

# **2012-13 Charter Renewal Report**

## **Cesar Chávez Public Charter School**

**December 6, 2012**

DC Public Charter School Board  
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## **RECOMMENDATION**

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

## **EXECUTIVE SUMMARY**

Chávez PCS is a charter Local Education Agency (LEA) with four campuses in three facilities. The campuses’ 2011 and 2012 PMF results are as follows:

Campus	2012 PMF results	2011 PMF Results
Chávez Prep Middle School (formally Bruce Prep)	Tier 1 (66.6%)	Tier 1 (73.6%)
Parkside Middle School	Tier 2 (47.3%)	Tier 2 (52.7%)
Capitol Hill High School	Tier 2 (52.6%)	Tier 2 (57.8%)
Parkside High School	Tier 2 (56.6%)	Tier 2 (49.7%)

Chávez PCS substantially met its goals and student academic achievement expectations. In its charter application, the school identified “four elements of student achievement” that “flow[ed] directly” from their mission: (1) promoting academic excellence; (2) fostering citizenship; (3) providing direct experience with public interest organizations; and (4) preparing students for college. Over the course of fifteen years, Chávez PCS has met the goals relating to fostering citizenship and providing its students experience with public interest organizations. However, its performance relating to academic excellence and college preparation are mixed. While the school has fostered great gains in its students’ mathematical abilities, it has not achieved similar results in reading. Additionally, while 100% of its high school students are accepted to college, their SAT scores, which have been found to be a predictor of college success, are low.

Chávez PCS’s performance on its fifth and tenth-year charter reviews indicated that it was a candidate for revocation in both instances. However, Memoranda of Understanding were created in which the school had to meet benchmarks in order to be granted continuance. In each instance Chávez PCS met those conditions and received full continuance to operate.

Over the course of fifteen years, Chávez PCS has been substantially compliant with general, special education, and financial laws. A review of the school’s annual audited financial statements from 2008 – 2011 indicate that the school has adhered to generally accepted accounting principles, practiced sound fiscal management, and is economically viable.

Given the ongoing weaknesses in reading and certain other academic areas, as well as the consistently weaker performance of Chávez PCS' Parkside campuses, it is recommended that the school's renewed charter contain rigorous goals for future academic performance.

## **GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS**

The District of Columbia School Reform Act ("SRA") provides that PCSB shall not approve a charter renewal application if it determines that the school has failed to meet its goals and academic achievement expectations set out in its charter agreement.<sup>1</sup> Goals are general aims, which may be categorized as academic, non-academic, and organizational, whereas student academic achievement expectations ("expectations") are student academic aims measured by assessments. Goals and expectations are only considered as part of the renewal decision if they were approved by the PCSB Board in a school's charter agreement, charter amendment, or Accountability Plans (collectively, the "Charter").

Chávez has met 6 of its 10 goals and academic achievement expectations. Of the four goals not met, there are important caveats in three of these that make the failure to meet these goals less absolute. The chart below summarizes these determinations, which are detailed in the body of this report. Also included are goals and expectations presented by Chávez PCS in its renewal petition that PCSB determined not to have been historically measured, reported, or assessed.

Given the importance of the PMF as a guide to school quality in the past two years, it is also important to note that all of Chávez' campuses have generally scored above 50 points, an important threshold of quality. This relatively strong performance, taken in conjunction with Chávez's overall performance on its goals and expectations, has led us to conclude that Chávez has substantially met the goals and expectations it has set out to meet and is delivering a quality education to the students it serves.

In some instances, Chávez PCS used an updated assessment tool to measure the expectation without updating its charter accordingly to reflect this change. In those cases, the updated assessment will be spoken to in this report. Chávez PCS started reporting only on PMF indicators and mission-specific goals in 2009, when the PMF was introduced as a pilot program. As such, PMF indicators addressed in Chávez PCS' renewal application are included as well in this report.

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<sup>1</sup> SRA §38-1802.12(c)(2).

