

Charter School Closure: *The Authorizer's Role in Ensuring an Orderly Dissolution*

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Guidance for Maryland Charter School Authorizers

Introduction

With the enactment of a charter school law in 2003, Maryland joined the growing number of states that allow this new type of public school. A charter school operates under a contract or “charter” between an independent school operator and a local school board, which serves as the school’s authorizer. The charter grants the operator freedom to implement innovative learning approaches and governance structures. And in return, it is expected that the operator will use this freedom to create and sustain a quality school – characterized by high student achievement, financial stewardship and responsible governance. It is the responsibility of the authorizer to uphold both the autonomy that is afforded to charter schools as well as the accountability for which charter schools are responsible.

What is a Charter School?

A charter school is a tuition-free public school created on the basis of a contract or “charter” between the school and its authorizer. A charter school is granted more freedom than a traditional public school in return for a commitment to meet high standards of accountability.

What is a Charter School Authorizer?

A charter school authorizer is an entity charged by state law to approve and oversee charter schools. Local school boards are the charter school authorizers in Maryland.

Chartering represents a trade-off: school operators receive public education funds and considerable flexibility as long as they do a good job of educating children. And while each charter school in Maryland ought to be a school of quality, there must be recognition of the possibility that a school might not achieve such expectations. When performance fails to meet expectations, it is the responsibility of the authorizer to take action, which may require closing the school. For obvious reasons, school closures can be disruptive and hard, yet inaction in the face of failure is likely a far worse outcome for students.

Closure in the Broader Context of Charter School Accountability

The promise of chartering is that schools will use the freedom and flexibility afforded to them to produce strong results. For charter schools to be true to their promises, both autonomy and accountability must be genuine.

The potential to close a school as a consequence for under-performance is what actually makes accountability real. Yet, school closure is not the sole response to under-performance. In fact, school closure should be a “last resort” when other interventions/remediations for improving performance have been exhausted to no avail. Thus, authorizers should develop and implement accountability systems that include appropriate sanctions for under-performance, including the ultimate sanction of school closure.

The decision to close a charter school can not be taken lightly and must be based on objective student, financial and organizational performance data. Furthermore, a decision to close a school and subsequent steps to dissolve the organization must protect affected students and families and the public trust. It is the responsibility of the authorizer to ensure the decision to close a charter school is fair, merit-based and the dissolution of the organization is orderly.

The purpose of this guidance is to provide Maryland authorizers with policy recommendations and practical implementation strategies for making sound closure decisions and overseeing the orderly closure of a charter school. Presented in two parts, the first section identifies quality practices for authorizers when approaching a school closure decision – examining the basis and process for making such decisions. The second section outlines key tasks to overseeing an orderly dissolution of a charter school. Taken together, this guidance supports authorizers in understanding the myriad of decisions that need to be made in the advent of a charter school closure and will help facilitate an orderly dissolution process that protects students and the public trust.

Making Sound School Closure Determinations

The decision to close a school is one of the most high-stakes decisions made in public education. The closure of a charter school doesn't mean that charter schools as a concept are a failure, but rather, when appropriate action is taken to close a low-performing school, thus demonstrating that accountability is working.

The decision by an authorizer to close a charter school is a serious one, and given its impact on the school's staff, families, and most importantly, its students, should be based on objective, verifiable data on a school's performance that is carefully analyzed and weighed and informs a decision that is in the best interest of students and the public trust. There are two critical points when an authorizer can make a closure decision: during the term of the school's contract (i.e. a revocation decision) or in response to the pending expiration of a contract term (i.e. a non-renewal decision). While these two decisions may result in the same action- the closure of a charter school- they are considerably different *kinds* of decisions and rightfully should be treated as such.

Building the Accountability Case: Data and Charter School Closures

Authorizers need to build a case, using objective and verifiable data, on a school's performance that informs such decisions as charter renewal, non-renewal or revocation. In doing so, authorizers should create both a "paper trail" and an air of transparency of how a school is doing in meeting the high standards to which it is accountable.

When an authorizer grants a charter to a school operator, the presumption is that the operator will have a set number of years (typically five) to run the school under the specific terms of that charter. A decision to revoke a charter places the burden on the authorizer to demonstrate that the school is operating in violation of the terms the charter by which they agreed to abide. When a decision to renew a charter is made, there is no contractual presumption that the school will continue to operate, rather the burden is placed on the school to demonstrate that they performed as expected and therefore warrant renewal. The differences between revocation and non-renewal are significant and authorizers should fully understand the ramifications of these differences when determining whether performance warrants revocation or non-renewal.

