



2014-15 Ten-Year Charter Review Report

Potomac Preparatory Public Charter School

November 17, 2014

DC Public Charter School Board
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TABLE OF CONTENTS

| | |
|---|----|
| STAFF RECOMMENDATION AND KEY FINDINGS | 2 |
| CHARTER REVIEW STANDARD..... | 2 |
| BACKGROUND INFORMATION ABOUT SCHOOL | 3 |
| GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS..... | 7 |
| COMPLIANCE WITH CHARTER AND APPLICABLE LAWS | 30 |
| FISCAL ANALYSIS | 35 |

STAFF RECOMMENDATION AND KEY FINDINGS

The District of Columbia Public Charter School Board (“PCSB”) staff has conducted a charter review of the District of Columbia Potomac Preparatory Public Charter School (“Potomac Prep PCS”)¹ according to the standard required by the School Reform Act (“SRA”), D.C. Code §§ 38-1802 *et seq.*²

Potomac Prep PCS has not engaged in a pattern of fiscal mismanagement or non-adherence to generally accepted accounting principles. The school has weak economic viability, although this has improved in the last two years.

Potomac Prep PCS did not meet 17 goals, partially met two goals, and met one goal. The school did not meet the majority of its academic goals and its reading, math, and science DC CAS proficiency rates have declined over the past three academic years. Similarly, its early childhood program has produced weak results, with the school missing targets related literacy and math growth, as well as literacy achievement.

PCSB staff is also concerned that Potomac Prep PCS is not operating the school in accordance with its mission of preparing students for college through a rigorous, arts infused program. There is no indication on the record that the school is executing an arts-infused program, and the school did not meet the goal related to the arts. Additionally, based on PCSB’s qualitative observations, as well as student achievement across all tested areas, the school is not preparing students for college through a rigorous program.

Based on these findings, the PCSB Board voted 5-0 at its November 17, 2014 meeting to initiate revocation of Potomac Prep PCS’s charter.

CHARTER REVIEW STANDARD

The SRA provides that the authorizer “shall review [a school’s] charter at least once every [five] years.”³ As part of this review, PCSB must determine whether:

- (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; and/or

¹ Until June 2014, Potomac Prep PCS operated as Potomac Lighthouse Public Charter School (PLPCS). Some of the goals discussed in this report use the school’s former name.

² D.C. Code § 38-1802.12(a)(3).

³ D.C. Code § 38-1802.12(a)(3).

- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter.”⁴

If PCSB determines that a school has committed a material violation of law, or has not met its goals and expectations, it may, at its discretion, grant the school a conditional continuance, or revoke the school’s charter.

Additionally, there is a fiscal component to the charter review. PCSB is required by the SRA to revoke a school’s charter if PCSB determines in its review 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.

SCHOOL OVERVIEW

Potomac Prep PCS began operation in 2005 under authorization from PCSB to serve students in grades pre-kindergarten through third grade during its first year, and to expand in subsequent years to eventually serve all grades through the twelfth grade.⁵ The school currently offers programming from pre-kindergarten-3 through the eighth grade.

Its mission, as detailed in its charter, is as follows:

Students at [Potomac Prep PCS] will acquire the knowledge, skills, values and attitudes to be responsible citizens and effective workers, through a curriculum that infuses fine and performing arts into a rigorous core of content.

However, starting in 2006-07, the school began using the following mission.

The mission of Potomac Lighthouse Public Charter School is to prepare students for college through a rigorous, arts infused program.

While the new mission does not change the core tenants of the school’s mission and philosophy, it should be noted that it is a violation of the SRA for a school to change its mission without submitting a charter revision petition.⁶

The school’s overall performance data on PCSB’s Performance Management Framework, which incorporates many indicators beyond reading and math proficiency, including academic growth,

⁴ D.C. Code § 38-1802.12(c).

⁵ Potomac Prep PCS charter agreement, p. 3, dated August 22, 2005 attached to this report as Appendix A.

⁶ D.C. Code § 38-1802.04(c)(10).

attendance, and reenrollment (the “PMF”) are summarized in the table below. As per the table below, the school has experienced a drop in performance in all grade levels from 2010-11 and 2011-12, and this drop continued in 2012-13 and has, to date, not shown signs of rebounding.

| | Ward | First School Year | 2013-14 Student Enrollment | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|-------|------|-------------------|----------------------------|------------------------|------------------------|------------------------|------------------------|
| PK3-2 | 5 | 2005-06 | 240 | Met 7 of 8 targets | Met 0 of 8 targets | Met 3 of 7 targets | N/A ⁷ |
| 3-8 | | | 183 | 54.6% Tier 2 | 49.3% Tier 2 | 34.3% Tier 3 | 35.3% Tier 2 |

Previous Charter Review

Per PCSB policy in place at the time, PCSB conducted a preliminary charter review of Potomac Prep PCS in February 2010 and then conducted a charter review the following year. At the time, the PCSB Board would issue a charter warning to a school if it determined in the preliminary charter review that the school had not met the review standard established by the SRA. The school would then “have an opportunity to take corrective action [over the course of a year] to improve their outcomes and thus avoid possible charter revocation by being responsive to the results of the preliminary charter review.”⁸

Preliminary Charter Review

In Potomac Prep PCS’s February 2010 preliminary review, PCSB staff found the school had not met the academic and governance standards and was a candidate for charter warning as a result. In the report, PCSB noted that in the previous school year, SY 2009-2010, 30.6% of Potomac Prep PCS students scored proficient in reading on the DC CAS and 13.9% scored proficient in math. The school met three of four non-academic criteria assessed, including attendance and enrollment targets. But it missed the 75% reenrollment target by having a 68% reenrollment rate in 2007-08 and a 71% enrollment rate in 2008-09.

PCSB staff also found the school did not meet the governance standard in place at the time, citing a “trend of several governance and leadership challenges in the school’s attempt to operate a fully functioning and operational level of implementation.”⁹ With respect to leadership stability, the school had three Board of Trustees chairs and four new principals within two years.¹⁰

⁷ There are no outcomes for the school’s early childhood program because this was the pilot year that it was evaluated as part of the new Early Childhood PMF.

⁸ Potomac Prep PCS Preliminary Charter Review Board Memorandum, dated February 2, 2010, attached to this report as Appendix B.

⁹ Potomac Prep PCS Preliminary Charter Review summary, p. 7, attached to this report as Appendix C.

¹⁰ See Appendix B, p. 1.

Regarding the school's compliance, PCSB found the school evidenced no to low levels of implementation of No Child Left Behind requirements. Fiscally, PCSB found the school's 0.37 liquidity ratio¹¹ to be "indicative of an institution on the verge of financial collapse."¹²

Based on these findings, the PCSB Board voted to issue a charter warning to the school.¹³

Memorandum of Understanding

In April 2010, after the school was placed on charter warning, it entered into a Memorandum of Understanding ("2010 MOU") with PCSB. In this MOU, PCSB's concerns with the school's performance were that:

- The school did not have a documented comprehensive curriculum that was aligned with state standards.
- There was lack of clarity regarding "the meaning associated with the major components of the mission statement: arts-infusion, college preparatory and instructional rigor, and the implications for student learning."
- "Classroom observations revealed limited differentiated instruction and the use of critical thinking."
- The school had not developed a school-wide testing calendar.
- The review team observed "many incidences of anger, disruptive and violent behaviors displayed between students in the classrooms which threatened the safety of other children and staff."¹⁴
- The school had "inadequate staffing, space and material resources to support mission accomplishment and improve student achievement."¹⁵
- The school had not complied with the SRA's requirement that a charter school's board have an odd number of members, along with two parent mentors.
- The school did not submit data to PCSB in a timely manner.

The 2010 MOU also included the school's responses to these concerns. In this MOU, the school proposed to not offer grades six through eight in 2010-11.¹⁶ In 2010-11 and 2011-12, the school offered pre-kindergarten, adding sixth and seventh grades in 2012-13, and eighth grade in 2013-14.¹⁷ While the school committed in the 2010 MOU to include its progress regarding addressing PCSB's concerns in its 2009-10 Annual report, it did not do so.¹⁸

Charter Review

In February 2011, PCSB conducted the school's charter review, with the PCSB Board voting to fully

¹¹ To calculate a school's "liquidity ratio," current assets are 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. See ...

¹² See Appendix B, p. 8.

¹³ See February 22, 2010 PCSB Board meeting minutes, attached to this report as Appendix D.

¹⁴ See April 2010 Memorandum of Understanding, p. 8, attached to this report as Appendix E.

¹⁵ See Appendix E, p. 10.

¹⁶ See Appendix E, p. 10.

¹⁷ See 2010-11, 2011-12, 2012-13, and 2013-14 annual reports, attached to this report as Appendix F.

¹⁸ See Appendix E, p. 12 and 2009-10 annual report.

continue the school. In this review, PCSB staff noted that the school's academic proficiency had improved from 2008-09 to 2009-10 (from 31% to 42% in reading, and 15% to 45% in math).¹⁹

PCSB staff also noted that the school had "begun implementing the recommendations for improvements in curriculum, instruction, and assessment that were outlined in the [MOU] and Program Development Review, has demonstrated progress on its internal assessments, and has systems in place to monitor student performance."²⁰ Finally, it was noted that in FY2010 the school's financials remained weak, with a low liquidity ratio, and a fiscal deficit of \$163,000, which was down from a \$565,000 deficit in FY2009. Part of this deficit decrease was due to the school's charter management organization, Lighthouse Academies, Inc. ("CMO" or "Lighthouse Academies") forgiving a \$230,000 promissory note to the school.

Board-to-Board Meeting

In January 13, 2014, representatives from the governing boards of both PCSB and Potomac Prep PCS met to discuss PCSB's concerns about the school's academic and compliance performance, numerous reports of an often chaotic environment at the school, and its upcoming charter review.²¹ In PCSB's March 7, 2014 letter to the school that followed this meeting, it emphasized that "it was urgent for the school to take action to improve its academic performance in all grade levels or ... charter revocation could result."²² Additionally, PCSB informed the school of other issues: that it had "significantly underreported its suspensions to PCSB, and for a time did not have two parent members on the school's Board of Trustees."

In subsequent meetings, the school responded to these concerns, citing that it "hired almost an entirely new teaching faculty," had engaged the Achievement Network for professional development regarding data-driven instruction, and that a new regional vice-president of the school's CMO would be supporting the school. The school also informed PCSB that its board's leadership was changing – the former board chair was stepping off the board and being replaced by a new board chair.

Separation from Lighthouse

In June 2014, the PCSB Board approved a request from the school to terminate its agreement and relationship with Lighthouse Academies. After the PCSB Board's approval, the school executed a termination agreement with the CMO, hired a new school leader reporting directly to the board, and contracted with EdOps to manage its finances.

