



2018-19 Preliminary Twenty-Year Charter Review Report

Roots Public Charter School

December 17, 2018

DC Public Charter School Board
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STAFF RECOMMENDATION AND KEY FINDINGS

The District of Columbia Public Charter School Board (DC PCSB) staff has conducted a twenty-year charter review of Roots Public Charter School (Roots PCS), as required by the School Reform Act (SRA), and concludes that the school has met its goals and student academic achievement expectations. Pursuant to its charter agreement, the school committed to meeting eight goals, of which it partially met two goals, substantially met one, and fully met five. However, staff found that the school is out of compliance with key elements of the federal Individuals with Disabilities Education Act (IDEA). Staff also found that it is currently not in compliance with its procurement contracting. Therefore, staff recommends that the Board vote to continue the school's charter under two compliance-related conditions listed below.

Roots PCS is a single campus local education agency (LEA) that currently educates students in grades prekindergarten-3 (PK3) through five. Over the course of this review period, the majority of Roots PCS's enrollment has been comprised of students in grades PK3-2. With these students, in every year of the review period, Roots PCS fully met both of its academic goals regarding the growth of its PK students in English language arts (ELA) and math, as measured by the Teaching Strategies GOLD assessment. Roots PCS's performance on the state assessment for students in grades 3-5 has varied over the last five years. The percent of students approaching, meeting, or exceeding expectations (level 3+) has been above the state average during most years of the review in ELA and math. However, in school year (SY) 2016-17 and SY 2017-18, Roots PCS's scores for students demonstrating College and Career Ready proficiency rates (level 4+) in ELA and math significantly declined, with the school performing below the state averages in both subjects, both years. However, it is important to take into consideration that the number of students who take the state assessment is small, with only 21 students taking the test in SY 2017-18.

Between late November and December 2017, DC PCSB staff visited Roots PCS to conduct classroom observations and gather qualitative data on the school per DC PCSB's Qualitative Site Review (QSR) process. Staff found that Roots PCS offers a school environment where "students worked with one another in a polite manner and often volunteered to help one another," and that "classroom interactions among teachers and individual students were highly respectful." As a result, Roots PCS scored above the charter sector average in both the Classroom Environment and the Instruction domain of the QSR rubric.¹

Separate and apart from its goals analysis, DC PCSB monitors Roots PCS using a common set of measures in its Performance Management Framework (PMF). Over the past five

¹ See Roots PCS's QSR report at Appendix A.

years of this review period, Roots PCS's performance on the PMF has fluctuated greatly, with the school oscillating between Tier 2 and Tier 3 status. Beginning in SY 2013-14, the school's respective PMF scores have been 26.1% (Tier 3), 46.2% (Tier 2), 33.7% (Tier 3), and in SY 2017-18 the school narrowly advanced back to Tier 2 status with a score of 37.4%. Schools that earn Tier 3 status for three years of any five-year period may be subject to additional reviews by DC PCSB.

While the school has fully or partially met all of its goals, given its fluctuation on the PMF and its recent decline in proficiency on the state assessment, DC PCSB staff will continue monitoring Roots PCS's academic performance in the school's next review period, and DC PCSB may conduct an off-cycle review as per the guidelines described in DC PCSB's *2017-18 PMF Policy and Technical Guide*.²

Separate and apart from the determination of the school's goals and academic achievement expectation attainment, DC PCSB staff must determine if the school is in 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. While staff has not determined that the school has committed a material violation of law or of its charter, as mentioned above, staff has concerns around the school's persistent struggles to adequately implement IDEA. At the time of both its 10-year review and 15-year renewal, Roots PCS was flagged by OSSE for its non-compliance to applicable laws relating to the education of students with disabilities and implementing its special education program. Specifically, OSSE found that the school's Child Find Policy, practices, and procedures were out of compliance. "Child find" is a set of policies designed 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. Per OSSE's findings in SY 2017-18, Roots PCS needs to revise its Child Find Policy to address all areas of noncompliance that are described later in this report. Likewise, Roots PCS has failed to submit a sufficient assurance statement attesting to the school's year-to-date compliance with DC PCSB's Procurement Contract Submission and Conflict of Interest Policy. The school's failure to submit this statement to date, coupled with the school's lack of procurement submissions since July 2018, leaves DC PCSB staff with concerns about the school's compliance with procurement requirements.

Finally, DC PCSB has determined that the school has adhered to generally accepted accounting principles, has not engaged in a pattern of fiscal mismanagement, and is economically viable.

² Please see the 2017-18 PMF Policy and Technical Guide at <https://www.dcpsb.org/policy/2018-19-pmf-policy-and-technical-guide>.

Based on these findings, DC PCSB staff recommends the Board continue the school's charter with the following conditions about its non-compliance with applicable laws:

- 1) Roots PCS will improve its compliance with laws relating to the education of students with disabilities, as demonstrated by:
 - The school will timely comply with all corrective action required by OSSE in its Child Find Focused Monitoring Report; and
 - The school's Child Find policies, practices, and procedures will remain compliant with IDEA, as determined by OSSE.
- 2) By January 15, 2019, Roots PCS will either submit to DC PCSB an executed assurance or a written statement acknowledging non-compliance, outlining the scope of non-compliance, and proposing a reasonable deadline for the school to bring itself into compliance. Additionally, Roots PCS will develop an action plan to ensure compliance moving forward. Both deliverables are subject to DC PCSB's approval and will be on the LEA's official letterhead and signed by the LEA's board.

CHARTER REVIEW STANDARD

The SRA stipulates that DC PCSB “shall review [a school’s] charter at least once every [five] years.”³ 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.⁴

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.⁵

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.

³ D.C. Code § 38-1802.12(a)(3).

