

Charter School Closure Manual

State Charter School Board

Salt Lake City, Utah

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Introduction

The Utah State Charter School Board (SCSB) provides this manual to charter school leaders as they begin the process of school closure.

This Charter School Closure Manual has been developed by the SCSB to outline the procedures that charter schools must follow as part of the closure process. There are elements of this process that fall under the authority of the Utah State Board of Education (USBE), and these have been included in a separate section of the manual.

Ceasing operations as a SCSB authorized school does not mean the corporation is dissolved. In a governing board meeting, the school's governing board must approve a closure plan and make provisions for appointed stewards to complete all final tasks of closure. The governing board should give the stewards the full authority to act on behalf the governing board in all final tasks of closure for this closing plan. Since the closure process will take up to a year or longer at best, **the governing board's non-profit corporation should not dissolve until the closing audit and all final tasks of closure have been completed.**

The SCSB staff will work directly with the leadership of the closing school to provide technical assistance and monitor the closure process as per Utah Statute and Board Rule. The charter termination letter will include the name of a SCSB staff member who will oversee the school closure process. The SCSB may also hire various consultants to assist in this effort.

Definitions

The following are definitions of terms used in this manual:

- “Charter agreement” means the terms and conditions for the operation of an approved charter school, designated in [§53A-1a-508](#)
- “Charter school authorizer” means the State Charter School Board, local school board, or board of trustees of a higher education institution that authorized the establishment of a charter school.
- “Charter school” means a school that has a fully executed charter agreement with a charter authorizer as required by law.
- “Charter school governing board” means the board that operates a charter school.
- “USBE” means the Utah State Board of Education.
- “SCSB” means the State Charter School Board, designated in [§53A-1a-501.5](#).
- “Closure Team” means the group comprised of the SCSB Performance Oversight Coordinator, the senior members of the SCSB staff and USBE staff that have oversight responsibilities over charter schools, as well as other individuals who may assist in the closure process.

- “Transition Team” means the group of individuals who are tasked with providing students and parents with assistance to transition smoothly from a closing charter school to a viable education option.
- “Annual Financial Report (AFR)” means the annual audited report that reports a school’s financial data by fund.
- “Annual Program Report (APR)” means the annual audited report that reports a school’s financial data by program.

A. Overview of the Closure Process

School closures are hard for all stakeholders: authorizer, parents, students and entire communities. A closing school and the SCSB will work together to provide students and parents with assistance to transition smoothly from a closing charter school to a viable education option. This is a central closure responsibility for both the closing school and the SCSB. Despite the circumstances surrounding the termination of the charter, the interests of the students and parents going forward are the first priority. The SCSB is dedicated to supporting the closing school.

There are at least four different instances when the charter school closure process may be initiated¹: when the charter school relinquishes its charter, when the authorizer votes to terminate the school's charter, when a charter transfers to another charter school governing board, or when a charter school converts to a private school.

The following action plan provides transparency and direction for a charter school that is closing. Based on the circumstances surrounding the closure, not all tasks in the action plan may apply.

The action plan is divided into the following sections:

- Immediate Actions
- Notification of Closure to the School Community
- Student Record Actions
- Faculty and Staff Actions
- Financial and Business Operations Actions
- Final Actions
- USBE Closure Procedures

These sections of the action plan are detailed further in the subsequent chapters of this manual.

¹ According to [§53A-1a-510.5\(2\)](#), a decision to close a charter school is made:

- a. When a charter school authorizer approves a motion to terminate described in Subsection 53A-1a-510(2)(c).
- b. When the State Board of Education take final action described in Subsection 53A-1a-510(2)(d)(ii); or
- c. When a charter school provides notice to the charter school's authorizer that the charter school is relinquishing the charter school's charter.

Any one of these three actions initiate closure.

