



# **2014-15 Ten-Year Charter Review Report**

## **Mary McLeod Bethune Day Academy Public Charter School**

**February 23, 2014**

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

# TABLE OF CONTENTS

BOARD DECISION AND KEY FINDINGS .....	1
CHARTER REVIEW STANDARD.....	2
SCHOOL BACKGROUND .....	2
SECTION ONE: GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS .....	4
SECTION TWO: COMPLIANCE WITH CHARTER AND APPLICABLE LAWS .....	22
FISCAL ANALYSIS .....	27

## **BOARD DECISION AND KEY FINDINGS**

The District of Columbia Public Charter School Board (“PCSB”) has conducted a charter review of the Mary McLeod Bethune Day Academy Public Charter School (“M.M. Bethune PCS”), as required by the School Reform Act, D.C. Code §§ 38-101 *et seq.* (“SRA”). Based on the record established by the school with the PCSB, and the findings described below, the PCSB Board voted on February 23, 2015 to continue the school’s charter, on the condition that it attain accreditation prior to the 2015-16 school year.<sup>1</sup>

M.M. Bethune PCS has not materially violated the law or its charter. The school’s finances have significantly improved over the past four years, and it is currently in strong fiscal health. PCSB has determined that, of M.M. Bethune PCS’s 14 goals and academic achievement expectations (“academic expectations”), the school met five goals, substantially met two goals, partially met four goals, and did not meet three goals. Six goals included in the school’s charter have not been historically measured or pursued by the school.

While meeting the goals related to student growth in reading and math on the DC Comprehensive Assessment System (the “DC CAS”), the school did not meet its two academic expectations regarding reading and math proficiency. This is troubling, given one aspect of the school’s mission is to implement a high performing day school enabling students to achieve academic success,<sup>2</sup> and because the school committed in its charter agreement to “implement an educational program that provides students with the knowledge, proficiency, and skills needed to become nationally and internationally competitive students and educated individuals in the 21st century; and to perform competitively on any District-wide assessments.”<sup>3</sup>

In its tenth year of operation, M.M. Bethune PCS remains unaccredited – a violation of its charter agreement, in which the school committed to initiate the accreditation process within 45 days of opening, and to attain accreditation no later than in its fifth year of operation.<sup>4</sup> Yet, per PCSB’s accreditation policy, the school must “obtain accreditation within five years from the fall 2010.”<sup>5</sup> During the course of this review, the school communicated to PCSB that it will be accredited by June 2015.<sup>6</sup>

Based on the above findings, the PCSB Board voted to continue the school’s charter, on the condition that it attain accreditation prior to the start of the 2015-16 school year. Moreover, PCSB will monitor M.M. Bethune PCS’s academic performance in the coming years. If its reading and math proficiency remains below the state average, PCSB will conduct another charter review of the school in school year 2016-17, as permitted by D.C. Code § 38-1802.12(a)(3).

Finally, M.M. Bethune PCS should note that it must meet all of its goals and academic expectations at its 15-year renewal to receive charter renewal. As such, the school should promptly either amend its charter to

---

<sup>1</sup> M.M. Bethune PCS submitted a document in response to this review report, attached to this report as Appendix A.

<sup>2</sup> See M.M. Bethune PCS charter agreement and application, attached to this report as Appendix P.

<sup>3</sup> See Appendix A, p. 4, Section V(a).

<sup>4</sup> See Appendix A, p. 6.

<sup>5</sup> See PCSB Accreditation policy, attached to this report as Appendix O.

<sup>6</sup> See M.M. Bethune PCS accreditation documentation, attached to this report as Appendix K.

remove the goals it did not historically pursue, or begin to collect evidence on them and report on their outcomes in its annual report.

## **CHARTER REVIEW STANDARD**

The SRA provides that PCSB “shall review [a school’s] charter at least once every [five] years.”<sup>7</sup> As part of this review, PCSB must determine whether:

- (1) The school committed a material violation of applicable laws or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities; and/or
- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter.<sup>8</sup>

If PCSB determines that a school has committed a material violation of applicable law, or has not met its goals and academic expectations, as described above, it may, at its discretion, grant the school a conditional continuance, or revoke the school’s charter. Additionally, there is a fiscal component to the charter review. PCSB is required by the SRA to revoke a school’s charter if PCSB determines in its review that the school (1) has engaged in a pattern of non-adherence to generally accepted accounting principles; (2) has engaged in a pattern of fiscal mismanagement; and/or (3) is no longer economically viable.

## **SCHOOL BACKGROUND**

M.M. Bethune PCS began operation in 2004 under authorization from the District of Columbia Board of Education (“DC BOE”) to serve students in pre-kindergarten through eighth grade.<sup>9</sup> In 2008, after the passage of the Public Education Reform Amendment Act dissolved the DC BOE, PCSB became the authorizer of the school. M.M. Bethune PCS’s mission is “to implement a high performing day school that provides a challenging academic program in a supportive, parentally involved, and diverse learning environment to enable each student to achieve academic success, talent, and positive social development.”<sup>10</sup>

The school offers a dual-language Spanish/English program for students in pre-kindergarten through second grade in which students receive half of their instruction in Spanish. Starting in third grade, students participate in a daily Spanish class.<sup>11</sup> In addition to academic instruction in traditional subjects,

---

<sup>7</sup> D.C. Code § 38-1802.12(a)(3).

<sup>8</sup> D.C. Code § 38-1802.12(c).

<sup>9</sup> See Appendix A.

<sup>10</sup> See M.M. Bethune PCS Annual Report, 2012-2013, attached to this report as Appendix B.

<sup>11</sup> See Appendix B.

M.M. Bethune PCS offers all students classes in art and music, and teaches Latin to students starting in fifth grade.

In addition to the school’s goal attainment, PCSB also assesses its performance on the Performance Management Framework (“PMF”), as it does with all public charter schools. In the annual PMF reports, PCSB separately evaluates two grade bands at the M.M. Bethune PCS campus: (1) pre-kindergarten-3 through second grade, collectively referred to as the “early childhood program,” and (2) third through eighth grade, collectively referred to as its “elementary and middle school.” The school’s overall performance data on the PMFs – which assesses many indicators beyond reading and math proficiency, including academic growth, attendance, and re-enrollment – are summarized in the table below. The school’s elementary/middle PMF score has increased each year since 2010-11. It has met all early childhood targets over the past two years.

<b>Grade Levels</b>	<b>2013-14 Student Enrollment</b>	<b>2010-11 PMF</b>	<b>2011-12 PMF</b>	<b>2012-13 PMF</b>	<b>2013-14 PMF</b>
PK3 – 2	193	Met 7 of 9 targets	Met 5 of 8 targets	Met 7 of 7 targets	Met 8 of 8 targets

<b>Grade Levels</b>	<b>2013-14 Student Enrollment</b>	<b>2010-11 PMF</b>	<b>2011-12 PMF</b>	<b>2012-13 PMF</b>	<b>2013-14 PMF</b>
3 – 8	180	40.8% <b>Tier 2</b>	42.6% <b>Tier 2</b>	51.0% <b>Tier 2</b>	55.3% <b>Tier 2</b>

Previous Charter Review

While M.M. Bethune PCS’s fifth year in operation was 2008-09, the school was not reviewed until the school’s eighth year in operation. This delay was due to the school transitioning from the authorization of the DC BOE to PCSB. In January 2012, PCSB conducted the school’s first charter review, and the PCSB Board granted charter continuance to M.M. Bethune PCS based on the review standard in place at that time.<sup>12</sup>

In its review analysis, PCSB staff noted the school’s decline in reading and math proficiency from the 2009-10 to 2010-11 school year. Yet, it was noted that PCSB reviewers conducting a performance development review of the school found that M.M. Bethune “had made demonstrable strides in upgrading its instructional program,” and noted that mission-related activities were visibly implemented in classrooms. At the same time, PCSB staff found “a need to add rigor and the identification of clear

---

<sup>12</sup> See letter from Mr. Brian Jones, PCSB Board Chair, to Ms. Valerie Smith, M.M. Bethune PCS board chair, dated January 25, 2012, attached to this report as appendix C. In this review, PCSB did not assess whether the school met its goals and academic achievement expectations as detailed in its charter.

desired outcomes for Spanish and Latin [language acquisition].”<sup>13</sup> It was also noted in the review that the school was pursuing accreditation and expected to earn accreditation in spring 2012.<sup>14</sup>

## **SECTION ONE: GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS**

The SRA requires PCSB to review whether a school has met its goals and academic expectations at least once every five years. In its review assessments, PCSB only analyzes goals and academic expectations that were included in a school’s charter, charter agreement, or accountability plans that were originally included in a school’s charter application and periodically updated and approved by the PCSB Board (collectively, the “Charter”). For goals and expectations that were not consistently pursued over the course of the school’s Charter, or were not historically measured by the school, it is noted in this report that they were “not historically measured.”

