 17% are White, and 6% identify as ‘Other,’ Seventy-three percent are female and 23% are male.\textsuperscript{31}

9. Students will contribute to their school and community.

Assessment: Meridian PCS has met this goal.

In its renewal application, Meridian PCS notes several annual school-sponsored community service events:

- For the past ten years, the school has partnered with Martha’s Table, a DC nonprofit organization dedicated to assisting the city’s homeless population, to sponsor a school-

\textsuperscript{30} Data is from the school’s renewal application (see Appendix A, p.19), and has not been validated by PCSB.
\textsuperscript{31} See Appendix A, p. 20.
wide “Help the Homeless Walk,” in which approximately 500 Meridian PCS students, families, and faculty participate in each year;
• An annual Thanksgiving food drive, through which donated food is given to Meridian PCS families in need;
• An annual winter coat drive, through which donated coats are given to Meridian PCS families in need; and
• An annual fundraiser, “Pennies for Patients,” through which students in the school’s Junior Honor Society manage a fundraiser for the Leukemia and Lymphoma Society.  

Meridian PCS also notes several school-sponsored projects through which student leaders volunteer their time to contribute to the school community:

• Students maintain a school vegetable and flower garden;
• Older students help younger students develop reading skills through the school’s “reading Buddies” program, which it implemented in 2012-13;
• Students participate in Meridian PCS’ Student Government Association; and
• Students with strong academic performance are eligible to apply to the school’s National Junior Honor Society, a student organization through which they participate in school activities, community service, and leadership development.

10. Teachers and staff will be highly qualified and demonstrate high expectations for all students.

Assessment: Meridian PCS has met this goal.

Highly Qualified Teachers
Since 2009-10, 100% of Meridian PCS’ teachers have been certified as “Highly Qualified” as required by the No Child Left Behind Act.

Teacher Professional Development
In its renewal application, Meridian PCS notes that it supports teacher professional development in many ways, including:

• Required continuing professional development, “ranging from 20 hours in 2009-2010 to seven hours in 2013-2014;”
• One-on-one instructional coaching; and
• Tuition reimbursement for pedagogical coursework.

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32 See Appendix A, p. 21.
33 See Appendix A, p. 21-22.
34 See Appendix A, p. 23.
35 See Appendix A, p. 23.
Qualitative Evidence
In the school’s 2012-13 QSR Report, PCSB reviewers found that, “[t]eachers in all grades encouraged students to do their best and keep trying…Teachers focused on learning objectives in lessons and held students to high expectations on assigned tasks.”

11. Families will see themselves as partners in their child’s education and will be actively involved in the life of the school.

Assessment: Meridian PCS has met this goal.

Parent/Guardian Volunteering
Meridian PCS describes in its renewal application that it asks all parents/guardians to sign a School Commitment Contract, in which they agree to “volunteer a minimum of 12 hours in Meridian by working in the classroom with [their] child’s teacher or within the school building.” Meridian PCS reported the following rates of parents/guardian volunteerism, which has increased since 2009-10. These rates have not been validated by PCSB.

<table>
<thead>
<tr>
<th></th>
<th>2009-10</th>
<th>2010-11</th>
<th>2011-12</th>
<th>2012-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percent of Parents Volunteering</td>
<td>32%</td>
<td>28%</td>
<td>40%</td>
<td>48%</td>
</tr>
<tr>
<td>Percent of Volunteers Completing 12+ Hours</td>
<td>74%</td>
<td>56%</td>
<td>82%</td>
<td>90%</td>
</tr>
</tbody>
</table>

Strategies for Family Engagement
In its renewal application, Meridian PCS detailed a number of strategies it uses to foster family engagement:

- An on-site Parent Center staffed by a Parent Center Coordinator;
- Producing all relevant school materials for families in both English and Spanish;
- The school’s Together for Success program, through which two parents and/or guardians are appointed as representatives in each of the school’s classrooms;
- A Parent Involvement Committee, which meets monthly;
- An annual Family Data Night; and
- An annual Life and Family Fiesta, which is organized by parent volunteers and features food, music, and games.

36 See Appendix G, p. 6.
37 See Appendix A, p. 25.
38 See Appendix A, p. 25.
12. The school will be led by a Board of Trustees and a competent, effective leadership team headed by the principal.

Assessment: Meridian PCS has met this goal.

