



2017-18 Twenty-Year Charter Review Report

Elsie Whitlow Stokes Community Freedom Public Charter School

January 22, 2018

DC Public Charter School Board
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KEY FINDINGS AND BOARD VOTE

The District of Columbia Public Charter School Board (DC PCSB) staff conducted a twenty-year charter review of Elsie Whitlow Stokes Community Freedom Charter School (EW Stokes PCS) according to the standard required by the School Reform Act (SRA), D.C. Code §§ 38-1802 *et seq.*¹

EW Stokes PCS is a single campus local education agency (LEA), with grades prekindergarten-3 (PK3) through five, that adopted the PK-8 Performance Management Framework (PMF) as its goals and academic achievement expectations.

Pursuant to the school's Charter² and Charter Agreement,³ EW Stokes PCS met its goals. With PMF scores ranging from 63.3 to 68.8, the school far exceeded its goal of earning more than 55% of the possible PMF points in at least two of the most recent three years and at least 45% in four of the previous five years. The school also met the floor of all EC PMF measures in school year (SY) 2013-14, also required in its Charter Agreement.

DC PCSB staff has also 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, the DC PCSB Board voted 7 - 0 to continue the school's charter without conditions on January 22, 2018.

CHARTER REVIEW STANDARD

The SRA provides that DC PCSB "shall review [a school's] charter at least once every [five] years."⁴ 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

¹ D.C. Code § 38-1802.12(a)(3).

² D.C. Code § 38-1802.03(h)(2) lists the six specific provisions that comprise a school's charter under the SRA.

³ Please see Stokes PCS Second Amended and Restated Charter Agreement attached as Appendix A.

⁴ D.C. Code § 38-1802.12(a)(3).

- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter.⁵

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.⁶

⁵ D.C. Code § 38-1802.12(c).

⁶ D.C. Code § 38-1802.13(b).

BACKGROUND INFORMATION ABOUT SCHOOL

School History and Overview

EW Stokes PCS began operating in 1998 under authorization from the DC Board of Education, and in 2007, like all charter schools under the authority of the DC Board of Education, was transferred to the authority of DC PCSB. Currently, EW Stokes PCS serves students in grades PK-5 at one campus located in Ward 5. In June 2017, the DC PCSB Board approved a request from the school to replicate its program. EW Stokes PCS plans to operate a second campus beginning in SY 2018-19 that will initially serve students in PK3-K and grow one grade per year up to the fifth grade. This will be the first language-immersion public charter school located east of the Anacostia River.

The mission of EW Stokes PCS is:

To prepare culturally diverse students in the District of Columbia to become leaders, scholars, and responsible citizens who are committed to social justice.⁷

EW Stokes PCS offers a dual-language immersion program in Spanish-English or French-English where K-5 students receive half of their instruction across all subjects in English, and the other half in French or Spanish. (Pre-kindergarten students study French or Spanish 90 minutes each day.) The school uses project-based learning, with students in each grade exploring a different theme in three trimesters. At the end of each trimester, each grade holds a learning showcase where students present their work to parents and staff. The school is a candidate for the International Baccalaureate Primary Years Program (IB PHP) and expects to be fully authorized by spring 2019.

EW Stokes PCS, along with four other DC language-immersion charter schools, is a member school of the DC International School (DCI), a middle-high IB school offering advanced Chinese, French, and Spanish language instruction. As a DCI member school, per the DC Code, graduating EW Stokes PCS students are eligible to enroll in DCI without applying through the DC school lottery.⁸

⁷ See EW Stokes PCS second amended and restated charter agreement.

⁸ D.C. Code § 38-1802.01(c-1).

Enrollment and Demographic Trends

EW Stokes PCS's enrollment has been at current maximum enrollment ceiling since SY 2014-15 and has a waitlist of nearly 1,000 children. The school is among the most racially integrated public schools in the District. While half of the school's student body is classified as economically disadvantaged (that is, qualifying for free or reduced-price lunch), the school's at-risk⁹ population is among the lowest of public charter schools.

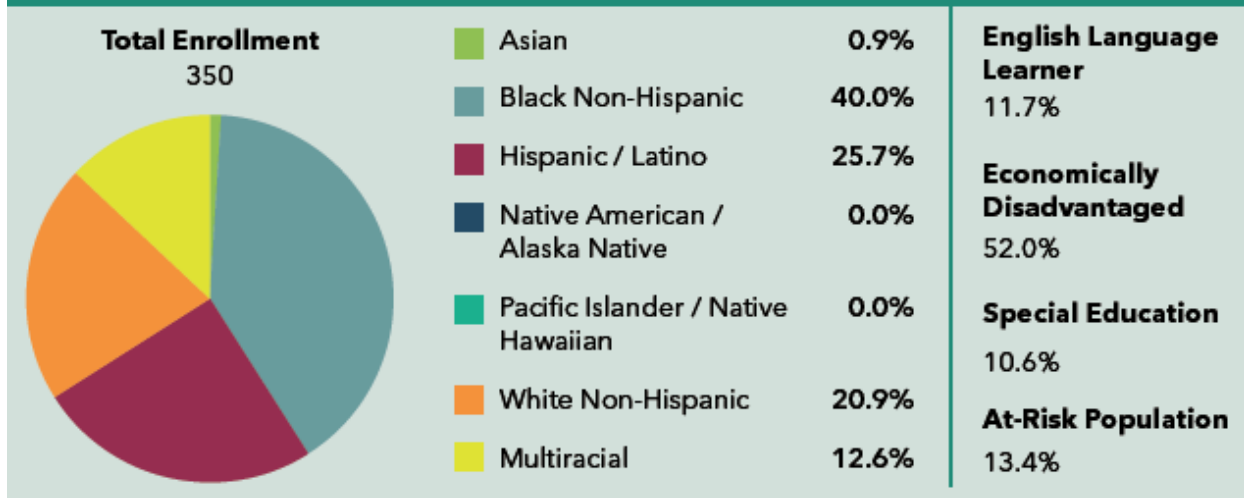
EW Stokes PCS – Enrollment						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Grade Levels	PK3-6 ¹⁰	PK3-6	PK3-5	PK3-5	PK3-5	PK3-5
Number of Students	335	348	350	350	350	350
Enrollment Projections	350	350	350	350	350	350