The goals in the following table are from M.M. Bethune’s charter application, the accountability plan included in that application, its 2007-12 accountability plan, and its early childhood accountability plans for the 2010-11, 2011-12, and 2012-13 school years.<sup>15</sup> PCSB has determined that, of the 14 goals and academic expectations consistently pursued by the school and measured by PCSB, M.M. Bethune PCS met five goals, substantially met two goals, partially met four goals, and did not meet three goals. The chart below summarizes PCSB’S determinations of whether the school met its goals and academic expectations. These determinations are further detailed in the body of this report.

	<b>Goal or Academic Expectation</b>	<b>Met?</b>
1	10% of students participating in MMBAPCS Spanish Immersion Program for 3 years will speak and read in Spanish at a proficient range. <sup>16</sup>	<b>No (Insufficient Evidence)</b>
2	Students in grades 3-8 will achieve proficiency rates at or above the state average in math on the DC CAS. <sup>17</sup>	<b>No</b>

<sup>13</sup> See M.M. Bethune PCS Charter Review Analysis, p. 1, attached to this report as Appendix D.

<sup>14</sup> See Appendix D.

<sup>15</sup> See Appendix A; M.M Bethune PCS 2007-12 accountability plan, attached to this report as Appendix E; M.M. Bethune PCS early childhood accountability plans, attached to this report as Appendix F.

<sup>16</sup> The school included in its charter application the following goal: “Begin a foreign language study in pre-kindergarten and continue the study for the duration of the years.” An accountability plan included in the application added that the target related to this goal was that “report cards will include grades for foreign language classes.” In the school’s 2007-12 accountability plan, this goal was updated to “students in grade two participating in the part-day Spanish language immersion program will demonstrate proficiency. The accompanying annual target to this goal is “X% of students participating in [the school’s] Spanish Immersion Program for 3 years will speak and reading Spanish at a proficient range.” Given that the target was not specified in the accountability plan, for purposes of this review, PCSB and the school agreed to a target of 10% proficiency.

<sup>17</sup> The school included in its charter application the following goal: “Achieve proficiency on reading and math on District mandated (SAT-9) tests. The accountability plan included in the application that the target related to this goal was that “disaggregated student data will show 30% of students as ‘proficient.’” In the school’s 2007-12 accountability plan, this goal was updated to “Students in grades K-8th will demonstrate competence in reading/math as evidenced by DC-CAS scores, with a five-year target that “50% of students will score ‘proficient’ or above in statewide assessments.”

	<b>Goal or Academic Expectation</b>	<b>Met?</b>
3	Students in grades 3-8 will achieve proficiency rates at or above the state average in reading on the DC CAS. <sup>17</sup>	<b>No</b>
4	Students in grades 3-8 will achieve a median growth percentile (“MGP”) at or above 50 in reading on the DC CAS. <sup>18</sup>	<b>Substantially</b>
5	Students in grades 3-8 will achieve a median growth percentile (“MGP”) at or above 50 in math on the DC-CAS. <sup>19</sup>	<b>Substantially</b>
6	Continue faculty intellectual and professional development and to pursue further education in a primary academic discipline. <sup>20</sup>	<b>Yes</b>
7	Students will meet or exceed the DC charter sector average in in-seat attendance. <sup>21</sup>	<b>Yes</b>
8	70% of pre-kindergarten-3 and pre-kindergarten-4 students will demonstrate growth by advancing to the next age or scoring “pass” by the spring administration on the Learning Accomplishment Profile Diagnostic assessment. <sup>22</sup>	<b>Yes</b>
9	65% of all K-2 students will demonstrate “average” or “above average” growth in reading as evidenced by comparative from the Fall to Spring administration of the Discovery Education Predictive Assessments.	<b>Yes</b>
10	65% of all K-2 students will demonstrate “average” or “above average” growth in math as evidenced by comparative from the Fall to Spring administration of the Discovery Education Predictive Assessments.	<b>Partially</b>
11	60% of 1st and 2nd grade students will score at or above proficiency on the MAT-8 in reading.	<b>Partially</b>
12	60% of 1st and 2nd grade students will score at or above proficiency on the MAT-8 in math.	<b>Partially</b>

<sup>18</sup> In the school’s application, the target associated with student growth was that “all students will improve their scores by 3 percentage points each year.” In the school’s 2007-12 accountability plan, this was updated to “students in grades K-8th who are enrolled in MM Bethune for two or more consecutive years will demonstrate improvement in reading.” In this review, PCSB analyzed the student’s median growth percentile, which is the current method employed across DC schools to measure students’ academic growth.

<sup>19</sup> In the school’s application, the target associated with student growth was that “all students will improve their scores by 3 percentage points each year.” In this review, PCSB analyzed the student’s median growth percentile, which is the metric used across DC schools to measure students’ academic growth.

<sup>20</sup> Goal sourced from the school’s charter application.

<sup>21</sup> The school’s charter application included the following “Student attendance will be maintained at a 90% level or better as measured by average daily attendance.” In the school’s 2007-12 accountability plan, this was updated to “students will attend school regularly,” with a target of meeting or exceeding 92% attendance. In this review, PCSB analyzed the school’s in-seat attendance rate, which is the metric used throughout DC schools to measure attendance.

<sup>22</sup> Goals eight through twelve in this report are sourced from the school’s early childhood accountability plans, which were first executed in 2010-11, and update on an annual basis through 2012-13. The school’s performance on the early childhood PMF (first introduced in 2013-14) was also analyzed for this review.

	<b>Goal or Academic Expectation</b>	<b>Met?</b>
13	Students will internalize the values of personal responsibility, individual freedom, and respect for others. <sup>23</sup>	<b>Partially</b>
14	Parents/guardians will express school satisfaction. <sup>24</sup>	<b>Yes</b>
15	Foster high self-esteem through stimulating intellectual challenge and meaningful academic accomplishment. <sup>25</sup>	
16	Inspire in students a lifelong love of learning and a desire for self-development.	
17	Create a community of peers who value scholarship, academic achievement and creativity.	
18	Have high expectations for performance in all curriculum areas.	<b>Not Historically Measured</b>
19	Reason critically, solve problems creatively, develop intellectual integrity, tolerate ambiguity, and express ideas competently and fluently in oral and written presentations.	
20	Provide a rigorous academic curriculum that promotes high levels of student academic achievement with emphasis on foreign language acquisition, art and music.	

**1. 10% of students participating in MMBAPCS Spanish Immersion Program for three years will speak and read in Spanish at a proficient range.**

**Assessment:** **M.M. Bethune PCS did not meet this goal because there is insufficient evidence upon which to assess it.** As evidence in support of this goal, M.M. Bethune PCS submitted a list of student grades from an assessment administered to 18 second-grade students in June 2014<sup>26</sup> but not for previous years. While the document indicated 11 of 18 students were “proficient”, it is not clear how student proficiency was measured or assessed. The submitted document does not provide sufficient evidence for purposes of this review of the rate of students who speak and read in Spanish at a proficient range after three years of study at M.M. Bethune.

Qualitative Evidence

As part of the review process, in September 2014, PCSB conducted a Qualitative Site Review (“QSR”) of M.M. Bethune PCS. The review report included the following description of the school’s Spanish programming and goal attainment.

<sup>23</sup> Goal sourced from the school’s charter application.

<sup>24</sup> The school’s charter application included the following goal: “To develop with parents and students, a cooperative partnership based on mutual respect and objectivity.” In the school’s 2007-12 accountability plan, this was updated to “Parents/guardians will express school satisfaction.”

<sup>25</sup> All goals that have not been historically measured are sourced from the school’s charter application.