In its renewal application, Meridian PCS noted the following about its Board of Trustees:

Our board has significant expertise in business strategy, organizational capacity building, and real estate, as well as best practices in building leadership, curriculum, and evaluation. Over the past several years, our board successfully guided the school through two major initiatives: the purchase and renovation of a new school facility and the recruitment of and transition to a new head of school.39

Indeed, the Meridian PCS’ Board of Trustees has competently and effectively led the school. The strongest support of this is Meridian PCS’ strong academic performance, which for the most part has been above the state average, and which has increased since the school’s last charter review. Additionally, this report’s analysis confirms the Board’s effective leadership – PCSB has found the school met all of its goals and academic expectations.

Meridian PCS’ test integrity violations were a failure of the school’s leadership, and weighs against the school meeting this goal. However, the swift and decisive actions taken by the Board after learning of these violations outweigh this failure. The Board has put in place an effective corrective action plan in response to these violations, which will further strengthen its ability to lead the school.

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.\(^{40}\) 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 Meridian PCS has complied with these laws.

Since 2009-10, Meridian PCS has been in substantial compliance with all applicable laws, as detailed in the table below.

<table>
<thead>
<tr>
<th>Compliance Item</th>
<th>Description</th>
<th>School’s Compliance Status 2009-10 to present</th>
</tr>
</thead>
</table>
| **Fair enrollment process**  
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 |
| **Notice and due process for suspensions and expulsions**  
SRA § 38-1802.06(g) | DC charter school discipline policies must afford students due process\(^{41}\) and the school must distribute such policies to students and parents. | Compliant since 2009-10 |
| **Student health and safety**  
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.\(^{42}\) To ensure that schools adhere to this clause, PCSB monitors schools for various indicators, including but not limited to whether schools:  
- have qualified staff members that can administer medications;  
- conduct background checks for all school employees and volunteers; and  
- have an emergency response plan in place and conduct emergency drills as required by DC code and regulations. | Compliant since 2009-10 |

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\(^{40}\) SRA § 38.1802.12 (c).  
\(^{42}\) SRA § 38.1802.04 (c)(4)(A).
| **Equal employment**  
SRA §§ 38-1802(c)(5) | A DC charter school’s employment policies and practices must comply with federal and local employment laws and regulations. | Compliant since 2009-10 |
|---|---|---|
| **Insurance**  
As required by the school’s charter | A DC charter school must be adequately insured. | Compliant since 2009-10 |
| **Facility licenses**  
DC code § 47-2851.03(d); DC regulation 14-1401 | A DC charter school must possess all required local licenses. | In 2012-13, after it moved into a new facility, the school was awaiting inspection of its kitchen by the DC Department of Health; as of 2013-14 this inspection had been completed and the school was issued a Basic Business License. |
| **High Quality Teachers**  
Elementary and Secondary Education Act ("ESEA") | DC charter schools receiving Title I funding must employ “Highly Qualified Teachers” as defined by ESEA. | Compliant since 2009-10 |
| **Proper composition of board of trustees**  
SRA § 38-1802.05 | 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. | Compliant since 2009-10 |
| **Articles of incorporation and by-laws**  
SRA § 38-1802.02(8) | A DC charter school must have up-to-date articles of incorporation and by-laws. | Compliant since 2009-10 |
| **Accreditation Status**  
SRA § 38-1802.02(16) | A DC charter school must maintain accreditation from an SRA-approved accrediting body approved by the SRA. | Compliant since 2009-10 |
**DC CAS Testing Violations**

In 2012, OSSE engaged a consulting firm to investigate Meridian PCS for possible DC CAS testing violations during the 2010-11 school year.

The investigators found two instances of testing irregularities at Meridian PCS in 2010-11: (1) the school’s Test Security Plan was incomplete, and (2) a student interview indicated that a teacher may have pointed out incorrect answers to test questions.\(^{43}\) The consulting firm classified Meridian PCS’ testing violations as “minor”\(^ {44}\) and no tests were invalidated.