EW Stokes PCS - Enrollment by Grade					
	2012-13	2013-14	2014-15	2015-16	2016-17
PK3	19	24	40	37	30
PK4	27	22	36	38	42
K	48	46	45	42	44
1	48	50	49	48	45
2	44	50	48	48	48
3	46	44	48	48	46
4	37	47	42	47	49
5	38	28	42	42	46
6	28	37			
Total	335	348	350	350	350

⁹ OSSE defines at-risk students as follows: "students who are homeless, in the District's foster care system, qualify for Temporary Assistance for Needy Families (TANF) or the Supplemental Nutrition Assistance Program (SNAP), or high school students that are one year older, or more, than the expected age for the grade in which the students are enrolled." Students in adult and alternative programs are not eligible to be identified as at-risk. See <https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/At-Risk%20Weight%20in%20Uniform%20Per%20Student%20Funding%20Formula.pdf>.

¹⁰ The school offered sixth grade in SYs 2012-13 and 2013-14.

Student Demographics (2016–17)



Performance Management Framework (PMF) Outcomes

The school's overall performance data on the PMF – which assesses reading and math proficiency, academic growth, attendance, and re-enrollment– are summarized in the table below.

EW Stokes PCS - PMF Outcomes						
2012-13		2013-14		2014-15	2015-16	2016-17
PK3-2	3-6 ¹¹	PK3-2	3-6	PK3-5	PK3-5	PK3-5
Met 6 of 8 EC targets	Tier 1 66.0%	Met the floor of all EC PMF measures	Tier 2 63.3%	No PMF scores or tiers due to change in state assessment	Tier 1 66.1%	Tier 1 68.0%

Prior Charter Reviews and Renewal

The DC Board of Education conducted a five-year review of EW Stokes in 2003. DC PCSB conducted a ten-year review in 2011, and 15-year renewal in 2012.¹² EW Stokes PCS's charter was continued at each review and renewed in 2012.

Five-Year Review

In 2003, the DC Board of Education conducted a five-year charter review of EW Stokes PCS and continued the school's charter, based on a finding that the school's academic, compliance, and fiscal performance met the standards of the charter review.

¹¹ The school offered sixth grade in SY 2012-13 and 2013-14.

¹² Because EW Stokes PCS was in the cohort of schools that in 2007 were transferred from the oversight of the DC Board of Education to DC PCSB, its ten-year charter review was delayed from 2007 to 2011.

Ten-Year Review

Because EW Stokes PCS was in the cohort of schools that in 2007 were transferred from the oversight of the DC Board of Education to DC PCSB, its ten-year charter review was delayed from 2007 to 2011. In that year, DC PCSB conducted a charter review of EW Stokes PCS and determined that the school met all the academic charter review standard, and that it had met the compliance and fiscal charter review standards.¹³ Based on this, the DC PCSB Board voted to fully continue the school's charter.

Charter Renewal

In 2012, EW Stokes PCS applied for DC PCSB to renew its charter. DC PCSB staff determined the school met 20 of 22 goals. (There was insufficient evidence to assess one goal related to student use of technology and a second goal related to student satisfaction with the school.)¹⁴ The school met its goals related to literacy and math, having outperformed the state proficiency rates in reading and math. DC PCSB also noted that EW Stokes PCS "performed strongly on many of its mission-specific goals, including promoting students' physical health, creating a diverse and culturally respectful school community, and instilling a sense of community service in students."¹⁵ DC PCSB also concluded that EW Stokes PCS had met the compliance and fiscal standards of the charter renewal. Based on this analysis, in January 2013 the DC PCSB Board voted to fully renew the school's charter.

¹³ See Stokes PCS ten-year charter review, attached to this report as Appendix B.

¹⁴ See Stokes PCS charter renewal report, attached to this report as Appendix C.

¹⁵ See Stokes PCS charter renewal report, p. 1.

SECTION ONE: GOALS AND ACADEMIC ACHIEVEMENT EXPECTATIONS

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

In May 2016, EW Stokes PCS adopted as its goals and academic achievement expectations the most recently revised *Elect to Adopt the PMF as Goals Policy*.¹⁶

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

Goals and Academic Expectations	Met?
<p>At its twenty-year charter review the school will need to have earned at least:</p> <ul style="list-style-type: none">• 55% of the possible PMF points in at least two of the most recent three years• at least 45% in four of the previous five years in operation to be deemed as having met its goals and student academic achievement expectations during this review.	Yes.
<p>For school year 2013-14, each measure within the Early Childhood PMF will be considered an individual charter goal. A school will be considered to have met its goals if it meets or exceeds the floor for each individual measure for grades prekindergarten through second grade.</p>	

Assessment: **EW Stokes PCS met its goals and academic expectations.** The table below provides an overview of the school’s PMF performance. The school earned more than 55% of the possible PMF points in at least two of the most recent three years and at least 45% in four of the previous five years. The school’s PMF score has not had a score below 63.3% in the past five years. The school also met the floor of all EC PMF measures in SY 2013-14. The school’s PMF trends are detailed on the following pages.