Define the Grounds for Revocation

Unlike many other state charter school laws, Maryland law does not specifically define grounds for the revocation of a charter school contract. The law requires the local boards to develop guidelines and procedures for revocation of a charter (Annotated Code of Maryland Regulation, §9-110). Therefore, authorizers should consider the intention of the Maryland charter school law and national best practices and define specific grounds for contract revocation.

The theory behind charter schools, both in Maryland and nationally, is that these newly created schools are granted significant freedom and autonomy over the school's educational and operational program in return for achieving, within a finite amount of time (typically five years), specific student, financial and organizational performance expectations. Putting theory into practice, authorizers should respect the time that, as stipulated in the contract, charter schools have been granted to establish a quality program and meet high standards for performance.

Yet during that time, the authorizer has the responsibility to ensure the health and safety of students attending charter schools and that such schools are operating in compliance with their contract and applicable law and regulation. In cases where charter schools are putting students at risk or are clearly operating in a manner that jeopardizes the public trust, the authorizer has a strong case that may warrant charter revocation.

The following are examples of what could be considered grounds for revocation:

- Repeated failure to substantially comply with applicable law or regulation;
- Financial insolvency;
- Fraud or gross mismanagement on the part of charter school administrators or the governing board, or
- Violation of applicable law, regulation, or contract term that puts the health, safety or education of the school's students is at immediate risk.

In practice, this may mean that an authorizer would act to revoke a contract of a school that is not operating a special education program, has inappropriately used public funds, has significantly declining enrollment which makes the school no longer financially viable, or is located in a building that puts the safety of students in significant and immediate risk.

The Law and Charter Contracts

As outlined above, a common rationale for contract revocation is failure to comply or violation of law or legal requirements. Therefore, the contract must include statutory and other legal requirements to which charter schools must adhere so that failure is clearly grounds for revocation. If the contract does not cite these statutory requirements, the school may be able to successfully argue that failure to follow the law does not warrant revocation.

Before any final action is taken, revocation proceedings may involve:

- Decision to revoke made by Superintendent
- Appeal to local school board
- Hearing before local school board

- Decision of local school board
- Appeal to State Board of Education
- Decision of the State Board of Education

Define the Grounds for Non-Renewal

Maryland charter school law empowers authorizers to define specific expectations for the charter schools it authorizes and develop policy and procedures to evaluate charter schools (Annotated Code of Maryland Regulation, §9-110). Thus, a school’s performance against these expectations should drive the charter renewal decision.

This is not an easy task, but it is also far from an impossible one. In fact, much work has already been done to define specific expectations for schools, including charter schools:

- Federal and state accountability systems have set standards for student proficiency and expected annual academic progress in core academic subjects, attendance and graduation rates;
- Professional industry standards have defined sound financial management practice (such as financial audit findings); and
- Federal and state laws and regulations mandate compliance with governance practices (such as open meeting laws) and educational programs (such as special education.)

These are the types of standards authorizers should use to evaluate a charter school’s performance and to determine whether a contract warrants renewal. These standards generally fall into three categories:

- **Academic performance** (including absolute, value-added and comparative student performance, attendance and graduation rates)
- **Financial management** (including financial audits, budgets, cash flow)
- **Legal compliance** (including special education, governance, facilities, health and safety)

Setting Performance Expectations

At the heart of the charter school concept is the “autonomy for accountability” bargain. For this to work, the authorizer must clearly communicate to what the school will be held accountable. Thus, setting clear, measurable performance expectations is a foremost responsibility of a quality authorizer.

In practice, authorizers have implemented several mechanisms for setting performance expectations. The creation of “accountability plans” where the school and authorizer agree to a set of performance goals is one strategy authorizers have employed. These plans then become a critical component of the legally binding contract between the authorizer and the school. As such, the expectations for school performance is clear, transparent and enforceable – the keys to sound and fair accountability.

Having a case for renewal, or non-renewal of a school’s contract requires the authorizer to set specific expectations for performance and evaluate a school’s performance against those standards. Non-renewal should be considered for schools that are not meeting the standards for performance that the authorizer has set for the schools it oversees.

