



# **2018-19 Five-Year Charter Review Report**

## **Academy of Hope Adult Public Charter School**

**February 25, 2019**

DC Public Charter School Board  
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## **BOARD VOTE AND KEY FINDINGS**

The District of Columbia Public Charter School Board (DC PCSB) staff has conducted a charter review of Academy of Hope Adult Public Charter School (Academy of Hope Adult PCS), as required by the School Reform Act (SRA) and concludes that the school has met its goals and student academic achievement expectations. Staff recommended that the school's charter be continued without conditions.

Academy of Hope Adult PCS is a single campus local education agency (LEA) which educates adult students at two facilities. The school chose the new Adult Education Performance Management Framework (AE PMF) as its goals and student academic achievement expectations.<sup>1</sup> The AE framework has four categories: student academic progress in Adult Basic Education (ABE) and/or English as a Second Language (ESL),<sup>2</sup> student academic achievement as measured by student GED or NEDP<sup>3</sup> attainment, college and career readiness, and the leading indicator measures of attendance and persistence rates. Unlike other frameworks, the AE framework did not feature a summative score during this review period, meaning that each of the four categories received an individual score annually to determine the school's tier.

By adopting the AE PMF as its charter goals, Academy of Hope Adult PCS agreed to the standard for review described in the *Elect to Adopt the PMF as Charter Goals Policy*.<sup>4</sup> Specifically, as also stated in the school's charter agreement, Academy of Hope Adult PCS will be deemed to have met its goals and academic achievement expectations if it has earned at least 40% of the weighted scores in three out of four categories on the PMF for all but one of the following years: school year (SY) 2014-15, 2015-16, 2016-17, and 2017-18.<sup>5</sup>

The school's PMF results during the review period are as follows, with green shading indicating that the percent earned is above the 40.0% threshold and red indicating that it is below the threshold:

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<sup>1</sup> Fifth Amendment to Academy of Hope Adult PCS's charter, Appendix A. All appendices may be found at <https://dcpcsb.egnyte.com/dl/joNHQKbWQH>.

<sup>2</sup> Academy of Hope Adult PCS does not offer ESL programming.

<sup>3</sup> General Educational Development (GED) or National External Diploma Program (NEDP).

<sup>4</sup> *Elect to Adopt the PMF as Charter Goals Policy*, "An AE school that has previously adopted the PMF as Goals undergoing a five-year review during SY 2018-19: At its fifth-year charter review the campus will need to have earned at least 40% of the weighted scores in three out of four categories on the AE PMF for all but one of the following school years: SY 2014-15, 2015-16, 2016-17, and 2017-18"

<sup>5</sup> Fifth Amendment to Academy of Hope Adult PCS's charter, Appendix A.

<b>Academy of Hope Adult PCS – PMF Categories</b>				
	2014-15	2015-16	2016-17	2017-18
	Untiered <sup>6</sup>	Tier 3	Tier 2	Tier 1
Student Progress	37.0	29.7	54.0	74.3
Student Achievement	31.6	54.8	72.3	69.8
College and Career Readiness	0.0 <sup>7</sup>	79.7	66.5	69.8
Leading Indicators	79.9	80.7	69.9	94.7

The school met its charter goals and rose from Tier 3 status in SY 2015-16 to Tier 1 in SY 2017-18, the highest tier attainable on the PMF.<sup>8</sup> In its first year, Academy of Hope Adult PCS earned below the 40% threshold in all categories but Leading Indicators. However, in the three subsequent years of the review period, the school earned at least 40% in three of the four categories, and it met the threshold in all four categories in the most recent two years. The school has made changes to its program each year, often after speaking to DC PCSB staff about its performance. These changes are reflected in the school's Tier 1 status in SY 2017-18.

Year after year, Academy of Hope Adult PCS has improved its Earned Secondary Credential rate, which is a measure under the Student Achievement category. For example, per the school's first AE PMF in SY 2014-15, 31.6% of the 19 eligible students earned a GED or NEDP. By SY 2017-18, 79.1% of the 67 eligible students earned a GED or NEDP. Over this five-year period, the school not only increased the number of students who were eligible to complete the GED or NEDP, it also increased the rate of students earning a secondary credential.

The school has consistently performed well in the Leading Indicators category, a key predictor of whether students will make academic gains. In SY 2017-18, the school had higher attendance rates than the state average for adult education programs, and three fourths of its students who took a pre-test also took a post-test, which suggests students who begin a program at the school persist for at least the length of a course.

The school had lower performance in SY 2017-18 on the College and Career Readiness category, which declined overall since SY 2015-16. While the school has shown success in allowing students to earn necessary credentials, in the last year the school could only show that 37.8% of students who came to the school unemployed found employment or postsecondary education opportunities after they left. Improving in this area, while also continuing the improvements the school is making in the other categories, will be needed to ensure that the school maintains Tier 1 status going forward. Furthermore, to meet its goals at its 10-year charter review, the school will need to earn an average PMF score (across all categories) of at least 45%.