¹⁶ Please see the *Elect to Adopt the PMF as Goals Policy* attached as Appendix D.

EW Stokes PCS - PMF Outcomes						
2012-13		2013-14		2014-15	2015-16	2016-17
PK3-2	3-6 ¹⁷	PK3-2	3-6	PK3-5	PK3-5	PK3-5
N/A - Met 6 of 8 EC targets	Tier 1 66.0%	Met the floor of all EC PMF measures	Tier 2 63.3%	No PMF scores or tiers due to change in state assessment	Tier 1 66.1%	Tier 1 68.0%

Student Academic Achievement and Progress Measures

The PMF focuses on 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 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:

KEY for Campus Rate Data Charts	
3+	<ul style="list-style-type: none"> A PARCC score of 3 = Approaching College and Career Ready 3+ denotes the percentage of students who obtained a 3, 4, or 5 on the PARCC
4+	<ul style="list-style-type: none"> A PARCC score of 4 = College and Career Ready 4+ denotes the percentage of students who obtained a 4 or 5 on the PARCC 4+ is considered to be proficient
n-size	Number of students who took the state assessment at this school
Green	<ul style="list-style-type: none"> Met the EC PMF floor in 2013-14 Greater than or equal to the state average or charter sector average of the same grade band
Red	<ul style="list-style-type: none"> Did not meet the EC PMF floor in 2013-14 Less than the state average or charter sector average of the same grade band
No Shading	<ul style="list-style-type: none"> Data from 2014-15, when the state transitioned to PARCC and the school performed below the state average. (Note – as stated above, if the school did better than the state average, this is colored green.) PK – 2 “display only” data that does not factor into the PMF score or goal attainment.

English Language Arts (ELA)

ELA Proficiency

EW Stokes PCS’s ELA overall proficiency rates were above the state average during every year of this review, contributing to its overall high score on the PMF. The percent of African American students scoring at career and college ready is well above the state average for that subgroup and, more importantly, for all students. Economically Disadvantaged and Students with Disabilities subgroups also had consistently higher proficiency rates than the state average.

¹⁷ The school offered sixth grade in SY 2012-13 and 2013-14.

EW Stokes PCS - ELA Proficiency Grades 3-5

Subgroup	2012-2013 DC CAS		2013-2014 DC CAS			2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC	
	School	State	School	State		School	State	School	State	School	State
All	63.7	47.8	63.8	49.4	3 +	72.5	48.5	75.0	51.8	68.8	55.1
					4 +	38.2	25.3	44.9	27.7	38.3	31.4
	146		149		n-size	131		136		141	
Black Non-Hispanic	68.4	40.7	64.6	41.9	3 +	73.6	40.7	75.4	44.2	71.9	47.3
					4 +	31.9	16.6	44.3	19.7	42.2	22.3
	76		79		n-size	72		61		64	
Hispanic	55.2	49.3	56.4	47.1	3 +	69.6	47.4	65.0	51.4	54.3	56.2
					4 +	39.1	20.4	32.5	24.2	13.0	29.0
	58		55		n-size	46		40		46	
White	80.0	92.7	100	93.3	3 +	75.0	90.8	83.3	90.8	93.3	93.5
					4 +	66.7	76.5	50.0	73.5	66.7	81.2
	10		11		n-size	12		18		15	
Multiracial	N/A	78.6	N/A	84.2	3 +	N/A	80.6	88.2	80.8	75.0	85.4
					4 +		62.7	70.6	62.7	68.8	67.8
	N/A		n < 10		n-size	n < 10		17		16	
English Learners	51.7	41.1	51.9	39.9	3 +	42.1	37.7	33.3	42.4	21.4	47.1
					4 +	15.8	13.1	11.1	16.8	0.0	19.7
	60		54		n-size	19		18		14	
Students with Disabilities	30.8	19.4	31.8	21.2	3 +	50.0	14.1	44.4	19.4	30.4	20.8
					4 +	21.4	4.4	16.7	6.7	8.7	7.5
	26		22		n-size	14		18		23	
Econ Dis	59.3	39.3	56.9	40.1	3 +	67.5	38.3	67.4	43.3	60.2	47.5
					4 +	26.2	14.4	36.0	18.5	25.8	21.9
	118		123		n-size	80		86		93	
At-Risk	N/A		N/A		3 +	N/A		50.0	36.1	57.9	40.2
					4 +			20.0	13.2	5.3	16.2
					n-size			20		19	
Male	60.3	42.5	58.6	44.4	3 +	71.2	43.6	71.9	46.5	62.7	49.4
					4 +	33.9	21.5	42.1	23.8	35.8	26.5
	68		70		n-size	59		57		67	
Female	66.7	53.3	68.4	54.4	3 +	73.6	53.5	77.2	57.2	74.3	60.9
					4 +	41.7	29	46.8	31.6	40.5	36.3
	78		79		n-size	72		79		74	

ELA Growth

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

Overall, there were positive trends for EW Stokes PCS's student growth over the past several years. Multiracial students made the most positive gains and also made the most growth of any subgroup when compared with the school's overall growth for all students. In the two-year weighted average shown in the column for SY 2016-17, EW Stokes PCS’s ELA MGP was above 50 for every subgroup except Students with Disabilities. There was a significant decline for this subgroup of students from the previous year.