B. Immediate Actions

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> | |
|--------------------------|---|-------------------------|--------------------------|--|
| | <i>School</i> | <i>Authorizer/State</i> | | |
| Immediate Actions | | | | |
| 1 | Proposed Termination Letter A proposed termination letter issued to charter school which includes the statement of grounds, and stipulates that the governing board may request an informal hearing. | | SCSB Director | Within 1 business day of the SCSB's vote of proposed termination. |
| 2 | Termination Letter A termination letter issued to the charter school immediately following the decision to terminate the charter. This letter includes the notice of termination vote, statement of grounds, and notice of appeal rights and timelines for an appeal to the USBE. | | SCSB Director | Within 1 business day of the SCSB's vote to terminate charter |
| 3 | Press release Create and distribute a press release. | | SCSB Executive Committee | Within 1 business day of the SCSB's vote to terminate charter |
| 4 | Establish Closure Team, Assign roles Establish the Closure Team comprised of SCSB coordinator, SCSB and USBE staff as needed, and other individuals who will assist in the closure process. Possible roles include: Receiver, signatories, trustee. | | SCSB Director | Within 48 hours of the SCSB's vote to terminate charter |
| 5 | Establish Transition Team, Assign roles Possible members: closing school's board chair, director, finance manager, faculty member, PTO president, SCSB coordinator, etc. | Charter School Board | SCSB Coordinator | Within 2 business days of the SCSB's vote to terminate charter |
| 6 | USBE Notifications Notification to USBE sections including State Superintendency, Financial Operations, Federal programs, Data and Assessment, Special Education, Child Nutrition, and any other section or stakeholder deemed appropriate. | | SCSB Director | Within 2 business days of the SCSB's vote to terminate charter |
| 7 | Continue Current Instruction, if applicable Continue current instruction, if applicable, until end of school year, and terminate any summer instruction program. | Charter School Board | | Ongoing until end of local board approved calendar |

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> | |
|--------------------|---|---|------------------------|---|
| | <i>School</i> | <i>Authorizer/State</i> | | |
| 8 | <p>Initial Closure Notification Letter: Provide notice of the closure decision including proposed date of closure, proposed student transition plan, contact information during the closure process, to:</p> <ul style="list-style-type: none"> ➤ SCSB if initiated by governing board ➤ USBE ➤ Parents of the students ➤ Charter school's creditors ➤ Charter school's lease holders ➤ Charter school's bond issuers ➤ Any others with claims to school's assets ➤ Residing school district and charter schools within this district ➤ Any other person the charter school determines to be appropriate <p>Post notice on the school's website and the Utah Public Notice Website. <i>School must provide evidence of completion to SCSB coordinator</i></p> | Charter School Board | | No later than 10 days after the day of the SCSB's vote to terminate charter |
| 9 | <p>Establish and Maintain Base of Operation Establish a base of operation for the duration of the closure process.</p> <ul style="list-style-type: none"> ➤ Maintain an office with regular hours of operation until the school no longer has a building of occupancy. ➤ Maintain operational telephone service and website, and designate an individual to respond to email and phone messages until the closure process is finalized. ➤ Immediately inform the SCSB coordinator if any change in location or contact information occurs. | Charter School Board | | No later than 10 days after the day of the SCSB's vote to terminate charter. Ongoing. |
| 10 | <p>Designation of Custodian for Student, Employee, and Business Records Designate and notify the SCSB Coordinator of the designated custodian for the protection of student files, employee files, and school business records during the process of closure.</p> | Charter School Board Charter School Director | | No later than 10 days after the day of the SCSB's vote to terminate charter |
| 11 | <p>List of creditors Create and send to SCSB coordinator a list of all creditors and specifically identify secured creditors and assets that are subject to security interests.</p> | Charter School Board | | No later than 10 days after the day of the SCSB's vote to terminate charter |

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> |
|--------------------|--|--|--|
| | <i>School</i> | <i>Authorizer/State</i> | |
| 12 | <p>Maintain Insurance The school’s assets and the assets in the school that belong to others must be protected against theft, misappropriation and deterioration. The school should:</p> <ul style="list-style-type: none"> ➤ Notify insurer of potential claims due to closure. ➤ Maintain existing insurance coverage until the disposal of such assets under the closure action plan. ➤ Maintain existing director’s and officer’s liability insurance until final dissolution of the school. ➤ Maintain a tail policy on the director’s and officer’s insurance. | Charter School Board Charter School Business Manager | No later than 10 days after the day of the SCSB’s vote to terminate charter. Ongoing. |

