



2014-15 Charter Renewal Report

Tree of Life Community Public Charter School

February 26, 2015

DC Public Charter School Board
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RENEWAL DECISION AND KEY FINDINGS

After reviewing the renewal application¹ submitted by Tree of Life Community Public Charter School (“Tree of Life PCS”), as well as the school’s record established by the DC Public Charter School Board (“PCSB”), information provided during an informal hearing on the school’s renewal application held on February 11, 2015, and information and testimony submitted thereafter, PCSB concludes that Tree of Life PCS, as a Local Education Agency (“LEA”), has not met its goals and student academic achievement expectations (“academic expectations”) and thus does not meet the standard for charter renewal set forth in the District of Columbia School Reform Act of 1995, D.C. Code §§ 38-1802 *et seq.* (the “SRA”). Based on this finding, the PCSB Board voted 6-0 on February 23, 2015 to deny Tree of Life PCS’s renewal application, and for the school to close at the end of the 2014-15 school year.

Tree of Life PCS currently operates a single campus school serving pre-kindergarten-3 through eighth grade students. Although Tree of Life PCS applied to renew its charter to only offer pre-kindergarten-3 through the second grade, because the school is a single campus with one campus code assigned by the Office of the State Superintendent of Education (“OSSE”) and one Principal, and reports its data on federal and state reports as a single LEA, PCSB assessed Tree of Life PCS’s academic program in its entirety to determine whether it met the standards for renewal of its charter.² Further, Tree of Life PCS did not elect to configure their LEA other than as a single campus, even though PCSB sent multiple notices to all charter schools reminding them to notify PCSB of an intent to reconfigure.³

In February 2014, the PCSB Board voted to approve a petition from the school to adopt the Early Childhood Performance Management Framework (“EC PMF”) and the Elementary and Middle School Performance Management Framework (“ES/MS PMF”) as its goals and academic expectations.⁴ The EC PMF was adopted as the goals and academic expectations for the school’s pre-kindergarten-3 through second grades. The ES/MS PMF was adopted as the goals and academic expectations for the school’s third through eighth grades. The school’s charter and charter agreement were amended accordingly, thereby allowing the school to be assessed by grade-level as an LEA.

As detailed in the body of this report, while the school substantially met the goals and academic expectations for its early childhood programming (pre-kindergarten-3 through second grade), it did not meet its goals and academic expectations for its third through eighth grade programming – in particular, it did not meet the agreed to threshold of 40% on the ES/MS PMF – and thus did not meet

¹ See Tree of Life PCS renewal application, attached to this report as Appendix A.

² See Appendix A.

³ See PCSB policy regarding campus configuration, attached to this report as Appendix B. See also the notice that PCSB emailed to schools once a week, from January 28, 2014 through February 25, 2014, attached to this report as Appendix R.

⁴ See Tree of Life PCS charter amendment, attached to this report as Appendix C.

its goals and academic expectations as an LEA.⁵ PCSB staff is particularly concerned that (1) the students who attended all or part of Tree of Life PCS's early childhood program scored lower than the city average on the state assessment for the past three years in both reading and math;⁶ and (2) the school has a low reenrollment rate, with between 30-35% of students deciding not to return each year since 2011-12. Additionally, the school provided no practical or academic rationale for its programming spanning pre-kindergarten through second grade, an unusual ending point among DC schools.

In submitting a renewal application for only its early childhood program, Tree of Life PCS essentially requested that PCSB consider it a multiple campus LEA – one campus being its pre-kindergarten-3 through second grades, and the other campus being its third through eighth grades – and only assess one of the two campuses. PCSB declines to analyze the school's performance as such, because, for the reasons stated above, Tree of Life PCS is a single campus LEA.

During the informal hearing on the school's renewal application, representatives from Tree of Life PCS made this request again, asking PCSB to afford Tree of Life PCS the same opportunity as another school. However, PCSB's decision regarding that other school is distinguishable from this recommendation regarding Tree of Life PCS; in the charter agreement with the other school PCSB specifically agreed to assess that school's grade spans separately. No such provision exists in the charter agreement or in any amendments to the charter agreement with Tree of Life. Accordingly, PCSB analyzed whether Tree of Life PCS – as an LEA serving students in pre-kindergarten-3 through eighth grade – met its goals and academic expectations, and has concluded that the school did not.

Based on the above findings, the PCSB Board voted to deny Tree of Life PCS's renewal application, on the basis that it has not met its goals and academic achievement expectations, and for the school to close at the end of the 2014-15 school year.

⁵ See PCSB January 2014 meeting minutes, attached to this report as Appendix D. During the public hearing on Tree of Life PCS' charter agreement amendments to adopt the PMFs, the PCSB Board specifically clarified that this amendment would result in nonrenewal of Tree of Life PCS' charter if the school did not meet its ES/MS goals and academic expectations. "Ms. Mead stated that she wanted the school administration to be clear that the school has not yet achieved the PMF score included in the proposed charter goals amendment request...the PCSB Board will be forced to non-renew the school's charter. Ms. Williams stated that she understood this."

⁶ See supporting data analysis, attached to this report as Appendix S. In response to this report, Tree of Life PCS argues that the proficiency gap between its students and the state average is significantly smaller than what PCSB staff calculated. See Tree of life Response, January 21, 2015, attached to this report as Appendix R. The school's results are different from PCSB's because the school is referencing its students' DC CAS scale scores, while PCSB staff analyzes the percent of the school's students who scored proficient or advanced on the DC CAS, as determined by meeting a score threshold set by the state. Reporting academic results using proficiency rates aligns with requirements of federal law and with DC's waiver from provisions of the Elementary and Secondary Education Act. Additionally, PCSB uses proficiency rates because scale scores are difficult to compare year over year, given the varying difficulty of annual DC CAS assessments.

CHARTER RENEWAL STANDARD

The standard for charter renewal is established in the SRA: 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.⁷

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 generally accepted accounting principles ("GAAP"); (2) has engaged in a pattern of fiscal mismanagement; and/or (3) is no longer economically viable.⁸

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 the PCSB Board can assess a school accordingly.

SCHOOL OVERVIEW

Tree of Life PCS began operation in 2000 under authorization from PCSB to serve students in pre-kindergarten through sixth grade.⁹ The school operates one campus in Ward Five. In 2004, PCSB approved the school's request to amend its charter to include the seventh and the eighth grades.¹⁰

The school's mission is:

To provide a well-rounded education of high expectations, structure and accountability for students in grades Pre-K through 8 in a holistic, safe, nurturing and family-friendly environment in a manner that develops

⁷ D.C. Code §38-1802.12(c).