The school's charter stipulates that Lighthouse Academies would provide the school's academic curriculum design and materials; human resources development and management, including the employment of all teachers and staff by Lighthouse Academies; and fiscal management, legal

¹⁹ See Charter Review Analysis, p. 2, attached to this report as Appendix G.

²⁰ See Appendix G, p. 2.

²¹ See letter dated March 7, 2014 from Scott Pearson, PCSB Executive Director, to Betsy Jorgensen, Potomac Prep PCS board chair, attached to this report as Appendix H.

²² See Appendix H.

compliance, and operational support. Losing this support, which was identified in the charter, generally requires a school to develop and submit an extensive petition to amend its charter, with a detailed plan as to how the Board of Trustees would manage the school's academics, operations, and finances independently from Lighthouse Academies. Such a petition would need to provide details on the school's curriculum, instructional strategies, academic plans, and organizational structure, all of which were invalid in the school's charter after the departure of Lighthouse. Because the school was scheduled to undergo this charter review, PCSB and the school agreed to postpone this charter petition until after the PCSB Board voted on this review and entered instead into a Memorandum of Understanding for the 2014-15 academic year that addressed, at a very high level, the academic and operations structure of the school operating independently of a CMO.²³

November 2014 Submission from Potomac Prep PCS

On November 11, 2014, Potomac Prep PCS submitted a response to PCSB's preliminary charter review report.²⁴ In this submission, the school first described its relationship with and separation from its former management company. It was also detailed in the submission that the school should receive charter continuance for the following reasons: (1) a new leadership team is in place; (2) a strong strategic plan has now been implemented; and (3) the school should not be closed as a result of Lighthouse Academies' mismanagement.

PCSB staff does not find the school's arguments for continuance persuasive. PCSB cannot base a charter continuance on a new leadership staff and/or new strategic plan launched in the school's tenth year, just as the tenth-year review began, after a decade of poor performance. Moreover, the SRA requires the charter review to be based on the school's historical performance.

PCSB staff also rejects the school's argument that "the school should not be closed" on its former charter management organization's poor performance. PCSB first notes that its recommendation to the PCSB Board to revoke the school's charter is not based on Lighthouse Academies' mismanagement, but on staff's conclusion that the school has not met the vast majority of the goals and academic achievement expectations it committed to in its charter. Second, PCSB staff finds this argument to be invalid given the statutory duties of DC charter school boards. DC charter schools are organized as non-profit corporations led by a board of trustees. As required by the SRA, Potomac Prep PCS's board of trustees has a fiduciary duty to the school and "may make final decisions on matters related to the operation of the school, consistent with the charter granted to the school, this subchapter, and other applicable law."²⁵

The school also responded to some specific points of PCSB staff's analysis regarding the school's attainment of its goals and academic achievement expectations. While these responses provide context as to why the school did not meet particular goals and academic achievement expectations, it does not change any of PCSB staff's findings.

²³ See September 16, 2014 Memorandum of Understanding, attached to this report as Appendix I.

²⁴ See November 11, 2014 letter from Mr. Richard A. Chesley to Ms. Nia Fripp-Smith, attached to this report as Appendix T.

²⁵ See D.C. Code § 38-1802.05(d).

GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

The SRA requires PCSB to review whether a school has met its goals and student academic achievement expectations (“expectations”) at least once every five years. Goals are specific aims that are measurable and 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 state or externally validated 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”).

The chart below summarizes PCSB’s determinations of whether the school met its respective goals and academic expectations. These determinations are based on the school’s performance in the 2010-11, 2011-12, 2012-13, and 2013-14 school years, and are further detailed in the body of this report.

| | Goals and Academic Expectations | Met? |
|-----------|--|-------------------------------|
| 1 | All students will reach high levels of academic attainment. | No |
| 1(a) | All students will demonstrate progress towards academic success in all core subjects. | No |
| 1(a)(i) | All students will demonstrate grade-appropriate reading strategies. | No |
| 1(a)(ii) | All students will apply math concepts to solve problems addressing grade-level standards. | Partially |
| 1(a)(iii) | All students will successfully complete lab work addressing grade-level standards. | No |
| 1(a)(iv) | All students will communicate through writing according to grade-level standards. | No |
| 1(a)(v) | All students will successfully complete work in social studies that aligns to grade-level standards. | No (Insufficient Evidence) |
| 1(b) | Each year all students enrolled for a full year at the school will successfully complete at least 80 percent of schoolwork corresponding to Lighthouse Exit Standards. | No (Insufficient Evidence) |
| 1(c) | All students will demonstrate improvement of at least four Normal Curve Equivalent (NCE) points between the fall and spring administration of the standardized assessment in use by the District of Columbia Public Schools in the same school year. | No longer measured |

| | | |
|------|--|-------------------------------|
| 1(d) | All students who have spent at least two full years at the school will score at least within half a year of their grade level equivalent on the standardized assessment in use by the District of Columbia Public Schools. | No |
| 1(e) | All students who have spent at least two full years at the school will demonstrate proficiency on state assessments. | No |
| 1(f) | Among students who have spent at least two full years at the school, disaggregated data from the standardized assessment in use by the District of Columbia Public Schools will show no significant difference between groups of students from different demographic groups within a school. | No |
| 2 | All students will contribute to at least one public art demonstration or performance each year. | No (Insufficient Evidence) |
| 3 | Students will demonstrate hard work, personal responsibility, and respect according to school-developed standards. | Yes |
| 4 | Potomac Prep PCS will meet Adequate Yearly Progress targets. | No longer measured |
| 5 | Parents at Potomac Prep PCS will rate the school, on average, at least 3.0 out of a 4.0 scale on a parent satisfaction survey. | No (Insufficient Evidence) |
| 6 | Potomac Prep PCS will fill, by the end of the first week of school, at least 95% of the available openings each year. | No |
| 7 | Potomac Prep PCS will re-enroll at least 90% of eligible students at the end of the school year. | No |
| 8 | The average daily student attendance each year will be at least 90%. | Partially |
| 9 | By the end of each July, Potomac Prep PCS will develop a wait list equal to 20% of the school's total enrollment for the next school year. | No |
| 10 | Potomac Prep PCS will have a balanced budget each fiscal year. | No |
| 11 | There will be no exceptions made by the school's external auditor. | No |

1. Goal: **All students will reach high levels of academic attainment.**

Assessment: **Potomac Prep PCS has not met this goal.** The school did not meet the majority of the subgoals that this goal is based on. Its median growth percentile and proficiency rates have decreased since 2010-11, and it also missed many early childhood academic targets from 2010-11 to 2013-14.

1(a). Goal: **All students will demonstrate progress towards academic success in all core subjects.**

Assessment: **Potomac Prep PCS did not meet this goal.** Its early childhood program had mixed performance in reading growth, with a significant drop in growth from 2012-13 to 2013-14. Early childhood math growth was poor, with the school missing each math growth target from 2010-11 to present. While the school had average to above average reading and math growth on the DC CAS in 2010-11 and 2011-12, those rates dropped significantly from 2011-12 to 2012-13. Reading growth remained low in 2013-14, with math growth recovering to average. Given the downward trend in academic growth since 2010-11, the school did not meet this goal.

Early Childhood Literacy Growth

The school had mixed performance in early childhood literacy growth, with a significant drop in pre-kindergarten literacy growth from 2012-13 to 2013-14, as well as a significant drop in kindergarten through second grade growth from 2010-11 to 2012-13.

| Pre-Kindergarten Literacy Growth | | |
|----------------------------------|--|--|
| Year | Target | Target Met? ²⁶ |
| 2010-11 | 70% of preschool and pre-kindergarten students will meet or exceed their individual growth targets in reading on the Teach for America (“TFA”) Indicators of Success assessment. | Yes 84% ²⁷ of students met or exceeded their individual growth targets. |
| 2011-12 | 70% of preschool and pre-kindergarten students will meet or exceed individual growth targets by the spring administration on the TFA Indicators of Success Letter ID assessment. | No The school was unable to provide primary source data. |
| 2012-13 | 60% of pre-kindergarten-3 and pre-kindergarten-4 students will meet or exceed the average growth goal on the Every Child Ready composite assessment. | Yes 100% of students met this goal. |
| 2013-14 | Rate of pre-kindergarten-3 and -4 students meeting or exceeding average growth goal on the Every Child Ready composite assessment. | 58.9% of students Below 60% EC PMF floor |

²⁶ In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.

²⁷ Early childhood rates were rounded to the nearest whole number in 2010-11.

| K-2 Literacy Growth | | |
|---------------------|--|---|
| Year | Target | Target Met? ²⁸ |
| 2010-11 | 70% of kindergarten through second-grade students will demonstrate 1.5 years of growth targets in reading on the Northwest Education Association's Measures of Academic Progress ("NWEA MAP"). | Yes 94% of students met or exceeded 1.5 years of academic growth. |
| 2011-12 | 70% of kindergarten through second-grade students will demonstrate 1.5 years of academic growth in reading by the spring administration on the NWEA MAP. | No The school was unable to provide primary source data. |
| 2012-13 | 60% of kindergarten through second-grade students will score at or above typical growth in reading on the NWEA MAP. | No 36.0% of students made at least one year's growth. |

Early Childhood Math Growth

The school had mixed performance in pre-kindergarten math growth, and missed all targets associated with math growth for kindergarten through second grade students.

| Pre-Kindergarten Math Growth | | |
|------------------------------|--|--|
| Year | Target | Target Met? ²⁹ |
| 2010-11 | 70% of preschool and pre-kindergarten students will meet or exceed their individual growth targets in mathematics on the Teach for America ("TFA") Indicators of Success assessment. | Yes 86% ³⁰ of students met or exceeded their individual growth targets. |
| 2011-12 | 70% of preschool and pre-kindergarten students will meet or exceed individual growth targets by the spring administration on the TFA Indicators of Success math assessment. | No The school was unable to provide primary source data. |
| 2012-13 | 60% of pre-kindergarten-3 and pre-kindergarten-4 students will meet or exceed the average growth goal on the Every Child Ready composite assessment. | Yes 100% of students met this goal. |
| 2013-14 | Rate of pre-kindergarten-3 and -4 students meeting or exceeding average growth goal on the Every Child Ready composite assessment. | Yes 75.3% of students (EC PMF floor is 60%) |

²⁸ In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.