<sup>6</sup> DC PCSB does not assign tiers to first-year schools so the school did not receive a tier in 2014-15.

<sup>7</sup> Academy of Hope Adult PCS did not meet the requisite 50% response rate to earn points this school year.

<sup>8</sup> DC PCSB does not assign tiers to first-year schools so the school did not receive a tier in 2014-15.

Separate and apart from the determination of the school's goal and academic achievement expectation attainment, DC PCSB staff determined that the school has not committed a material violation of the 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.

Based on these findings DC PCSB staff recommended that the Board vote to continue the school's charter. On February 25, 2019, the Board voted 7-0 to continue the school's charter without conditions.

## **CHARTER REVIEW STANDARD**

The SRA stipulates that DC PCSB “shall review [a school’s] charter at least once every [five] years.”<sup>9</sup> 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.<sup>10</sup>

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.<sup>11</sup>

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.

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<sup>9</sup> D.C. Code § 38-1802.12(a)(3).

<sup>10</sup> D.C. Code § 38-1802.13(a).

<sup>11</sup> D.C. Code § 38-1802.13(b).

## **BACKGROUND INFORMATION ABOUT SCHOOL**

### **School Overview**

Academy of Hope Adult PCS began operation in 2014 under authorization from DC PCSB to educate adult students.<sup>12</sup> Academy of Hope Adult PCS was originally a community-based organization (CBO), a not-for-profit, state-sponsored organization that provided adult education services. It then applied to become a charter school in 2008 but was denied. It applied again in 2013 and DC PCSB approved its application. Since becoming a public charter school, Academy of Hope Adult PCS has been able to expand its operation, and today it educates 459 students aged 18 and older at two facilities, one in Ward 5 and one in Ward 8. The school expanded its Ward 5 facility to a larger building to accommodate more students in 2016.<sup>13</sup> The school is one of nine adult education charter schools operating in the District. Its mission is: “to provide high-quality adult education and services that change lives and improve our community.”

The school offers two high school completion programs: preparation for the GED and the NEDP credential. In addition, Academy of Hope Adult PCS provides career counseling, computer training, and bridge-to-college classes that allow adults to earn college credit while completing their high school credential as well as a Gateway to College and Careers program for adults who have their high school credential but need to improve their skills to qualify for college or training. The school also has a Student Support Services team which works with each student to identify and remove critical life barriers to learning. The school’s program has received praise from the US Department of Education, and the Department has highlighted the accomplishments of Academy of Hope Adult PCS students at its National Adult Education and Family Literacy Week.<sup>14</sup>

### **Enrollment and Demographic Trends**

The tables below show the school’s enrollment and demographics. The school’s enrollment, which is far below its enrollment ceiling of 1,000 students, has increased each year, but was below projections in two of five years. The school serves a predominantly African-American population.

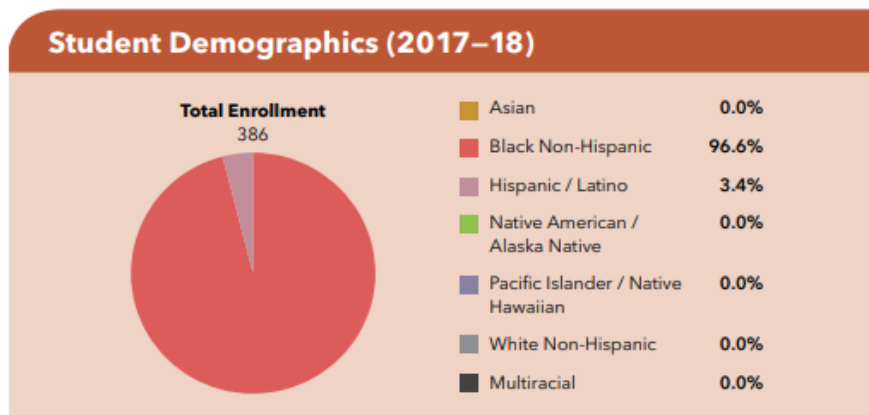
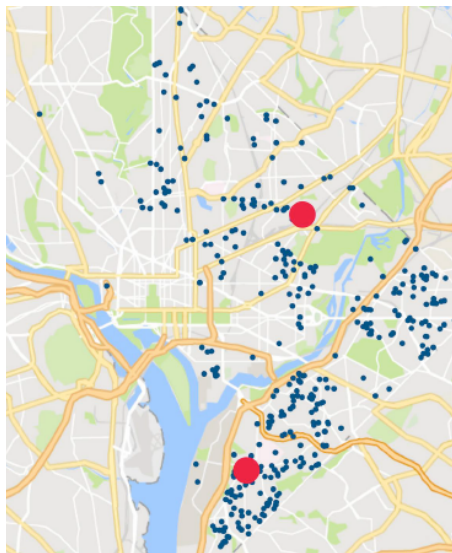
<b>Academy of Hope Adult PCS - Enrollment</b>					
<b>School Year</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
<b>Grade Levels</b>	Adult	Adult	Adult	Adult	Adult
<b>Audited Enrollment</b>	256	334	375	386	459
<b>Enrollment Projections</b>	300	330	390	380	452

<sup>12</sup> Academy of Hope Adult PCS charter agreement, July 2014, Appendix B.

