



2018-19 Preliminary Twenty-Year Charter Review Report

Perry Street Preparatory Public Charter School

December 17, 2018

DC Public Charter School Board
3333 14th Street, NW, Suite 210
Washington, DC 20010
(202) 328-2660
www.dcpsb.org

TABLE OF CONTENTS

STAFF RECOMMENDATION AND KEY FINDINGS	1
CHARTER REVIEW STANDARD.....	4
BACKGROUND INFORMATION ABOUT SCHOOL	5
SECTION ONE: GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS	9
SECTION TWO: COMPLIANCE WITH CHARTER AND APPLICABLE LAWS.....	20
SECTION THREE: FISCAL MANAGEMENT AND ECONOMIC VIABILITY	26

STAFF RECOMMENDATION AND KEY FINDINGS

The District of Columbia Public Charter School Board (DC PCSB) staff has conducted a twenty-year charter review of Perry Street Preparatory Public Charter School (Perry Street Prep PCS), as required by the School Reform Act (SRA), and concludes that the school has met its goals and student academic achievement expectations through the use of the improvement provision as specified in its charter agreement, and therefore recommends the Board use its discretion to continue the charter with conditions for the reasons outlined in this report.

Perry Street Prep PCS is a single campus local education agency (LEA) that educates students in grades prekindergarten-3 (PK3) through eight. In July 2013, Perry Street Prep PCS adopted the Performance Management Framework (PMF) as its goals and academic achievement expectations, along with two mission specific goals.¹ The PMF uses common measures across schools serving similar grades to measure school quality. The PMF measures student academic progress in English language arts (ELA) and math, student academic achievement in ELA and math, attendance, re-enrollment rates, and early childhood classroom observations.

By adopting the PMF as its charter goals, Perry Street Prep PCS agreed to earn at least 50% of the possible PMF points in at least two out of the most recent three years, earn at least 45% in at least three of the four years captured during the review period, and meet its two mission-specific goals, to complete DC PCSB's Quality Assurance Review (QAR) and remain compliant with DC PCSB's Attendance and Discipline Data Submission Policy.² The school did not meet part of its PMF target. While Perry Street Prep PCS earned a score above the 50% target in two of the most recent three years and met both its mission-specific goals, the school earned a score of at least 45% in only two of the specified four years, not three as required.

The PMF results of the school are as follows:

Perry Street Prep PCS – PMF Outcomes				
2013-14	2014-15	2015-16	2016-17	2017-18
Tier 2 40.7%	N/A³	Tier 2 39.4%	Tier 2 51.0%	Tier 2 60.9%

¹ Perry Street Prep PCS Approved Board Proposal to Adopt the PMF may be found in Appendix A.

²Per the school's amended agreement, at its twentieth-year charter review in SY 2018-19, Perry Street Prep PCS must earn at least 50% of the possible PMF points in at least two of the following three years: 2015-16, 2016-17, and 2017-18; earn at least 45% in at least three of the following four years: 2013-14, 2015-16, 2016-17, and 2017-18, and meet its mission-specific goals.

³ Due to the change in the state assessment, scores and tiers were not displayed in 2014–15.

DC PCSB recently updated its *Elect to Adopt the PMF as Charter Goals Policy* to measure school performance based on a school's average score over the review period. Perry Street Prep PCS chose not to adopt the updated version of this policy. Had it chosen to do so, given it is in its twentieth year of operation, Perry Street Prep PCS would have been required to earn an average PMF score of 50%. The school's average score over the review period was two percentage points below this target, at 48.0%. Therefore, Perry Street Prep PCS would not have met this target under the new policy's guidelines either.

The DC PCSB Board has the discretion to find that Perry Street Prep PCS has met its goals if it has shown "consistent improvement on overall PMF scores over the course of the most recent five-year period" per the improvement provision in the school's charter agreement. The school has shown consistent improvement over the past two years, to what are now strong results, exceeding the 50.0% average it needed in the past two years, most recently by 10.9 percentage points.⁴

This consistent improvement means that the Board has discretion to apply the improvement provision and find that the school has met its charter goals. DC PCSB staff recommends that the Board use its discretion to apply the provision and continue the school's charter, with conditions. Staff bases this recommendation on the following factors:

- The school's performance in the most recent two years shows significant improvement of over 21 percentage points on the PMF. Indeed, the school is now fewer than four points from being a Tier 1 school.
- The school's improvement is driven by high median growth percentiles (MGP) across many subgroups, indicating that students are learning at a higher rate than their peers across the city.
- The school's MGP for students with disabilities in SY 2017-18 is above 50 in both ELA and math, indicating that students with disabilities are demonstrating more growth than the citywide average for all students.
- School climate indicators provide evidence of a dramatic improvement underway at the school, in which re-enrollment rates have climbed 24.3 percentage points since SY 2014-15 and now exceed sector averages at 85.3%. Additionally, in-seat attendance rates rose 2.5 percentage points to 93.5% and now exceed sector averages.
- The school met its two mission-specific goals:
 - The school completed all goals from its Quality Assurance Review (QAR), a self-evaluative tool devised by DC PCSB with specific targets for the school to improve its special education program.

⁴ No PMF score was given in 2014-15 due to the transition of statewide assessments.

- The school improved its data reporting on student discipline and attendance and did not receive a single Notice of Concern from DC PCSB for failing to report this data during the review period.

Despite the school's improvements, the review revealed some areas of lingering concern:

- The school's proficiency rates on state assessments in math have been consistently below city averages.
- The school's low enrollment compared to its enrollment ceiling.
- The school's engagement with the third-party turnaround organization that it has contracted with for several years will end at the end of SY 2019-20, requiring the school's board and staff to continue to produce strong student outcomes without this outside support.

Separate and apart from the determination of the school's goal and academic achievement expectation attainment, DC PCSB staff has determined that the school has not committed a material violation of law or of its charter, has adhered to generally accepted accounting principles, has not engaged in a pattern of fiscal mismanagement, and is economically viable.

As stated above, DC PCSB staff recommends the Board exercise its discretion to continue the school's charter with the following conditions:

- 1) The school will provide DC PCSB, by March 31, 2019, a plan approved by the Perry Street Prep PCS board of trustees for maintaining its academic success after the end of its turnaround efforts.
- 2) As part of the plan, the school will consider implications of growth on its overall performance and provide a revised enrollment ceiling that is consistent with current enrollment trends, re-enrollment rates, and the need to focus on continued improvement once the turnaround organization departs.

CHARTER REVIEW STANDARD

The SRA stipulates that DC PCSB “shall review [a school’s] charter at least once every [five] years.”⁵ As part of this review, DC PCSB must determine whether:

- (1) The school committed a violation of applicable law or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities; and/or
- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter.⁶

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

Additionally, there is a fiscal component to the charter review. DC PCSB is required by the SRA to revoke a school’s charter if DC PCSB determines in its review that the school: (1) has engaged in a pattern of nonadherence to generally accepted accounting principles, (2) has engaged in a pattern of fiscal mismanagement, and/or (3) is no longer economically viable.⁷

Given the SRA’s standard for charter review, as well as DC PCSB’s obligation to revoke a school’s charter if it has engaged in the above 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 DC PCSB staff’s recommendation. Section Three is an analysis of the school’s fiscal performance.

⁵ D.C. Code § 38-1802.12(a)(3).

⁶ D.C. Code § 38-1802.13(a).

⁷ D.C. Code § 38-1802.13(b).

BACKGROUND INFORMATION ABOUT SCHOOL

School Overview

Perry Street Prep PCS began operation in 1999 as Hyde Leadership Public Charter School (Hyde Leadership PCS), under authorization of the District of Columbia Board of Education (DC BOE). In its first year of operation, the school offered a fifth through ninth grade program, then expanded both its lower and upper grades each year until it offered a pre-kindergarten through twelfth grade program. In 2007, after the passage of the Public Education Reform Amendment Act, DC PCSB became the authorizer of Hyde Leadership PCS.

