



# **2017-18 Ten-Year Charter Review Report**

## **Excel Academy Public Charter School**

**November 20, 2017**

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

The District of Columbia Public Charter School Board (DC PCSB) staff conducted a ten-year charter review of the Excel Academy Public Charter School (Excel PCS) according to the standard required by the School Reform Act (SRA), D.C. Code §§ 38-1802 *et seq.*<sup>1</sup>

Excel PCS is a single campus local education agency (LEA), serving grades prekindergarten-3 (PK3) through eight, that adopted the Performance Management Framework (PMF) as its goals and academic achievement expectations.

Pursuant to the school's Charter and Charter Agreement, Excel PCS has not met its goals.

Per its charter and charter agreement<sup>2</sup>, the school committed to achieving an average PMF score of 45% for the past five years of operation. Excel Academy PCS' average score is 41.4%, and it only exceeded a score of 45% in school year (SY) 2012-13, the first year of this five-year review. The school's 2016-17 result, 36.7%, is the school's lowest score yet, and reflects a downward trend, making the improvement provision in its charter agreement inapplicable to assessment of its goals.

While the PMF number is an average, the low score reflects overall low academic achievement and school climate. Math results have been consistently poor – both absolute results as well as year-to-year student growth. English language arts (ELA) results have been higher than math, but are on the decline, with student growth now below the state average in ELA as well. Reading and math growth for grades K through two, as measured by NWEA MAP, has been below 50 for the past four years. Both attendance and re-enrollment rates have also been below DC averages in every year of the review period.

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

Based on these findings, on November 20, 2017, the DC PCSB Board voted 5 – 1 to initiate revocation proceedings of the school's charter, with a final date of operation on June 30, 2018.

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<sup>1</sup> D.C. Code § 38-1802.12(a)(3).

<sup>2</sup> Please see the Charter Agreement attached as Appendix A.

## **CHARTER REVIEW STANDARD**

The SRA provides that DC PCSB “shall review [a school’s] charter at least once every [five] years.”<sup>3</sup> As part of this review, DC 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>4</sup>

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

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

<sup>4</sup> D.C. Code § 38-1802.12(c).

## **BACKGROUND INFORMATION ABOUT SCHOOL**

### **School Overview**

Excel PCS began operation in SY 2008-09 as a single-gender program in Ward 8 under authorization from DC PCSB, originally serving girls in grades PK3 through fourth grade. In SY 2014-15 the school split into two campuses: DREAM and LEAD. Excel PCS – DREAM served PK3 through grade three and Excel PCS – LEAD served grades four through six. The school returned to a single campus in SY 2015-16 and grew to serve PK3 through eighth grade in SY 2016-17. All grades are located in the same physical location.

The mission of the school is:

To provide pre-school through eighth grade girls a solid academic foundation and enrichment opportunities to prepare them to succeed in high school and college and to develop the skills and confidence they need to make healthy positive lifestyle choices.<sup>5</sup>

Excel PCS offers a character education program based on the school's core values: Integrity, Discipline, Enjoyment, Achievement, Leadership, and Sisterhood. The school offers a variety of enrichment classes, including art, health, dance, drama, physical education, and music.<sup>6</sup>

### **Enrollment Trends**

Since its five-year charter review in SY 2012-13, Excel PCS's enrollment ceiling has increased each year to offer additional grades, as detailed in the table below. Despite serving more grades, the actual number of students attending the school has decreased in the past three years. Since SY 2013-14, the school has been under-enrolled relative to its enrollment projections. The school has space in its existing facility for its current enrollment, as its maximum occupancy load for its facility is 1,292 occupants.

<b>Excel PCS - Enrollment</b>						
	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>
<b>Grade Levels</b>	PK-4	PK-5	PK-6	PK-7	PK-8	PK-8
<b>Number of Students</b>	515	617	569	731	699	643
<b>Enrollment Projections</b>	515	650	732	830	800	700

<sup>5</sup> See Excel PCS charter application, attached to this report as Appendix B.

<sup>6</sup> See Excel PCS 2015-16 annual report, p. 5, attached to this report as Appendix C.

**Performance Management Framework Outcomes**

The school’s overall performance data on the PK-8 Performance Management Framework (PK-8 PMF) – which assess English Language Arts and math proficiency and growth, early childhood program, attendance, and re-enrollment – are summarized in the table below.<sup>7</sup>

In SY 2012-13 and SY 2013-14, Excel PCS’s early childhood (PK3-2) outcomes were reported separately from its upper grades in the PMF. In those two years, the school met all of its early childhood targets (termed “floors” in SY 2013-14 due to changing PMF rules), with its third through fifth grade programming rated Tier 2 both years. In SY 2014-15, Excel Academy PCS did not receive a PMF score or tier, given the transition in state assessments from the DC CAS to the PARCC. In SY 2015-16 and SY 2016-17, under new PMF rules, Excel PCS was assigned one PMF score and tier based on the outcomes for all grades it served. In each of these years, Excel PCS earned below a 45% on the PMF, with its PMF score dropping by 8.1 percentage points from SY 2015-16 to SY 2016-17.

<b>Excel PCS – PMF Outcomes</b>							
<b>2012-13</b>		<b>2013-14</b>		<b>2014-15</b>		<b>2015-16</b>	<b>2016-17</b>
PK3-2	3-4	PK3-2	3-5	PK3-3	4-6	PK3-7	PK3-8
Met 7 of 7 targets	<b>Tier 2</b> 46.5%	Met the floor of all EC PMF measures	<b>Tier 2</b> 37.6%	No PMF scores or tiers due to change in state assessment		<b>Tier 2</b> 44.8%	<b>Tier 2</b> 37.0%

**Communication with the School**

DC PCSB staff and Board members discussed performance issues with the school in the spring of 2015 and the spring of 2016. During these meetings, DC PCSB staff discussed issues such as low academic performance, attendance, suspension rates, mid-year withdrawal rates, and the standard the school would need to meet for its charter review.

Additionally, DC PCSB staff met with school leaders at Excel PCS on March 13, 2017. During this meeting, staff reiterated that the school needed to earn a score of 51.1% or higher on the 2016-17 PMF to meet its goals and student academic achievement expectations. Staff provided the school with a similar table to the one below.

<b>Years</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b> <i>Minimum Score Needed</i>
<b>Results</b>	46.5%	Met the floor of all EC PMF targets  37.6%	Hold Harmless	44.8%	51.1%

<sup>7</sup> Please see the PMF scorecards attached as Appendix D.

### **5-Year Charter Review**

In August 2013, DC PCSB conducted a five-year charter review of Excel PCS, which, at the time, offered PK3 through fourth grade, and determined that of the school's 12 goals, it fully met five goals (school values, field trips, parent involvement, enrollment, and home-school communication), partially met two goals (prekindergarten literacy and prekindergarten math proficiency), and did not meet one goal (reading outcomes).<sup>8</sup> There was insufficient evidence to assess the four remaining goals (prekindergarten math; and social studies, science, and physical education/health outcomes for all grade levels), and DC PCSB noted in its review report that, moving forward, the school needed to sufficiently collect evidence supporting its goals, or update its charter to accurately to reflect the goals it was pursuing.<sup>9</sup>

Based on this analysis, the DC PCSB Board voted to fully continue the school's charter in August 2013.

