



2012-13 Charter Renewal Report

Friendship Public Charter School

April 29, 2013

DC Public Charter School Board
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RECOMMENDATION

The District of Columbia Public Charter School Board (“PCSB”) recommends Friendship Public Charter School (“Friendship PCS”) charter be renewed based on the school’s overall academic, compliance, and fiscal performance.

EXECUTIVE SUMMARY

Friendship PCS began operating in 1998 under the oversight of PCSB and is currently in its fifteenth year of operation. The Friendship Local Education Agency comprises six campuses, all of which are rated as Tier 2 according to the Performance Management Framework (“PMF”), detailed in the table below. In addition, according to the Friendship Public Charter School website¹, Friendship PCS’ Board operates a Transformation School² in partnership with the District of Columbia Public Schools (DCPS), and in Baltimore, Friendship operates four transformation schools in partnership with Baltimore City Public Schools.

Campus	Ward	Year Opened	Grades Served	2012-13 Student Enrollment	2010-11 PMF Percentage	2011-12 PMF Percentage
Chamberlain	6	1998-99	PK-8	760	53.0%	53.8%
Woodridge	5	1998-99	PK-8	477	51.5%	50.0%
Blow Pierce	7	1999-2000	PK-8	683	38.6%	35.7%
Collegiate	7	2000-01	9-12	1040	54.3%	62.8%
Southeast	8	2005-06	PK-5	551	38.2%	49.6%
Tech Prep	8	2008-09	6-10 (growing to serve through grade 12)	369	51.8%	50.1%

In 2002-03, when Friendship PCS was operating four charter school campuses in DC, PCSB conducted a five-year review of Friendship PCS and determined that the school should continue operating. In 2007-08,

¹ www.friendshipschools.org

² “Transformation school” is a term used by the U.S. Department of Education for a school implementing one of four “intervention models” as part of the Title I School Improvement Grant program.

when Friendship PCS was operating five charter school campuses, PCSB conducted a ten-year review of Friendship PCS, and determined that the school should continue operating. Friendship began operating the Academies of Anacostia (DCPS) in 2009-2010 and working in Baltimore in 2008.

On September 4, 2013, Friendship PCS's charter³ will expire, and it has submitted an application to renew its charter for another fifteen-year term. As part of the renewal process, PCSB must assess whether Friendship PCS has: (1) met the goals and student academic achievement expectations ("goals and expectations") included in its charter; (2) remained materially compliant with applicable laws; and (3) managed its finances effectively and remained economically viable.⁴

PCSB staff has conducted this assessment and determined that Friendship PCS has substantially met those goals and expectations that have been historically measured. Staff therefore recommends that the charter be renewed.

In reaching this determination, PCSB staff wants to specifically note and commend Friendship PCS for its admission policy – a policy of admission of students in any grade, at any point in the school year.

However, two significant issues arose during the renewal review that staff recommends be addressed looking forward to the next fifteen years:

The first issue concerns academic performance. While staff concludes that Friendship PCS substantially met its charter goals, we are concerned that proficiency and growth rates in reading at many of Friendship PCS' campuses are low. We recommend this be addressed by adopting either explicit campus-level reading proficiency goals, or campus-level goals tied to the PMF.

The second issue concerns Friendship PCS' governance structure. The School Reform Act, as amended in 2007, requires DC public charter schools to be organized as an independent corporation that can be dissolved if the charter school is no longer operational. Accordingly, as currently structured, if Friendship PCS ceased operating for any reason, the entity incorporated as Friendship Public Charter School, Inc. would be required to dissolve and no corporate structure would exist to continue operations of its other activities. As such, PCSB recommends that Friendship PCS implement a corporate structure with at least two separate corporate entities, with two separate governing boards: one to oversee Friendship's DC public charter school, and another to oversee all aspects of Friendship's work.

³ Friendship PCS – Tech Prep campus was originally chartered separately in 2005, and was assumed under the Friendship PCS charter in 2006. It opened two years later, in 2008.

⁴ See DC Code § 38-1208.12(a)(3).

GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

The District of Columbia School Reform Act (“SRA”) provides that PCSB shall not approve a charter renewal application if it determines that the school has failed to meet its goals and expectations set out in its charter agreement.⁵ Goals are general aims (usually related to a school’s mission), which may be categorized as academic, non-academic, and organizational, whereas expectations are student academic aims measured by assessments. Goals and expectations are only considered as part of the renewal decision if they were included in a school’s charter agreement, charter amendment, or Accountability Plans approved by the PCSB Board (collectively, the “Charter”).

Friendship PCS detailed ten goals in its charter application, which are included in the chart below.⁶ For the purposes of this review, PCSB analyzed the goals included in the school’s charter application and which PCSB consistently monitored over the course of the school’s Charter. For goals and expectations that were not consistently monitored over the course of the school’s Charter and/or not consistently reported on by the school, it is noted in the chart below that they were “not historically measured.”

Friendship PCS has met six goals that it has consistently pursued over the course of its charter, and partially met two additional goals. The chart below summarizes these determinations, which are detailed in the body of this report.

	Goal or Expectation	Met?
1	Ensure that each student achieves the educational standards in each subject area as outlined in Student Academic Standards.	Partially
2	Help students feel comfortable taking intellectual chances and accepting academic challenges.	Yes
3	Improve student motivation by increasing the motivation of the education team and by setting high performance standards and expectations.	Yes
4	Develop strong character in students through the building of courage, curiosity, integrity, leadership, perseverance, and concerns for others.	Yes
5	Ensure that students are prepared to lead successful adult lives as workers and consumers.	Yes
6	Develop in students a strong respect for the democratic ideals of freedom and liberty for all.	Not Historically Measured
7	Provide a safe and secure learning community.	Partially
8	Draw on the support of families and the community to reinforce the school’s educational mission.	Yes
9	Provide an educational resource to the surrounding Edison-Friendship Public Charter School community.	Yes
10	Develop in students an abiding commitment to the school’s surrounding community.	Not historically Measured

⁵ SRA §38-1802.12(c)(2).

⁶ See Friendship PCS Charter School Application, attached to this document as Appendix A.

1. Ensure that each student achieves the educational standards in each subject area as outlined in Student Academic Standards.

Assessment: **Friendship PCS has partially met this goal.** The school met this goal in regards to its students achieving educational standards in mathematics, but did not meet the goal in regards to its students achieving educational standards in reading.

In its renewal application, Friendship PCS details its high promotion rates and its students' performance on the DC-CAS as evidence that it has met this goal. Both indicators are discussed below.

Promotion Rates

From 1998-2012, 90% of Friendship PCS students achieved grade level standards on time, with 88% of ninth graders on track to graduate.⁷ Friendship PCS provided the following promotion rates, dating from 2005 to present.

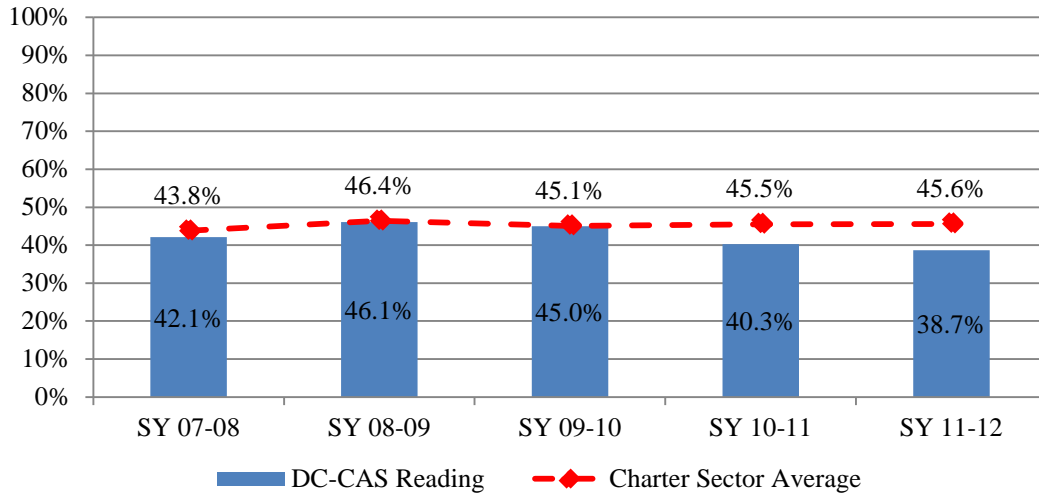
	2005	2006	2007	2008	2009	2010	2011	2012
Chamberlain	92%	94%	94%	98%	99%	99%	98%	98%
Woodridge	99%	99%	99%	99%	100%	99%	99%	99%
Blow Pierce	91%	95%	99%	100%	99%	100%	98%	99%
Collegiate	91%	95%	97%	97%	97%	99%	98%	96%
Southeast	n/a	100%	99%	94%	87%	95%	99%	96%
Tech Prep	n/a	n/a	n/a	n/a	n/a	95%	93%	96%

⁷ See Friendship PCS Renewal Application, pp. 6 and 11, attached to this document as Appendix C.

DC-CAS Proficiency and Growth

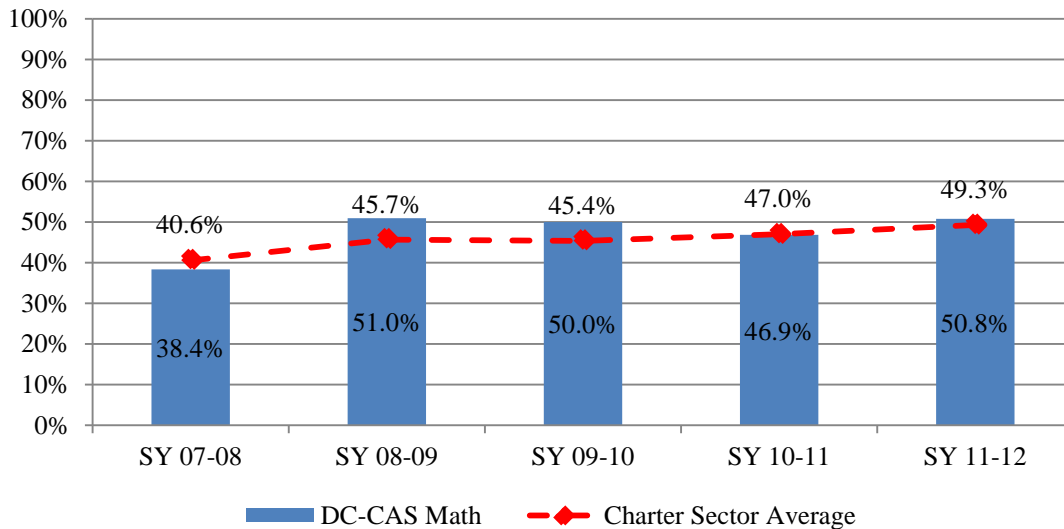
Friendship PCS' LEA-wide reading proficiency rates were below the DC charter sector average for the past five years. As an LEA, its reading proficiency rate has declined since 2008-09

Friendship LEA Reading Proficiency Rates

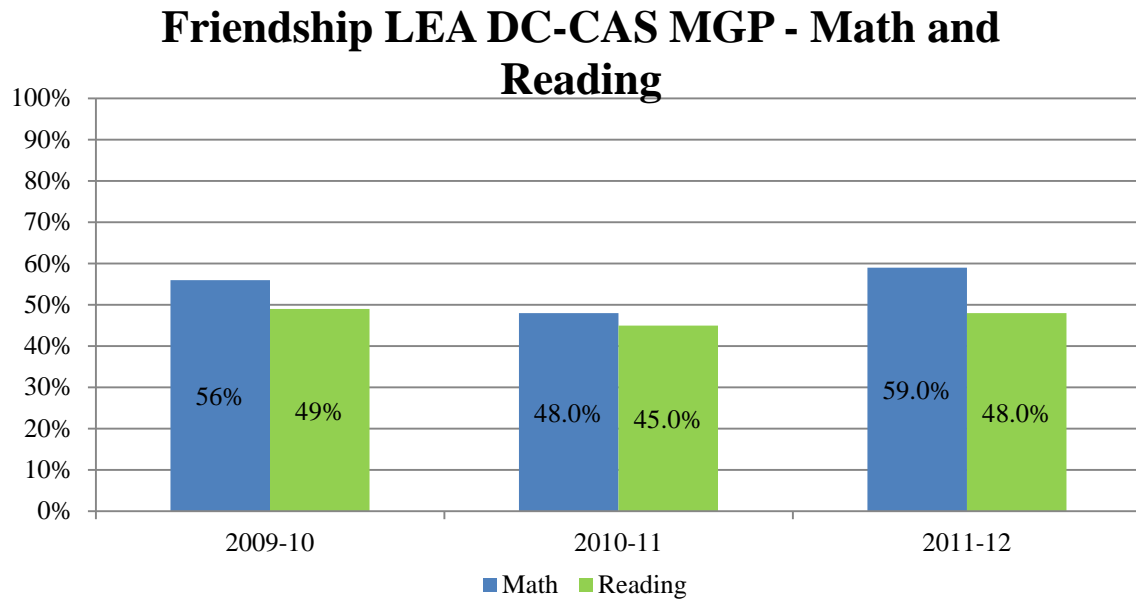


Friendship PCS' LEA-wide math proficiency rates were at or greater than the DC charter sector average in three of the past five years. Its math proficiency rate increased by 12.6% in 2008-09 and has since remained consistent.

