

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

**Democracy Prep Congress Heights
Public Charter School**

November 19, 2018

DC Public Charter School Board
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KEY FINDINGS AND STAFF RECOMMENDATION

The District of Columbia Public Charter School Board (DC PCSB) staff conducted a five-year charter review of the Democracy Prep Congress Heights Public Charter School (Democracy Prep PCS) according to the standard required by the School Reform Act (SRA),¹ and concludes that the school has not met the goals and student academic achievement expectations set out in its charter.² Given Democracy Prep PCS is in its fifth year of operation with an expansive turnaround plan underway, and is in the process of separating from an unsuccessful partnership with a management organization, DC PCSB staff recommends that the Board exercise its discretion to continue the school with strict conditions.

Democracy Prep PCS is a single campus local education agency (LEA) that currently serves grades prekindergarten-3 (PK3) through eight. The school has adopted the Performance Management Framework (PMF) as its goals and academic achievement expectations.

The PK-8 PMF is a framework first published by DC PCSB in SY 2010-11. This framework uses common measures across schools serving similar grades to measure student academic achievement, awarding schools between 0% and 100% of points. Student academic progress in English language arts (ELA) and math account for 35% of the overall score, and student academic achievement in ELA and math are also worth 35% of the overall score. The remaining 30% is divided among attendance, re-enrollment rates, and PK classroom observations.

Pursuant to the school's Charter and Charter Agreement, Democracy Prep PCS committed to achieving a PMF score of at least 40% in at least two of the past three years. Though the school earned a score of 40.8% in SY 2015-16, this is the only score at or above 40% in its time of operation. Because the school has not demonstrated consistent improvement on the PMF for this review period, the "improvement provision"³ in its charter is inapplicable.

The school opened after acquiring the assets of a low performing school previously run by Imagine Schools, Inc. Since its opening, Democracy Prep PCS has performed poorly on every component of the PMF. The school's performance on the state assessment in ELA and math has been consistently below the state average, both overall and for nearly every subgroup. Year to year student academic progress has also been below average, as has attendance.

¹ D.C. Code § 38-1802.13(a).

² Democracy Prep PCS, Charter Agreement, Appendix A.

³ The Improvement Provision allows the DC PCSB Board the discretion to find that the school has met its goals if it "has demonstrated consistent improvement on overall PMF scores over the five-year period."

The school's re-enrollment rate, which is an indicator of parent satisfaction, has been nearly 20 percentage points below the charter sector average for every year of the review period. Notably, more than one-third of students choose not to return to Democracy Prep PCS year after year.

On August 10, 2018, Democracy Prep PCS and its charter management organization (CMO), Democracy Prep Public Schools, announced in a letter (<http://bit.ly/2ENKq8t>) that the CMO will separate from Democracy Prep PCS at the end of school year (SY) 2018-19, and that the school would actively search for a new operator to take over management of Democracy Prep PCS by the end of the current school year. As a result, the school's local board published a Request for Proposals (RFP) from existing operators to serve as the new CMO or to acquire the school through an asset acquisition. The school's board received only one response to the RFP, a proposal from the organization TenSquare that provides services and intensive supports for schools in need of a turnaround.

Effective November 5, 2018, Democracy Prep PCS entered into a contractual agreement with TenSquare, in which TenSquare has committed "to 1) dramatically improve school performance as measured by the [Performance Management Framework] and charter goals, and 2) to fundamentally strengthen operational and fiscal practices to ensure [Democracy Prep PCS's] long-term viability, health, and growth."⁴ The scope of TenSquare's turnaround plan for Democracy Prep PCS is set to commence on November 5, 2018 and conclude by SY 2022-23. However, the terms and length of the turnaround plan may be adjusted after TenSquare begins its work with the school and assesses the outcome of its initial audit at Democracy Prep PCS.

DC PCSB staff generally recommends continuation with strict improvement conditions for schools in the fifth year of operation that have a credible and comprehensive turnaround strategy in place. In this case, Democracy Prep PCS is ending an unsuccessful partnership with the CMO that has been responsible for the school's overall management and operation since it opened, and the school has executed a comprehensive turnaround agreement with TenSquare, an organization with a strong track record of success improving school performance in DC.⁵ The school has also agreed to overhaul its board of trustees.

DC PCSB staff has reviewed the turnaround plan and believes it is targeted to the school's areas of greatest need and has a likelihood of success. Furthermore, the CMO AppleTree Institute which currently manages the school's PK programming has committed to stay through the school's turnaround efforts. While Democracy Prep PCS's PK program needs improvement, Appletree Institute's performance at its nine other sites is significantly

⁴ A copy of Democracy Prep PCS's contract with TenSquare may be found at Appendix B.

⁵ A copy of TenSquare's Success Rate Table may be found at Appendix C.

stronger, and Appletree argues that with a stronger and more compatible school partnership under Ten Square, Democracy Prep PCS's early childhood program will improve. Because the turnaround agreement with TenSquare has already been finalized and AppleTree Institute currently runs the school's early childhood program, school improvement efforts can begin immediately, and the school's local board has agreed to the demanding conditions set by DC PCSB that are outlined later in this section.

Separate and apart from the determination of the school's goals 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. However, in 2014, 2015, and 2016 the Office of the State Superintendent of Education (OSSE) found, as part of its annual special education compliance review, that Democracy Prep PCS's special education program did not meet sufficient standards for indicators such as timely submission of valid data regarding students with disabilities. In both 2015 and 2016, Democracy Prep PCS was required to develop and submit a corrective action plan to OSSE for further monitoring, and in each of those years OSSE recommended the school seek additional training and technical support to improve its entire special education performance. While the school is not legally required to undertake actions regarding OSSE's recommendation for technical training, DC PCSB will evaluate the school's compliance with applicable special education requirements as part of its 10-year review and failure to consistently comply with such performance requirements may result in a recommendation for revocation at its next review.

DC PCSB staff also determined that Democracy Prep PCS has adhered to generally accepted accounting principles, has not engaged in a pattern of fiscal mismanagement, and is economically viable, albeit fragile. While its financial performance needs to improve, Democracy Prep PCS has agreed to undergo an extensive turnaround plan with TenSquare, which will also target its financial health. DC PCSB staff recommend the school agree to a Financial Corrective Action Plan (FCAP) over the next four years, which should include, at a minimum: 4-year budget reflecting operating surpluses in each year, increased cash balances year over year, and achievement of all DC PCSB's Financial Analysis Report's targets by June 30, 2020. This FCAP will help ensure the school remains financially viable while pursuing a successful turnaround.

DC PCSB staff recommends that the DC PCSB Board exercise its discretion and vote to continue the charter of Democracy Prep PCS, with the following conditions:

1. By December 15, 2018, the school and DC PCSB execute a charter agreement amendment that commits the school to the following:
 - a. The school will remove Democracy Prep Public Schools (DPPS) from all legal, financial, and operational control of the school by June 30, 2019, and revise the

- charter agreement and any governing documents, if necessary, to reflect the change in governance by June 30, 2019.
- b. The school will change its name, removing Democracy Prep from the name, and make all necessary changes to the charter agreement and governing documents by June 30, 2019.
 - c. The school will report at least quarterly, or more frequently at DC PCSB's request, on its progress in identifying new local board members and improving the governance and oversight functions of the school's board.
 - d. Over the next four years, the school must fully comply with the SRA's requirements regarding procurement contracts (which will be assessed as part of the school's 10-year review in SY 2022-23).
 - e. The school will decrease its maximum enrollment ceiling to 775, which is the current enrollment of the school.
 - f. The school agrees to relinquish its charter if it does not meet the following academic targets:
 - i. The school must achieve a PMF score of at least 40 for SY 2018-19 on a modified one-year PMF, with all measures using only SY 2018-19 outcomes and no re-enrollment rate, as calculated by DC PCSB, **OR** must improve by at least 15 points on the standard PK-8 PMF between SY 2017-18 and 2018-19. If the school fails to meet at least one of these targets, it will close at the end of SY 2019-20.
 - ii. The school must achieve a PMF score of at least 43 for SY 2019-20 using the business rules in the 2019-20 PMF Policy and Technical Guide (PMF Tech Guide). If the school fails to meet this target, it will close at the end of SY 2020-21.
 - iii. The school must achieve a PMF score of at least 45 in SY 2020-21 using the business rules in the 2020-21 PMF Tech Guide. If the school fails to meet this target, it will close at the end of SY 2021-22.
2. DC PCSB and the school will enter into a Financial Corrective Action Plan (FCAP) by December 15, 2018.