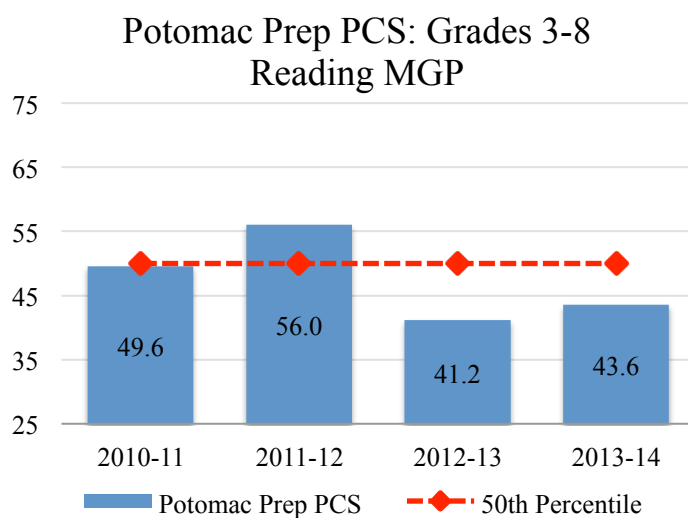
²⁹ In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.

³⁰ Early childhood rates were rounded to the nearest whole number in 2010-11.

| K-2 Math Growth | | |
|-----------------|--|--|
| Year | Target | Target Met? ³¹ |
| 2010-11 | 70% of kindergarten through second-grade students will demonstrate 1.5 years of growth targets in mathematics on the Northwest Education Association's Measures of Academic Progress ("NWEA MAP"). | No 67% of students met or exceeded 1.5 years of academic growth. |
| 2011-12 | 70% of kindergarten through second-grade students will demonstrate 1.5 years of academic growth in math by the spring administration on the NWEA MAP. | No The school was unable to provide primary source data. |
| 2012-13 | 60% of kindergarten through second-grade students will score at or above typical growth in reading on the NWEA MAP. | No 50.0% of students made at least one year's growth. |

DC CAS Reading Growth

The graph below represents Potomac Prep PCS's reading median growth percentile ("MGP"), the median of its individual students' growth percentiles.³² In 2010-11 and 2011-12, students grew at the same rate and exceeded the other rate of other DC students in the same grades and with the same initial DC CAS performance, respectively. However, the school's reading MGP dropped by 14.8 points from 2011-12 and 2012-13, and remained well below average growth in 2013-14.

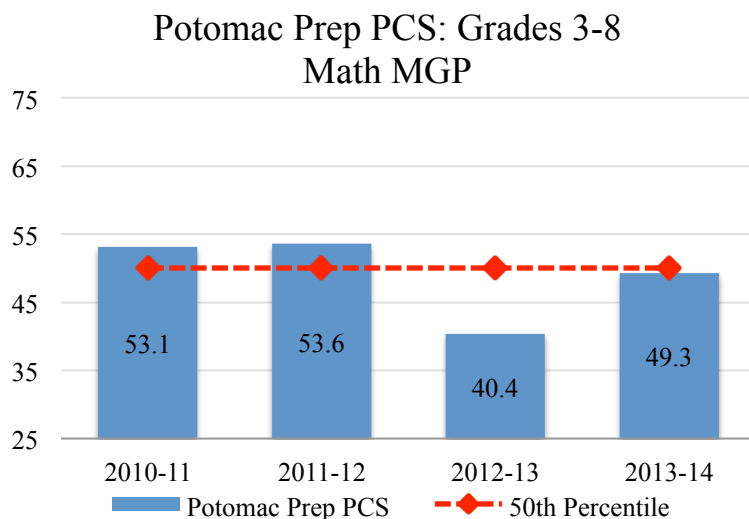


³¹ In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.

³² 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.

DC CAS Math Growth

The graph below represents Potomac Prep PCS's math median growth percentile ("MGP"), the median of its individual students' growth percentiles.³³ The school's math growth has been at or above average in three of the past four academic years. As with the school's reading growth, the school's math MGP dropped significantly from 2011-12 to 2012-13.



1(a)(i). Goal: **All students will demonstrate grade-appropriate reading strategies.**

Assessment: **Potomac Prep PCS did not meet this goal.** While PCSB observed qualitative evidence to support this goal, the teaching and learning methods observed did not result in students demonstrating grade-appropriate reading strategies, given that in 2013-14 only 40.1% of Potomac Prep PCS students scored proficient on the DC CAS. DC CAS proficiency dropped from the school's sixth to ninth year in operation and is currently below the sector average in both proficiency and growth. Early childhood reading proficiency has been mixed, with an achievement drop from the 2012-13 to 2013-14 school year.

Early Childhood Literacy

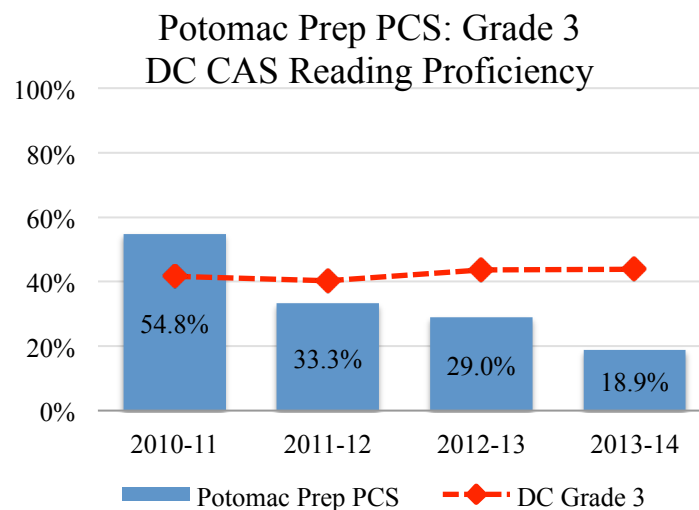
The school had mixed performance in early childhood literacy achievement, with a 30 percentage-point drop in proficiency from 2012-13 to 2013-14.

³³ 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.

| K-2 Literacy Achievement | | |
|--------------------------|--|---|
| Year | Target | Target Met? ³⁴ |
| 2010-11 | 50% of kindergarten through second-grade students will score at or above grade level in reading on the Northwest Education Association's Measures of Academic Progress ("NWEA MAP"). | Yes 63% of students met or exceeded 1.5 years of academic growth. |
| 2011-12 | 50% of kindergarten through second-grade students will score on grade level in reading on the NWEA MAP. | No The school was unable to provide primary source data. |
| 2012-13 | 60% of kindergarten through second-grade students will meet or exceed college readiness targets in reading on the NWEA MAP. | Yes 72.0% of students made at least one year's growth. |
| 2013-14 | Rate of kindergarten through second grade students meeting or exceeding college readiness targets in reading on the NWEA MAP | 42.6% Below 50% EC PMF floor |

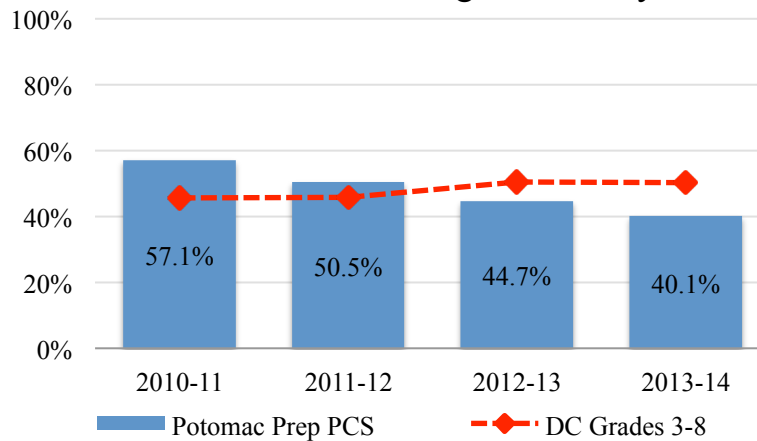
Grades 3-8 Reading Proficiency

Potomac Prep PCS's reading proficiency has dropped each year from 2010-11 to present, and was below the state average in the most recent two years. In third grade, a critical gateway year for childhood literacy, the school's proficiency rate has dropped by 35.9 percentage points from 2010-11 to 2013-14. This third grade proficiency rate was the second lowest out of all DC charter schools assessed by the ES/MS PMF (the school with the lowest rate closed at the end of the 2013-14 school year).



³⁴ In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.

Potomac Prep PCS: Grades 3-8 DC CAS Reading Proficiency



The following table details the school’s special education reading proficiency rate.

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|---------|
| Potomac Prep PCS SWD³⁵ | 31.3% | n < 10 | 25.0% | 16.7% |
| DC SWD Grades 3-8 | 17.5% | 16.9% | 20.3% | 20.5% |

Qualitative Evidence

In February 2014, the PCSB review team observed the following in support of this goal. However, these teaching methods did not result in students demonstrating grade appropriate reading strategy, given that in 2013-14 only 40.1% of Potomac Prep PCS students scored proficient on the DC CAS and student academic growth in literacy was well below state averages.

The review team saw evidence school wide of students being taught explicit reading skills such as sequencing, retelling story details, making predictions, and comparing/contrasting text details. Students were able to articulate verbally or in writing what they were learning in some classes. One of the students in the PK-4 classroom shared that they were learning to tell what happens first in a story. In another PK classroom the teacher explicitly taught students vocabulary words and asked students to find words around the classroom that described their vocabulary. One of the middle grade teachers selected a culturally relevant text that students annotated and discussed. The students examined how the writer portrayed a character’s perception of poverty. The team observed evidence of common planning across PK classrooms. Several of these classrooms were reading the same text with students and completing similar activities.³⁶

³⁵ SWD means “students with disabilities.”

³⁶ 11-12 QSR p. 5.

1(a)(ii). Goal: **All students will apply math concepts to solve problems addressing grade-level standards.**

Assessment: **Potomac Prep PCS partially met this goal.** Its early childhood math achievement has been mixed, and its DC CAS math proficiency, while above or at the state average in 2010-11 and 2011-12, has been below the state average for the past two years and has dropped each year since 2010-11.