Friendship LEA Math Proficiency Rates



The below graph represents Friendship PCS’ LEA-wide Median Growth Percentage (“MGP”), which is the median of Friendship PCS’ LEA-wide individual student growth percentiles. In math, on average, Friendship PCS students are growing at the same rate or exceeding the rate of peers with comparable starting scores attending other public charter and traditional schools in the District. In reading, the median score for Friendship PCS students is generally below the rate of peers with comparable starting scores.



The following sections detail Friendship PCS’ reading and math proficiency rates and median growth percentile by campus.

Friendship PCS – Chamberlain

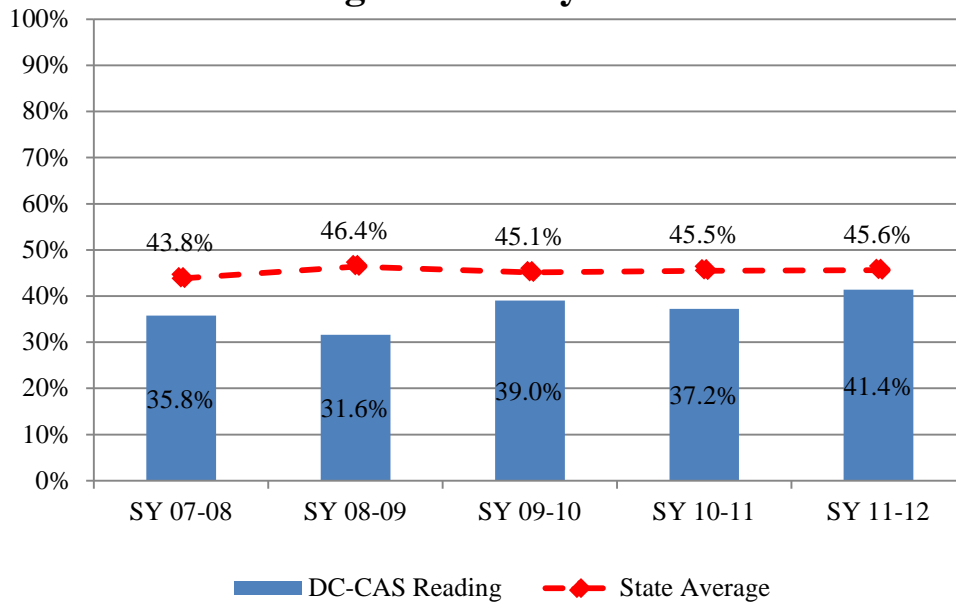
The Friendship PCS - Chamberlain campus opened in 1998-99. At Friendship PCS’ fifth-year review, the Chamberlain campus met all of its academic targets, including those associated with reading and math.⁸ At Friendship PCS’ tenth-year review, the Chamberlain campus met three of six academic goals. It did not meet targets regarding reading and math benchmark assessments, but it met its targets on the state assessment in place at the time.⁹

⁸ See Friendship PCS Fifth year Review – Accountability Plan Performance Analysis p. 1, attached to this document as Appendix D.

⁹ See Friendship PCS Tenth year Review – Accountability Plan Performance Analysis, attached to this document as Appendix E.

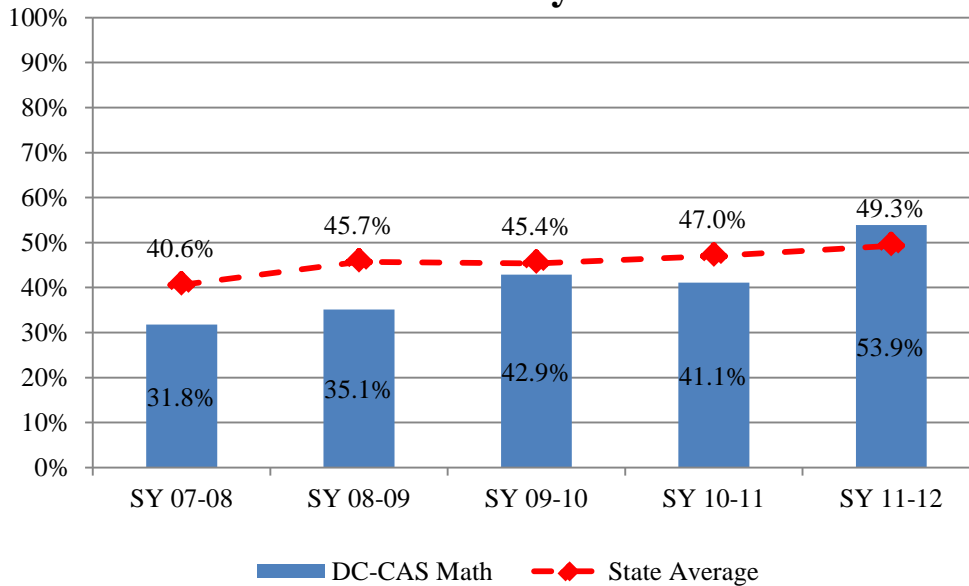
Friendship PCS – Chamberlain campus has performed below the state average in reading since 2007-08.

Friendship - Chamberlain DC-CAS Reading Proficiency Rates



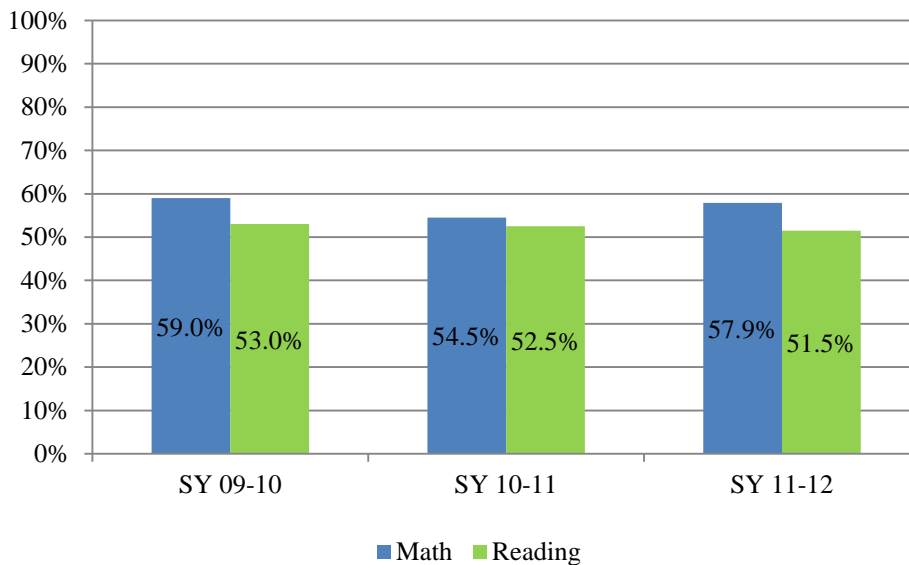
However, Friendship PCS - Chamberlain Campus' math performance has increased since 2007-08, and in 2011-12 it exceeded the state average.

Friendship - Chamberlain DC-CAS Math Proficiency Rates



Friendship PCS - Chamberlain campus' Median Growth Percentile ("MGP") has remained consistent over the past three years.

Friendship - Chamberlain DC-CAS MGP



Friendship PCS – Woodridge Campus

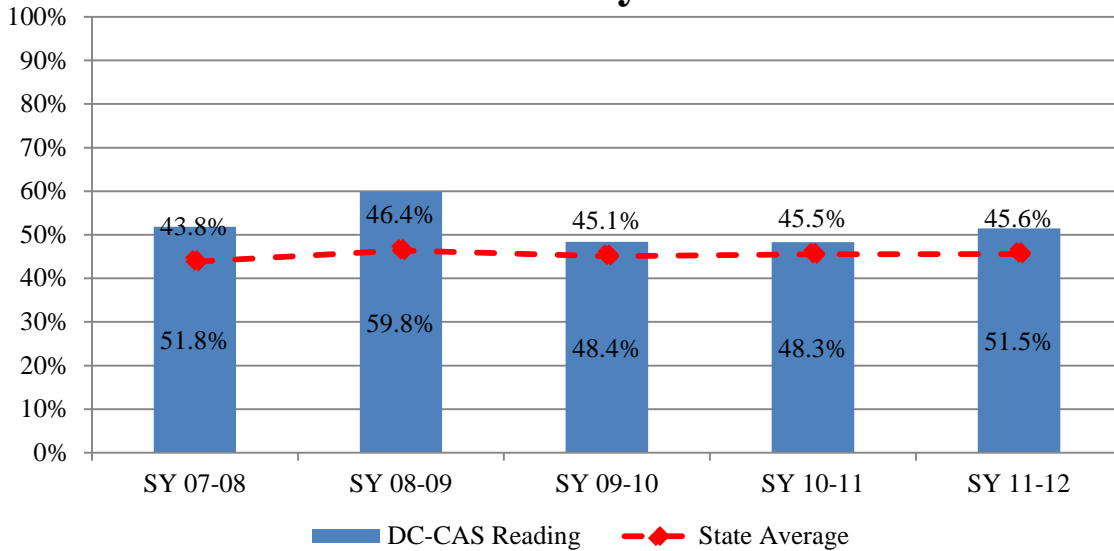
The Friendship PCS – Woodridge Campus opened in 1998-99. At Friendship PCS' fifth-year review, the Woodridge campus met all of its academic targets, including those associated with reading and math.¹⁰ At Friendship PCS' tenth-year review, the Woodridge campus met seven of thirteen academic goals. It did not meet several targets regarding reading and math benchmark assessments, but it met its targets regarding the DC-CAS.¹¹

¹⁰ See Appendix D.

¹¹ See Appendix E.

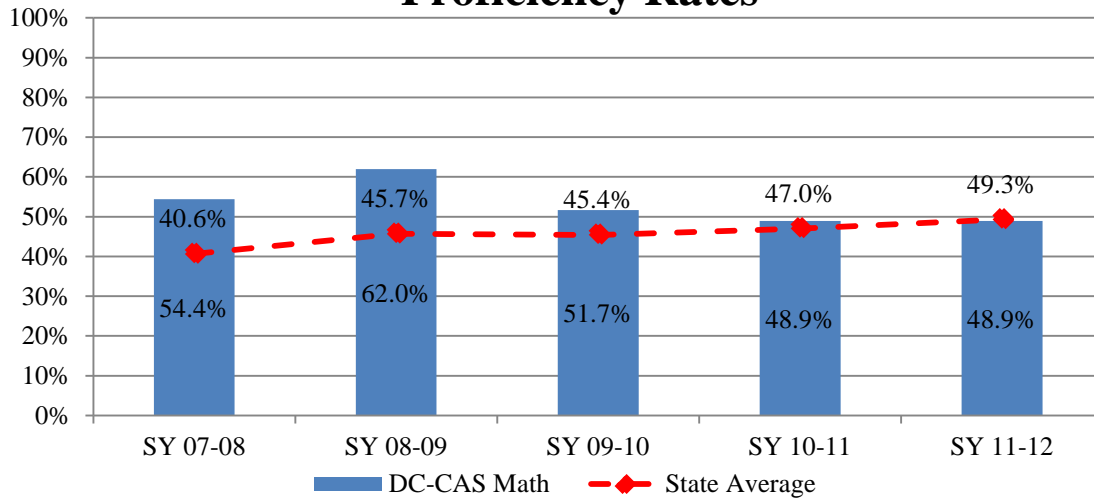
Friendship PCS - Woodridge Campus has exceeded the state average in reading since 2007-08.