Develop and Communicate a Fair Process for Making Closure Decisions

A Charter school closure decision, whether it is an act to revoke or to not renew a charter school, are emotionally and politically charged. Thus, it is important that authorizers have a well-defined and clear process for making closure decisions. At a minimum, this process should include:

- At the beginning of the process, provide notice of the criteria, activities and timelines that will lead to the decision.
- Provide notice of the decision to revoke or not renew the charter to the school’s governing board at least 60 days before the decision takes effect, and
- Provide notice of any subsequent due process rights afforded to the school under applicable law.

Consider Timing Implications of Making Closure Decisions and Ceasing School Operations

There are two critical variables to consider in the timing of school closures:

- The date by which the closure decision is made (e.g. the decision to close a school could be made during the school year or towards the end of the year), and
- The date by which the closure decision is effective (e.g. the school could cease all operations during the school year or after the school year is over.)

There is no “perfect” time for either of these variables. No matter when the decision is made and becomes effective, there will be disruption for all parties involved. Authorizers should consider the options available to them and act in a manner that minimizes disruption.

To illustrate, should the actual decision to close a charter school be made mid-year or more toward to the end of the school year? Potential pros and cons to both as described below:

Timing Considerations for Making a School Closure Decision

	Pros	Cons
Decision to Close a School is Made Mid-Year	<p>Is based on multiple sources of accurate data that have been thoroughly reviewed (e.g., test scores, attendance rates, audit results, etc.)</p> <p>Provides parents with adequate time to find new educational options for the upcoming school year.</p> <p>Gives staff adequate notice for seeking new employment for the upcoming school year.</p>	<p>Data is from the prior school year which doesn’t take into account any improvements from current year</p> <p>The closure decision may greatly disrupt the school year, detracting from instruction and diminishing student learning.</p>
Decision to Close a School is Made at the End of the School Year	<p>Does not disrupt teaching and learning</p> <p>May provide an opportunity to consider some performance data from current year</p>	<p>Important performance data is often not available in the spring or summer and that which is available is usually not finalized.</p> <p>Parents may struggle to find a new school for their child in time for the beginning of the new school year.</p>

The above chart is focused on the timing of the actual decision to close a school. There is a whole host of other issues to consider when determining whether the closure decision should be effective immediately (i.e., at some point during the school year) or at the end of the school year. In figuring out the effective date of a closure decision, authorizers should consider:

- The availability of seats in surrounding schools if mid-year transfers would be required;
- Whether keeping the school open presents health and safety risks for students; and
- If the school is financially stable enough to finish out the school year.

There is no perfect answer when it comes to the timing of a school closure. Experience has shown, though, that it is very difficult to close a school during the middle of the school year and, generally is only required when keeping the school open until the end of the school year poses a significant threat to students and the public trust.

Manage the Communication of the Closure Decision

Whether the closure of a charter school is the result of a revocation or non-renewal decision, there will be a number of constituents that both need to be notified of the closure decision and demand information on why the school is closing.

Authorizers should create a communication plan for explaining both the events that led to the school closure decision and subsequent steps to wind up the school's operations. Key constituents for which communications must be carefully managed fall into three categories:

- *The charter school's stakeholders*, including families and teachers
- *The district's internal stakeholders*, including board members, superintendent, central office staff, and school building administration,
- *The district's external stakeholders*, including state and local officials, community leaders and the media.

The district should carefully plan to ensure accurate and timely notification of the school closure decision is communicated to each of these groups. Would you want parents to learn about the school closing by reading the local newspaper? Would you want the local newspaper to report on the school closing without providing the district's rationale for taking such action? Would you want people in the district's administration to speak inaccurately about the closure decision? Accuracy and consistency are essential.

School Closure, Constituent Needs and Communication

The authorizer should attempt to predict the key questions and concerns key constituents will have in regards to the impending school closure and develop a communication plan around such issues. For example:

- *Families*: What other educational options are available? What is the process and timelines for applying to new schools? What is the process for transferring student records?
- *Teachers*: What are the options for future employment and what is the process and timelines for applying? How does this impact benefits, including pensions?
- *Media and officials*: What is the official statement of the district? On what data was the decision to close based? What assistance will be made available to affected students and families?