Early Childhood Math Achievement

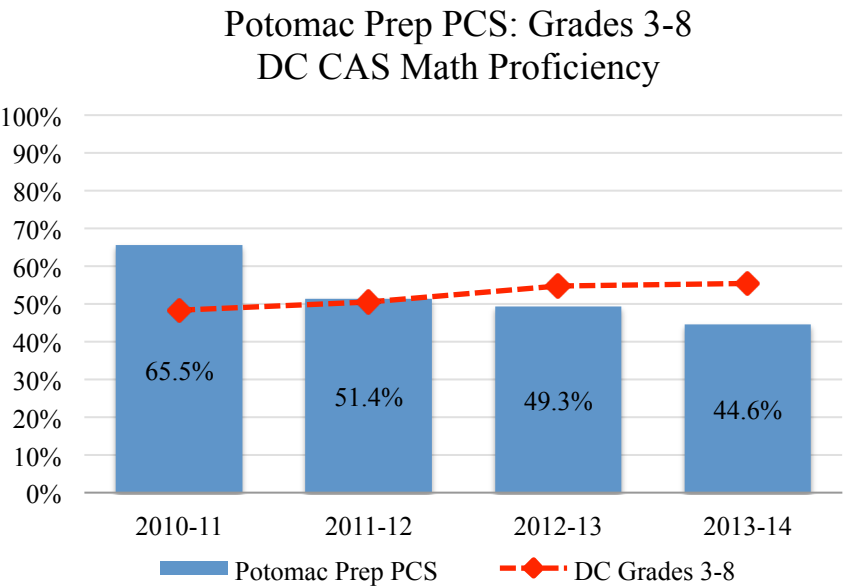
The school's early childhood math achievement has been mixed, with a significant drop in achievement from the 2012-13 school year.

| K-2 Math Achievement | | |
|----------------------|---|--|
| Year | Target | Target Met? ³⁷ |
| 2010-11 | 50% of kindergarten through second-grade students will score at or above grade level in math on the Northwest Education Association's Measures of Academic Progress ("NWEA MAP"). | Yes 53% of students met or exceeded 1.5 years of academic growth. |
| 2011-12 | 50% of kindergarten through second-grade students will score on grade level in math on the NWEA MAP. | No The school did not provide primary source data at time of review. |
| 2012-13 | 60% of kindergarten through second-grade students will meet or exceed college readiness targets in mathematics on the NWEA MAP. | Yes 91.0% of students made at least one year's growth. |
| 2013-14 | Rate of kindergarten through second grade students meeting or exceeding college readiness targets in math on the NWEA MAP | 75.3% EC PMF floor is 60% |

³⁷ In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.

DC CAS Math Proficiency

The school’s DC CAS math proficiency has dropped each year since 2010-11, and has been below the sector average in the two most recent academic years.



The following table details the school’s special education math proficiency rate.

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|----------------------|---------|---------|---------|---------|
| Potomac Prep PCS SWD | 18.8% | n < 10 | 26.3% | 27.8% |
| DC SWD Grades 3-8 | 21.1 | 20.2 | 25.3 | 25.4 |

Qualitative Evidence

In February 2014 PCSB reviewers observed mixed evidence in support of this goal.

Some of the math teachers asked rigorous questions and regularly assessed student progress. In a pull-out math observation a teacher taught a multi-sensory lesson on subtraction using multi-colored cubes for subtraction problems to represent the subtrahend, the minuend, and the difference. The students recorded their responses to each problem on a worksheet. During a second grade math class, students were divided into teams in which they demonstrated how to count money up to amounts of \$20 using manipulatives.

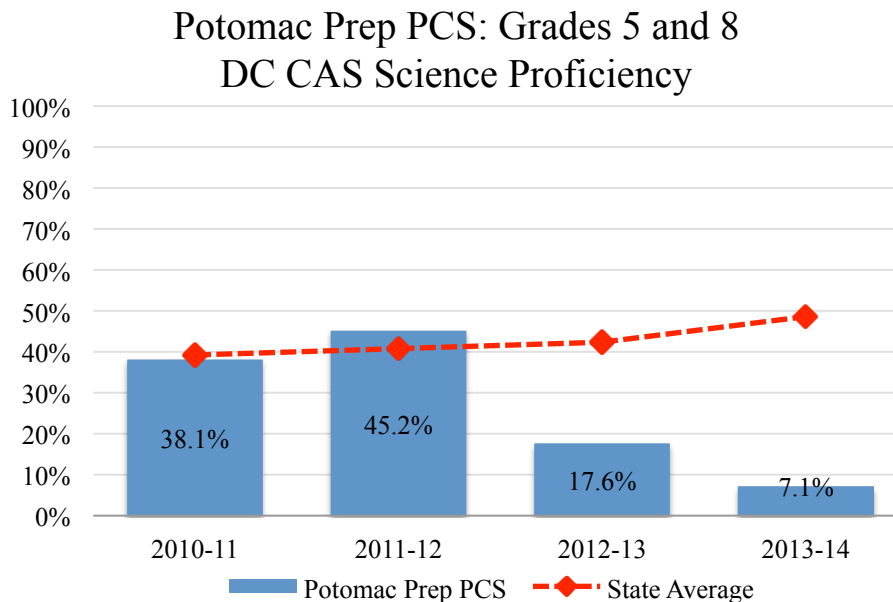
...

Two other math classes did not demonstrate effective instructional

techniques. In one of these classes there was no lesson objective stated or posted, and the lesson activities were disjointed and appeared to be made up as the teacher went along. In another math classroom, the teacher spent ten to fifteen minutes discussing math content that was not aligned to the current lesson objective.³⁸

1(a)(iii). **Goal:** All students will successfully complete lab work addressing grade-level standards.

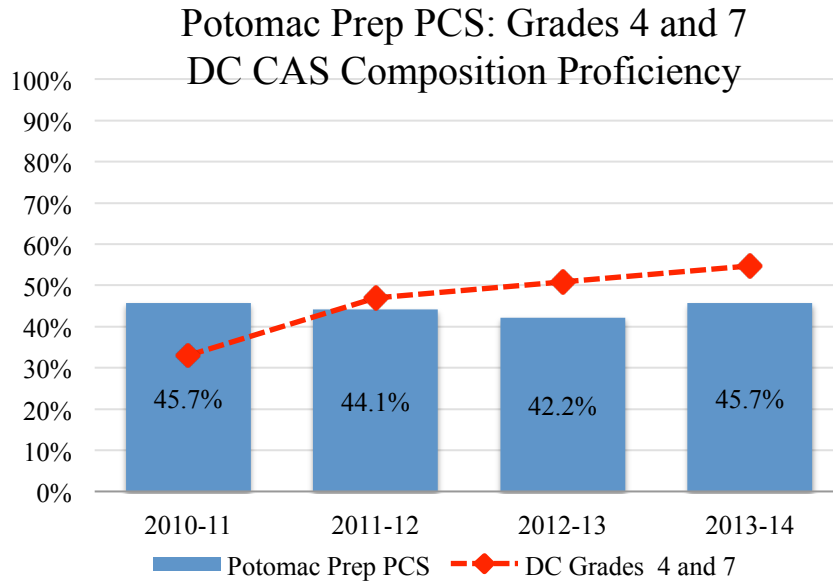
Assessment: Potomac Prep PCS did not meet this goal. It did not submit any evidence demonstrating that its students completed lab work. In any event, the school's science proficiency decreased significantly from 2011-12 to the present.



1(a)(iv). **Goal:** All students will communicate through writing according to grade-level standards.

Assessment: Potomac Prep PCS not met this goal. PCSB considers a student to be at grade-level in writing if (s)he scores proficient on the DC CAS composition assessment. The school's composition rate has been below the state average for the past three years. Therefore, PCSB concludes that the school has not met this goal.

³⁸ See 2013-14 Qualitative Site Review, pp. 4-5, attached to this report as Appendix J.



1(a)(v). Goal: **All students will successfully complete work in social studies that aligns to grade-level standards.**

Assessment: **Potomac Prep PCS did not meet this goal because it did not provide sufficient evidence in support of its performance.** While the school submitted some undated student social studies grades, it did so for a small percentage of students. Therefore, it was not sufficient to demonstrate that “all students” met this goal.

1(b). Goal: **Each year all students enrolled for a full year at the school will successfully complete at least 80 percent of schoolwork corresponding to Lighthouse Exit Standards.**

Assessment: **Potomac Prep PCS did not meet this goal because it did not provide sufficient evidence in support of its performance.** PCSB requested, and the school did not provide, documentation of students successfully completing schoolwork corresponding to Lighthouse Exit Standards.

1(c). Goal: **All students will demonstrate improvement of at least four Normal Curve Equivalent (NCE) points between the fall and spring administration of the standardized assessment in use by the District of Columbia Public Schools in the same school year.**

Assessment: **This goal is no longer measured.** The District of Columbia no longer calculates student growth using Normal Curve Equivalent points, and instead calculates a school’s median growth percentile (“MGP”). Potomac Prep PCS’s MGP performance is analyzed in support of a goal analyzed above in this report.

1(d). Goal: All students who have spent at least two full years at the school will score at least within half a year of their grade level equivalent on the standardized assessment in use by the District of Columbia Public Schools.

Assessment: Potomac Prep PCS did not meet this goal. The DC CAS does not calculate a numeric grade level for each student, but instead identifies students as below basic, basic, proficient, or advanced, based on their performance on the assessment. A score of basic or below basic indicates the student is not meeting the state performance standards for their grade level.