Friendship - Woodridge DC-CAS Reading Proficiency Rates



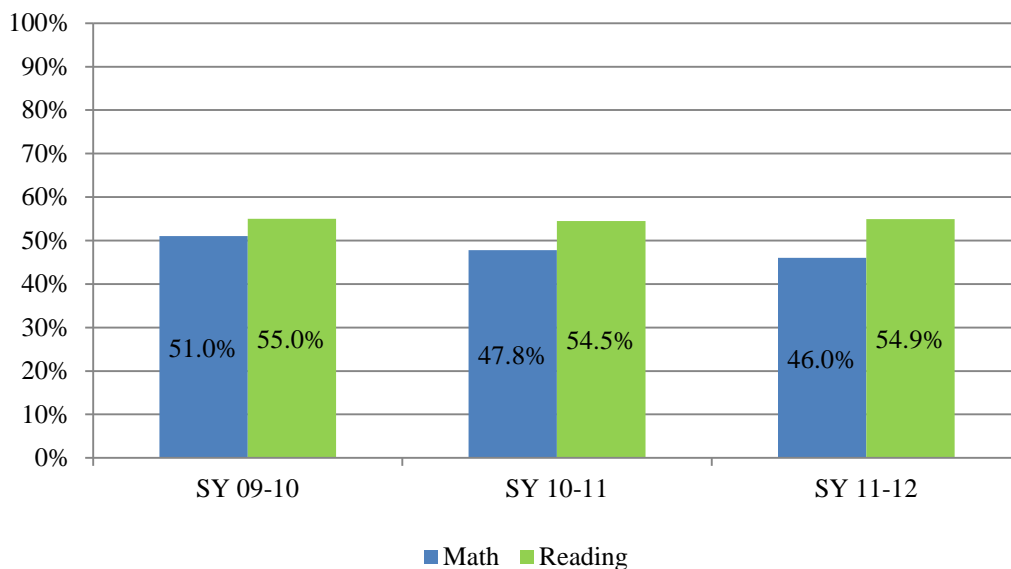
Friendship PCS' Woodridge campus has exceeded the state average in math since 2007-08, except in 2011-12, where it was just slightly below.

Friendship - Woodridge DC-CAS Math Proficiency Rates



Friendship PCS - Woodridge campus' Median Growth Percentile (“MGP”) has remained consistent over the past three years, with a slight drop in its math MGP. For the last two years in math, the median score for Friendship PCS - Woodridge students is below the rate of peers with comparable starting scores attending other public charter and traditional schools in the District.

Friendship - Woodridge DC-CAS MGP



Friendship PCS – Blow Pierce Campus

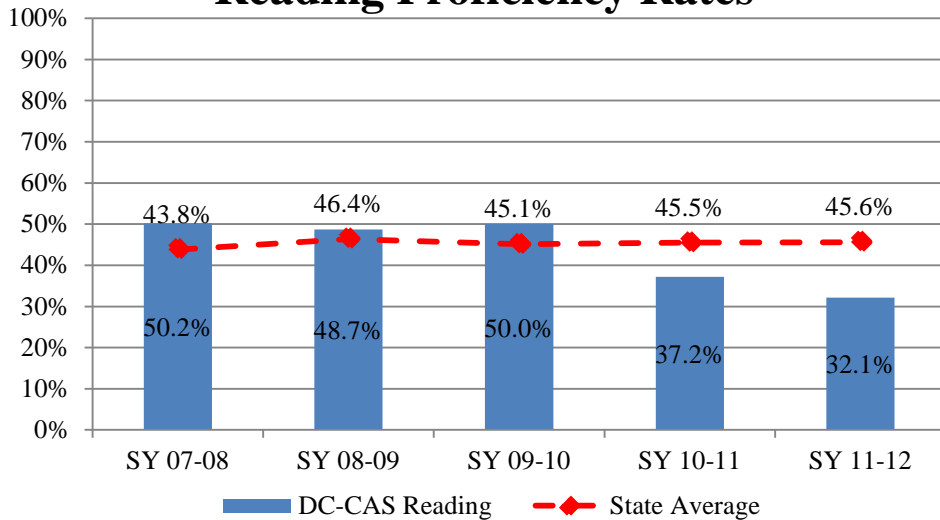
Friendship PCS – Blow Pierce Campus has been open since 1999-2000. At Friendship PCS’ fifth-year review, the Blow Pierce campus met all of its academic targets, including those associated with reading and math.¹² At Friendship PCS’ tenth-year review, the Blow Pierce campus met two of six academic goals. It met its reading target regarding the DC-CAS, but not its math target. It did not meet any targets regarding benchmark assessments.¹³

¹² See Appendix D.

¹³ See Appendix E.

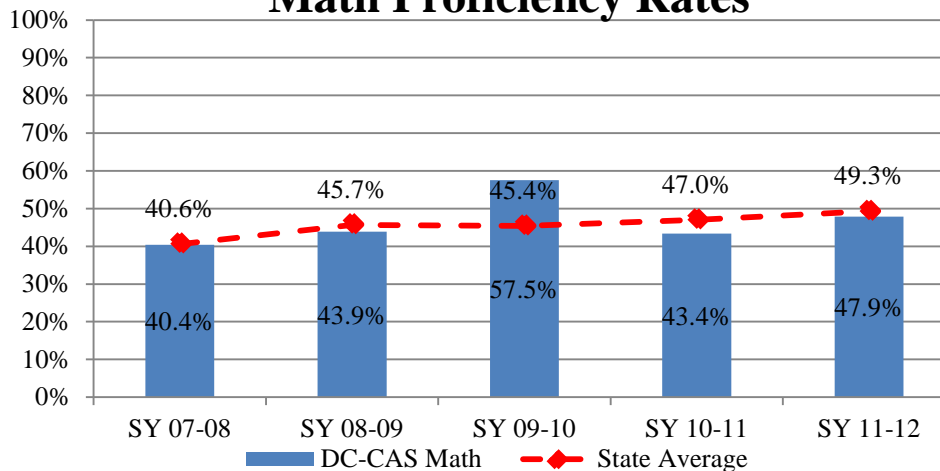
Friendship PCS – Blow Pierce Campus exceeded the state average in reading from 2007-08 through 2009-10. Since 2009-10, its reading proficiency rate has decreased, and in 2011-12 it performed 13.5% below the state average.

Friendship - Blow Pierce DC-CAS Reading Proficiency Rates



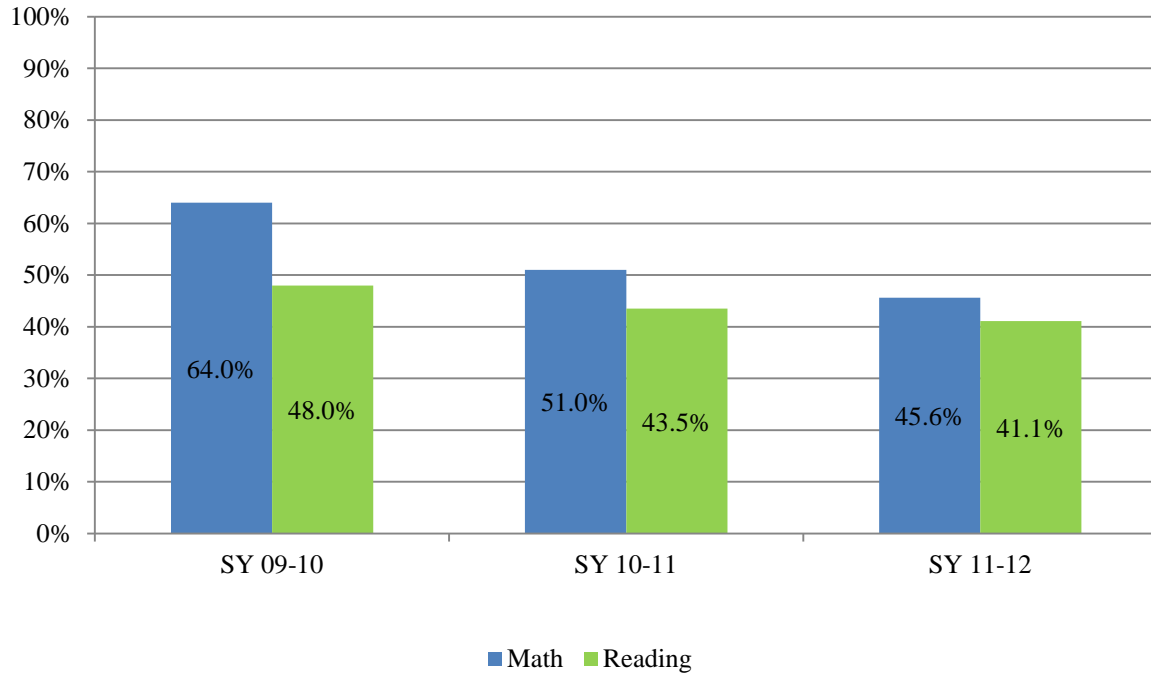
Friendship PCS - Blow Pierce Campus has performed below the state average in math during four of the past five years.

Friendship - Blow Pierce DC-CAS Math Proficiency Rates



Friendship PCS - Blow Pierce Campus' Median Growth Percentile ("MGP") has dropped in both reading and math over the past three years, with the reading MGP being consistently below 50%, meaning that the average growth score for their students is below the rate of peers with comparable starting scores attending other public charter and traditional schools in the District.

Friendship - Blow Pierce DC-CAS MGP



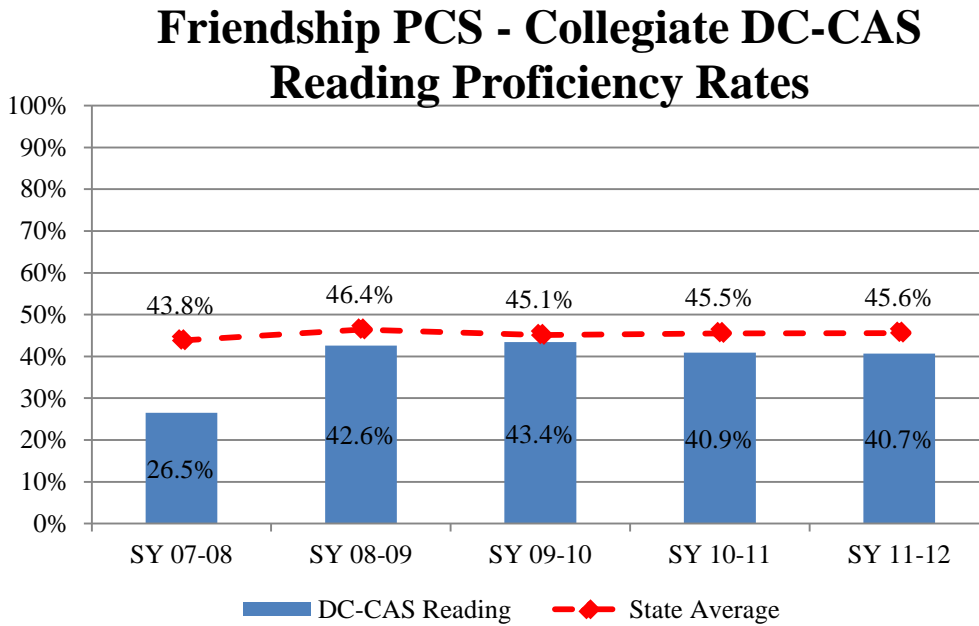
Friendship PCS – Collegiate Campus

Friendship PCS – Collegiate Campus opened in 2000-01. At Friendship PCS’ fifth-year review, the Collegiate campus met four of six academic targets.¹⁴ It met its target associated with math on the state assessment in place at the time, but did not meet the reading target. At Friendship PCS’ tenth-year review, the Collegiate campus met eight of ten academic goals. It met its reading target regarding the DC-CAS, but not its math target.¹⁵

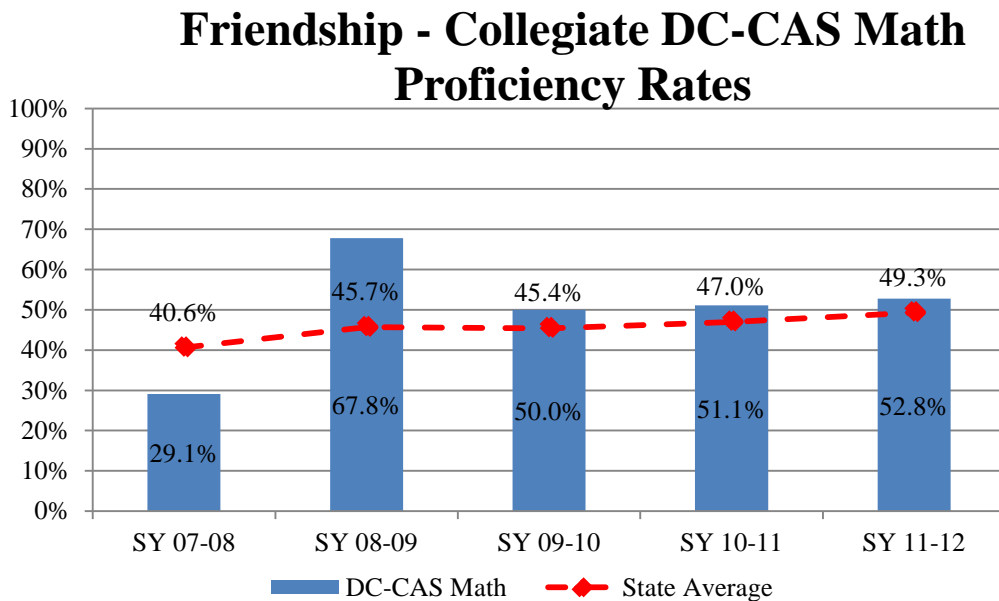
¹⁴ See Appendix D.