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<sup>8</sup> See Excel PCS 5-Year Review Report, attached to this report as Appendix E.

<sup>9</sup> In July 2014, Excel PCS amended its charter to adopt the PMF as its goals. See July 2014 DC PCSB board memorandum, attached to this report as Appendix F.

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

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

In July 2014, Excel PCS amended its charter to adopt the PK-8 PMF as its goals and academic expectations. In June 2017, Excel PCS updated its PMF as Goals consistent with the most recently revised *Elect to Adopt the PMF as Goals Policy*.

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

<b>Goals and Academic Expectations</b>	<b>Met?</b>
<p>1 The School Corporation will be deemed to have met its goals and academic achievement expectations if at its tenth-year charter review in school year 2017-18, the school’s average PMF score for 2012-13, 2013-14, 2015-16, and 2016-17 is equal to or exceeds 45% and the school has met the floor of all Early Childhood (EC) PMF measures in 2013-14.</p>	<b>No</b>

**Assessment:** **Excel PCS did not meet its goals and academic expectations.** The table below provides an overview of the school’s PMF performance; the school’s average PMF score was below 45%. The school’s PMF trends are detailed on the following pages.

<b>Excel PCS – PMF Outcomes</b>								
<b>2012-13</b>		<b>2013-14</b>		<b>2014-15</b>		<b>2015-16</b>	<b>2016-17</b>	<b>Average</b>
PK3-2	3-4	PK3-2	3-5	PK3-3	4-6	PK3-7	PK3-8	
Met 7 of 7 targets	<b>Tier 2</b> 46.5%	Met the floor of all EC PMF measures	<b>Tier 2</b> 37.6%	PMF was not scored or tiered		<b>Tier 2</b> 44.8%	<b>Tier 2</b> 37.0%	<b>41.5%</b>



## **Student Academic Achievement and Progress Measures**

The Performance Management Framework measures progress and achievement in English Language Arts and math. The proficiency tables display results for subgroups if more than 10 students took the state assessment. The PMF also includes the following school environment measures: attendance, re-enrollment, and scores from the Classroom Assessment Scoring System (CLASS). Many charts are color coded. Please use the following key:

<b>KEY for Campus Rate Data Charts</b>	
<b>3+</b>	A PARCC score of 3 = Approaching College and Career Ready 3+ denotes the percentage of students who obtained a 3, 4 or 5 on the PARCC
<b>4+</b>	A PARCC score of 4 = College and Career Ready 4+ denotes the percentage of students who obtained a 4 or 5 on the PARCC
<b>n-size</b>	Number of students who took the state assessment at this school
<b>Green</b>	<ul style="list-style-type: none"> <li>Met the EC PMF floor in 2013-14</li> <li>Greater than or equal the state average or charter sector average of the same grade band</li> </ul>
<b>Red</b>	<ul style="list-style-type: none"> <li>Did not meet the EC PMF floor in 2013-14</li> <li>Less than the state average or charter sector average of the same grade band</li> </ul>
<b>No Shading</b>	<ul style="list-style-type: none"> <li>Data from 2014-15, when the state transitioned to PARCC. (Note – if the school did better than the state average, this is colored green.)</li> </ul>

## **English Language Arts (ELA)**

### ELA Proficiency

Excel PCS's ELA proficiency for grades 3 through 8 was below the state average for all students but was slightly above the state average for Black students in the final year that the DC CAS was administered and in SY 2016-17. For SY 2015-16 and SY 2016-17, the performance of the at-risk students was above the state average. Despite Excel PCS's mission to promote learning for girls, the percent of its female students who obtained a 3 or above in ELA was below the state average for female students for SY 2016-17.

In SY 2014-15, the state switched to the PARCC assessment. To account for schools' adjustment to the new assessment, 2014-15 PARCC scores are included in charter review analyses regarding goal attainment unless they are below the state average.

## Excel Academy PCS ELA Proficiency

Subgroup	2012-2013 DC CAS		2013-2014 DC CAS			2014-2015 PARCC DREAM		2014-2015 PARCC LEAD		2015-2016 PARCC		2016-2017 PARCC	
	School	State	School	State		School	State	School	State	School	State	School	State
All	45.7	47.7	44.9	49.4	3 +	48.6	44.2	57.4	50.4	53.8	51.6	49.3	54.6
					4 +	25.7	24.5	22.1	24.8	24.6	27.2	18.8	30.9
	92		156		<i>n-size</i>	74		136		260		292	
Black Non-Hispanic	46.7	40.2	44.8	41.9	3 +	48.6	36.7	57.5	42.6	53.7	44.5	49.3	47.1
					4 +	25.7	17.3	21.6	15.8	24.5	19.3	18.8	22.1
	90		154		<i>n-size</i>	74		134		257		288	
Students with Disabilities	6.2	19.1	10.7	21.2	3 +	N/A	13.5	18.2	13.8	9.4	17.7	7.3	19.0
					4 +	N/A	4.2	0.0	4.0	0.0	5.8	0.0	6.4
	16		28		<i>n-size</i>	<i>n &lt; 10</i>		22		32		41	
Econ Dis	45.7	38.4	44.9	40.1	3 +	48.6	33.9	57.4	40.4	54.1	43.2	49.3	48.7
					4 +	25.7	15.1	22.1	13.5	24.7	18.1	18.8	23.9
	92		156		<i>n-size</i>	74		136		259		292	
At Risk	N/A	N/A	N/A	N/A	3 +					48.4	36.4	45.0	39.9
					4 +	N/A	N/A	N/A	N/A	22.0	13.3	17.8	16.0
					<i>n-size</i>					159		191	
Female	45.7	52.3	44.9	54.4	3 +	48.6	47.9	57.4	56.9	53.8	58.2	49.3	61.8
					4 +	25.7	27.3	22.1	29.2	24.6	32.0	18.8	36.7
	92		156		<i>n-size</i>	74		136		260		292	

ELA Growth

A median growth percentile (MGP) of 50 indicates that a school’s students have average year-to-year growth in ELA proficiency, as compared to other DC students in the same grades and with the same initial state assessment performance. An MGP above 50 indicates a school’s students have above average year-to-year growth, while an MGP below 50 indicates below average growth. Excel PCS’s ELA MGP reached a height of 65 in SY 2014-15, decreased to 53 in SY 2015-16, and decreased to 41 in SY 2016-17. The SY 2016-17 MGP for every subgroup was below 50, with students with disabilities being at 20.

Excel PCS ELA MGP				
	2013-14 Grades 3 - 5	2014-15 DREAM: Grade 3 LEAD: Grades 4 - 6 PMF not scored or tiered	2015-16 Grades 3 - 7	2016-17 Grades 3 - 8
All	53	65	53	41
Black Non-Hispanic	53	65	53	41
Students with Disabilities	52	65	44	20
Economically Disadvantaged	53	65	54	41
Female	53	65	53	41

Note: The state does not calculate a MGP for at-risk students

Excel Academy PCS had the option of including measures for grades PK3 through 2 literacy on its PMF report that are “Display Only” – that is, are not incorporated into its PMF score or tier. Only in SY 2013-14 was the school held accountable for these assessments in the PMF, as the school had to meet the PMF floor for each measure. The results for 2013-14 are shaded green if the school met the floor.