In June 2011, the DC PCSB Board voted to approve a charter amendment petition from the school to end its affiliation with the Hyde Foundation, revise its mission to focus on college preparation, adopt new goals and academic expectations, and change the name of the school to Perry Street Preparatory Public Charter School.⁸ Subsequently, the school's high school was closed as part of its Fifteen-Year Charter Renewal in February 2014, during which the school was renewed under the condition that it close its high school and partner with an early childhood provider for its PK program. The school currently serves students in PK-8 at a single campus in Ward 5.⁹ Since August 2015, AppleTree has partnered with Perry Street Prep PCS to operate Perry Street Prep PCS's PK program.¹⁰

The school's mission is:

Perry Street Prep is a community of diverse learners that builds relationships with families and empowers students to be college-ready and to thrive in a global society.¹¹

In March 2013, Perry Street Prep PCS entered into a contract with TenSquare, a local charter school consulting firm and turnaround organization. This contract was renewed in 2014 and again in November 2015 to run through June 2019. TenSquare provides "intensive strategic intervention and support services" to Perry Street Prep PCS to "dramatically improve school performance as measured by the PMF." This relationship also includes TenSquare sourcing all vacancies for school staff and providing direct supervision over staff.¹²

Enrollment and Demographic Trends

Perry Street Prep PCS's enrollment is summarized in the charts below. The school has an enrollment ceiling of 700 students. The school faced a decline in enrollment in SY 2015-16 after its high school program was closed and was well below enrollment projections. Since

⁸ Board Proposal, Hyde Leadership Academy PCS Request for a Charter Amendment, June 2011, Appendix B.

⁹ Hyde Leadership PCS Charter Agreement, July 1999, Appendix C.

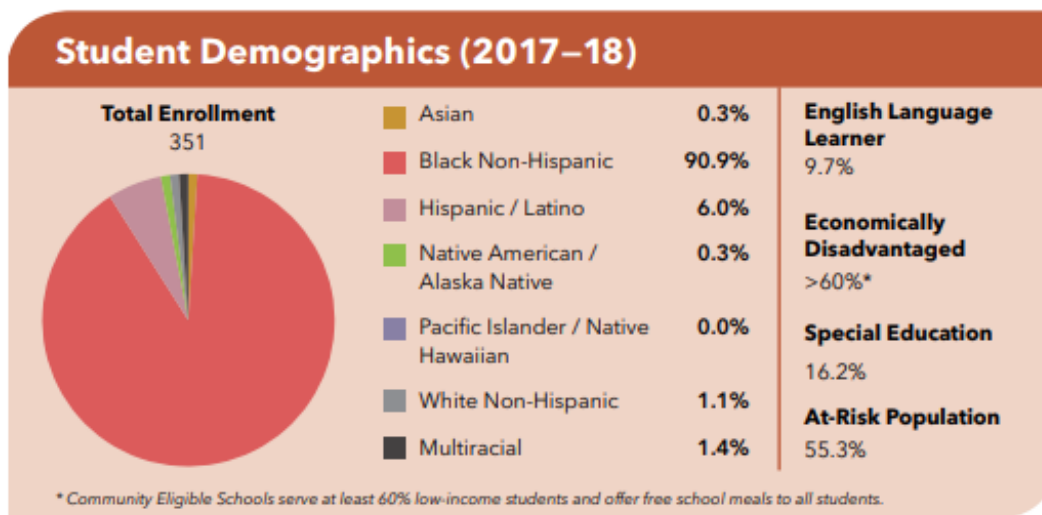
¹⁰ Perry Street Prep PCS, Annual Report, SY 2016-17, Appendix D.

¹¹ Perry Street PCS Charter Renewal Agreement, June 2014, Appendix E.

¹² See Perry Street Prep PCS latest contract with TenSquare, Appendix F.

the turnaround began, the school's enrollment has grown and it has exceeded its enrollment forecasts. In SY 2017-18 the school served a population that was 90.9% African-American.

Perry Street Prep PCS - Enrollment						
School Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Grade Levels	PK3-12	PK3-12	PK3-8	PK3-8	PK3-8	PK3-8
Audited Enrollment	815	619	323	306	351	365 ¹³
Enrollment Projections	982	845	605	350	310	360



Previous Charter Reviews and Renewal

Five-Year Charter Review

In SY 2002-03, the DC BOE conducted a charter review of the school and recommended that its charter be continued, noting the school's strong academic performance and programmatic design. However, the DC BOE also made several recommendations for improvement, including that the school undertake significant repairs to its facility, execute bylaws, create a risk management plan, and, because the school operated with a net asset deficiency, create a finance committee within its Board of Trustees.¹⁴

Ten-Year Charter Review

In SY 2006-07, as it transitioned from the DC BOE to DC PCSB's authorization, the school

¹³ As of the October enrollment count; this number is still unaudited.

¹⁴ Hyde Leadership PCS, 2002-03 Monitoring Report of Hyde Public Charter School, Appendix G.

underwent a second charter review. DC PCSB noted that the school's academic performance was strong, and the school had implemented an effective character development program. The review also included recommended improvements, including that the school address its high school's high attrition rate and improve its teacher attendance rate.¹⁵ The school was issued an Accountability Plan to address these concerns.

Additional Charter Review

In January 2012, after the school separated from the Hyde Foundation, DC PCSB conducted a third charter review of the school, as authorized when a school is not meeting conditions of previous charter reviews or renewals.¹⁶ DC PCSB found that the school had not met any of its Accountability Plan targets from its previous review. On January 23, 2012, the DC PCSB Board voted to grant charter continuance to the school as it met the PMF academic standard and the non-academic criteria stated in the SRA.¹⁷

Fifteen-Year Renewal

DC PCSB conducted the school's charter renewal in February 2014.¹⁸

Though Perry Street Prep PCS's Early Childhood program and third through eighth grade program had fully met its goals and academic expectations, Perry Street Prep PCS's high school had not met its goals and academic expectations. Additionally, DC PCSB found numerous instances of fiscal mismanagement, though they did not rise to a *pattern* of fiscal mismanagement.

Based on these findings, the DC PCSB Board voted 6-0 on February 19, 2014 to close the high school but renew the lower school program with the following conditions: The school lower its enrollment ceiling; the school engage with a high quality early childhood operator, to be approved by DC PCSB beginning in SY 2014-15; the renewed charter agreement contain a specific and quantitative goal around special education compliance; and the renewed charter agreement contain a specific and quantitative goal around timely and accurate submission of required data and documents to DC PCSB.

Communications with the School

On June 27, 2017, members of the DC PCSB Board and staff met with members of Perry Street Prep PCS's board to discuss PARCC performance, re-enrollment rates, student performance on the SY 2015-16 PMF, and the upcoming twenty-year charter review. DC PCSB informed Perry Street Prep PCS that it was not on track to meet its charter goals, and

¹⁵ Hyde Leadership PCS Comprehensive Review Report, June 2007, Appendix H.

¹⁶ SRA §38-1802.12(a)(3). This report was completed by a consulting firm, according to PCSB's review process in place at that time. The consultant conducted the charter reviews that year for all schools transitioning from the DC BOE to PCSB.

¹⁷ Letter to Joseph Fanoie, Board Chair, Perry Street Prep, from Brian Jones, Chair, DC PCSB, January 2012, Appendix I.

¹⁸ Perry Street Prep PCS Fifteen-Year Renewal Report, February 2014, Appendix J.

that it was eligible to revise its charter agreement to align with the newest *Elect to Adopt the PMF as Goals Policy*.¹⁹ The school chose not to adopt the newest policy.

On March 20, 2018, DC PCSB staff met with school leaders at Perry Street Prep PCS to discuss its twenty-year review. Staff provided the school with a chart similar to the one above that described its PMF performance for the past few years. Given the school had already missed its PMF target to earn 45% in three of the four years in the review period, staff alerted the school to this fact and discussed whether the improvement provision in the school's charter could be applied.

¹⁹ Appendix K.

SECTION ONE: GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

The SRA requires DC PCSB to review whether a school has met its goals and academic achievement expectations at least once every five years. Goals and academic achievement expectations are considered part of the review analysis only if they were included in a school’s charter or charter amendment approved by the DC PCSB Board.

In July 2013, Perry Street Prep PCS adopted the PMF as its goals and academic achievement expectations, along with two mission specific goals.²⁰ By adopting the PMF as goals, Perry Street Prep PCS agreed to earn at least 50% of the possible PMF points in at least two out of the most recent three years and earn at least 45% in at least three of the four years captured during the review period. In addition to the PMF, Perry Street Prep PCS agreed to meet two mission specific goals by completing DC PCSB’s QAR and remaining compliant with DC PCSB’s attendance and discipline data submission policy.

The chart below summarizes DC PCSB’s determinations of whether the school’s academic program met its respective goals and academic achievement expectations. These determinations are further detailed in the body of this report.