⁸ D.C. Code §38-1802.13(b).

⁹ See Tree of Life Community PCS charter agreement, dated April 6, 2000, attached to this report as Appendix F.

¹⁰ See 2004 charter amendment, attached to this report as Appendix G.

academic and social skills, as well as character-building qualities, in our students that will equip them to succeed in life.¹¹

Information about the school’s early childhood performance is included in the table below:

Grade Levels	2013-14 Student Enrollment	2010-11 EC Accountability plan	2011-12 EC Accountability plan	2012-13 EC PMF Pilot	2013-14 EC PMF
PK3 – 2	186	Met 8 of 8 targets	Met 6 of 8 targets	Met 5 of 7 targets	Met or exceeded 10 of 10 indicator floors

The school’s overall performance data on PCSB’s PMF, which incorporates many indicators beyond reading and math proficiency, including academic growth, attendance, and reenrollment (the “PMF”) is summarized in the table below.

Grade Levels	2013-14 Student Enrollment	2010-11 PMF	2011-12 PMF	2012-13 PMF	2013-14 PMF
3 – 8	125	33.9% Tier 3	35.5% Tier 2	40.5% Tier 2	31.1% Tier 3

Previous Charter Reviews

Five-Year Review

In January 2006, PCSB conducted a charter review of Tree of Life PCS, finding that the school met the non-academic and organizational standards in place at that time, but had not met its academic performance standards – it had not met the majority of academic targets in its accountability plan; had not improved on a majority of these academic targets; nor scored within 80% of its SAT-9 achievement targets in its accountability plan.¹²¹³ Based on these findings, the PCSB Board voted to continue the school’s charter, on the conditions that the school submit to PCSB (a) a timeline for accreditation; (b) a master plan regarding student academic achievement; and (c) an inventory of all of the school’s assets.¹⁴

¹¹ See 2013-14 Tree of Life PCS Annual Report. The school updated its mission without submitting a formal charter amendment, but did not change its mission substantively. While the new mission does not change the core tenants of the school’s mission and philosophy and PCSB is, therefore, not considering this a material violation of the law, 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

¹² In this review, PCSB did not assess whether the school met its goals and academic achievement expectations as detailed in its charter.

¹³ See Tree of Life PCS 2005-06 Charter Review Executive Summary, attached to this report as Appendix I.

¹⁴ See Tree of Life PCS Notice of Conditional Continuance, attached to this report as Appendix J.

Ten-Year Review

At the time of Tree of Life PCS's ten-year review, PCSB's practice was to conduct a preliminary charter review in the school's ninth year (so that the school could address any issues identified), and then conduct the charter review the following year. In February 2010, PCSB conducted a preliminary charter review of Tree of Life PCS, finding that it had met its academic, organization, compliance, governance, and fiscal targets, and as such was not a candidate for charter warning.¹⁵

In February 2011, PCSB conducted Tree of Life PCS's ten-year charter review, with the PCSB Board voting to fully continue the school's charter.¹⁶¹⁷ PCSB staff cited that the school met the relevant standards in its preliminary charter review, but also noted that the school's DC CAS performance had decreased significantly from 2008-09 to 2009-10 (reading declined from 62.3% to 34.8%; math from 60.7% to 38.5%).¹⁸ PCSB noted that the school's reenrollment rate was found to be low in its Preliminary Charter Review, but that the school had not reported reenrollment rates for the 2009-10 school year.¹⁹

¹⁵ See February 2010 PCSB Board meeting minutes, attached to this report as Appendix T.

¹⁶ See March 1, 2011 letter from Mr. Brian W. Jones, PCSB Board Chair, to Mr. Carl J. Hampton, Tree of Life PCS Board Chair, attached to this report as Appendix K.

¹⁷ In this review, PCSB did not assess whether the school met its goals and academic achievement expectations as detailed in its charter.

¹⁸ See Tree of Life PCS Charter Review Analysis, attached to this report as Appendix L.

¹⁹ See Appendix L.

SECTION ONE: GOALS AND ACADEMIC EXPECTATIONS

The SRA requires PCSB to review whether a school has met its goals and academic 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 academic expectations are student academic aims measured by state or externally validated assessments. Goals and academic 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 February 2014, Tree of Life PCS amended its charter to adopt the Early Childhood PMF ("EC PMF") and ES/MS PMF as its goals and academic achievement expectations.²⁰ Additionally, the following was included in the amendment regarding the early childhood renewal standard:

For grades PK3 through 2, attainment of the targets outlined in the Early Childhood Accountability Plans will be assessed to determine whether the school met its goals and academic achievement expectations for school years 2010-11 and 2011-12. Attainment of the majority of the target floors outlined in the Early Childhood Pilot PMF will be assessed to determine whether the school met its goals and academic achievement expectations for school year 2012-13.

Because schools will not receive a score on the Early Childhood PMF in 2013-14, reaching the floor of each indicator in the table below will be assessed as the goals and student achievement expectations for Tree of Life PCS' Early Childhood program for school year 2013-14.

The following was included in the amendment regarding the elementary/middle school renewal standard:

Tree of Life PCS will undergo charter renewal during the 2014-15 school year. As such, its goals for grades 3 through 8 for years 2010-11, 2011-12, 2012-13, and 2013-14 will be assessed based on the "Grandfather Clause" in the "Elect the PMF as Charter Goals" policy of February 25, 2013, which states:

A school undergoing a 10-year review or 15-year Charter Renewal within the first five years that its respective PMF was implemented will need to demonstrate annually consistent improvement in performance with no score below 40% in the past two years or earn at least 45% of the possible PMF points for the last two years prior to the review.

²⁰ See Appendix C.

The chart below summarizes PCSB's determinations of whether each academic program met their respective goals and academic expectations. These determinations are further detailed in the body of this report.

Goals and Academic Expectations		Met?
1	Pre-kindergarten through second grade	
1.a	PK-2 Literacy Growth	Substantially
1.b	PK-2 Literacy Achievement	Substantially
1.c	PK-2 Math Growth	Yes
1.d	PK-2 Math Achievement	Yes
1.e	PK-2 Attendance	Yes
1.f	The school will meet or exceed the EC PMF thresholds for the emotional support, classroom organization, and instructional support domains of the CLASS assessment.	Yes
1.g	The school will meet or exceed the EC PMF threshold for K-2 reenrollment.	Yes
2	Third through eighth grades	
	Tree of Life PCS' third through eighth grade program will demonstrate annual consistent improvement in performance on PCSB's ES/MS PMF, with no PMF score below 40% in the past two years; or earn at least 45% of the possible points on the PMF for the two academic years prior to review.	No

1. Goal: Early Childhood Literacy Growth.

Assessment: **Tree of Life PCS substantially met this goal.** The school met all but two of its literacy growth targets. The school did not have a pre-kindergarten literacy growth target in place in 2012-13.