While the results for the GOLD assessment show high levels of growth for prekindergarteners, the results on NWEA-MAP for students in grade K-2 show that under a third of Excel PCS students showed expected growth in any year after SY 2013-14.

## PK Targets for Reading

Year	Measure	Result
2013-14	PK Reading: Brigance Development Assessment Percent of students who met or exceeded the publisher's expectations for growth at the end of the year. Floor: 60 Target: 100	88.4% of students met or exceeded the publisher's expectations.
2014-15		DREAM: 77.5% of students met or exceeded the publisher's expectations.
2015-16	PK Reading: Teaching Strategies GOLD Percent of students who met or exceeded the publisher's expectations for growth at the end of the year. Floor: 75 Target: 100	97.1% of students met or exceeded the publisher's expectations.
2016-17		99.2% of students met or exceeded the publisher's expectations.

## K - 2 Targets for Reading Student Progress

Year	Measure	Result
2013-14	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in reading Floor: 40 Target: 70	80.0% of students met or exceeded the publisher's expectations.
2014-15		DREAM: 32.9% of students met or exceeded the publisher's expectations.
2015-16	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in reading  A median conditional growth percentile of 50 indicates that a school's students have average year-to-year growth in reading proficiency, as compared to students nationwide in the same grades and with the same initial assessment performance on the NWEA-MAP.	Median conditional growth percentile - 29.0
2016-17		Median conditional growth percentile - 17.0

## Math

### Math Proficiency

Excel PCS's overall and subgroup math proficiency rates, as measured by students earning a 4 or 5 on the PARCC, were below the state average in all years except SY 2012-13, and had a significant decline from 14.6% in SY 2015-16 to just 8.9% in SY 2016-17. Despite Excel PCS's mission to promote learning for girls, the percent of its female students who obtained a 3 or above in Math was far below the state average for female students in the past two years.

In SY 2014-15, the state switched to the PARCC assessment. To account for schools' adjustment to the new assessment, 2014-15 PARCC outcomes are only included in charter review analyses if they are above the state average.

Excel Academy PCS Math Proficiency													
Subgroup	2012-2013 DC CAS Grade 3-4		2013-2014 DC CAS Grades 3-5			2014-2015 PARCC DREAM Grade 3		2014-2015 PARCC LEAD Grades 4-6		2015-2016 PARCC Grades 3-7		2016-2017 PARCC Grades 3-8	
	School	State	School	State		School	State	School	State	School	State	School	State
All	58.7	50.3	35.7	53.0	3 +	13.5	56.4	31.4	51.2	40.4	53.3	30.2	53.6
					4 +	4.1	30.2	5.8	24.7	14.6	28.8	8.9	28.8
	92		154		<i>n-size</i>	74		137		260		291	
Black Non- Hispanic	58.9	42.0	36.2	45.2	3 +	13.5	49.2	31.1	43.4	40.5	45.4	30.3	45.6
					4 +	4.1	22.8	5.9	16.8	14.8	20.6	8.7	20.1
	90		152		<i>n-size</i>	74		135		257		287	
Students with Disabilities	6.2	24.1	3.8	27.1	3 +	N/A	21.3	9.1	17.6	9.4	21.9	2.4	21.3
					4 +	N/A	6.0	0	4.9	0	8.1	0	7.6
	16		26		<i>n-size</i>	<i>n &lt; 10</i>		22		32		41	
Econ Dis	58.7	41.5	35.7	44.7	3 +	13.5	48.4	31.4	42.1	40.5	45.3	30.2	47.7
					4 +	4.1	21.7	5.8	15.2	14.7	20.1	8.9	22.5
	92		156		<i>n-size</i>	74		137		259		291	
At - Risk	N/A	N/A	N/A	N/A	3 +					36.5	38.9	25.8	39.0
					4 +	N/A	N/A	N/A	N/A	13.8	15.6	6.3	15.7
					<i>n-size</i>					159		190	
Female	58.7	51.5	35.7	54.6	3 +	13.5	57.2	31.4	53.6	40.4	55.5	30.2	56.4
					4 +	4.1	29.0	5.8	26.1	14.6	30.0	8.9	30.3
	92		154		<i>n-size</i>	74		137		260		291	

## Math Growth

An MGP of 50 indicates that a school’s students have average year-to-year growth in math proficiency, as compared to other DC students in the same grades and with the same initial state assessment performance. An MGP above 50 indicates a school’s students have above average year-to-year growth, while an MGP below 50 indicates below average growth. Excel PCS’s math MGP never reached 50 for any subgroup for any of the four years of MGP results.

Excel PCS Math MGP				
	2013-14 Grades 3 - 5	2014-15 DREAM: Grade 3 LEAD: Grades 4 - 6 PMF not scored or tiered	2015-16 Grades 3 - 7	2016-17 Grades 3 - 8
All Students	39	35	45	40
Black Non-Hispanic Students	39	34	44	40
Students with Disabilities	42	37	27	22
Economically Disadvantaged	39	35	45	40
Female	39	35	45	40

Note: The state does not calculate MGP for at-risk students.

Excel Academy PCS had the option of including measures for grades PK3 through 2 math on its PMF report that are “Display Only” – that is, are not incorporated into its PMF score or tier. Only in SY 2013-14 was the school held accountable for these assessments in the PMF, as the school had to meet the PMF floor for each measure. The results for SY 2013-14 are shaded green if the school met the floor of the measure. While results on GOLD show that most of students met the publisher’s growth expectations, NWEA MAP show that less than a third met growth expectations in any year but SY 2013-14.

## PK Targets for Math

Year	Measure	Result
2013-14	PK Math: Brigance Development Assessment Percent of students who met or exceeded the publisher's expectations for growth at the end of the year. Floor: 60 Target: 100	88.4% of students met or exceeded the publisher's expectations.
2014-15		DREAM: 84.3% of students met or exceeded the publisher's expectations.
2015-16	PK Math: Teaching Strategies GOLD Percent of students who met or exceeded the publisher's expectations for growth at the end of the year. Floor: 75 Target: 100	94.7% of students met or exceeded the publisher's expectations.
2016-17		99.2% of students met or exceeded the publisher's expectations.

## K - 2 Targets for Math

Year	Measure	Result
2013-14	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in math Floor: 30 Target: 70	80.0% of students met or exceeded the publisher's expectations.
2014-15	Student Progress: NWEA-MAP in math Floor: 40 Target: 70	DREAM: 24.8% of students met or exceeded the publisher's expectations.
2015-16	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in reading	Median conditional growth percentile - 28.0
2016-17	A median conditional growth percentile of 50 indicates that a school's students have average year-to-year growth in math proficiency, as compared to students nationwide in the same grades and with the same initial assessment performance on the NWEA-MAP.	Median conditional growth percentile - 16.0

## **School Environment Measures**

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

### **Attendance (ISA) for grades PK3–3**

DC PCSB measures In-Seat Attendance (ISA). Excel PCS annually has had lower ISA rates than the charter sector during the review period.