C. Notification of Closure to the School Community

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> |
|----------------------|--|---|---|
| | <i>School</i> | <i>Authorizer/State</i> | |
| Notifications | | | |
| 13 | <p>Parent Closure Letter Distribute letter with detailed guidance regarding transition plan. Notification should include, but not be limited to:</p> <ul style="list-style-type: none"> ➤ Date of the last day of regular instruction; ➤ Cancellation of any planned summer school; ➤ Notification of mandatory enrollment under state law; ➤ Listing of the contact and enrollment information for area schools; ➤ Information on obtaining student records; ➤ Contact information for parent/guardian assistance. | Charter School Board Charter School Director | No later than 10 days after the day of the SCSB's vote to terminate charter |
| 14 | <p>Staff/ Faculty Closure Transition Letter Outline transition plans and timelines for staff. Notification should include, but not be limited to:</p> <ul style="list-style-type: none"> ➤ Commitment of the school's board to transitioning staff; ➤ Commitment to positive transition of students into new educational settings; ➤ Timelines for compensation, contract termination, and benefits; ➤ COBRA and insurance information; ➤ Transition team member contact information. <p><i>Provide the SCSB with a copy of the letter and any accompanying materials.</i></p> | Charter School Board | No later than 10 days after the day of the SCSB's vote to terminate charter |
| 15 | <p>Benefit Providers</p> <ul style="list-style-type: none"> ➤ Notify benefit providers of pending termination of all employees; ➤ Notify providers of termination of all benefit programs; ➤ Terminate program as of the last date of service in accordance with applicable law and regulations (i.e. COBRA). <p><i>It is advisable that legal counsel be consulted.</i></p> | Charter School Board Charter School Business Manager | Within 30 days of the SCSB's vote to terminate charter |

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> |
|---|---------------------------------|-------------------------|--|
| | <i>School</i> | <i>Authorizer/State</i> | |
| <p>16</p> <p>Notification of Contractor(s) Agreement The school must:</p> <ul style="list-style-type: none"> ➤ Notify contractors regarding school closure and cessation of operations; ➤ Instruct contractors to make arrangements to remove any contractor property from the school by a specified date; ➤ Maintain telephone, gas, electric, water, insurance and any other utilities and contracts as until the corporation no longer has building(s) of occupancy. <p><i>Provide the SCSB Coordinator evidence of such notification.</i></p> | Charter School Business Manager | | Within 30 days of the SCSB's vote to terminate charter |
| <p>17</p> <p>Notification to Creditors</p> <ul style="list-style-type: none"> ➤ Solicit from each creditor a final accounting of the school's accrued and unpaid debt. ➤ Compare the figures provided with the school's calculation of the debt and reconcile. ➤ Where possible, negotiate a settlement of debts consummated by a settlement agreement or release claim reflecting satisfaction and release of the existing obligations. <p><i>Provide the SCSB Coordinator a written summary of this activity.</i></p> | Charter School Business Manager | | Within 30 days of the SCSB's vote to terminate charter |