<sup>13</sup> Board Proposal, Academy of Hope New Location, June 2016, Appendix C.

<sup>14</sup> US Department of Education website, <https://www.ed.gov/content/lifelong-learning-roadway-success>.

The map below shows where Academy of Hope Adult PCS’s students live in relation to the school, which is marked by a large red dot. Each student is represented by a blue dot for SY 2017-18.



### **Communication with the School**

On June 7, 2017, board members and staff of DC PCSB met with board members and staff of Academy of Hope Adult PCS. At this meeting, parties discussed changes that school leaders made to improve the school’s PMF results after it earned Tier 3 status in SY 2015-16. DC PCSB informed the school of the scores it would need to meet its goals for its SY 2018-19 review.

On April 5, 2018, DC PCSB staff met with school leaders at Academy of Hope Adult PCS to discuss its upcoming review. Staff provided the school with a chart of the school’s PMF outcomes to date (similar to the one in “Section One: Goals and Academic Achievement Expectations”) and informed the school of the standard that it had to meet for its review.<sup>15</sup>

<sup>15</sup> At this time, the school’s standard of review was a weighted range score of 65% on at least three out of the four Adult Ed PMF indicators (Student Progress, College and Career Readiness, School Environment, Student Achievement), with no category having a weighted range score below 35%, to meet its goals. The school has since amended its goals as reflected in this report.



## **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.

Academy of Hope Adult PCS adopted as its goals and academic achievement expectations the most recently revised *Elect to Adopt the PMF as Charter Goals Policy*<sup>16</sup> in November 2018. There are currently four PMF frameworks. Academy of Hope Adult PCS is measured using the Adult Education (AE) framework. These frameworks use common measures across similar schools to report student academic achievement. The AE framework has four categories: student academic progress in Adult Basic Education (ABE) and/or English as a Second Language (ESL),<sup>17</sup> student academic achievement as measured by student GED or NEDP<sup>18</sup> attainment, college and career readiness, and the leading indicator measures of attendance and persistence rates. Unlike other frameworks, the AE framework did not feature a summative score during this review period, meaning that each of the four categories received an individual score annually to determine the school’s tier.

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.

<b>Goals and Academic Expectations</b>	<b>Met?</b>
At its five-year charter review, [the school] has earned at least 40% of the weighted scores in three out of four categories (previously named indicators) on the PMF for all but one of the following school years: SY 2014-15, 2015-16, 2016-17, and 2017-18.	<b>Met</b>

**Assessment: Academy of Hope Adult PCS met its goals and academic achievement expectations.** The table below provides an overview of the school’s performance in each category of the AE PMF. The school earned at least 40% in at least three out of four categories on the PMF for all but its first year of operation. In addition, over the four years of the review period, the school has improved its performance remarkably, moving from Tier 3 in SY 2015-16 to Tier 1 in SY 2017-18.

<sup>16</sup> Please see the *Elect to Adopt the PMF as Charter Goals Policy*, Appendix D.

<sup>17</sup> Academy of Hope Adult PCS does not offer ESL programming.

<sup>18</sup> General Educational Development (GED) or National External Diploma Program (NEDP).

**Academy of Hope Adult PCS – PMF Categories**  
**(Table shows percent of possible points in each category)**

	2014-15	2015-16	2016-17	2017-18
	Untiered	Tier 3	Tier 2	Tier 1
Student Progress	37.0	29.7	54.0	74.3
Student Achievement	31.6	54.8	72.3	69.8
College and Career Readiness	0.0 <sup>19</sup>	79.7	66.5	69.8
School Environment	79.9	80.7	69.9	94.7

**Adult Education PMF Metrics**

The following table details how DC PCSB measures performance unique to the Adult Education PMF.

Measure	Notes
Adult Basic Education Performance	DC PCSB calculates the rate of students gaining one or more levels on appropriate tests (including, at minimum, literacy and numeracy) to measure Adult Basic Education (ABE) progress. Progress is captured based on a student’s lowest performing subject pre- and post-tests and points are earned only when a post-test outcome puts the student at the next ABE level.
Earned Secondary Credential	DC PCSB calculates the percentage of students that pass the English or Spanish General Education Development (GED) test, and the percentage of students who earned a National External Diploma Program (NEDP) credential, which is an applied performance assessment system that assesses the high school level skills of adults and out-of-school youth.
GED Subject Test Achievement	DC PCSB measures the percentage of students passing individual GED subject tests as they work toward achieving the GED credential.
Entered Employment	DC PCSB captures the percentage of students entering an adult education school without a job who are either employed in the first quarter of exit or enrolled in a post-secondary school.
Retained Employment	DC PCSB measures the percentage of students entering an adult education with a job who are either still employed in the third quarter after exit or enrolled in a post-secondary school.
Persistence (formerly Retention)	DC PCSB calculates the number of students who stay at an adult education program long enough to complete a single cycle of instruction.