Pre-K Literacy Growth		
Year	Target	Target Met? ²¹
2010-11	75% of pre-kindergarten through first-grade students will show an increase in scale score greater than or equal to 100 on the Renaissance Learning Early Literacy.	Yes 75% of students showed an increase in scale score greater than or equal to 100.

²¹ 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.

Pre-K Literacy Growth		
Year	Target	Target Met? ²¹
2011-12	75% of pre-kindergarten through first-grade students will show an increase in scaled score of at least 100 by the spring administration on the Renaissance Learning STAR Early Literacy assessment.	No 70.2% of students increased in scale score by at least 100.
2013-14	60% of pre-kindergarten-3 and -4 students will meet or exceed the average growth goal on the Every Child Ready reading assessment.	Yes 78.4% of students met this goal.
K-2 Literacy Growth		
2010-11	75% of second-grade students will show 10 months of growth on the Renaissance Learning STAR Reading assessment.	Yes 81% of students met this goal.
2011-12	75% of second-grade students will show one school year's growth by the spring administration on the Renaissance Learning STAR Reading assessment.	Yes 77.8% ²² of students demonstrated one school year's growth.
2012-13	60% of kindergarten students will advance at least one literacy classification or intervention level in reading on the STAR Early Literacy assessment.	Yes 89.0% of students met this goal.
2012-13	60% of first through second-grade students will make one year of growth in reading on the STAR Reading assessment.	No 54.0% of students met this goal.
2013-14	60% of kindergarten through second grade students will either make progress or score at benchmark (grade level or higher) on the STAR Early Literacy assessments (per the EC PMF technical guide).	Yes 95.0% of students met this goal.

2. Early Childhood Literacy Achievement.

Assessment: **Tree of Life PCS substantially met this goal.** The school met all but one early childhood literacy achievement target.

K-2 Literacy Achievement		
Year	Target	Target Met? ²³
2010-11	45% (or the school's safe harbor level) of second-grade students will score at or above grade level on the Renaissance Learning	Yes 61% of students scored at or above grade level.

²² Early childhood rates were rounded to the nearest whole number in 2010-11.

²³ 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.

K-2 Literacy Achievement		
Year	Target	Target Met? ²³
	STAR Reading assessment.	
2010-11	45% (or the school's safe harbor level) of first-grade students will score at or above grade level on the Renaissance Learning STAR Reading assessment.	Yes 50% of students scored at or above grade level.
2011-12	45% of first-grade students will score at or above grade level on the Renaissance Learning STAR Reading assessment.	Yes 60.0% of students met this goal.
2011-12	45% of second-grade students will score at or above grade level on the Renaissance Learning STAR Reading assessment.	Yes 63% of students scored at or above grade level.
2012-13	60% of first through second-grade students will score at grade level or higher in reading on the STAR Reading assessment.	No 48.0% of students met this goal.
2013-14	60% of kindergarten through second grade students will either make progress or score at benchmark (grade level or higher) on the STAR Early Literacy assessments (per the EC PMF technical guide).	Yes 95.0% of students met this goal.

3. Early Childhood Math Growth

Assessment: **Tree of Life PCS met this goal.** The school met all early childhood math growth targets over the past four years.

Early Childhood Math Growth		
Year	Target	Target Met? ²⁴
2010-11	75% of second-grade students will show 10 months of growth on the Renaissance learning STAR Mathematics assessment.	Yes 89% of students scored at or above grade level.
2011-12	75% of second-grade students will show one school year's growth by the spring administration on the Renaissance Learning STAR Math assessment.	Yes 66.7% of students scored at or above grade level.
2012-13	60% of pre-kindergarten-3 and pre-kindergarten-4 students will meet or exceed the average growth goal in mathematics on the Every Child Ready assessment.	Yes 73% of students met this goal.

²⁴ 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.

Early Childhood Math Growth		
Year	Target	Target Met? ²⁴
2013-14	60% of pre-kindergarten-3 and -4 students will meet or exceed the average growth goal on the Every Child Ready reading assessment.	Yes 82.4.0% of students met this goal.

4. Early Childhood Math Achievement

Assessment: **Tree of Life PCS met this goal.** The school met all early childhood math achievement targets over the past four years.

Early Childhood Math Achievement		
Year	Target	Target Met? ²⁵
2010-11	50% (or the school's safe harbor level) of second-grade students will score at or above grade level on the Renaissance Learning STAR Mathematics assessment.	Yes 56% of students scored at or above grade level.
2011-12	50% of second-grade students will score at or above grade level on Renaissance Learning STAR Math assessment.	Yes 59.3% of students scored at or above grade level.
2012-13	60% of first through second-grade students will score at grade level or higher in mathematics on the STAR Math assessment.	Yes 69.0% of students met this goal.
2013-14	60% of first and second grade students will either make progress or score at benchmark (grade level or higher) on the STAR math assessment (per the EC PMF technical guide).	Yes 80.0% of students met this goal.

5. Early Childhood Attendance Rate.

Assessment: **Tree of Life PCS met this goal.** The school met all early childhood attendance targets over the past four years.

Pre-K Attendance		
Year	Target	Target Met? ²⁶
2010-11	On average, pre-kindergarten students will attend school 88% of the days.	Yes The average daily attendance was 95%.

²⁵ 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.

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.

Pre-K Attendance		
Year	Target	Target Met? ²⁶
2011-12	On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days.	Yes The average daily attendance was 95.0%.
2012-13	On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days.	Yes The average daily attendance was 95.1%
2013-14	On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 80% of the days.	Yes The average in-seat attendance was 91.9%.
K-2 Attendance		
2010-11	On average, kindergarten through second-grade students will attend school 92% of the days.	Yes The average daily attendance was 95%.
2011-12	On average, kindergarten through second-grade students will attend school 92% of the days.	Yes The average daily attendance was 94.2%.
2012-13	On average, kindergarten through second-grade students will attend school 92% of the days.	Yes The average daily attendance was 96.3%.
2013-14	On average, kindergarten through second grade students will attend school 82% of the days.	Yes The average in-seat attendance was 97.2%

6. Goal: The school will meet or exceed the EC PMF thresholds for the emotional support, classroom organization, and instructional support domains of the CLASS assessment.