OSSE again investigated Meridian PCS for possible DC CAS testing violations again during the 2011-12 school year, and found five potential testing violations: (1) a test administrator explained or clarified test questions; (2) a teacher and a test proctor told students to check or review their answers; (3) not all test proctors received 2012 DC CAS training; (4) copies of the State Test Security and Non-Disclosure Agreement as well as DC CAS training logs were missing; and (5) an extraordinarily high number of test answers, 1804 answers, were changed from wrong-to-right answers across the school.\(^ {45}\) The 2011-12 testing violations were classified as “critical” by the consulting firm “based on the relative severity of the findings.”\(^ {46}\) Meridian PCS was one of only 11 schools in the District of Columbia to be identified as having a “critical” testing violation, of the 41 total schools that had been flagged for investigation.\(^ {47}\) Based on these findings, the impacted DC CAS scores to be deemed invalid, and PCSB recalculated the school’s reading and math proficiency and growth rates without the impacted scores.

Based on this investigation, the school developed and implemented a test integrity action plan, which it presented to the PCSB Board during the Board’s June 2013 meeting, and which included ten actions the school was taking in response to OSSE’s findings:

- Hiring a new principal;
- Implementing a teacher and leader evaluation system;
- Recruiting new board members, especially those with an academic background;
- Holding a board retreat and training;
- Revamping its DC CAS testing procedures;
- Training staff on these new procedures;
- Conducting benchmark assessments prior to the DC CAS;
- Conducting a simulation of DC CAS administration prior to the day of testing; and

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\(^{43}\) See School Summary Report, Meridian PCS, 2011 District of Columbia Comprehensive Assessment System, Test Security Investigation, p. 3, by Alvarez & Marsal, LLC, attached to this report as Appendix H.

\(^{44}\) See Appendix H, p. 3.

\(^{45}\) See School Summary Report, Meridian PCS, 2012 District of Columbia Comprehensive Assessment System, Test Security Investigation, p. 4-9, by Alvarez & Marsal, LLC, attached to this report as Appendix I.

\(^{46}\) See Appendix I, p. 5.

\(^{47}\) See OSSE 2011-12 DC CAS Test Integrity Presentation, p. 9, attached to this report as Appendix J.
Engaging with an educational consulting firm to consult a full school audit of its practices and procedures.\(^{48}\)

**Notice of Concern**
The PCSB Board voted in April 2013 to issue a Notice of Concern to Meridian PCS because the school received three Out-of-Compliance Violations after it missed the due dates for submitting its attendance to PCSB.\(^ {49}\) The Board voted in June 2013 to lift the Notice of Concern after the school submitted its discipline on time and communicated with PCSB staff about outstanding submission issues.\(^ {50}\)

**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\(^ {51}\) ("IDEA") and the Rehabilitation Act of 1973.\(^ {52}\) The following section summarizes Meridian PCS’ special education compliance from 2010-11 to the present.

**References to Special Education in School Charter**
References in a school’s Charter to special education must comply with special education laws. Meridian PCS’ description in its Charter of its special education programming complies with special education laws.

**OSSE Special Education Compliance Reviews**
The DC Office of the State Superintendent of Education ("OSSE") monitors charter schools’ special education compliance and publishes three types of reports detailing these findings: (1) Annual Determinations; (2) On-Site Monitoring Reports; and (3) Quarterly Findings. OSSE’s findings of Meridian PCS’ special education compliance are summarized below.

**Annual Determinations**
As required by a federal regulation, OSSE annually analyzes each LEA’s compliance with 20 special education indicators, and publishes these findings in an Annual Determination report.\(^ {53}\) Each year’s report is based on compliance data collected several years earlier. As such, OSSE does not require schools to cure any compliance issues detailed in these reports. In 2012, OSSE published its 2010 Annual Determination reports (based on the school’s 2009-10 performance). In this report, it found Meridian PCS to be 88% compliant with these indicators, and designated

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\(^{49}\) See PCSB Board Meeting Minutes, dated April 15, 2013, p. 2-3, attached to this report as Appendix L.

\(^{50}\) See PCSB Board Meeting Minutes, dated June 24, 2013, p. 7, attached to this report as Appendix M.

\(^{51}\) 20 USC § 1413(a)(5).

\(^{52}\) 20 USC § 794.