<sup>19</sup> Academy of Hope Adult PCS did not meet the requisite 50% response rate to earn points this school year.

Many charts are color coded. Please use the following key:

KEY for Campus Rate Data Charts	
<b>n-size</b>	Number of students who pre- and post- tested or were otherwise eligible for the given measure according to the business rules in the PMF Policy & Technical Guide
<b>Green</b>	<ul style="list-style-type: none"> <li>Above 40% in the adult education PMF category <b>OR</b></li> <li>Greater than or equal to the adult education charter sector average</li> </ul>
<b>Red</b>	<ul style="list-style-type: none"> <li>Less than 40% in the adult education PMF category <b>OR</b></li> <li>Less than the adult education charter sector average</li> </ul>

## Adult Education Performance Management Framework Categories<sup>20</sup>

### **Student Progress – Adult Basic Education**

The US Department of Education’s National Reporting System (NRS) has established six ABE levels for adult learners. ABE level one represents a student with minimal reading and writing skills who is able to add only single digits. Level six would be the equivalent of a high school junior or senior, able to comprehend and analyze complex texts and perform algebra, trigonometry, and geometry.

Adult education students are expected to advance through the ABE levels to demonstrate student progress. Schools administer literacy and numeracy pre- and post-tests. Students are identified as making progress when the post-test for their lowest scoring subject is one or more ABE levels higher than their pre-test.<sup>21</sup> On the PMF, the overall ABE score displayed is weighted by the number of students in each ABE level.

Academy of Hope Adult PCS measures ABE progress using the Comprehensive Adult Student Assessment System (CASAS). After struggling with this measure in its first two years, the school showed significant improvement beginning in SY 2016-17. The school earned a weighted ABE average score of 75.8% in SY 2017-18, more than double its performance during the first year of the review period. The school continues to fall below the charter sector average for this measure, however, indicating that although it reached Tier 1 status in SY 2017-18, room for growth remains.

Additionally, DC PCSB included on the AE PMF for the first time in SY 2017-18 an “Eligible Pre and Post Test Rate” to insure schools include all eligible students in their results. Academy of Hope Adult PCS had the second lowest eligible pre- and post-test rate, with 68.9%. This means that nearly one third of the students enrolled in a program did not take both the pre-and post-test. Should the school fall below a 60% participation rate in the future, it will receive zero points for this measure.<sup>22</sup>

<sup>20</sup> The *PMF Policy and Technical Guide* may be accessed at: <https://bit.ly/2DTZpuM>.

<sup>21</sup> “Levels” refer to the NRS’s Educational Functioning Levels. For more information, see page 92 of the 2017-18 *PMF Policy and Technical Guide*.

<sup>22</sup> See *PMF Policy and Technical Guide* page 83.

**Academy of Hope Adult PCS – Adult Basic Education  
Student Progress Rates**

	2014-15		2015-16		2016-17		2017-18	
	School	Charter Sector <sup>23</sup>	School	Charter Sector	School	Charter Sector	School	Charter Sector
Overall <sup>24</sup>	37.0	40.0	30.0	50.1	54.2	65.5	75.8	76.3
<i>n-size</i>	279		370		347		385	
ABE Level 1	77.4	77.6	69.6	67.1	75.6	60.5	81.1	84.8
<i>n-size</i>	31		46		45		37	
ABE Level 2	72.1	69.0	61.6	70.3	63.0	73.2	61.2	70.4
<i>n-size</i>	68		99		73		67	
ABE Level 3	52.0	56.2	47.2	54.4	61.3	58.0	63.6	63.4
<i>n-size</i>	100		127		124		129	
ABE Level 4	6.9	28.4	18.8	40.3	26.2	37.6	40.7	47.5
<i>n-size</i>	72		96		103		140	
ABE Level 5	n < 10	45.7	n < 10	51.4	n < 10	34.5	75.0	53.7
<i>n-size</i>	8		2		2		12	

**Student Achievement**

The Student Achievement category measures the rate of students who complete a program of study and either pass a portion of a secondary credential assessment or earn their secondary credential. Beginning in SY 2016-17, the AE PMF included Earned High Level Certification<sup>25</sup> and GED Subject Test Achievement in the Student Achievement category for the first time.

Academy of Hope Adult PCS currently does not offer high level certifications, and thus this measure is excluded from its overall student achievement score, though it dose plan to launch certification programs in the near future.

Despite falling below, the charter sector average every year on the Earned Secondary Credential measure, the school still maintained an overall score in the student achievement category above 40.0% three out of four years of the review period, showing strong year after year improvement. This measures students who earn a GED or NEDP, the rate of which has been improving every year and student GED Subject Test Achievement measure, which helped the school to earn a higher overall score in this category. The school has more success with students passing one or more of the four subject tests that comprise the GED than it has with students completing the full battery of tests and

<sup>23</sup> While DC PCSB compares adult education performance to the charter sector, it should be noted that there were only eight adult education charter schools through 2017-18, many scored in the tier 1 range on most categories. A school scoring a 65%, while still tier 1 would score below the sector average.