¹⁵ See Appendix E.

Friendship PCS - Collegiate Campus has performed below the state average in reading since 2007-08.

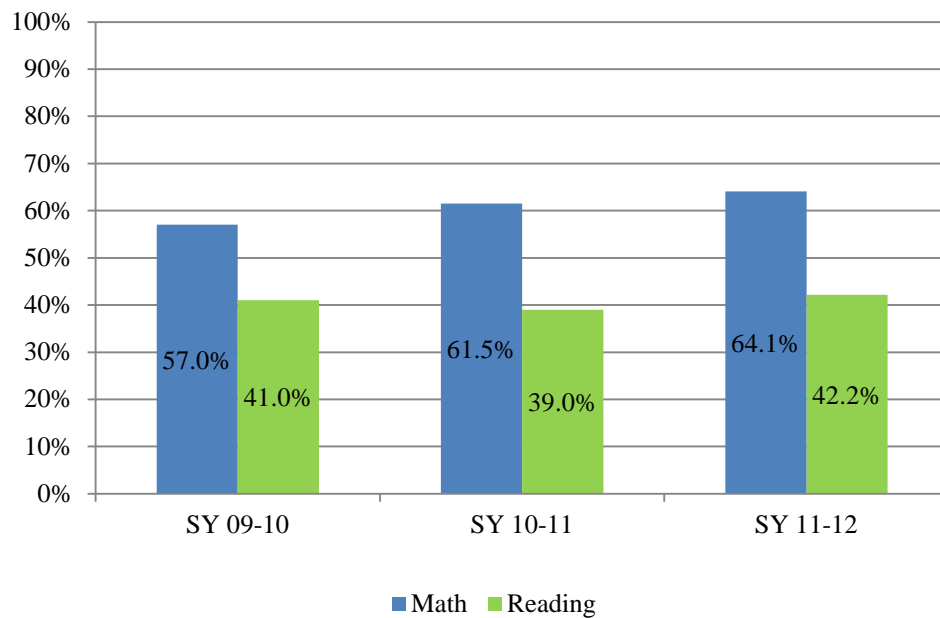


Friendship PCS - Collegiate Campus has performed above the state average in math since 2008-09.



Friendship PCS - Collegiate Campus' math Median Growth Percentile (“MGP”) has increased over the past three years, while its reading MGP has remained consistent. Over the past three years, the reading MGP has been as low as 39.0%, meaning that the median growth score for students attending Friendship PCS – Collegiate is much lower than their peers with comparable starting scores attending other public charter and traditional schools in the District.

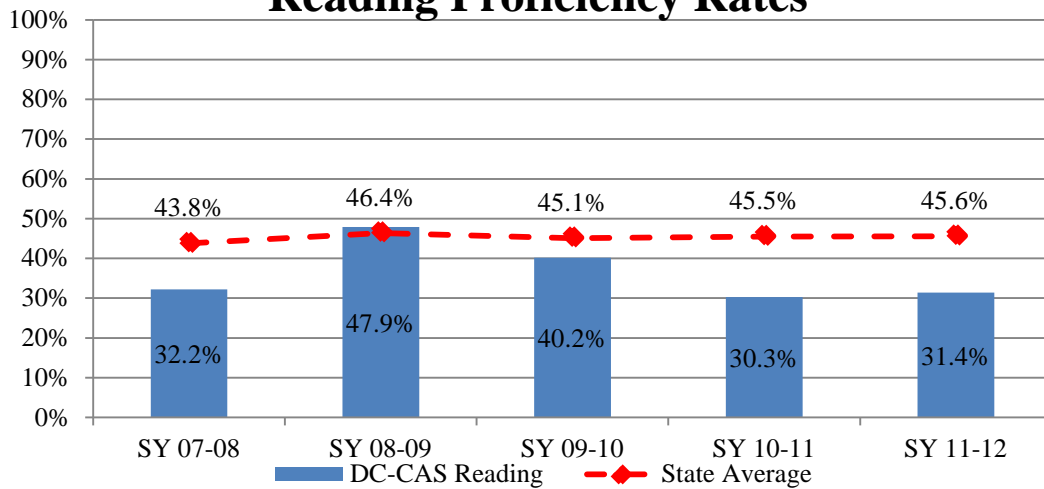
Friendship - Collegiate DC-CAS MGP



Friendship PCS – Southeast Campus

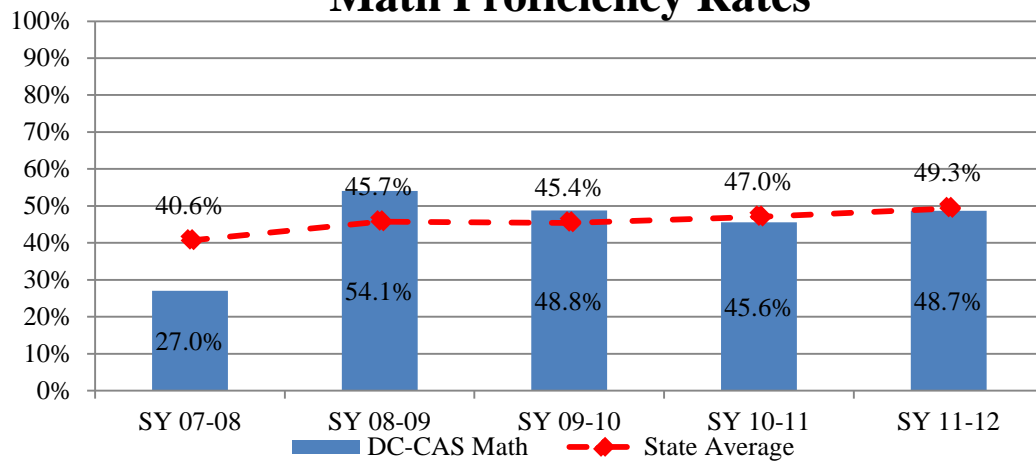
The Friendship PCS – Southeast Campus opened in 2005-06. At Friendship PCS’ fifth-year review, the campus had not yet been opened. At Friendship PCS’ tenth-year review, the Southeast campus met its DC-CAS targets.¹⁶ In the past five years, Friendship PCS - Southeast Campus performed above the state average in reading only in 2008-09.

Friendship PCS - Southeast DC-CAS Reading Proficiency Rates



Similarly, in the past five years, Friendship PCS - Southeast Campus performed above the state average in math in 2008-09 and 2009-10.

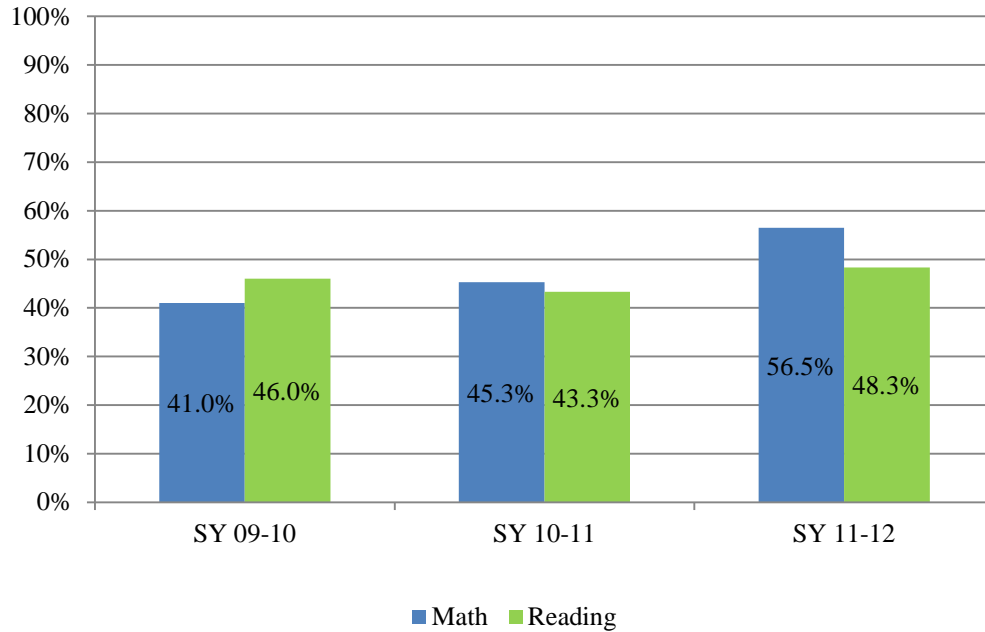
Friendship PCS - Southeast DC-CAS Math Proficiency Rates



¹⁶ See Appendix E.

Friendship PCS - Southeast Campus' math Median Growth Percentile ("MGP") has increased over the past three years, while its reading MGP has fluctuated. In 2012 the math MGP was above 50%.

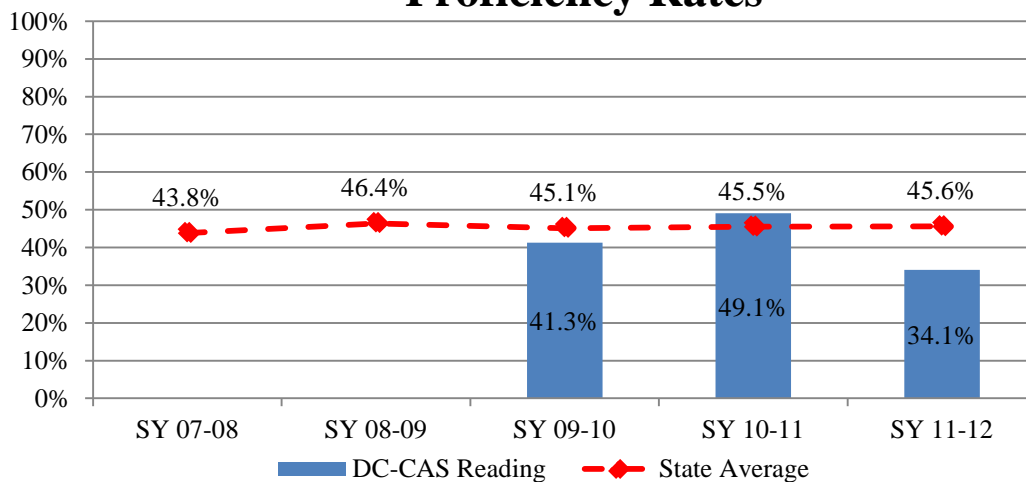
Friendship - Southeast DC-CAS MGP



Friendship PCS – Tech Prep Campus

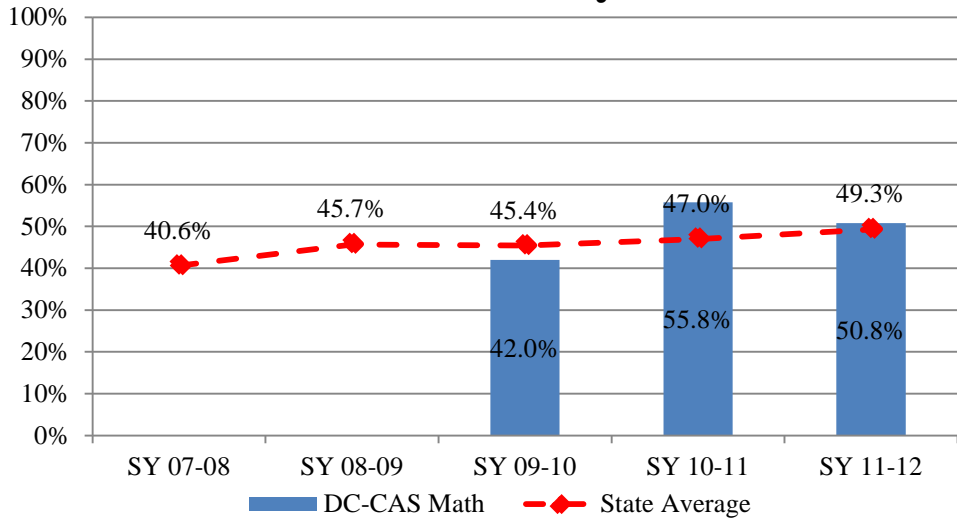
The Friendship PCS – Tech Prep Campus opened in 2009-10. Since that time, the Friendship PCS - Tech Prep Campus exceeded the state average in reading only in one year (2010-11).