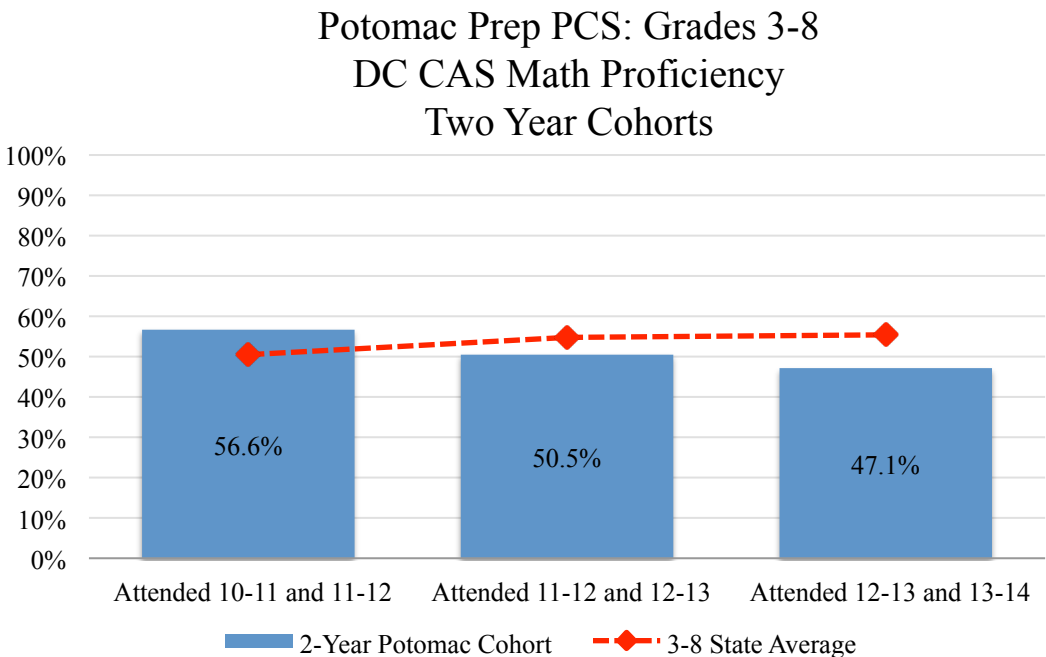
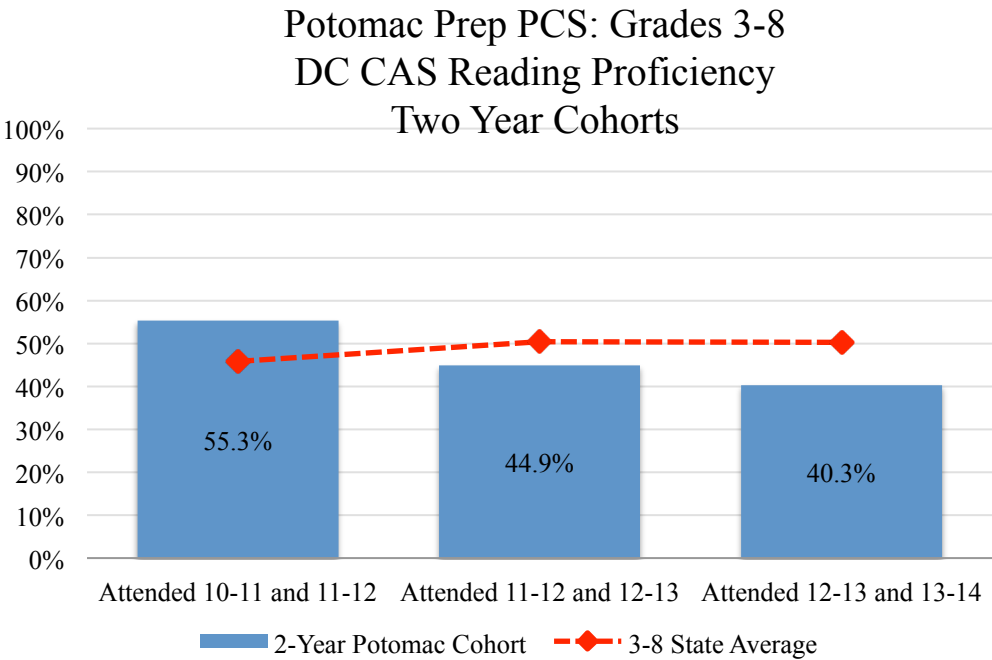
The below tables detail the achievement of students that attended the school for two academic years. Each year, 10.3% to 18.4% of students scored below basic on the reading and math assessments, indicating that they are below grade level. The percentage of students attending the school and scoring below basic in these two years supports that the school did not meet this goal.

| DC CAS reading performance after two years of enrollment at Potomac Prep PCS | | | | |
|---|----------------|--------|------------|----------|
| | Below Basic | Basic | Proficient | Advanced |
| Enrolled in 10-11 and 12-13 | 10.9% | 48.74% | 37.8% | 2.5% |
| Enrolled in 11-12 and 12-13 | 18.4% | 36.7% | 41.8% | 3.1% |
| Enrolled in 12-13 and 13-14 | 16.0% | 37.0% | 37.0% | 10.1% |

| DC CAS math performance after two years of enrollment at Potomac Prep PCS | | | | |
|--|----------------|-------|------------|----------|
| | Below Basic | Basic | Proficient | Advanced |
| Enrolled in 10-11 and 12-13 | 11.8% | 31.6% | 35.5% | 21.1% |
| Enrolled in 11-12 and 12-13 | 10.3% | 39.2% | 40.2% | 10.3% |
| Enrolled in 12-13 and 13-14 | 16.0% | 37.0% | 37.0% | 10.1% |

1(e). Goal: All students who have spent at least two full years at the school will demonstrate proficiency on state assessments.

Assessment: Potomac Prep PCS did not meet this goal. The reading and math proficiency rates of students attending the school at least two full years has decreased over the past three years, and below the state average in the most recent two years.



1(f). **Goal:** Among students who have spent at least two full years at the school, disaggregated data from the standardized assessment in use by the District of Columbia Public Schools will show no significant difference between groups of students from different demographic groups within a school.

Assessment: Potomac Prep PCS did not meet this goal. The performance of its special education student subgroup is significantly lower than the school's overall proficiency rate. Additionally, there has been a performance gap between male and female students in reading and math over several of the past four academic years.

| Potomac Prep PCS – Grades 3-8 DC CAS Reading Proficiency by Subgroup | | | | |
|---|---------|---------|---------|---------|
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| All Students | 57.1% | 50.5% | 44.7% | 40.1% |
| Male Students | 54.5% | 48.9% | 37.1% | 29.7% |
| Female Students | 58.8% | 51.6% | 52.1% | 49.4% |
| Economically Disadvantaged | 50.0% | n < 10 | 44.7% | 40.1% |
| Special Education | 31.3% | n < 10 | 25.0% | 16.7% |

| Potomac Prep PCS – Grades 3-8 DC CAS Math Proficiency by Subgroup | | | | |
|--|---------|---------|---------|---------|
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| All Students | 65.5% | 51.4% | 49.3% | 44.6% |
| Male Students | 63.6% | 46.8% | 43.5% | 43.2% |
| Female Students | 66.7% | 54.7% | 54.9% | 45.8% |
| Economically Disadvantaged | 63.6% | n < 10 | 49.3% | 44.6% |
| Special Education | 18.8% | n < 10 | 26.3% | 27.8% |

2. **Goal:** All students will contribute to at least one public art demonstration or performance each year.

Assessment: Potomac Prep PCS did not meet this goal because it did not provide sufficient evidence in support of its performance. The school's annual report details that in 2013-14, eighth

grade students produced a variety show in the style of the Harlem Renaissance.³⁹ However, there was not sufficient evidence presented that all students contributed to at least one art demonstration or performance each year from 2010-11 to 2013-14.

3. **Goal: Students will demonstrate hard work, personal responsibility, and respect according to school-developed standards.**

Assessment: **Potomac Prep PCS met this goal.** For the most part, its suspension and expulsion rates are in line with the charter sector. Additionally, qualitative evidence supports this goal, with students demonstrating hard work, personal responsibility, and respect, with only a few students observed as outliers.

| Potomac Prep PCS Out-of School Suspensions | | | | |
|---|------------------------|-------------------|------------------------|------------------------|
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Potomac Prep PCS | 19.1% (45 students) | 0.6% (2 students) | 13.4% (53 students) | 14.2% (60 students) |
| Charter Sector Rate | - | 11.8% | 10.0% ⁴⁰ | 12.1% |

| Potomac Prep PCS Long-Term Suspensions (10+ Days) | | | | |
|--|----------------------|----------------------|-----------------------------------|----------------------|
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Potomac Prep PCS | 0.0% (0 students) | 0.0% (0 students) | 0.3% ⁴¹ (1 student) | 0.0% (0 students) |
| PK-8 Charter Sector Rate | - | 0.9% | 0.0% ⁴² | 0.1% |

| Potomac Prep PCS Expulsions | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
| Potomac Prep PCS | 0.9% (2 students) | 0.0% (0 students) | 0.0% (0 students) | 0.0% (1 students) |
| Charter Sector Rate ⁴³ | - | 1.0% | 0.5% | 0.4% |

³⁹ See 13-14 annual report, Appendix F, p. 25.

⁴⁰ This is a state average, not the charter sector average.

⁴¹ In 2012-13, PCSB defined long-term suspension as eleven or more days.

⁴² This is a state average, not the charter sector average.

⁴³ Expulsion averages are available only for the charter sector as a whole, not for specific grade bands.

Qualitative Evidence

PCSB reviewers observed the following evidence in support of this goal.

2012-13

There didn't appear to be a school-wide standard of conduct beyond traditional expectations for student behavior in school, although there was talk in the administrative focus group of “no nonsense nurturing” as the behavior management structure. Most students took the initiative to actively follow the teacher’s lead rather than wait to be told what to do. Most students appeared to take personal responsibility for their work, focusing intently during the Book Club and Power Hour to put the time toward the use as it was intended. Teachers emphasized the need to have pride in your work, especially during these targeted instruction periods. Many students also exhibited the ability to genuinely self-refer during instruction. In one case, after students struggled on questions, they told the teacher about their confusion and the teacher assigned small groups. Most students were respectful in their communications with teachers. In a few classes, a group of students remained unengaged, distracted those who were on-task, and would not comply with directions to improve their behavior. In a few classes, students were disrespectful in interacting with the teacher. As the teacher continued on a monotone monologue on unacceptable behavior, a student said out loud, “blah, blah, blah.” Another student in the class told the teacher to “leave me alone.” These were the exception to an otherwise well-behaved student body.⁴⁴

2013-14

PCSB observed several classrooms where students were responsible citizens and effective workers. In these classrooms, teachers ensured that students were tracking the speaker and kept their eyes on the board during instructional time. Students were often awarded merits based on their individual, team or class effort. In several classrooms common student expectations were posted, which included “Use Accountable Talk, Raise Your Hand, Stay in your Seat, Always be PORK – Professional, Organized, Respectful, Kind and a description of how students can earn their stars and stripes.” However, in some classrooms the review team did not see students demonstrating responsible behavior or good work habits.⁴⁵

...

⁴⁴ See Appendix J, p. 2.

⁴⁵ See Appendix J, p. 3.

In several of the observations, students understood the classroom behavioral and learning expectations, which were posted and frequently referenced by the teacher. The reward systems provided incentives for students to create high quality work and demonstrate good choices in the classrooms. During pull-out sessions students entered the classrooms and immediately began working. Many of the cues used by teachers to keep students focused were observed school wide. The team observed a few classes with a weak environment of learning and support. In one classroom students ignored the teacher and were distracted by each other throughout the observation. In another classroom the teacher reviewed a students' work and said, "HUH! You think THIS is acceptable?" The student said, "I guess not." The teacher abrasively told the student to erase his work and correct it, but the student did not understand how to fix his mistake.⁴⁶

...

There were also some observations where students were not respectful of other students or had limited opportunities to interact with students at all. In a few observations students were disrespectful to the teacher. Students interrupted one teacher's lessons and, in another classroom, a student went behind a teacher and made inappropriate gestures. In one classroom a student asked for help on an assignment and the teacher responded in a harsh tone, "Go help yourself!"⁴⁷

4. **Goal: Potomac Prep PCS will meet Adequate Yearly Progress targets.**

Assessment: This goal is no longer measured. However, the school made Adequate Yearly Progress ("AYP") in 2010-11,⁴⁸ but did not meet it in 2011-12,⁴⁹ when AYP requirements were in place. In 2012, the U.S. Department of Education granted the District of Columbia a waiver regarding some requirements of the Elementary and Secondary Education Act. As a result of this waiver, DC schools were no longer required to set and pursue Adequate Yearly Progress (AYP) targets.