<sup>24</sup> The charter sector represents a weighted average of scores assigned for progress through each of the ABE levels. Scores for each ABE level are calculated comparing the percent passing against a floor and target for each level. For example, the target is that 43.4% of ABE 4 students will progress to ABE 5. Because 43.8% of the school's students did so, it exceeded the target and so earned a score of 100% for that group of students.

<sup>25</sup> Earned High Level Certification was display only in SY 2016-17, and it was not included in the category score or AE PMF tier until SY 2017-18.

earning a GED. Should the school continue to improve its already strong GED Subject Test Achievement, more students should also begin to earn their GED.

**Earned Secondary Credential**

The Earned Secondary Credential measure on the AE PMF captures the percentage of eligible students who earn a GED or an NEDP credential.<sup>26</sup>

Academy of Hope Adult PCS has consistently improved its performance on the Earned Secondary Credential measure every year of the review period. While the school struggled to keep pace with the sector in SY 2014-15 and SY 2015-16, it came within two points or less of the sector average in SY 2016-17 and SY 2017-18.

<b>Academy of Hope Adult PCS – Earned Secondary Credential</b>								
	2014-15		2015-16		2016-17		2017-18	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
Passage Rate	31.6	54.8	54.8	78.4	73.0	74.9	79.1	79.7
n-size	19		31		37		67	

**GED Subject Test Achievement**

The GED Subject Test Achievement measure reflects the percentage of eligible students who pass individual GED subject tests as they work toward achieving the GED credential.

In SY 2016-17 and SY 2017-18, Academy of Hope Adult PCS maintained an 83.1% and 83.8% GED Subject Test passage rate, respectively. These rates were above the sector averages each year, and the school had the third highest rate among all adult charter schools in SY 2017-18. Notably, the school more than doubled the number of tests taken from SY 2016-17 to SY 2017-18 and was still able to maintain a high passage rate.

<b>Academy of Hope Adult PCS – GED Subject Test Achievement</b>				
	2016-17		2017-18	
	School	Charter Sector	School	Charter Sector
Passage Rate	83.1	82.5	83.8	82.7
n-size (tests taken)	118		247	

**College and Career Readiness**

The College and Career Readiness category looks at whether students who entered the adult education program either retained or entered a job or entered postsecondary

<sup>26</sup> This includes students who score likely to pass on all four GED Ready tests (or all remaining) in the program year.

education or training after exiting the program.<sup>27</sup> Academy of Hope Adult PCS includes students who only entered for short term engagement, including only fifteen hours of instruction, in addition to students who graduated from their program. The Entered Employment or Postsecondary measure captures the percent of students without a job (but identified as being in the labor force) when they entered the school who are employed or enrolled in a postsecondary school or training program after exiting the school. The Retained Employment or Entered Postsecondary measure captures the percent of students who entered an adult education school with a job, who are still employed in the third quarter after the quarter of exit from the adult education program, or who entered postsecondary education or training before the end of the program year.

The percent of Academy of Hope Adult PCS students entering employment or postsecondary education remained far below the sector during every year of the review period, which includes SY 2016-17, when the school was 41.1 percentage points below the sector average. The school had the lowest rate of students entering employment or postsecondary in the charter sector in both SY 2016-17 and SY 2017-18 despite improving its response rate each year. Among students retaining employment or entering postsecondary, the school performs better. In SY 2015-16, the school outpaced the sector average by nearly three percentage points among students retaining employment.

<b>Academy of Hope Adult PCS – Employment and Postsecondary</b>								
	2014-15		2015-16		2016-17		2017-18	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
Entered Employment or Entered Postsecondary	0.0	55.6	49.3	62.5	29.1	70.2	37.8	64.5
Response Rate	45.1% <sup>28</sup>		54.9%		56.4%		64.5%	
N size	23		73		79		98	
Retained Employment or Entered Postsecondary	N/A <sup>29</sup>	87.7	92.0	89.1	84.3	89.3	73.0	89.7
Response Rate	N/A		57.5%		63.6%		58.7%	
N size	N/A		50		70		74	

### **Leading Indicators**

Leading Indicator measures are designed to show the school’s climate and adult student satisfaction. DC PCSB currently measures attendance and retention.

Academy of Hope Adult PCS’s strongest PMF performance has historically been in this category. This was the only category in which the school scored above 40.0% overall for all four years of the review period.

<sup>27</sup> These data are collected through follow-up surveys, and DC PCSB only counts the results for schools that successfully survey at least 50% of exiting students.

<sup>28</sup> Due to the response rate falling below 50%, the school received 0.0% for this measure.

<sup>29</sup> A school in its first year of operation will not receive a score for Retained Employment or Entered Postsecondary because this measure follows up with students in the previous program year.