⁴ D.C. Code § 38-1802.13(a).

⁵ D.C. Code § 38-1802.13(b).

BACKGROUND INFORMATION ABOUT SCHOOL

School Overview

Roots PCS began operation in 1999 under authorization from the District of Columbia Board of Education (DC BOE). In 2007, after the passage of the Public Education Reform Amendment Act dissolved the DC BOE, DC PCSB became the authorizer of the school.

Roots PCS's mission is to:

[O]ffer a culturally relevant (African-Centered) and academically stimulating curriculum. We seek to promote and secure the connection of mother Africa within our children; Prepare students to break the chains of psychological conditioning that attempts to keep them powerless in all phases of society; Provide students with a strong African-Centered learning environment; Guide students toward academic excellence, exemplary character, and social responsibility; Encourage success leading to self-reliance and economical, social, and political contributions to society.

Roots PCS uses a curriculum called “African-Centered Interdisciplinary Multi-Level Hands-On Science.” The methodology of this curriculum is centered on African pedagogy and cultural values, including the Nguzo Saba Principles. The school also requires mandatory parent engagement, with each parent contributing to a parent advisory committee of their choice.⁶

While Roots PCS was chartered to educate students in grades PK3-8, following its charter renewal in SY 2013-14, the school elected to remove grades 6-8 from its program to focus on meeting the needs of its students in grades PK3-5. The school currently enrolls 99 students in PK3-5 in Ward 4.⁷ The school operates a single campus across two facilities, including its original facility at 15 Kennedy Street, NW and a separate early childhood location called Roots Activity Learning Center at 6222 North Capitol Street, NW.

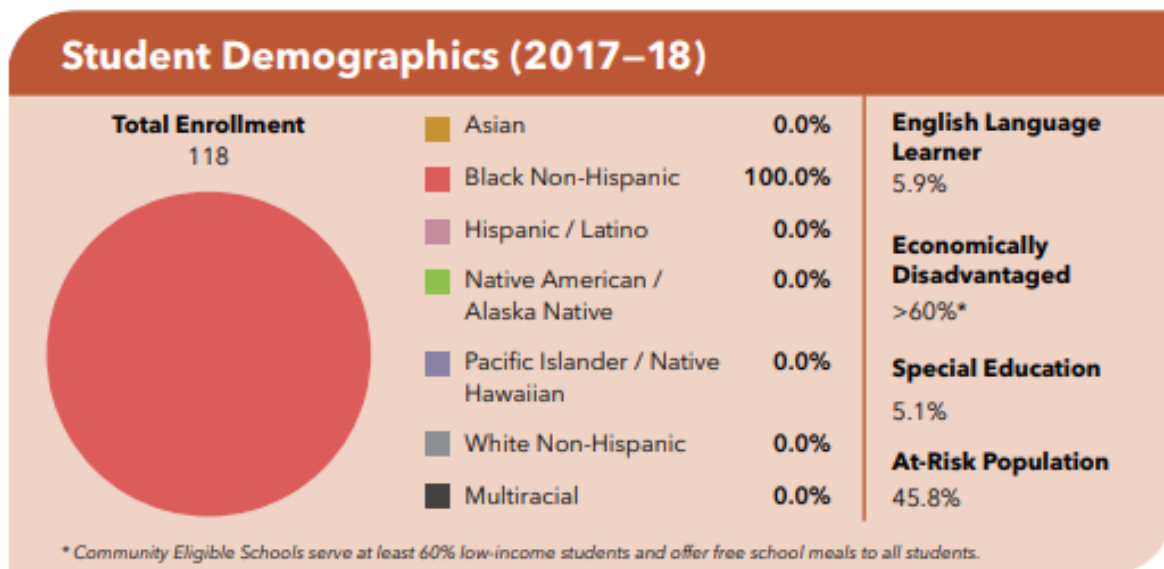
Enrollment and Demographic Trends

Roots PCS's enrollment is summarized in the charts below. The school has an enrollment ceiling of 120 students. Over the last five years the school has enrolled fewer students than its annual projections. Though the school is authorized to serve grades PK3-5, most of its students are enrolled in PK3-2. In SY 2017-18, the school had 44 PK students, 50 students in K-2, and 24 students in grades 3-5. The population is 100% African American.

⁶ Roots PCS Annual Report, SY 2016-17, Appendix B

⁷ Roots PCS charter agreement, June 16, 2014, Appendix C.

Roots PCS – Enrollment						
School Year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Audited Enrollment	118	95	106	118	118	99 ⁸
Enrollment Projections	120	120	120	119	120	120



Performance Management Framework Outcomes

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

Roots PCS has alternated between Tier 3 and Tier 2 status for the course of this review period. In SY 2015-16 the school advanced to Tier 2 status but dropped again to Tier 3 in SY 2016-17, before advancing back to Tier 2 in SY 2017-18. This oscillation is due in part to Roots PCS's small number of students who take the state assessment every year. Changes in student performance from year-to-year in a small population have a more significant impact on a school's PMF score (see Section Two: Goals and Student Academic Achievement Expectations).

In November 2017, Roots PCS submitted an appeal of its SY 2016-17 PMF score, arguing that (1) DC PCSB lacked authority to categorize schools by standardized test scores, (2) the small number of students at the school skewed its PMF results, and (3) the methodology of the

⁸ As of the October enrollment count; this number is still unaudited.

PMF itself is flawed. On November 20, 2017, the DC PCSB Board voted to deny the school's appeal.⁹

Roots PCS has not adopted the PMF as its charter goals, and thus will be assessed based on the eight school-specific goals captured in its charter agreement for this review period.