5. **Goal: Parents at Potomac Prep PCS will rate the school, on average, at least 3.0 out of a 4.0 scale on a parent satisfaction survey.**

Assessment: Potomac Prep PCS did not meet this goal because it did not provide sufficient evidence in support of its performance. PCSB requested, and the school did not provide, parent satisfaction surveys from 2010-11 through 2013-14.

⁴⁶ See Appendix J, p. 7.

⁴⁷ See Appendix J, p. 9.

⁴⁸ See 2010-11 annual report, Appendix F.

⁴⁹ See 2012-13 annual report, Appendix F.

6. **Goal: Potomac Prep PCS will fill, by the end of the first week of school, at least 95% of the available openings each year.**

Assessment: **Potomac Prep PCS did not meet this goal.** The school has not filled 95% of the seats included in its enrollment projections in three of the past five years.

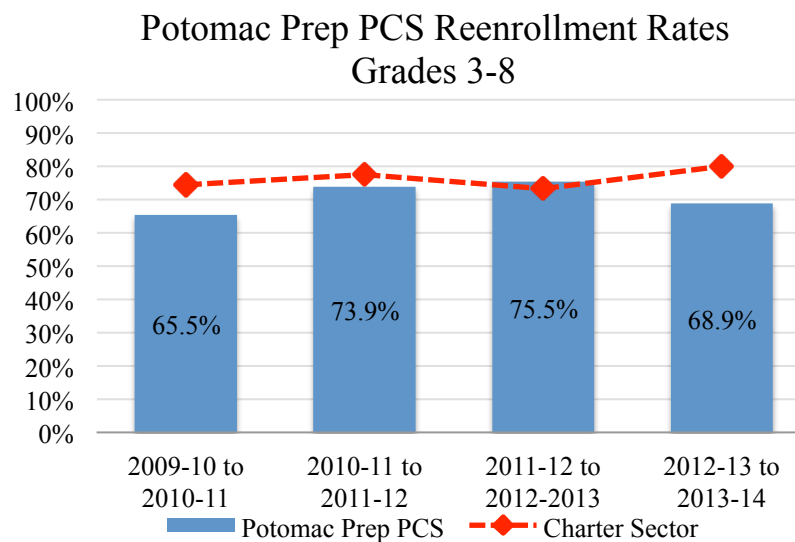
| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|-------------------------|---------|---------|---------|---------|--------------------------|
| Audited Enrollment | 235 | 328 | 397 | 423 | 436 (pre-audit count) |
| Enrollment Projection | 240 | 405 | 405 | 508 | 468 |
| Percent of seats filled | 97.9% | 81.0% | 98.0% | 83.3% | 93.2% |

7. **Goal: Potomac Prep PCS will re-enroll at least 90% of eligible students at the end of the school year.**

Assessment: **Potomac Prep PCS did not meet this goal.** The school did not meet its 90% target, and its reenrollment rate was below the charter average in three of the past four years.

Early Childhood Reenrollment (K-2)

Kindergarten through second grade enrollment is now measured as part of the Early Childhood PMF. In 2013-14, the schools K-2 reenrollment rate was 71.3%, compared to the sector average of 83.0%.



8. **Goal: The average daily student attendance each year will be at least 90%.**

Assessment: Potomac Prep PCS partially met this goal. The school's kindergarten through eighth grade average daily attendance was above 90% for three of the past four academic years, and its pre-kindergarten average daily attendance was only at or above 90% in one of the past four years.⁵⁰

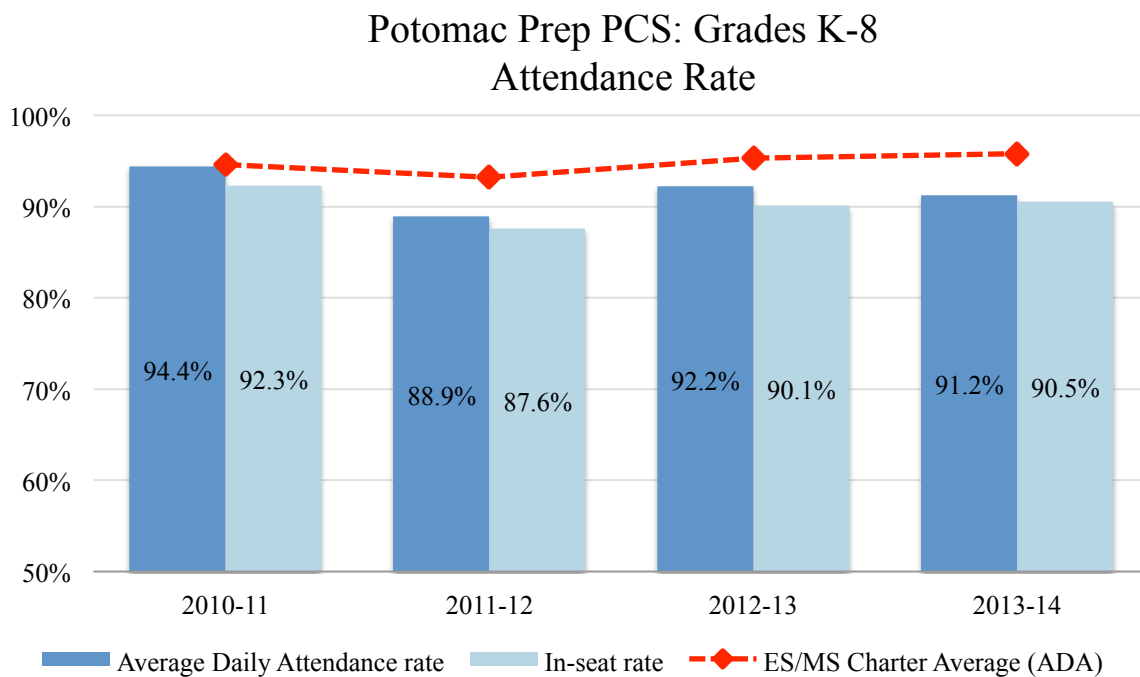
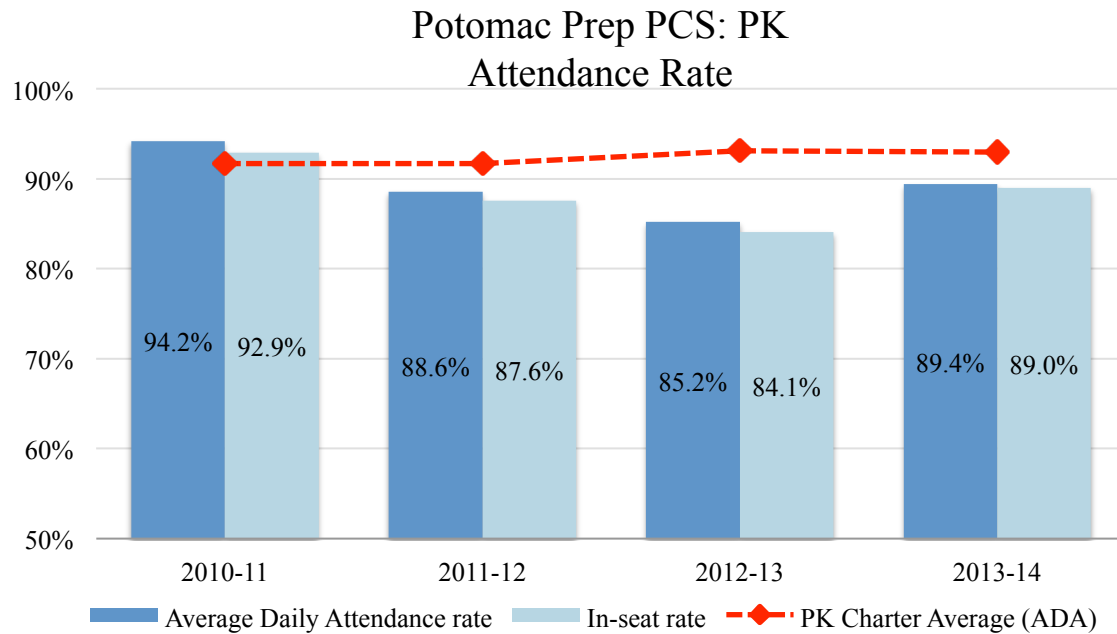
| Pre-Kindergarten Attendance Targets | | |
|-------------------------------------|--|--|
| Year | Target | Target Met? ⁵¹ |
| 2010-11 | On average, pre-kindergarten students will attend school 88% of the days. | Yes The average daily attendance was 94%. |
| 2011-12 | On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days. | No The average daily attendance was 87.6%. |
| 2012-13 | On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days. | No The average daily attendance was 85.2%. |
| 2013-14 | In-seat attendance rate of pre-kindergarten students | 88.9% Above 80.0% EC PMF Floor |

| K-2 Attendance Targets | | |
|------------------------|--|--|
| Year | Target | Target Met? ⁵² |
| 2010-11 | On average, kindergarten students will attend school 92% of the days. | Yes The average daily attendance was 94%. |
| 2011-12 | On average, kindergarten through second grade students will attend school 88% of the days. | No The average daily attendance was 87.2%. |
| 2012-13 | On average, kindergarten through second grade students will attend school 92% of the days. | No The average daily attendance was 90.0%. |
| 2013-14 | In-seat attendance rate of kindergarten through second grade students | 92.1% Met the EC PMF target of 92.0% |

⁵⁰ While PCSB noted in a memorandum to the school that it would assess this goal using in-seat attendance, it has been assessed by analyzing average daily attendance as stipulated by the language of the goal. See September 29, 2014 memorandum to the school, attached to this report as Appendix K.

⁵¹ In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.

⁵² In 2010-11, all early childhood results were rounded to the nearest whole number. In 2011-12 and 2012-13, early childhood results were rounded to the nearest tenth decimal.



9. **Goal:** By the end of each July, Potomac Prep PCS will develop a wait list equal to 20% of the school's total enrollment for the next school year.

Assessment: Potomac Prep PCS did not meet this goal. It has not had a waitlist since 2012-13.

| | 2010-11 | 2011-12 | 2012-13 | 2013-14 | 2014-15 |
|--|---------------------|---------|---------|---------|-------------------|
| Audited Enrollment | 235 | 328 | 397 | 423 | 436 ⁵³ |
| Waitlist | 43 | 11 | 0 | 0 | 0 |
| Size of waitlist as compared to enrollment | 18.3% ⁵⁴ | 3.4% | 0.0% | 0.0% | 0.0% |

10. **Goal:** Potomac Prep PCS will have a balanced budget each fiscal year.