If the school does not agree to these terms and sign a charter agreement amendment and an FCAP by December 15, 2018, staff recommends that the Board vote to initiate charter revocation proceedings.

CHARTER REVIEW STANDARD

The SRA stipulates that DC PCSB “shall review [a school’s] charter at least once every [five] years.”⁶ As part of this review, DC PCSB must determine whether:

- (1) The school committed a violation of applicable law or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities; and/or
- (2) The school failed to meet the goals and student academic achievement expectations set forth in its charter.⁷

If DC PCSB determines that a school has committed a violation of applicable law or a material violation of the terms of its charter or has not met its goals and academic achievement expectations, it may, at its discretion, revoke the school’s charter or grant the school a conditional continuance.

Additionally, there is a fiscal component to the charter review. DC PCSB is required by the SRA to revoke a school’s charter if DC PCSB determines in its review that the school: (1) has engaged in a pattern of nonadherence to generally accepted accounting principles, (2) has engaged in a pattern of fiscal mismanagement, and/or (3) is no longer economically viable.⁸

Given the SRA’s standard for charter review, as well as DC PCSB’s obligation to revoke a school’s charter if it has engaged in the above fiscal misconduct, this report is organized into three sections. Sections One and Two are analyses of the school’s academic performance and legal compliance, respectively, and serve as the basis for DC PCSB staff’s recommendation. Section Three is an analysis of the school’s fiscal performance.

6 D.C. Code § 38-1802.12(a)(3).

7 D.C. Code § 38-1802.13(a).

8 D.C. Code § 38-1802.13(b).

BACKGROUND INFORMATION ABOUT SCHOOL

School Overview

Democracy Prep PCS began operating in SY 2014-15 under authorization from DC PCSB, and it acquired its school from a former charter school that had its charter revoked for failing to meet the conditions of a conditional charter continuance. In its first year of operation, Democracy Prep PCS served 620 students in grades PK3 through six. The school added grade 7 in SY 2016-17 and grade 8 a year later and now serves 775 students.

The mission of Democracy Prep PCS is: "To educate responsible citizen-scholars for success in the college of their choice and a life of active citizenship."⁹

Democracy Prep Public Schools, the New York-based CMO, originally applied to DC PCSB to open a new PK3-5 school in Washington, DC. While its application was under review by DC PCSB, the CMO responded to a request for proposals issued by the former Imagine Southeast Public Charter School (Imagine Southeast PCS) for an experienced operator to take over the operation of its school prior to SY 2014-15. After the DC PCSB Board approved Democracy Prep PCS's charter in March 2014, the following month the Board approved an amendment to the charter to allow the school to enter into an asset acquisition agreement with Imagine Southeast PCS to take over that school at the end of SY 2013-14. As part of that amendment, DC PCSB approved Democracy Prep PCS to serve up to grade 8.

Since July 2017, Democracy Prep PCS has contracted with the CMO AppleTree Institute for Education Innovation (AppleTree Institute) to fully manage and operate the school's educational program for grades PK3 and PK4.

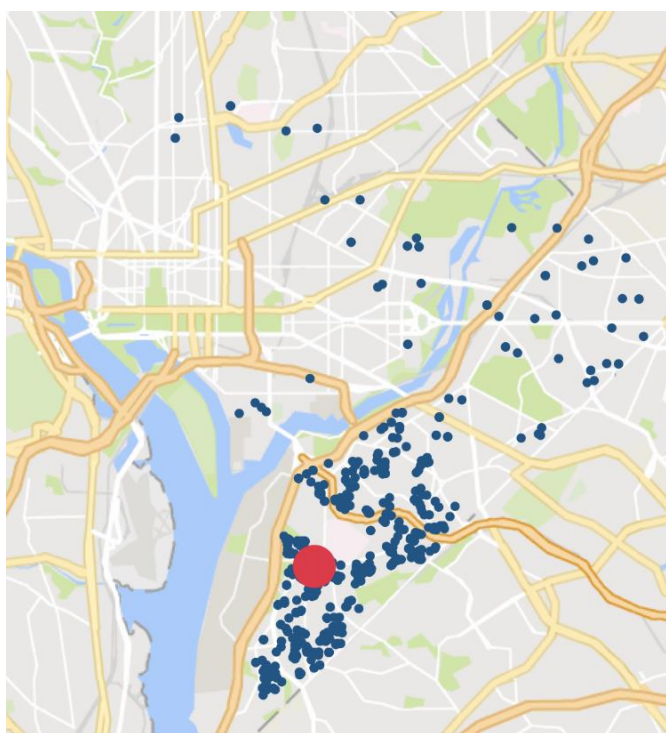
Enrollment and Demographic Trends

Since opening, Democracy Prep PCS has increased enrollment over the past five years by 150 students; however, the school has not met its annual enrollment projections for the past three years. Most of its growth occurred in the most recent school year when Democracy Prep PCS's enrollment increased from 645 students to 772 (unaudited). The school's current enrollment ceiling is set at 1,025. Given the school's current performance, and the tremendous work required to conduct an effective turnaround, one condition of continuance is for the school to agree to reduce its enrollment ceiling to 775, thus prioritizing its current students and program before considering growth.

⁹ See Democracy Prep PCS charter agreement, p. 7, attached to this report as Appendix A.

Democracy Prep PCS – Enrollment					
Year	2014-15	2015-16	2016-17	2017-18	2018-19
Grade Levels	PK3-6	PK3-6	PK3-7	PK3-8	PK3-8
Number of Students	620	627	656	645	772 <i>unaudited</i>
Enrollment Projections	620	620	690	682	804

Like all public charter schools, Democracy Prep PCS is open to all students in DC. Enrollment data show that the school primarily serves students who reside in Ward 8, and specifically the neighboring community of Congress Heights. According to the school’s board, families have voiced that they appreciate a school that offers grades PK3 through 8 in one building and having a convenient choice in their neighborhood. The map below shows where Democracy Prep PCS students live in relation to the school, which is marked by a large red dot. Each student is represented by a blue dot for SY 2017-18.



Similar to the population of the surrounding neighborhood, close to 100% of the students who attended Democracy Prep PCS last year were African American, with just 3% identifying as Latino. 77% are classified as “at-risk,¹⁰” which is among the highest rates for any public charter school.

¹⁰ A student is “at-risk” if her family receives Supplemental Assistance for Needy Families, Temporary Assistance for Needy Families, or is homeless or involved in the foster system.

Performance Management Framework Outcomes

The school's overall performance data on the PK-8 PMF—which assesses ELA and math proficiency, academic growth, attendance, and re-enrollment, as well as other measures—are summarized in the table below.

Democracy Prep PCS's first year of operation was SY 2014-15, a year when no school received a tier or PMF score. In SY 2015-16, Democracy Prep PCS earned a Tier 2 rating, with a PMF score of 40.8%. In SY 2016-17, Democracy Prep PCS declined to Tier 3 status with a score of 31.4%. In both SY 2015-16 and 2016-17, the school did not meet the floors of its school-selected assessment, NWEA MAP, for early childhood reading and math growth measures using NWEA MAP. From SY 2016-17 to SY 2017-18, Democracy Prep PCS declined 11.4 percentage points with a Tier 3 PMF score of 21.0% in the most recent year.

PMF Outcomes			
2014-15	2015-16	2016-17	2017-18
PK3-6	PK3-6	PK3-7	PK3-8
N/A¹¹	Tier 2 40.8%	Tier 3 31.4%	Tier 3 21.0%

Communication and Notices of Concern

DC PCSB has had numerous and ongoing issues with Democracy Prep PCS regarding academic performance, discipline rates, attendance, and community complaints.

In SY 2017-18, Democracy Prep PCS received fifteen community complaints, and was one of only six charter schools that received more than eleven complaints that school year. Further, the school's rate of community complaints is notably higher than the average number of complaints for a school its size, which is generally no more than five.