EW Stokes PCS - ELA MGP					
	2012-2013	2013-2014	2014-2015 hold harmless	2015-2016	2016-2017
All	55	49	44	58	60
Black Non-Hispanic	58	50	47	59	62
Hispanic	57	47	40	60	53
White	n < 10	n < 10	n < 10	n < 10	57
Multiracial	N/A	N/A	n < 10	61	73
English Learners	49	44	50	n < 10	n < 10
Students with Disabilities	42	36	53	66	47
Economically Disadvantaged	53	48	45	60	55
Male	54	45	44	55	56
Female	55	53	47	60	60

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

EW Stokes PCS opted to include measures for grades PK3 - 2 English literacy on its PMF report that are "Display Only" but not incorporated into its PMF score or tier. Only in SY 2013-14 was the school held accountable for these assessments in the PMF, when 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. With the exception of SY 2015-16, the school met the floor but not the target for PK English Reading Growth.

PK Reading Growth Targets		
Year	Measure	Result
2013-14	PK Pre-Literacy: Teaching Strategies GOLD™ Percent of students who met or exceeded the publisher's expectations for growth at the end of the year. Floor: ¹⁸ 60 Target: ¹⁹ 100	97.8%
2014-15	PK Pre-Literacy: 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	96.0% of students met or exceeded the publisher's expectations.
2015-16		71.2% of students met or exceeded the publisher's expectations.
2016-17		97.1% of students met or exceeded the publisher's expectations.

¹⁸ The floor is the minimum value for which any points are awarded.

¹⁹ The target is the value at which the maximum points for a common measure are awarded.

In K-2 Reading Student Progress, the school met the floor in SY 2013-14 but did not achieve the same level in subsequent years and demonstrated a significant decline in reading growth. In SY 2016-17, students at these grade levels had lower than average year-to-year growth in reading when compared with their peers.

K-2 Reading Student Progress		
Year	Measure	Result
2013-14	Student Achievement/Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) Floor: 50 Target: 90	86.9%
2014-15	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in reading	Typical growth ²⁰ - 64.1%
2015-16	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in reading	Median conditional growth percentile - 55.0
2016-17	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 - 37.5

²⁰ When a student meets or exceeds Typical Growth, the student is scoring at or above the end of year rate that is typical for students in the same grade and same starting score.

Math

Math Proficiency

EW Stokes PCS proficiency rates in math are mixed, with rates of “approaching college and career readiness’ and higher exceeding state averages for all students and many subgroups, the percent of students actually scoring at the college and career ready level has been below state averages. These rates, along with the growth rates (described in detail in the next section) indicate that math is an area of growth for the school. As noted below, proficiency rates in math for African American, special education, and female subgroups had rates slightly above the state average in the most recent year while other subgroups scored below.

EW Stokes PCS - Math Proficiency Grades 3-5											
Subgroup	2012-2013 DC CAS		2013-2014 DC CAS			2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC	
	School	State	School	State		School	State	School	State	School	State
All	70.5	51.1	67.8	53.0	3 +	64.9	54.5	66.9	57.2	68.8	59.3
					4 +	29.8	27.9	27.9	33.2	32.6	34.1
	146		149		n-size	131		136		141	
Black Non-Hispanic	65.8	43.5	68.4	45.2	3 +	52.8	46.8	67.2	49.8	68.8	51.8
					4 +	20.8	20.0	23.0	25.1	26.6	25.0
	76		79		n-size	72		61		64	
Hispanic	74.1	57.2	61.8	55.5	3 +	73.9	56.1	55.0	59.4	54.3	61.4
					4 +	37.0	24.4	20.0	30.5	19.6	34.0
	58		55		n-size	46		40		46	
White	90.0	91.5	90.9	92.6	3 +	100.0	91.1	72.2	92.2	93.3	94.5
					4 +	50.0	72.7	38.9	77.7	66.7	80.5
	10		11		n-size	12		18		15	
Multiracial	N/A	81.4	N/A	85.3	3 +	N/A	84.4	88.2	84.3	87.5	84.3
					4 +		59.6	52.9	65.3	62.5	68.5
	N/A		n < 10		n-size	N/A		17		16	
English Learners	63.3	51.4	66.7	52.1	3 +	52.6	50.9	44.4	53.2	42.9	55.9
					4 +	10.5	19.8	5.6	26.3	7.1	28.2
	60		54		n-size	19		18		14	
Students with Disabilities	34.6	23.8	31.8	27.1	3 +	50.0	19.6	38.9	26.4	30.4	26.8
					4 +	7.1	5.8	16.7	10.9	13.0	10.5
	26		22		n-size	14		18		23	
Econ Dis	69.5	43.2	64.2	44.7	3 +	56.2	45.9	60.5	49.8	61.3	52.4
					4 +	20.0	18.6	18.6	24.5	22.6	26.0
	118		123		n-size	80		86		93	
At-Risk	N/A		N/A		3 +	N/A		55.0	42.8	47.4	45.1

EW Stokes PCS - Math Proficiency Grades 3-5

Subgroup	2012-2013 DC CAS		2013-2014 DC CAS			2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC	
	School	State	School	State		School	State	School	State	School	State
					4 +			20.0	19.2	10.5	20.0
					n-size			20		19	
Male	70.6	48.9	71.4	51.3	3 +	74.6	52.8	71.9	55.1	64.2	57.3
					4 +	33.9	27.6	33.3	32.0	28.4	33.4
	68		70		n-size	59		57		67	
Female	70.5	53.3	64.6	54.6	3 +	56.9	56.2	63.3	59.4	73.0	61.4
					4 +	26.4	28.2	24.1	34.3	36.5	34.9
	78		79		n-size	72		79		74	

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 that a school's students have above-average year-to-year growth, while an MGP below 50 indicates below-average growth.

With two exceptions, students in every subgroup at EW Stokes PCS showed below-average growth in the past three years. Hispanic students' growth was just above average, at 51 in SY 2016-17, and this was higher than in any year previously. And growth for Students with Disabilities was slightly above average over the past two years.