In particular, the authorizer should carefully consider how the decision to close the charter school is communicated to the school's students and families. Under the best circumstances, the authorizer will work in partnership with the school's administration to jointly notify parents in writing, and possibly in a public forum, of the impending closure of the school. This will send a clear message that both the school and district are committed to caring for the needs of families and will work collaboratively to transition students to their next school.

Overseeing an Orderly Dissolution Process

The actual closure of a charter school is a difficult and complex task that authorizers must oversee and manage. While the specific circumstances that led to and/or the timing of the closure may warrant specific actions, the primary objective of any school closure process is the same: protect affected families and students and the public trust.

Define the Authorizer's Role in Overseeing School Dissolution Process

There is a tendency for school board members and district staff to believe their work is finished once the decision to close a charter school is made. In reality, the authorizer must take an active role in the charter school dissolution process if students, families and the public are to be properly protected. It is important that all key parties understand their responsibilities for ensuring an orderly dissolution of a charter school.

The complexity associated with the closure of a school is directly related to the dual-existence of a charter school. It is not only "school" in the typical way we think about such places – where students learn and teachers teach. It is also a free-standing small business – where funding is received for services rendered, bills are paid and paychecks are issued. Thus, closing a school not only involves the re-location of students and teachers, but also the dissolution of a business operation.

As the actual closure process involves a host of actions to transition or dissolve both the school's academic and business operations, it is important that the authorizer secure the knowledge and skill to oversee these tasks effectively. Specifically, the authorizer should have access, at a minimum, to expertise in:

- *Educational support* for students and families that will need support in making decisions about continuing their education;
- *Finances* to oversee the school's business transactions, including payroll, the closeout of financial records and final audit;
- *Law* to ensure the dissolution of the school as a corporation follows appropriate statutes and is in compliance with regulations governing student and public records.

Because no single person has expertise in all these areas, multiple people are needed to effectively oversee an orderly dissolution process. This team should be led by one person who serves as the project manager of the dissolution process, managing communication among internal and external parties and ensuring that work is completed and deadlines are met. The project manager should serve as the liaison between the school and the district and be the first point of contact in any issue related to the closure of the school from the district's perspective. Having one person serve as the primary contact will allow the district to communicate a consistent message regarding

the closure of the school and create a central depository of the host of information and details that will surround the school closure.

It is important to note that in most cases, the authorizer is responsible for *overseeing* the closure of a charter school, not actually managing and implementing closure tasks and activities. Just as the authorizer isn't responsible for running the school when it is in operation, the authorizer should not assume responsibility to run the dissolution process. This is an important distinction that must be communicated to the school's governing body and management. An authorizer that over-steps these bounds by making decisions which should be left to the school may find itself in a precarious legal position as former employees and other creditors seek payments from the school.

Communicate the Responsibilities of School in Dissolution Process

It is critical that the authorizer communicate to the school's governing body and management their responsibility to manage an orderly closure of the charter school. The board and management must fully understand that they will see the school through an orderly closure for the benefit of the students, families and public served by the school.

Similar to the expertise needed by the authorizer to oversee the closure, the school should have individuals with specific expertise for managing an orderly dissolution:

- *Educational support* for students and families that will need support in making decisions about continuing their education;
- *Finances* to manage the wind-up of the school's business transactions, including payroll, the closeout of financial records and final audit, and
- *Law* to provide counsel on the dissolution of the school as a corporation.

Likewise, the school should appoint a single person to serve as point person for the school during its dissolution. This person should serve as the liaison to families, local schools accepting the closing school's students and to the authorizer. These responsibilities may endure for many months or even years and the school should identify a person or persons willing and able to fulfill this long-term obligation.

Support Students and Families Transfer to New Schools

Families will be extremely anxious about the impact of a school's closure on their children. Authorizers should recognize the legitimacy of their concerns and questions and thoughtfully address their needs. In fact, this is the rare instance where the role of the authorizer as the overseer should cross over to implementation.

A majority of students attending the closing charter school will likely enroll in another school located within the district's boundaries. Given central office's access to principals and staff working in schools in which these students may choose to enroll, the district can help parents and students understand the schools available to them and the process for enrollment.

The district should consider:

- Holding a "school fair" where families and students can meet with principals and administrative staff of the schools in the district to learn about their educational program

and offerings. Parents and younger students, in particular, will be greatly re-assured by the opportunity to meet next year's teacher(s).