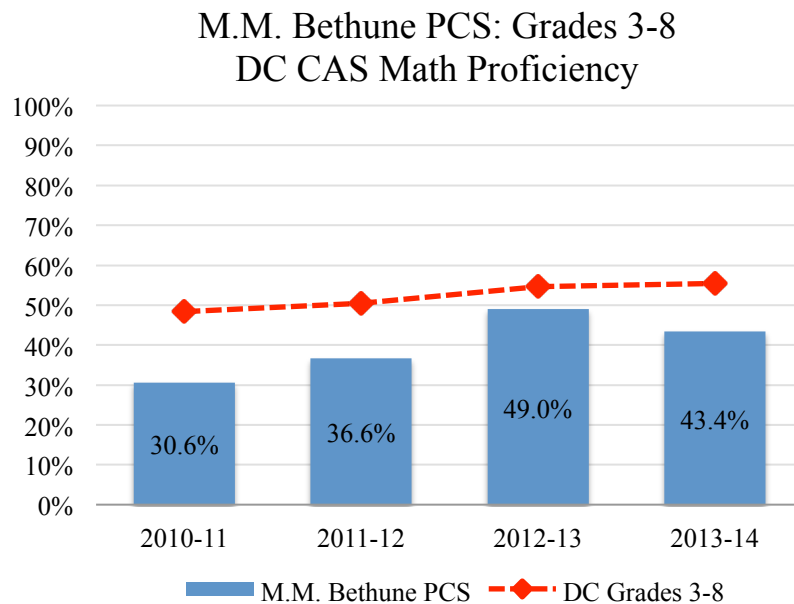
<sup>26</sup> See Spanish assessment submitted by M.M. Bethune PCS, attached to this report as Appendix G.



While the team was not able to assess whether or not 10% of the population was able to speak and read after three years of being at the school (kindergarten), the team confirms that half of the day is taught in Spanish for students in grades PK-2nd grade. The Spanish instruction focused on language development. Students were able to follow along and translate materials in Spanish and some assignments involved students writing in Spanish, as evidenced by work posted on the walls. Based on the observations, students appeared to have basic levels of comprehension in Spanish, but there was no synthesis or application of information.<sup>27</sup>

**2. Students in grades 3-8 will achieve proficiency rates at or above the state average in math on the DC-CAS.**

Assessment: **M.M. Bethune PCS did not meet this goal.** The school’s math proficiency rates have been below the state average over the past four years. While proficiency increased from 2010-11 to 2012-13, it decreased in 2013-14.



Special Education Math Proficiency

As of April 2014, 11.3% of the school’s students (42 out of 373) were identified as students with disabilities (“SWD”) requiring special education services. This is comparable to the overall charter sector rate of 12%. As context, the following table compares the proportion of the school’s SWD population at each special education service level to that of the charter sector as a whole.

<sup>27</sup> See M.M. Bethune PCS Qualitative Site Review, attached to this report as Appendix H.

	Total SWD Rate	Breakdown of total SWD students by Level of Need			
		Level 1	Level 2	Level 3	Level 4
M.M. Bethune PCS	<b>11.3%</b> <b>(42 of 373 students)</b>	11.9% <i>(5 students)</i>	69.0% <i>(29 students)</i>	14.3% <i>(6 students)</i>	4.8% <i>(2 students)</i>
Charter Sector Average	<b>12.3%</b>	32.1%	32.3%	14.5%	21.2%

M.M. Bethune PCS’s SWD math proficiency rate has been above the state average in two of the past four years.

Math Proficiency Among Students with Disabilities				
	2010-11	2011-12	2012-13	2013-14
M.M. Bethune PCS	30.8% <i>(8 out of 26 students)</i>	11.1% <i>(3 out of 27 students)</i>	27.8% <i>(10 out of 36 students)</i>	16.2% <i>(6 out of 37 students)</i>
State SWD Average (Grades 3-8)	21.1%	20.3%	25.4%	28.8%

Qualitative Evidence

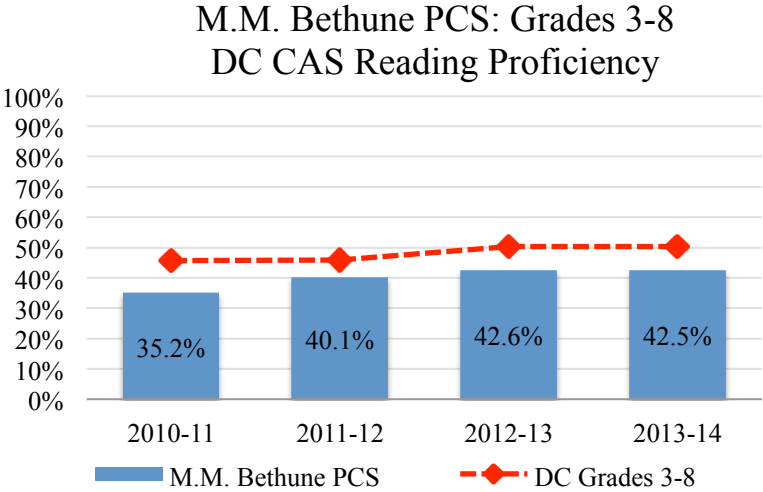
PCSB reviewers observed the following regarding the school’s math programming.

While overall only 54% of the observations were scored as proficient in instructional delivery - and none as distinguished, observers saw mathematical skills such as exponents, place value, order of operations, addition, subtraction, multiplication, and long division. Students were engaged in most of the math classrooms. In one observation, students seemed challenged as they tackled the Do Now. In some classes, students were learning how to identify key words in word problems to identify what operation to use to solve the problem. However most of the math instruction observed was focused on computational skills, rather than conceptual understanding or problem solving. In one of the math classrooms, the teacher conferred with another teacher to ensure that she was teaching long division accurately and still made errors.<sup>28</sup>

**3. Students in grades 3-8 will achieve proficiency rates at or above the state average in reading on the DC-CAS.**

<sup>28</sup> See Appendix H, p. 4.

Assessment: **M.M. Bethune PCS did not meet this goal.** The school’s reading proficiency rates have been below the state average over the past four years. Additionally, the school’s reading proficiency rate of students with disabilities has been below the state average over the past three years.



SWD Reading Proficiency

M.M. Bethune PCS’ SWD reading proficiency rate has been below the state average over the past three years.

<b>Reading Proficiency Among Students with Disabilities</b>				
	2010-11	2011-12	2012-13	2013-14
M.M. Bethune PCS	19.2% <i>(5 of 26 students)</i>	7.4% <i>(2 of 27 students)</i>	8.3% <i>(3 of 36 students)</i>	14.3% <i>(3 of 21 students)</i>
State SWD Average (Grades 3-8)	17.5%	17.1%	20.2%	20.5%

Qualitative Evidence

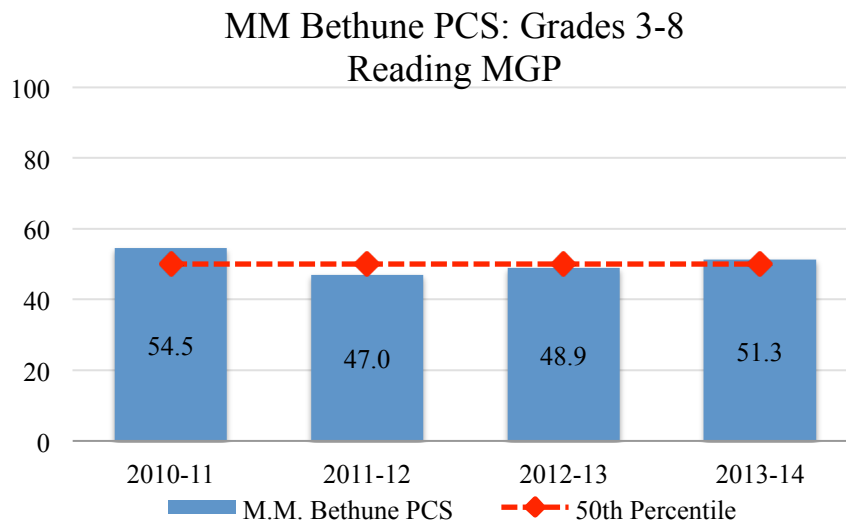
During the September 2014 QSR, PCSB reviewers observed the following regarding the school’s reading programming.

While overall only 54% of the teachers scored “proficient” in instructional delivery—and none distinguished, observers saw several examples of differentiation in the reading classes. The teachers used small group instruction and worked one on one with students. There were many read-alouds observed and, in one instance, the students had the opportunity to ask thought-provoking questions about what they had heard. In other reading classes, students were taught pre-reading strategies, how to make inferences and identify text features. Teachers focused on teaching key

vocabulary and students worked on their sight words and short vowel sounds in other classrooms.<sup>29</sup>

**4. Students in grades 3-8 will achieve a median growth percentile (“MGP”) at or above 50% in reading on the DC-CAS.**

Assessment: **M.M. Bethune PCS substantially met this goal.** The school was within 3.0 percentage points of the goal in 2011-12, 1.1 percentage points from the goal in 2012-13, and exceeded the goal in 2010-11 and 2013-14. The school’s MGP indicates that the school’s students are growing at or near the same rate of other DC students in the same grades and with the same initial DC CAS performance.