<b>Excel PCS In-Seat Attendance</b>										
	2012-13 Grades PK3-4		2013-14 Grades PK3-5		2014-15 Grades PK3-6		2015-16 Grades PK3-7		2016-17 Grades PK3-8	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All	89.6%	92.1%	88.3%	92.8%	DREAM8 8.4%	PK3-3 92.9%	90.3%	93.0%	90.6%	93.1%
					LEAD 89.7%	4-6 93.8%				

### **Re-enrollment**

A school’s re-enrollment rate measures family satisfaction with a school by measuring the rate at which students who are eligible return from one year’s official enrollment audit to the next year’s official enrollment audit.<sup>10</sup> Students who move out-of-state or have other situations that would prevent them from re-enrolling are excluded from this rate.

Excel PCS’s re-enrollment rate was below the charter sector average each year and fell to 70.2% between 2015-16 to 2016-17.

<b>Excel PCS Re-enrollment Rate</b>								
	2012-13 to 2013-14 Grades PK3-5		2013-14 to 2014-15		2014-15 to 2015-16 Grades PK3 - 7		2015-16 to 2016-17 Grades PK3 - 8	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All	80.0%	81.4%	DREAM: 80.2%	PK3-3 81.9%	72.0%	81.8%	70.2%	82.1%
			LEAD: 80.2%	4-6 83.1%				

<sup>10</sup> The enrollment audit occurs in October of each school year.



Classroom Assessment Scoring System (CLASS) <sup>11</sup>

Excel PCS’s CLASS performance was below the charter sector average for most of SY 2013-14 through SY 2015-16. In SY 2016-17, the school received scores higher than the sector average in each domain.

CLASS Performance Targets			
Year	Domain	School	Charter Sector
2013-14	Emotional Support	5.2	5.7
2014-15		5.3	5.9
2015-16		5.5	6.0
2016-17		6.2	6.1
2013-14	Classroom Organization	5.4	5.2
2014-15		5.2	5.5
2015-16		5.5	5.9
2016-17		6.0	5.8
2013-14	Instructional Support	2.1	2.5
2014-15		2.2	2.8
2015-16		2.4	3.1
2016-17		3.2	3.0

Excel Academy PCS had the option of including on its PMF report measures for social/emotional learning in grades PK3 and PK4 that are “Display Only” – that is, are not incorporated into its PMF score or tier. Only in SY 2013-14 was the school held accountable for these assessments in the PMF, as the school had to meet the PMF floor for each measure. The school has performed well on these assessments. The results for SY 2013-14 are shaded green because the school met the floor.

<sup>11</sup> All DC early childhood programs are assessed by independent reviewers using the CLASS tool, which focuses on classroom interactions that boost student learning. The CLASS tool measures Emotional Support, Classroom Organization, and Instructional Support on a scale from 1-7. The Emotional Support and Classroom Organization indicators have a floor of three and a target of six on the PMF. On a national level, pre-school programs score lower on the Instructional Support indicator. Accordingly, DC PCSB’s floor for this indicator is one with a target of four.

## PK Targets for Social Emotional Learning

Year	Measure	Result
2013-14	PK Social Emotional Learning: Brigance Development Assessment Percent of students who met or exceeded the publisher's expectations for growth at the end of the year. Floor: 60 Target: 100	85.2% of students met or exceeded the publisher's expectations.
2014-15		DREAM: 91.1% of students met or exceeded the publisher's expectations.
2015-16	PK Social Emotional Learning: Teaching Strategies GOLD Percent of students who met or exceeded the publisher's expectations for growth at the end of the year. Floor: 75 Target: 100	88.9% of students met or exceeded the publisher's expectations.
2016-17		96.8% of students met or exceeded the publisher's expectations.

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

DC PCSB conducts Qualitative Site Reviews (QSRs) of charter schools to observe qualitative evidence of the extent to which the school is meeting its mission and goals, as well as to assess classroom environments and quality of instruction. DC PCSB conducts QSRs of all schools undergoing charter review and renewal, and conducts QSRs for other schools, such as when a school is designated a "Focus" or "Priority" School by the Office of the State Superintendent of Education (OSSE).<sup>12</sup>

In SY 2014-15, as required by the 2012 waiver to the federal Elementary and Secondary Education Act, OSSE designated Excel PCS a Focus School<sup>13</sup> based on the 2014 DC Comprehensive Assessment System (DC CAS) math outcomes of its students with disabilities. Because of this designation, DC PCSB monitored the school in SY 2014-15, 2015-16 and 2016-17.

During the school's most recent QSR conducted in September 2016,<sup>14</sup> DC PCSB observed mixed evidence that Excel PCS is meeting its mission. While observers saw Excel PCS students working to develop the skills and confidence they need to make healthy, positive lifestyle choices, they did not see the school meeting the academic aspects of its mission. In approximately half of the observations, DC PCSB noted that "teachers asked questions designed to promote higher-level thinking, while in the other half, questions mainly required recall."<sup>15</sup> Similarly, students were observed to be engaged in half of the observations, and passive in the other half.

The QSR observers rate each observation as Unsatisfactory, Basic, Proficient, or Distinguished in two domains of the Charlotte Danielson *Framework for Teaching*—Classroom Environment<sup>16</sup> and Instruction.<sup>17</sup> The following table details the percentage of classrooms at each campus that were rated proficient or distinguished in each domain. In

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<sup>12</sup> "Focus" Schools are schools that need "targeted support to address large, specific groups of students in a particular subject (ELA or math)," and "Priority" Schools are schools that need "intense support to address overall low performance." See Unpacking "Priority" and "Focus" Classifications, <https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/Unpacking%20Priority%20and%20Focus%20Classifications.pdf>.

<sup>13</sup> As a requirement of DC's federal funding, each school is designated by OSSE as a Reward, Rising, Developing, Focus, or Priority school, based on academic outcomes. Focus and Priority schools receive greater oversight and support by DC PCSB.

<sup>14</sup> See Excel PCS QSR Report, attached to this report as Appendix G.

<sup>15</sup> See Excel PCS QSR, pp. 6-7. While the 2012 ESEA Waiver expired on August 1, 2016, Focus schools are still required to implement Intervention and Support Plans, and DC PCSB is required to continue monitoring the school's implementation of this plan.

<sup>16</sup> To assess classroom environment, DC PCSB observes whether teachers (a) create an environment of respect and rapport; (b) establish a culture for learning; (c) manage classroom procedures; and (d) manage student behavior

<sup>17</sup> To assess instruction, DC PCSB observes how teachers (a) communicate with students; (b) use questioning/prompts and discussion techniques; (c) engage students in learning; and (d) use assessment for instruction.

both QSRs, Excel PCS scored higher in the Classroom Environment domain than in the Instruction domain.