EW Stokes PCS - Math MGP					
	2012-2013	2013-2014	2014-2015 hold harmless	2015-2016	2016-2017
All	59	53	41	42	45
Black Non-Hispanic	63	54	40	42	48
Hispanic	45	45	38	48	51
White	n < 10	n < 10	n < 10	n < 10	49

EW Stokes PCS - Math MGP					
	2012-2013	2013-2014	2014-2015 hold harmless	2015-2016	2016-2017
Multiracial	N/A	N/A	n < 10	39	35
English Learners	32	33	41	n < 10	n < 10
Students with Disabilities	27	23	39	54	53
Economically Disadvantaged	59	53	39	40	44
Male	54	50	42	47	50
Female	63	53	41	41	45

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

EW Stokes PCS opted to include measures for grades PK3-2 math on its PMF report that are "Display Only," but not incorporated into its PMF score or tier. Only in SY 2013-14 was the school held accountable for these assessments in the PMF, when 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.

In PK Math Growth Targets, EW Stokes PCS met the floor but not the target each year. In SY 2016-17, more PK students met or exceeded the publisher's expectations than in previous years.

PK Math Growth Targets		
Year	Measure	Result
2013-14	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: ²¹ 60 Target: ²² 100	84.8%
2014-15	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	92.0% of students met or exceeded the publisher's expectations.
2015-16		90.4% of students met or exceeded the publisher's expectations.
2016-17		97.1% of students met or exceeded the publisher's expectations.

²¹ The floor is the minimum value for which any points are awarded.

²² The target is the value at which the maximum points for a common measure are awarded.

In K-2 Math Student Progress, the school met the floor in SY 2013-14. In SY 2014-15 the school came close to the target for student progress. In SYs 2015-16 and 2016-17, students at these grade levels had lower than average year-to-year growth in reading when compared with their peers.

K-2 Math – Student Progress		
Year	Measure	Result
2013-14	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in mathematics Floor: 50 Target: 90	91.0%
2014-15	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in mathematics Floor: 40 Target: 70	Typical growth - 61.3%
2015-16	Student Progress: Northwest Evaluation Association Measure of Academic Progress (NWEA-MAP) assessment in math	Median conditional growth percentile - 42.5
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 - 41.0

School Environment Measures

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

In-Seat Attendance

DC PCSB measures In-Seat Attendance (ISA). EW Stokes PCS had higher ISA rates than the charter sector during the review period.

EW Stokes PCS - In-Seat Attendance										
	2012-13		2013-14		2014-15		2015-16		2016-17	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	97.7	91.9	94.9	92.4	95.3	92.7	95.5	92.5	95.9	92.6

Re-enrollment

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

EW Stokes PCS’s re-enrollment rate was well above the charter sector average each year. During the review period, the school’s re-enrollment rates climbed, from 85.2% in the beginning to 98.3% this past school year. From SY 2015-16 to SY 2016-17, the school’s re-enrollment rate was almost 17 percentage points above the sector at 98.3%. This indicates that families are highly satisfied with the school, choosing to return year after year.

EW Stokes PCS - Re-enrollment Rates								
	2012-13 to 2013-14		2013-14 to 2014-15		2014-15 to 2015-16		2015-16 to 2016-17	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	85.2	81.6	91.8	82.1	97.4	83.0	98.3	81.8

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

CLASS ²⁴

The table below shows EW Stokes PCS’s CLASS²⁵ performance. The school’s CLASS scores for Emotional Support and Classroom Organization improved year after year and for the past two school years were higher than the charter sector average. In Instructional Support, however, there was a decrease at the school level in SY 2016-17, and the school's score was lower than the charter sector average.

CLASS Performance Targets			
Year	Domain	School	Charter Sector
2013-14	Emotional Support	5.9	5.7
2014-15		5.6	5.9
2015-16		6.3	6.0
2016-17		6.4	6.1
2013-14	Classroom Organization	4.9	5.2
2014-15		4.9	5.5
2015-16		5.9	5.9
2016-17		6.0	5.8
2013-14	Instructional Support	2.1	2.5
2014-15		2.8	2.8
2015-16		3.2	3.1
2016-17		2.9	3.0

Qualitative Site Review (QSR) Outcomes

DC PCSB conducts QSRs of charter schools to observe qualitative evidence of the extent to which is school is meeting its mission and goals, as well as to assess classroom environments and quality of instruction. In February and March 2016, in anticipation of this charter review, DC PCSB conducted a QSR of Stokes PCS. During this QSR, DC PCSB observed qualitative evidence that Stokes PCS is meeting its mission. The QSR team “observed a culturally diverse [staff and student] population.” It was also noted that students collaborated, exhibited leadership skills, and worked hard. The QSR team

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

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observed that EW Stokes students “took pride in their environment to become responsible citizens committed to social justice.”²⁶

In QSRs, each observation is assigned a Distinguished, Proficient, Basic, or Unsatisfactory rating in classroom environment²⁷ and instruction.²⁸ Regarding the school’s environment, it was noted in the QSR report that “[t]eachers and students had a good rapport with each other and a culture of respect and high expectations permeated throughout the school.”²⁹ Regarding the school’s instruction, it was noted that “[t]eachers clearly described the purpose of each lesson and used an array of questioning techniques to keep students intellectually engaged.”³⁰ The following table details the percentage of classrooms at each campus that were rated proficient or distinguished in each domain.

% of Classrooms Rated Proficient or Distinguished in the Domain	
Classroom Environment	Instruction
93%	84%

EW Stokes PCS’s QSR rating was above average compared to other K through eight schools that received a QSR in SY 2016-17. The average rating across 30 K through eight campuses was 75% proficient or distinguished in the Classroom Environment domain and 69% in the Instruction domain, considerably lower than the average ratings of EW Stokes PCS.