	<b>Goal or Expectation</b>	<b>Met?</b>
1	Chávez PCS Students will demonstrate mastery of the public policy curriculum at Chávez.	Yes
2	Chávez PCS students will demonstrate mastery of core academic material.	Yes
3	Chávez PCS students will demonstrate regular attendance at school.	Yes
4	The Chávez school will achieve a high reenrollment rate.	No, with caveats
5	Over 85% of students will meet graduation requirements within five years.	No, with caveats
6	Chávez PCS students will be accepted into a post-secondary 2- or 4-year institution.	Yes
7	Chávez parents will be active and engaged in their student's education and in the life of the school.	Yes
8	Chávez students will be able to read at the grade appropriate level.	No, with caveats
9	Chávez students will make a year or more of progress on the SAT-9 Math test, as measured by NCE gains. (Updated Assessment: DC-CAS)	Yes
10	AP Performance	Not historically measured
11	Chávez students will attain competitive scores on the SAT	No
12	PSAT Performance	Not historically measured

## **1. Chávez PCS students will master a public policy curriculum.**

Assessment: **Chávez PCS has met this goal.** Students participate in annual Public Policy Capstone and/or Community Action Projects. Additionally, Chávez PCS has integrated public policy themes throughout its curriculum and created a Department of Public Policy and Curriculum Innovation to ensure that students learn about public policy in an authentic manner.

### High School Public Policy Projects

In its second year in operation, Chávez PCS implemented grade-level public policy projects for students in the tenth grade.<sup>2</sup> As the school expanded to include the eleventh and twelfth grades, it added public policy projects to be completed in those grades as well. Each project consists of a written product and a presentation. Chávez PCS set annual targets for student completion of these projects, and was found to have met these targets in its fifth and tenth year review, which supports a determination that Chávez PCS students mastered the school's public policy curriculum. Sophomore, junior, and senior completion rates of these projects are detailed in the charts below. Chávez PCS stopped reporting this data once the PMF was introduced as a pilot program in 2009-10.

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<sup>2</sup> Chávez Annual Report 1999-2000, attached to this document as Appendix A.

<sup>3</sup> In the fifth year review, separate written product and presentation completion rates were not reported. Presentation completion rate was not reported in 2008-09 due to a technical error. Source: Chávez Annual Report 2008-09, attached to this document as Appendix B.

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<sup>4</sup> In the fifth year review, separate written product and presentation completion rates were not reported. Presentation completion rate was not reported in 2008-09 due to a technical error. See Appendix B.

<sup>5</sup> In the fifth year review, separate written product and presentation completion rates were not reported.

### Middle School Public Policy Capstone Units

In 2005-06, Chávez PCS also set a goal that 70% of its middle school students would complete a public policy capstone unit.<sup>6</sup> In its tenth year review, PCSB noted that over 70% of middle school students had completed this capstone unit. Since 2008, there has been no mention of the middle school capstone unit completion rate.

### Public Policy Assessment

Chávez PCS collaborated with the Center for Civic Education<sup>7</sup> to create a public policy and civics assessment at the middle school level tailored to its curriculum, which it administered for the first time to its middle school students in the 2009-10 school year.<sup>8</sup> That year, it set a goal that 70% of its middle school students would pass this exam.<sup>9</sup> However, only 27% of its students scored 70% or higher on the assessment,<sup>10</sup> indicating that although Chávez PCS middle school students were exposed to a public policy curriculum, they did not master the subject. While Chávez PCS continued to administer this assessment in 2010-11<sup>11</sup> it did not report the students' results. While these test results weigh against a determination that Chávez PCS has met this goal, they are outweighed by Chávez PCS' other public policy efforts.

### Restructuring of Delivery of Public Policy Curriculum

In 2009-10, Chávez PCS incorporated public policy themes throughout its content areas and assessments.<sup>12</sup> In the same year, the school developed a public policy manual for teachers to use in developing lessons. In 2012-13, Chávez PCS created a Department of Public Policy and Curriculum Innovation to support the development of its public policy curriculum and integration of public policy across subject areas.<sup>13</sup>

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<sup>6</sup> Chávez Annual Report 2005-06, attached to this report as Appendix C.

<sup>7</sup> The Center for Civic Education is a nonprofit, nonpartisan organization founded in 1981 that collaborates with public and private-sector organizations and education leaders to implement civic education programming. For more information about this organization, please see [www.newciviced.org](http://www.newciviced.org).

<sup>8</sup> See Chávez Annual Report 2009-10, attached to this document as Appendix D.

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

<sup>10</sup> See Appendix D.

<sup>11</sup> See Chávez Annual Report 2010-11, attached to this document as Appendix E.

<sup>12</sup> See Chávez PCS Application for Charter Renewal, attached to this document as Appendix F.

<sup>13</sup> See Appendix F.



## 2. Chávez PCS students will demonstrate mastery of core academic material.

Assessment: **Chávez PCS has met this goal.** Chávez PCS demonstrated much progress towards the goal from its fifth to its tenth year review, and it met the goal in 2008-09, the last year it measured or reported mastery of core academic material. When the PMF was introduced as a pilot program in 2009, Chávez PCS stopped measuring or reporting this goal.