Assessment: **Tree of Life PCS met this goal.** In 2013-14, the school met the EC PMF threshold of each of these three domains. All DC charter early childhood programs that participated in PCSB's Early Childhood PMF Pilot, including Tree of Life PCS, were assessed by independent reviewers using the Classroom Assessment Scoring System ("CLASS"), which measures the quality of classroom interactions that boost student learning. CLASS measures emotional support, classroom organization, and instructional support. Each school is scored on a scale from 1-7 (where 1-2 is low, 3-5 is medium, and 6-7 is high) in three domains:

- *Emotional Support* – how well teachers promote a positive classroom climate
- *Classroom Organization* -- how well teachers manage children's behavior, time and attention
- *Instructional Support* – how well teachers implement the curriculum to promote cognitive and language development.

Tree of Life PCS scored at or above the state average in all three domains.

	Emotional	Classroom	Instructional
--	-----------	-----------	---------------

	Support	Organization	Support
Tree of Life PCS	5.5	5.1	2.8
State Average ²⁷	5.5	5.1	2.5

7. Goal: **Reenrollment.**

Assessment: **Tree of Life PCS met this goal.** In 2013-14, Tree of Life PCS kindergarten through second grade students had a 68.8% reenrollment rate (the floor was 60%).

8. Goal: **Tree of Life PCS' third through eighth grade program will demonstrate annual consistent improvement in performance on PCSB's ES/MS PMF, with no PMF score below 40% in the past two years; or earn at least 45% of the possible points on the PMF for the two academic years prior to review.**

Assessment: **Tree of Life PCS did not meet its goals and academic expectations.**

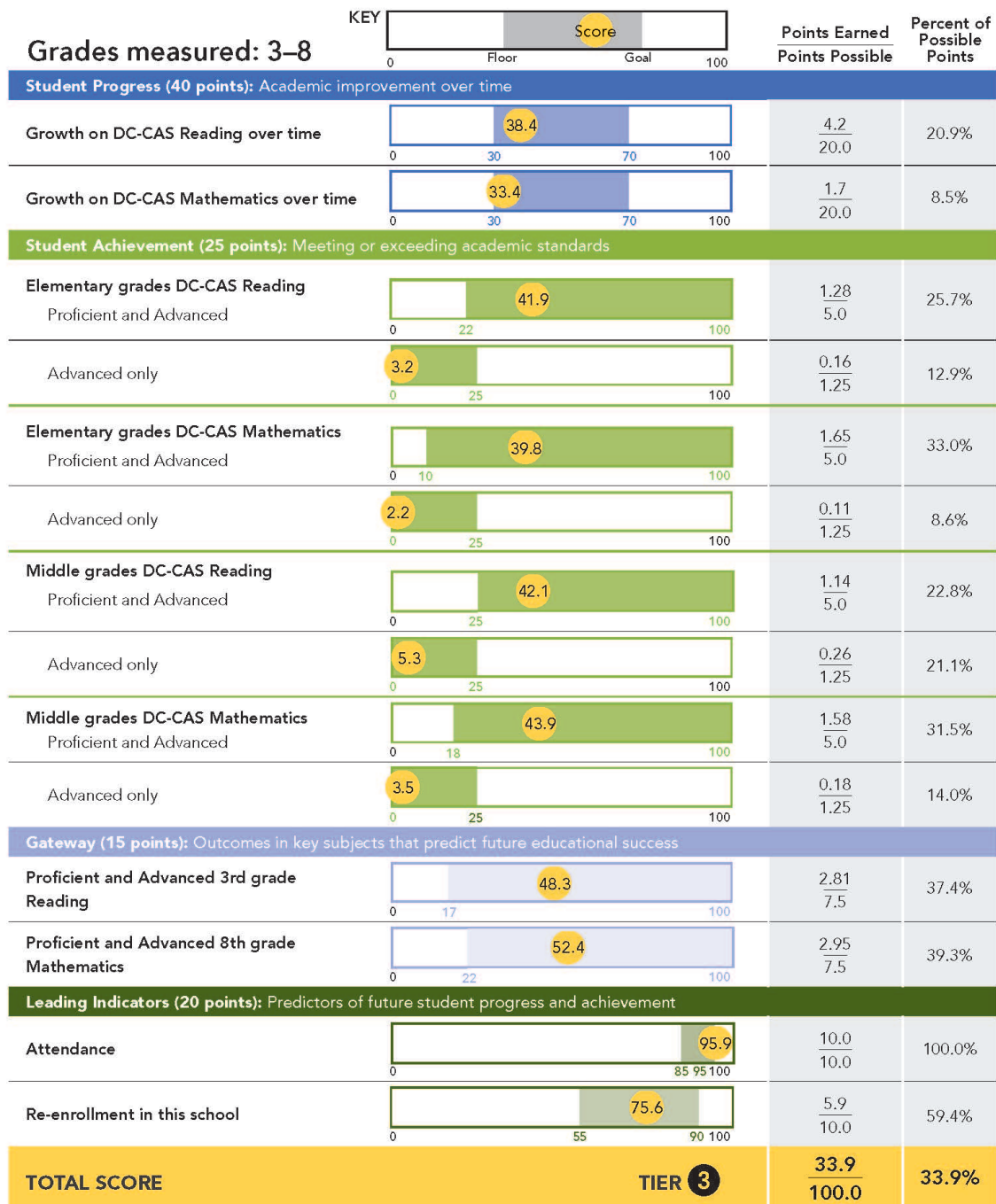
2010-11 PMF	2011-12 PMF	2012-13 PMF	2013-14 PMF
33.9% Tier 3	35.5% Tier 3	40.5% Tier 2	31.1% Tier 3

²⁷ Included in this average are scores of (1) charter schools; (2) DCPS schools; and (3) pre-school classes operating as part of a community-based organization.