Goals and Academic Expectations	Met?
<p>The School Corporation will be deemed to have met its goals and academic achievement expectations if, at its twenty-year charter review in school year 2018-19:</p> <p>The school has earned at least 50% of the possible PMF points in at least two of the following three years: 2015-16, 2016-17, and 2017-18; and earned at least 45% in at least three of the following four years: 2013-14, 2015-16, 2016-17, and 2017-18.</p> <p>Improvement Provision: In cases where the school has not achieved the above threshold, the DC PCSB Board may, at its discretion, determine that the School has met its goals and student academic achievement expectations if it has demonstrated consistent improvement on overall PMF scores over the course of the most recent five-year period. In exercising its discretion, the DC PCSB Board shall also consider the strength of the untiered measures, including mission-specific goals.</p>	Met
<p>The school has shown a commitment to serving students with disabilities by completing DC PCSB’s Quality Assurance Review (QAR) in the fall of 2014, creating a Special Education QAR Action Plan in collaboration with DC PCSB staff, and achieving the 4 goals identified in their Special Education QAR Action plan, moving all areas noted as “does not exist” or “in process” to “in place” by the end of spring of 2016 and until its next five-year review in school year 2018-19.</p>	Met
<p>The school has remained compliant with DC PCSB’s attendance and discipline data submission policy as evidenced by the absence of any notices of concerns in these areas.</p>	Met

²⁰ Perry Street Prep PCS Approved Board Proposal to Adopt the PMF may be found in Appendix A.

- Perry Street Prep PCS must earn at least 50% of the possible PMF points in at least two of the following three years: 2015-16, 2016-17, and 2017-18; and earn at least 45% in at least three of the following four years: 2013-14, 2015-16, 2016-17, and 2017-18.**

Assessment: **Perry Street Prep PCS has met its goals and academic achievement expectations.** The school earned at least 50% on the PMF in two of the three years needed to meet this goal, but it did not earn 45% in three of the four years as it only earned above 45% in two of the most recent years. The school has demonstrated consistent improvement by increasing its overall PMF score by over ten points each of the last three school years, exceeding the 50.0% average it needed in the past two years, most recently by 10.9 percentage points.

Perry Street Prep PCS – PMF Outcomes				
2013-14	2014-15	2015-16	2016-17	2017-18
Tier 2 40.7%	N/A ²¹	Tier 2 39.4%	Tier 2 51.0%	Tier 2 60.9%

- The school must show a commitment to serving students with disabilities by completing DC PCSB’s Quality Assurance Review (QAR) in the fall of 2014, creating a Special Education QAR Action Plan in collaboration with DC PCSB staff, and achieving the 4 goals identified in their Special Education QAR Action plan, moving all areas noted as “does not exist” or “in process” to “in place” by the end of spring of 2016 and until its next five-year review in school year 2018-19.**

Assessment: **Perry Street Prep PCS met this goal.** The QAR is an optional special education self-reflection tool designed for public charter schools to reflect on their special education programming and set goals to improve identified areas of challenge. Participating schools submit evidence for each indicator across a variety of domains, and a DC PCSB evaluator reviews this evidence to determine if all indicators are in place.

Perry Street Prep PCS completed a QAR in March 2015. After receiving DC PCSB staff feedback, the school submitted an Action Plan to address specific challenges (i.e., indicators noted as “does not exist” or “in progress”), such as providing special education training to general education teachers and evaluating service providers. In March 2016, Perry Street Prep PCS submitted another QAR self-study. From reviewing the evidence provided by the school, DC PCSB staff concluded that all indicators were in place.

²¹ Due to the change in the state assessment, scores and tiers were not displayed in 2014–15.

3. The school must remain compliant with DC PCSB’s attendance and discipline data submission policy as evidenced by the absence of any notices of concerns in these areas.

Assessment: **Perry Street Prep PCS met this goal.** Perry Street Prep PCS has not received any Notices of Concern from DC PCSB during the entire review period.

Student Academic Achievement and Progress Measures

The school’s PMF score is based on the following:

- Proficiency rates in English language arts (ELA) and math on the statewide assessment (the PARCC test) taken by 3rd through 8th graders.
- Academic growth from one year to the next on the PARCC as measured by the Median Growth Percentile (MGP),²² which assesses the relative year-to-year progress made by individual students at a school.
- School environment measures, including attendance rates, re-enrollment rates, and scores from the Classroom Assessment Scoring System (CLASS), which assesses classroom instruction in pre-kindergarten.

The proficiency tables below display PARCC proficiency and growth results overall and across subgroups, as well as charts of the school’s environment measures. Many charts are color coded. Please use the following key:

KEY for Campus Rate Data Charts	
3+	<ul style="list-style-type: none"> • A PARCC score of 3 = Approaching College and Career Ready • 3+ denotes the percentage of students who obtained a 3, 4, or 5 on the PARCC
4+	<ul style="list-style-type: none"> • A PARCC score of 4 = College and Career Ready • 4+ denotes the percentage of students who obtained a 4 or 5 on the PARCC • 4+ is considered to be proficient
n-size	Number of students who took the state assessment at this school
Green	<ul style="list-style-type: none"> • Greater than or equal to the state average or charter sector average of the same grade band
Red	<ul style="list-style-type: none"> • Less than the state average or charter sector average of the same grade band
No Shading	<ul style="list-style-type: none"> • Data from 2014-15, when the state transitioned to PARCC and the school performed below the state average. (Note – as stated above, if the school did better than the state average, this is colored green.) • PK – 2 “display only” data that does not factor into the PMF score or goal attainment.

²² An MGP of 50 indicates that a school’s students have average year-to-year growth in a subject, as compared to other DC students in the same grades and with the same initial state assessment performance. An MGP above 50 indicates that the school’s students have above-average year-to-year growth, while an MGP below 50 indicates below-average growth.

English Language Arts (ELA)

Despite ELA proficiency rates remaining below the state average, the rate of individual student academic growth (as measured by MGP) in grades 3-8 suggests that if students continue to improve in reading at these rates, the school will start to see proficiency rates at, and eventually above, the state average. Growth among the school's largest subgroup populations, Black non-Hispanic and at-risk students, has been above the city average for the past two years. While not part of the PMF score or Tier, it is worth noting that growth for kindergarten through second grade students has also been strong for the past two years, with medians above 50, outpacing the national average. Since August 2015, AppleTree Institute has been operating the school's PK program as a management organization. On the Every Child Ready (ECR) assessment, created by AppleTree Institute, the school has performed above average for PK students the past two years when compared to all schools using the ECR assessment.

ELA Proficiency

Perry Street Prep PCS's overall proficiency rates in ELA were below the state average in every year of the review period. During the final year of the DC CAS, the school was below state averages for all populations except for the 16 English language learner test-takers. In school years 2015-16 and 2016-17 the school remained well below the state average, with over 50% of test-takers scoring at level 1 or 2.

In the most recent year, the school has shown improvement, scoring above the state average in all subgroups with the exception of male students for approaching college and career readiness and above (level 3+). Given the larger population of male students, the school also did not meet the state average for all students earning level 3+ in this year. Consistent with a turnaround effort, the school lags behind the state average in meeting or exceeding College and Career Readiness (level 4+), although the school is closing that gap with significant growth in the past two years as described later in this report.