In its fifth year review, Chávez PCS was found not to have met its fifth year target (70% of students passing core academic courses) associated with this goal. Only 50% of its students passed their core academic classes.<sup>14</sup> In its tenth year review, Chávez PCS was found not to have met its fifth year target associated with this goal, but demonstrated significant progress towards meeting this goal. Targets and actual passage rates are detailed in the chart below.

### **Tenth Year Review Passage Rates**

<b>Subject</b>	<b>Tenth Year Target</b>	<b>Actual Passage Rate</b>
Mathematics	65-70%	46%
English	75%	73%
History/Politics	75%	61%
Science	70%	65%

2008-09 was the last year that Chávez PCS reported data on this goal; this year Chávez PCS did meet its annual targets associated with this goal. These targets and actual passage rates are detailed in the chart below.

### **2008-09 Passage Rates**

<b>High School</b>		
<b>Subject</b>	<b>Annual Target</b>	<b>Actual Passage Rate</b>
Mathematics	65%	73%
English	70%	75%
History	70%	75%
Science	65%	78%

<b>Middle School</b>		
<b>Subject</b>	<b>Annual Target</b>	<b>Actual Passage Rate</b>
Mathematics	65%	89%
English	70%	86%
History	70%	85%
Science	65%	85%

<sup>14</sup> See Chávez Fifth Year Accountability Plan Performance Analysis, attached to this document as Appendix G.

**3. Chávez students will demonstrate regular attendance at school.**

Assessment: **Chávez has met this goal.** Chávez has increased its attendance rates since its inception, with attendance rates nearing the PMF 95% target and above the PMF floor.

#### **4. The Chávez school will achieve a high reenrollment rate.<sup>15</sup>**

Assessment: **Chávez PCS has not met this goal.** Chávez PCS's middle school reenrollment rate peaked in 2008-09 and has since decreased. Chávez PCS' high school reenrollment rate has decreased since its fifth year review and has remained stagnant around 70% since 2009-10. Chávez PCS stopped reporting a specific reenrollment percentage target since the introduction of the PMF as a pilot in 2009. As noted previously, PMF scores of Chávez's four schools, which incorporate reenrollment rates, have, with rare exceptions, been in excess of 50 percentage points.

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<sup>15</sup> This is the goal as stated in the school's 2000-01 Accountability Plan. Chávez PCS updated this goal to include an 80% reenrollment target in its Accountability Plan created in 2003, attached to this document as Appendix H.

**5. Over 85% of students will meet graduation requirements within five years.**

**Assessment: Chávez PCS appears to have not met the goal, however the change in how graduation rate is measured makes it impossible to compare Chávez PCS' original goal with the most recent results.** Chávez PCS set this goal in its charter application, but the indicator was not considered in its Accountability Plans, and graduation rates were not discussed in the school's fifth or tenth year review. In 2008-09, the school began reporting graduating rates according to the Leaver method, based on the number of seniors who graduated, irrespective of whether they graduated after four or five years in high school. In 2010-11 Chávez PCS met its 85% goal for the first and only time. In 2011-12, Chávez PCS calculated its graduation rate using the newly introduced Adjusted Cohort Graduation Rate ("ACGR"). The ACGR is a much more rigorous standard than that committed to in its original goals.

*2008-09 through 2010-11 calculated using Leaver rates.*

*2011-12 calculated using Adjusted Cohort Graduation Rate.*

**6. Students will be accepted into a post-secondary institution.**

Assessment: **Chávez PCS has met this goal.** Chávez PCS experienced a decline in college acceptance from 2004 to 2008, reaching its lowest percentage of college acceptance in 2008-09, with an acceptance rate of 87%. However, since 2009 this rate has steadily improved. In 2009, over 95% of its graduating seniors were accepted into a post-secondary institution, with 100% of graduating seniors being accepted in to a post-secondary institution in the last two years.

**7. Chávez parents will be active and engaged in their student’s education and in the life of the school.**

Assessment: **Chávez PCS has met this goal.** This goal was not discussed in Chávez PCS’ fifth year review. Chávez PCS was found not to have met this goal in its tenth year review. In 2010, Office of the State Superintendent of Education (“OSSE”) found that Chávez PCS had met all the ESEA Parent Involvement Requirements.<sup>16</sup>

In its renewal application, Chávez PCS indicated that it no longer collected specific data on parent involvement because of “the advent of the PMF and the recognition that these goals, although measurable, are not a good gauge of parent involvement.” It also offered that “anecdotal evidence suggests that we have seen increases at both parent teacher conferences and senior thesis presentations.”

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<sup>16</sup> See Appendix F.