2010-11 Third through Eighth Grade PMF Performance Report

Tree of Life PCS

School Performance Report 2010-2011



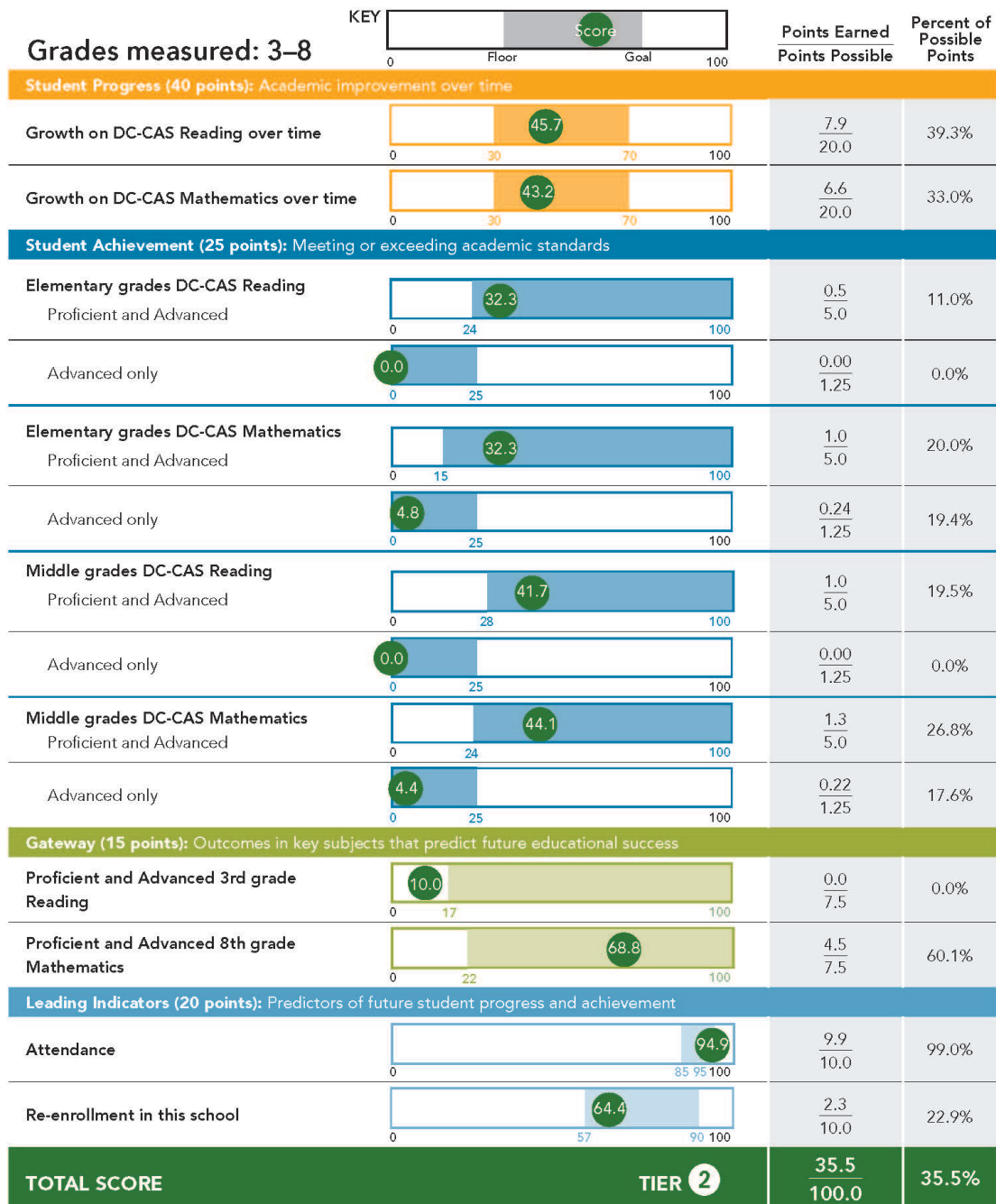
For a more detailed explanation of the indicators, see our user guide.

DC Public Charter School Board School Performance Report © 2011

2011-12 Third through Eighth Grade PMF Performance Report

Tree of Life PCS

2012 School Performance Report

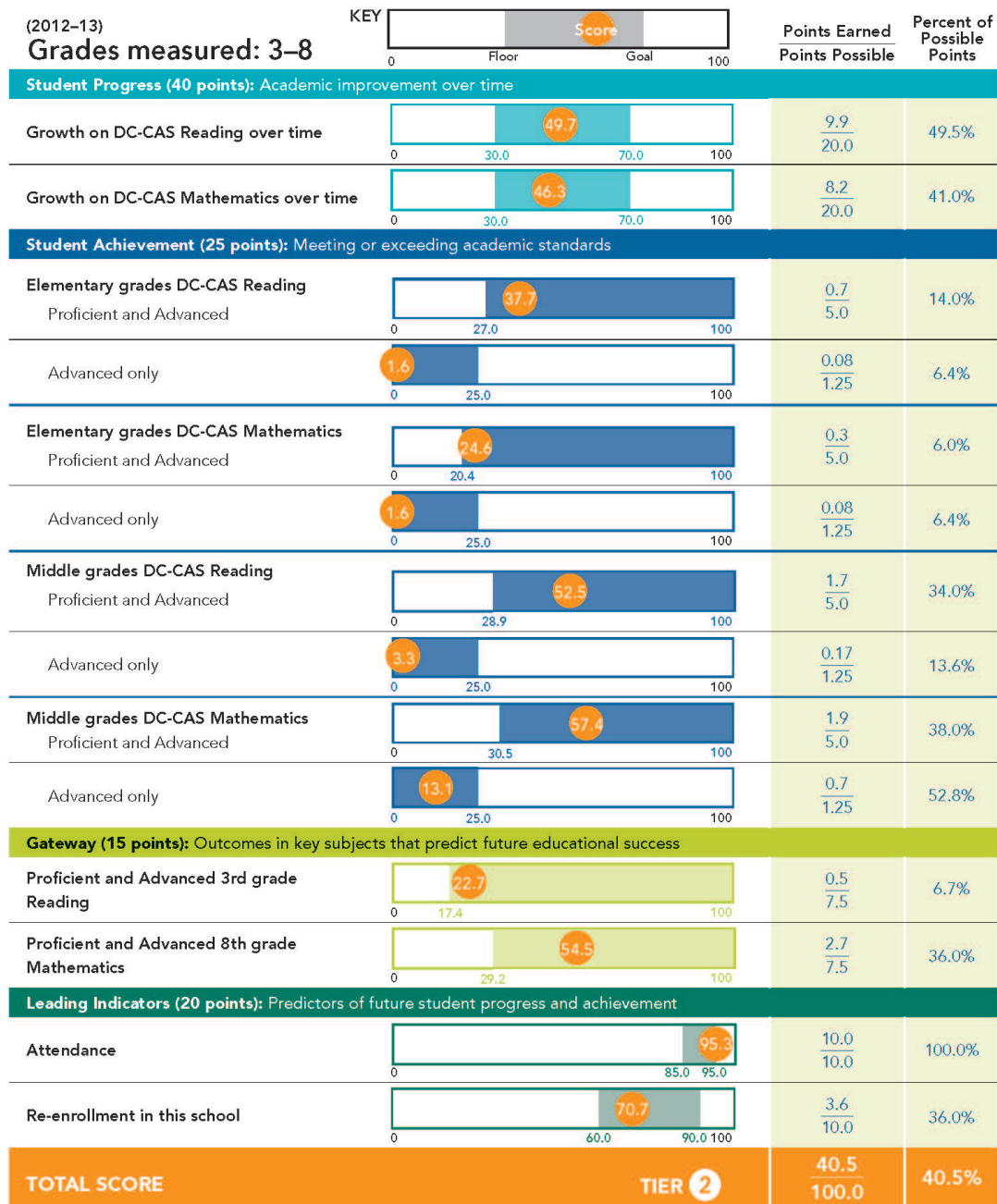


For a more detailed explanation of the indicators, see our user guide.