²⁶ See QSR, p. 5 in Appendix E.

²⁷ 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

²⁸ 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.

²⁹ See QSR report, p. 2.

³⁰ See QSR report, p. 2.

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.”³¹ 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 2013-14 to the time of this report’s publication.

Compliance Item	Description	School’s Compliance Status 2013-14 to Present³²
Fair enrollment process 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 2013-14
Notice and due process for suspensions and expulsions D.C. Code § 38-1802.06(g)	DC charter school discipline policies must afford students due process ³³ and the school must distribute such policies to students and parents.	Compliant since 2013-14
Student health and safety D.C. Code §§ 38-1802.04(c)(4), 4-1321.02, 38-651	The SRA requires DC charter schools to maintain the health and safety of its students. ³⁴ 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"> - have qualified staff members that can administer medications; - conduct background checks for all school employees and volunteers; and - have an emergency response plan in place and conduct emergency drills as required by DC code and regulations. 	Compliant since 2013-14
Equal employment 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 2013-14

³¹ D.C. Code § 38.1803.12(a)(1).

³² See Compliance Reports, attached to this report as Appendix F.

³³ See *Goss v. Lopez*, 419 U.S. 565 (1975).

³⁴ D.C. Code § 38.1802.04 (c)(4)(A).

Compliance Item	Description	School's Compliance Status 2013-14 to Present³²
Insurance As required by the school's charter	A DC charter school must be adequately insured.	Compliant since 2013-14
Facility licenses D.C. Code § 47-2851.03(d); D.C. Mun. Regs., tit. 14, §§ 14-1401 et seq.	A DC charter school must possess all required local licenses.	Compliant since 2013-14
Proper composition of Board of Trustees D.C. Code § 38-1802.05(a)	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 2013-14
Accreditation Status D.C. Code § 38-1802.02(16)	A DC charter school must maintain accreditation from an SRA-approved accrediting body approved by the SRA.	Compliant since 2013-14

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 SY 2015-16, DC PCSB staff found the school to be in compliance with the Procurement Contract Submission Policy. 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.

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 Act³⁵ (IDEA) and Section 504 of the Rehabilitation Act of 1973.³⁶ The following section summarizes the EW Stokes PCS's IDEA special education compliance from SY 2013-14 to the present.

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

OSSE monitors charter schools' special education compliance and publishes three primary types of reports detailing these findings: (1) Annual Determinations; (2) On-Site Monitoring; and (3) Special Conditions Reports. OSSE's findings regarding special education compliance for EW Stokes PCS 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.³⁷ Each year's report is based on compliance data collected from the prior federal fiscal year. For example, in SY 2016-17, 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.³⁸

Year	Percent Compliant with Audited Special Education Federal Requirements	Determination Level³⁹
2013	106% ⁴⁰	Meets Requirements
2014	93%	Meets Requirements
2015	78%	Needs Assistance

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

³⁶ 29 U.S.C. § 794.

³⁷ As required by federal regulation 34 C.F.R. § 300.600(c).

³⁸ See Annual Determination reports, attached to this report as Appendix G.

³⁹ The IDEA requires OSSE as the State educational agency (SEA) to make determinations annually about the performance of LEAs. OSSE is required to use the same categories that the US Department of Education, Office of Special Education Programs (OSEP) uses for state determinations as outlined in Section 616(d) of IDEA. In making such determinations, OSSE will assign LEAs one of the following determination levels: Meets Requirements, Needs Assistance, Needs Intervention and Needs Substantial Intervention.

⁴⁰The school's compliance rate is over 100% because OSSE issued additional bonus points on this review to LEAs who had no longstanding noncompliance from FFY 2009, 2010, 2011, and 2012.

EW Stokes PCS received a Needs Assistance designation in its 2015 Determination. OSSE recommended that the school's team seek training and technical assistance to improve overall performance. However, the LEA is not legally required to undertake the recommendations or any actions.

(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,⁴¹ 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 LEA will receive on-site monitoring.⁴² LEAs are responsible for being 100% compliant with student-level indicators and LEA-level indicators.⁴³

As of July 2017, OSSE had not conducted an On-Site Monitoring of the school in the last four school years.

(3) Special Conditions Reports

OSSE submits reports to OSEP three times annually,⁴⁴ detailing LEAs' compliance in three areas: (1) Initial Evaluation timeliness;⁴⁵ (2) Reevaluation timeliness; and (3) Secondary Transition requirements (for students at age 16 and up). EW Stokes PCS 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.

⁴¹ See <https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/Risk-Based%20Monitoring%20Guidance.pdf>.

⁴² 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.

⁴³ 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.

⁴⁴ Prior to SY 2014-15, OSSE conducted reviews quarterly. The data for the special conditions from that timeframe is thus organized across four quarters.

⁴⁵ 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.

Special Conditions Reporting Period – April 2013 through March 2014				
	Quarter 1 (April 1 – June 30)	Quarter 2 (July 1 – September 30)	Quarter 3 (October 1 – December 31)	Quarter 4 (January 1 – March 31)
Initial Evaluation Timeliness	Compliant	N/A ⁴⁶	N/A	N/A
Reevaluation Timeliness	N/A	Compliant	N/A	Compliant

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

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

⁴⁶ Not applicable (N/A) indicates that OSSE did not conduct a review of the school for the listed compliance area during the specified timeframe.