### Attendance

DC PCSB measures a school's In-Seat Attendance (ISA) rate. While the average attendance rate for the adult charter sector has been decreasing overall, Academy of Hope Adult PCS improved its attendance rate in the most recent year by nearly four percentage points over the previous year.

Academy of Hope Adult PCS – In-Seat Attendance								
	2014-15		2015-16		2016-17		2017-18	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	64.1	71.6	67.0	70.2	66.5	69.0	70.4	66.1

### Persistence

DC PCSB also measures persistence, which is the percent of students who stay at an AE school long enough to complete a single cycle of instruction. The persistence rate is calculated based on the percentage of students enrolled in academic courses who meet the retention criteria for their program.

Academy of Hope Adult PCS has consistently retained fewer students than the average adult charter school. Prior to SY 2017-18, the school's retention had been declining each year. In SY 2017-18, it reversed this trend and returned to a rate not seen since SY 2014-15.

Academy of Hope Adult PCS – Persistence								
	2014-15		2015-16		2016-17		2017-2018	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	72.9	73.4	68.7	76.4	62.4	72.0	73.2	76.9
n-size	384		540		566		567	

### **Qualitative Site Review (QSR) Outcomes**

DC PCSB conducts QSRs of public charter schools to observe qualitative evidence of the extent to which a school is meeting its mission and goals, as well as to assess classroom environment and quality of instruction. In anticipation of this charter review, DC PCSB conducted a QSR of Academy of Hope Adult PCS in January of 2018.<sup>30</sup>

In QSRs, trained educators assess each observation using the Charlotte Danielson *Framework for Teaching* rubric. Each observation is assigned an Unsatisfactory, Basic,

<sup>30</sup> See Academy of Hope Adult PCS's QSR report, Appendix E.

Proficient, or Distinguished rating in classroom environment<sup>31</sup> and instruction.<sup>32</sup> The table below details the percentage of classrooms that were rated proficient or distinguished in each domain.

Academy of Hope Adult PCS scored above average in both domains of the Charlotte Danielson *Framework for Teaching* rubric compared to other adult education schools that received a QSR over the past five years.

	<b>Domain 2: Classroom Environment</b>	<b>Domain 3: Instruction</b>
Academy of Hope Adult PCS	95%	83%
Average score for adult education schools	98%	76%

The QSR team conducted observations at both facilities during the day and in the evening. Overall, the team noted that teachers and students were engaged and motivated to work. There was a high level of respect and professionalism among students and between students and teachers, and in the majority of classrooms teachers invited student participation and thinking on clearly explained learning tasks.

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<sup>31</sup> 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) use assessment in instruction.

<sup>32</sup> 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.”<sup>33</sup> The SRA contains a non-exhaustive list of applicable laws, which DC PCSB monitors in its annual compliance reviews.

Since SY 2014-15, Academy of Hope Adult PCS has been compliant with **ALL** the following applicable laws.

- 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.

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<sup>33</sup> D.C. Code § 38.1802.13(a).

During the fiscal year (FY) 2017 reconciliation process, DC PCSB found that Academy of Hope Adult PCS did not submit procurement contract documentation for one vendor during FY 2017. However, all required documentation was properly submitted on June 8, 2018.

On July 1, 2018, DC PCSB began implementing a new *Procurement Contract Submission and Conflicting Interest Policy*. The school has not submitted any new contract documentation since that date. The school's most recent procurement contract bidding submission to DC PCSB documenting a new contract was on September 22, 2016. Because the school has not submitted documentation for any new contracts since September 2016, DC PCSB staff is concerned that the school is not properly reporting procurement contracts. The school has disputed this determination, stating that all contract documentation has been submitted.

On February 5, 2019, Academy of Hope Adult PCS received a [midyear procurement contract summary](#) outlining six contracts for which documentation had not been submitted to DC PCSB for FY18. The school has yet to submit any of this documentation as of February 21, 2019. Given this outstanding documentation, and the history of sporadic, late, and incomplete submissions to date, DC PCSB's concerns about compliance with procurement contract submission requirements remain.

### **Special Education Compliance**

Adult public charter schools are required to comply with all laws regarding students with disabilities, including the Individuals with Disabilities Education Act<sup>34</sup> (IDEA), Section 504 of the Rehabilitation Act of 1973,<sup>35</sup> and the Americans with Disabilities Act of 1990.<sup>36</sup> Under the IDEA, an adult education program may choose whether to "opt in" or "opt out" of accepting IDEA funding. If a school accepts IDEA funding, it must provide special education services as required by IDEA to adult students (ages 18 through 21) with qualifying disabilities. If a school chooses to not to accept these funds it is not responsible for providing these services under IDEA and is not monitored for compliance.

Since its first year of operation, Academy of Hope Adult PCS has not received IDEA funds; therefore, the DC Office of the State Superintendent of Education (OSSE) does not hold the school accountable to IDEA's monitoring and compliance requirements.