Roots PCS – PMF Outcomes				
2013-14	2014-15	2015-16	2016-17	2017-18
Tier 3 26.1%	N/A¹⁰	Tier 2 46.2%	Tier 3 33.7%	Tier 2 37.4%

Previous Charter Review

Five-Year Review

In 2007, as it transitioned from the DC BOE to DC PCSB's authorization, Roots PCS underwent a Five-Year Charter Review, in which it was noted that (1) the school's curriculum was not aligned with state standards; (2) the school needed to increase its academic expectations of students; (3) teachers did not differentiate their instruction; and (4) teachers worked informally with parents to remediate special education students.¹¹

Ten-Year Review

DC PCSB staff conducted Roots PCS's Ten-Year Review in 2012.¹² In this review, DC PCSB reported that Roots PCS had met zero of two student progress targets, two of three student achievement targets, one of one attendance targets, and one of one mission specific targets based on parental satisfaction. DC PCSB also noted that the school *may* be in violation of 34 CFR § 300.101(a) for failure to provide Free Appropriate Public Education (FAPE) to special education students. The report stated there had been "no special educators and [...] no special education students served since the 2008/2009 school year" and the overall quality of the special education program was deemed inadequate. Based on this report, the DC PCSB Board voted to grant continuance to Roots PCS on January 23, 2012, recommending that DC PCSB special education staff conduct a more thorough review of the school's special education program.

Fifteen-Year Renewal

DC PCSB staff conducted Roots PCS's Fifteen-Year Charter Renewal in 2014.¹³ In the report,

⁹ Board Action, Vote on 2016-17 PMF Appeal by Roots PCS, November 2017, Appendix D.

¹⁰ Due to the change in the state assessment, scores and tiers were not displayed in 2014–15.

¹¹ Roots PCS, 5-Year Review, June 2007, Appendix E. This report was completed by a consulting firm, according to PCSB's review process in place at that time. The consultant conducted the charter reviews that year for all schools transitioning from the DC BOE to PCSB.

¹² Roots PCS, Ten-Year Charter Review Report, January 2012, Appendix F.

¹³ Roots PCS, Fifteen-Year Charter Renewal Report, March 2014, Appendix G.

DC PCSB determined that Roots PCS substantially met its goals and student academic achievement expectations and had not materially violated the law. However, the special education review found “numerous instances of poor compliance” with special education procedures. Given this finding, and the school’s “subpar” performance in mathematics, the DC PCSB Board voted on March 18, 2014 to approve Roots PCS’s renewal on the condition that the charter agreement contain specific goals regarding (1) special education compliance and (2) math growth compliance. In SY 2014-15 and 2015-16, Roots PCS participated in DC PCSB’s Quality Assurance Review (QAR), a self-evaluative tool that was designed for schools to assess the quality of their special education programs. DC PCSB staff helped the school develop an action plan for areas that required the most improvement in its special education program, such as its need for more teacher professional development. After making intentional improvements to its program, DC PCSB staff determine in SY 2015-16 that the school had passed all indicators of the QAR tool.

Communications with School

On November 24, 2014, members of the DC PCSB Board and staff met with members of the board and staff of Roots PCS to discuss Roots PCS’s declining PMF scores and its failure to meet the school’s board-approved charter goals that it committed to per its renewed charter agreement. At this meeting, DC PCSB presented to the school the reasoning behind the PMF framework, the significance of standardized test achievement for the school’s accountability score, and the importance of the school participating in Classroom Assessment Scoring System (CLASS) observations to avoid hurting its PMF score.

On January 25, 2018, members of the DC PCSB Board and staff met with board members of Roots PCS to discuss the school’s goals and student academic achievement expectations ahead of its Twenty-Year Review. The parties reviewed the school’s progress and found that Roots PCS was on track to substantially or fully meet all its goals. They also discussed changes to the Financial Audit Review Report Technical Guide.

Additionally, on April 11, 2018, DC PCSB staff met with school leaders at Roots PCS to discuss the school’s Twenty-Year Review. Staff provided the school with a chart that outlined its performance with goal attainment of its mission-specific goals for the past few years. They also discussed what targets the school must meet in SY 2017-18 to meet its charter goals.

SECTION ONE: GOALS AND 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.

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. The goals were created after the school's charter renewal in SY 2013-14, and therefore this five-year review contains four years of school performance, beginning with SY2014-15, the school's 16th year in operation.

	Goals and Academic Expectations	Met?
1	Roots PCS will continue to demonstrate a commitment to serving students (free appropriate public education (FAPE)) with disabilities by completing the Public Charter School Board's Quality Assurance Review (QAR) in the fall of 2014. Roots PCS will create a Special Education QAR Action Plan in collaboration with PCSB staff, and achieve "in place" for all indicators of the QAR by the end of the spring of 2016 and until its next five-year review in 2018-19 and beyond.	Met
2	For students in prekindergarten (PK3 and PK4), at least 75% of PK students will meet or exceed widely held expectations per the growth report from the Fall to the Spring administration of the <i>GOLD Literacy assessment</i> .	Met
3	Kindergarten to Second Grade Literacy Student Outcomes	Partially Met
4	The percent of students scoring proficient or advanced on the state reading assessment will meet or exceed the state average at each grade level 3-8 each year. ¹⁴	Substantially met
5	At least 75% of Pre-Kindergarten students will meet or exceed widely held expectations per the growth report from the Fall to the Spring administration of the <i>GOLD math assessment</i> .	Met
6	At least 75% of students in kindergarten through second grade will advance one level or maintain proficiency on the My Math assessment.	Met
7	The percent of students scoring proficient or advanced on the state math assessment will meet or exceed the state average at each grade level 3-8 each year.	Partially met
8	In guiding students toward academic excellence, exemplary character, and social responsibility, students in grades 4 through 8 will participate in citywide competitions via the geography bee, spelling bee, and science fair. Certificates or other evidence of student participation and progress toward this goal will be reported in our annual reports.	Met

¹⁴ For goals numbered four, seven, and eight, the school assessed through grades five. The school closed grades six through eight after renewal, but the charter language remained unchanged. After this review, DC PCSB will work with the school to amend the goals to reflect its current grade band.