DC PCSB staff and Board members had formal meetings to discuss performance with the school twice over the past five school years—on June 7, 2017 and December 19, 2017.¹² During both meetings, participants discussed the school's academic performance and nonacademic issues, including discipline, re-enrollment, and attendance. In September 2016, September 2017, and March 2017, DC PCSB contacted Democracy Prep PCS by email to inform the school that its out-of-school and in-school suspension rates were exceeding the average in the charter sector. In addition, the school was contacted in November 2017 because the rate of out of school suspensions for students with disabilities far exceeded

¹¹ No PMF scores or tiers due to change in state assessment in SY 2014-15, which was the school's first year of operation.

¹² Please see Appendix B for invitation and follow up letters related to meetings with the school.

rates for general education students (14.7% for students with disabilities and 2.6% for general education students).

On April 18, 2016, the DC PCSB Board issued a Notice of Concern to Democracy Prep PCS based on the school's 25.2% truancy rate. The DC PCSB Board lifted this Notice of Concern on September 19, 2016 based on improved attendance rates and increased efforts by the school to reduce truancy, pursuant to DC PCSB's Attendance and Truancy Policy.¹³

DC PCSB staff met with school leaders at Democracy Prep PCS on April 10, 2018 to discuss the five-year review. During this meeting, staff reminded the school that it must earn a score of **40.0%** or higher on the 2017-18 PMF to meet its goals and student academic achievement expectations. The school did not meet this minimum percentage.

¹³ See April and September 2016 DC PCSB board memoranda, attached to this report as Appendix C.

SECTION ONE: GOALS AND STUDENT ACADEMIC ACHIEVEMENT EXPECTATIONS

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

In November 2016, Democracy Prep PCS adopted as its goals and student academic achievement expectations the most recently revised *Elect to Adopt the PMF as Goals Policy*.¹⁴ Democracy Prep PCS is measured using the PK-8 Framework. This framework awards schools between 0% and 100% of the points using common measures across schools serving similar grades to measure student academic achievement. Student academic progress in English language arts (ELA) and math accounts for 35% of the overall score. Student academic achievement in ELA and math accounts for an additional 35% of the overall score. The remaining 30% of the overall score is divided among attendance, re-enrollment rates, and prekindergarten class observations. By adopting the PMF as goals, Democracy Prep PCS agreed to earn at least 40% of the points in two of its first four years of operation.

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

Goals and Academic Expectations	Met?
At its fifth-year charter review in school year 2018-19, the School Corporation has earned at least 40% of the possible PMF points in at least two of the following three years: SY 2015-16, 2016-2017, and 2017-2018.	Not Met.

Assessment: Democracy Prep PCS did not meet its student academic achievement expectations. The table below provides an overview of the school's PMF performance. DC charter schools did not receive a score on the 2014-15 PMF, because DC transitioned from the DC CAS to the PARCC (Partnership for Assessment of Readiness for College and Career) assessment.

The improvement provision in the school's charter states that if the school has not achieved its PMF score goals, the DC PCSB Board may determine at its discretion that the school has met its goals and student academic achievement expectations if the school has

¹⁴ Please see the *Elect to Adopt the PMF as Goals Policy* attached as Appendix D.

demonstrated consistent improvement on overall PMF scores over a five-year period. In exercising its discretion, DC PCSB will also consider the strength of un-tiered measures.

In this case, the school has not shown consistent improvement over the years of its review period. The school’s PMF score declined between SY 2015-16 and SY 2016-17, and yet again between SY 2016-17 and SY 2017-18. Thus, the school has not met its goals under the improvement provision.

Per DC PCSB’s PMF Policy and Technical Guide, the school’s PMF performance in SY 2016-17 and SY 2017-18 would qualify it as a potential candidate for charter revocation. However, given the factors explained earlier in this report, DC PCSB staff is recommending its Board exercise discretion to conditionally continue the school’s charter in this instance.

2014-15	2015-16	2016-17	2017-18
PK3-6	PK3-6	PK3-7	PK3-8
N/A¹⁵	Tier 2 40.8%	Tier 3 31.4%	Tier 3 20.8%

Student Academic Achievement and Progress Measures

The school’s PMF score is based on the following:

- Proficiency rates in ELA and math on the statewide assessment (the PARCC test) taken by 3rd through 8th graders.
- Academic growth from one year to the next on the PARCC, as measured by the Median Growth Percentile (MGP), which assesses the relative year-to-year progress made by individual students at a school.
- School environment measures, including attendance rates, re-enrollment rates, and scores from the Classroom Assessment Scoring System (CLASS), which assesses classroom instruction in PK.
- For SY 2013-14, the following measures count toward goal attainment for the school’s early childhood program:
 - PK CLASS Scores in the Emotional Support, Organization and Instructional Support Domains: The school must meet or exceed the threshold for the CLASS score in each domain that is scored by an external vendor.
 - PK Literacy mCLASS Circle Assessment: The percent of PK3-PK4 students achieving a proficient score must meet or exceed the threshold for the mClass Circle literacy assessment.
 - PK Math mCLASS Circle Assessment: The percent of PK3-PK4 students achieving a proficient score must meet or exceed the threshold for the mClass Circle math assessment.

¹⁵ Due to the change in the state assessment, scores and tiers were not displayed in 2014–15.

- K-2 Literacy mCLASS Circle Assessment: The percent of K-2 students achieving a proficient score must meet or exceed the threshold for the mClass Circle literacy assessment.
- K-2 Math mCLASS Circle Assessment: The percent of K-2 students must meet or exceed the threshold for the mClass Circle math assessment.

The PARCC is the assessment given to all DC public school students in ELA and math beginning with the third grade. Student academic achievement—the percentage of students scoring College and Career Ready on the PARCC in ELA or math—and student progress—as measured by the Median Growth Percentile (MGP), which assesses the relative year-to-year progress made by individual students at a school—are only part of the school’s PMF score if more than 10 students in the school took the state assessment.

Beginning on the following page, this report reviews each of these components in detail. This review includes proficiency tables that display PARCC results for subgroups as well as charts of the school’s environment measures. 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	<ul style="list-style-type: none"> ▪ Number of students who took the state assessment at this school
Green	<ul style="list-style-type: none"> ▪ Greater than or equal to the state average or charter sector average of the same grade band
Red	<ul style="list-style-type: none"> ▪ 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)

This first section assesses the school’s literacy program in grades PK-8 in two categories, proficiency and growth.

Proficiency

Democracy Prep PCS’s overall proficiency rates in ELA for grades 3-8 were significantly below the state average during every year of the review period, contributing to its overall

low score on the PMF. While the school made improvements from its first year to SY 2015-16 and 2016-17, in the fourth and most recent year of testing, scores reverted to near first-year lows with only 39 of 344 third through eighth grade students earning College and Career Ready (level 4+), and an additional 73 students Approaching College and Career Ready (level 3+).

Analyzing student academic achievement on the PARCC assessment by student race, ethnicity, and gender confirms that students at Democracy Prep PCS are underperforming their peers at other schools across the city, whose performance is shown in the chart below in the column “state.” Most concerning is that the vast majority of the students attending Democracy Prep PCS are considered “at-risk” by the state definition,¹⁶ and they are underperforming the city-wide averages for at-risk students. The school has seen a significant increase in the number of third through eighth grade students with disabilities in the past four years (from 26 to 89), but the number of those students Approaching College and Career Ready (level 3+). or meeting College and Career Ready (level 4+) has remained far below city averages.