2012-13 Third through Eighth Grade PMF Performance Report

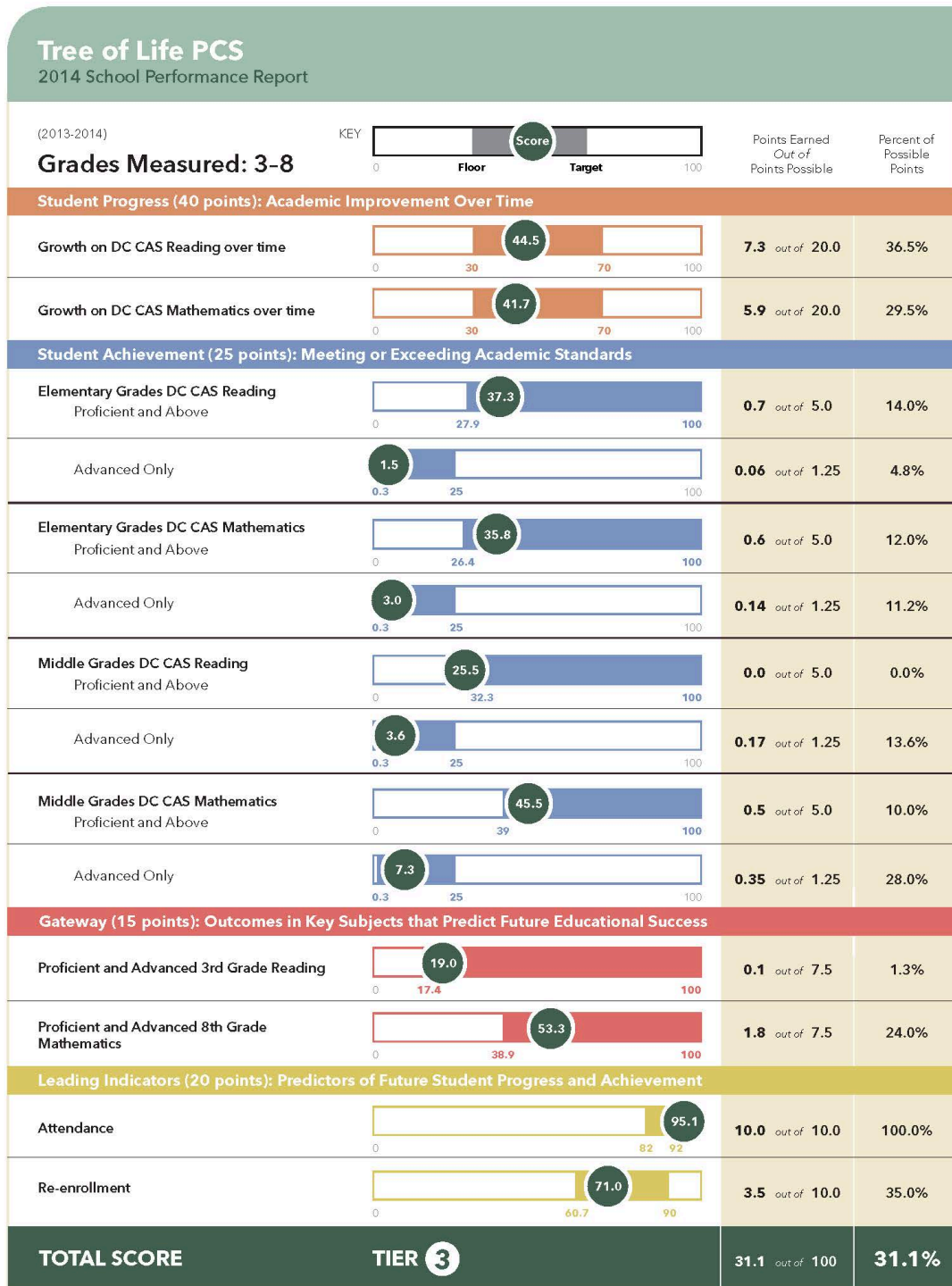
Tree of Life PCS

2013 School Performance Report



For a more detailed explanation of the indicators, see our user guide.

2013-14 Third through Eighth Grade PMF Performance Report



For a more detailed explanation of the indicators, see our technical guide.

SECTION TWO: COMPLIANCE WITH CHARTER AND APPLICABLE LAWS

The SRA requires PCSB to determine at renewal 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.”²⁸ The SRA contains a non-exhaustive list of applicable laws, and PCSB also monitors charter schools for compliance with additional applicable laws in annual compliance reviews. Since 2010-11, PCSB has found in its annual compliance reviews that Tree of Life PCS has been in substantial compliance with applicable laws detailed in the table below.

Compliance Item	Description	School’s Compliance Status 2012-13 to present²⁹
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 ³⁰ 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	The SRA requires DC charter schools to maintain the health and safety of its students. ³¹ To ensure that schools adhere to this clause, PCSB monitors schools for various indicators, including but not limited to whether schools: <ul style="list-style-type: none"> - 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
Equal employment D.C. Code § 38-1802.04(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

²⁸ SRA § 38.1802.12(c).

²⁹ See Tree of Life PCS Compliance Reports, attached to this report as Appendix M.

³⁰ See *Goss v. Lopez*, 419 U.S. 565 (1975).

³¹ SRA § 38.1802.04 (c)(4)(A).