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

Child Find Focused Monitoring Report

In the Child Find review process, OSSE reviews LEA special education eligibility identification rates twice each school year (Fall/Spring). If an LEA has an identification rate less than half of DC’s average identification rate, OSSE sends the LEA a notification letter. If the LEA is identified again in the second review, OSSE may conduct focused monitoring activities. During SY 2014-15, OSSE found that EW Stokes PCS identified 6.81% of its students as eligible for special education, which was significantly lower than the District’s SY 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.⁴⁷ OSSE then conducted a follow-up review and found that the LEA continued to have a persistently low identification rate (6.8%) and issued a follow-up letter in Spring 2016.

As a result of this review, OSSE determined that the school has appropriate referral policies, which are aligned with regulatory requirements and are being implemented. OSSE recommended the following to EW Stokes PCS to further improve its Child Find system:

- Maintain communication with its assigned OSSE LEA monitor to review and/or resolve any special education matters that may arise.
- Have staff access OSSE’s Policy in Practice Webinar series relevant to IDEA compliance.

Hearing Officer Determination (HOD) Implementation Review

OSSE manages and oversees compliance through the HOD Tracker (formerly called the Blackman Jones database) that tracks the timely implementation of actions required by HODs. As of July 2017, no HODs have been issued against EW Stokes PCS.⁴⁸

⁴⁷ Please find the Child Find Focused Monitoring Report for EW Stokes PCS attached as Appendix H.

⁴⁸ HODs are the written decision issued as a result of a due process complaint that proceeds to 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 HODs that resulted in a finding of noncompliance against the LEA.

SECTION THREE: FISCAL MANAGEMENT AND ECONOMIC VIABILITY

INTRODUCTION

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

- Has engaged in a pattern of non-adherence to generally accepted accounting principles (GAAP);
- Has engaged in a pattern of fiscal mismanagement; and/or
- Is no longer economically viable.⁴⁹

The results of DC PCSB’s review of EW Stokes PCS’s financial records are presented below.

SUMMARY OF FINDINGS

During the period under review, EW Stokes PCS has had adequate financial performance and has complied with GAAP, has not engaged in a pattern of fiscal mismanagement, and is economically viable.

EW Stokes PCS’s first year of operation was Fiscal Year (FY) 1999. 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 have been steady. The school usually generated a surplus, except for the small deficit in FY 2016. The school has a strong reserve position that was built over time. Indicators of economic viability are generally adequate. EW Stokes 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 EW Stokes PCS’s financial information over the school’s last five years of operations. Between FY 2012 and FY 2016, enrollment and revenue have grown by 0% and 5%, respectively. During the same period, the school built a strong net asset position of \$3.5 million. Overall, the school exhibited adequate financial results as it continues to manage its program in a fiscally responsible manner.

Financial Highlights (\$ in 000s)					
	2012	2013	2014	2015	2016
Enrollment Ceiling⁵⁰	350	350	350	350	350
Audited Enrollment	350	335	348	350	350
Total Revenue	\$7,051	\$6,843	\$7,194	\$8,206	\$7,383

⁴⁹ See D.C. Code § 38-1802.13(b).

⁵⁰ The Enrollment Ceiling 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.

Financial Highlights (\$ in 000s)					
	2012	2013	2014	2015	2016
Surplus/(Deficit)⁵¹	\$251	\$67	\$215	\$973	(\$76)
Unrestricted Cash Balances	\$468	\$626	\$1,009	\$1,739	\$1,619
Number of Days of Cash on Hand⁵²	26	35	55	92	84
Net Asset Position⁵³	\$2,353	\$2,420	\$2,635	\$3,608	\$3,532
Primary Reserve Ratio⁵⁴	35%	36%	38%	50%	48%

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. EW Stokes PCS has an adequate ability to service its debt and has shown evidence that operating costs are effectively managed and that it has a solid 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.

The first indicator of a school's liquidity is its current ratio.⁵⁵ 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 below 0.7 raises concern about the school's liquidity; we consider this the "floor" of acceptable performance.

While Stokes PCS's current ratio has varied over the last five years, it has been at least 1.0 since FY 2014, indicating that the school's short-term liquidity is adequate.

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.

⁵¹ Surplus / (Deficit) is total revenue minus total expenses.

⁵² 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.

⁵³ Net Asset Position equals total assets minus total liabilities.

⁵⁴ Primary Reserve Ratio equals total net assets, less intangible assets, divided by total annual expenses.

⁵⁵ A school's current ratio is its current assets divided by current liabilities.

EW Stokes PCS’s number of days of cash on hand has also varied over the last five years, but has exceeded the target since FY 2014.

Together these metrics provide evidence of continued stability in overall liquidity.

Liquidity							
	Floor	Target	2012	2013	2014	2015	2016
Current Ratio	<0.7	>1.0	0.4	0.9	1.2	2.3	2.2
Number of Days of Cash on Hand	<15	>45	26	35	55	92	84

The final measure of liquidity is solvency,⁵⁶ or 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 Stokes 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 Stokes PCS, the school might not be able to meet its operating obligations. Including estimated closure costs, the school might have a shortfall in meeting obligations due to vendors, employees, and lenders.

It should be noted that Stokes PCS has a significant amount of fixed assets; however, without a readily discernible fair market value of those fixed assets, we cannot determine how much cash would be generated in a liquidation. Given the overall financial health of the school, this 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 ratio⁵⁷ and the debt service coverage ratio (DSC).⁵⁸

First, 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).

Stokes PCS’s debt ratio has hovered between our floor and target in all five years, and is improving.

⁵⁶ Except when the school owns a facility, solvency equals unrestricted cash plus receivables with a high probability of collection, minus liabilities and closure expenses.

⁵⁷ Debt Ratio equals the total liabilities divided by the total assets.

⁵⁸ 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).

Second, the DSC ratio measures the school’s ability to make regular payments on interest and principal. A low ratio indicates a school’s inability to service its debt, while a higher one represents strength.