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"> Greater than the state average or charter sector average of the same grade band Greater than target set in school's charter agreement
Red	<ul style="list-style-type: none"> Less than the state average or charter sector average of the same grade band Less than the target set in the school's charter agreement
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.)

- Roots PCS will continue to demonstrate a commitment to serving students (free appropriate public education (FAPE)) with disabilities by completing the Public Charter School Board's Quality Assurance Review (QAR) in the fall of 2014. Roots PCS will create a Special Education QAR Action Plan in collaboration with PCSB staff, and achieve "in place" for all indicators of the QAR by the end of the spring of 2016 and until its next five-year review in 2018-19 and beyond.**

The QAR is a Special Education Self-Reflection tool designed to examine the quality of special education programming via the collection of information in a variety of domains. Participating schools submit evidence for each indicator across the domains, and a DC PCSB evaluator reviews the evidence to determine if the evidence is in place.

Assessment: **Roots PCS met this goal.** The school requested and was given an extension in completing its first QAR. After completion in June of 2015, the school submitted an Action Plan to DC PCSB to address specific challenges such as behavior management and parental involvement. The school then completed two additional QARs, and as of December 2016, the school submitted evidence demonstrating all indicators are "in place."¹⁵

¹⁵ See Roots PCS QARs, Appendix H.

- 2. For students in prekindergarten (PK3 and PK4), at least 75% of PK students will meet or exceed widely held expectations per the growth report from the Fall to the Spring administration of the GOLD literacy assessment.**

Teaching Strategies GOLD is a curriculum and assessment tool for birth through age six. The assessment is commonly used among public schools and community-based organizations in DC for their prekindergarten grades.

Assessment: **Roots PCS met this goal.** Each year the school exceeded the target of 75%, with 100% of students meeting or exceeding widely held expectations in three out of four years.

Roots PCS — PK3 and PK4 GOLD Literacy Student Outcomes							
2014-2015		2015-2016		2016-2017		2017-2018	
Rate	Target	Rate	Target	Rate	Target	Rate	Target
100.0	75.0	82.9	75.0	100.0	75.0	100.0	75.0
32		35		44		43	

- 3. The following assessments will be considered one goal—together, “Kindergarten to Second Grade (K-2) Literacy Student Outcomes.”**

Year	Goal
2014-15 and 2015-16	<p>a. For SY 2014-15 and SY 2015-16, at least 75% of students in kindergarten through second grade will increase by at least one reading level or maintain proficiency by the spring administration of the Scholastic Reading assessment (SRA) reading mastery test.</p> <p>b. For each SY 2014-15 and 2015-16, at least 75% of first and second grade students will score proficient on the Scholastic Reading Assessment (SRA) reading mastery test.</p>
2016-17	For each SY 2016-17 and 2017-18, 70% of Roots PCS students in grades kindergarten through second grade will score either a Mastery or Exceeds achievement level on the end-of-year (most recent Benchmark test per grade level) English Language Arts Total assessment per the Student Longitudinal Report (Growth Report) on the Journeys Continuum assessment.
2017-18	For school year 2017-18, 70% of Roots PCS students in grades kindergarten through second grade will score either a Mastery or Exceeds achievement level on the end-of-year (most recent Benchmark test per grade level) English Language Arts Total assessment OR will demonstrate at least ½ of a standard deviation of growth according to the publisher’s guidelines in the PMF Policy and Technical Guide for that given year, as reported on the Student Longitudinal Report (Growth Report) for the Continuum Assessment.

Assessment: Roots PCS partially met this goal. The school changed assessments and the standard for review twice during the review period, and as a result, it is difficult to evaluate the school's growth trajectory. In the first two school years of the review period, Roots PCS met or exceeded growth expectations on the Scholastic Reading Assessment (SRA). In SY 2016-17 and SY 2017-18, Roots PCS fell below the target for its chosen assessment. While Roots PCS improved eighteen percentage points from SY 2016-2017 to 2017-18, per the goal language, SY 2016-17 measured achievement whereas SY 2017-18 measured achievement and growth.

Roots PCS – K-2 Literacy Student Outcomes								
Grade Band	2014-2015 SRA		2015-2016 SRA		2016-2017 Continuum		2017-2018 Continuum	
	Rate	Target	Rate	Target	Rate	Target	Rate	Target
K-2	84.0	75.0	97.7	75.0	45.0	70.0	63.0	70.0
1-2	77.8	75.0	100.0	75.0				
denominator	32		43		40		46	

- 4. The percent of students scoring proficient or advanced on the state reading assessment will meet or exceed the state average at each grade level 3-8 each year. The percent of Roots PCS students scoring Level 3+ and Level 4+ (separately) on the state assessment in reading will meet or exceed the percent of students statewide in the same grade band who score Level 3+ and Level 4+ (separately)¹⁶.**

Assessment: Roots PCS substantially met this goal. The percent of students approaching college and career readiness or above (level 3+) has consistently been above the city's average. However, the percent of students meeting or exceeding these expectations (level 4+) has been below the city average for the past two years. The school's performance in percent of students achieving level 4+ has declined since PARCC testing began in SY 2014-15¹⁷. During the most recent year of the review period, SY 2017-18, only 19.0% of test-takers (four of 21 students) were College and Career Ready (level 4+). The school does have a noticeably small number of test-takers, and this could contribute to the volatility from year-to-year.