Democracy Prep PCS - ELA Proficiency Grades 3-8									
		2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC		2017-2018 PARCC	
		School	State	School	State	School	State	School	State
All	% 3 +	35.0	48.6	38.8	52.1	39.1	55.0	32.6	57.6
	% 4 +	10.7	24.7	14.7	27.3	15.6	31.0	11.3	33.9
	<i>denominator</i>	206		224		307		344	
Black Non-Hispanic	% 3 +	35.0	40.9	39.0	44.8	38.7	47.3	32.1	50.1
	% 4 +	10.3	16.2	14.7	19.3	16.2	22.0	11.4	25.0
	<i>denominator</i>	203		218		297		333	
Hispanic / Latino	% 3 +	N/A	48.1	N/A	51.6	50.0	56.3	45.5	59.7
	% 4 +		20.4		24.2	0.0	29.2	9.1	33.2
	<i>denominator</i>	<i>n < 10</i>		<i>n < 10</i>		10		11	
Students with Disabilities	% 3 +	7.7	13.7	12.2	18.5	3.4	19.6	3.4	18.1
	% 4 +	0.0	4.0	4.9	6.0	0.0	6.7	0.0	5.9
	<i>denominator</i>	26		41		58		89	
Male	% 3 +	29.7	43.0	36.2	46.2	35.2	48.2	25.4	50.2
	% 4 +	13.2	20.7	13.8	23.0	9.7	25.4	8.1	27.8
	<i>denominator</i>	91		116		165		173	
Female	% 3 +	39.1	54.3	41.7	58.1	43.7	61.8	39.8	65.0
	% 4 +	8.7	28.7	15.7	31.6	22.5	36.6	14.6	40.0
	<i>denominator</i>	115		108		142		171	
At-Risk	% 3 +			34.7	36.8	36.8	40.3	27.9	43.6
	% 4 +			11.8	13.0	14.0	15.9	9.3	18.8
	<i>denominator</i>			170		228		247	

¹⁶ See Footnote 11

The school uses Every Child Ready (ECR) to assess literacy in grades PK3 and PK4. This assessment was developed by AppleTree Institute. AppleTree Institute runs the PK3 and PK4 program at Democracy Prep PCS under an agreement with the school. Through this agreement, the school can build a single culture and offer families a seamless PK-8 school experience. Results show that in the early grades, students are scoring within the acceptable range, indicating that PK students are learning early literacy skills such as letter recognition and syllables.

Growth

A median growth percentile (MGP) score 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 score above 50 indicates that the school’s students have above-average year-to-year growth, while an MGP score below 50 indicates below-average growth.

Despite the school’s low overall rates of achievement, students in grades 3-8 in the first two years of operation showed gains on the state assessment across most subgroup categories, as indicated by scores higher than 50. This was encouraging, as it indicated the school was improving student performance at faster rates and for more students than students with similar starting scores at other schools. However, over the last two years, this trend shifted sharply downward, and students attending Democracy Prep PCS began losing ground compared to their peers, as indicated by MGP rates below 40 in SY 2015-16 and SY 2016-17. This recent trend is a significant cause for concern. However, this is also an area that can be improved relatively quickly through strong leadership in teaching and learning. Therefore, DC PCSB is recommending that in this school year (2018-19), the modified PMF used to measure performance as the condition for continuance will include the MGP measure as a one-year rate instead of the two-year weighted average included on the standard PMF.

Democracy Prep PCS - ELA MGP Grades 3-8				
	2014-2015	2015-2016	2016-2017	2017-2018
All	60	51	38.	31
Black Non-Hispanic	60	51	39	32
Hispanic / Latino	N/A	N/A	50	34
Students with Disabilities	58	46	33	29
Male	57	51	40	32
Female	61	50	36	31
At-Risk	N/A	40	38	32

Display Only Literacy Measures

For grades K-2, the school uses NWEA MAP—English to measure student progress. While this data is not considered as part of the PMF score, the results are included in the School Quality Report. Through 2015-16, the PMF displays NWEA MAP growth as the percent of students meeting or exceeding the expected growth targets as set by the publisher. NWEA MAP’s growth measure for the last two years is the same as MGP but compared to a national population of students rather than to other DC students. This measure is called Conditional Growth Percentile (CGP). A rate of 50 indicates that a school’s students have average year-to-year growth in literacy, as compared to students nationally in the same grades and with the same initial state assessment performance. A CGP above 50 indicates that a school’s students have above-average year-to-year growth, while a CGP below 50 indicates below-average growth.

In these grades, students showed very low growth in all years, with the school performing well below national norms. For SY 2014-15 the school was held harmless on these indicators, and in 2015-16, over 70% of students were not meeting national growth expectations. The literacy program at the school from K-8 is in drastic need of improvement. When considering the turnaround results, NWEA MAP—English scores should also be considered.

PK Literacy Student Outcomes		
Year	Measure	Result
2014-15	Every Child Ready (ECR) Display Range: 60 to 100	79.6
2015-16		84.6
2016-17		75.8
2017-18		86.4

K-2 Literacy Student Outcomes		
Year	Measure	Result
2014-15	Northwest Evaluation Association Measures of Academic Progress (NWEA MAP)	28.6
2015-16	Percent of students meeting growth target Display Range: 40 to 70	22.0
2016-17	NWEA MAP Conditional Growth Percentile	14.0
2017-18	Display Range: 30 to 70	32.0

Math

Math Proficiency

As with its ELA performance, Democracy Prep PCS's overall proficiency rates in math were significantly below the state average during every year of the review period, contributing to its overall low score on the PMF. The school made modest improvements in its math proficiency rates from SY 2014-15 to 2015-16, but they have been on a downward trend since. In the most recent year of PARCC testing, only approximately 47 students (13.6%) earned a score of College and Career Ready (level 4+), and roughly 117 students (33.9%) earned a score of Approaching College and Career Ready (level 3+). More At-Risk students were proficient at Democracy Prep PCS than the state average during the SY 2015-16 testing administration, but this subgroup has since declined in performance by fifteen percentage points. Similar to ELA, no students with disabilities scored College and Career Ready (level 4+) in SY 2014-15 or 2016-17.

Democracy Prep PCS - Math Proficiency Grades 3-8									
		2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC		2017-2018 PARCC	
		School	State	School	State	School	State	School	State
All	% 3 +	31.6	52.7	42.9	54.8	37.9	55.4	33.9	55.2
	% 4 +	7.3	26.3	21.0	30.6	12.1	29.8	13.6	30.7
	<i>denominator</i>	206		224		306		345	
Black Non-Hispanic	% 3 +	31.5	45.0	42.7	47.0	37.2	47.5	33.5	47.4
	% 4 +	7.4	18.4	21.1	22.2	12.5	21.0	14.1	22.2
	<i>denominator</i>	203		218		296		334	
Hispanic / Latino	% 3 +	N/A	54.8	N/A	58.1	60.0	58.4	45.5	58.7
	% 4 +		23.3		28.6	0.0	29.8	0.0	30.2
	<i>denominator</i>	<i>n < 10</i>		<i>n < 10</i>		10		11	
Students with Disabilities	% 3 +	15.4	18.5	12.2	23.3	5.2	22.8	7.8	20.2
	% 4 +	0.0	5.2	4.9	9.0	0.0	8.4	2.2	7.1
	<i>denominator</i>	26		41		58		90	
Male	% 3 +	35.2	50.7	44.8	52.9	34.1	52.8	32.2	52.5
	% 4 +	8.8	25.7	21.6	29.5	9.8	28.7	11.5	29.3
	<i>denominator</i>	91		116		164		174	
Female	% 3 +	28.7	54.7	40.7	56.8	42.3	58.0	35.7	58.0
	% 4 +	6.1	26.9	20.4	31.7	14.8	31.1	15.8	32.2
	<i>denominator</i>	115		108		142		171	
At-Risk	% 3 +			41.2	40.3	36.1	40.9	31.5	41.3
	% 4 +			20.6	17.1	10.1	16.6	10.1	17.2
	<i>denominator</i>			170		227		248	

Growth

As with ELA, the city measures math growth using MGP (see page 14 for explanation of MGP). As shown in the chart below, in the last two years students at the school are losing ground in math when compared to students across the city with similar starting scores. An average MGP in the 30s to low 40s indicates that most students at the school are either not improving or improving only slightly from year to year, as measured by the PARCC assessment.

Democracy Prep PCS - Math MGP Grades 3-8				
	2014-2015	2015-2016	2016-2017	2017-2018
All	46	50	39	31
Black Non-Hispanic	46	50	39	31
Hispanic / Latino	N/A	N/A	42	18
Students with Disabilities	29	38	31	27
Male	42	49	35	29
Female	58	56	47	36
At-Risk	N/A	54	39	31

Display Only Math Measures

The school uses ECR to assess numeracy in grades PK3 and PK4. This assessment was developed by AppleTree Institute. Results show that in the early grades, students are scoring within the acceptable range, with the highest scores in the most recent years, indicating that PK students are mastering early numeracy skills such as number recognition and groupings.