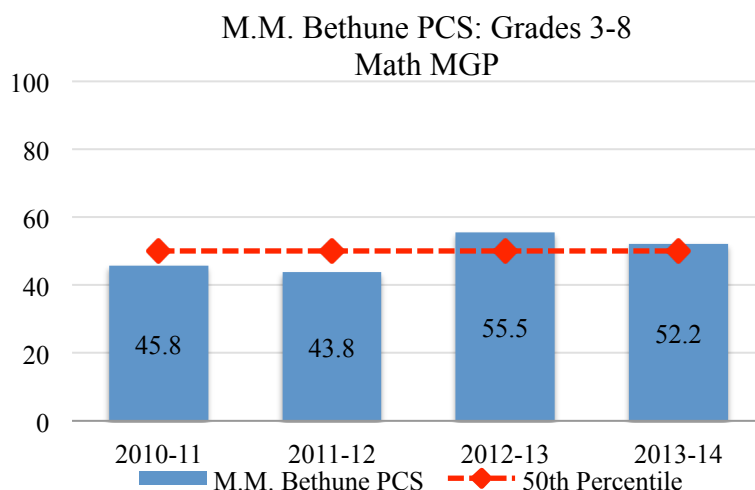


**5. Students in grades 3-8 will achieve a median growth percentile (“MGP”) at or above 50% in math on the DC-CAS.**

Assessment: **M.M. Bethune PCS substantially met this goal.** The school was within 4.2 and 6.2 percentile points of the 50th percentile in 2010-11 and 2011-12, respectively, and exceeded the 50th percentile in 2012-13 and 2013-14. The school’s MGP indicates that the school’s students are growing at or near the same rate of other DC students in the same grades and with the same initial DC CAS performance.

---

<sup>29</sup> See Appendix H, p. 4.



**6. Continue faculty intellectual and professional development and to pursue further education in a primary academic discipline.**

Assessment: **M.M. Bethune PCS met this goal.** Teachers participate in extensive professional development and are encouraged to improve their teaching skills.

In addition to school-wide professional development, educators participate in individualized opportunities, trainings and workshops. According to M.M. Bethune PCS’s employee handbook, all teachers are expected to keep their professional training and knowledge current through ongoing courses and workshops in education.<sup>30</sup> At a minimum, the school requires all teachers to participate in at least three hours of professional development each year.<sup>31</sup> As part of its charter review, M.M. Bethune PCS submitted Professional Development Accountability Forms for its staff members for the 2010-11 and 2011-12 school years. These forms detail all professional development activities in which staff members participated, including external trainings from organizations such as OSSE, the Flamboyan Foundation, and the Corcoran Gallery of Art, among others.<sup>32</sup>

During the 2012-13 school year, the school launched a partnership with the Achievement Network.<sup>33</sup> Through this, the school participates in four school-wide data meetings each year to analyze student progress and learn strategies to improve academic performance.<sup>34</sup>

M.M. Bethune PCS’s professional development calendar for the 2013-14 school year offered staff members many opportunities to acquire new knowledge and skills.<sup>35</sup> The school hosted a six-day “Summer Institute” in August 2013 to prepare staff for the new academic year. Among other topics, the institute included training on effective teaching practices, lesson planning, academic standards, and the

<sup>30</sup> See M.M. Bethune PCS professional development documents, attached to this report as Appendix I.

<sup>31</sup> See Appendix I.

<sup>32</sup> See Appendix I.

<sup>33</sup> See 2013-2014 Annual Report, page 12, attached to this document as Appendix J.

<sup>34</sup> See Appendix I.

<sup>35</sup> See Appendix J.

school’s positive behavior support plans. According to the school’s professional development calendar, M.M. Bethune PCS convened weekly meetings for middle-school teachers in 2013-14 to foster collaboration and professional learning. It also held frequent sessions for elementary school teachers throughout the year, largely focused on improving instructional design and delivery.

Also in the 2013-14 school year, teachers participated in external professional development activities:

- A teacher was selected as a “Learn Zillion Educator” - joining a cohort of 280 teachers, out of 3000 teachers who applied;
- Two teachers were accepted in the Leading Educators Program, a leadership program for teachers; and
- Three teachers presented at the National Farm to Cafeteria Conference.<sup>36</sup>

**7. Students will meet or exceed the DC charter sector average in in-seat attendance.**

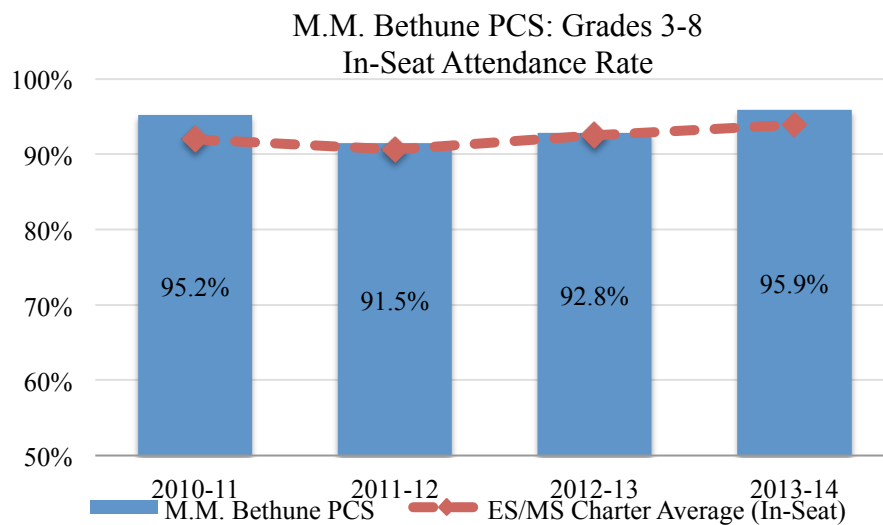
Assessment: **M.M. Bethune PCS met this goal.** It has met all early childhood attendance targets, and its in-seat attendance rate has been at the charter sector average over the past four years.

PK Attendance Targets		
Year	Target	Target Met? <sup>37</sup>
2010-11	On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 85% of the days.	<b>Yes</b> (The average daily attendance was 99%.)
2011-12	On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 85% of the days.	<b>Yes</b> (The average daily attendance was 99.9%.)
2012-13	On average, pre-kindergarten-3 and pre-kindergarten-4 students will attend school 88% of the days.	<b>Yes</b> (The average daily attendance was 98.7%.)
2013-14	The in-seat attendance rate of pre-kindergarten-3 and -4 students will exceed the charter sector average.	<b>Yes</b> (The in-seat attendance was 93.6%, above the sector average of 81.4%.)
K-2 Attendance Targets		
Year	Target	Target Met?
2010-11	On average, kindergarten-3 through second-grade students will attend school 92% of the days.	<b>Yes</b> (The average daily

<sup>36</sup> See Appendix J, p. 16.

<sup>37</sup> The school’s 2010-11 early childhood data is included in this report as it was published in 2011 – all data is rounded to the nearest whole number.

		attendance was 98%.)
2011-12	On average, kindergarten-3 through second-grade students will attend school 92% of the days.	<b>Yes</b> (The average daily attendance was 97.5%.)
2012-13	On average, kindergarten-3 through second-grade students will attend school 92% of the days.	<b>Yes</b> (The average daily attendance was 98.2%.)
2013-14	The in-seat attendance rate of kindergarten through second-grade students will exceed the charter sector average.	<b>Yes</b> (The in-seat attendance was 92.9%, above the sector average of 83.2%.)



**8. 70% of pre-kindergarten-3 and pre-kindergarten-4 students will demonstrate growth by advancing to the next age or scoring “pass” by the spring administration on the Learning Accomplishment Profile Diagnostic (“LAP-D”) assessment.**

Assessment: **M.M. Bethune PCS met this goal.** The school exceeded this goal in each of the past four years.

Pre-Kindergarten Literacy Growth Targets		
Year	Target	Target Met?

2010-11	70% of pre-kindergarten-3 students will score at or above the expected level for growth and development in cognitive, language, socialization, fine motor, and gross motor domains on the Learning Accomplishment Profile – Diagnostic Edition (“LAP-D”) assessment.	<b>Yes</b> (97% scored at or above expected level of growth.)
2010-11	70% of pre-kindergarten-4 students will score at or above the expected level for growth and development in cognitive, language, socialization, fine motor, and gross motor domains on the LAP-D assessment.	<b>Yes</b> (94% scored at or above expected level of growth.)
2011-12	70% of pre-kindergarten-3 and pre-kindergarten-4 students will demonstrate growth by advancing to the next age or scoring “pass” by the spring administration on the LAP-D assessment.	<b>Yes</b> (90.0% of students demonstrated growth.)
2012-13	60% of pre-kindergarten-3 and pre-kindergarten-4 students will progress to age equivalency in literacy/language on the LAP-D assessment.	<b>Yes</b> (91.0% of students met this goal.)
2013-14	70% of pre-kindergarten-3 and -4 students will meet or exceed average growth goal in literacy on the LAP-D assessment.	<b>Yes</b> (89.4% of students met this target.)