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. 14, §§ 14-1401 et seq.	A DC charter school must possess all required local licenses.	Compliant since 2010-11
Highly Qualified 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 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.	In 2012, a PCSB audit found that the school's Board had an even number of members, as well as a minority of members that were DC residents. The school adjusted its board composition, and is now compliant.
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

DC-CAS Test Administration Compliance

In 2011, OSSE engaged a consulting firm to investigate Tree of Life PCS for possible DC CAS testing violations during the 2010-11 school year. Investigators found one minor testing violation – neither the principal nor the test chairperson had signed test security agreements.³² Additionally, investigators found that school "staff was not fluent in OSSE's processes and procedures...All staff understood the general process, but they lacked certain knowledge of their respective roles."³³

Procurement Contracts

SRA §38-1802.04(c)(1) requires DC charter schools to utilize a competitive bidding process for any procurement contract valued at \$25,000 or more, and within three days of awarding such a contract, to submit to PCSB all bids received, the contractor selected, and the rationale for the 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 is currently working with the school to bring it into compliance in this area.

³² See 2011 DC CAS Test Security Investigation School Summary Report, attached to this report as Appendix M.

³³ See Appendix M.

Year	Qualifying contracts executed by Tree of Life PCS	Corresponding documentation submitted to PCSB
2010-11	3	3
2011-12	6	2
2012-13	1	1
2013-14	1	0
2014-15	2	0

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 Act³⁴ (“IDEA”) and the Rehabilitation Act of 1973. The following section summarizes Tree of Life PCS’ special education compliance from 2011-12 to the present.

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 Tree of Life PCS’ special education compliance are summarized below.

Annual Determinations

As required by IDEA’s implementing regulations, OSSE annually analyzes each LEA’s compliance with 20 special education compliance indicators, and publishes these findings in an Annual Determination report.³⁵ 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 2014, OSSE published its 2011 Annual Determination reports, which include determination scores and levels for the 2011-12 school year. Tree of Life PCS’s Annual Determination compliance performance is detailed in the table below.³⁶

Year	Percent compliant with audited special education federal requirements	Determination Level
2010	70%	Needs Assistance
2011	61%	Needs Assistance
2012	105% ³⁷	Meets Requirements

³⁴ 20 USC §1413(a)(5).

³⁵ As required by federal regulation 34 CFR § 300.600(c).

³⁶ See Tree of Life PCS 2010 and 2011 annual determination reports, attached to this report as Appendix N.

³⁷ The school’s compliance rate is over 100% because OSSE issued a “bonus” compliant indicator – not having any longstanding noncompliance issues from FY2009, FY2010, or FY2011.

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 less than 100% compliant with a student-level and/or LEA-level indicator, it must implement corrections and report these corrections to OSSE.³⁸

In 2013, OSSE published an on-site Compliance Monitoring Report of Tree of Life PCS based on the school's performance in the 2011-12 school year.³⁹ The school was required to implement corrections as indicated in the following table. OSSE has since verified that Tree of Life PCS has implemented corrections for all identified student- and LEA-level findings.

Student-Level Compliance	
Compliance Area	Number of indicators where corrections were required
Part C to B Transition	0 out of 1
Initial Evaluations and Reevaluations	4 out of 6
Individualized Education Program Development	4 out of 10
Least Restrictive Environment	2 out of 2
Discipline	0 out of 2
Data Verification	4 out of 8
Total indicators where corrections were required	14 out of 28

LEA-Level Compliance	
Compliance Area	Number of indicators where corrections were required
Data Verification	0 out of 1
Dispute Resolution	1 out of 3
Access to Instructional Materials	0 out of 1
Fiscal	8 out of 17
Total indicators where corrections were required	9 out of 22

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.

³⁸ If OSSE finds that the school is less than 100% 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.

³⁹ See 2012-2013 On-Site Monitoring Report Attachments, attached to this report as Appendix O.

In the 2012-13 school year, OSSE found the school noncompliant in completing five student reevaluations in a timely manner.⁴⁰ That same year, the school was found not to have completed two initial evaluations in a timely manner. In the 2013-14 school year, OSSE found the school noncompliant in completing three student reevaluations in a timely manner. OSSE has since verified that the LEA has implemented corrections for all identified findings.

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 LEA’s timely implementation of Hearing Officer Determinations (“HODs”) and Settlement Agreements (“SAs”).

As of this report’s publication, the Blackman Jones Database showed that Tree of Life PCS had no HODs or SAs.

⁴⁰ See Quarterly Reports, attached to this report as Appendix P.

SECTION THREE:

FISCAL MANAGEMENT AND ECONOMIC VIABILITY

INTRODUCTION

Separate and apart from the standard for charter renewal, 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.

In the following section PCSB has analyzed Tree of Life PCS' financial record regarding these areas.

SUMMARY OF FINDINGS

Tree of Life PCS was identified as a high fiscal-performing school by PCSB in FY2013 after two years as a mid-performing school. The school has no pattern of non-adherence to GAAP, nor has it engaged in a pattern of fiscal mismanagement. Virtually every financial metric improved in the last two years as the school recorded operating surpluses in both FY2013 and FY2014 after two years of deficits.

FINANCIAL OVERVIEW

The School's total revenue has been fairly stable for the last four years.⁴¹ While federal funding declined significantly from FY2011 to FY2013, local funding increased during this time period leading to a small increase in total revenue. The following table provides an overview of the school's financial information over the past four fiscal years.

⁴¹ See Tree of Life PCS annual audits and FAR reports, attached to this report as Appendix Q.

	Audit Year			
	2011	2012	2013	2014
Audited Enrollment	307	301	314	311
Total DC Funding Allocation	\$4,200,436	\$4,410,496	\$4,845,488	\$4,864,925
Total Federal Entitlements and Funding	\$1,103,623	\$846,405	\$641,456	\$643,661
Unrestricted Cash and Cash Equivalents on 6/30/14	\$82,965	\$277,971	\$684,009	\$494,413
Total Assets	\$5,303,364	\$5,108,226	\$5,303,380	\$5,146,807
Total Current Assets	\$374,533	\$458,938	\$908,794	\$919,869
Total Liabilities	\$3,900,266	\$3,732,749	\$3,730,414	\$3,442,015
Total Current Liabilities	\$658,050	\$678,192	\$815,548	\$679,937
Net Asset Position	\$1,403,098	\$1,375,477	\$1,572,966	\$1,704,792
Total Revenues	\$5,440,092	\$5,472,262	\$5,668,732	\$5,675,598
Total Expenses	\$5,451,055	\$5,499,883	\$5,582,079	\$5,543,772
Change in Net Assets	(\$10,963)	(\$27,621)	\$86,653	\$131,826

SPENDING DECISIONS

The school ran deficits in FY2011 and FY2012, but has operated with surpluses for the last two years. The following table provides an overview of the school's spending decisions over the past four years.