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<sup>34</sup> 20 U.S.C. §§ 1400 *et seq.* See 20 U.S.C. § 1413(a)(5).

<sup>35</sup> 29 U.S.C. § 794.

<sup>36</sup> 42 U.S.C. § 12101 *et seq.*

## **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.<sup>37</sup>

DC PCSB has assessed Academy of Hope Adult PCS's financial performance by reviewing the previous five years of audited financials and DC PCSB's Financial Analysis Review (FAR) reports, dating from FY 2013 through FY 2018. 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.

<b>KEY for Fiscal Management and Economic Viability Charts</b>	
<b>No Shading</b>	<ul style="list-style-type: none"><li>▪ Within an average, financially healthy range based on the FAR and general finance principles.</li></ul>
<b>Red</b>	<ul style="list-style-type: none"><li>▪ 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.</li></ul>

### **SUMMARY OF FINDINGS**

Academy of Hope Adult PCS has demonstrated strong 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.

The school began operations in 2015, with an enrollment of 256 students, which has increased to 386 students in 2018. There have been no audit findings identified in the period under review, and the school has generated positive operating surpluses as a result of sound cost management and effective financial planning.

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<sup>37</sup> See D.C. Code § 38-1802.13(b).

**FINANCIAL OVERVIEW**

Overall, the school has exhibited adequate financial performance as it has grown in a fiscally responsible manner. The following table provides an overview of Academy of Hope Adult PCS’s financial information between FY 2013 and FY 2018. Academy of Hope Adult PCS has steadily grown both enrollment and revenue through 2018. Lastly, Academy of Hope Adult PCS has built a Net Asset Position of \$2.0 million, which is indicative of a significantly stronger financial position than in 2015.

Financial Highlights (\$ in 000s)				
	2015	2016	2017	2018
<b>Maximum Enrollment<sup>38</sup></b>	300	500	750	850
<b>Audited Enrollment</b>	256	334	375	386
<b>Total Revenue</b>	\$4,317	\$4,982	\$5,851	\$6,051
<b>Surplus/(Deficit)<sup>39</sup></b>	\$479	\$292	\$183	\$213
<b>Unrestricted Cash Balances</b>	\$754	\$961	\$829	\$775
<b>Number of Days of Cash on Hand<sup>40</sup></b>	74	78	56	50
<b>Net Asset Position<sup>41</sup></b>	\$1,300	\$1,592	\$1,775	\$1,988
<b>Primary Reserve Ratio<sup>42</sup></b>	34%	34%	31%	34%

**FISCAL MANAGEMENT**

Based upon DC PCSB’s assessment of the school’s liquidity, debt burden, and cost management, the school has shown evidence of adequate fiscal management. Specifically, liquidity is strong; the school has adequate ability to service new debt; costs are effectively managed; and the internal control environment appears to be strong. These areas are discussed further below.

Liquidity

Liquidity						
	Floor	Target	2015	2016	2017	2018
<b>Current Ratio</b>	0.7	1.0	4.8	1.4	1.7	2.1
<b>Number of Days of Cash on Hand</b>	15	45	74	78	56	50

Liquidity refers to the school’s ability convert assets to cash in order to meet its immediate financial obligations, particularly in the short-term. Staff measures liquidity by assessing

<sup>38</sup> 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.

<sup>39</sup> Surplus / (Deficit) is total revenue minus total expenses.

<sup>40</sup> 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.

<sup>41</sup> Net Asset Position equals total assets minus total liabilities.

<sup>42</sup> Primary Reserve Ratio equals total net assets, less intangible assets, divided by total annual expenses.

two metrics—the Current Ratio<sup>43</sup> and Days of Cash on Hand<sup>44</sup>—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, meaning the school has the means to meet obligations that will come due in the next year.

**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. Similar to current ratio, this measure has consistently been above DC PCSB’s target. However, the school ended FY 2018 with 50 days of cash, which is just five days above the target as established in the FAR. The school has a \$500K line of credit with PNC Bank, of which \$83K is used for the purpose of capital improvements to the LEA’s Ward 5 location. The school’s cash on hand metric, adjusted for the draw on this line, would be 45 days. While the cash on hand has been above DC PCSB’s established target, the metric has declined from 78 days in 2016 to 50 days in 2018.

**Solvency:** The final measure of liquidity is solvency,<sup>45</sup> 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 Academy of Hope Adult PCS’s 2018 audited financial statements to determine the risk to third parties in the event of school closure. Should the DC PCSB Board vote to close Academy of Hope Adult 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, Academy of Hope Adult PCS’s solvency is not an area of concern.