Qualitative Evidence

In September 2014, PCSB reviewers conducting a QSR observed the following related to this goal.

While overall only 54% of the teachers scored “proficient” in instructional delivery—and none distinguished, observers saw the PK classes used a literacy-based, thematic approach. The current theme, sharing, was integrated with the development of creative movement, early literacy, and other readiness skills. Students participated in a read-aloud, reading independently, distinguishing letters and numbers, sorting by colors and shapes, singing the alphabet song, using templates to form letters, and using blocks for building a tower. According to the white board displays in classrooms, students focus their study on a letter of the week and a number of the week.<sup>38</sup>

**9. 65% of all K-2 students will demonstrate “average” or “above average” growth in reading as evidenced by comparative from the Fall to Spring administration of the Discovery Education Predictive Assessments.**

---

<sup>38</sup> See Appendix H, p. 6.



Assessment: **M.M. Bethune PCS met this goal.** Over 65.0% of kindergarten through second grade students made average or above average growth over the past four years.

K-2 Literacy Growth Targets		
Year	Target	Target Met?
2010-11	65% of kindergarten through second-grade students will demonstrate average or above average growth from the fall administration to the spring administration in reading on the Discovery Education Predictive Assessment.	<b>Yes</b> (81% of students demonstrated average or above average growth)
2011-12	65% of kindergarten through second grade students will demonstrate average or above average growth in reading by the spring administration on the Discovery Education Predictive Assessment.	<b>Yes</b> (85.2% of students demonstrated growth.)
2012-13	60% of kindergarten through second-grade students will advance at least one level in reading on the Dynamic Indicators of Basic Early Literacy Skills assessment.	<b>Yes</b> (66.0% of students met this target.)
2013-14	65% of kindergarten through second grade students achieving one year of growth or score proficient on the Discovery Education Predictive Assessment.	<b>Yes</b> (66.7% of students met this target.)

**10. 65% of all K-2 students will demonstrate “average” or “above average” growth in math as evidenced by comparative from the Fall to Spring administration of the Discovery Education Predictive Assessments.**

Assessment: **M.M. Bethune PCS partially met this goal.** The school met the goal in 2010-11 and 2011-12, but not in 2013-14. The school’s 2012-13 Early Childhood Accountability Plan did not include a math growth target for kindergarten through second grade students.

K-2 Math Growth Targets		
Year	Target	Target Met?
2010-11	65% of kindergarten through second-grade students will demonstrate average or above average growth from the fall administration to the spring administration in mathematics on the Discovery Education predictive Assessment.	<b>Yes</b> (89% of students demonstrated average or above average growth.)
2011-12	65% of kindergarten through second grade students will demonstrate average or above average growth in	<b>Yes</b> (82.4% of students

	math by the spring administration on the Discovery Education Predictive Assessment.	demonstrated growth.)
2013-14	65% of kindergarten through second grade students will achieve one year of growth or score proficient in math on the Discovery Education Predictive Assessment.	<b>No</b> (61.0% of students met this target.)

**11. 60% of 1st and 2nd grade students will score at or above proficiency on the MAT-8 in reading.**

Assessment: **M.M. Bethune PCS partially met this goal.** Over 60% of first and second grade students tested proficient on the MAT-8 (or the Discovery Education Predictive Assessment, administered in 2013-14) in two of the past four years.<sup>39</sup> Kindergarten students are included in these rates in 2012-13 and 2013-14.

K-2 Literacy Achievement Targets		
Year	Target	Target Met?
2010-11	60% of first and second-grade students will score at or above proficiency in reading on the Metropolitan Achievement Test (“MAT-8”).	<b>No</b> 49% of students scored at or above proficiency.
2011-12	60% of first and second-grade students will score proficient in reading on the MAT-8.	<b>No</b> (34.9% of students scored proficient.)
2012-13	60% of kindergarten through second-grade students will score a stanine four or higher in reading on the MAT-8.	<b>Yes</b> (90.0% of students met this target.)
2013-14	60% of kindergarten through second grade students will achieve one year of growth or score proficient on the Discovery Education Predictive Assessment.	<b>Yes</b> (66.7% of students met this target.)

<sup>39</sup> The school administered the Discovery assessment in 2013-14 after being notified by the company that published MAT-8 that the MAT-8 assessment would not be available in the 2013-14 school year.

**12. 60% of 1st and 2nd grade students will score at or above proficiency on the MAT-8 in math.**

Assessment: **M.M. Bethune PCS partially met this goal.** Over 60% of first and second grade students tested proficient on the MAT-8 (or the Discovery Education Predictive Assessment, administered in 2013-14) in two of the past four years. Kindergarten students are included in these rates in 2012-13 and 2013-14.

K-2 Math Achievement Targets		
Year	Target	Target Met?
2010-11	60% of first- and second-grade students will score at or above proficiency in mathematics on the MAT-8.	<b>No</b> (37% of students scored at or above proficiency.)
2011-12	60% of first and second-grade students will score proficient in math on the MAT-8.	<b>No</b> (32.6% of students met this goal.)
2012-13	60% of kindergarten through second-grade students will score a stanine four or higher in mathematics on the MAT-8.	<b>Yes</b> (89.0% of students met this target.)
2013-14	60% of kindergarten through second grade students will achieve one year of growth or score proficient in math on the Discovery Education Predictive Assessment.	<b>Yes</b> (61.0% of students met this target.)

**13. Students will internalize the values of personal responsibility, individual freedom, and respect for others.**

Assessment: **M.M. Bethune PCS partially met this goal.** While the results of the school’s parent surveys and qualitative evidence support the school meeting this goal, its suspension and expulsion rates have been above the charter sector average multiple times since PCSB began collecting these data in the 2010-11 school year.

Discipline Rates

M.M. Bethune PCS’s suspension rate has been above the sector average over the past three years, although it has not issued any long-term suspensions in that time and in the most recent year, the number of students with an out-of-school suspension decreased by approximately 40%. The school’s expulsion rate was above the charter sector average in 2011-12 and 2012-13, but it did not expel any students in 2013-14.

M.M. Bethune PCS Out-of-School Suspensions				
	2010-11	2011-12	2012-13	2013-14
M.M. Bethune PCS	8.1% (23 students)	15.0% (48 students)	19.4% (71 students)	12.9% (48 students)

PK-8 Charter Sector Rate	9.8%	11.8%	13.7%	11.8
--------------------------	------	-------	-------	------

<b>Long-Term Suspensions (11+ Days<sup>40</sup>)</b>				
	2010-11	2011-12	2012-13	2013-14
M.M. Bethune PCS	None	None	None	None
PK-8 Charter Sector Rate	0.1%	0.9%	0.2%	0.1%

<b>Expulsions</b>				
	2010-11	2011-12	2012-13	2013-14
M.M. Bethune PCS	0.4% (1 student)	0.6% (2 students)	0.8% (3 students)	None
PK-8 Charter Sector Rate	0.3%	0.2%	0.3%	0.5%

### Parent Survey Findings

M.M. Bethune PCS conducted a school climate survey among parents in the 2013-14 school year, which included a question about the degree of respect that parents perceived between students and teachers. 44 parents (roughly 11%) responded to the survey; 373 students were enrolled in 2013-14.

Among this small group of respondents, 72% of parents agreed or strongly agreed with the following statement: “Students at my child’s school respect their teachers.”

M.M. Bethune PCS Parent Survey on School Climate: 2013-14 “Students at my child’s school respect their teachers.”						
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Don’t Know
% of parents	<b>30%</b>	<b>43%</b>	<b>16%</b>	<b>7%</b>	<b>2%</b>	<b>2%</b>
Number of parents	13	19	7	3	1	1

### Qualitative Evidence

In September 2014, PCSB reviewers conducting a QSR observed the following regarding this goal.