\(^{53}\) As required by federal regulation 34 CFR § 300.600(c).
the school as “Meet[ing] Requirement.”\textsuperscript{54} In 2013, OSSE published its 2011 Annual Determination reports (based on the school’s 2010-11 performance). It found the school to be 67% compliant with these indicators, and designated the school as “Need[ing] Assistance” in fulfilling all applicable federal and local special education regulations.\textsuperscript{55}

**On-Site Monitoring Report**

OSSE periodically conducts an on-site assessment of an LEA’s special education compliance with student-level and LEA-level indicators, and publishes its findings in an On-Site Monitoring Report. If a school is found to be less than 80% compliant with a student-level indicator, it must implement corrections and report these corrections to OSSE within 365 days. In 2012-13, OSSE completed an on-site Compliance Monitoring Report of Meridian PCS, finding the school to be less than 80% compliant in 2 of 28 student-level compliance indicators, and less than 100% compliant in 3 of 29 LEA-level compliance indicators.\textsuperscript{56}

<table>
<thead>
<tr>
<th>STUDENT-LEVEL COMPLIANCE INDICATORS</th>
<th>LEA-LEVEL COMPLIANCE INDICATORS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Compliance Area</strong></td>
<td><strong>Number of indicators where school was less than 80% compliant</strong></td>
</tr>
<tr>
<td>Initial Evaluations and Reevaluations</td>
<td>0 out of 8</td>
</tr>
<tr>
<td>IEP</td>
<td>2 out of 15</td>
</tr>
<tr>
<td>Least Restrictive Environment</td>
<td>0 out of 2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2 out of 25</td>
</tr>
<tr>
<td>Dispute Resolution</td>
<td>0 out of 2</td>
</tr>
<tr>
<td>Fiscal</td>
<td>3 out of 21</td>
</tr>
</tbody>
</table>

\textsuperscript{54} See FFY 2010 IDEA Part B LEA Performance Determination, attached to this report as Appendix N. OSSE assigns to each LEA one of the following “Determination Level”: (1) meets requirements; (2) needs assistance; (3) needs intervention; or (4) needs substantial intervention.

\textsuperscript{55} See FFY 2011 IDEA Part B LEA Performance Determination, attached to this report as Appendix O.

\textsuperscript{56} See OSSE 2012-13 On-Site Monitoring Report, attached to this report as Appendix P. If the school was found to be less than 80% compliant with a student-level indicator that was impossible for the school to cure retroactively, OSSE would identify the point of noncompliance as an LEA-level violation. However, for purposes of this report PCSB did not include as an LEA-level violation any such student-level point of noncompliance.
In November 2013, OSSE verified that the LEA cured all points of noncompliance identified in this report.

**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 Timelines; (2) Early Childhood Transition Timelines; and (3) Secondary Transition Requirements.

In a June 2012 quarterly report, OSSE found the school noncompliant in completing initial special education evaluations in a timely manner during the time span of January through March 2012. According to OSSE, the LEA has since corrected this point of noncompliance. 57

OSSE now reports the school to have three points of noncompliance in conducting initial evaluations during the timespan of July through September 2012 that the school is in the process of correcting.

**OSSE Hearing Officer Determinations and Settlement Agreements**

If a parent and/or student files a complaint with OSSE regarding the students’ special education services, and an OSSE hearing officer reviews this complaint and determines that the school is at fault and has not properly provided special education services to the student, OSSE then tracks each LEA’s timely implementation of Hearing Officer Determinations (“HODs”) and Settlement Agreements.

As of November 5, 2013, OSSE databases indicate that Meridian PCS has one open HOD that is currently untimely, but which Meridian is in the process of implementing the HOD requirements.

**Procurement Contracts**

SRA § 38-1802.04(c) 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 PCS all bids received, the contractor selected, and the rationale for which contractor was selected. To ensure compliance with this law, PCS requires schools to submit a Determination and Findings form to detail any qualifying procurement contract that the school has executed.

From FY2009-2011, Meridian PCS submitted corresponding determination and findings forms for five contracts valued at or above $25,000. Before FY2010, the school did not identify $25,000 or above expenditures to PCSB. The school identified one $25,000+ contract in its FY2010 audit, and another $25,000+ contract in FY 2011, but did not submit any corresponding determination and findings forms in either of those fiscal years. In FY2012, the school did not identify any $25,000+ expenditures or submit any determination and findings forms.

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57 See OSSE June 2012 quarterly 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.

In the following section PCSB has analyzed Perry Street Prep PCS’ financial record in these areas and has determined that the school has not engaged in the type of fiscal mismanagement described above.

**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, Meridian 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**
Meridian PCS is economically viable, based on the school’s financial performance, sustainability, liquidity, and debt burden, as described below.\(^{58}\)

**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 results at least equal zero. During the past five financial periods, the school has produced five operating surpluses. In FY2013, the school’s draft audit reported a modest operating surplus of $3,903.