<b>% of Classrooms Rated Proficient or Distinguished in the Domain</b>			
	<b>2014-15<sup>18</sup></b>		<b>2016-17</b>
Grades	PK3-3	4-6	PK3-8
<b>Classroom Environment</b>	75%	71%	73%
<b>Instruction</b>	52%	63%	54%

Excel PCS’s 2016-17 QSR rating was below average compared to other K through 8 schools that received a QSR in 2016-17. The average rating across 30 K through 8 campuses was 75% proficient or distinguished in the Classroom Environment domain. The school was just below that score. In the Instruction domain, the average was 69% of observations scoring at the proficient or distinguished level and the school had just 54% earn a proficient or distinguished score.

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<sup>18</sup> In 2014-15, the school received two scores in each domain because it was organized as two campuses.

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

The SRA requires DC PCSB to determine at least once every five years whether a school has “committed a 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>19</sup> The SRA contains a non-exhaustive list of applicable laws, which DC PCSB monitors in its annual compliance reviews. The below table discusses the school’s compliance with various requirements from 2012-13 to the time of this report’s publication.

<b>Compliance Item</b>	<b>Description</b>	<b>School’s Compliance Status 2012-13 to Present<sup>20</sup></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 2012-13
<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>21</sup> and the school must distribute such policies to students and parents.	Compliant since 2012-13
<b>Student health and safety</b> D.C. Code §§ 38-1802.04(c)(4), 4-1321.02, 4-1501.01—4-1501.1138-651.01—38 -651 .12	The SRA requires DC charter schools to maintain the health and safety of its students. <sup>22</sup> To ensure that schools adhere to this clause, DC 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 2012-13
<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 2012-13

<sup>19</sup> D.C. Code § 38.1802.12(c).

<sup>20</sup> See Compliance Reports, attached to this report as Appendix H.

<sup>21</sup> See *Goss v. Lopez*, 419 U.S. 565 (1975).

<sup>22</sup> D.C. Code § 38.1802.04 (c)(4)(A).

<b>Compliance Item</b>	<b>Description</b>	<b>School's Compliance Status 2012-13 to Present<sup>20</sup></b>
<b>Insurance</b> As required by the school's charter	A DC charter school must be adequately insured.	Compliant since 2012-13
<b>Facility licenses</b> D.C. Code §§ 47-2851.01—47-2851.20; D.C. Mun. Regs., tit. 14, §§ 14-1408 <i>et seq.</i>	A DC charter school must possess all required local licenses.	Compliant since 2012-13
<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 2012-13
<b>Accreditation status</b> D.C. Code § 38-1802.02(16)	A DC charter school must maintain accreditation from an SRA-approved accrediting body listed in the SRA or approved by DC PCSB.	Compliant since 2012-13

### **Procurement Contracts**

D.C. Code § 38-1802.04(c)(1) requires DC charter schools to use a competitive bidding process for any procurement contract valued at \$25,000 or more, and within three days of awarding such a contract, to submit to DC PCSB all bids received, the contractor selected, and the rationale for which contractor was selected. To ensure compliance with this law, DC PCSB requires schools to submit a "Determinations and Findings" form to detail any qualifying procurement contract that the school has executed.

For SYs 2013-14 and 2014-15, the school did not properly submit all contract documents. However, these contracts were entered into before DC PCSB implemented the current version of the Procurement Contract Submission Policy and it would be impractical for the school to submit these contracts at this time. For SY 2015-16, DC PCSB staff found the school to be in compliance with the Procurement Contract Submission Policy.

### **Special Education Compliance**

Charter schools are required to comply with all federal and local laws regarding students with disabilities, including the Individuals with Disabilities Education Act<sup>23</sup> (IDEA) and Section 504 of the Rehabilitation Act of 1973.<sup>24</sup> The following section summarizes the local education agency's (LEA) IDEA special education compliance from 2013-14 to the present.

<sup>23</sup> 20 U.S.C. §§ 1400 *et seq.* See 20 U.S.C. § 1413(a)(5).

<sup>24</sup> 29 U.S.C. § 794.

## OSSE Special Education Compliance Reviews

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

### (1) Annual Determinations

As required by federal regulation, OSSE annually analyzes each LEA's compliance with special education compliance indicators and publishes these findings in an Annual Determination report.<sup>25</sup> Each year's report is based on compliance data collected from the prior federal fiscal year. For example, in SY 2016-2017, OSSE published its 2014 Annual Determination reports based on the school's 2014-15 performance.

The LEA's Annual Determination compliance performance is detailed in the table below.<sup>26</sup>

<b>Year</b>	<b>Percent Compliant with Audited Special Education Federal Requirements</b>	<b>Determination Level</b>
2013	62%	Needs Assistance
2014	78%	Needs Assistance
2015	74%	Needs Assistance

Although Excel PCS received Needs Assistance designations in its 2013, 2014, and 2015 Determinations, the LEA was not required to undertake further actions. OSSE, at the time, recommended that the school's team seek training and technical assistance to improve overall performance.

### (2) On-Site Monitoring Report

OSSE conducts an on-site assessment of an LEA's special education compliance with student-level and LEA-level indicators in alignment with their coordinated Risk-Based Monitoring,<sup>27</sup> and publishes its findings in an On-Site Monitoring Report. Annually, OSSE assigns a risk designation to each LEA based on several criteria, including its IDEA Part B performance, which OSSE then uses to determine if an

<sup>25</sup> As required by federal regulation 34 CFR § 300.600(c).

<sup>26</sup> See Annual Determination reports, attached to this report as Appendix I.

<sup>27</sup> See <https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/Risk-Based%20Monitoring%20Guidance.pdf>.

LEA will receive on-site monitoring.<sup>28</sup> LEAs are responsible for being 100% compliant with student-level indicators and LEA-level indicators.<sup>29</sup>

In 2016, OSSE published an On-Site Compliance Monitoring Report of Excel PCS based on the school’s performance in SY 2015-16.<sup>30</sup> The school was required to implement corrections in the areas listed below and has since corrected all listed areas.

<b>On-Site Monitoring Report – LEA-Level Compliance</b>			
<b>Compliance Area</b>	<b>Compliant?</b>	<b>Noncompliant Indicators</b>	<b>Corrected?</b>
LEA Practice	2 of 2 indicators compliant	N/A	N/A
Extended School Year	1 of 1 indicator compliant	N/A	N/A
Least Restrictive Environment	1 of 1 indicator compliant	N/A	N/A
Individualized Education Program (IEP)	1 of 1 indicator compliant	N/A	N/A
Data	2 of 2 indicators compliant	N/A	N/A
Dispute Resolution	2 of 2 indicators compliant	N/A	N/A
National Instructional Materials Accessibility Standards	1 of 1 indicators compliant	N/A	N/A
Fiscal	13 of 21 indicators compliant	<ul style="list-style-type: none"> <li>• LEA Documentation of Obligation/Reimbursement of Federal Funds Within Grant Period</li> <li>• LEA Accurately Tracks IDEA Expenditures/Set-Asides</li> <li>• LEA Appropriately Charges Salaries to IDEA Grant Programs</li> <li>• LEA Tracks Personnel Supported by IDEA Grant Funds</li> </ul>	Yes

<sup>28</sup> The type of monitoring an LEA will receive varies depending on its designation as a “high,” “medium,” or “low risk” sub-grantee. An on-site monitoring visit will occur for LEAs classified as “high” risk.