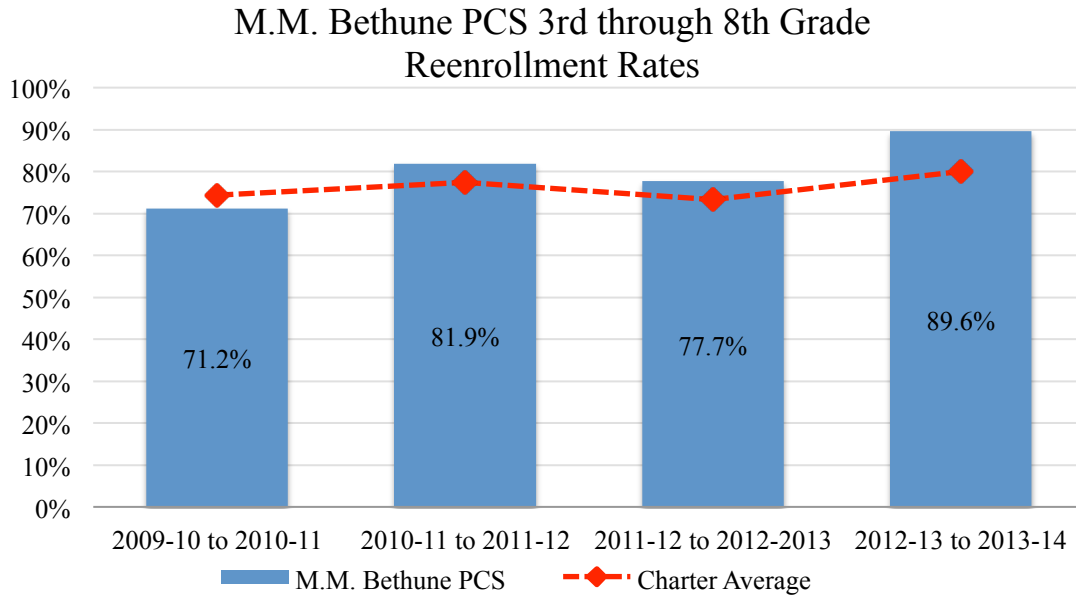
The QSR team scored 71% of the teachers scored as proficient in creating a culture of respect and rapport, observers saw many classrooms in which students were respectful to one another and the teachers. Many classrooms had “essential agreements” posted. In some classrooms these essential agreements had been signed by students. The QSR team saw evidence of the MM Bethune Checkbook implemented in some classrooms.<sup>41</sup>

<sup>40</sup> In 2012-13 and 2013-14, PCSB defined long-term suspension as 11 or more consecutive days.

<sup>41</sup> See Appendix H, p. 7.

**14. Parents/guardians will express school satisfaction.**

Assessment: **M.M. Bethune PCS met this goal.** The school has been at or above the charter average from 2010-11 to 2011-12. Its reenrollment rate increased by 11.9 percentage points from 2012-13 to 2013-14. The school also met its early childhood target related to parent satisfaction in two of the past three years.



M.M. Bethune PCS met its early childhood target related to parent satisfaction in two of the past three years.

Early Childhood Parent Satisfaction Targets		
Year	Target	Target Met? <sup>42</sup>
2010-11	80% of parents of pre-kindergarten-3 through third-grade children will report being “Satisfied” or “Highly Satisfied” with the school on the end-of-year Parent Satisfaction Survey.	<b>Yes</b> (95% of parents surveyed reported satisfied or highly satisfied.)
2011-12	90% of parents surveyed will report “satisfied” or “highly satisfied” with the school on the end of year parent survey.	<b>No</b> (81.3% of parents surveyed reported being satisfied or highly satisfied.)

<sup>42</sup> The n-size of parents responding to the satisfaction survey in 2010-11, 2011-12, and 2012-13 was not detailed in the school’s record.

2012-13	60% of parents of pre-kindergarten-3 through second-grade students will show satisfaction with (1) school climate, and (2) instruction/learning.	<b>Yes</b> (91.0% of parents showed satisfaction with (1) school climate, and (2) instruction/learning.)
---------	--	---

**15. Foster high self-esteem through stimulating intellectual challenge and meaningful academic accomplishment.**

Assessment: **This goal was not historically measured.**

**16. Inspire in students a lifelong love of learning and a desire for self-development.**

Assessment: **This goal was not historically measured.**

**17. Create a community of peers who value scholarship, academic achievement and creativity.**

Assessment: **This goal was not historically measured.**

**18. Have high expectations for performance in all curriculum areas.**

Assessment: **This goal was not historically measured.**

**19. Reason critically, solve problems creatively, develop intellectual integrity, tolerate ambiguity, and express ideas competently and fluently in oral and written presentations.**

Assessment: **This goal was not historically measured.**

**20. Provide a rigorous academic curriculum that promotes high levels of student academic achievement with emphasis on foreign language acquisition, art and music.**

Assessment: **This goal was not historically measured.**

**SECTION TWO: COMPLIANCE WITH CHARTER AND APPLICABLE LAWS**

The SRA requires PCSB to determine whether a school has “committed a material violation of applicable laws or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities.”<sup>43</sup> The SRA contains a non-exhaustive list of applicable laws, and PCSB also monitors charter schools for compliance with additional laws in annual compliance reviews. Below is a summary of the school’s compliance record.

<b>Compliance Item</b>	<b>Description</b>	<b>School’s Compliance Status 2010-11 to present</b>
<b>Fair enrollment process</b> D.C. Code § 38-1802.06	DC charter schools must have a fair and open enrollment process that randomly selects applicants and does not discriminate against students.	Compliant since 2010-11
<b>Notice and due process for suspensions and expulsions</b> D.C. Code § 38-1802.06(g)	DC charter school discipline policies must afford students due process <sup>44</sup> and the school must distribute such policies to students and parents.	Compliant since 2010-11
<b>Student health and safety</b> D.C. Code §§ 38-1802.04(c)(4), 4-1321.02, 38-651	The SRA requires DC charter schools to maintain the health and safety of its students. <sup>45</sup> To ensure that schools adhere to this clause, PCSB monitors schools for various indicators, including but not limited to whether schools: <ul style="list-style-type: none"> <li>- have qualified staff members that can administer medications;</li> <li>- conduct background checks for all school employees and volunteers; and</li> <li>- have an emergency response plan in place and conduct emergency drills as required by DC code and regulations.</li> </ul>	Compliant since 2010-11

<sup>43</sup> D.C. Code § 38.1802.12(c).

<sup>44</sup> See *Goss v. Lopez*, 419 U.S. 565 (1975).

<sup>45</sup> D.C. Code § 38.1802.04 (c)(4)(A).



<b>Equal employment</b> D.C. Code § 38-1802.04(c)(5)	A DC charter school's employment policies and practices must comply with federal and local employment laws and regulations.	Compliant since 2010-11
<b>Insurance</b> As required by the school's charter	A DC charter school must be adequately insured.	Compliant since 2010-11
<b>Facility licenses</b> D.C. Code § 47-2851.03(d); D.C. Mun. Regs., tit. 14, §§ 14-1401 <i>et seq.</i>	A DC charter school must possess all required local licenses.	Compliant since 2010-11
<b>Highly Qualified Teachers</b> Elementary and Secondary Education Act ("ESEA") 20 U.S.C. § 6301 <i>et seq.</i>	DC charter schools receiving Title I funding must employ "Highly Qualified Teachers" as defined by ESEA.	Compliant since 2010-11
<b>Proper composition of board of trustees</b> D.C. Code § 38-1802.05	A DC charter school's Board of Trustees must have: an odd number of members that does not exceed 15; a majority of members that are DC residents; and at least two members that are parents of a student attending the school.	Compliant since 2010-11
<b>Accreditation Status</b> D.C. Code § 38-1802.02(16)	A DC charter school must maintain accreditation from an SRA-approved accrediting body approved by the SRA.	Noncompliant. The school is currently undergoing review by the American Academy for Liberal Education and anticipates full accreditation by June 2015. <sup>46</sup>

### **DC-CAS Test Administration Compliance**

In 2010-11, OSSE found that M.M. Bethune PCS had committed "minor" test administration errors. Test security files had been deleted, and there was not a protocol in place as to which staff members had access to the secured test storage location. In addition, several teachers had not received DC CAS test administration training, and were not familiar with the process to report test-related concerns. In 2011-12, OSSE found "moderate" test administration violations in one classroom, based on extraordinary academic growth (84 math MGP), low variance of scores among students, and a significant number of wrong-to-right erasures. No such finding has been made since that time.

<sup>46</sup> See December 23, 2014 letter from Ms. Linda McKay, M.M. Bethune PCS Executive Director to Ms. Mary Ann A. Powers, Executive Director of The American Academy of Liberal Education, attached to this report as Appendix K.

### **Procurement Contracts**

The SRA requires DC charter schools to utilize a competitive bidding process for any procurement contract valued at \$25,000 or more, and within three days of awarding such a contract, to submit to PCSB all bids received, the contractor selected, and the rationale for which contractor was selected.<sup>47</sup> To ensure compliance with this law, PCSB requires schools to submit a “Determinations and Findings” form to detail any qualifying procurement contract that the school has executed. The following table details the school’s compliance with this requirement.