Friendship - Tech Prep DC-CAS Reading Proficiency Rates



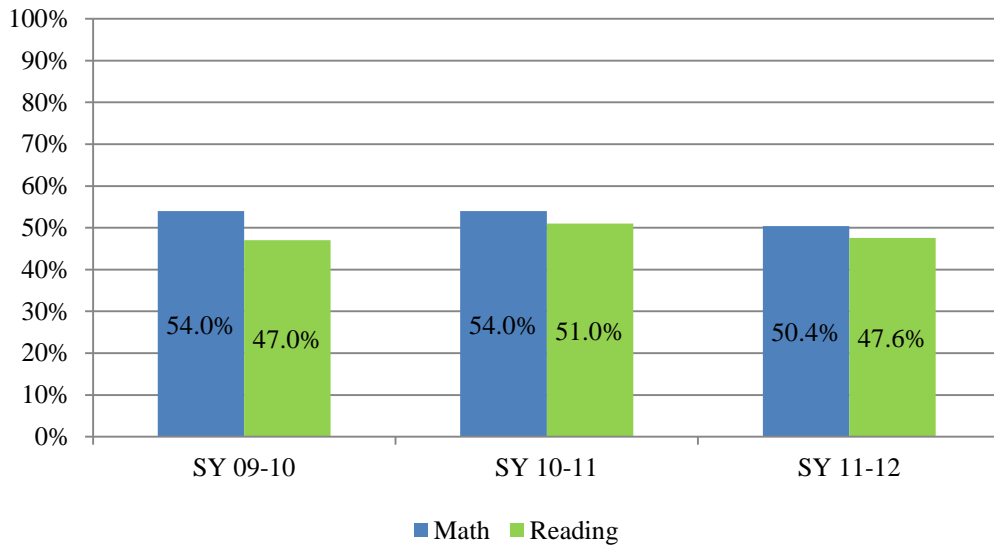
Friendship PCS - Tech Prep Campus exceeded the state average in math in 2010-11 and 2011-12.

Friendship - Tech Prep DC-CAS Math Proficiency Rates



Friendship PCS’ Tech Prep campus’ math and reading Median Growth Percentiles (“MGPs”) have generally stayed consistent.

Friendship - Tech Prep DC-CAS MGP



Early Childhood Performance

Aside from DC-CAS results, Friendship PCS set identical targets for each campus’ early childhood program. These targets, and each campus’ achievement on these targets, are detailed in the charts below. Because each early childhood program sets unique early childhood targets, Friendship PCS’ early childhood performance cannot be compared against the charter sector average.

Friendship PCS 2010-11 Early Childhood Targets				
	Chamberlain	Woodridge	Blow Pierce	Southeast
	Met target?	Met target?	Met target?	Met target?
70% of preschool and pre-kindergarten students will show a year of growth in literacy on the GOLD Literacy and Language Domains assessment.	Yes	Yes	No	Yes
70% of kindergarten through second-grade students will show a year of growth in literacy on the Fountas and Pinnell assessment.	No	Yes	No	No
70% of preschool through kindergarten students will show a year of growth in mathematics on the GOLD Mathematics Domain assessment.	Yes	Yes	Yes	Yes
70% of first- and second-grade students will show a year of growth in mathematics on the Terra Nova assessment.	Yes	Yes	No	No
70% of first- and second-grade students will show proficiency in mathematics on the Terra Nova Assessment.	No	No	No	No
70% of kindergarten through second-grade students will show proficiency in language arts on the Fountas and Pinnell assessment.	No	Yes	No	No
On average, preschool and pre-kindergarten students will attend school 88% of the days.	Yes	Yes	No	Yes
On average, kindergarten through second-grade students will attend school 92% of the days.	Yes	Yes	No	Yes

While Friendship PCS met more early childhood targets in the 2011-12 school year, PCSB notes that of the original eight targets, three were removed and three had their targets lowered in 2011-12 from those in place in 2010-11.

Friendship PCS 2011-12 Early Childhood Targets				
	Chamberlain	Woodridge	Blow Pierce	Southeast
	Met target?	Met target?	Met target?	Met target?
60% of pre-kindergarten-3 and pre-kindergarten-4 students will meet growth expectations or exceed performance expectations by the spring administration on the Teaching Strategies GOLD literacy assessment.	Yes	Yes	Yes	Yes
55% of kindergarten through second-grade students will increase by 2 or more reading levels or score on grade level or higher by the spring administration on the Fountas and Pinnell assessment.	Yes	Yes	Yes	Yes
55% of kindergarten through second-grade students will demonstrate proficiency in Language Arts on the Fountas and Pinnell assessment.	Yes	Yes	No	No
On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days.	Yes	Yes	Yes	Yes
On average, kindergarten through second-grade students will attend school 92% of the days.	Yes	Yes	Yes	Yes

2. Help students feel comfortable taking intellectual chances and accepting academic challenges.

Assessment: Friendship PCS has met this goal.

This goal was not assessed in Friendship PCS’ previous charter review, nor included in any subsequent Accountability Plans. However, there is sufficient evidence to assess this goal. The school commented on this goal in its renewal application, presenting four data points (detailed in the table below) as evidence that it has met this goal: (1) number of AP courses offered; (2) percent of high school students in AP or Early College courses; (3) percent of Juniors students taking the PSAT; and (4) percent of seniors taking the SAT.¹⁷

	2006	2007	2008	2009	2010	2011	2012
# AP courses	7	9	16	14	10	10	11
% students in AP or Early College courses	18%	24%	42%	45%	33%	37%	32%
PSAT Participation				84%	98%	88%	87%
% Seniors SAT Participation	59%	73%	80%	93%	85%	92%	92%

It is also evident from the Friendship PCS’ 2012-13 Qualitative Site Review (“QSR”) that its students do feel comfortable taking intellectual chances and accepting academic challenges. At the Chamberlain campus, the PCSB review team observed “...teachers encouraging students to persevere even after they made academic mistakes.”¹⁸ Additionally, it was noted at this campus that “...there is a culture of students wanting to achieve at the school. Students were eager and actively participating in classes.”¹⁹

At the Tech Prep campus, “...students felt comfortable asking questions during class.”²⁰ At the Woodridge campus, “[t]he QSR team noted students willing to raise their hands even if they were not sure of the answer.”²¹

¹⁷ See Appendix C.

¹⁸ See Friendship PCS – Blow Pierce Qualitative Site Review Report, p. 1, attached to this document as Appendix F.

¹⁹ See Friendship PCS – Chamberlain Qualitative Site Review Report, p. 2, attached to this document as Appendix G.

²⁰ See Friendship PCS – Tech Prep Qualitative Site Review Report, p. 1, attached to this document as Appendix H.

²¹ See Friendship PCS – Woodridge Qualitative Site Review Report, p. 1, attached to this document as Appendix I.

3. Improve student motivation by increasing the motivation of the education team and by setting high performance standards and expectations.

Assessment: Friendship PCS has met this goal.

In its renewal application, Friendship PCS cites its (1) teacher evaluation system; (2) teacher retention rates; and (3) evidence from Qualitative Site Reviews and Performance Development Reviews as evidence that it has met this goal.²²

Teacher Evaluation System

Friendship PCS describes its teacher evaluation system as “a state-approved system which is based 50% on student outcomes and 50% on high professional standards.”²³ It adds that “72% of teachers report that the feedback they receive helps them improve student outcomes.”²⁴

Teacher Retention Rates

Friendship details its teacher retention rates from 2003-2012, noting that these rates have increased over time, “even as Friendship has instituted higher standards for performance.” Friendship PCS credits its high retention rate with a “human capital taskforce” it launched to “enhance[] its recruitment and retention strategies.”²⁵ PCSB staff verified these rates to within three percentage points.

Friendship Teacher Retention Rates by Campus²⁶

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Chamberlain	81%	94%	71%	94%	97%	67%	72%	100%	97% ²⁷	90%
Woodridge	76%	88%	50%	94%	77%	90%	94%	91%	100%	95%
Blow Pierce	65%	90%	78%	100%	96%	78%	98%	82%	97% ²⁸	79%
Collegiate	86%	95%	71%	97%	64%	79%	93%	98%	100%	88%
Southeast	n/a	n/a	n/a	83%	67%	85%	93%	97%	100%	93%
Tech Prep	n/a	n/a	n/a	n/a	n/a	n/a	n/a	88%	100%	97%

²² See Appendix C.

²³ See Appendix C.

²⁴ See Appendix C.

²⁵ See Appendix C.

²⁶ See Friendship PCS Annual Report Excerpts, attached to this document as Appendix J.

²⁷ PCSB corrected this number from 99.97% to 97%.

²⁸ PCSB corrected this number from 99.97% to 97%.

QSR and PDRs

Evidence from QSRs and Performance Development Reviews (“PDRs”) support that Friendship PCS has met this goal. In Friendship PCS’ 2012-13 QSR, it was noted that “The central office put into place a professional development program at the beginning of the year. A three-week orientation occurs each summer for all Friendship schools.”²⁹

Additionally, Friendship PCS’ new “Content Circles” system was discussed in teacher focus groups. At Blow Pierce, teachers discussed that the school “...holds two school-based trainings and two other professional development sessions. The focus group participants praised the Content Circles in which teachers were given the opportunity to practice writing and presenting lessons for upcoming topics in the curriculum.”³⁰ As Friendship PCS notes in its renewal application, “[t]he purpose of the Content Mastery Circles is to develop teachers who have expert content knowledge and a solid foundation in pedagogy.”³¹

4. Develop strong character in students through the building of courage, curiosity, integrity, leadership, perseverance, and concern for others.

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

Friendship PCS specified that the following indicators should be assessed to determine whether it has met this goal: (1) student attendance; (2) the percentage of students who have not incurred any discipline infractions; (3) college persistence; and (4) community service.

Student Attendance

Friendship PCS met all of its attendance targets in its fifth- and tenth-year reviews, except that the Southeast campus did not meet its target in the tenth-year review, as detailed in the table below.³²

Campus	Attendance Target	Met target at 5th year review?	Met target at 10th year review?
Chamberlain	92%	Yes	Yes
Woodridge	92%	Yes	Yes
Blow Pierce	90%	Yes	Yes
Collegiate	87%	Yes	Yes
Southeast	92%	-	No

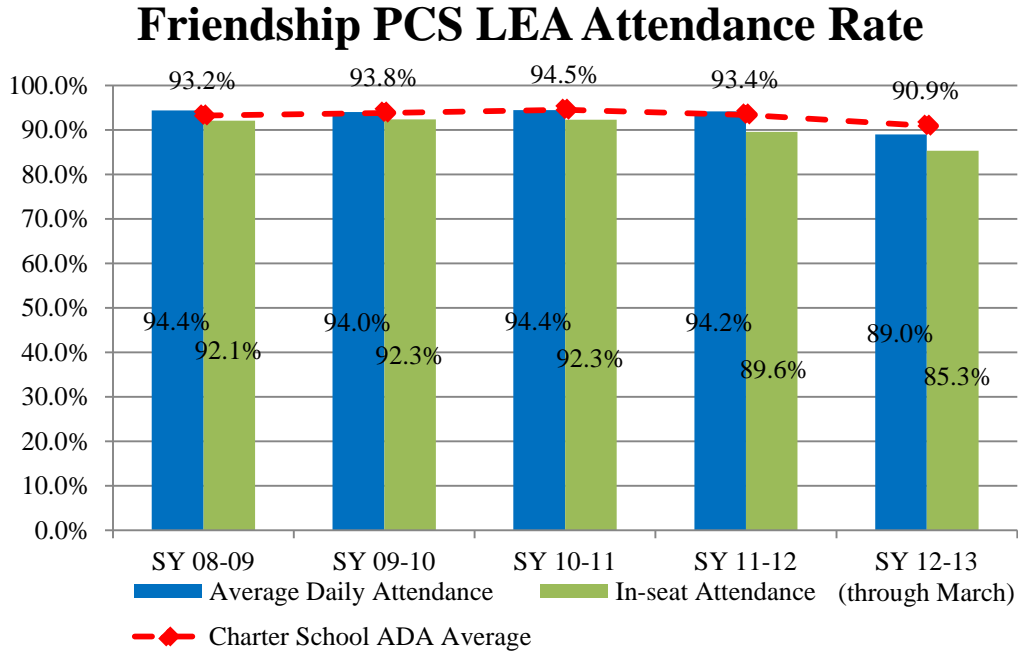
²⁹ See Appendix G.

³⁰ See Appendix F.

³¹ See Appendix C.

³² See appendices D and E.

The Friendship PCS LEA attendance rate has remained consistently close to the charter sector average.



Source: ProActive

The table below details average daily attendance rates at a campus level from 2008-09 to present. Green indicates the rate exceeds the charter sector rate, and red indicates the rate is below the charter sector average.