Debt Burden

Debt Burden						
	Floor	Target	2015	2016	2017	2018
<b>Debt Ratio</b>	0.9	0.5	0.2	0.8	0.7	0.7
<b>Debt Service Coverage Ratio</b>	1.0	1.2	N/A <sup>46</sup>	13.4	2.8	3.2

Based on DC PCSB’s assessment, there are no current concerns related to Academy of Hope Adult PCS’s debt burden; this represents a considerable improvement from the school’s debt burden when it opened as a public charter school five years ago. DC PCSB

<sup>43</sup> A school’s current ratio is its current assets divided by current liabilities.  
<sup>44</sup> Days of Cash on Hand is the amount of unrestricted cash and cash equivalents divided by daily operating expenses, excluding depreciation and amortization.  
<sup>45</sup> Except when the school owns a facility, solvency equals unrestricted cash plus receivables with a high probability of collection, minus liabilities and closure expenses.  
<sup>46</sup> Metric was introduced in FY 2016.

reviews two ratios related to debt management – the debt ratio<sup>47</sup> and the debt service coverage ratio (DSC).<sup>48</sup>

Debt Ratio: In April 2016, the school obtained a note of \$4.1M to acquire property, which is the primary driver for the increase in the school’s debt ratio from 0.2 in 2015 to 0.8 in 2016. The increase in leverage is not a cause for concern, as the school has remained in compliance with its debt covenants and has consistently maintained a strong debt service coverage ratio.

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 ratio has consistently been above DC PCSB’s target of 1.2, and the school ended FY 2018 with a ratio of 3.2.

Cost Management

<b>Components of Expenses (\$ in 000s)</b>			
	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Salaries and Benefits</b>	\$2,495	\$2,856	\$3,348
<b>Direct Student Costs</b>	\$601	\$444	\$615
<b>Occupancy Expenses</b>	\$326	\$550	\$915
<b>General Expenses<sup>49</sup></b>	\$416	\$840	\$789

<b>As a Percent of Expenses</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>FY17 Sector Average</b>
<b>Salaries and Benefits</b>	65%	61%	59%	62%
<b>Direct Student Costs</b>	16%	9%	11%	10%
<b>Occupancy Expenses</b>	9%	12%	16%	16%
<b>General Expenses</b>	11%	18%	14%	10%

The tables above provide an overview of the school’s spending decisions over the past five years. Academy of Hope Adult PCS’s expenses are in line with charter sector averages.

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 Academy of Hope

<sup>47</sup> Debt Ratio equals the total liabilities divided by the total assets.  
<sup>48</sup> 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).  
<sup>49</sup> 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.

Adult PCS establish that the school has adhered to GAAP. The school's auditors issued unmodified audit opinions for all years of the review period and there were no material weaknesses identified in internal controls over financial reporting.

Internal Controls				
	2015	2016	2017	2018
<b>Modified Statement Opinion.</b> 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
<b>Material Weakness.</b> 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
<b>Statement Non-Compliance.</b> 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
<b>Modified Program Opinion (Uniform Guidance).</b> 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
<b>Program Material Weakness (Uniform Guidance).</b> 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
<b>Findings &amp; Questioned Costs.</b> 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
<b>Unresolved Prior Year Findings.</b> The auditor discloses prior year audit findings that have not been corrected.	No	No	No	No
<b>Going-Concern Issue.</b> The auditor indicates that the financial strength of the school is questioned.	No	No	No	No
<b>Debt-Compliance Issue.</b> 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

## **ECONOMIC VIABILITY**

Considering earnings, cash flows, reserves, and trends in both enrollment and revenue, DC PCSB staff has no concerns about Academy of Hope Adult PCS's economic viability. The school has generated operating surpluses and positive cash flow each year.

<b>(\$ in 000s)</b>	<b>Floor</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Surplus/(Deficit)</b>	<0	\$479	\$292	\$183	\$213
<b>Earnings before Depreciation and Amortization</b>	<0	\$607	\$499	\$466	\$423

### 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.<sup>50</sup>

Academy of Hope Adult PCS had positive earnings and positive EBDA in every year of the review.

<b>(\$ in 000s)</b>	<b>Floor</b>	<b>Target</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Net Asset Position</b>	\$ 0	N/A	\$1,300	\$1,592	\$1,775	\$1,988
<b>Primary Reserve Ratio</b>	0%	25%	34%	34%	31%	34%

### 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; however, the school has maintained a positive net asset position since it began operations. As described above, the school's net assets have grown consistently since FY 2015, increasing by \$688K, or 53%.

### 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 above DC PCSB's established target of 25%; the school ended FY 2018 with a ratio of 34%.

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<sup>50</sup> EBDA is the change in net assets plus depreciation and amortization.



<b>Enrollment over Time</b>				
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Enrollment</b>	256	334	375	386
<b>Growth in Enrollment</b>	N/A - school opened FY15	30%	12%	3%
<b>Total Revenue</b>	\$4,317	\$4,982	\$5,851	\$6,051
<b>Growth in Revenues</b>	N/A - school opened FY15	15%	17%	3%

### 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 is likely to remain financially stable, barring extraordinary circumstances.

As noted above, Academy of Hope Adult PCS has steadily grown both enrollment and revenue through 2018. As of June 30, 2018, total revenues and enrollment are both up from 2013, 40% and 51%, respectively.