## **8. Chávez students will be able to read at the grade appropriate level.**

Assessment: **Chávez PCS has largely not met this expectation.** Chávez PCS has consistently measured its students' reading proficiency and growth over the course of fifteen years. It has met neither of the goals it set for these indicators. As further described below, Chávez has recently achieved gains in high school reading that exceed the charter average.

### Reading Proficiency

Chávez PCS measured reading proficiency by the SAT-9 until 2006-07, when the DC-CAS was introduced. In the school's fifth year review, it did not meet its five-year reading proficiency target.<sup>17</sup> In its tenth year review, PCSB found Chávez students to have met Chávez PCS' reading proficiency expectations because the school achieved "the middle performance level" on the DC-CAS reading section.<sup>18</sup>

### Middle School Reading Proficiency

At the Chávez PCS - Prep campus, the percentage of students scoring proficient or advanced on the DC-CAS reading section has increased from 30% to 48% since its tenth year review. At its Parkside middle school campus, the percentage of students scoring proficient or advanced on the DC-CAS reading section has increased from 29% to 46% since its tenth year review.

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<sup>17</sup> Its fifth year target for reading proficiency was that 70% of its students would score at least "basic" on the reading portion of the SAT-9.

<sup>18</sup> See Charter Review Analysis, attached to this document as Appendix I.

### High School Reading Performance

At the Capitol Hill campus, the percentage of students scoring proficient or advanced on the DC-CAS reading section has increased from 31% to 40% since its tenth year review. This percentage peaked in 2008-09 at 56% and has since declined. At its Parkside high school campus, the percentage of students scoring proficient or advanced on the DC-CAS reading section has increased from 36% to 47% since its tenth year review.



### Reading Growth

Chávez PCS initially measured reading growth with the STAR test, which it replaced in 2007-08 with the NWEA MAP test. Both tests were administered in the Fall and Spring to measure student gains in reading over the course of the year. In its 2003-08 Accountability Plan, Chávez PCS set a goal that its students would increase by 10 points on this assessment from the Fall to the Spring. In its tenth year review, it was found to have not met this goal. More recently, however, Chávez has scored at or slightly above the DC average for reading growth using the Median Growth Percentile methodology.

### **Middle School Median Growth Percentile on DC-CAS Reading**

	<b>Chávez Prep</b>	<b>Parkside</b>
2011-12	52%	44%
2010-11	58%	48%

### **High School Median Growth Percentile on DC-CAS Reading**

	<b>Capitol Hill</b>	<b>Parkside</b>
2011-12	53%	59%
2010-11	56%	49%

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<sup>19</sup> Data from 2009-present is presented as reported in Chávez's renewal application. Data for 2007-08 and 2008-09 is presented as reported in Chávez's 2008-09 annual report.

**9. Chávez students will make a year or more of progress on the SAT-9 Math test, as measured by NCE gains.**

Assessment: **Chávez PCS has met this academic achievement expectation.** It should be noted that Chávez replaced the SAT-9 with the DC-CAS in 2006-07.

Middle Score Mathematics Performance

At the Chávez Prep campus, the percentage of students scoring proficient or advanced on the DC-CAS mathematics section has increased from 28% in its tenth year review to 73% in 2012.

**Middle School Median Growth Percentile on DC-CAS Math**

	<b>Chávez Prep</b>	<b>Parkside</b>
2011-12	67.4%	55.9%
2010-11	71.5%	55.1%

### High School Mathematics Performance

At the Capitol Hill campus, the percentage of students scoring proficient or advanced on the DC-CAS mathematics section has increased from 32% in its tenth year review to 56% in 2012. At the Parkside campus, the percentage of students scoring proficient or advanced on the DC-CAS mathematics section has increased from 26% in its tenth year review to 52% in 2012.

### **High School Median Growth Percentile on DC-CAS Mathematics**

	<b>Capitol Hill</b>	<b>Parkside</b>
2011-12	72.2%	68.5%
2010-11	61.2%	59.8%

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<sup>20</sup> Data from 2009-present is presented as reported in Chávez PCS's renewal application, in which it is indicated that this assessment is only administered to students in the ninth, tenth, and eleventh grade. Data for 2007-08 and 2008-09 is presented as reported in Chávez PCS's 2008-09 annual report, during which time the exam was administered to twelfth grade students as well. For consistency among the years, twelfth grade scores are excluded from the 2007-08 and 2008-09 data.

## 10. AP Performance.

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

In Chávez PCS' charter, it set a goal that 40% of its students would take at least one AP test during high school. However, it did not historically measure or report on this goal. Below are the percentage of students who took at least one AP test since 2009, as reported in Chávez PCS' renewal application.