For grades K-2, the school uses NWEA MAP—Math to measure student progress. While this data is not considered as part of the PMF score, the results are included in the School Quality Report. In these grades, the school's performance shows students falling behind their peers nationally. The rates indicate that approximately 70% of students nation-wide are learning more each year than the students in kindergarten, first, and second grade at Democracy Prep PCS in school years 2014-15 and 2015-16. In the most recent two years, a conditional growth percentile below 50 shows that most students are not learning at the same rate as peers nationally. As with ELA, NWEA MAP—Math scores in grades K-2 should be considered when evaluating the success of the school's turnaround.

PK Mathematics Student Outcomes		
Year	Measure	Result
2014-15	ECR Display Range: 60 to 100	79.6
2015-16		84.6
2016-17		76.9
2017-18		85.2

K-2 Mathematics Student Outcomes		
Year	Measure	Result
2014-15	NWEA MAP Percent of students meeting growth target Display Range: 40 to 70	35.7
2015-16		30.0
2016-17	NWEA MAP Conditional Growth Percentile Display Range: 30 to 70	18.0
2017-18		35.0

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) as the rate at which students are present in the school building; the rates include both excused and unexcused absences. In addition to in-seat attendance, DC PCSB also considers truancy. As mentioned previously in this report, Democracy Prep PCS received a notice of concern in 2016 for truancy. Democracy Prep PCS had lower ISA rates than the charter sector during every year of the review period. The school's attendance has shown modest gains year-over-year.

Democracy Prep PCS - Grades PK3 - 8 In-Seat Attendance								
	2014-15		2015-16		2016-17		2017-18	
	School	Charter Sector	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	86.5%	92.8%	88.3%	92.6%	89.0%	92.8%	89.3%	92.8%

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.¹⁷ Students who move out-of-state or have other situations that would prevent them from re-enrolling are excluded from this rate.

Democracy Prep PCS's re-enrollment rate was nearly 20 percentage points below the charter sector average for every year of the review period. The school has only marginally closed the gap in recent years, with 34.3% of families still choosing not to re-enroll from SY 2016-17 to 2017-18. Additionally, the school has been consistently below the floor for this measure on the PMF. This suggests that families are dissatisfied with the school, with more than one out of every three students choosing not to return year after year. For consideration of a turnaround, re-enrollment rates from SY 2017-18 to SY 2018-19 will not be considered.

Democracy Prep PCS - Re-enrollment Rates						
	2014-15 to 2015-16		2015-16 to 2016-17		2016-17 to 2017-18	
	School	Charter Sector	School	Charter Sector	School	Charter Sector
All Students	54.0%	82.8%	62.9%	83.6%	65.7%	84.7%
	548		603		648	

CLASS

As mentioned previously, AppleTree Institute operates the PK program at Democracy Prep PCS through a Memorandum of Agreement (MOA), which makes Democracy Prep PCS accountable for the results. The table below shows Democracy Prep PCS's CLASS¹⁸ performance. In all but four instances, the school has scored below the charter sector average in all four domains across the four years of the review period. It is cause for concern that the school's Instructional Support score has declined over the review period.

¹⁷ The enrollment audit occurs in October of each school year.

¹⁸ 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.

CLASS Performance Targets			
Year	Domain	School	Charter Sector
2014-15	Classroom Organization	5.5	5.5
2015-16		5.5	5.9
2016-17		5.8	5.8
2017-18		5.8	5.8
2014-15	Emotional Support	5.3	5.9
2015-16		5.7	6.0
2016-17		6.2	6.1
2017-18		5.5	6.0
2014-15	Instructional Support	2.9	2.8
2015-16		2.9	3.1
2016-17		2.5	3.0
2017-18		2.3	3.2

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 violation of applicable law or a material violation of the conditions, terms, standards, or procedures set forth in its charter, including violations relating to the education of children with disabilities.”¹⁹ The SRA contains a non-exhaustive list of applicable laws, which DC PCSB monitors in its annual compliance reviews.

Since SY 2014-15, Democracy Prep PCS has been compliant with **ALL** the following applicable laws.²⁰

- Fair Enrollment Process
(D.C. Code § 38-1802.06)
- Notice and Due Process for Suspensions and Expulsions
(D.C. Code § 38-1802.06(g))
- Student Health and Safety
(D.C. Code §§ 38-1802.04(c)(4), 4-1321.02, 38-651)
- Equal Employment
(D.C. Code § 38-1802.04(c)(5))
- Insurance
(As required by the school’s charter)
- Facility Licenses
(D.C. Code § 47-2851.03(d); D.C. Mun. Regs., tit. 14, §§ 14-1401 et seq.)
- Proper Composition of Board of Trustees
(D.C. Code § 38-1802.05(a))
- Accreditation Status
(D.C. Code § 38-1802.02(16))

Procurement Contracts

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

DC PCSB began implementing a new Procurement Contract Submission and Conflicting Interest Policy on July 1, 2018. The statistics below capture Democracy

¹⁹ D.C. Code § 38.1802.13(a).

²⁰ Detailed compliance chart may be found in Appendix E

Prep PCS's submissions and corresponding compliance with the policy. The school has been substantially compliant with procurement submissions since July 1.

- **0 early warning notices** as of August 27, 2018.
- Submissions **Rejected** since July 1, 2017: **1/4**
- Submissions **Received** since July 1, 2017: **3/4**

During the FY 2016-17 reconciliation process, DC PCSB found that Democracy Prep **failed to report 15 FY 2016-17 contracts** in a timely manner. As of September 5, 2018, these contract packages had been pushed back to the school due to incomplete documentation and have not been resubmitted. The school is therefore out of compliance with Procurement Contract law and must remedy this noncompliance as a condition of continuance.

Special Education Compliance

Charter schools are required to comply with all federal and local special education laws, including the Individuals with Disabilities Education Act²¹ (IDEA) and Section 504 of the Rehabilitation Act of 1973.²² The following section summarizes Democracy Prep PCS's special education compliance from SY 2014-15 to the present.

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 Democracy Prep PCS are summarized below.

(2) Annual Determinations

As required by federal regulation, OSSE annually analyzes each LEA's compliance with special education compliance indicators, and it publishes these findings in an Annual Determination report.²³ Each year's report is based on compliance data collected from the prior federal fiscal year. For example, in SY 2017-18, OSSE published its 2015 Annual Determination reports (based on the school's 2015-16 performance).

Democracy Prep PCS's Annual Determination compliance performance is detailed in the table on the following page.²⁴

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

²² 29 U.S.C. § 794.

²³ As required by federal regulation 34 CFR § 300.600(c).

²⁴ See Annual Determination reports, attached to this report as Appendix F.

Year	Percent Compliant with Audited Special Education Federal Requirements	Determination Level ²⁵
2014	56%	Needs Intervention
2015	48%	Needs Intervention
2016	63%	Needs Assistance

With each designation, OSSE submits a letter to the LEA, with required or suggested action steps if the LEA does not receive a Meets Requirements designation. In its 2014 Determination letter, Democracy Prep PCS received a Needs Intervention designation, the third lowest of the four possible designation levels. OSSE required that the LEA:

1. Develop a corrective action plan that addresses identified areas of noncompliance and includes due dates for submission of proposed evidence demonstrating completion of the corrective action plan. The corrective action plan must reflect that all corrective actions will be completed by no later than June 30, 2017.
2. Submit a copy of the corrective action plan for approval to the OSSE LEA monitor.²⁶

OSSE further required that the Democracy Prep PCS team work with OSSE's training and technical assistance team to obtain support around the areas of noncompliance, such as increasing the percent of IDEA reimbursement funds sought. As of August 2018, Democracy Prep PCS has submitted a corrective action plan to OSSE, in accordance with the deadline imposed by OSSE in its 2014 Determination.

In its 2015 Determination letter, Democracy Prep PCS again received a Needs Intervention designation. OSSE required that the LEA:

1. Develop a revised corrective action plan, different from the plan the school created in 2014, that addresses identified areas of noncompliance and includes due dates for submission of proposed evidence demonstrating completion of the corrective action plan. The corrective action plan must reflect that all corrective actions will be completed by no later than August 23, 2018.

²⁵ 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 United States Department of Education, Office of Special Education Programs (OSEP) uses for state determinations as outlined in Section 616(d) of IDEA. These categories are: Meets Requirements, Needs Assistance, Needs Intervention, and Needs Substantial Intervention.

²⁶ See Democracy Prep PCS' 2014 Annual Determination letter, attached to this report as Appendix G.