¹⁶ In each year of the review period, Roots PCS never had an n-size greater than 10 for each grade band, with only 23 test-takers each year on average. Thus, DC PCSB assessed the school's goal attainment for this particular goal based on the school's *overall* performance in ELA—not at each grade level.

¹⁷ Due to a change in state assessments in SY 2014-15, PARCC data was display-only for that school year.

Roots PCS – ELA Proficiency Grades 3-5									
Subgroup	Performance Level	2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC		2017-2018 PARCC	
		School	State	School	State	School	State	School	State
All	% 3 +	58.3	48.5	66.7	51.8	56.0	55.1	61.9	57.1
	% 4 +	37.5	25.3	33.3	27.7	20.0	31.4	19.0	33.4
	<i>denominator</i>	24		24		25		21	
Black Non-Hispanic	% 3 +	58.3	40.7	66.7	44.2	56.0	47.3	61.9	49.1
	% 4 +	37.5	16.6	33.3	19.7	20.0	22.3	19.0	24.4
	<i>denominator</i>	24		24		25		21	
Male	% 3 +	50.0	43.6	69.2	46.5	61.5	49.4	60.0	50.5
	% 4 +	20.0	21.5	38.5	23.8	23.1	26.5	10.0	27.8
	<i>denominator</i>	10		13		13		10	
Female	% 3 +	64.3	53.5	63.6	57.2	50.0	60.9	63.6	63.8
	% 4 +	50.0	29.0	27.3	31.6	16.7	36.3	27.3	39.1
	<i>denominator</i>	14		11		12		11	
At-Risk	% 3 +			N/A	36.1	50.0	40.2	N/A	42.4
	% 4 +				13.2	16.7	16.2		18.4
	<i>denominator</i>			<i>n < 10</i>		12		<i>n < 10</i>	

5. At least 75% of Pre-Kindergarten students will meet or exceed widely held expectations per the growth report from the Fall to the Spring administration of the GOLD math assessment.

Teaching Strategies GOLD is a curriculum and assessment tool for birth through age six. The assessment is commonly used among public schools and community-based organizations in DC for their prekindergarten grades.

Assessment: **Roots PCS met this goal.** Each year the school exceeded the target of 75%, with 100% of students meeting or exceeding widely held expectations in three out of four years.

Roots PCS — PK3 and PK4 GOLD Math Student Outcomes							
2014-2015		2015-2016		2016-2017		2017-2018	
Rate	Target	Rate	Target	Rate	Target	Rate	Target
100.0	75.0	80.0	75.0	100.0	75.0	100.0	75.0
32		35		44		43	

6. At least 75% of students in kindergarten through second grade will advance one level or maintain proficiency on the MyMath assessment.

Assessment: **Roots PCS met this goal.** During the review period, the school has outperformed its target of 75% each year, reaching proficiency as high as 97.7% in SY 2015-16. The school has been on a downward trend, however, since SY 2016-17, falling over ten points from SY 2015-16 to 2016-17.

Roots PCS — K-2 MyMath Math Student Outcomes							
2014-2015		2015-2016		2016-2017		2017-2018	
Rate	Target	Rate	Target	Rate	Target	Rate	Target
93.8	75.0	97.7	75.0	87.5	75.0	82.6	75.0
32		43		40		46	

7. The percent of students scoring proficient or advanced on the state math assessment will meet or exceed the state average at each grade level 3-8¹⁸.

Assessment: **Roots PCS partially met this goal.** During the review period, Roots PCS saw a sharp decline in performance among test-takers scoring Approaching College and Career Ready or higher (level 3+). The first year PARCC was administered in SY 2014-15, during which results were held harmless, 79.2% of students were level 3+ compared to 57.1% in SY 2017-18. In SY 2016-17, only four test-takers were proficient (level 4+) in math, half the number of students proficient SY 2015-16. The school does have a small number of test-takers, and this could contribute to the volatility from year-to-year.

¹⁸ In each year of the review period, Roots PCS never had an n-size greater than 10 for each grade band, with only 23 test-takers each year on average. Thus, DC PCSB assessed the school's goal attainment for this particular goal based on the school's *overall* performance in Math—not at each grade level.

Roots PCS—Math Proficiency Grades 3-5									
Subgroup	Performance Level	2014-2015 PARCC		2015-2016 PARCC		2016-2017 PARCC		2017-2018 PARCC	
		School	State	School	State	School	State	School	State
All	% 3 +	70.8	54.5	66.7	57.2	76.0	59.3	57.1	61.2
	% 4 +	25.0	27.9	33.3	33.2	16.0	34.1	19.0	36.1
	<i>denominator</i>	24		24		25		21	
Black Non-Hispanic	% 3 +	70.8	46.8	66.7	49.8	76.0	51.8	57.1	53.6
	% 4 +	25.0	20.0	33.3	25.1	16.0	25.0	19.0	27.1
	<i>denominator</i>	24		24		25		21	
Male	% 3 +	70.0	52.8	69.2	55.1	84.6	57.3	60.0	58.6
	% 4 +	30.0	27.6	53.8	32.0	15.4	33.4	20.0	34.6
	<i>denominator</i>	10		13		13		10	
Female	% 3 +	71.4	56.2	63.6	59.4	66.7	61.4	54.5	63.9
	% 4 +	21.4	28.2	9.1	34.3	16.7	34.9	18.2	37.7
	<i>denominator</i>	14		11		12		11	
At-Risk	% 3 +		39.9	N/A	42.8	75.0	45.1	N/A	47.1
	% 4 +				19.2	16.7	20.0		21.3
	<i>denominator</i>			<i>n < 10</i>		12		<i>n < 10</i>	

8. In guiding students toward academic excellence, exemplary character, and social responsibility, students in grades 4 through 8 will participate in citywide competitions via the geography bee, spelling bee, and science fair. Certificates or other evidence of student participation and progress toward this goal will be reported in our annual reports.