	SY 08-09	SY 09-10	SY 10-11	SY 11-12	SY 12-13 (through March)
Charter Sector Average	93.2%	93.8%	94.5%	93.4%	90.9%
Friendship - Chamberlain	91.1%	95.7%	96.4%	95.0%	89.6%
Friendship - Woodridge	91.5%	94.2%	95.3%	96.1%	90.7%
Friendship - Blow Pierce	94.9%	93.6%	89.8%	93.8%	89.9%
Friendship - Collegiate	96.4%	93.2%	95.2%	92.6%	86.9%
Friendship - Southeast	96.3%	94.3%	95.0%	94.7%	91.6%
Friendship - Tech Prep		92.8%	93.9%	94.3%	85.9%

Source: ProActive

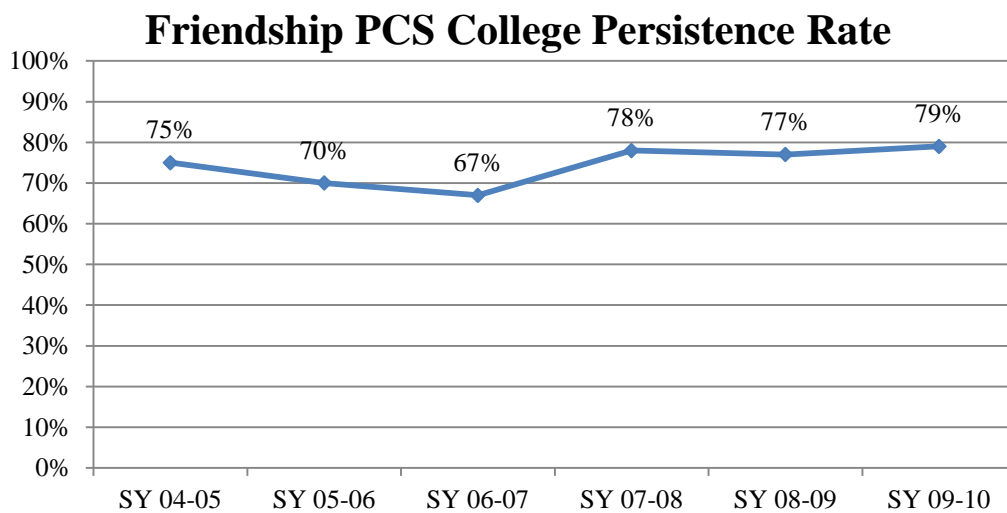
Students with No Discipline Infractions

Friendship PCS offered the following table in its renewal application detailing the rate of Friendship PCS students that have not incurred any discipline infractions. PCSB has not yet validated this data.

School	2008	2009	2010	2011	2012	2013
Chamberlain	88%	76%	87%	90%	93%	95%
Woodridge	95%	80%	89%	91%	89%	90%
Blow Pierce	94%	95%	87%	80%	75%	94%
Collegiate	92%	78%	90%	82%	71%	87%
Southeast	84%	87%	91%	90%	84%	92%
Tech Prep	n/a	n/a	65%	73%	58%	70%
Grand Total	91%	82%	88%	85%	78%	90%

College Persistence

Another measure that Friendship PCS uses to assess this goal is “college persistence” - the rate of Friendship PCS graduates that started college, and progressed from their freshman to their sophomore year. These rates are detailed in the chart below.³³



Source: National Student Clearinghouse

³³ See excerpt from National Student Clearinghouse Report, detailing percent of Friendship PCS college freshman to sophomore persistence, attached to this document as Appendix K.

Community Service

In addition to the above indicators, Friendship Collegiate Academy students are required to complete 120 hours of community service before graduating. Friendship PCS provided the following data regarding the number of hours of community service performed by Collegiate students as evidence that it has met this goal.

Year	Exactly 120 Hours	Greater than 120 and Less than 200 Hours	More than 200 Hours
2008	43	207	35
2009	14	150	61
2010	7	131	86
2011	17	230	32
2012	10	204	25

Based on Friendship PCS' attendance, rate of students with no discipline infractions, college persistence, and community service performance, it has met this goal.

5. Ensure that students are prepared to lead successful adult lives as workers and consumers.

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

In its charter application, Friendship PCS specified that the following indicators should be assessed to determine whether it has met this goal: (1) graduation rates; (2) college acceptance rates; (3) students scoring 3 or above on AP tests; and (4) selected data from the California Healthy Kids survey that it administers to its students. Those indicators are discussed below. Additionally, there was significant evidence in Friendship PCS' 2012-13 QSR supporting that it met this goal.

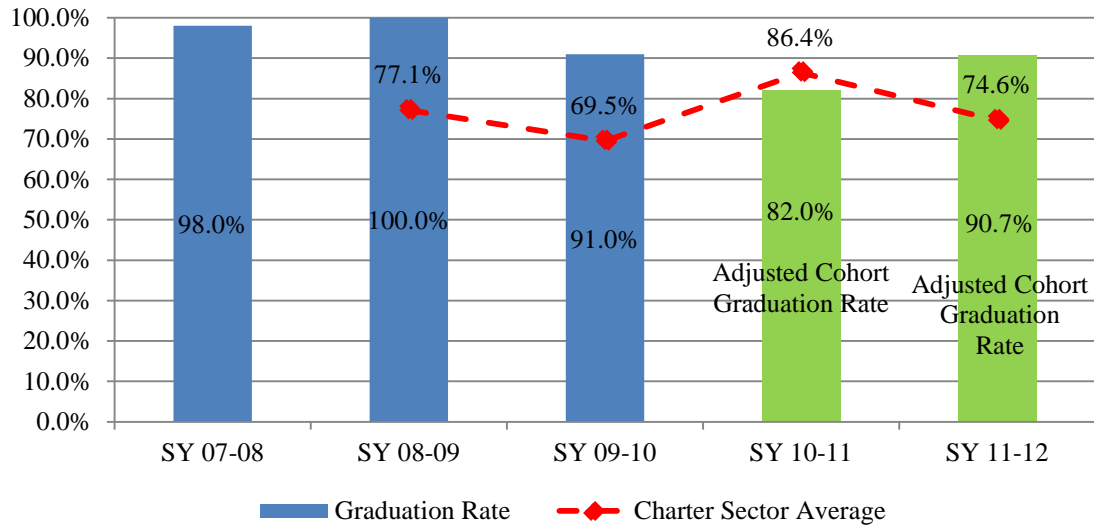
Graduation Rate

Friendship PCS - Collegiate is currently the only Friendship campus with a graduating class (although Friendship plans to expand its Tech Prep campus through the twelfth grade in future years). At Friendship PCS' fifth-year review, the Collegiate campus met its graduation target.³⁴ At Friendship PCS' tenth-year review, the Collegiate campus again met its graduation target.³⁵ Friendship PCS - Collegiate's graduation rates have exceeded the charter sector in three of the past four years, as illustrated below. Indeed Friendship PCS - Collegiate's graduation rate is the second highest in the District, while enrolling more students than any other District high school.

³⁴ See Appendix D.

³⁵ See Appendix E.

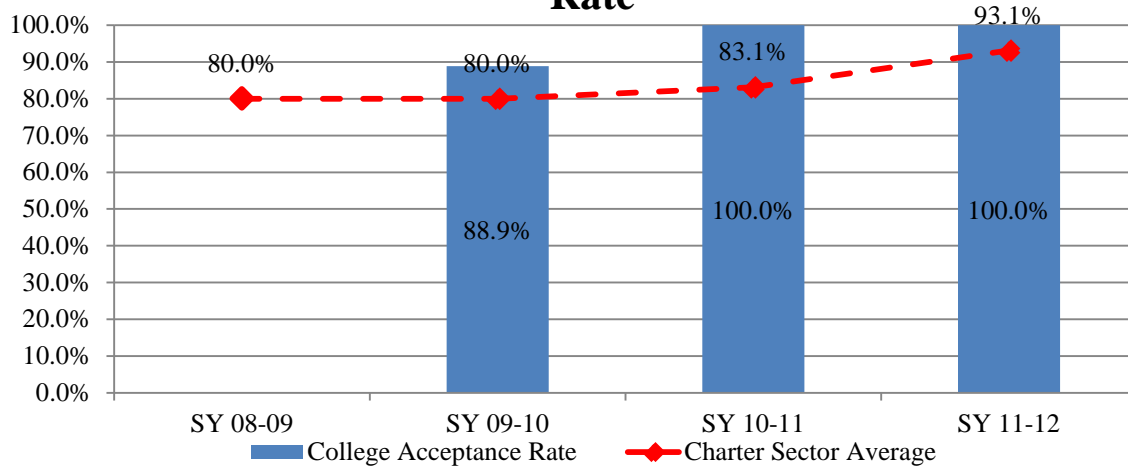
Friendship - Collegiate Graduation Rate



College Acceptance Rate

Friendship PCS – Collegiate met its college acceptance targets in Friendship PCS’ fifth- and tenth-year reviews.³⁶ Its college acceptance rate has exceeded the charter sector average in each of the past three years.

Friendship PCS - Collegiate College Acceptance Rate



³⁶ See appendices D and E.

AP Performance

Friendship PCS provided the following data regarding the number of students taking and passing AP tests with a score of three or higher. The number of students with a passing AP score increased from 2007-08 to 2010-11.

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Students with AP Score 3 or higher	0	0	2	10	22	7	21	30	35	24

California Healthy Kids Survey (“CHKS”)

In its renewal application, Friendship PCS provided results from a student survey indicating that its students plan to graduate from high school and continue their education beyond the high school level.³⁷

QSR

During Friendship PCS’ Qualitative Site Reviews conducted in 2012-13, the PCSB review team found much evidence to support that Friendship PCS has met this goal. A selection of this evidence from three campuses is as follows.

- Observation “confirmed that [Blow Pierce] puts an emphasis on college attendance.”³⁸ Additionally, “[t]he [Blow Pierce] administration has put in place initiatives to encourage students to demonstrate behaviors for college readiness. This school-wide focus was evident in the interviews with administrators, faculty and students. In the focus group, students stated that their teachers are trying to help them get ready for college, and want them to be the smartest people in the world and successful in life.”³⁹
- At the Chamberlain campus, “[t]he teacher focus group indicated that preparing students to lead successful adult lives begins in kindergarten, even though college might be an abstract concept at this stage of life.”⁴⁰ “[Chamberlain] [s]tudent focus group participants indicated that...college is a goal that the school has set for them and they have set for themselves.”⁴¹ Additionally, “[m]ost teachers identified the learning expectations before releasing students to complete their work independently. The students and teachers described these expectations as ‘college scholar expectations.’”⁴²

³⁷ See CA Healthy Kids report excerpts and student surveys, attached to this document as Appendix L.

³⁸ See Appendix F.

³⁹ See Appendix F.

⁴⁰ See Appendix G.

⁴¹ See Appendix G.

⁴² See Friendship PCS – Southeast Qualitative Site Review Report, p. 6, attached to this document as Appendix M.

- At the Tech Prep campus, “[a] new high school course, College and Career Prep, is now offered to students.”⁴³ “Students in the focus group reported that the mission of the school is for them to go to college, and every student stated that they planned to go to college.”⁴⁴

6. Develop in students a strong respect for the democratic ideals of freedom and liberty for all.

Assessment: This goal has not been historically measured.

This goal was not assessed in Friendship PCS’ previous charter review, nor included in any subsequent Accountability Plans. However, the school commented on this goal in its renewal application. The school detailed that it meets this goal through various educational and extracurricular programming, including:

- Humanities curriculum;
- Student government;
- Town hall meetings;
- Debate teams and oratory circles;
- Public speaking opportunities and participation in civic activities; and
- International Service learning trips.⁴⁵

7. Provide a safe and secure learning community.

Assessment: Friendship PCS has partially met this goal.

In its charter application, Friendship PCS specified that the following indicators should be assessed to determine whether it has met this goal: (1) expulsion rates; (2) survey results from the CHKS; and (3) ratings in QSRs and PDRs regarding school safety and culture. This data leads PCSB staff to conclude that Friendship PCS has partially met this goal. While most Friendship students report feeling safe at school, at certain campuses 45-50% of the student body do not.

Moreover, discipline data shows that, in pursuit of this goal, certain Friendship campuses have historically suspended and expelled students at rates in excess of five times higher than the charter average. It is evident from the data, and from actions recently taken by Friendship, that a concerted effort has been underway this school year to reduce the levels of out-of-school disciplinary incidents. For example, Friendship PCS – Tech Prep has instituted the Pathways program, an in-school alternative to students who may have otherwise been suspended. While staff is encouraged by these signs of improvement, we recommend that Friendship PCS commit to continue its efforts to minimize exclusionary discipline incidents.

⁴³ See Appendix H.

⁴⁴ See Appendix H.

⁴⁵ See Appendix C.