2. Submit a copy of the corrective action plan for approval to the OSSE LEA monitor.²⁷

OSSE further required that the Democracy Prep PCS team work with OSSE's training and technical assistance team to obtain support around the areas of noncompliance, such as the submission of timely, valid, and reliable data. As of August 2018, Democracy Prep PCS has submitted a corrective action plan to OSSE, in accordance with the deadline imposed by OSSE in its 2015 Determination.

Because Democracy Prep PCS received a Needs Assistance designation in its 2016 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.

(3) 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 its coordinated Risk-Based Monitoring,²⁸ and it 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,²⁹ which OSSE then uses to determine if an LEA will receive on-site monitoring.³⁰ LEAs are responsible for being 100% compliant with student-level indicators and LEA-level indicators on On-Site Monitoring Reports.³¹

In 2016, OSSE published an On-Site Compliance Monitoring Report of Democracy Prep PCS based on the school's performance in SY 2015-16.³² The school has since corrected all areas of noncompliance.

²⁷ See Democracy Prep PCS' 2015 Annual Determination letter, attached to this report as Appendix H.

²⁸ See <https://osse.dc.gov/publication/risk-based-monitoring-guidance>.

²⁹ Part B of IDEA applies to students ages 3-22.

³⁰ 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.

³¹ If OSSE determined an LEA was less than 100% compliant with a student-level indicator that could not be corrected retroactively, OSSE would identify the point of noncompliance as an LEA-level violation and give the LEA 365 days to correct the finding.

³² See SY 2015-16 On-Site Monitoring Report Attachments, attached to this report as Appendix I.

On-Site Monitoring Report – LEA-Level Compliance

Compliance Area	Compliant?	Noncompliant indicators	Corrected?
LEA Practice	2 of 2 compliant	N/A	N/A
Extended School Year (ESY)	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 (NIMAS)	1 of 1 indicator compliant	N/A	N/A
Fiscal	21 of 21 indicators compliant	N/A	N/A

On-Site Monitoring Report – Student-Level Compliance

Compliance Area	Compliant?	Noncompliant Indicators	Corrected?
Initial Evaluation and Reevaluation	2 of 4 indicators compliant	<ul style="list-style-type: none"> ▪ Parent Consent for Initial Evaluation ▪ Consent Form Signature Prior to Initial Evaluation 	Yes
IEP	3 of 14 indicators compliant	<ul style="list-style-type: none"> ▪ Parent/Student Invited to IEP Meeting ▪ 'Parent' Meets Definition in IDEA Regulations ▪ General Education Teacher Attended IEP Meeting ▪ LEA Designee Attended IEP Meeting ▪ PLAAFP State Effect of Disability in General Curriculum/Appropriate Activities ▪ IEP Contains Measurable Annual Goals ▪ IEP Statement of Measurable Annual Related Services Goal(s) ▪ IEP Team Considered Strategies to Address Behavior ▪ ESY Determined on Individual Basis ▪ Implementation of Related Service ▪ Annual IEP Review 	Yes
Least Restrictive Environment	2 of 2 indicators compliant	N/A	N/A

(4) Special Conditions Reports

OSSE submits reports to the U.S. Department of Education’s Office of Special Education Programs (OSEP) three times annually,³³ detailing statewide compliance in three areas: (1) Initial Evaluation timeliness,³⁴ (2) Reevaluation timeliness; and (3) Secondary Transition requirements (for students at age 16 and up). Democracy Prep PCS is evaluated in adhering to Initial Evaluation and Reevaluation timeliness. The outcomes are detailed in the tables below. The school has since corrected all identified areas of noncompliance.

Special Conditions Reporting Period – April 2014 through March 2015			
	August 1 Report (April 1 – June 30)	November 1 Report (July 1 – September 30)	May 1 Report (October 1 – December 31)
Initial Evaluation Timeliness	N/A ³⁵	Non-compliant	Compliant
Reevaluation Timeliness	N/A	N/A	Non-compliant

Special Conditions Reporting Period – April 2015 through March 2016			
	August 1 Report (April 1 – June 30)	November 1 Report (July 1 – September 30)	May 1 Report (October 1 – March 31)
Initial Evaluation Timeliness	Non-compliant	Compliant	Compliant
Reevaluation Timeliness	Compliant	Compliant	Compliant

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

³³ Prior to SY 2014-15, OSSE conducted reviews quarterly. The data for the special conditions from that timeframe is thus organized across four quarters.

³⁴ Starting with SY 2017-18, the District of Columbia is no longer under special conditions with OSEP for Initial Evaluations. Moving forward, OSSE will only be required by OSEP to submit Special Condition reporting on statewide Reevaluation and Secondary Transition. 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.

³⁵ Not applicable (N/A) indicates that OSSE did not conduct a review for the listed compliance area during the specified time-frame for the school.

Special Conditions Reporting Period – April 2017 through March 2018			
	August 1 Report (April 1 – June 30)	November 1 Report (July 1 – September 30)	May 1 Report (October 1 – March 31)
Initial Evaluation Timeliness	N/A	N/A	N/A
Reevaluation Timeliness	Compliant	N/A	Compliant

Child Find Monitoring Report

“Child find” is a set of policies, procedures, and public awareness activities designed to locate, identify, and evaluate children who may require special education and related services. Each LEA must have policies and procedures in effect to ensure that all children with disabilities in need of special education and related services, regardless of severity of disability, are identified, located, and evaluated. As a result of the D.L. v. District of Columbia³⁶ special education litigation, in SY 2017-18 OSSE audited every LEA’s identification rate of enrolled students receiving special education services under IDEA against the 8.5% threshold established in the case. OSSE also conducted desktop reviews of all LEA child find policies to ensure that identification rates were not the results of inappropriate policies and procedures.³⁷ Based on this review, OSSE determined if an LEA’s identification rate and child find policies were compliant with IDEA and local law. LEAs deemed out of compliance were required to submit to OSSE their revised child find policies and proof of staff training. OSSE will continue child find monitoring moving forward, but it will not conduct this extensive review again in SY 2018-19.

In the updated Child Find review process, OSSE reviews LEA identification rates of students eligible for special education and LEA’s Child Find policies during the Spring of each school year. Based on this review, OSSE determines whether the LEA is out of compliance due to a low identification rate, its Child Find policy and procedures, or both. OSSE states in its notification letter to the LEA the result of its review and, if required, what actions the LEA is required to take to be deemed compliant

During SY 2017-18, OSSE found that Democracy Prep PCS identified 19.5% of its students eligible for special education, which is above the District’s 2017-18 identification rate of 8.5%. Further, OSSE reviewed Democracy Prep PCS’s Child Find policy, practices, and procedures. The results of the focused monitoring activities were sent to the LEA’s leader.³⁸ Upon

³⁶ D.L. v. The District of Columbia (Case No. 1:05-cv-01437), 860 F.3d 713 (DC Cir. 2017)

³⁷ For more information, see OSSE’s “Dear Colleague” letter on key IDEA requirements related to D.L. v. District of Columbia at <https://osse.dc.gov/publication/dear-colleague-letter-key-idea-requirements-related-dl-v-district-columbia>.

³⁸ Please find the Child Find Focused Monitoring Report for Democracy Prep PCS attached as Appendix J.

review, OSSE determined that the LEA is compliant with Child Find requirements and no further action is required.

Disproportionate Representation Finding

OSSE annually reviews LEAs for inappropriate over-identification or disproportionate representation by race and ethnicity of children as children with disabilities. This review is based on the current school year's enrollment audit and child count data. Only LEAs with an enrollment of 40 or more students with IEPs and 5 or more students with IEPs in the qualifying (racial/ethnic) subgroup undergo the disproportionate representation data review. For those LEAs found to have disproportionate representation, OSSE requires the LEA to complete and submit a self-study to review its own policies and practices related to child find, evaluation, and eligibility. An LEA will be cited for non-compliance only if the disproportionate representation was found to be the result of inappropriate identification.

On May 8, 2018,³⁹ Democracy Prep PCS was notified that it was found to have disproportionate representation in the areas of:

- Overidentification in the Emotional Disturbance category for Hispanic students, and
- Overidentification in the Speech or Language Impairment category for Hispanic students.

OSSE requested in its notification letter to the school that the school should complete and submit a self-study assessment. As a result of the self-study, OSSE determined that the LEA does not have disproportionate representation data based on inappropriate identification.