Perry Street Preparatory PCS - ELA Proficiency Grades 3-8											
	2013-2014 DC CAS			2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC		2017-2018 PARCC	
	School	State		School	State	School	State	School	State	School	State
All	43.6	50.5	% 3 +	27.0	48.2	42.6	51.8	42.4	54.6	55.0	57.6
			% 4 +	7.6	24.8	20.6	27.5	17.4	30.9	19.3	33.9
	266		denominator	211		141		132		140	
Black Non-Hispanic	43.4	44.0	% 3 +	27.8	40.6	43.8	44.7	41.9	47.1	56.8	50.1
			% 4 +	7.8	16.6	21.2	19.6	17.8	22.1	18.9	25.0
	258		denominator	205		137		129		132	
English Learner	62.5	38.4	% 3 +	40.0	34.6	N/A	38.4	N/A	42.6	N/A	44.6
			% 4 +	0.0	11.7		14.7		17.6		20.1
	16		denominator	10		n < 10		n < 10		n < 10	
Students with Disabilities	13.0	21.0	% 3 +	4.7	13.3	3.6	17.4	9.4	19.0	25.7	18.1
			% 4 +	2.3	4.2	0.0	5.6	0.0	6.4	2.9	5.9
	54		denominator	43		28		32		35	
Male	41.1	44.8	% 3 +	22.8	41.9	34.2	45.0	31.5	47.5	43.8	50.2
			% 4 +	3.9	20.4	15.2	22.7	12.3	25.1	15.1	27.8
	146		denominator	127		79		73		73	
Female	46.7	56.2	% 3 +	33.3	54.6	53.2	58.7	55.9	61.8	67.2	65.0
			% 4 +	13.1	29.2	27.4	32.4	23.7	36.7	23.9	40.0
	120		denominator	84		62		59		67	
At-Risk			% 3 +			36.5	36.8	31.4	39.9	44.4	43.6
			% 4 +			8.1	13.4	10.0	16.0	9.7	18.8
			denominator			74		70		72	

ELA Growth

Perry Street Prep PCS has consistently improved its growth performance since PARCC testing began in SY 2014-15 for all students and nearly every subgroup. For the first three years of the review period, the school had below-average growth, but beginning in SY 2016-17 the school began to see above-average growth. SY 2017-18 was the first year in which the school had above-average growth in every subgroup. Female students had the most positive growth in both SY 2016-17 and SY 2017-18, having an MGP above 60 both school years. Perry Street Prep PCS has one of the highest rates of growth for students with disabilities in the charter sector. Notably, the school's number of test-takers for the PARCC assessment decreased substantially between SY 2013-14 and SY 2014-15, prior to the closing of Perry Street Prep PCS's high school.

Perry Street Preparatory PCS - ELA MGP Grades 3-8					
	2013-2014 DC CAS	2014-2015 PARCC	2015-2016 PARCC	2016-2017 PARCC	2017-2018 PARCC
All	43.8	31.0	42.1	57.3	56.8
Black Non-Hispanic	44.0	30.0	41.8	57.8	56.4b
Students with Disabilities	42.9	42.5	46.0	49.4	58.1
Male	40.0	28.5	37.2	51.5	52.2
Female	51.8	33.5	46.8	64.0	60.6
At-Risk			57.0	56.0	56.9

ELA PK and K-2 Student Outcomes

DC PCSB allows schools to choose the assessments for ELA that best fit the academic program and philosophy of the early childhood environment at the school. The scores on these assessments for PK3-2 are not formally included in this school's PMF score, but are included in this report as indicators of student academic progress and achievement in these grade bands and are included in the analysis when determining if the consistent improvement provision applies. The results displayed below reflect the percent of students who met or exceeded the test publisher's expectations (or "display range") for achievement at the end of the year.

While the school's K-2 students fell below the display range when using the DIBELS assessment, they have shown strong performance on the Northwest Evaluation Association Measures of Academic Progress (NWEA MAP) in SY 2016-17 and SY 2017-18, with growth rates above the national average. PK performance on the Brigance and Every Child Ready (ECR) assessments has been strong all five years of the review period, with rates falling in the display range for each assessment.

K-2 Literacy Student Outcomes		
Year	Measure	Result
2013-14	DIBELS: Percent of students who met or exceeded the publisher's expectations for achievement at the end of the year Display Range: 60 to 100	51.4
2014-15		33.7
2015-16		56.0
2016-17	Northwest Evaluation Association's Measure of Academic Progress (NWEA MAP): Median percentile of student growth compared to national student performance Display Range: 30 to 70	56.0
2017-18		69.0

PK Literacy Student Outcomes		
Year	Measure	Result
2013-14	Brigance: Percent of students who met or exceeded the publisher's expectations for achievement at the end of the year Display Range: 30 to 70	47.5
2014-15		52.6
2015-16	Every Child Ready: Percentage of students who are at or above the proficiency goal or percentage of students making one year of growth (if not yet proficient). Display Range: 60 to 100	93.2
2016-17		87.7
2017-18		92.1

Math

Similar to the school's performance in ELA, math proficiency rates have remained below the citywide average, but individual student growth as reflected on the MPG results for grades 3-8 suggests that if students remain on a similar growth trajectory, the school should start to see proficiency rates at or above the state average. Growth among the school's largest subgroup populations, Black non-Hispanic and at-risk students, has been above the citywide average for the past two years on PARCC. Even in SY 2015-16, when the school's growth was the lowest in the review period, at-risk students were growing at an above average rate. K-2 student have also seen strong growth, especially in SY 2017-18, when the school's MGP on NWEA MAP was 13.5 points above 50.

Math Proficiency

Perry Street Prep PCS's overall proficiency rates in math were below the state average in every year of the review period and have deteriorated over time. The school had mixed results in SYs 2015-16, 2016-17, and 2017-18, having its best result in SY 2015-16, still 10.5 percentage points below the state average for Approaching College and Career Ready or above (level 3+). In SY 2017-18, the most recent year of the review period, 62.9% of test-takers scored at level 1 or 2.

Perry Street Preparatory PCS - Math Proficiency Grades 3-8											
	2013-2014 DC CAS			2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC		2017-2018 PARCC	
	School	State		School	State	School	State	School	State	School	State
All	51.3	55.5	% 3 +	26.8	49.1	40.1	50.6	35.6	53.0	37.1	55.2
			% 4 +	2.9	23.4	15.5	26.7	11.4	28.3	12.1	30.7
	267		denominator	209		142		132		140	
Black Non-Hispanic	51.0	48.9	% 3 +	26.6	42.1	40.6	43.2	35.7	45.4	36.4	47.4
			% 4 +	3.0	16.6	15.9	19.3	11.6	20.0	11.4	22.2
	259		denominator	203		138		129		132	
English Learner	68.8	50.9	% 3 +	30.0	44.4	N/A	45.4	N/A	48.1	N/A	50.5
			% 4 +	0.0	16.9		21.3		23.2		23.0
	16		denominator	10		n < 10		n < 10		n < 10	
Students with Disabilities	21.8	26.5	% 3 +	7.3	15.8	13.8	20.0	9.4	21.3	11.4	20.2
			% 4 +	0.0	4.3	0.0	7.1	0.0	7.6	2.9	7.1
	55		denominator	41		29		32		35	
Male	47.6	53.1	% 3 +	26.2	46.6	37.5	48.2	34.2	50.2	37.0	52.5
			% 4 +	0.8	22.6	12.5	25.4	11.0	26.9	12.3	29.3
	147		denominator	126		80		73		73	
Female	55.8	58.0	% 3 +	27.7	51.7	43.5	53.0	37.3	55.9	37.3	58.0
			% 4 +	6.0	24.2	19.4	28.1	11.9	29.7	11.9	32.2
	120		denominator	83		62		59		67	
At-Risk			% 3 +			33.8	36.9	27.1	38.9	27.8	41.3
			% 4 +			9.5	14.7	4.3	15.7	8.3	17.2
			denominator			74		70		72	

Math Growth

Perry Street Prep PCS has steadily improved its growth performance since PARCC testing began in SY 2014-15. During the first two years of PARCC testing, the school had below-average growth in nearly every subgroup. However, MGP improved significantly in SY 2016-17, and for the first time, students were showing above average growth with a schoolwide MGP of 59.1. The school showed above-average growth overall and in every subgroup during SY 2017-18, including students with disabilities, who had an MGP of 3.1 points above 50. As previously mentioned, the school’s test-taking population decreased significantly between SY 2013-14 and SY 2014-15, before the school’s high school closed that same year.

Perry Street Preparatory PCS – Math MGP Grades 3-8					
	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
	DC CAS	PARCC	PARCC	PARCC	PARCC
All	50.0	32.0	44.9	59.1	57.5
Black Non-Hispanic	49.8	31.0	44.4	59.1	55.3
Students with Disabilities	45.7	46.0	44.5	47.5	53.1
Male	50.7	31.0	41.8	55.6	56.6
Female	50.4	34.0	48.1	62.9	57.0
At-Risk			65.0	58.5	58.5

Math PK and K-2 Student Outcomes

DC PCSB allows schools to choose the assessments for math that best fit the academic program and philosophy of the early childhood environment at the school. The scores on these assessments for PK3-2 are not formally included in this school’s PMF score, but are included in this report as indicators of student academic progress and achievement in these grade bands and are included in the analysis when determining if the consistent improvement provision applies. The results displayed below reflect the percent of students who met or exceeded the test publisher’s expectations (or “display range”) for achievement at the end of the year.