Assessment: Potomac Prep PCS did not meet this goal. The school did not have a balanced budget in FY2010 or 2011.

| | 2010 | 2011 | 2012 | 2013 |
|------------------|-------------|-------------|-----------|-----------|
| Operating Result | (\$163,273) | (\$171,506) | \$259,019 | \$221,524 |

11. **Goal:** There will be no exceptions made by the school's external auditor.

Assessment: Potomac Prep PCS did not meet this goal. The school's auditor made the following findings in its analysis of the school's finances.

| Year | Finding |
|---------|--|
| 2010-11 | Seven employee offer letters were unsigned. ⁵⁵ |
| 2012-13 | Two employee timesheets not accurately documented ⁵⁶ |
| 2012-13 | School failed to provide supporting documentation that it had submitted required contracts to PCSB |

⁵³ This is an unaudited counted.

⁵⁴ 2010-11 enrollment waitlist submitted by the school to Epicenter, attached to this report as Appendix L.

⁵⁵ See Potomac Prep PCS 2010-11 fiscal audit, attached to this report as Appendix M.

⁵⁶ See Potomac Prep PCS 2011-12 fiscal audit, attached to this report as Appendix N.

COMPLIANCE WITH CHARTER AND APPLICABLE LAWS

The SRA requires PCSB to determine at least every five years whether a school has “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.”⁵⁷ The SRA contains a non-exhaustive list of applicable laws. PCSB also monitors charter schools for compliance with additional laws in annual compliance reviews. PCSB finds that Potomac Prep PCS has had numerous compliance issues, including compliance with its charter, as discussed briefly above and more below and special education compliance.

Since 2010-11, Potomac Prep PCS has been in substantial compliance with all applicable laws detailed in the table below.

| Compliance Item | Description | School's Compliance Status 2010-11 to present |
|---|---|--|
| Fair enrollment process D.C. Code § 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 2010-11 |
| Notice and due process for suspensions and expulsions D.C. Code § 38-1802.06(g) | DC charter school discipline policies must afford students due process ⁵⁸ and the school must distribute such policies to students and parents. | Compliant since 2010-11 |
| Student health and safety D.C. Code §§ 38-1802.04 (c)(4), 4-1321.02, 38-651 | <p>The SRA requires DC charter schools to maintain the health and safety of its students.⁵⁹ To ensure that schools adhere to this clause, PCSB monitors schools for various indicators, including but not limited to whether schools:</p> <ul style="list-style-type: none"> - 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 2010-11 |

⁵⁷ D.C. Code § 38.1802.12(c).

⁵⁸ See *Goss v. Lopez*, 419 U.S. 565 (1975).

⁵⁹ D.C. Code § 38.1802.04 (c)(4)(A).

| | | |
|--|--|---|
| Equal employment D.C. Code § 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 2010-11 |
| Insurance As required by the school's charter | A DC charter school must be adequately insured. | Compliant since 2010-11 |
| Facility licenses D.C. Code § 47-2851.03(d); D.C. Mun. Regs., tit. 4, §§14-1401 <i>et seq.</i> | A DC charter school must possess all required local licenses. | Compliant since 2010-11 |
| Highly Qualified Teachers NCLB | DC charter schools receiving Title I funding must employ "Highly Qualified Teachers" as defined by NCLB. | Compliant since 2010-11 |
| Proper composition of board of trustees D.C. Code § 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. | While the school's board was found compliant in annual compliance reviews, in Jan. 2014 the school did not have two parent members. ⁶⁰ |
| Accreditation Status D.C. Code § 38-1802.02(16) | A DC charter school must maintain accreditation from an SRA-approved accrediting body approved by the SRA. | Compliant since 2010-11 |

Notice of Concern

In February 2014, the PCSB Board voted to issue Potomac Prep PCS a Notice of Concern for underreporting student suspensions – the school had issued 46 suspensions in August through December 2013, but had reported 25 suspensions.⁶¹ Along with issuing this Notice, the PCSB Board voted for PCSB staff to conduct a special education audit of the school to ensure the school was complying with applicable laws, based on a statement made by school staff that the school was not equipped to serve all

⁶⁰ See Appendix H.

⁶¹ February May 19 2014 board memorandum prepared by Rashida Kennedy titled "Notice of Concern – Potomac Lighthouse Public Charter School, attached to this report as Appendix O.

special education students. In May 2014, the PCSB Board voted to lift the Notice of Concern, after PCSB staff found the school’s discipline data submission to be accurate, and worked with the school regarding their special education practices.⁶²

Procurement Contracts

D.C. Code §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. PCSB requested, but the school did not provide, outstanding documentation regarding five procurement contracts executed by the school during the scope of this review. As such, Potomac Prep PCS is out of compliance with the School Reform Act regarding this issue.

| Year | Qualifying contracts executed by Potomac Prep PCS | Corresponding documentation submitted to PCSB |
|-------------|--|--|
| 2010-11 | 5 | 4 |
| 2011-12 | 2 | 0 |
| 2012-13 | 2 | 0 |
| 2013-14 | Data not available at time report was published | - |

Special Education Compliance

Charter schools are required to comply with all federal and local special education laws, including, the Individuals with Disabilities Education Act (“IDEA”)⁶³ and the Rehabilitation Act of 1973.⁶⁴ The following section summarizes Potomac Prep PCS’s special education compliance from 2010-11 to the present.

2014 Compliance Audit

In February 2014, the PCSB Board voted for PCSB staff to conduct a special education audit of the school to ensure the school was complying with applicable laws, based on a statement made by school staff at a PCSB board meeting that the school was not equipped to serve all special education students.

⁶² See May 19 2014 board memorandum prepared by Rashida Kennedy titled “Lift Notice of Concern – Potomac Lighthouse Public Charter School, attached to this report as Appendix P.

⁶³ 20 U.S.C. §§ 1400 et seq.

⁶⁴ 29 U.S.C. § 701 et seq.

In this audit, PCSB staff identified three areas of concern regarding the school's special education compliance:

- A first grade class of five students was being conducted as a self-contained class, although it was originally intended to be a special education resource room. Of these five students, only two had an Individualized Education Plan or 504 plan. Additionally, parents had not provided written consent for these students to be in this self-contained setting.
- A high number of students with disabilities had been suspended, and they did not have a Behavior Intervention Plan in place; and
- The school was not executing the Student Support Team or Response to Intervention processes.⁶⁵

Potomac Prep PCS addressed these areas of concern and developed an internal strategic action plan to ensure special education compliance moving forward.⁶⁶

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; and (3) Quarterly Findings (also called Special Conditions Reports). OSSE's findings of Potomac Prep PCS's special education compliance are summarized below.

Annual Determinations

As required by a federal regulation, OSSE annually analyzes each LEA's compliance with 29 special education compliance indicators, and publishes these findings in an Annual Determination report.⁶⁷ Each year's report is based on compliance data collected several years earlier. Consequently, OSSE does not require schools to cure any compliance issues detailed in these reports. The school's compliance rating has been below the required standard in two of the past three years.

| School Year | Percentage Rating | Determination Level |
|-----------------------|-------------------|---------------------|
| 2009-10 ⁶⁸ | 62% | Needs Assistance |
| 2010-11 ⁶⁹ | 82% | Meets Requirements |
| 2011-12 ⁷⁰ | 72% | Needs Assistance |

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. At the time, if a school was less than 80% compliant with a student-level and/or LEA-level indicator, it was

⁶⁵ See Potomac Lighthouse PCS Special Education Audit, attached to this report as Appendix Q.

⁶⁶ See Appendix P.

⁶⁷ As required by federal regulation 34 CFR § 300.600(c).

⁶⁸ See FFY 2010 IDEA Part B LEA Performance Determination, attached to this report as Appendix.

⁶⁹ See FFY 2011 IDEA Part B LEA Performance Determination, attached to this report as Appendix.

⁷⁰ See FFY 2012 IDEA Part B LEA Performance Determination, attached to this report as Appendix.

required to implement corrections and report these corrections to OSSE. (Beginning in 2013, LEA's are responsible for being 100% compliant with both student-level indicators and LEA-level indicators in On-Site Monitoring Reports.)⁷¹

In 2014, OSSE published an on-site Compliance Monitoring Report of Potomac Prep PCS based on the school's performance in 2013-14.⁷² The school has since implemented corrections.

| Student-Level Compliance | | LEA-Level Compliance | |
|---------------------------------------|--|-----------------------------|--|
| Compliance Area | Number of indicators where corrections were required | Compliance Area | Number of indicators where corrections were required |
| Initial Evaluations and Reevaluations | 5 of 8 | Dispute Resolution | 1 of 1 |
| IEP Development | 12 of 12 | Fiscal Requirements | 2 of 16 |
| Least Restrictive Environment | 4 of 4 | Total | 3 out of 17 |
| Discipline | 2 of 4 | | |
| Data Verification | 6 of 8 | | |
| Total | 29 of 36 | | |

Special Conditions Quarterly Reports

OSSE submits quarterly reports to the U.S. Department of Education's Office of Special Education Programs detailing District of Columbia LEAs' compliance in three areas: (1) Initial and Reevaluation Timelines; (2) Early Childhood Transition Timelines; and (3) Secondary Transition Requirements.

As of September 2014, OSSE reports that Potomac Prep PCS has four issues of noncompliance, all regarding initial evaluations and/or reevaluations. OSSE will review whether these points of noncompliance have been cured at its next quarterly review.

Blackman Jones Implementation Review

With compliance requirements pursuant to the Individuals with Disabilities Education Act (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 August 2014, a parent filed a due process complaint against Potomac Prep PCS. The case is currently under consideration by an OSSE hearing officer.

⁷¹ If the school was found to be less than 100% compliant with a student-level indicator that could not be cured retroactively, OSSE would identify the point of noncompliance as an LEA-level violation.

⁷² See 2013-14 On-Site Monitoring Report Attachments, attached to this report as Appendix R.

FISCAL ANALYSIS

INTRODUCTION

The SRA requires PCSB to revoke a school's charter if PCSB determines that the school:

- Has engaged in a pattern of non-adherence to generally accepted accounting principles ("GAAP");
- Has engaged in a pattern of fiscal mismanagement; and/or
- Is no longer economically viable.⁷³

As part of the charter review process, PCSB reviewed Potomac Prep PCS's financial record regarding these areas. PCSB finds that while the school failed to meet its own financial goals and its financial performance was not strong, there are no grounds to revoke its charter based on this standard.