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 August 2018, no HODs have been issued against Democracy Prep PCS.⁴⁰

DC PCSB Special Education Audits

Pursuant to DC PCSB's Special Education Audit Policy,⁴¹ staff conducts special education audits to identify and address discriminatory practices that might be occurring against

³⁹ See 2017-18 Disproportionate Representation Review Report Attachments, attached to this report as Appendix K.

⁴⁰ HODs are the written decision issued as a result of a due process complaint that resulted in a hearing. Most complaints are withdrawn for any number of reasons, including settlement. Not all outcomes are required to be tracked. For the purpose charter reviews, DC PCSB reports only on HODs that resulted in a finding of noncompliance against the LEA.

⁴¹ See the Special Education Audit Policy at https://www.dcpsb.org/sites/default/files/report/2013-03-18%20Special%20Education%20Audit%20Policy_0.pdf.

students with disabilities. Audits are based on findings from community complaints or internal reviews of data—including enrollment, discipline, and midyear withdrawal data—pertaining to students with disabilities. Audits may take two forms: a desk audit, which is a preliminary fact-finding review, and an on-site review, which is an in-person audit conducted by DC PCSB staff at the identified campus.

In SY 2014-15, DC PCSB conducted a desk audit of Democracy Prep PCS because its out-of-school suspension rate of students with disabilities (relative to IEP enrollment) was higher than the out-of-school rate of their non-disabled peers (relative to non-IEP enrollment), making the school an outlier in the K-12 charter sector. DC PCSB staff requested the school submit a response to offer justification or an explanation for this disparity. Upon review, DC PCSB concluded that Democracy Prep PCS provided a valid explanation regarding the disproportionate suspension rate for students with disabilities. No further action was required, and DC PCSB closed the audit with the understanding that it would continue to monitor the school's out-of-school suspension rates for special education students.

If a school is an outlier for a previously identified metric in subsequent years, then the audit escalates to an on-site audit. In SY 2016-17, DC PCSB conducted an on-site audit of Democracy Prep PCS because its disproportionate suspension rate for students with disabilities was an outlier in the K-12 charter sector. During the visit, school leadership discussed their discipline policy and school culture, and led DC PCSB staff on a building tour. DC PCSB staff reviewed six randomly selected files of students with IEPs. To close the audit, staff provided three recommendations:

- Implement more robust systems to track staff's implementation of assigned behavior interventions pursuant to students' Behavioral Intervention Plans (BIPs).
- Track data internally to monitor disproportionality of discipline for students with disabilities and adjust their interventions as necessary.
- Continue tracking and documenting student behavior associated with BIPs and ensure that BIPs are revised upon receipt of updated Functional Behavioral Assessments (FBA).

In SY 2017-18, Democracy Prep PCS was flagged for a desk audit because its disproportionate suspension rate for students with disabilities was an outlier in the K-12 charter sector. DC PCSB staff requested the school submit a response to offer justification or an explanation for this disparity. Upon review, DC PCSB concluded that the school's persistent disproportionate suspension rate was concerning, and it would continue to monitor the school's out-of-school suspension rates for special education students. Upon closing the audit, DC PCSB staff provided the school three recommendations:

- Continue to code all instances of elopement together when reporting discipline data.
- Adhere to recent guidance on the School Attendance Clarification Act (see attached email).

- Implement with fidelity behavior intervention strategies to decrease the out-of-school suspension rate for students with disabilities.
- Consider all available options when determining appropriate disciplinary actions for students with disabilities.

Special Education Audits			
School Year	Trigger	Type of Audit	Status of Audit
SY 2014-15	Out-of-school suspension rate	Desk audit	Closed
SY 2016-17	Out-of-school suspension rate	On-site audit	Closed
SY 2017-18	Out-of-school suspension rate	Desk audit	Closed

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.⁴²

DC PCSB has assessed Democracy Prep PCS's financial performance by reviewing the previous five years of audited financials and DC PCSB's Financial Analysis Review (FAR) reports, dating from FY 2013 through FY 2017. DC PCSB also reviewed the school's unaudited financials for FY 2018 and incorporated this data when relevant. For the purpose of this report, DC PCSB used the FY 2017 FAR Report's "meets expectation" ranges to compare the financial strength of individual measures. The ranges were established where the upper end of the range was the "target" for financial performance and the lower end was the "floor." Schools performing at or above the established targets are determined to be in a strong financial position for the specific metric being assessed. When schools' metrics fall below the established floors, they are further reviewed to determine whether this poses financial concerns. DC PCSB assesses the school's financial condition holistically in order to determine whether operations are adequately managed, sustainable, and economically viable.

KEY for Fiscal Management and Economic Viability Charts	
No Shading	<ul style="list-style-type: none">• Within an average, financially healthy range based on the FAR and general finance principles.
Red	<ul style="list-style-type: none">• Falling within a range which is cause for concern based on the FAR and general finance principles. Though this does not necessarily show fiscal mismanagement on the part of the school, it indicates that this specific measure fell below the targets that DC PCSB considers financially sound.

Summary of Findings

Democracy Prep PCS's financial performance is a cause for concern. The school has limited liquidity and negative net assets (based on unaudited FY 2018 financials). DC PCSB has both short- and long-term financial concerns. Short-term, given the school's liquidity and net asset challenges, funds must be found to adequately support a successful turnaround while keeping the school financially viable. Long-term, the school's high occupancy costs threaten the success of the school. DC PCSB's conditions of continuance address both these short- and long-term issues.

⁴² D.C. Code § 38-1802.13(b).

One condition of continuance is to remove Democracy Prep Public Schools (DPPS) as its management organization. This will free up over \$1.3M in funds needed for the turnaround. DC PCSB also requires a formal FCAP between the school and DC PCSB to ensure that the school will not run out of cash and will gradually strengthen its financial condition.

Financial Overview

Overall, the school’s financial performance needs immediate improvement. Despite relatively stable enrollment, it has had operating losses for the last three years and ended FY 2018 with negative net assets, based on unaudited results. Moreover, the school had just three days of cash on hand at year-end 2015 and 2016, well below the targeted level of 45 days.

Growing deficits, limited liquidity, and negative net assets are a cause for concern. The table below describes the school’s trends in financial performance since FY 2015, and the shadings in red indicate factors related to DC PCSB’s concerns about the school finances.

Financial Highlights (\$ in 000s)				
	2015	2016	2017	2018*
Maximum Enrollment⁴³	675	775	1,025	1,025
Audited Enrollment	620	627	656	645
Total Revenue	\$11,308	\$12,058	\$12,999	\$13,710
Surplus/(Deficit)⁴⁴	\$336	(\$53)	(\$266)	(\$320)
Unrestricted Cash Balances	\$1,184	\$569	\$97	\$107
Number of Days of Cash on Hand⁴⁵	40	17	3	3
Net Asset Position⁴⁶	\$336	\$283	\$17	(\$87)
Primary Reserve Ratio⁴⁷	3%	2%	0%	(1%)

*Based on unaudited financials

Fiscal Management

Based on DC PCSB’s assessment of the school’s liquidity, debt burden, and cost management, the school’s financial performance needs improvement. Specifically, liquidity is well below the DC PCSB target of 45 days; its current ratio has fallen precipitously in FY 2018 based on unaudited results due to a decline in grants receivable. While the school has

⁴³ 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.

⁴⁴ Surplus / (Deficit) is total revenue minus total expenses.

⁴⁵ 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.

⁴⁶ Net Asset Position equals total assets minus total liabilities.

⁴⁷ Primary Reserve Ratio equals total net assets, less intangible assets, divided by total annual expenses.

no outstanding debt, the school’s obligations (such as accounts payable) exceeded its total assets at year-end 2018. In addition, the school’s audits identified a number of findings in 2015 and 2016. While these issues appear to have been addressed in 2017, a continued focus on internal controls is required. These areas are discussed further below.

Liquidity

Liquidity						
	Floor	Target range	2015	2016	2017	2018*
Current Ratio	0.7	1.0	1.4	1.7	1.6	0.3
Number of Days of Cash on Hand	15	45	40	17	3	3

* Based on unaudited financials

Liquidity refers to the school’s ability convert assets to cash in order to meet its immediate financial obligations, particularly in the short-term. DC PCSB measures liquidity by assessing two metrics—the Current Ratio⁴⁸ and Days of Cash on Hand⁴⁹—as well as considering the school’s solvency.