The school first began using the NWEA MAP assessment for K-2 math in SY 2016-17, in which median performance was 4.5 points below 50. However, in SY 2017-18 the school increased its median growth to 63.5—an 18-point increase from the previous year. For PK students, the school performance is consistently strong on the ECR assessment, scoring on the upper end of the display range each year.

K-2 Math – Student Outcomes		
Year	Measure	Result
2013-14	Terra Nova: Percent of students who met or exceeded the publisher’s expectations for achievement at the end of the year Display Range: 30 to 70	74.3
2014-15		36.6
2015-16		52.0
2016-17	Northwest Evaluation Association’s Measure of Academic Progress (NWEA MAP): Median percentile of student growth compared to national student performance Display Range: 30 to 70	45.5
2017-18		63.5

PK Math Student Outcomes		
Year	Measure	Result
2013-14	Brigance: Percent of students who met or exceeded the publisher’s expectations for achievement at the end of the year Display Range: 30 to 70	66.1
2014-15		56.1
2015-16	Every Child Ready: Percentage of students who are at or above the proficiency goal or percentage of students making one year of growth (if not yet proficient). Display Range: 60 to 100	86.5
2016-17		90.4
2017-18		94.7

School Environment Measures

School environment measures—in-seat attendance, re-enrollment, and the Classroom Assessment Scoring System (CLASS) for pre-kindergarten—are designed to show the school’s climate and parent satisfaction.

In-Seat Attendance

DC PCSB measures In-Seat Attendance (ISA), which is the percentage of students at school without regard to whether an absence is excused or unexcused. Perry Street Prep PCS’s ISA rate has been increasing since the beginning of the review period, reaching as high as 93.5% in SY 2017-18.

Perry Street Preparatory PCS - Grades PK3 - 8 In-Seat Attendance										
	2013-14		2014-15		2015-16		2016-17		2017-18	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	90.7	92.4	91.0	92.7	91.0	92.8	93.3	93.1	93.5	92.8

Re-enrollment

A school's re-enrollment rate assesses family satisfaction with a school by measuring the rate at which students who are eligible return from one year's official enrollment audit to the next year's official enrollment audit.²³ Students who move out-of-state or have other situations that would prevent them from re-enrolling are excluded from this rate.

Perry Street Prep PCS's re-enrollment rates were well below the sector average for three out of four years in the review period. Re-enrollment dropped as low as 61.0% in SY 2014-15 to SY 2015-16, indicating that nearly two out of every five families were not returning the next school year. Recently, however, the school's re-enrollment rate improved to 85.3% in SY 2016-17 to SY 2017-18, running slightly above the charter sector average.

Perry Street Preparatory PCS - Re-enrollment Rates								
	2013-14 to 2014-15		2014-15 to 2015-16		2015-16 to 2016-17		2016-17 to 2017-18	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	71.1	83.0	61.0	83.0	68.4	83.9	85.3	84.4
	412		318		250		279	

CLASS²⁴

The table below shows Perry Street Prep PCS's CLASS performance. The school has been generally increasing in CLASS performance since SY 2013-14. Scores in both Classroom Organization and Emotional Support increased every year of the review period, meeting or exceeding the charter sector in SY 2016-17 and SY 2017-18. Instructional support was as low as 2.1 in SY 2014-15, but it has increased to 3.3 in SY 2017-18 and is now above the charter sector average.

²³ The enrollment audit occurs in October of each school year.

²⁴ All DC early childhood programs are assessed by independent reviewers using the CLASS tool, which focuses on classroom interactions that boost student learning. The CLASS tool measures Emotional Support, Classroom Organization, and Instructional Support on a scale from 1-7. The Emotional Support and Classroom Organization indicators have a floor of three and a target of six on the PMF. On a national level, pre-school programs score lower on the Instructional Support indicator. Accordingly, DC PCSB's floor for this indicator is one with a target of four.

CLASS Performance Targets			
Year	Domain	School	Charter Sector
2013-14	Classroom Organization	4.7	5.2
2014-15		4.9	5.5
2015-16		5.5	5.9
2016-17		6.0	5.8
2017-18		6.1	5.8
2013-14	Emotional Support	5.4	5.7
2014-15		5.6	5.9
2015-16		5.9	6.0
2016-17		6.1	6.1
2017-18		6.3	6.0
2013-14	Instructional Support	2.2	2.5
2014-15		2.1	2.8
2015-16		3.0	3.1
2016-17		2.9	3.0
2017-18		3.3	3.2

Qualitative Site Review (QSR) Outcomes

DC PCSB conducts QSRs of charter schools to observe qualitative evidence of the extent to which the school is meeting its mission and goals, as well as to assess classroom environment and quality of instruction. Between October 23 – November 3, 2017, in anticipation of this charter review analysis, DC PCSB conducted a QSR of Perry Street Prep PCS.²⁵ DC PCSB reviewers saw evidence of strong relationships marked by patience and care. Most students were enthusiastic about their work and excited to receive feedback from their teachers. In QSRs, each observed classroom is assigned an Unsatisfactory, Basic, Proficient, or Distinguished rating in classroom environment²⁶ and instruction.²⁷ The following table details the percentage of classrooms at each campus that were rated proficient or distinguished in each domain.

	Domain 2: Classroom Environment	Domain 3: Instruction
Perry Street Prep PCS	73%	67%
Average score for PK-8 schools	78%	70%

Perry Street Prep PCS scored slightly below average compared to other PK-8 schools that received a QSR over the past five years.

²⁵ See Perry Street Prep PCS's QSR report, Appendix L.

²⁶ To assess classroom environment, DC PCSB observed whether teachers (a) create an environment of respect and rapport; (b) establish a culture for learning; (c) manage classroom procedures; and (d) manage student behavior.

²⁷ To assess instruction, DC PCSB observes how teachers (a) communicate with students; (b) use questioning/prompts and discussion techniques; (c) engage students in learning; and (d) use assessment in instruction.

SECTION TWO: COMPLIANCE WITH CHARTER AND APPLICABLE LAWS

The SRA requires DC PCSB to determine at least once every five years whether a school has “committed a violation of applicable law 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, which DC PCSB monitors in its annual compliance reviews. The below table discusses the school’s compliance for the review period.

Since SY 2013-14, Perry Street Prep PCS has been compliant with **ALL** the following applicable laws.²⁹

- Fair Enrollment Process
(D.C. Code § 38-1802.06)
- Notice and Due Process for Suspensions and Expulsions
(D.C. Code § 38-1802.06(g))
- Student Health and Safety
(D.C. Code §§ 38-1802.04(c)(4), 4-1321.02, 38-651)
- Equal Employment
(D.C. Code § 38-1802.04(c)(5))
- Insurance
(As required by the school’s charter)
- Facility Licenses
(D.C. Code § 47-2851.03(d); D.C. Mun. Regs., tit. 14, §§ 14-1401 et seq.)
- Proper Composition of Board of Trustees
(D.C. Code § 38-1802.05(a))
- Accreditation Status
(D.C. Code § 38-1802.02(16))

Procurement Contracts

D.C. Code § 38-1802.04(c)(1) requires DC charter schools to use 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 DC PCSB all bids received, the contractor selected, and the rationale for which contractor was selected. To ensure compliance with this law, DC PCSB requires schools to submit a data form to detail any qualifying procurement contract that the school has executed.

DC PCSB began implementing a new Procurement Contract Submission and Conflicting Interest Policy on July 1, 2018. The statistics below capture Perry Street PCS’s submissions

²⁸ D.C. Code § 38.1802.13(a).

²⁹ Detailed compliance chart may be found in Appendix M.

and corresponding compliance with the policy. The school has been compliant with procurement submissions since July 1.

- **1 early warning notice** as of October 9, 2018.
- Submissions **Rejected** since July 1, 2017: **0/6**
- Submissions **Received** since July 1, 2017 **6/6**

Perry Street Prep PCS confirmed that its FY 2016-17 procurement contract summary was accurate, outside of two contracts that were not reflected on the summary but were uploaded into Epicenter, one of DC PCSB's data management systems. A historical record of the school's procurement contract bidding submissions can be found here:

<https://dcpcsb.egnyte.com/fl/3IVHh5pGOL>.

Special Education Compliance

Charter schools are required to comply with all federal and local special education laws, including the Individuals with Disabilities Education Act³⁰ (IDEA) and Section 504 of the Rehabilitation Act of 1973.³¹ The following section summarizes Perry Street Prep PCS's special education compliance from SY 2014-15 to the present.