Beginning in 2010, Chávez PCS began reporting on AP passage rate as calculated for the PMF. The rates have increased significantly in just one year.

### AP Passage Rate

	2011-12	2010-2011
Capitol Hill High School	17%	7%
Parkside High School	10%	0%

## **11. Chávez PCS students will attain competitive scores on the SAT.<sup>21</sup>**

**Assessment; Chávez PCS has not met this academic achievement expectation.**

For the most part, Chávez PCS did not report a yearly target regarding SAT scores in its annual reports. However, the school did set a goal in 2008-09 that in 2009-10 the overall average SAT score for all twelfth grade scholars would rise by 100 points in all three areas.<sup>22</sup> It did not meet this goal in 2009-10.<sup>23</sup>

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<sup>21</sup> In its charter application, Chávez had provided a more specific target that 30% of its students would score above the national average on the SAT. However, in both subsequent Accountability Plans, the more general language was used regarding SAT Achievement.

<sup>22</sup> See Appendix B.

<sup>23</sup> See Appendix D.

<sup>24</sup> Chávez PCS reported its students' average SAT scores until 2009-10. SAT scores were not included in Chávez PCS' 5th year review.

In 2009, when PCSB introduced the PMF as the pilot program, PCSB and Chávez PCS both began to measure SAT performance differently. Instead of looking at average scores across the three sections of the SAT, the percentage of students attaining a combined score of 800 in the reading and mathematics section was measured. The below graph details Chávez PCS's SAT scores according to this measure of performance.

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<sup>25</sup> Note that these percentages also include a limited number of students who had a combined score of 16 or higher on the reading and math section on the ACT (an analogous score to 800 on the SAT).

## 12. PSAT Performance

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

Chávez PCS spoke to PSAT performance in its renewal report, noting that while it had not adopted a goal related to the PSAT, it was measured “as a predictability measure and tool for SAT performance.”

**Percentage of Chávez PCS students that scored 80 or above on the combined math and critical reading portions of the PSAT.**

	2011-12	2010-2011
Capitol Hill High School	48%	37.8%
Parkside High School	45.9%	13.4%



## **COMPLIANCE WITH APPLICABLE LAWS**

The SRA provides that PCSB shall not approve a charter renewal application if it determines that the school has committed a material violation of applicable laws.<sup>26</sup> Several such laws are specifically referenced in the SRA, and PCSB has also monitored schools' compliance with additional laws. The following section identifies these laws and includes a determination of whether Chávez PCS has consistently complied with these laws over the past fifteen years.

### **Overview of Chávez's Legal Compliance**

**Over the past fifteen years, Chávez PCS has largely been found to be in compliance with general, special education, and financial laws.** In its tenth year review, PCSB noted that “[Chávez PCS] demonstrated exemplary or fully functioning compliance in five of seven categories over the past four years.”<sup>27</sup> Although PCSB issued a Notice of Concern to Chávez PCS in September 2009 for its failure to submit required documentation to provide evidence of legal compliance in several areas,<sup>28</sup> the Notice was quickly lifted after Chávez PCS submitted all required documents in the following month.<sup>29</sup> In 2010-11, Chávez PCS was found to be in full compliance with all applicable laws.<sup>30</sup>

### **General Laws**

Chávez PCS has remained in substantial compliance with all general laws.

#### **Health and Safety**

From 2003-2005, Chávez PCS was out of compliance with the Criminal Background Checks for the Protection of Children Act of 2004<sup>31</sup> that requires all school employees to undergo background checks.<sup>32</sup> In 2007, the school did not possess a current Basic Business License that is required for schools that serve food to students.<sup>33</sup> In more recent years, it appears that Chávez PCS has corrected these compliance issues, given that they are not mentioned in compliance reports after 2005. Indeed, in Chávez PCS' tenth year review, PCSB assessed that the school's health and safety regulations were at an exemplary level,<sup>34</sup> and compliance reports drafted after 2008 all indicate that Chávez PCS was in full compliance with applicable health and safety laws.<sup>35</sup>

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<sup>26</sup> SRA §38-1802.12(c)(2).

<sup>27</sup> See Appendix I.

<sup>28</sup> See Nida, T.A. (September 24, 2009) [letter to Chávez Board Chair], attached to this document as Appendix J.

<sup>29</sup> See Appendix J.

<sup>30</sup> See Appendix E.