SUMMARY OF FINDINGS

Potomac Prep PCS was identified as a low fiscal-performing school by PCSB in FY2013 because, among other things, its operation deficit and negative cash flow from operations. The school has no pattern of non-adherence to GAAP, nor are there indications that it engaged in a pattern of fiscal mismanagement. While the school has weak economic viability, this has improved over the past two years with increased student enrollment, and thus the school is not currently at a level of non-viability that would require charter revocation.

FINANCIAL OVERVIEW

The following table provides an overview of Potomac Prep PCS' financial information over the past four fiscal years. The school ran a deficit in FY2010 and FY2011, but has maintained increased revenue a budget surplus in the past two years due to increased student enrollment.

| | Audit Year | | | |
|---|--------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 |
| Audited Enrollment | 269 | 235 | 328 | 397 |
| Total DC Funding Allocation | \$ 3,479,716 | \$ 3,213,221 | \$ 4,740,154 | \$ 5,627,882 |
| Total Federal Entitlements and Funding | 636,235 | 626,105 | 464,365 | 531,026 |
| Unrestricted Cash and Cash Equivalents @ 6/30 | 56,242 | 40,861 | 379,645 | 199,678 |
| Total Assets | 464,120 | 370,121 | 637,094 | 642,711 |
| Total Current Assets | 325,429 | 300,059 | 597,411 | 556,622 |
| Total Liabilities | 627,393 | 541,627 | 378,075 | 421,187 |
| Total Current Liabilities | 627,393 | 541,627 | 378,075 | 388,735 |
| Net Asset Position | (163,273) | (171,506) | 259,019 | 221,524 |
| Total Revenues | 4,410,528 | 3,948,701 | 5,325,833 | 6,224,832 |
| Total Expenses | 3,965,731 | 3,956,934 | 4,895,308 | 6,262,327 |
| Change in Net Assets | \$ 444,797 | \$ (8,233) | \$ 430,525 | \$ (37,495) |

⁷³ See D.C. Code § 38-1802.13(b).

SPENDING DECISIONS

The following table provides an overview of the School's spending decisions over the past four years. Potomac Prep PCS ran an operating deficit in FY2011 and FY2013. The FY2013 deficit was due to its occupancy expenses increasing by 12 percentage points, when the school increased the square footage it leased from 25,545 to 42,016 square feet.⁷⁴

| | Audit Year | | | |
|---------------------------------------|----------------|--------------|--------------|--------------|
| | 2010 | 2011 | 2012 | 2013 |
| Total Personnel Salaries and Benefits | \$ 1,802,526 | \$ 2,002,940 | \$ 2,484,625 | \$ 3,181,516 |
| Total Direct Student Costs | (not detailed) | 611,527 | 796,206 | 838,169 |
| Total Occupancy Expenses | 766,625 | 701,674 | 782,461 | 1,651,114 |
| Total Office Expenses | (not detailed) | 141,464 | 226,604 | 224,666 |
| Total General Expenses | 1,396,580 | 499,329 | 605,412 | 366,862 |
| Operating Surplus/(Deficit) | \$ 444,797 | \$ (8,233) | \$ 430,525 | \$ (37,495) |
| as a percent of revenue | | | | |
| Total Personnel Salaries and Benefits | 41% | 51% | 47% | 51% |
| Total Direct Student Costs | (not detailed) | 15% | 15% | 13% |
| Total Occupancy Expenses | 17% | 18% | 15% | 27% |
| Total Office Expenses | (not detailed) | 4% | 4% | 4% |
| Total General Expenses | 32% | 13% | 11% | 6% |
| Operating Surplus/(Deficit) | 10% | 0% | 8% | -1% |

ADHERENCE TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Audits of Potomac Prep PCS establish that the School has adhered to GAAP. The auditor expressed unqualified opinions on the financial statements in each of the past four years. FY2013 audit findings included instances of noncompliance with PCSB's procurement procedures, and that some employee timesheets were not properly documented. This could indicate a lack of internal controls. The table on the following page provides a summary of Audit results for each of the past four fiscal years. The School was exempt from Single Audit Act reporting requirements under OMB Circular A-133 in FY2012 and FY2013 as the School expended less than \$500,000 in Federal awards each year.

⁷⁴ See 2012-13 financial audit, attached to this report as Appendix S.

| | FY2010 | FY2011 | FY2012 | FY2013 |
|--|-------------|-------------|-------------|-------------|
| Statement Opinion. Required when auditor finds areas of doubt/questionable matters. | Unqualified | Unqualified | Unqualified | Unqualified |
| Statement Material Weakness. A deficiency in internal control, indicating a reasonable possibility that a material financial misstatement | No | No | No | No |
| Statement Non-Compliance. Auditor tests for compliance with certain provisions of laws, regulations, contracts, and grant agreements. | No | No | No | Yes |
| Program Opinion (A133). Review of compliance with federal requirements conducted when school receives \$500K+ in federal funds. | Qualified | Unqualified | N/A | N/A |
| Program Material Weakness (A133). Lack of internal control over compliance with applicable laws, regulations, etc. | No | No | N/A | N/A |
| Findings & Questioned Costs. Findings important enough to merit attention by those charged with governance, with documentation of corrective action plans noting the responsible party. | 5 | 1 | 0 | 2 |
| Unresolved Prior Year Findings. Disclosure of prior audit findings that have not been corrected. | 0 | 5 | 0 | 0 |
| Going-Concern Issue. Indicates the financial strength of the school is questioned. | N/A | N/A | No | No |
| Debt-Compliance Issue. School was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency. | N/A | N/A | No | No |

FISCAL MANAGEMENT

The school has not engaged in a pattern of fiscal mismanagement. For the years of this review, Potomac Prep PCS's CMO managed all aspects of its finances: all teachers and staff were employees of the CMO and Charter Facilities Management, Inc., an affiliate of the CMO, provided facility management and other services to the School. The school entered into transactions with its CMO and the CMO's Affiliate for the following services: human resources, buses to transport students, equipment leases, and building and management fees.

ECONOMIC VIABILITY

While the school had weak economic viability in FY2010 and FY2011, it has since improved with increased student enrollment. Total Revenue was \$6.2 million and \$5.3 million in FY2013 and FY2012, respectively. Notwithstanding this increase, the school's liquidity has remained a weak point for the school, with it ending FY2013 (its eighth year in operation) with 11 days of cash on hand. PCSB considers less than 30 days of cash on hand to be an indicator of concern. The following tables provide a summary of financial results for the past four fiscal years. Areas of Concern (where the school falls outside the norm among DC charter schools) are highlighted where applicable.

Financial Performance

PCSB assesses a school's financial performance with two key indicators. The first indicator is a school's "operating result" – how much its total annual revenues exceed its total annual expenditures. In general, PCSB recommends that a school's annual operating results equal at least zero. Another indicator of a school's financial performance is its earnings before depreciation ("EBAD")⁷⁵, a financial performance

⁷⁵ EBAD is the change in net assets plus amortization and depreciation.

measure of profitability. Based on these measures, **the School's financial performance has been marginal.**

| | Indicator of Concern | Audit Year | | | |
|--------------------------------|-------------------------|----------------|-----------|-----------|------------|
| | | 2010 | 2011 | 2012 | 2013 |
| Operating Surplus/(Deficit) | < 0 | \$444,797 | (\$8,233) | \$430,525 | (\$37,495) |
| Earnings Before Depreciation | < 0 | \$444,797 | \$22,146 | \$460,904 | \$8,501 |
| Aggregated 3-Year Total Margin | < -1.5 | (not measured) | 3.3% | 6.3% | 2.5% |

Liquidity

Two indicators of a school's short-term economic viability are its current ratio⁷⁶ and its days of cash on hand.⁷⁷ A current ratio greater than one indicates a school's ability to satisfy its immediate financial obligations. **The school's current ratio has increased since FY2010.**

Typically, 90 days or more of cash on hand indicates a school can satisfy immediate obligations with cash. Less than 30 days of cash on hand is a liquidity concern. **Potomac Prep PCS's cash on hand has been low since FY2010.**

| | Indicator of Concern | Audit Year | | | |
|---------------------------------|-------------------------|----------------|------------|-----------|-------------|
| | | 2010 | 2011 | 2012 | 2013 |
| Current Ratio | < 0.5 | 0.5 | 0.6 | 1.6 | 1.4 |
| Days of Cash On Hand | < 30 | 5 | 4 | 28 | 11 |
| Cash Flow from Operations | < 0 | \$162,613 | (\$15,381) | \$538,784 | (\$145,677) |
| Multi-Year Cumulative Cash Flow | < 0 | (not measured) | (\$59,400) | \$323,403 | \$158,817 |

Debt Burden

A school's debt ratio⁷⁸ indicates the extent to which a school relies on borrowed funds to finance its operations, and a ratio in excess of 0.92 is a liquidity concern to PCSB. **While the school's debt ratio was above .92 in FY2010 and FY2011, the School's present debt burden reflects no reliance on borrowed funds to finance operations.**

| | Indicator of Concern | Audit Year | | | |
|--------------------|-------------------------|------------|-------|-------|------|
| | | 2010 | 2011 | 2012 | 2013 |
| Debt Ratio | > 0.92 | 1.35 | 1.46 | 0.59 | 0.66 |
| Debt Service Ratio | > 10.0% | 8.4% | 32.8% | 11.3% | 0.4% |

⁷⁶ A school's current ratio is its current assets divided by current liabilities.

⁷⁷ "Cash on hand" equals unrestricted cash and cash equivalents divided by total expenditures divided by 360 days. It is a measure of the school's ability to pay debts and claims as they come due.

⁷⁸ Debt ratio equals total liabilities divided by total assets.

Sustainability

A school's net assets⁷⁹ and primary reserve ratio demonstrate its sustainability.⁸⁰ PCSB recommends that schools accrue net asset reserves equal to three to six months of operating expenditures and PCSB would be concerned with net assets reserves below zero. **While the school's sustainability was weak in FY2010 and FY2011, it increased in FY2012 and FY2013 with increased student enrollment.**

| | Indicator of Concern | Audit Year | | | |
|-----------------------|-------------------------|-------------|-------------|-----------|-----------|
| | | 2010 | 2011 | 2012 | 2013 |
| Net Asset Position | < 0 | (\$163,273) | (\$171,506) | \$259,019 | \$221,524 |
| Primary Reserve Ratio | < 0.00 | -0.04 | -0.04 | 0.05 | 0.04 |

⁷⁹ Net Assets equals total assets minus total liabilities.

⁸⁰ Primary Reserve Ratio equals total net assets divided by total annual expenses.