Current Ratio: The current ratio divides a school’s current assets by its current liabilities. “Current” means being available or coming due within the next year. The school’s current ratio exceeded the target of 1.0 in FY 2015 through FY 2017. In FY 2018, however, grants receivable declined dramatically resulting in a current ratio well below DC PCSB’s floor. It should be noted that the current ratio may improve when audited results are disclosed but will likely remain an area of concern.

Days of Cash on Hand: This measure determines how many days of expenses a school can meet with the cash it has in the bank. Similar to current ratio, this measure has consistently been below the target of 45 days and has declined over time. While 45 is the target for Days of Cash on Hand, DC PCSB identifies measures below 15 days to be indicators of concern. If a school maintains less than 15 days of expenses, it will be less likely to sustain should unexpected expenses or delays in income occur. The school’s cash on hand fell from 40 days in FY 2015 to 3 days in FY 2017. Unaudited results indicate that this measure of liquidity remained an area of concern in FY 2018.

Solvency: The final measure of liquidity is solvency,⁵⁰ which considers the school’s overall ability to pay outstanding obligations, including amounts due to vendors, employees, and

⁴⁸ A school's current ratio is its current assets divided by current liabilities.

⁴⁹ Days of Cash on Hand is the amount of unrestricted cash and cash equivalents divided by daily operating expenses, excluding depreciation and amortization.

⁵⁰ Except when the school owns a facility, solvency equals unrestricted cash plus receivables with a high probability of collection, minus liabilities and closure expenses.

lenders if the school’s charter were to be revoked. At FY 2017, using audited financial information, should the DC PCSB Board vote to close Democracy Prep PCS, the school would have insufficient resources to pay outstanding obligations; unaudited FY 2018 financial statements show deteriorating financial performance.

Debt Burden								
	Floor	Target	2013	2014	2015	2016	2017	2018*
Debt Ratio	0.9	0.5	N/A	N/A	0.8	0.8	1.0	1.2
Debt Service Coverage Ratio	1.0	1.2	N/A – metric introduced in FY 2016			N/A – Not outstanding debt to service		

* Based on unaudited financials

Debt Burden

While Democracy Prep PCS has no outstanding debt that requires servicing in the upcoming year, it does have liabilities, such as accounts payable, that are calculated as part of the school’s debt burden. This debt burden is a cause for concern. DC PCSB reviews two ratios related to debt management—the debt ratio⁵¹ and the debt service coverage ratio (DSC).⁵²

Debt Ratio: In 2015 and 2016, Democracy Prep PCS’s debt ratio was above the floor established by DC PCSB. In 2017, however, the school’s leverage increased, with liabilities roughly equal to assets. Unaudited results for FY 2018 show continued degradation of this measure.

Debt Service Coverage Ratio: The debt service coverage ratio compares a school’s current year operating surplus with the interest and principal due on its debt. Democracy Prep PCS does not have outstanding debt requiring servicing, therefore, the ratio is not applicable.

Cost Management

Due to escalation clauses in the school’s building lease, occupancy cost as a percentage of expenses is expected to rise significantly.

Components of Expenses (\$ in 000s)			
	2015	2016	2017
Salaries and Benefits	\$4,045	\$4,913	\$5,770
Direct Student Costs	\$2,424	\$2,563	\$2,632

⁵¹ Debt Ratio equals the total liabilities divided by the total assets.

⁵² Debt Service Coverage (DSC) Ratio equals Earnings Before Interest, Depreciation, and Amortization divided by the sum of scheduled principal payments and interest paid (not including balloon payments).

Components of Expenses (\$ in 000s)			
	2015	2016	2017
Occupancy Expenses	\$2,315	\$1,988	\$2,318
General Expenses⁵³	\$2,187	\$2,647	\$2,544

As a Percent of Expenses				
	2015	2016	2017	FY 2017 Sector Average
Salaries and Benefits	37%	41%	44%	62%
Direct Student Costs	22%	21%	20%	10%
Occupancy Expenses	21%	16%	17%	16%
General Expenses	20%	22%	19%	10%

The tables above provide an overview of the school's spending decisions since 2015. Democracy Prep PCS's Salaries and Benefits are below the sector average and General expenses are above the sector average. This allocation of costs is not an area of concern as General expenses include the management fees paid to DPPS. The services provided to the management organization reduce the required salaries that the school must pay.

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 Democracy Prep PCS establish that the school has adhered to GAAP. The school's auditors issued unmodified audit opinions for all years. However, in 2015 and 2016 the auditors identified weaknesses in internal controls and/or reported findings and questioned costs. Moreover, in 2016, the auditors identified an unresolved issue from the prior year's audit, evidence of a lack of focus on resolving known issues. While no control issues were identified in the FY 2017 annual report, historically, the school's management of the internal control environment has been weak.

⁵³ DC PCSB has worked with the Financial Oversight Task Force to revise definitions of cost categories, reported on the Schedule of Functional Expenses, including combining Office Expenses and General Expenses beginning in FY 2016. Other category definitions have also changed over time.

Internal Controls			
	2015	2016	2017
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</i> , <i>adverse</i> , or <i>disclaimed</i> .	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.	Yes	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
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
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 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
Findings & Questioned Costs. 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.	5	3	0
Unresolved Prior Year Findings. The auditor discloses prior year audit findings that have not been corrected.	No	1	No
Going-Concern Issue. The auditor indicates that the financial strength of the school is questioned.	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

Economic Viability

Considering earnings, cash flows, reserves, and trends in both enrollment and revenue, DC PCSB staff has concerns about Democracy Prep PCS's economic viability. The school has generated operating deficits in each of the last three years, and operating cash flows have been limited.

(\$ in 000s)	Floor	2015	2016	2017	2018*
Surplus/(Deficit)	<0	\$336	(\$53)	(\$266)	(\$320)
Earnings before Depreciation and Amortization	<0	\$412	\$39	(\$159)	(\$236)

*Based on unaudited financial

Earnings and Operating Cash Flow

One measure of economic viability is whether a school runs a surplus—put simply, whether revenues exceed expenditures. While healthy schools can occasionally run deficits, in most years they do not. Earnings before Depreciation and Amortization (EBDA) removes major non-cash items from the earnings calculation and is an indicator of whether the school has generated positive cash for the year.⁵⁴

(\$ in 000s)	Floor	Target	2015	2016	2017	2018*
Net Asset Position	\$0	N/A	\$336	\$283	\$17	(\$87)
Primary Reserve Ratio	0%	25 %	3%	2%	0%	(1%)

*Based on unaudited financials

Net Asset Position

Net Asset Position measures a school's assets less its liabilities. DC PCSB is concerned with net asset reserves below zero, which was the school's financial position as of June 30, 2018, based on unaudited results. As described above, the school's net assets have continued to decline as a result of the continued operating deficits generated each year.

Primary Reserve Ratio

The Primary Reserve Ratio divides net assets by a school's total expenses to measure net assets relative to the size of the school. The Primary Reserve ratio has declined with net assets, from 3% in 2015 to 0 in 2017. In 2018, the unaudited financials indicate a decline in the Primary Reserve ratio to (1%). The school must generate operating surpluses going forward to bring this measure back up to more acceptable levels.

⁵⁴ EBDA is the change in net assets plus depreciation and amortization.

Enrollment and Revenue Trends

The final measures of economic viability are trends in enrollment and revenues. Enrollment trends provide information about a school's ability to attract students and receive DC and Federal funds for operations. Stable or increasing enrollment and revenue indicate that a school is likely to remain financially stable, barring extraordinary circumstances.

As noted below, Democracy Prep PCS enrollment has been relatively stable, and revenues have increased over the last four years. Based on the school's assessment, the announcement that the school is seeking a new operator does not appear to have impacted enrollment in 2019. The change in operators, however, may impact the school's ability to attract and retain students in 2020. Aggressive outreach will be required to ensure that enrollment is maintained during this transition. Declines in enrollment would threaten the economic viability of the school.

Enrollment over Time				
	2015	2016	2017	2018
Enrollment	620	627	656	645
Growth in Enrollment		1%	5%	(2%)
Total Revenue	\$11,308	\$12,058	\$12,999	\$13,710
Growth in Revenues		7%	8%	5%