Assessment: **Roots PCS met this goal.** In all four years of the review period, Roots PCS participated in citywide competitions including the geography bee, spelling bee, and science fair. The school's annual report indicated specifically which students represented Roots PCS at these competitions, and a summary of each year's results can be found in the chart below.

Year	Result
2014-15	Students participated in the Citywide Spelling and Geography bee. The school received a \$1000 grant from Wells Fargo to provide science presentations geared toward the Next Generation Science Standards.
2015-16	All twenty-one 4 th and 5 th graders participated in the spelling bee and geography bee. The 4 th and 5 th grade classes produced the science project represented at the DC Stem competition.
2016-17	Roots PCS participated in the Citywide Spelling Bee, Geography Bee, and the science fair.
2017-18	Roots PCS participated in the Citywide Spelling Bee, Geography Bee, and Stem Science Fair.

Qualitative Site Review Outcomes

DC PCSB conducts QSRs of charter schools to observe qualitative evidence of the extent to which the school is meeting its mission and goals, as well as to assess classroom environment and quality of instruction. Between November 27 – December 8, 2017, in anticipation of this charter review analysis, DC PCSB conducted a QSR of Roots PCS.¹⁹

In QSRs, each observed classroom is assessed by experts using the Charlotte Danielson Framework for Teaching Evaluation. Each classroom is assigned an Unsatisfactory, Basic, Proficient, or Distinguished rating in classroom environment²⁰ and instruction.²¹ The following table details the percentage of classrooms at each campus that were rated proficient or distinguished in each domain.

	Domain 2: Classroom Environment	Domain 3: Instruction
Roots PCS	85%	75%
Average score for PK-8 schools	78%	70%

At Roots PCS, DC PCSB reviewers observed an Afro-centric curriculum in all classes. Students worked with one another in a polite manner and often volunteered to help one another. Overall, the school environment was exceptionally warm and nurturing. Roots PCS scored above average compared to other PK-8 schools that received a QSR over the past five years. The scores are greater than the school's performance five years ago.

¹⁹ See Roots PCS's QSR report, this report as Appendix A.

²⁰ To assess classroom environment, DC PCSB observed 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.

²¹ 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 in instruction.

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.”²² 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 for the review period.

Since SY 2013-14, Roots PCS has been compliant with **ALL** the following applicable laws.²³

- 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.

Over the last five years, Roots PCS has sporadically submitted documentation for contracts with only five individual vendors. Much of the documentation submitted by the LEA reported contracts that had been in effect for years prior to submission. Some of the

²² D.C. Code § 38.1802.13(a).

²³ Detailed compliance chart may be found in Appendix I.

contracts were not supported by proper documentation, including evidence that the contracts were publicly bid.

During DC PCSB's review of FY 16-17 procurement contract submissions, staff found that Roots PCS did not submit complete packages for four vendors uploaded and/or effective during that time and requested additional documentation. Roots PCS uploaded its FY 16-17 assurance statement stating that DC PCSB's list of vendors was correct, but the school did not upload the requested documentation. An Early Warning Notice was sent to the school on October 3, 2018 requesting that the missing documentation be uploaded by October 10, 2018 to avoid receiving an Out of Compliance Notice. The school then submitted the documentation by the deadline. DC PCSB began implementing a new Procurement Contract Submission and Conflicting Interest Policy on July 1, 2018. Since that date, the school has not submitted documentation for any new contracts. The school's most recent procurement contract bidding submission to DC PCSB reporting a new contract was on June 28, 2017.

Furthermore, the school largely acknowledged non-compliance through a recent reporting requirement. On October 9, 2018, Roots PCS was required to submit a signed assurance statement attesting to the school's year-to-date compliance with the Procurement Contract Submission and Conflict of Interest Policy. The assurance statement the school submitted was not signed and dated, but, instead, noted that the assurance statement was "not true." DC PCSB reached out to the school on October 18, November 20, and December 5, 2018 to inform the LEA that the assurance statement submitted was insufficient and to communicate a path to compliance. Specifically, DC PCSB staff told the school that in lieu of an assurance statement DC PCSB would accept a letter from the school acknowledging non-compliance, outlining the scope of non-compliance, and proposing a reasonable deadline for the school to bring itself into compliance (subject to DC PCSB approval). The school has yet to submit this letter.

The lack of submissions evidencing any new contracts since June 2017, coupled with the school's concerning assurance statement, leaves DC PCSB staff concerned that the school is not properly reporting procurement contracts.

The statistics below capture Roots PCS's submissions and corresponding compliance with the policy.

- **1 early warning notice** as of October 9, 2018.
- Submissions **Rejected** since July 1, 2018 **0**
- Submissions **Received** since July 1, 2018: **0**

Special Education Compliance

Charter schools are required to comply with all federal and local special education laws, including the Individuals with Disabilities Education Act²⁴ (IDEA) and Section 504 of the Rehabilitation Act of 1973.²⁵ The following section summarizes Roots PCS's special education compliance from SY 2014-15 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 are summarized below.

Because of its dependent charter status prior to SY 2017-18, the school's special education compliance performance, except for Special Conditions reports, was reported by OSSE as part of District of Columbia Public Schools' (DCPS) overall compliance performance and is not a part of this report.

(1) 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.²⁶ 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).

All Roots PCS's Annual Determination levels are listed as Not Applicable (N/A) in the table below, as it only became an independent LEA beginning in SY 2017-18.

Year	Percent Compliant with Audited Special Education Federal Requirements	Determination Level
2014	N/A	N/A
2015	N/A	N/A
2016	N/A	N/A

(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 its coordinated Risk-Based

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

²⁵ 29 U.S.C. § 794.