Another indicator of a school’s financial performance is its earnings before depreciation (EBAD)\(^{59}\), a financial performance measure that eliminates the effects of financing and accounting decisions. Meridian PCS had positive earnings before depreciation over the past five fiscal years.

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\(^{58}\) See Meridian PCS, Activities and Financial Analysis Sheet, attached to this report as Appendix R.

\(^{59}\) EBAD is the change in net assets plus amortization and depreciation.
### Expenditures
Meridian PCS’s spending decisions, illustrated in the graph below, are aligned with PCSB’s financial metrics for general education public charter schools over the past five years.\(^6^0\)

#### Expenditures as % of Revenues
(FY2009 - FY2013 averages)

![Expenditures Graph]

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Result</td>
<td>$761,519</td>
<td>$193,589</td>
<td>$858,755</td>
<td>$2,315,195</td>
<td>$3,903</td>
</tr>
<tr>
<td>EBAD</td>
<td>$1,017,167</td>
<td>$494,658</td>
<td>$963,463</td>
<td>$2,428,647</td>
<td>$681,794</td>
</tr>
</tbody>
</table>

### Sustainability
A school’s net assets\(^6^1\) and primary reserve ratio demonstrates its sustainability.\(^6^2\) PCSB recommends that schools accrue net asset reserves equal to three to six months of operational expenditures. In FY 2013, the school’s preliminary net asset reserves stood at $6.6 million. It equals approximately 204 days of expenditures at about $11.6 million, with monthly expenditures averaging approximately $967,000.

Also, the school’s FY2013 primary reserve ratio was 0.57, meaning that its net asset reserves equals 57% of its annual expenditures, a drop from FY2011 due to $2 million expense increase. The table below details the school’s net assets and primary reserve ratios over the past five years.

---

\(^{60}\) Note that the percentage does not equal 100% because revenue exceeded expenditures in fiscal year 2012.

\(^{61}\) Net Assets equals total assets minus total liabilities.

\(^{62}\) 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 and its days of cash on hand. A current ratio greater than one points to a school’s ability to satisfy its immediate financial obligations. Since FY2009, Meridian PCS’s current ratio has been at least one. This indicates 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, while less than 30 days of cash on hands draws liquidity concerns. Meridian PCS’s days of cash on hand have strong over the last five year. The school’s days of cash increased to 494 days in FY2012 from 183 days in FY2011 due to leasehold improvement loan proceeds. The school’s cash level is expected to drop to 109 days of cash in FY2013. Meridian PCS’s liquidity ratio and days of cash on hand trends are detailed in the table below.

<table>
<thead>
<tr>
<th>Fiscal Period</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Ratio</td>
<td>3.1</td>
<td>4.9</td>
<td>4.8</td>
<td>12.2</td>
<td>3.1</td>
</tr>
<tr>
<td>Days of Cash on Hand</td>
<td>162</td>
<td>121</td>
<td>183</td>
<td>494</td>
<td>109</td>
</tr>
</tbody>
</table>

Cash flow from operations indicates whether a school produces adequate cash flow to meet its operating needs. Since fiscal year 2011, Meridian PCS has maintained positive cash flow from operations with $945,103 projected in fiscal year 2013, as detailed in the below table.

<table>
<thead>
<tr>
<th>Fiscal Period</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flow from Operations</td>
<td>$405,635</td>
<td>$(159,999)</td>
<td>$1,637,356</td>
<td>$2,573,092</td>
<td>$945,103</td>
</tr>
</tbody>
</table>

Debt Burden
A school’s debt ratio indicates the extent to which a school relies on borrowed funds to finance its operations. Meridian PCS’s debt ratio climbed to 0.67 in FY2012 due to a $12.5 million leasehold improvement loan agreement, but remained relatively stable over the last fiscal year.

<table>
<thead>
<tr>
<th>Fiscal Period</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt Ratio</td>
<td>0.32</td>
<td>0.22</td>
<td>0.20</td>
<td>0.67</td>
<td>0.68</td>
</tr>
</tbody>
</table>

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63 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.
64 Unrestricted cash and cash equivalents divided by total expenditures divided by 360 days.
65 Debt ratio equals total liabilities divided by total assets.