<sup>29</sup> If OSSE determined an LEA was less than 100% compliant with a student-level indicator that could not be cured retroactively, OSSE would identify the point of noncompliance as an LEA-level violation and give the LEA 365 days to cure the finding.

<sup>30</sup> See 2015-16 On-Site Monitoring Reports attached to this report as Appendix J.



<b>On-Site Monitoring Report – LEA-Level Compliance</b>			
<b>Compliance Area</b>	<b>Compliant?</b>	<b>Noncompliant Indicators</b>	<b>Corrected?</b>
		<ul style="list-style-type: none"> <li>• LEA Has Source Documentation for Purchased Items/IDEA Funds Reimbursement</li> <li>• LEA Followed Procurement Procedures</li> <li>• LEA Follows Procedures to Ensure Expenditure of IDEA Funds on Allowable Activities</li> <li>• LEA Correctly Paid and Retained Invoices for Expenditure in IDEA RW</li> </ul>	

<b>On-Site Monitoring Report – Student-Level Compliance</b>			
<b>Compliance Area</b>	<b>Compliant?</b>	<b>Noncompliant indicators</b>	<b>Corrected?</b>
Initial Evaluation and Reevaluation	7 of 7 indicators compliant	N/A	N/A
IEP	14 of 14 indicators compliant	N/A	N/A
Least Restrictive Environment	2 of 2 indicators compliant	N/A	N/A

**(3) Special Conditions Reports**

OSSE submits reports to the U.S. Department of Education’s Office of Special Education Programs (OSEP) three times each year,<sup>31</sup> detailing LEAs’ compliance in three areas: (1) Initial Evaluation timeliness;<sup>32</sup> (2) Reevaluation timeliness; and (3) Secondary Transition requirements (for students age 16 and up). This LEA is evaluated in adhering to Initial Evaluation and Reevaluation timeliness and the outcomes are detailed in the tables below. The school has since cured all identified points of noncompliance.

<sup>31</sup> Prior to SY 2014-15, OSSE conducted reviews quarterly. The data for the special conditions from that timeframe is thus organized across four quarters.

<sup>32</sup> Starting with SY 2017-18, OSSE is no longer under special conditions with OSEP on Initial Evaluations. Moving forward, OSSE will only report on Reevaluation and Secondary Transition in Special Conditions reporting. Initial evaluation data will still be periodically reviewed for compliance and included in Public Reporting for Annual Performance Reports (APRs). For the purposes of this report, Initial Evaluations are included since OSSE reported on this area of compliance in the past.

<b>Special Conditions Reporting Period – April 2012 through March 2013</b>				
	<b>Quarter 1 (April 1 – June 30)</b>	<b>Quarter 2 (July 1 – September 30)</b>	<b>Quarter 3 (October 1 – December 31)</b>	<b>Quarter 4 (January 1 – March 31)</b>
<b>Initial Evaluation Timeline</b>	Compliant	Not compliant	Not compliant	Compliant
<b>Reevaluation Timeline</b>	N/A <sup>33</sup>	N/A	N/A	Not compliant

<b>Special Conditions Reporting Period – April 2013 through March 2014</b>				
	<b>Quarter 1 (April 1 – June 30)</b>	<b>Quarter 2 (July 1 – September 30)</b>	<b>Quarter 3 (October 1 – December 31)</b>	<b>Quarter 4 (January 1 – March 31)</b>
<b>Initial Evaluation Timeline</b>	N/A	Not compliant	N/A	N/A
<b>Reevaluation Timeline</b>	Not compliant	N/A	N/A	N/A

<b>Special Conditions Reporting Period – April 2014 through March 2015</b>			
	<b>August 1 Report (April 1 – June 30)</b>	<b>November 1 Report (July 1 – Sept. 30)</b>	<b>May 1 Report (October 1 – March 31)</b>
<b>Initial Evaluation Timeline</b>	N/A	Compliant	Compliant
<b>Reevaluation Timeline</b>	N/A	N/A	Compliant

<b>Special Conditions Reporting Period – April 2015 through March 2016</b>			
	<b>August 1 Report (April 1 – June 30)</b>	<b>November 1 Report (July 1 – Sept. 30)</b>	<b>May 1 Report (October 1 – March 31)</b>
<b>Initial Evaluation Timeline</b>	Compliant	Compliant	N/A
<b>Reevaluation Timeline</b>	Compliant	N/A	Not compliant

<sup>33</sup> Not applicable (N/A) indicates that OSSE did not conduct a review of the school for the listed compliance area during the specified timeframe.

<b>Special Conditions Reporting Period – April 2016 through March 2017</b>			
	<b>August 1 Report (April 1 – June 30)</b>	<b>November 1 Report (July 1 – Sept. 30)</b>	<b>May 1 Report (October 1 – March 31)</b>
<b>Initial Evaluation Timeline</b>	Compliant	N/A	N/A
<b>Reevaluation Timeline</b>	Compliant	N/A	N/A

Child Find Focused Monitoring Report

In the Child Find review process, OSSE reviews LEA identification rates twice each school year (Fall/Spring). If an LEA has an identification rate less than half of DC’s average identification rate then OSSE sends the LEA a notification letter. If the LEA is identified again in the second review then OSSE may conduct focused monitoring activities. During SY 2014-15, OSSE found that Excel PCS identified 7.19% of its students eligible for special education, which was significantly lower than the District’s 2014-15 identification rate of 14.00%. The focused monitoring activities included student file reviews, staff interviews, and policy reviews. The results of the focused monitoring activities were sent to the LEA’s leader.<sup>34</sup> OSSE then conducted a follow-up review and found that the LEA continued to have a persistently low identification rate (6.3%) and issued a follow-up letter in Spring 2016.<sup>35</sup>

OSSE recommended that Excel PCS:

- Provide staff professional development opportunities throughout the year focused on the special education process; and
- Have staff access OSSE’s Policy in Practice Webinar series relevant to IDEA compliance.

Hearing Officer Determination Implementation Review

OSSE manages and oversees compliance through the Hearing Officer Determinations (HODs) Tracker (formerly called the Blackman Jones database) that tracks the timely implementation of actions required by HODs. The chart below shows the one special education administrative due process complaint brought against the school that resulted in a finding of noncompliance by a Hearing Officer. The HOD was implemented timely.<sup>36</sup>

<sup>34</sup> Please find the Child Find Focused Monitoring Report for Excel PCS attached as Appendix K.

<sup>35</sup> Please find the Child Find Focused Monitoring follow-up letter issued to Excel PCS attached as Appendix L.

<sup>36</sup> HODs are the written decision issued as a result of a due process complaint that resulted in a hearing. Many other complaints are withdrawn for a number of reasons, including settlement. Not all outcomes are required to be tracked; thus, for the purpose of charter reviews, DC PCSB reports only on HOD that resulted in a finding of noncompliance against the LEA.

Transmittal Date <sup>37</sup>	HOD Implementation and Timeliness Status <sup>38</sup>
9/1/2013	Implemented timely

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<sup>37</sup> This is the date the Office of Dispute Resolution transmits the HOD to the database a few days after the hearing officer has issued a decision.