The D.C. Office of the State Superintendent of Education (OSSE) Special Education Compliance Reviews

OSSE monitors charter schools' special education compliance and publishes three primary types of reports detailing these findings: (1) Annual Determinations; (2) On-Site Monitoring; and (3) Special Conditions Reports. OSSE's findings regarding special education compliance are summarized below.

(1) Annual Determinations

As required by federal regulation, OSSE annually analyzes each LEA's compliance with special education compliance indicators, and it publishes these findings in an Annual Determination report.³² Each year's report is based on compliance data collected from the prior federal fiscal year. For example, in SY 2017-18, OSSE published its 2015 Annual Determination reports (based on the school's 2015-16 performance).

Perry Street Preparatory PCS's Annual Determination compliance performance is detailed in the table below.³³

³⁰ 20 U.S.C. §§ 1400 *et seq.* See 20 U.S.C. § 1413(a)(5).

³¹ 29 U.S.C. § 794.

³² As required by federal regulation 34 CFR § 300.600(c).

³³ See Annual Determination reports, Appendix N.

Year	Percent Compliant with Audited Special Education Federal Requirements	Determination Level ³⁴
2014	62%	Needs Assistance
2015	86%	Meets Requirements
2016	93%	Meets Requirements

If an LEA is determined to need assistance for two or more consecutive years, OSSE must: advise the LEA of available sources of technical assistance; direct the use of LEA funds; and/or identify the LEA as a high-risk grantee and impose special conditions on the LEA's grant under Part B of the Act. Because Perry Street Prep PCS received a Needs Assistance designation in its 2014 and 2013 Determinations, OSSE required that the school complete the following steps:

1. Develop a corrective action plan that addresses identified areas of noncompliance and includes due dates for submission of proposed evidence demonstrating completion of the corrective action plan. The corrective action plan must reflect that all corrective actions will be completed by no later than June 30, 2017.
2. Submit a copy of the corrective action plan for approval to its OSSE LEA monitor.

OSSE further required that the Perry Street Prep PCS team receive a technical assistance onsite visit to review secondary transition requirements. Perry Street Prep PCS submitted a corrective action plan to OSSE by the deadline given in the 2014 Determination letter.

(2) On-Site Monitoring Report

OSSE conducts an on-site assessment of an LEA's special education compliance with student-level and LEA-level indicators in alignment with its coordinated Risk-Based Monitoring,³⁵ and it publishes its findings in an On-Site Monitoring Report. Annually, OSSE assigns a risk designation to each LEA based on several criteria, including its IDEA Part B performance,³⁶ which OSSE then uses to determine if an LEA will receive

³⁴ IDEA requires OSSE, as the State educational agency (SEA), to make determinations annually about the performance of LEAs. OSSE is required to use the same categories that the United States Department of Education, Office of Special Education Programs (OSEP) uses for state determinations as outlined in Section 616(d) of IDEA. These categories are: Meets Requirements, Needs Assistance, Needs Intervention, and Needs Substantial Intervention.

³⁵ See <https://osse.dc.gov/publication/risk-based-monitoring-guidance>.

³⁶ Part B of IDEA applies to students ages 3-22.

on-site monitoring.³⁷ LEAs are responsible for being 100% compliant with student-level indicators and LEA-level indicators on On-Site Monitoring Reports.³⁸

As of October 2018, OSSE had not conducted an On-Site Monitoring of the school in the last four school years.

(3) Special Conditions Reports

OSSE submits reports to the U.S. Department of Education’s Office of Special Education Programs (OSEP) three times annually,³⁹ detailing statewide compliance in three areas: (1) Initial Evaluation timeliness;⁴⁰ (2) Reevaluation timeliness; and (3) Secondary Transition requirements (for students at age 16 and up). OSSE evaluated Perry Street Preparatory PCS for compliance in Initial Evaluation timeliness, Reevaluation timeliness, and Secondary Transition requirements in the SY 2014-15 reports and for only Initial Evaluation and Reevaluation timeliness in SY 2015-16 and beyond. The outcomes are detailed in the tables below. The school has since corrected all identified areas of noncompliance, except for the current school year which is not yet due for correction.

Special Conditions Reporting Period – April 2014 through March 2015			
	August 1 Report (April 1 – June 30)	November 1 Report (July 1 – September 30)	May 1 Report (October 1 – March 31)
Initial Evaluation Timeliness	N/A ⁴¹	N/A	Non-compliant
Reevaluation Timeliness	Compliant	Compliant	Non-compliant
Secondary Transition	Compliant	Compliant	Non-compliant

³⁷ The type of monitoring an LEA will receive varies depending on its designation as a “high,” “medium,” or “low risk” sub-grantee. An on-site monitoring visit will occur for LEAs classified as “high” risk.

³⁸ If OSSE determined an LEA was less than 100% compliant with a student-level indicator that could not be corrected retroactively, OSSE would identify the point of noncompliance as an LEA-level violation and give the LEA 365 days to correct the finding.

³⁹ Prior to SY 2014-15, OSSE conducted reviews quarterly. The data for the special conditions from that timeframe is thus organized across four quarters.

⁴⁰ Starting with SY 2017-18, the District of Columbia is no longer under special conditions with OSEP for Initial Evaluations. Moving forward, OSSE will only be required by OSEP to submit Special Condition reporting on statewide Reevaluation and Secondary Transition. Initial evaluation data will still be periodically reviewed for compliance and included in Public Reporting for Annual Performance Reports (APRs). For the purposes of this report, Initial Evaluations are included since OSSE reported on this area of compliance in the past.

⁴¹ Not applicable (N/A) indicates that OSSE did not conduct a review for the listed compliance area during the specified time-frame for the school.

Special Conditions Reporting Period – April 2015 through March 2016			
	August 1 Report (April 1 – June 30)	November 1 Report (July 1 – September 30)	May 1 Report (October 1 – March 31)
Initial Evaluation Timeliness	N/A	N/A	Compliant
Reevaluation Timeliness	Compliant	Compliant	N/A

Special Conditions Reporting Period – April 2016 through March 2017			
	August 1 Report (April 1 – June 30)	November 1 Report (July 1 – September 30)	May 1 Report (October 1 – March 31)
Initial Evaluation Timeliness	N/A	N/A	N/A
Reevaluation Timeliness	N/A	N/A	N/A

Special Conditions Reporting Period – April 2017 through March 2018			
	August 1 Report (April 1 – June 30)	November 1 Report (July 1 – September 30)	May 1 Report (October 1 – March 31)
Initial Evaluation Timeliness	N/A	N/A	N/A
Reevaluation Timeliness	Compliant	Non-compliant	Compliant

Child Find Monitoring Report

“Child find” is a set of policies, procedures, and public awareness activities designed to locate, identify, and evaluate children who may require special education and related services. Each LEA must have policies and procedures in effect to ensure that all children with disabilities in need of special education and related services, regardless of severity of disability, are identified, located, and evaluated. As a result of the D.L. v. District of Columbia⁴² special education litigation, in SY 2017-18 OSSE audited every LEA’s identification rate of enrolled students receiving special education services under IDEA against the 8.5% threshold established in the case. OSSE also conducted desktop reviews of all LEA child find policies to ensure that identification rates were not the results of inappropriate policies and procedures.⁴³ Based on this review, OSSE determined if an LEA’s identification rate and child find policies were compliant with IDEA and local law. LEAs deemed out of compliance were required to submit to OSSE their revised child find policies

⁴² D.L. v. The District of Columbia (Case No. 1:05-cv-01437), 860 F.3d 713 (DC Cir. 2017)

⁴³ For more information, see OSSE’s “Dear Colleague” letter on key IDEA requirements related to D.L. v. District of Columbia at <https://osse.dc.gov/publication/dear-colleague-letter-key-idea-requirements-related-dl-v-district-columbia>.

and proof of staff training. OSSE will continue child find monitoring moving forward, but it will not conduct this extensive review again in SY 2018-19.

In the updated Child Find review process, OSSE reviews LEA identification rates and LEA's Child Find Policies during the Spring of each school year. Based on this review, OSSE determines whether the LEA is out of compliance due to a low identification rate, its Child Find policy and procedures, or both. OSSE states in its notification letter to the LEA the result of its review and, if required, what actions the LEA must take to be deemed compliant.

During SY 2017-18, OSSE found that Perry Street Prep PCS identified 14.6% of its students eligible for special education, which was above the District's 2017-18 identification rate of 8.5%. The focused monitoring activities included student file reviews, and policy reviews. The results of the focused monitoring activities were sent to the LEA's leader.⁴⁴ Based on its focused monitoring, OSSE found that Perry Street Prep PCS's Child Find Policy, practices, and procedures are out of compliance.