<b>Year</b>	<b>Qualifying contracts executed by M.M. Bethune PCS</b>	<b>Corresponding documentation submitted to PCSB</b>
2010-11	1	0
2011-12	2	2
2012-13	0	0
2013-14	1	1

### **Special Education Compliance**

Charter schools are required to comply with all federal and local special education laws, including, among others, the Individuals with Disabilities Education Act<sup>48</sup> (“IDEA”) and the Rehabilitation Act of 1973.<sup>49</sup> The following section summarizes M.M. Bethune PCS’s special education compliance from 2011-12 to the present.

#### **OSSE Special Education Compliance Reviews**

OSSE monitors charter schools’ special education compliance and publishes three types of reports detailing these findings: (1) Annual Determinations; (2) On-Site Monitoring; and (3) Quarterly Findings (which are also called Special Conditions Reports). OSSE’s findings of M.M. Bethune PCS’s special education compliance are summarized below.

#### **Annual Determinations**

As required by IDEA’s implementing regulations, OSSE annually analyzes each LEA’s compliance with 20 special education compliance indicators, and publishes these findings in an Annual Determination report.<sup>50</sup> Each year’s report is based on compliance data collected several years earlier. As such, OSSE does not require schools to cure any compliance issues detailed in these reports. In 2014, OSSE published its 2012 Annual Determination reports, which include determination scores and levels for the 2011-12 school year. M.M. Bethune PCS’s Annual Determination compliance performance is detailed in the table below.<sup>51</sup>

<sup>47</sup> See D.C. Code §38-1802.04(c)(1).

<sup>48</sup> 20 U.S.C. §§1400 *et seq.*

<sup>49</sup> 29 U.S.C. §§701 *et seq.*

<sup>50</sup> As required by federal regulation 34 C.F.R. § 300.600(c).

<sup>51</sup> See M.M. Bethune PCS 2010, 2011, and 2012 annual determination reports, attached to this report as Appendix L.

Year	Percent compliant with audited special education federal requirements	Determination Level
2010	90%	Meets Requirements
2011	85%	Meets Requirements
2012	81%	Meets Requirements

### On-Site Monitoring Report

OSSE periodically conducts an on-site assessment of an LEA’s special education compliance with student-level and LEA-level indicators, and publishes its findings in an On-Site Monitoring Report. If a school is less than 100% compliant with a student-level and/or LEA-level indicator, it must implement corrections and report these corrections to OSSE.<sup>52</sup> In 2013, OSSE published an on-site Compliance Monitoring Report of M.M. Bethune PCS based on the school’s performance in the 2012-13 school year.<sup>53</sup> The school was required to implement corrections as indicated in the following table. OSSE has since verified that M.M. Bethune PCS has implemented corrections for all identified student- and LEA-level findings.

<b>Student-Level Compliance</b>	
<b>Compliance Area</b>	<b>Number of indicators where corrections were required</b>
Initial Evaluations and Reevaluations	7 out of 8
Individualized Education Program	13 out of 17
Least Restrictive Environment	2 out of 2
<b>Total indicators where corrections were required</b>	<b>21 out of 27</b>

<b>LEA-Level Compliance</b>	
<b>Compliance Area</b>	<b>Number of indicators where corrections were required</b>
Extended School Year	0 out of 1
Least Restrictive Environment	0 out of 1
Fiscal	2 out of 21
Data	0 out of 2
Dispute Resolution	0 out of 2
NIMAS <sup>54</sup>	0 out of 1
Individualized Education Program	0 out of 1
<b>Total indicators where corrections were required</b>	<b>2 out of 29</b>

<sup>52</sup> If OSSE finds that the school is less than 100% compliant with a student-level indicator that was impossible for the school to cure retroactively, OSSE would identify the point of noncompliance as an LEA-level violation.

<sup>53</sup> See 2012-2013 On-Site Monitoring Report Attachments, attached to this report as Appendix M.

<sup>54</sup> National Instructional Materials Accessibility Standard.

### Special Conditions Quarterly Reports

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

In recent special conditions reporting on OSSE's DC Corrective Action Tracking System Database ("DCCATS"), M.M. Bethune PCS was found to be noncompliant for Initial Evaluation Timelines during the spans of July 1 to September 30, 2012, and January 1 to March 31, 2013. According to OSSE, the LEA has since corrected this issue of noncompliance.<sup>55</sup>

M.M. Bethune PCS also was found to be noncompliant for Reevaluation Timelines during the span of January 1, 2013 to September 30, 2013. According to OSSE, the LEA has since corrected this issue of noncompliance.<sup>56</sup>

### Blackman Jones Implementation Review

With compliance requirements pursuant to IDEA and the 2006 Blackman Jones Consent Decree, OSSE manages and oversees the Blackman Jones database that tracks each LEAs' timely implementation of Hearing Officer Determinations ("HODs") and Settlement Agreements ("SAs").

As of the time of this report's publication, the Blackman Jones Database shows M.M. Bethune PCS has no HODs or SAs.

---

<sup>55</sup> See Quarterly Findings Summaries, attached to this report as Appendix N.

<sup>56</sup> See Quarterly Findings Summaries, attached to this report as Appendix N.

## **FISCAL ANALYSIS**

### **INTRODUCTION**

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

- Has engaged in a pattern of non-adherence to generally accepted accounting principles ("GAAP");
- Has engaged in a pattern of fiscal mismanagement; and/or
- Is no longer economically viable.<sup>57</sup>

As part of the charter review process, PCSB reviewed M.M. Bethune PCS's financial record regarding these areas.

### **SUMMARY OF FINDINGS**

M.M. Bethune PCS is economically viable, has complied with GAAP, and has not engaged in a pattern of fiscal mismanagement. M.M. Bethune PCS was identified as an average fiscal-performing school by PCSB in the 2013 Financial and Audit Review. Since 2011, the school's financial performance and internal controls have improved greatly, and its surpluses and reserves have grown substantially. The 2014 audited financial statements indicate that the school's operating margin was 15% for the year compared to 2% in 2011. Its net asset position increased to \$2.3MM in 2014 from \$0.2MM in 2011. While its net asset position is slightly lower than the average of schools of comparable size, its operating margins are higher than those of comparable size. Additionally, prior audit findings have been resolved, and FY2014 audit, the most recent audit available, did not reveal any findings. The school does not warrant any concerns for long-term economic viability or fiscal mismanagement based on the information currently available to PCSB.

### **FINANCIAL OVERVIEW**

The following table provides an overview of MM Bethune PCS's financial information over the past four fiscal years. Enrollment has grown 32% in the last four years to 373 students in school year 2013-14. As enrollment has grown, the school has strengthened its balance sheet with improvements every year in its cash and net assets positions.

---

<sup>57</sup> See D.C. Code § 38-1802.13(b).

	Audit Year			
	2011	2012	2013	2014
Audited Enrollment	283	327	366	373
Total DC Funding Allocation	\$ 3,969,585	\$ 5,125,204	\$ 5,539,336	\$ 6,372,167
Total Federal Entitlements and Funding	\$ 692,671	\$ 604,834	\$ 675,827	\$ 620,575
Unrestricted Cash and Cash Equivalents on 6/30/14	\$ 312,226	\$ 1,184,195	\$ 1,264,677	\$ 2,144,533
Total Assets	\$ 802,275	\$ 1,442,318	\$ 1,881,496	\$ 2,922,287
Total Current Assets	\$ 712,090	\$ 1,373,134	\$ 1,536,958	\$ 2,360,453
Total Liabilities	\$ 629,324	\$ 599,590	\$ 606,040	\$ 580,510
Total Current Liabilities	\$ 629,324	\$ 559,590	\$ 606,040	\$ 580,510
Net Asset Position	\$ 172,951	\$ 842,728	\$ 1,275,456	\$ 2,341,777
Total Revenues	\$ 4,701,801	\$ 5,988,310	\$ 6,271,830	\$ 7,027,204
Total Expenses	\$ 4,612,304	\$ 5,318,533	\$ 5,683,552	\$ 5,960,883
Change in Net Assets	\$ 89,497	\$ 669,777	\$ 588,278	\$ 1,066,321

## **SPENDING DECISIONS**

The following table provides an overview of the school's spending decisions over the past four years. While the school's spending has increased over the years, its spending levels as a portion of revenues has remained flat or decreased in several areas. This likely indicates that the school is achieving greater operational efficiency. The lower spending is also reflected in the higher operating margins. These margins reflect greater financial flexibility and support the school's long-term stability.