D. Student Record Actions

| Action Item | Responsible Party | | Completion Date |
|-------------------------|--|---|---|
| | School | Authorizer/State | |
| Students Records | | | |
| 18 | Designate a Records Custodian Designate a custodian for the protection of: <ul style="list-style-type: none"> ➤ Student records, including special education evaluation and Individual Education Program, attendance, testing, transcripts, report cards, etc.; ➤ School business records; and ➤ Financial records, including payroll and grants. | Charter School Board Charter School Director | No later than 10 days after the day of the SCSB's vote to terminate charter |
| 19 | Final Report Cards and Student Records Notice The school must ensure that: <ul style="list-style-type: none"> ➤ All student records and report cards are complete and up to date; ➤ Parents/guardians are provided with copies of final report cards, summative testing data, and testing records; ➤ Parents are given written notice of who the records custodian is and how records will be transferred to a school or given to the parent. <i>Provide the SCSB with a copy of notice</i> | Charter School Director | No later than one week after the end of classes. |
| 20 | Transfer of Student Records The school must forward a certified copy of the transferring student's education record to the student's new school in accordance with FERPA and §53A-11-504, or to the parent, if requested. | Charter School Director | Within 30 school days of the request. |
| 21 | Transfer of Remaining Student Records In accordance with §53A-1a-506.5 (6), the charter school shall notify and send the student's education record, including all special education eligibility evaluation records and Individual Education Plan, to the school district of residence of students for whom provisions to enroll in another school have not been made. | Charter School Director | No later than one week after the last day of classes. |
| 22 | Documenting Transfer of Records The charter school will document the transfer of records and provide electronic and written documentation of where student files were transferred. | Charter School Board Charter School Director | SCSB Coordinator Within 30 days after the end of classes. |

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> |
|--|--------------------------|-------------------------|---|
| | <i>School</i> | <i>Authorizer/State</i> | |
| 23 Transfer of Records to SCSB ➤ The charter school will deliver any remaining student files to the SCSB coordinator for safekeeping. ➤ These records will then be submitted to State Archives by the SCSB coordinator. | Charter School Board | SCSB Coordinator | Prior to the dissolution of the school. |

E. Faculty and Staff Actions

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> | |
|--------------------------|--|---------------------------------|------------------------|--|
| | <i>School</i> | <i>Authorizer/State</i> | | |
| Faculty and Staff | | | | |
| 24 | Payroll Plan The charter school will provide the SCSB with a description of current and projected payroll and payroll benefits commitments through closure (including summer), including possible unemployment claims. | Charter School Business Manager | | Within 30 days of the SCSB's vote to terminate charter |
| 25 | Payment of Taxes/ Final W2 The charter school shall file all final federal, state and local employer payroll tax returns and issue final W-2s and Form 1099s by the statutory deadlines. | Charter School Business Manager | | Prior to the dissolution of the school. |
| 26 | Transfer of Records to SCSB <ul style="list-style-type: none"> ➤ The charter school will send all employee records to the SCSB coordinator for safekeeping. These include an electronic file containing employee information, terms of employment, and relevant tax and benefit information. ➤ These records will then be submitted to State Archives by the SCSB coordinator. | Charter School Board | SCSB Coordinator | Prior to the dissolution of the school. |

F. Financial and Business Actions

| Action Item | Responsible Party | | Completion Date | |
|---------------------------------------|--|--|---|--|
| | School | Authorizer/State | | |
| Financial and Business Actions | | | | |
| 27 | <p>Audit The school must work with USBE Financial Operations office to establish a reasonable timeline by which to complete a final close out independent 3rd party audit. <i>Provide a copy of the final audit to the SCSB coordinator.</i></p> | Charter School Board Charter School Business Manager | As determined by USBE Financial Operations. | |
| 28 | <p>Inventory As required by USBE Financial Operations office, the school must inventory all assets, and:</p> <ul style="list-style-type: none"> ➤ Create a fixed asset list segregating state and federal dollars; ➤ Note source codes for funds and price for each purchase; and ➤ Establish fair market value, initial and amortized for all fixed assets. ➤ Complete any other required action required by the USBE Financial Operations office. <p><i>Provide a copy of the inventory to the SCSB coordinator.</i></p> | Charter School Business Manager | SCSB Finance Manager | Within 15 days of the SCSB's vote to terminate charter |
| 29 | <p>Disposition of Inventory</p> <ul style="list-style-type: none"> ➤ Establish a disposition plan (e.g. auction); ➤ Coordinate with USBE regarding assets purchased with federal funds for their return or disposition; ➤ Establish a payment process (e.g. cash, checks, credit cards) for any remaining items; ➤ Once approved, discharge assets according to the plan; and ➤ Inventory may not liquidated until final approval from the USBE Assistant Superintendent of Financial Operations. <p><i>Prepare and keep records for reconciliation of accounts and final audit.</i></p> | Charter School Business Manager | SCSB Finance Manager | Within 30 days of the SCSB's vote to terminate charter |
| 30 | <p>Termination of Leases The school must terminate all present leases, service agreements, and other contracts relating to the school that are not necessary for the close out of the school. <i>It is advisable that legal counsel should be consulted.</i></p> | Charter School Board Charter School Director | | Within 30 days of the SCSB's vote to terminate charter |