In the notification letter, OSSE is requiring Perry Street Preparatory PCS to:

- Revise its policies to address the identified areas of noncompliance.
- Conduct training for all instructional staff, support staff, principals and other school administrators regarding Child Find processes and procedures prior to the beginning of the 2018-19 school year.

As of October 2018, Perry Street Prep PCS had submitted documentation of its revised Child Find policies and trainings. OSSE is reviewing these submissions to determine whether the LEA has demonstrated compliance or if technical assistance is required.

Hearing Officer Determination (HOD) Implementation Review

OSSE manages and oversees compliance through the HOD Tracker (formerly called the Blackman Jones database) that tracks the timely implementation of actions required by HODs. As of August 2018, no HODs have been issued against Perry Street Prep PCS from SY 2014-15 to the present.⁴⁵

⁴⁴ Please find the Child Find Focused Monitoring Report for Perry Street Preparatory PCS attached as Appendix O.

⁴⁵ HODs are the written decision issued as a result of a due process complaint that resulted in a hearing. Most complaints are withdrawn for any number of reasons, including settlement. Not all outcomes are required to be tracked. For the purpose charter reviews, DC PCSB reports only on HODs that resulted in a finding of noncompliance against the LEA.

SECTION THREE: FISCAL MANAGEMENT AND ECONOMIC VIABILITY

Introduction

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

- Has engaged in a pattern of nonadherence to generally accepted accounting principles (GAAP);
- Has engaged in a pattern of fiscal mismanagement; and/or
- Is no longer economically viable.⁴⁶

DC PCSB has assessed Perry Street Prep PCS's financial performance by reviewing the previous five years of audited financials and DC PCSB's Financial Analysis Review (FAR) reports, dating from fiscal year (FY) 2013 through FY 2017. DC PCSB also reviewed the school's unaudited financials for FY 2018 and incorporated this data when relevant. For the purpose of this report, DC PCSB used the FY 2017 FAR Report's "meets expectation" ranges to compare the financial strength of individual measures. The ranges were established where the upper end of the range was the "target" for financial performance and the lower end was the "floor." Schools performing at or above the established targets are determined to be in a strong financial position for the specific metric being assessed. When schools' metrics fall below the established floors, they are further reviewed to determine whether this poses financial concerns. DC PCSB assesses the school's financial condition holistically in order to determine whether operations are adequately managed, sustainable, and economically viable.

KEY for Fiscal Management and Economic Viability Charts	
No Shading	<ul style="list-style-type: none">• Within an average, financially healthy range based on the FAR and general finance principles.
Red	<ul style="list-style-type: none">• Falling within a range which is cause for concern based on the FAR and general finance principles. Though this does not necessarily show fiscal mismanagement on the part of the school, it indicates that this specific measure fell below the targets that DC PCSB considers financially sound.

Summary of Findings

Perry Street Prep PCS has demonstrated adequate fiscal performance. Its financial audits confirm the school has adhered to GAAP and has adequate internal controls. The school has not engaged in a pattern of fiscal mismanagement, and it is economically viable.

Perry Street Prep PCS's high school was closed at the end of FY 2015, resulting in a 48% decline in enrollment and a 46% decline in revenue in FY 2016. Because costs were not reduced in line with revenues, the school had operating losses in FY 2016 and FY 2017. Unaudited financial results for FY 2018 indicate that the school has generated a surplus and is beginning to grow enrollment once again. Importantly, liquidity and reserves remained

⁴⁶ See D.C. Code § 38-1802.13(b).

extremely strong throughout the period under review, allowing the school to absorb operating losses which followed the closure of the high school. At the end of FY 2018, the school had over \$2.7 million in cash and a net asset position exceeding \$7.2 million.

Financial Overview

Overall, the school has exhibited adequate financial performance. The following table provides an overview of Perry Street Prep PCS’s financial information between FY 2013 and FY 2018.

Financial Highlights (\$ in 000s)						
	2013	2014	2015	2016	2017	2018*
Maximum Enrollment⁴⁷	1050	1050	1050	1050	700	700
Audited Enrollment	950	815	619	323	306	351
Total Revenue	\$16,786	\$15,099	\$13,141	\$7,044	\$6,901	\$8,445
Surplus/(Deficit)⁴⁸	\$1,757	(\$108)	\$173	(\$953)	(\$731)	\$299
Unrestricted Cash Balances	\$3,115	\$2,228	\$2,670	\$1,533	\$1,594	\$2,762
Number of Days of Cash on Hand⁴⁹	82	58	83	82	88	139
Net Asset Position⁵⁰	\$8,603	\$8,495	\$8,668	\$7,715	\$6,984	\$7,283
Primary Reserve Ratio⁵¹	52%	51%	62%	89%	92%	89%

*Based on unaudited financials

Fiscal Management

Based on DC PCSB’s assessment of the school’s liquidity, reserves, and debt burden, the school has shown evidence of adequate fiscal management. Specifically, liquidity and reserves are very strong and debt leverage is at acceptable levels. While the school was slow to align costs with revenues after a sharp reduction in enrollment, unaudited FY 2018 data indicate that the school is generating an operating surplus. Additionally, the internal control environment appears to be strong. These areas are discussed further below.

Liquidity

Liquidity								
	Floor	Target range	2013	2014	2015	2016	2017	2018*
Current Ratio	0.7	1.0	1.9	1.2	2.8	3.4	3.6	3.2
Number of Days of Cash on Hand	15	45	82	58	83	82	88	139

* Based on unaudited financials

⁴⁷ Maximum Enrollment represents the largest possible number of students for which the school may receive public funding. It may be higher than the school’s targeted or budgeted enrollment but provides a good proxy for the school’s enrollment expectations over time.

⁴⁸ Surplus / (Deficit) is total revenue minus total expenses.

⁴⁹ Number of Days of Cash on Hand equals unrestricted cash and cash equivalents divided by daily operating expenses (which equals annual operating expenses divided by 365 days). It is a measure of the school’s ability to pay debts and claims as they come due.

⁵⁰ Net Asset Position equals total assets minus total liabilities.

⁵¹ Primary Reserve Ratio equals total net assets, less intangible assets, divided by total annual expenses.

Liquidity refers to the school's ability convert assets to cash in order to meet its immediate financial obligations, particularly in the short-term. DC PCSB measures liquidity by assessing two metrics—the Current Ratio⁵² and Days of Cash on Hand⁵³—as well as considering the school's solvency.

Current Ratio: The current ratio divides a school's current assets by its current liabilities. "Current" means being available or coming due within the next year. The school's current ratio has consistently been above the target of 1.0 and has significantly exceeded this target since FY 2015. This indicates that the school has more than adequate liquidity to meet its financial obligations.

Days of Cash on Hand: This measure determines how many days of expenses a school can meet with the cash it has in the bank. The school's cash on hand has consistently exceeded DC PCSB's target of 45 days and has exceeded 80 days since FY 2015. This indicates that the school has ample cash to cover its operating expenses.

Solvency: The final measure of liquidity is solvency,⁵⁴ which considers the school's overall ability to pay outstanding obligations, including amounts due to vendors, employees, and lenders if the school's charter were to be revoked. DC PCSB reviewed Perry Street Prep PCS's 2017 audited financial statements to determine the risk to third parties in the event of school closure. Should the DC PCSB Board vote to close Perry Street Prep PCS, staff expects that the school would be able to meet its operating obligations, including estimated closure costs, and the school would not have a shortfall in meeting obligations due to vendors and employees. Given the overall financial health of the school, Perry Street Prep PCS's solvency is not an area of concern.

Debt Burden

Debt Burden								
	Floor	Target	2013	2014	2015	2016	2017	2018*
Debt Ratio	0.9	0.5	0.7	0.7	0.6	0.7	0.7	0.7
Debt Service Coverage Ratio	1.0	1.2	N/A – metric introduced in FY 2016			3.9	2.5	1.4

* Based on unaudited financials

⁵² A school's current ratio is its current assets divided by current liabilities.
⁵³ Days of Cash on Hand is the amount of unrestricted cash and cash equivalents divided by daily operating expenses, excluding depreciation & amortization.
⁵⁴ Except when the school owns a facility, solvency equals unrestricted cash plus receivables with a high probability of collection, minus liabilities and closure expenses.