<sup>38</sup> An HOD may be implemented timely, implemented untimely, or not implemented and is untimely.

## **SECTION THREE: FISCAL MANAGEMENT AND ECONOMIC VIABILITY**

### **INTRODUCTION**

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

- Has engaged in a pattern of nonadherence to generally accepted accounting principles (GAAP);
- Has engaged in a pattern of fiscal mismanagement; and/or
- Is no longer economically viable.<sup>39</sup>

The results of DC PCSB's review of Excel PCS's financial records are presented below.

### **SUMMARY OF FINDINGS**

Excel PCS has adequate financial performance and internal controls and has complied with GAAP, has not engaged in a pattern of fiscal mismanagement, and is economically viable.

Excel PCS's first year of operation was Fiscal Year (FY) 2009. The data examined as a part of this review includes the last five years of audited financial data, FY 2012 through FY 2016. During this period, both enrollment and total revenues grew significantly. The school generated a surplus in each year and has a strong reserve position. Indicators of economic viability for the school are positive. Excel PCS does not warrant any concerns for economic viability or fiscal mismanagement based on the information currently available to DC PCSB.

### **FINANCIAL OVERVIEW**

The following table provides an overview of Excel PCS's financial information over the school's last five years of operations. Between FY 2012 and FY 2016, enrollment and revenue grew by 82% and 101%, respectively. During the same period, the school built a strong Net Asset Position of \$4.1 million. Overall, the school has exhibited adequate financial results as it continues to grow its program in a fiscally responsible manner.

<b>Financial Highlights (\$ in 000s)</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Maximum Enrollment<sup>40</sup></b>	Unknown <sup>41</sup>	530	630	730	830
<b>Audited Enrollment</b>	401	515	617	724	731
<b>Total Revenue</b>	\$6,771	\$8,501	\$10,734	\$13,506	\$13,604

<sup>39</sup> See D.C. Code § 38-1802.13(b).

<sup>40</sup> Maximum Enrollment represents the largest possible number of students for which the school may receive public funding. It may be higher than the school's targeted or budgeted enrollment, but provides a good proxy for the school's enrollment expectations over time.

<sup>41</sup> The maximum enrollment prior to FY 2013 was not located due to missing records.

<b>Financial Highlights (\$ in 000s)</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Surplus/(Deficit)<sup>42</sup></b>	\$300	\$664	\$117	\$1,448	\$476
<b>Unrestricted Cash Balances</b>	\$1,324	\$1,847	\$1,886	\$3,404	\$3,885
<b>Number of Days of Cash on Hand<sup>43</sup></b>	74	85	64	102	107
<b>Net Asset Position<sup>44</sup></b>	\$1,439	\$2,103	\$2,220	\$3,668	\$4,144
<b>Primary Reserve Ratio<sup>45</sup></b>	22%	27%	21%	30%	32%

## **FISCAL MANAGEMENT**

Overall fiscal management considers the school's liquidity, debt burden, cost management, and internal controls. Together, these factors reflect the effectiveness of school leaders and the school's board in managing school finances. The school has an adequate ability to service its debt, has shown evidence that operating costs are effectively managed, and has demonstrated that it has an effective internal control environment. These areas are discussed further below.

### Liquidity

Liquidity refers to the school's ability to meet its financial obligations, particularly in the short term. Too few assets or insufficient cash to pay vendors and/or creditors is a cause for concern and threatens the school's viability. Two indicators of a school's liquidity are its current ratio<sup>46</sup> and its days of cash on hand. The current ratio measures a school's financial resources available to meet short-term obligations (i.e., those obligations due in the following 12 months). When the current ratio is less than one, the school's ability to meet these obligations is in doubt; we consider a current ratio of greater than 1.0 the "target" of acceptable performance. A current ratio less than 0.7 raises concern about the school's liquidity; we consider this the "floor" of acceptable performance. The second measure, days of cash on hand, reflects a school's ability to satisfy its financial obligations using only existing cash balances (in the event of unexpected cash delays). Typically, 45 days of cash or more is recommended; we consider this the target. Less than 15 days of cash is a liquidity concern; we consider this the floor of acceptable performance.

For most of the last five years, Excel PCS's current ratio has been at least 3.6, dipping to 2.4 in 2014, indicating that the school's short-term liquidity is acceptable. Excel PCS's days of cash on hand has also varied over the last five years, but has been at least 64. These metrics provides evidence of consistent adequate and strong performance in overall liquidity.

<sup>42</sup> Surplus / (Deficit) is total revenue minus total expenses.

<sup>43</sup> Number of Days of Cash on Hand equals unrestricted cash and cash equivalents divided by daily operating expenses (which equals annual operating expenses divided by 365 days). It is a measure of the school's ability to pay debts and claims as they come due.

<sup>44</sup> Net Asset Position equals total assets minus total liabilities.

<sup>45</sup> Primary Reserve Ratio equals total net assets, less intangible assets, divided by total annual expenses.

<sup>46</sup> A school's current ratio is its current assets divided by current liabilities.

Liquidity							
	Floor	Target	2012	2013	2014	2015	2016
<b>Current Ratio</b>	<0.7	>1.0	3.6	3.6	2.4	3.6	3.8
<b>Number of Days of Cash on Hand</b>	<15	>45	74	85	64	102	107

A final measure of liquidity is solvency,<sup>47</sup> the school’s ability to pay outstanding obligations, including amounts due to vendors, employees and lenders, if the school’s charter is revoked. DC PCSB reviewed Excel PCS’s 2016 audited financial statements to determine the risk to third parties in the event of school closure. Should the DC PCSB Board vote to close Excel PCS, we expect that the school would be able to meet its operating obligations. Including estimated closure costs, the school would not have a shortfall in meeting obligations due to vendors and employees. Given the overall financial health of the school, solvency is not an area of immediate concern.

### Debt Burden

As part of the evaluation of a school’s long-term viability, DC PCSB considers a school’s debt burden. DC PCSB reviews two debt ratios – the debt ratio<sup>48</sup> and the debt service coverage ratio.<sup>49</sup> The debt ratio measures how leveraged a school is, or the extent to which a school relies on borrowed funds to finance its operations. A ratio greater than 0.90 is a cause for concern (the floor for this metric); a ratio less than 0.50 is a signal of financial strength (the target). The debt service coverage ratio is a measure of surplus available for debt servicing to interest and principal; a low ratio indicates a school’s inability to service its debt. For this metric, a ratio less than 1.0 is a cause for concern (the floor) and a ratio above 1.2 is a sign of strength (the target).

Excel PCS’s debt ratio has been at manageable levels all five years; the debt service coverage ratio is not applicable because Excel PCS did not have any long-term debt in FY 2016.

Debt Burden							
	Floor	Target	2012	2013	2014	2015	2016
<b>Debt Ratio</b>	>0.90	<0.50	0.25	0.23	0.31	0.22	0.22
<b>Debt Service Coverage Ratio</b>	<1.0	>1.2	<i>N/A-metric introduced in FY16</i>				N/A

### Cost Management

The following table provides an overview of the school’s spending decisions over the past

<sup>47</sup> Except when the school owns a facility, solvency equals unrestricted cash plus receivables with a high probability of collection, minus liabilities and closure expenses.