The school’s debt service coverage ratio is below our floor. While this is a source of concern, when considered in concert with other metrics, we do not believe the school is at risk of not being able to service its debt.

Together, these measures reveal no concerns surrounding Stokes PCS’s debt structure.

Debt Burden								
	Floor	Target	2012	2013	2014	2015	2016	
Debt Ratio	>0.90	<0.50	0.78	0.77	0.75	0.68	0.68	
Debt Service Coverage Ratio	<1.0	>1.2	<i>N/A - metric introduced in FY16</i>					0.8

Cost Management

The following table provides an overview of the school’s spending decisions over the past five years. Since FY 2012, expenses have increased by 9%, more than the 5% increase in revenues, with the largest increase for “general expenses”. General expenses have increased by 75% over four years. Total expenses exceeded total revenues for the first time in FY 2016, resulting in a small operating deficit.

Cost Management (\$ in 000s)					
	2012	2013	2014	2015	2016
Salaries and Benefits	\$4,701	\$4,691	\$4,687	\$4,840	\$4,723
Direct Student Costs	\$632	\$696	\$653	\$707	\$732
Occupancy Expenses	\$882	\$817	\$1,134	\$959	\$946
General Expenses⁵⁹	\$529	\$552	\$506	\$701	\$935
Surplus/(Deficit)	\$251	\$67	\$215	\$973	(\$76)

As a Percent of Expenses						
	2012	2013	2014	2015	2016	FY16 Sector Median
Salaries and Benefits	70%	70%	67%	67%	64%	61%
Direct Student Costs	9%	10%	9%	10%	10%	11%
Occupancy Expenses	13%	12%	16%	13%	13%	16%
General Expenses	8%	8%	7%	10%	13%	11%

⁵⁹ DC PCSB has worked with the Financial Oversight Task Force to revise definitions of cost categories, including combining Office Expenses and General Expenses beginning in FY 2016. Other category definitions have also changed over time.

Internal Controls

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

Audits of Stokes 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 and there were no material weaknesses or other findings identified. Stokes PCS appears to have an adequate internal control environment.

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

Internal Controls					
	Audit Year				
	2012	2013	2014	2015	2016
attention by those charged with governance, with documentation of corrective action plans noting the responsible party.					
Unresolved Prior Year Findings. The auditor discloses prior year audit findings that have not been corrected.	No	No	No	No	No
Going-Concern Issue. The auditor indicates that the financial strength of the school is questioned.	No	No	No	No	No
Debt-Compliance Issue. The audit discloses that the school was not in compliance with certain debt covenants. A debt-compliance issue may prelude insolvency.	No	No	No	No	Yes ⁶⁰

ECONOMIC VIABILITY

DC PCSB assesses economic viability through six measures: cash flow, earnings, net assets, reserve balances, and trends in enrollment and revenue. Based on these six criteria, Stokes PCS's economic viability is not at risk. See below for further detail.

Operating Results

A school's fiscal operation produces a surplus or deficit each year. DC PCSB recommends a school's revenues should exceed their expenditures. Stokes PCS exceeded our floor of \$0, generating a surplus in all but one of the years under review. This one time deficit is no cause for concern when considered along with the school's other indicators.

Earnings

DC PCSB reviews earnings before depreciation and amortization (EBDA)⁶¹ separately from the first measure because depreciation is a non-cash expense which impacts the surplus/deficit, but not actual cash flow. Here, Stokes PCS exceeds our floor of \$0 each year, generating positive EBDA annually.

(\$ in 000s)	Floor	2012	2013	2014	2015	2016
Surplus/(Deficit)	<0	\$251	\$67	\$215	\$973	(\$76)
Earnings before Depreciation and Amortization	<0	\$572	\$374	\$534	\$1,287	\$244

Net Asset Position

The net asset position is the accumulation of operating results over time. DC PCSB does not set a target for this ratio but we do set a floor of \$0. Stokes PCS's net asset position

⁶⁰ The School was in violation of the covenants for submitting the annual financial statements within 120 days after year end for the year ended June 30, 2016. The school received a waiver from the bank.

⁶¹EBDA is the change in net assets plus depreciation and amortization.

has grown by 50% between FY 2012 and FY 2016 as the school has continued to run operating surpluses and add to reserves.

Primary Reserve Ratio

The primary reserve ratio is the proportion of reserves relative to operating expenditures. Our target is 25% and our floor is 0%. Stokes PCS exceeded our floor each year for this metric.

(\$ in 000s)	Floor	Target	2012	2013	2014	2015	2016
Net Asset Position	<0	N/A	\$2,353	\$2,420	\$2,635	\$3,608	\$3,532
Primary Reserve Ratio	<0	>25%	35%	36%	38%	50%	48%

Enrollment and Revenue Trends

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 earn DC and federal funds for operations. Stable or growing enrollment and revenue indicate that the school is likely to remain financially stable. Declining enrollment, however, may be a cause for concern.

Stokes PCS’s enrollment and revenue were generally consistent from FY 2012 through FY 2017. However, in FY 2015 District Charter schools received supplementary one-time funding which boosted revenues higher than expected. In FY 2016 funding returned to anticipated levels, resulting in a decrease in revenues for Stokes, but not one that reflected a negative financial circumstance.

Based on these trends, it is likely that the school will be able to continue to attract students and maintain consistent revenues.

Enrollment over Time						
	2012	2013	2014	2015	2016	2017
Enrollment	350	335	348	350	350	350
Growth in Enrollment	0%	(4%)	4%	1%	0%	0%
Growth in Revenues	1%	(3%)	5%	14%	(10%)	N/A