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> |
|--|---|---|---|
| | <i>School</i> | <i>Authorizer/State</i> | |
| 31 Assignment of Trustee/ Receiver If required by SCSB and/or USBE, appoint an Independent Trustee/ Receiver who will be responsible for satisfying all outstanding financial liabilities of the charter school and properly distributing the school's assets in compliance with law. | | SCSB Executive Committee | Within 30 days of the SCSB's vote to terminate charter |
| 32 Payment of Funds ➤ With approval from USBE Financial Operations, pay, discharge or make adequate provision to discharge all liabilities and obligations. ➤ Settle all Federal programs before liquidating state purchased assets or using unrestricted fund balances. <i>Provide the SCSB with a copy of all documents.</i> | Charter School Board | | Ongoing until all business related to closure is completed. |
| 33 Transfer of Business Records to USBE ➤ The charter school will send business records to the USBE Financial Operations office. ➤ These records will then be submitted to State Archives by the USBE Financial Operations office. | Charter School Board Charter School Director | USBE Assistant Superintendent of Financial Operations or designee | Prior to the dissolution of the school. |
| NOTE: USBE Financial Operations office will communicate to the charter school any other required actions and timelines. | | | |

G. Final Actions

| <i>Action Item</i> | <i>Responsible Party</i> | | <i>Completion Date</i> |
|--|---|-------------------------|--|
| | <i>School</i> | <i>Authorizer/State</i> | |
| <i>Final Report on School Closure</i> | | | |
| 34 | Dissolution of the School’s Corporate Entity – Suggested, but Optional <ul style="list-style-type: none"> ➤ The governing board shall vote to dissolve in public board meeting. ➤ The governing board shall direct a member to complete formal dissolution. ➤ The designee shall file the Articles of Dissolution with the Division of Corporations – Department of Commerce. ➤ The designee shall notify the Utah Tax Commission of closure and formal dissolution. | Charter School Board | After all other closure actions have been completed. |
| 35 | Submit Final Report on School Closure The charter school governing board’s designee will submit a final report on the school closure actions and submit to the SCSB coordinator. | Charter School Board | After all other closure actions have been completed. |