Based on DC PCSB’s assessment, there are no current concerns related to Perry Street Prep PCS’s debt burden. DC PCSB reviews two ratios related to debt management—the debt ratio⁵⁵ and the debt service coverage ratio (DSC).⁵⁶

Debt Ratio: DC PCSB’s target is that total liabilities relative to assets are 0.5, and the floor is 0.9. This ratio indicates the amount of leverage the school uses to finance its operations. Perry Street Prep’s debt ratio has reflected appropriate leverage for the last five years, with a steady 0.7 ratio every year, except for 0.6 in 2015.

Debt Service Coverage Ratio: The debt service coverage ratio compares a school’s current year operating surplus with the interest and principal due on its debt. A high ratio implies sufficient resources were available for debt service, while a low ratio indicates a school’s inability to service its debt. The school’s debt service coverage ratio exceeds DC PCSB’s target, indicating little risk in meeting required payments on the school’s debt.

Cost Management

Cost Management (\$ in 000s)					
	2013	2014	2015	2016	2017
Salaries and Benefits	\$9,806	\$9,806	\$7,987	\$3,116	\$3,129
Direct Student Costs	\$1,660	\$1,511	\$625	\$870	\$1,058
Occupancy Expenses	\$2,314	\$2,334	\$2,016	\$1,530	\$1,349
General Expenses⁵⁷	\$1,248	\$1,557	\$2,340	\$2,481	\$2,096

As a Percent of Expenses						
	2013	2014	2015	2016	2017	FY 2017 Sector Median
Salaries and Benefits	65%	64%	62%	39%	41%	62%
Direct Student Costs	11%	10%	5%	11%	14%	10%
Occupancy Expenses	15%	15%	16%	19%	18%	16%
General Expenses	8%	10%	18%	31%	27%	10%

The tables above provide an overview of the school’s spending decisions over the past five years. It appears that Perry Street Prep PCS’s expenses were in line with sector averages through FY 2015; thereafter, salaries and benefits declined as a percentage of all expenses and the proportion of general expenses increased. Beginning in FY 2016, the school has utilized both a consulting firm, TenSquare, and a management company, AppleTree Institute, to improve academic performance and strengthen operations. These contracts have reduced the need for full time staff in both administrative and instructional areas. The expenses for these contracts are captured in the increase in the general expenses line.

⁵⁵ Debt Ratio equals the total liabilities divided by the total assets.
⁵⁶ Debt Service Coverage (DSC) Ratio equals Earnings Before Interest, Depreciation, and Amortization divided by the sum of scheduled principal payments and interest paid (not including balloon payments).
⁵⁷ DC PCSB has worked with the Financial Oversight Task Force to revise definitions of cost categories, including combining Office Expenses and General Expenses beginning in FY 2016. Other category definitions have also changed over time.

Internal Controls

At the highest level, internal controls are processes assuring achievement of an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and policies.

Audits of Perry Street Prep PCS establish that the school has adhered to GAAP. The school's auditors issued unmodified audit opinions for all years and there were no material weaknesses identified in internal controls over financial reporting. Additionally, no other findings were identified in internal control over compliance and going concern considerations determined that the school has been stable over time. Based on this assessment, Perry Street Prep PCS appears to have an adequate internal control environment.

Internal Controls					
	2013	2014	2015	2016	2017
Modified Statement Opinion. The auditor issues an opinion letter on the basic financial statements. An <i>unmodified</i> opinion means the auditor is satisfied professionally that the statements present fairly the financial position of the school and the results of operations. Should there be areas of doubt, the opinion may be <i>modified, adverse, or disclaimed</i> .	No	No	No	No	No
Material Weakness. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the school's financial statements will not be prevented, or detected and corrected in a timely manner.	No	No	No	No	No
Statement Non-Compliance. The auditor tests for compliance with certain provisions of laws, regulations, contracts, and grant agreements. Non-compliance could have a direct and material effect on the determination of financial statement amounts.	No	No	No	No	No
Modified Program Opinion (Uniform Guidance). When expenditures of federal funds are greater than \$750,000, the auditor performs an extended review and issues an opinion letter on compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the school's major federal programs. A <i>modified opinion</i> indicates instances of non-compliance.	No	No	No	No	No
Program Material Weakness (Uniform Guidance). In planning and performing the audit of major federal programs, the auditor considers internal control over compliance with the requirements of applicable laws, regulations, contracts, and grants. A material weakness in internal control indicates that there is a reasonable possibility of material non-compliance with a requirement of a federal program that will not be prevented, or detected and corrected, on a timely basis.	No	No	No	No	No

Internal Controls					
	2013	2014	2015	2016	2017
Findings & Questioned Costs. The auditor discloses audit findings that are important enough to merit attention by those charged with governance, with documentation of corrective action plans noting the responsible party.	0	0	0	0	0
Unresolved Prior Year Findings. The auditor discloses prior year audit findings that have not been corrected.	No	No	No	No	No
Going-Concern Issue. The auditor indicates that the financial strength of the school is questioned.	No	No	No	No	No
Debt-Compliance Issue. The audit discloses that the school was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency.	No	No	No	No	No

Economic Viability

Considering liquidity, cash flows, and reserves, and DC PCSB staff believes that Perry Street Prep PCS is economically viable. Despite the closure of the high school and corresponding reduction in enrollment and revenues for most of the period under review, the school had sufficient reserves to maintain its financial strength during a period of transition to a smaller organization. The unaudited results for FY 2018 indicate that both enrollment and earnings have begun to increase. With continued strong cost management, the school should be economically viable over the long-term.

(\$ in 000s)	Floor	2013	2014	2015	2016	2017	2018*
Surplus/(Deficit)	<0	\$4	\$1,757	(\$108)	\$173	(\$953)	\$299
Earnings before Depreciation and Amortization	<0	\$769	\$2,857	\$1,055	\$1,385	\$200	\$1,177

* Based on unaudited financials

Earnings and Operating Cash Flow

One measure of economic viability is whether a school runs a surplus—put simply, whether revenues exceed expenditures. While healthy schools can occasionally run deficits, in most years they do not. Earnings before Depreciation and Amortization (EBDA) removes major non-cash items from the earnings calculation and is an indicator of whether the school has generated positive cash for the year.⁵⁸

Perry Street Prep PCS had negative earnings in two years between FY 2013 and FY 2017, with FY 2018 reflecting an operating surplus. EBDA, however, has been positive in all years under review, indicating that the school is generating sufficient cash flows to meet its operating expenses.

⁵⁸ EBDA is the change in net assets plus depreciation and amortization.

(\$ in 000s)	Floor	Target	2013	2014	2015	2016	2017	2018*
Net Asset Position	\$ 0	N/A	\$8,603	\$8,495	\$8,668	\$7,715	\$6,984	\$7,283
Primary Reserve Ratio	0%	25 %	52%	51%	62%	89%	92%	89%

* Based on unaudited financials

Net Asset Position

Net Asset Position measures a school's assets less its liabilities. DC PCSB would be concerned with net assets reserves below zero. The school has consistently been in a positive net asset position since 2013, with net assets of over \$7.2 million in 2018, based on unaudited 2018 results.

Primary Reserve Ratio

The Primary Reserve Ratio divides net assets by a school's total expenses to measure net assets relative to the size of the school. The Primary Reserve ratio has consistently been well in excess of the DC PCSB target of 25%; since FY 2016 this ratio has been nearly 90%. With reserves at this level, the risk of insolvency is minimal.

Enrollment and Revenue Trends

The final measures of economic viability are trends in enrollment and revenues. Enrollment trends provide information about a school's ability to attract students and receive DC and Federal funds for operations. Stable or increasing enrollment and revenue indicate that a school's is likely to remain financially stable, barring extraordinary circumstances.

As noted above, Perry Street Prep PCS has experienced significant declines in enrollment and revenue since the high school closed at the end of FY 2015. More recent trends, however, are positive: In FY 2017, the declines in enrollment and revenues were modest, and in FY 2018, both enrollment and revenues have begun to increase.

Enrollment over Time						
	2013	2014	2015	2016	2017	2018
Enrollment	950	815	619	323	306	351
Growth in Enrollment	8%	(14%)	(24%)	(48%)	(5%)	15%
Total Revenue	\$16,786	\$15,099	\$13,141	\$7,044	\$6,901	\$8,445
Growth in Revenues	1%	(10%)	(13%)	(46%)	(2%)	22%