<sup>31</sup> DC Code §1-1501.01 *et seq.*

<sup>32</sup> See Chávez PCS 2003-04 Compliance Review Report (November 13, 2003); Chávez Massachusetts Campus 2004-05 Compliance Review Report (December 8, 2004); Chávez Capitol Hill Campus 2005-06 Compliance Review Report (October 20, 2005), attached to this document as Appendix K.

<sup>33</sup> See Chávez PCS Compliance Review Report (2007), attached to this document as Appendix L.

<sup>34</sup> See Appendix I

<sup>35</sup> See Chávez PCS Compliance Review Report 2011-12, attached to this document as Appendix M.

### Enrollment and Attendance

The SRA requires schools to conduct a fair and open enrollment process that randomly selects applicants and does not discriminate against students. In Chávez PCS' tenth year review, PCSB noted that the school's open enrollment process was fully functioning.<sup>36</sup> In the past four years, Chávez PCS has consistently found to be compliant with the mandated enrollment process.<sup>37</sup>

### Maintenance and Dissemination of Student Records

The Family Educational Rights and Privacy Act requires schools to properly maintain and disseminate student records.<sup>38</sup> Chávez PCS has consistently complied with these laws, keeping its student records in a secure location.<sup>39</sup>

### Title I of the Elementary and Secondary Education Act

Because Chávez PCS receives Title I funds, it has been expected to adhere to a number of requirements under the ESEA. The federal Department of Education granted DC schools a waiver regarding many provisions under the ESEA. However, DC schools are still required to hire "Highly Qualified Teachers" and distribute information regarding this to parents. Chávez PCS has been out of compliance with this requirement several times over the years.

In 2003, the school did not make "highly qualified teacher" data available to parents in a timely manner.<sup>40</sup> In 2006, two teachers were not certified as being Highly Qualified, and no paraprofessionals were found to meet the HQT requirements.<sup>41</sup> In 2007, at least three teachers were not certified as being Highly Qualified.<sup>42</sup> In 2011, eight teachers were not certified as being Highly Qualified.<sup>43</sup>

### Civil Rights Statutes and Regulations

Charter schools must comply with all applicable local and federal civil rights statutes.<sup>44</sup> Chávez PCS has consistently been in compliance with all such laws. No mention is made of any such violations in Chávez PCS's five- or ten-year charter review.<sup>45</sup> In the past four years, there is no indication that Chávez PCS has violated any such statute.<sup>46</sup>

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<sup>36</sup> See Appendix I.

<sup>37</sup> See Appendix M.

<sup>38</sup> 20 USC §1232g.

<sup>39</sup> See Chávez PCS Compliance Review Report 2002; Chávez PCS Compliance Review Report 2003, attached to this document as Appendix N; See Appendix K; See Appendix L; See Appendix M

<sup>40</sup> See Appendix K; No Child Left Behind (NCLB) Act of 2001, §6311(h)(2)(E); §6311(h)(6)(A).

<sup>41</sup> See Appendix K

<sup>42</sup> See Appendix L

<sup>43</sup> See Appendix M

<sup>44</sup> SRA §38-1802.02(11). This includes The Age Discrimination Act of 1985, the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, §504 of the Rehabilitation Act of 1973, part B of the Individuals with Disabilities Education Act, and the Americans with Disabilities Act of 1990.

<sup>45</sup> Chávez PCS Fifth-Year Charter Review Narrative Analysis (2003); Chávez PCS Ten-Year Charter Review Analysis (2008).

<sup>46</sup> See Appendix I

## Governance

The SRA requires that a school's board of trustees have an odd number of members on it that does not exceed fifteen, of which the majority must be DC residents, and two must be parents.<sup>47</sup> Chávez PCS has been out of compliance with this requirement several times. In 2003, there was only one parent on the board.<sup>48</sup> In 2004, there was an even number of board members.<sup>49</sup> In 2005, there was not a majority of DC residents on the board.<sup>50</sup> In 2008, there were not two parents sitting on Chávez PCS's board of trustees.<sup>51</sup> This year, Chávez PCS is in compliance with these requirements.

## Special Education Laws

Schools are required to comply with Subchapter B of the Individuals with Disabilities Education<sup>52</sup> Act and Section 504 of the Rehabilitation Act of 1973.<sup>53</sup> A review of the record indicates that Chávez PCS has for the most part remained in compliance with these special education requirements, with only a few aberrations.