Discipline Data

The following tables detail Friendship PCS' discipline rates since 2009-10. PCSB has charter sector averages for these data points starting in 2011-12. Red shading indicates that Friendship PCS' rate is above the charter sector average; green shading indicates that Friendship PCS' rate is below the charter sector average.

Percent of Students Receiving Out-of-School Suspension

Out of School Suspensions	SY 09-10	SY 10-11	SY 11-12	SY 12-13 (through December)
Charter Sector Average			13.2%	6.6%
Friendship - Chamberlain	12.0%	9.1%	6.9%	2.4%
Friendship - Woodridge	11.6%	8.0%	11.0%	6.9%
Friendship - Blow Pierce	11.4%	19.2%	28.2%	5.4%
Friendship - Collegiate	4.0%	17.1%	29.8%	8.0%
Friendship - Southeast	7.6%	8.2%	16.1%	6.3%
Friendship - Tech Prep	34.5%		45.8%	27.7%

Percent of Students Receiving Out-of-School Suspension of 10+ Days

Out of School Suspensions of 10+ Days	SY 09-10	SY 10-11	SY 11-12	SY 12-13 (through December)
Charter Sector Average			1.1%	0.3%
Friendship - Chamberlain	2.0%	3.0%	0.1%	0.3%
Friendship - Woodridge	1.0%	1.0%	0.6%	0.2%
Friendship - Blow Pierce	4.0%	2.0%	2.5%	0.3%
Friendship - Collegiate	2.0%	7.0%	10.2%	1.1%
Friendship - Southeast	1.0%	0.0%	0.0%	0.0%
Friendship - Tech Prep	22.0%	17.0%	13.5%	1.9%

Percentage of Students Expelled During the School Year

Expulsions	SY 09-10	SY 10-11	SY 11-12	SY 12-13 (through December)
Charter Sector Average			0.7%	0.2%
Friendship - Chamberlain	0.0%	1.0%	0.1%	0.0%
Friendship - Woodridge	0.0%	1.0%	0.0%	0.0%
Friendship - Blow Pierce	1.0%	1.0%	0.3%	0.1%
Friendship - Collegiate	3.0%	6.0%	5.0%	1.2%
Friendship - Southeast	0.0%	0.0%	0.0%	0.0%
Friendship - Tech Prep	1.0%	1.0%	2.9%	0.5%

CHKS Survey Results

Friendship PCS provides a table representing "...the percent of students who responded affirmatively regarding their perception of safety at school."⁴⁶

	2006	2007	2008	2009	2010	2011
Chamberlain	64%	72%	75%	76%	57%	66%
Woodridge	45%	67%	69%	71%	58%	57%
Blow Pierce	51%	64%	65%	68%	61%	69%
Collegiate	51%	46%	51%	95%	52%	55%
Southeast	n/a	76%	69%	77%	71%	92%
Tech Prep	n/a	n/a	n/a	n/a	62%	50%

QSR Evidence

For the most part, Friendship PCS’ 2012-13 QSR supports that the school has met this goal. The safety of the school depends on the campus. At Friendship’s Tech Prep, Chamberlain, Southeast, Woodridge, and Collegiate campuses, the QSR revealed that students felt safe and/or that the school was run in an orderly manner. However, at Friendship PCS – Blow Pierce the students reported being bullied, although also claiming to feel safe. A selection of this evidence is as follows.

⁴⁶ See Appendix L. PCSB notes that pursuant to our process, Friendship PCS submitted in writing a response to PCSB’s assessment of this goal, stating that it should be considered met based on the report of the California Healthy Kids survey that it submitted. However, PCSB staff requested additional information regarding the CHKS Survey report to reassess the goal, but Friendship PCS did not provide the requested information.

- “Two-thirds of the [Blow Pierce] students who participated in the student focus group reported being bullied while attending the school, but they reported feeling safe in the building.”⁴⁷
- “According to the leadership interview, suspensions [at Blow Pierce] have been reduced by 75% during the 2012-13 school year and discipline referrals have been reduced by approximately 50.”⁴⁸ However, while observing Blow Pierce classrooms, PCSB observers found that “[i]n many classrooms, teachers did not appear to have an effective classroom management system; their classrooms appeared chaotic and students were not paying attention to the teachers’ directives.”⁴⁹
- At the Chamberlain campus, “[t]he QSR team observed teachers managing their classrooms effectively and students passing through the halls in a quiet and orderly fashion. The student focus group participants said that they were aware of the school’s rules, regulations, and consequences for their actions.”⁵⁰
- At the Southeast campus, “[a]ll of the students in the focus group reported feeling safe at the school and that the school had a good plan in place to handle any concerns that the students may have.”⁵¹
- At the Tech Prep campus, “[s]tudents in the focus group reported that they felt safe in the building. The majority of classrooms observed and hallways were orderly.”⁵²
- At the Collegiate campus, “[s]tudents in the focus group reported they felt safe in the building.”⁵³ “[T]he school has consistently implemented policies and practices to create an orderly environment.”⁵⁴
- At the Woodridge campus, students “...commented on feeling safe at school and felt as if the new administration and its ‘strict rules’ contributed to this positive change.”⁵⁵

⁴⁷ See Appendix F.

⁴⁸ See Appendix F.

⁴⁹ See Appendix F.

⁵⁰ See Appendix G.

⁵¹ See Appendix M.

⁵² See Appendix H.

⁵³ See Friendship PCS – Collegiate Prep Qualitative Site Review Report, p. 1, attached to this document as Appendix N.

⁵⁴ See Appendix N.

⁵⁵ See Appendix I.

8. Draw on the support of families and the community to reinforce the school’s educational mission.

Assessment: Friendship PCS has met this goal.

In its charter application, Friendship PCS notes that in 2007-08, the school measured parent participation to measure this goal, and since 2008-09, it has used reenrollment rates as a measure of this goal.

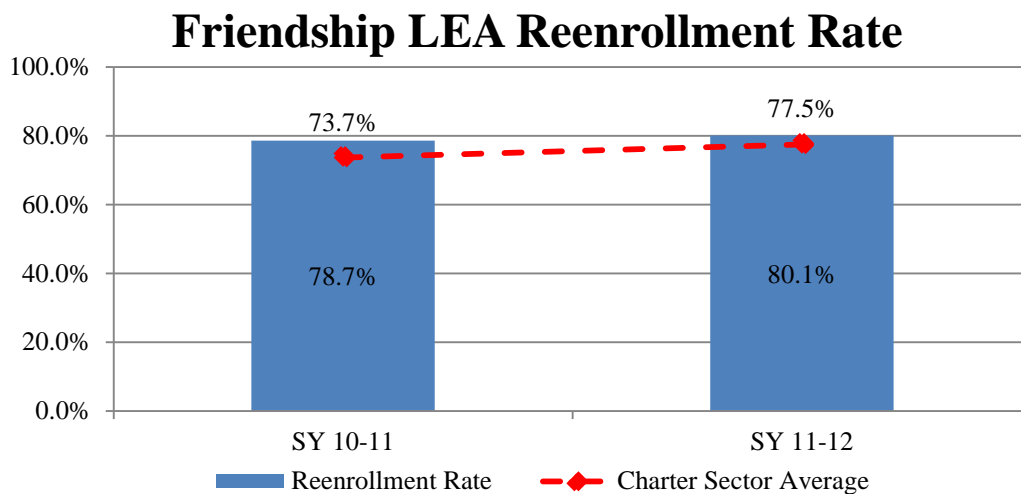
Parent Participation

For the most part, Friendship PCS’ 2012-13 QSR supports that the school has met this goal. A selection of this evidence is as follows.

- During Friendship PCS’ Qualitative Site Reviews conducted in 2012-13, the PCSB review team observed at the Blow Pierce campus “many parents present in the halls at the beginning of the school day. The leadership reported on increased parent participation in Parent Advisory council (“PAC”) meetings...”⁵⁶
- “During the teacher focus group, the teachers discussed two data talks that the school held for parents thus far this school year. During the meetings, parents and teachers discuss student performance data on the Measures of Academic Progress assessments.”⁵⁷
- At the Tech Prep campus, “...administration described monthly parent meetings called Parent University. Only eight parents attended the last meeting.”⁵⁸

Reenrollment Rates

As an LEA, Friendship PCS’ reenrollment rates exceeded the sector average in 2010-11 and 2011-12.



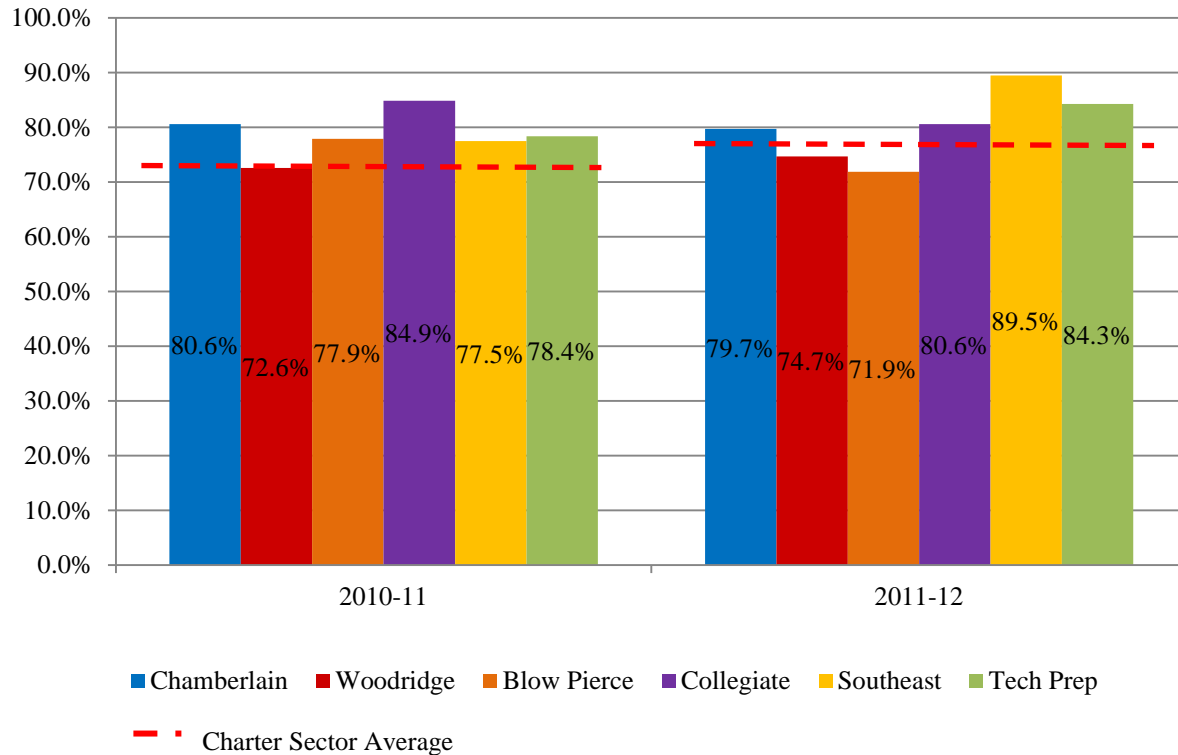
⁵⁶ See Appendix F.

⁵⁷ See Appendix N.

⁵⁸ See Appendix H.

On a campus level, all Friendship PCS campuses, excepting Woodridge, exceeded the charter sector reenrollment rate in 2010-11. In 2011-12, two campuses (Woodridge and Blow Pierce) were below the charter sector reenrollment rate.

Friendship Campus Reenrollment Rates



9. Provide an educational resource to the surrounding Edison-Friendship Public Charter School community.

Assessment: Friendship PCS has met this goal.

This goal was not assessed in Friendship PCS’ previous charter review, nor included in any subsequent Accountability Plans. However, the school provided sufficient evidence to assess this goal in its renewal application.

The school details how it serves a significant portion of DC public school students (5.1% of DC public school students attended Friendship schools in 2011-12), and that 96% of its students reside in Wards 5, 6, 7, and 8.⁵⁹ It also details how it serves other schools and organizations through participating in collaborative projects and sharing its best practices, among other things.⁶⁰

⁵⁹ See Appendix C.

⁶⁰ See Appendix C.

10. Develop in students an abiding commitment to the school's surrounding community.

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

This goal was not assessed in Friendship PCS' previous charter review, nor included in any subsequent Accountability Plans. However, the school commented on this goal in its renewal application, providing evidence that it had met this goal from a survey it administers to its students. Friendship details this evidence as follows:

Friendship measures students' connectedness to the school community to determine progress toward this goal using the CHKS instrument. From 2005-11 Total School Connectedness Means by School was in the high range (>3.0) for all Friendship middle and high school campuses, indicating that students felt a commitment and sense of belonging to the school.⁶¹

⁶¹ See Appendix C.