²⁶ As required by federal regulation 34 CFR § 300.600(c).

Monitoring,²⁷ 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,²⁸ which OSSE then uses to determine if an LEA will receive on-site monitoring.²⁹ LEAs are responsible for being 100% compliant with student-level indicators and LEA-level indicators on On-Site Monitoring Reports.³⁰

As of October 2018, 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 the U.S. Department of Education's Office of Special Education Programs (OSEP) three times annually,³¹ detailing statewide compliance in three areas: (1) Initial Evaluation timeliness;³² (2) Reevaluation timeliness; and (3) Secondary Transition requirements (for students at age 16 and up). Given its student population, Roots PCS would be evaluated in adhering to Initial Evaluation and Reevaluation timeliness; nonetheless, from OSSE has not reviewed Roots PCS for these compliance areas during the period under review.

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 Columbia*³³ 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

²⁷ See <https://osse.dc.gov/publication/risk-based-monitoring-guidance>.

²⁸ Part B of IDEA applies to students ages 3-22.

²⁹ 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.

³⁰ 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.

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

³² 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.

³³ *D.L. v. The District of Columbia* (Case No. 1:05-cv-01437), 860 F.3d 713 (DC Cir. 2017)

inappropriate policies and procedures.³⁴ 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 and LEA's Child Find Policies during the Spring of each school year. Based on this review, OSSE determines whether the LEA may be 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 must take to be deemed compliant.

During SY 2017-18, OSSE found that Roots PCS's Child Find Policy, practices, and procedures are out of compliance. The focused monitoring activities included student file reviews, and policy reviews. The results of the focused monitoring activities were sent to the LEA's leader.³⁵ In the notification letter, OSSE is requiring Roots PCS to:

- Revise its policies to address the identified areas of noncompliance.
- Conduct training for all instructional staff, support staff, principals and other school administrators regarding Child Find processes and procedures prior to the beginning of the 2018-19 school year.

As of October 2018, Roots PCS submitted documentation of Child Find trainings, but not its revised and compliant Child Find policy. As of December 2018, OSSE is waiting for the school to submit its revised Child Find policy. Once it has been received, OSSE may review it and the other documentation to determine if the LEA has demonstrated compliance or if technical assistance is required.

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 Roots PCS since it became an independent LEA.³⁶

³⁴ 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>.

³⁵ Please find the Child Find Focused Monitoring Report for Roots PCS attached as Appendix J.

³⁶ 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.

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.³⁷

DC PCSB has assessed Roots 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

Roots PCS has demonstrated adequate fiscal performance. Its financial audits confirm the school has adhered to GAAP and has adequate internal controls. The school has not engaged in a pattern of fiscal mismanagement, and it is economically viable.

Roots PCS has strong liquidity, with a current ratio of 10.7 and more than 200 days of cash on hand; the school's debt leverage has remained low at 0.1; and the primary reserve ratio is 56%, all reflective of strong financial performance and indicative of sustainable operations going forward.

³⁷ See D.C. Code § 38-1802.13(b).

Financial Overview

Overall, the school has exhibited adequate financial performance, while exhibiting appropriate fiscal responsibility. The following table provides an overview of Roots PCS's financial information between FY 2013 and FY 2017. Roots PCS has had fluctuating enrollment since 2013, with SY 2014-15 being its lowest enrollment of 95 students; SY 2016-17 and SY 2017-18 have had steady enrollment of 118 students. At the end of FY 2018, unaudited financial results show that total revenue is up from 2013 by 17%. Lastly, Roots PCS has built a Net Asset Position of \$1.2 million, which is indicative of sufficient financial strength to sustain its operations.

Financial Highlights (\$ in 000s)						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18*
Maximum Enrollment³⁸	120	120	120	120	120	120
Audited Enrollment	120	118	95	106	118	118
Total Revenue	\$1,927	\$1,978	\$1,743	\$1,891	\$2,091	\$2,250
Surplus/(Deficit)³⁹	\$64	\$101	(\$101)	(\$18)	\$12	\$35
Unrestricted Cash Balances	\$723	\$647	\$558	\$459	\$902	\$1,235
Number of Days of Cash on Hand⁴⁰	147	126	112	89	161	204
Net Asset Position⁴¹	\$1,185	\$1,286	\$1,186	\$1,167	\$1,180	1,215
Primary Reserve Ratio⁴²	64%	69%	64%	61%	57%	56%

*Based on unaudited financials

Fiscal Management

Based upon DC PCSB's assessment of the school's liquidity, debt burden, and cost management, the school has shown evidence of adequate fiscal management. Specifically, liquidity is strong; the school has low debt leverage; costs are effectively managed; and the internal control environment appears to be strong. These areas are discussed further below.

³⁸ 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.

³⁹ Surplus / (Deficit) is total revenue minus total expenses.

⁴⁰ 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.

⁴¹ Net Asset Position equals total assets minus total liabilities.

⁴² Primary Reserve Ratio equals total net assets, less intangible assets, divided by total annual expenses.

Liquidity

Liquidity								
	Floor	Target	2013	2014	2015	2016	2017	2018*
Current Ratio	0.7	1.0	5.5	6.7	6.7	13.6	12.3	10.7
Number of Days of Cash on Hand	15	45	147	126	112	89	161	204

* 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 Ratio⁴³ and Days of Cash on Hand⁴⁴—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 has consistently been above the target of 1.0, meaning the school has the means to meet obligations that will come due in the next year.

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 well above DC PCSB's target.