In January 2008, PCSB conducted a special education quality review of Chávez PCS's middle school campus.<sup>54</sup> At this time, only three students with an IEP plan attended this campus. This review found Chávez PCS to be mostly in compliance with special education laws. However, there was not documentation in the students' IEPs that an Extended School Year had been considered for them, as required by federal regulations.<sup>55</sup> Additionally, in two of the three student files there was no evidence that a special education eligibility determination had been made using appropriate data from student assessments, or that a meeting had been held to review the files and determine the students' eligibility, as required by IDEA and federal regulations.<sup>56</sup>

In 2011, in response to a student complaint, OSSE issued a Letter of Decision indicating that Chávez was out of compliance with several federal regulations. First, it was determined that Chávez had not complied with a regulation<sup>57</sup> requiring the school to make reasonable efforts to obtain a parent's signature for initial consent for special education services.<sup>58</sup> Second, it was found to be out of compliance with a federal regulation<sup>59</sup> requiring special education services to be made available in accordance with a student's IEP when it did not provide the student with a

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<sup>47</sup> SRA §38-1802.5(a).

<sup>48</sup> See Appendix K

<sup>49</sup> See Appendix K

<sup>50</sup> See Appendix K

<sup>51</sup> See Appendix L

<sup>52</sup> 20 USC §1411, *et seq.*

<sup>53</sup> 20 USC §794.

<sup>54</sup> See Chávez PCS Special Education Quality Review (January 16, 2008), attached to this document as Appendix O.

<sup>55</sup> 34 CFR §300.106(a).

<sup>56</sup> 20 USC §1414(b)(4); 34 CFR §300.311.

<sup>57</sup> CFR §300.300(b)(2); CFR §300.322(d).

<sup>58</sup> See A. Maisterra, Letter of Decision, August 26, 2011, attached to this document as Appendix P.

<sup>59</sup> 34 CFR §300.323(c)(2).

fulltime dedicated aide as specified in her IEP.<sup>60</sup> Third, it was out of compliance for not providing twenty hours of specialized instruction per week as specified in the student’s IEP.<sup>61</sup> Finally, it was out of compliance for not providing home instruction to the student when she was homebound with an injury.<sup>62</sup> The student transferred to another school before Chávez PCS could cure the incompliances identified by OSSE.

In 2012, PCSB conducted a desktop audit of eight special education indicators to assess Chávez’s compliance with the Individuals with Disabilities Education Act (“IDEA”) and the Americans with Disabilities Act (“ADA”). In this review, discriminatory language was located in Chávez PCS’s charter application.<sup>63</sup> Such language must be removed from its charter if Chávez PCS is renewed. DCPS delivers Chávez’s special education services; PCSB has requested information from DCPS to further assess special education compliance and is awaiting a response.

## **Financial Laws**

### **Procurement Contracts**

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

In Chávez PCS’ tenth year charter review, PCSB found the school to be in compliance with this law. The school submitted the required Determinations and Findings forms consistently from 2002 through 2008. However, Chávez PCS did not submit any such forms in a timely manner since 2009. Upon request in 2012, Chávez PCS cured this deficiency by submitting the outstanding forms. This is an important issue and must be addressed in the renewed charter.

### **Timely Audits**

The SRA requires schools to submit to PCSB an annual financial audit conducted by an independent certified public accountant or accounting firm.<sup>64</sup> In Chávez PCS’s tenth year charter review, PCSB noted that the school had submitted all of its audits in a timely fashion.<sup>65</sup> Since 2008, Chávez PCS has continued to submit audits in a timely fashion.

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<sup>60</sup> See Appendix P

<sup>61</sup> See Appendix P; 34 CFR §300.323(c)(2).

<sup>62</sup> See Appendix P; 34 CFR §300.323(c)(2); 34 CFR §300.324(b)(1)(ii)(D).

<sup>63</sup> “We recognize that there are various populations of students with such severe disabilities (levels III and IV) whose needs are met by more specialized schools in the District of Columbia. The Cesar Chávez Public Policy Charter High School anticipates serving those students at levels 1 and 2.” Chávez Charter Application, p. 20.

<sup>64</sup> SRA §38-1802.04(c)(11)(ix).

<sup>65</sup> See Appendix I

Submission of Information about Donors and Grantors

The SRA requires schools to submit to PCSB an annual list of all donors and grantors that have contributed monetary or in-kind donations having a value equal to or exceeding \$500.<sup>66</sup> Chávez PCS has fulfilled this requirement consistently by reporting this information in its annual reports.

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<sup>66</sup> SRA §38-1802.04(c)(11)(xi).