COMPLIANCE WITH APPLICABLE LAWS

The SRA provides that PCSB shall not approve a charter renewal application if it determines that the school has committed a material violation of applicable laws.⁶² The SRA contains a non-exhaustive list of applicable laws, and PCSB also monitors charter schools for compliance with additional laws. The following section identifies these laws and includes a determination of whether Friendship PCS's six campuses have consistently complied with these laws.

General Laws

In its 2012-13 Compliance Review, PCSB found that Friendship PCS schools were in full compliance with all applicable laws, and previous years, was in substantial compliance with all applicable laws.

Health and Safety

The SRA requires schools to maintain the health and safety of its students.⁶³ To ensure that schools adhere to this clause, PCSB monitors schools for various health and safety indicators, including but not limited to, whether schools have qualified staff members that can administer medications, whether schools conduct background checks for all school employees and volunteers, and whether schools have a "School Emergency Response Plan" in place and conduct emergency drills as required by the District of Columbia Fire Department. Friendship PCS schools have remained in compliance with health and safety requirements.

Discipline

PCSB reviews school disciplinary policies to ensure that they afford students due process⁶⁴ and that students and parents are made aware of these due process safeguards. Over the past five years, Friendship schools have had disciplinary policies that ensure students' due process, and have communicated those policies to students and parents.

Enrollment and Attendance

The SRA requires that schools have a fair and open enrollment process that randomly selects applicants and does not discriminate against students. PCSB requires that schools announce a cutoff date for enrollment. Friendship schools have been compliant with these requirements over the last five years.

Maintenance and Dissemination of Student Records

The Family Educational Rights and Privacy Act requires that schools properly maintain and disseminate

⁶² SRA § 38.1802.12 (c)

⁶³ SRA § 38.1802.04 (c)(4)(A)

⁶⁴ As required by *Goss v. Lopez*, 419 U.S. 565 (1975).

student records.⁶⁵ Friendship schools have been in compliance with these requirements over the past five years.

Title I of the Elementary and Secondary Education Act

Because Friendship PCS receives Title I funds, it is required to adhere to a number of requirements under the Elementary and Secondary Education Act (“ESEA”), including hiring “Highly Qualified Teachers” and communicating certain information to parents about its participation in No Child Left Behind (“NCLB”) program.⁶⁶ In previous years, not all Friendship campuses were in compliance with these requirements. In the 2008-09 and 2009-10 academic years, not all teachers at Blow Pierce and Chamberlain campuses were Highly Qualified.⁶⁷ However both Blow Pierce and Chamberlain cured the noncompliance in the 2010-11 academic year, and remain in compliance.

In the 2009-10 academic year, the Collegiate, Woodridge, and Southeast campuses did not ensure that all teachers were Highly Qualified.⁶⁸ All three campuses cured the noncompliance the following year, and have remained in compliance.

Civil Rights Statutes and Regulations

Charter schools must comply with all applicable local and federal civil rights statutes.⁶⁹ There is no indication that Friendship has violated any civil rights statutes.

Governance

The SRA requires that a school's board of trustees have an odd number of members, not exceeding fifteen, two of which must be parents of students currently attending the school. A majority of the board members must be District of Columbia residents.⁷⁰ Friendship has been fully compliant with these requirements over the past five years.

Beyond compliance with the SRA regarding its board composition, PCSB has two concerns regarding Friendship PCS’ governance structure. First, the SRA was amended in 2007 to require DC public charter schools to stipulate in their articles of incorporation or bylaws that:

⁶⁵ 20 U.S.C. § 1232g

⁶⁶ 20 U.S.C. § 6300, *et. seq.*

⁶⁷ See Friendship Blow Pierce, Chamberlain, Collegiate Campus Compliance Review Reports (2008-09 Academic Year), attached to this document as Appendices Q, O, and R, respectively.

⁶⁸ For Friendship Collegiate, Southeast, and Woodridge compliance information, see Friendship Collegiate, Southeast, Woodridge Campus Compliance Review Report (2008-09 Academic Year), attached to this document as Appendices R, S, and P, respectively.

⁶⁹ SRA § 38-1802.02 (11). This includes the Age Discrimination Act of 1985, the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, § 504 of the Rehabilitation Act of 1973, part B of the Individuals with Disabilities Act of 1990.

⁷⁰ SRA § 38-1802.05(a).

- (A) The corporation shall dissolve if the charter for the charters school has been revoked, has not been renewed, or has been voluntarily relinquished; and
- (B) Any assets to be distributed pursuant to a plan of distribution under § 29-301.48(3) shall be transferred to the State Education Office of the District of Columbia, to be controlled by the Office of Education Facilities and Partnerships and used solely for education purposes.⁷¹

This same amendment notes that a charter school already in operation in 2007 would not be required to amend its articles of incorporation or bylaws to include these clauses until the time of its renewal. Friendship PCS' articles of incorporation and bylaws on file with PCSB have not yet been so amended; indeed they were not required to be until renewal. Accordingly, this aspect of Friendship PCS' charter must be revised to be in compliance with the requirements of the SRA.

Second, PCSB staff is concerned that the above provisions required by the SRA leave Friendship's corporate practices vulnerable as currently structured. Friendship PCS is incorporated in the District of Columbia as "Friendship Public Charter School, Inc.", a nonprofit corporation with the sole purpose of operating a public charter school, but is operating as a charter management organization. In addition to overseeing the operation of its DC public charter school campuses, its board also oversees the operation of Anacostia High School, a DCPS high school, and four schools in Baltimore. The above provisions that Friendship PCS must adopt will require it to dissolve and its assets to be distributed to the DC State Education Office if its charter is revoked, not renewed, or voluntarily relinquished.⁷² Accordingly, as currently structured, if Friendship PCS ceased operating for any reason, Friendship Public Charter School, Inc. would be required to dissolve and no corporate structure would exist to continue the operations of its other activities. As such, PCSB recommends that Friendship PCS implement a corporate structure with at least two separate corporate entities, with two distinct governing boards: one to oversee Friendship's DC public charter school, and another to oversee all aspects of Friendship's work

Special Education Laws

Charter Schools are required to comply with Subchapter B of the Individuals with Disabilities Education Act⁷³ and Section 504 of the Rehabilitation Act of 1973.⁷⁴ In 2012, PCSB conducted a desktop audit of six special education indicators to assess Friendship PCS' compliance with these laws and the educational progress of its special education students.⁷⁵

Academic Performance of Friendship PCS Special Education Students

Federal special education laws are in place, among other reasons, to ensure that schools adequately assist students with disabilities in making academic progress. As part of the special education desktop audit,

⁷¹ SRA 38-1802.13a(c)(1)

⁷² SRA § 38-1802.13a(a) and (b).

⁷³ 20 USC §1413(a)(5).

⁷⁴ 20 USC §794.

⁷⁵ See Friendship PCS –Desktop Audit, attached to this document as Appendix T.

PCSB reviews how schools' students with disabilities performed on the DC-CAS. An achievement gap ranging from 24-51% exists between Friendship PCS' students with disabilities and the school's general population.⁷⁶

Compliance Review of Friendship PCS by DC Office of the State Superintendent of Education

As part of the desktop audit, PCSB examines special education compliance and monitoring documentation prepared by the District of Columbia Office of the State Superintendent of Education ("OSSE"). OSSE reports provide a comprehensive overview of the entire LEA's performance, versus campus-specific information.

In 2010, OSSE determined that Friendship PCS was 80% compliant with special education requirements, with OSSE noting that the school "Needs Assistance" in fulfilling all applicable federal and local special education regulations.⁷⁷ OSSE noted in this report that the LEA did not meet DC 2010 Annual Yearly Progress targets for students with disabilities, and was found non-compliant with the requirement of evaluating students for disabilities within 60 days of receiving parental consent, and for not adequately fulfilling secondary transition requirements. In 2012, OSSE found that Friendship PCS was 100% compliant with secondary transition requirements.⁷⁸

Charter Application

Another component of the desktop audit includes reviewing a school's Charter to ensure that references to students with disabilities are in line with special education laws. Friendship PCS' Charter includes the following potentially discriminatory language.

If the student is severely disabled s/he will be referred to DC Public Schools and/or provided recommendations for schools that can meet the needs of a severely disabled child at this age level (possibly Eagle Academy).⁷⁹

If Friendship PCS' charter is renewed, the school must revise this language to address how it will serve all students with disabilities with a full continuum of services.

⁷⁶ For a more detailed report of Friendship PCS' special education academic performance, see the Friendship PCS Desktop Audits, attached to this document as Appendices U, V, W, X, Y, and Z.

⁷⁷ See 2010 OSSE report, attached to this document as Appendix AA. OSSE uses the same determination levels as the United States Department of Education: (1) meets requirements; (2) needs assistance; (3) needs intervention; or (4) needs substantial intervention.

⁷⁸ Boatright, Mary. (Director of Monitoring and Compliance, OSSE). Letter to: Donald Hense (Friendship PCS Board of Trustees Chair). January 25, 2013, attached to this document as Appendix BB.

⁷⁹ See Friendship Charter Amendment Education Plan for PreK and 6-8, attached to this document as Appendix CC.

Financial Laws

Procurement Contracts

SRA §38-1802.04(c)(1) requires DC charter schools to utilize a competitive bidding process for any procurement contract \$25,000 or more, and within three days of awarding such a contract, to submit to PCSB all bids received, the contractor selected, and the rationale for which 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 entered into.

Friendship PCS submitted all corresponding Determination and Findings forms as required during the previous five years and has remained in compliance with the contracting provision of the SRA.

Timely Audits

The SRA requires schools to submit to PCSB an annual financial audit conducted by an independent certified public accountant or accounting firm.⁸⁰ Over the past four years, Friendship PCS has submitted all financial audits in a timely manner.

Submission of Information about Donors and Grantors

The SRA requires schools to submit to PCSB an annual list of all donors and grantors that have contributed monetary or in-kind donations having a value equal to or exceeding \$500.⁸¹ Friendship PCS has fulfilled this requirement by reporting this information in its annual reports.

⁸⁰ SRA §38-1802.04(c)(11)(ix).

⁸¹ SRA §38-1802.04(c)(11)(xi),

FISCAL MANAGEMENT AND ECONOMIC VIABILITY

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

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

As part of the renewal process, PCSB has reviewed Friendship PCS's financial record regarding these areas.

Adherence to Accounting Principles

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

Fiscal Management

Per its audited financial statements, Friendship PCS has not engaged in fiscal mismanagement. The school's audit reports reflect sound accounting and internal controls, and no instances of incompliance that are required to be reported per the U.S. Government Accountability Office's Auditing Standards. The school has consistently submitted all necessary financial documents to PCSB in a timely manner.

Economic Viability

A review of annual audits indicates Friendship PCS is economically viable.⁸² One indicator of economic viability is a positive year-end annualized net income. Friendship PCS has concluded each of its last five fiscal periods with positive net income balances.

Another indicator of economic viability is net working capital⁸³ or the current ratio⁸⁴. Net working capital validates a school's ability to meet immediate financial obligations. As exhibited in the table below, Friendship PCS has been able to successfully manage its working capital needs throughout for the last few fiscal periods. In addition to net working capital, the current ratio is another measure of economic sustainability. A current ratio greater than one points to a school's ability to satisfy its immediate financial obligations. Friendship PCS's current ratio has been greater than one at the conclusion of each of the last two fiscal periods; reaching a period high of 1.59:1 during FY2012. The school's Net Working Capital and Liquidity ratio trends can be observed in the following table:

⁸² See Friendship PCS activities and financial analysis sheet, attached to this document as Appendix DD.

⁸³ Current Assets less Current liabilities

⁸⁴ Current Assets divided by Current liabilities

Fiscal Period	2008	2009	2010	2011	2012
Net Working capital	\$(4,785,144)	\$(2,343,863)	\$(2,327,866)	\$5,635,621	\$7,054,695
Liquidity ratio	0.54	0.73	0.75	1.56	1.59

In addition to the previously described liquidity measures, PCSB recommends that schools accrue net asset reserves equal to three to six months of operational expenditures. For the financial period ending June 30, 2012, Friendship PCS’s total net assets approached \$20.5MM (up from \$18MM the prior year), and monthly expenditures were approximately \$5.7MM indicating a net asset reserve of approximately 3.6 months.

Fiscal Period	2008	2009	2010	2011	2012
Net Income	\$705,911	\$346,746	\$477,287	\$3,419,792	\$2,541,507
Cumulative Reserves	\$14,087,000	\$14,433,746	\$14,503,419	\$17,923,211	\$20,464,718

The chart below details Friendship PCS’s expenditures as a percentage of revenues. The school makes spending decisions appropriate for managing education programs. Program service and General and Administrative costs are in line with comparable industry amounts and PCSB financial metrics for general education charter schools.

Friendship PCS: Expenditures as % of Revenues (FY2008 - FY2012 averages)