H. USBE Closure Actions

| <i>Action Item</i> | <i>Responsible Party</i> | <i>Completion Date</i> |
|---|---|---|
| USBE Fiscal Procedures for a Charter School Closure | | |
| <p>Communicate Closure Date Communicate closure date to MSP Coordinator and all federal programs as this determines the end of federal allowable costs period of availability and MSP funds.</p> <ul style="list-style-type: none"> ➤ Financial Operations will request payment approval for these funds from the Superintendent and/or Board. | USBE Assistant Superintendent of Financial Operations or designee | Within 48 hours of the SCSB's vote to terminate charter |
| <p>Inventory of Assets Direct the LEA to turn over its inventory of the assets of the LEA within 15 days of the closure date to the SCSB and USBE. Inventory list must disclose what assets were purchased with federal funds and what grant purchased them. USBE will review completeness of list at USBE discretion.</p> <ul style="list-style-type: none"> ➤ Assets purchased with federal funds belong to the federal program and cannot be sold or liquidated without express instructions from the USBE. ➤ At the discretion of the USBE Federal Programs staff equipment may be acquired by the USBE and given to other LEAs for purpose of the continuation of the Federal Program. CFR 200.313 Equipment | USBE Assistant Superintendent of Financial Operations or designee | Within 48 hours of the SCSB's vote to terminate charter |
| <p>Federal Monitoring Review Direct USBE Federal program staff to conduct a complete monitoring review on the closing LEA. Each section will report its findings and potential questioned costs to the Superintendent or designee within 60 days of closure date.</p> <ul style="list-style-type: none"> ➤ The Superintendent or designee will follow up on all questioned costs and oversee repayment or recapture of funds, and payments of penalties and interest as deemed appropriate and in accordance with R277-114. ➤ Federal Programs must be settled before the LEA can liquidate any state purchased assets or use unrestricted fund balances to liquidate any debts of the LEA. | USBE Assistant Superintendent of Financial Operations or designee | Within 48 hours of the SCSB's vote to terminate charter |
| <p>Restricted State Program Direct restricted state program staff (Special Education, CTE, School Land Trust, Enhancement for At-Risk) to review program balances and expenditures and make recommendation regarding questioned costs or recapture amounts of unexpended restricted funds.</p> | USBE Assistant Superintendent of Financial Operations or designee | Within 48 hours of the SCSB's vote to terminate charter |
| <p>Final Invoicing Date Establish a final invoicing date for all reimbursement requests to be received by the LEA for payment by the USBE. Establish monitoring procedure prior to the approval of these payments.</p> | USBE Assistant Superintendent of Financial Operations or designee | Within 10 days of the SCSB's vote to terminate charter |
| <p>Revolving Loan Obtain payoff estimate for outstanding charter revolving loans.</p> <ul style="list-style-type: none"> ➤ Receive plan or statement about payoff plan from LEA. | USBE Assistant Superintendent of Financial Operations or designee | Within 48 hours of the SCSB's vote to terminate charter |
| <p>Outstanding Liabilities The USBE will document and quantify all outstanding debts, loans, or other liabilities of the closing LEA within 30 days of closure date.</p> | USBE Assistant Superintendent of Financial Operations or designee | Within 30 days of the SCSB's vote to terminate charter |

| <i>Action Item</i> | <i>Responsible Party</i> | <i>Completion Date</i> |
|---|---|---|
| <p>Data and Compliance Reporting Communicate to the LEA, that it is required to submit all data and compliance reporting, audited financial statements, agreed upon procedure audits, and year-end annual financial report and program reports in accordance with deadlines established in R277-484.</p> <ul style="list-style-type: none"> ➤ Reports and audits are required for every fiscal year in operation. If the LEA receives any state or federal funding in July they are required to submit the Annual Financial Report and Annual Program Report only for the last fiscal year. ➤ The USBE will obtain an electronic copy of the LEAs general ledger information from the time of the creation of the charter school, until they were closed. ➤ The USBE will obtain all supporting documentation associated with the expenditure of federal funds for the last seven fiscal years the LEA was in operation. These documents will be scanned and archived in the event of a federal audit. | USBE Assistant Superintendent of Financial Operations or designee | Within 10 days of the SCSB's vote to terminate charter |
| <p>Plan for Archive The USBE will receive the LEAs plan to archive all pertinent financial documentation and information.</p> | USBE Assistant Superintendent of Financial Operations or designee | Within 30 days of the SCSB's vote to terminate charter |
| <i>USBE Data and Statistics Actions</i> | | |
| <p>Terminate School on CACTUS System</p> <ul style="list-style-type: none"> ➤ Once notified of a charter school closure, the charter school will be terminated in the CACTUS system. | USBE Data and Assessment Coordinator | Within 48 hours of the SCSB's vote to terminate charter |
| <i>USBE Child Nutrition Program Actions</i> | | |
| <p>Request Final Disposition Form</p> <ul style="list-style-type: none"> ➤ Once notified of a charter school closure, a copy of the <i>Disposition of School Service Funds and Fixed Assets</i> will be sent to the foodservice, executive, and financial manager listed in the CNPweb system. | USBE National School Lunch Program Coordinator | Within 48 hours of the SCSB's vote to terminate charter |