## **FISCAL MANAGEMENT AND ECONOMIC VIABILITY**

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

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

As part of the 15-year renewal process, PCSB has reviewed Chávez PCS's documentation supporting these areas. **Over the course of fifteen years Chávez PCS has demonstrated adherence to generally accepted accounting principles, sound fiscal management, and economic viability.**

### **Adherence to Accounting Principles**

Based on a review of Chávez PCS's financial record, PCSB concludes that Chávez PCS has adhered to generally accepted accounting principles and all applicable accounting rules and regulations dictated by the Financial Accounting Standards Board. In its tenth year charter review, PCSB found that Chávez PCS "has been efficient in administering accounting policies which follow PCSB accounting guidelines," and assigned it the highest score in this area.<sup>67</sup> A review of Chávez PCS's financial audits since 2008 reveals the same adherence to such accounting principles.

Key results of Chávez PCS's FY 2011 financial audit are:

- The school's financial statements were conformed to accounting principles generally accepted nationally;
- The school's financial statements were absent of matters involving the internal control over financial reporting that are considered to be deficiencies; and
- The school's financial statements were absent of instances of noncompliance that are required to be reported under Government Auditing Standards as promulgated by the U.S. Government Accountability Office.

### **Fiscal Management**

Chávez PCS has solid fiscal management processes in place. In the school's tenth-year charter review, PCSB noted that it had "solid fiscal management processes in place."<sup>68</sup> The school's audit reports over the last four years reflect sound accounting and internal controls policies. It has consistently submitted all necessary documents to PCSB in a timely manner when required.

PCSB supports schools' attainment of net asset reserves capable of absorbing three to six months of operational expenditures. For the period ending June 30, 2011, Chávez PCS's total net assets

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<sup>67</sup> See Appendix I

<sup>68</sup> See Appendix I

approached \$12MM up from \$10.5 million the prior year and monthly expenditures were approximately \$2MM, indicating an asset reserve of six months. This is a superior outcome per PCSB standards. Additionally, the school’s liquidity ratio of 4.14:1 indicates that the school possessed \$4.14 of liquid assets for every \$1 of short-term debt (a one-to-one ratio is adequate).

Based on its FY 2011 financial audit, the school has clear, written internal controls in place to provide checks and balances to minimize the chance of misappropriation of funding. However, as with any not-for-profit organization, the school should seek to continuously improve its fiscal management and internal controls structures. The school should also strive to maintain a healthy net asset reserve, which will ensure that a school can maintain its operations if planned revenues due not materialize in a timely fashion.

**Economic Viability**

A review of the record indicates Chávez PCS is economically viable<sup>69</sup>. It should be noted that a significant portion (approximately 75%) of the school’s total asset position is attributable to fixed assets, indicating the school’s reliance on debt to finance expansionary activities. High levels of fixed assets relative to current assets, coupled with minimal liquid assets, could lead to insolvency. However, Chávez PCS’s cash levels have been sufficient during the majority of the school’s lifecycle and are slated to increase steadily going forward. For a detailed overview of Chávez’s finances since 2008, please refer to Appendix B.

One indicator of economic viability is a positive year-end annualized net income, which indicates that school management effectively deploys financial resources. Chávez PCS has concluded its last four fiscal periods with positive net income balances.

Another indicator of economic viability is high net asset reserves, which demonstrates a school’s solvency. Chávez PCS has amassed a substantial net asset reserve (see table below). Specifically, a net asset reserves equivalent to three to six months of operational expenditures is recommended. For the period ending June 30, 2011, Chávez PCS’s total net assets approached \$12 million and monthly expenditures were approximately \$2 million per month, which indicates reserves could cover operational expenses for approximately six months.

<b>Fiscal Period</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Net Income</b>	\$949,982	\$1,624,357	\$2,601,803	\$1,406,069
<b>Cumulative Reserves</b>	\$6,356,708	\$7,981,065	\$10,582,868	\$11,988,937

A positive year-end amount of net working capital demonstrates a school’s ability to meet immediate financial obligations and is another indicator of economic viability. Additionally, a liquidity ratio greater than one points to a school’s ability to satisfy immediate financial obligations. Chávez PCS has been able to successfully manage its working capital needs and has

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<sup>69</sup> See Cesar Chávez activities and financial analysis sheet, attached to this document as Attachment Q.

been able to generate positive working capital balances at the conclusion of each fiscal period (see table below). The school has sufficient liquid assets as indicated by the FY11 liquidity ratio of 4.14. The school should continue to strive to increase its liquidity to ensure that short-term payables are effectively managed and cash levels are adequate to cover debt payments.

<b>Fiscal Period</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
<b>Net Working capital</b>	\$2,877,519	\$4,389,173	\$7,536,330	\$8,658,304
<b>Liquidity ratio</b>	2.22	2.85	4.63	4.14

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