Solvency: The final measure of liquidity is solvency,⁴⁵ which considers the school's overall ability to pay outstanding obligations, including amounts due to vendors, employees, and lenders if the school's charter were to be revoked. DC PCSB reviewed Roots PCS's 2017 audited financial statements to determine the risk to third parties in the event of school closure. Should the DC PCSB Board vote to close Roots PCS, staff expects that the school would be able to meet its operating obligations, including estimated closure costs, and the school would not have a shortfall in meeting obligations due to vendors and employees. Given the overall financial health of the school, Roots PCS's solvency is not an area of concern.

⁴³ A school's current ratio is its current assets divided by current liabilities.

⁴⁴ Days of Cash on Hand is the amount of unrestricted cash and cash equivalents divided by daily operating expenses, excluding depreciation & amortization.

⁴⁵ Except when the school owns a facility, solvency equals unrestricted cash plus receivables with a high probability of collection, minus liabilities and closure expenses.

Debt Burden

Debt Burden								
	Floor	Target	2013	2014	2015	2016	2017	2018*
Debt Ratio	0.9	0.5	0.2	0.1	0.1	0.1	0.1	0.1
Debt Service Coverage Ratio	1.0	1.2	N/A – metric introduced in FY 2016			N/A		

* Based on unaudited financials

Based on DC PCSB's assessment, there are no current concerns related to Roots PCS's debt burden; this represents a considerable improvement from the school's debt burden five years ago. DC PCSB reviews two ratios related to debt management—the debt ratio⁴⁶ and the debt service coverage ratio (DSC).⁴⁷

Debt Ratio: The school has consistently maintained low leverage, with assets well in excess of its liabilities, with a debt ratio exceeding the target of 0.5

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. A high ratio implies sufficient resources were available for debt service, while a low ratio indicates a school's inability to service its debt. The school does not have any outstanding debt requiring servicing, therefore, staff determined this was not applicable.

Cost Management

Components of Expenses (\$ in 000s)					
	2013	2014	2015	2016	2017
Salaries and Benefits	\$1,053	\$1,065	\$1,001	\$1,061	\$1,206
Direct Student Costs	\$318	\$344	\$310	\$334	\$370
Occupancy Expenses	\$384	\$369	\$391	\$396	\$387
General Expenses⁴⁸	\$108	\$99	\$142	\$117	\$116

As a Percent of Expenses						
	2013	2014	2015	2016	2017	FY17 Sector Average
Salaries and Benefits	57%	54%	54%	56%	58%	62%
Direct Student Costs	17%	17%	17%	18%	18%	10%
Occupancy Expenses	21%	21%	21%	21%	19%	16%
General Expenses	6%	8%	8%	6%	6%	10%

The tables above provide an overview of the school's spending decisions over the past five years. Direct student costs significantly exceed the sector averages, reflecting significant

⁴⁶ Debt Ratio equals the total liabilities divided by the total assets.

⁴⁷ 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).

⁴⁸ 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.

investment in academic support, including the school's payment for summer school tuition and fees for its students.

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 Roots PCS establish that the school has adhered to GAAP. The school's auditors issued unmodified audit opinions for all years and there were no material weaknesses identified in internal controls over financial reporting. In 2014, the auditors did identify a material weakness in internal control over compliance, relating to the National School Lunch Program; as of 2017, all deficiencies had been remediated. Based on this assessment, Roots PCS appears to have an adequate internal control environment.

Internal Controls					
	2013	2014	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, 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.	N/A	N/A	N/A	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	N/A	N/A	N/A	No	No

Internal Controls					
	2013	2014	2015	2016	2017
of a federal program that will not be prevented, or detected and corrected, on a timely basis.					
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.	0	0	0	0	0
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	No

Economic Viability

Considering earnings, cash flows, reserves, and trends in both enrollment and revenue, DC PCSB staff has no concerns about Roots PCS's economic viability. The school has generated operating surpluses and positive cash flow in the past two years.

(\$ in 000s)	Floor	2013	2014	2015	2016	2017	2018*
Surplus/(Deficit)	<0	\$64	\$101	(\$101)	(\$18)	\$12	\$35
Earnings before Depreciation and Amortization	<0	\$131	\$111	(\$69)	\$11	\$42	\$65

*Based on unaudited financials

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.⁴⁹

Roots PCS had positive earnings three of the past five years and positive EBDA in every year except 2015. While the school may have experienced losses in 2015 and 2016, the school's net assets have been sufficient to absorb these losses.

(\$ in 000s)	Floor	Target	2013	2014	2015	2016	2017	2018*
Net Asset Position	\$ 0	N/A	\$1,185	\$1,286	\$1,186	\$1,167	\$1,180	\$1,215
Primary Reserve Ratio	0%	25%	64%	69%	64%	61%	57%	56%

* Based on unaudited financials

⁴⁹ EBDA is the change in net assets plus depreciation and amortization.

Net Asset Position

Net Asset Position measures a school's assets less its liabilities. DC PCSB would be concerned with net assets reserves below zero, which was the school's financial position in FY 2013. As described above, the school's net assets have remained sufficient in all five years, ending 2018 with unaudited net asset position of \$1.2M.

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 from FY 2013; however, it still remains well above the target of 25%.

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.

Roots PCS has had fluctuating enrollment since SY 2012-13, with SY 2014-15 being its lowest enrollment of 95 students; SY 2016-17 and SY 2017-18 have had steady enrollment of 118, near the school's enrollment ceiling. Revenue has increased overall by 17% from SY 2012-13 to \$2.3M.

Enrollment over Time						
	2013	2014	2015	2016	2017	2018
Enrollment	120	118	95	106	118	118
Growth in Enrollment	-	(2%)	(19%)	12%	11%	0%
Total Revenue	\$1,927	\$1,978	\$1,743	\$1,891	\$2,091	\$2,250
Growth in Revenues	-	3%	(12%)	8%	11%	8%