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

<sup>49</sup> Debt Service Coverage Ratio equals Earnings Before Interest, Depreciation, and Amortization divided by the sum of scheduled principal payments and interest paid (not including balloon payments).

five years. Since FY 2012, expenses have grown 104%, slightly higher than the 101% growth in revenues. The most significant increase in expenses has been for personnel salaries and benefits, reflecting an investment in human capital. Costs appear to be effectively managed at the school.

<b>Cost Management (\$ in 000s)</b>					
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Salaries and Benefits</b>	\$4,189	\$4,916	\$6,569	\$7,327	\$7,880
<b>Direct Student Costs</b>	\$585	\$962	\$1,364	\$1,296	\$1,448
<b>Occupancy Expenses</b>	\$1,232	\$1,400	\$1,767	\$2,068	\$2,140
<b>General Expenses<sup>50</sup></b>	\$441	\$559	\$917	\$1,367	\$1,660

<b>As a Percent of Expenses</b>						
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>FY16 Sector Median</b>
<b>Salaries and Benefits</b>	65%	63%	62%	61%	60%	61%
<b>Direct Student Costs</b>	9%	12%	13%	11%	11%	11%
<b>Occupancy Expenses</b>	19%	18%	17%	17%	16%	16%
<b>General Expenses</b>	7%	7%	9%	11%	13%	11%

### Internal Controls

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

Audits of Excel PCS establish that the school has adhered to GAAP. The school's auditors issued unmodified audit opinions on the financial statements for all five years. In FY 2014, the school's auditors issued a modified opinion during the Uniform Guidance (formerly known as A-133) audit. In FY 2015, the school's Uniform Guidance audit opinion was unmodified, but the auditors identified a material weakness during the financial statement audit. The FY 2016 audit results did not reveal any issues. Therefore, outside of the matters noted above for FY 2014 and FY 2015, Excel PCS appears to have an adequate internal control environment.

<sup>50</sup> DC PCSB has worked with the Financial Oversight Task Force to revise definitions of cost categories, including combining Office Expenses and General Expenses beginning in FY 2016. Other category definitions have also changed over time.



Internal Controls					
	Audit Year				
	2012	2013	2014	2015	2016
<b>Modified Statement Opinion.</b> The auditor issues an opinion letter on the basic financial statements. An <i>unmodified</i> opinion means the auditor is satisfied professionally that the statements present fairly the financial position of the school and the results of operations. Should there be areas of doubt, the opinion may be <i>modified, adverse, or disclaimed</i> .	No	No	No	No	No
<b>Material Weakness.</b> A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the school's financial statements will not be prevented, or detected and corrected in a timely manner.	No	No	No	Yes	No
<b>Statement Non-Compliance.</b> The auditor tests for compliance with certain provisions of laws, regulations, contracts, and grant agreements. Non-compliance could have a direct and material effect on the determination of financial statement amounts.	No	No	No	No	No
<b>Modified Program Opinion (Uniform Guidance).</b> When expenditures of federal funds are greater than \$750,000, the auditor performs an extended review and issues an opinion letter on compliance with the requirements of laws, regulations, contracts, and grants applicable to each of the school's major federal programs. A <i>modified opinion</i> indicates instances of non-compliance.	No	No	Yes	No	No
<b>Program Material Weakness (Uniform Guidance).</b> In planning and performing the audit of major federal programs, the auditor considers internal control over compliance with the requirements of applicable laws, regulations, contracts, and grants. A material weakness in internal control indicates that there is a reasonable possibility of material non-compliance with a requirement of a federal program that will not be prevented, or detected and corrected, on a timely basis.	No	No	No	No	No
<b>Findings &amp; Questioned Costs.</b> The auditor discloses audit findings that are important enough to merit attention by those charged with governance, with documentation of corrective action plans noting the responsible party.	0	0	1	2	0
<b>Unresolved Prior Year Findings.</b> The auditor discloses prior year audit findings that have not been corrected.	No	No	No	Yes	No
<b>Going-Concern Issue.</b> The auditor indicates that the financial strength of the school is questioned.	No	No	No	No	No
<b>Debt-Compliance Issue.</b> The audit discloses that the school was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency.	No	No	No	No	No

## **ECONOMIC VIABILITY**

Measures of economic sustainability include earnings and cash flows, reserves, and trends in both enrollment and revenue. Together, these measures assess the risk that the school will not be able to continue operations. The first set of measures address earnings and cash flow, specifically the school’s “operating results”—how much the school’s total annual revenues exceed its total annual expenditures—and earnings before depreciation and amortization (EBDA).<sup>51</sup> In general, DC PCSB recommends that a school have positive annual operating results and cash flows; we do not set a target for these ratios.

Based on these measures, Excel PCS’s performance and EBDA have been strong. The school has also generated a surplus each year.

<b>(\$ in 000s)</b>	<b>Floor</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Surplus/Deficit</b>	<0	\$300	\$664	\$117	\$1,448	\$476
<b>Earnings before Depreciation and Amortization</b>	<0	\$378	\$832	\$361	\$1,727	\$688

Additional measures of economic viability include the school’s net asset position and primary reserve ratio. DC PCSB would be concerned with net assets reserves below zero, but we do not set a target for this ratio. We expect that schools accrue reserves greater than or equal to 25% of operating expenditures; we are concerned when schools accrue reserves below 0% of operating expenditures.

Excel PCS’s net asset position has grown by 188% between 2012 and 2016 as the school continues to run operating surpluses and add to reserves. Similarly, the primary reserve ratio has increased during the period, and in FY 2015 and FY 2016, exceeded the 25% target.

<b>(\$ in 000s)</b>	<b>Floor</b>	<b>Target</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
<b>Net Asset Position</b>	<0	N/A	\$1,439	\$2,103	\$2,220	\$3,668	\$4,144
<b>Primary Reserve Ratio</b>	<0	>25%	22%	27%	21%	30%	32%

The final measures of economic viability are trends in enrollment and revenues. Enrollment trends provide information about the school’s ability to attract students and receive DC and federal funds for operations. Stable or growing enrollment and revenue indicate that the school is likely to remain financially stable, barring any extraordinary circumstances. Declining enrollment, however, may be cause for concern.

Growth in Excel PCS’s enrollment and revenue was very strong from FY 2012 through FY 2015. Revenue growth slowed in FY 2016 as growth in enrollment stabilized. Then, Excel PCS experienced a 3% decline in enrollment in FY 2017. Despite this decline, DC PCSB

<sup>51</sup> EBDA is the change in net assets plus depreciation and amortization.

does not have concerns about the school's ability to continue to attract students, serve the community, and maintain strong revenues.

<b>Enrollment over Time</b>						
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Enrollment</b>	401	515	617	724	731	699
<b>Growth in Enrollment</b>	22%	28%	20%	17%	1%	(-4%)
<b>Growth in Revenues</b>	27%	26%	26%	26%	1%	N/A