	Audit Year			
	2011	2012	2013	2014
Total Personnel Salaries and Benefits	\$ 3,598,231	\$ 3,614,618	\$ 3,656,090	\$ 3,750,869
Total Direct Student Costs	\$ 749,214	\$ 589,548	\$ 656,036	\$ 638,579
Total Occupancy Expenses	\$ 951,128	\$ 793,308	\$ 809,820	\$ 755,399
Total Office Expenses	\$ 36,908	\$ 37,539	\$ 65,603	\$ 52,671
Total General Expenses	\$ 115,574	\$ 464,870	\$ 394,529	\$ 346,254
Operating Surplus/(Deficit)	\$ (10,963)	\$ (27,621)	\$ 86,653	\$ 131,826
as a percent of revenue				
Total Personnel Salaries and Benefits	66%	66%	64%	66%
Total Direct Student Costs	14%	11%	12%	11%
Total Occupancy Expenses	17%	14%	14%	13%
Total Office Expenses	1%	1%	1%	1%
Total General Expenses	2%	8%	7%	6%
Operating Surplus/(Deficit)	0%	-1%	2%	2%

ADHERENCE TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Audits of Tree of Life PCS establish that the School has adhered to GAAP. The auditor expressed unqualified/unmodified opinions on Tree of Life PCS's financial statements in each of the past four years. However, the school has had three findings identified during this time period: one for

not requiring employees to sign a monthly report of their respective time spent on federal programs; another for non-adherence to the SRA's requirement to bid all procurement contracts over \$25,000; and a repeat finding because management's review of financials failed to prevent or detect misstatements. The following table provides a summary of audit results for each of the past four fiscal years.

	FY2011	FY2012	FY2013	FY2014
Statement Opinion. Required when auditor finds areas of doubt/questionable matters.	Unqualified	Unqualified	Unmodified	Unmodified
Statement Material Weakness. A deficiency in internal control, indicating a reasonable possibility that a material financial misstatement will not be prevented.	No	No	No	No
Statement Non-Compliance. Auditor tests for compliance with certain provisions of laws, regulations, contracts, and grant agreements.	No	No	No	No
Program Opinion (A133). Review of compliance with federal requirements conducted when school receives \$500K+ in federal funds.	Unqualified	Unqualified	Unmodified	Unmodified
Program Material Weakness (A133). Lack of internal control over compliance with applicable laws, regulations, etc.	No	No	No	No
Findings & Questioned Costs. Findings important enough to merit attention by those charged with governance, with documentation of corrective action plans noting the responsible party.	2	0	1	0
Unresolved Prior Year Findings. Disclosure of prior audit findings that have not been corrected.	1	0	0	0
Going-Concern Issue. Indicates the financial strength of the school is questioned.	N/A	No	No	No
Debt-Compliance Issue. School was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency.	N/A	No	No	No

FISCAL MANAGEMENT

The school has not engaged in a pattern of fiscal mismanagement. The school consistently received unqualified opinions on its financial statements. While it received some findings in the last four years, it cured each of them. Additionally, the school has paid off one of its two loans and generated operating surpluses in each of the last two years.

ECONOMIC VIABILITY

The school is economically viable. Tree of Life PCS's enrollment increased in FY2011 and has been relatively consistent for the last four years, ranging from 301 to 314 students. The school's total revenue was approximately \$5.7 million in each of the last two years. Total expenses have been very consistent for the last several years as well. 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 three 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 be positive. While the school had two consecutive years of operating deficits, its surpluses in the last two years totaled over \$300K.

Another indicator of a school's financial performance is its earnings before depreciation,⁴² a financial performance measure of profitability before non-cash expenses are included. On this measure the school has been positive in each of the last four years. The aggregated three-year margin is a long-term measure of fiscal performance that tempers the impact of any single year fluctuations. The school's three-year margin turned positive in FY2013 and grew to 1.1% in FY2014. **The school's financial performance was marginal in FY2011 and FY2012 but is now satisfactory.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Operating Surplus/(Deficit)	< 0	(\$10,963)	(\$27,621)	\$86,653	\$131,826
Earnings Before Depreciation	< 0	\$323,893	\$285,360	\$385,218	\$406,997
Aggregated 3-Year Total Margin	< -1.5	-5.7%	-3.8%	0.3%	1.1%

Liquidity

Two indicators of a school's short-term economic viability are its current ratio⁴³ and its days of cash on hand.⁴⁴ 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 and is now above 1.0.

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. Tree of Life PCS' cash on hand had been a concern, but increased significantly to 44 days by the end of FY2013 and then decreased to 32 days at the end of FY2014. The school has generated positive cash flow from operations in each of the last four years, but fell back to \$59K in FY2014. **Overall, Tree of Life PCS's liquidity has improved from weak to satisfactory from FY2011 to FY2014.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Current Ratio	< 0.5	0.6	0.7	1.1	1.4
Days of Cash On Hand	< 30	5	18	44	32
Cash Flow from Operations	< 0	\$342,570	\$461,366	\$578,525	\$58,698
Multi-Year Cumulative Cash Flow	< 0	(\$189,712)	\$216,953	\$601,044	\$411,448

⁴² EBAD is the change in net assets plus amortization and depreciation.

⁴³ A school's current ratio is its current assets divided by current liabilities.

⁴⁴ "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.

Debt Burden

A school's debt ratio⁴⁵ 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 concern to PCSB. Tree of Life PCS's debt ratio has consistently remained approximately .20 points below this threshold. Additionally, the school paid off one of its two loans in FY2013, which reduced its debt service ratio⁴⁶ below 7.5% in FY2013 and FY2014. **Therefore, Tree of Life PCS' current debt burden does not pose concerns to its economic viability.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Debt Ratio	> 0.92	0.74	0.73	0.7	0.67
Debt Service Ratio	> 10.0%	8.9%	9.2%	7.2%	7.4%

Sustainability

A school's net assets⁴⁷ and primary reserve ratio⁴⁸ demonstrate its sustainability. 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. **The school's metrics demonstrate sustainability – its net asset position is in excess of three months and its primary reserves are positive.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Net Asset Position	< 0	\$1,403,098	\$1,375,477	\$1,572,966	\$1,704,792
Primary Reserve Ratio	< 0.00	0.26	0.25	0.28	0.31

⁴⁵ Debt ratio equals total liabilities divided by total assets.

⁴⁶ Debt service ratio equals principal payments + interest paid on debt divided by total revenue.

⁴⁷ Net Asset Position equals total assets minus total liabilities

⁴⁸ Primary Reserve Ratio equals total net assets divided by total annual expenses.