	Audit Year			
	2011	2012	2013	2014
Total Personnel Salaries and Benefits	\$ 3,434,644	\$ 3,968,071	\$ 4,268,660	\$ 4,574,476
Total Direct Student Costs	\$ 559,618	\$ 697,395	\$ 719,927	\$ 666,743
Total Occupancy Expenses	\$ 337,200	\$ 347,441	\$ 383,173	\$ 365,613
Total Office Expenses	\$ 129,330	\$ 163,313	\$ 149,572	\$ 123,273
Total General Expenses	\$ 151,512	\$ 142,313	\$ 162,220	\$ 230,778
Operating Surplus/(Deficit)	\$ 89,497	\$ 669,777	\$ 588,278	\$ 1,066,321
	<b>as a percent of revenue</b>			
Total Personnel Salaries and Benefits	73%	66%	68%	65%
Total Direct Student Costs	12%	12%	11%	9%
Total Occupancy Expenses	7%	6%	6%	5%
Total Office Expenses	3%	3%	2%	2%
Total General Expenses	3%	2%	3%	3%
Operating Surplus/(Deficit)	2%	11%	9%	15%

**ADHERENCE TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**

**Audits of MM Bethune PCS establish that the school has adhered to GAAP.** The auditor expressed unqualified/unmodified opinions on the school’s financial statements over the past four years. However, in FY2010, and again in FY2011, the auditor found that there was no documentation confirming that invoices were reviewed and approved before funds were disbursed for payment.<sup>58</sup> The same finding was made in FY2011 regarding the school’s control of federal grant funds – 14 of 51 invoices tested did not have documentation confirming review and approval.<sup>59</sup> These findings were lifted in FY2012 after the school corrected the issue.<sup>60</sup> The auditor made one other finding in FY2011, that the school had misidentified two students as being eligible for free meals through a federally funded program.<sup>61</sup>

	2011	2012	2013	2014
<b>Statement Opinion.</b> Required when auditor finds areas of doubt/questionable matters.	Unqualified	Unqualified	Unqualified	Unqualified
<b>Statement Material Weakness.</b> A deficiency in internal control, indicating a reasonable possibility that a material financial misstatement will not be prevented.	No	No	No	No
<b>Statement Non-Compliance.</b> Auditor tests for compliance with certain provisions of laws, regulations, contracts, and grant agreements.	No	No	No	No
<b>Program Opinion (A133).</b> Review of compliance with federal requirements conducted when school receives \$500K+ in federal funds.	Unqualified	Unqualified	Unqualified	Unqualified
<b>Program Material Weakness (A133).</b> Lack of internal control over compliance with applicable laws, regulations, etc.	No	No	No	No
<b>Findings &amp; Questioned Costs.</b> Findings important enough to merit attention by those charged with governance, with documentation of corrective action plans noting the responsible party.	3	0	0	0
<b>Unresolved Prior Year Findings.</b> Disclosure of prior audit findings that have not been corrected.	1	0	0	0
<b>Going-Concern Issue.</b> Indicates the financial strength of the school is questioned.	N/A	No	No	No
<b>Debt-Compliance Issue.</b> School was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency.	N/A	No	No	No

**FISCAL MANAGEMENT**

**The school has not engaged in a pattern of fiscal mismanagement.** The school has had unqualified audits with no material weaknesses or significant deficiencies between fiscal years 2010 and 2013.

**ECONOMIC VIABILITY**

**The school is economically viable and it has improved most of its financial metrics in the last four years.** Audited enrollment increased 32% from FY2011 to FY2014. Additionally, the growth in revenue has far outpaced the growth in expenses. Between 2013 and 2014, revenues grew 12% while expenses only grew 5%. The following tables provide a summary of financial results for the past four fiscal years. Areas of concern are highlighted where applicable.

<sup>58</sup> See FY2011 Audit.

<sup>59</sup> See FY2011 Audit.

<sup>60</sup> See FY2012 Audit.

<sup>61</sup> See FY2011 Audit.

Financial Performance

PCSB assesses a school’s financial performance using two key indicators. The first indicator is a school’s “operating result” – how much its total annual revenues exceed its total annual expenditures. In general, PCSB recommends that a school’s annual operating results are positive. Another indicator of a school’s financial performance is its earnings before depreciation (“EBAD”)<sup>62</sup>, a financial performance measure of profitability. Based on these measures, **M.M. Bethune PCS has had consistently positive operating results, and therefore has shown strong financial performance in the last four years.**

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Operating Surplus/(Deficit)	< 0	\$ 89,497	\$ 669,777	\$ 588,278	\$ 1,066,321
Earnings Before Depreciation	< 0	\$ 122,563	\$ 694,344	\$ 648,580	\$ 1,147,066
Aggregated 3-Year Total Margin	< -1.5%	0.7%	6.2%	7.9%	12.1%

Liquidity

Liquidity refers to the school’s ability to meet its financial obligations. Too few assets or insufficient cash to pay vendors and/or creditors is a cause for concern and threatens the school’s viability in the short-term. Two indicators of a school’s liquidity are its current ratio<sup>63</sup> and its days of cash on hand.<sup>64</sup> The current ratio is indicative of a school’s ability to satisfy its immediate financial obligations. When the current ratio is less than one, the school’s ability to meet its obligations is in doubt. M.M. Bethune PCS’s current ratio has grown steadily in the last four years from 1.1 to over 4 in FY2014. This high ratio is a strong indicator of the school’s ability to meet its immediate financial obligations.

Days of cash on hand reflects a school’s ability to continue to satisfy its financial obligations in the event of unexpected cash delays. Typically, 90 days or more of cash on hand is recommended. Less than 30 days of cash on hand is a liquidity concern. **M.M. Bethune PCS’s cash on hand was a concern in FY2011, has been well above 30 days for the last three years, and climbed to a very strong 130 days in FY2014.** Additionally, the school has realized a positive cash flow from operations each of the last four years.

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Current Ratio	< 0.5	1.13	2.45	2.54	4.07
Days of Cash On Hand	< 30	25	81	81	131
Cash Flow from Operations	< 0	\$ 286,018	\$ 879,172	\$ 412,638	\$ 1,181,397
Multi-Year Cumulative Cash Flow	< 0	\$ 218,262	\$ 1,119,728	\$ 952,451	\$ 960,338

<sup>62</sup> EBAD is the change in net assets plus amortization and depreciation.

<sup>63</sup> A school’s current ratio is its current assets divided by current liabilities.

<sup>64</sup> “Cash on hand” equals unrestricted cash and cash equivalents divided by total expenditures divided by 360 days. It is a measure of the school’s ability to pay debts and claims as they come due.



## Debt Burden

As part of the evaluation of a school's long-term viability, PCSB considers a school's debt burden. In particular, PCSB reviews two debt ratios – the debt ratio<sup>65</sup> and the debt service<sup>66</sup> ratio. The table below shows the school's debt burden decreasing significantly over the past several years. The decrease in debt burden is driven by smaller balances in accrued expenses and accounts payables. This indicates quicker fulfillment of its financial obligations with vendors.

The debt service ratio measures how much of a school's revenues are dedicated to making principal and interest payments. Anything greater than 10% is a cause for concern. In 2011 the school paid off a loan used to finance the purchase of a school bus; the school has not incurred any new loans since that time. The school continues to make investments in its property and other equipment; however, it is able to make these purchases without taking on new debt.

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Debt Ratio	> 0.92	0.78	0.42	0.32	0.20
Debt Service Ratio	> 10.0%	0.1%	0.0%	0.0%	0.0%

## Sustainability

A school's net assets<sup>67</sup> and primary reserve ratio are indicators of its long-term sustainability.<sup>68</sup> PCSB recommends that schools accrue net asset reserves equal to three to six months of operating expenditures and PCSB would be concerned with net assets reserves below zero. **M.M. Bethune PCS's metrics are reflective of a sustainable school and have grown stronger in each of the last four years.** Net asset position is equal to more than 4 months of operating expenditures, comfortably in the recommended level of three to six months.

	Indicator of Concern	Audit Year			
		2011	2012	2013	2014
Net Asset Position	< 0	\$ 172,951	\$ 842,728	\$1,275,456	\$ 2,341,777
Primary Reserve Ratio	< 0.00	0.04	0.16	0.22	0.39

<sup>65</sup> Debt Ratio equals the total debt divided by the total assets.

<sup>66</sup> Debt Service Ratio equals the sum of principal and interest payments divided by the total revenues.

<sup>67</sup> Net Assets equals total assets minus total liabilities.

<sup>68</sup> Primary Reserve Ratio equals total net assets divided by total annual expenses.