- Providing written information about the school offerings available to each and every family, with specific and detailed information about the enrollment process.
- Establishing a database that tracks each student and family interaction with the district and enrollment decision. Which families are coming to meetings or calling for assistance and which have not responded? How many students have registered at their new school and who hasn't? Where are students enrolling? Districts will be well-served by monitoring these issues.

If the district has a family information center or similar function that supports families making school-related decisions, the district should ensure that staff is kept informed of the happenings at the closing charter school and have a concrete plan for supporting families in need of their services.

Furthermore, there may be other charter schools or private schools in the area that are additional options for families in continuing their child's education. The district and the charter school's administration should coordinate with these schools to make these options known to families as well. As we have seen in other places, charter schools, in particular, may be viable options for enrolling additional students.

It is important that families feel supported during the closure process – and the best way to do this is be available and truly listen to families. The district should be proactive and work in partnership with the leadership of the closing school to ensure that families have the information they need to make decisions for continuing the education of their child. The worst possible scenario would be for families to feel abandoned when it comes to enrolling their student in another school.

Establish a Cash Flow Plan

When the decision to close a school is made, the financial obligations of that school don't disappear. If there is time left in the school year, the school should establish a plan for cash flow for the remainder of the year. Identify current assets and liabilities as well as projected revenues and expenditures. Will the school have enough funds to smoothly complete the school year? Will the school have sufficient assets to meet its liabilities after the end of the school year?

Authorizers should clearly define how enrollment counts factor into the charter school funding allocation and, in the case of a school closure, be sure to collect any enrollment data necessary to make an accurate funding allocation to such a school.

If the authorizer has concerns about the school's ability to meet its financial obligations, the authorizer may consider establishing a payment schedule that provides funding to a school only when certain benchmarks are met. The authorizer has a public responsibility to ensure that the school functions smoothly throughout the rest of the year – and that funds are being used efficiently and effectively toward this end. At the close of the school year, on the other hand, it is not the responsibility of the authorizer to determine which creditors are paid by the school, in what order or for what amount.

Determine Who Owns What

It is in the interest of the authorizer to determine the ownership or control of any assets that remain after all liabilities have been paid. Maryland Charter School Law does not address who owns the assets of a closed charter school after the dissolution of all liabilities. Thus, the authorizer should consider establishing policies that define how the assets of a closing charter school will be distributed (and these policies should be clearly stated in the charter agreement between the authorizer and the charter school.) At a minimum, the authorizer should require the school to:

- Take a full inventory of all fixed assets purchased with public funds, specifying the funding source (i.e. charter school per-pupil funding, a federal entitlement grant, a state grant program);
- Develop and implement a plan for liquidating assets to satisfy any outstanding assets, if any;
- Develop and implement a fair and clear plan for distributing any remaining assets purchased with public funds. Must the remaining assets be returned to the district? May fixed assets, such as furniture or computers, instead be distributed to other schools or non-profit organizations? Who will manage the distribution and how will decisions be made?

Protect the District from Financial Risk

In some instances, particularly if the decision to close the school is based on financial mismanagement or malfeasance, the school may have outstanding liabilities that even liquidating all assets can not satisfy.

While Maryland Charter School Law is silent on this issue, it is clear that the law intended these schools to be held financially responsible for their debts. Authorizers should seek professional legal advice on this specific issue and ensure that the contract clearly states the district's responsibility (or lack thereof) for any liabilities of the schools they charter.

Identify Key Dissolution Activities

In addition to the key issues identified above, there are a number of actions and tasks that a charter school ought to take to ensure an orderly dissolution of the school. These tasks include:

- *Student Enrollment:* Maintain an accurate record of enrollment, including the school's final student enrollment.
- *Financial Statements:* Accurately account for the school's financial status through the dissolution process.
- *Trustee:* Appoint a trustee(s) to assume oversight of the school's dissolution process and responsibility of archived records.
- *Student Records:* Ensure each student continues his or her education and has complete student records (academic, health, special education) transferred to their new school.
- *Personnel Records:* Ensure employment records are updated and archived.
- *Financial and Contractual Obligations:* Satisfy the school's liabilities and distribute assets in a fair and transparent manner.
- *Grants:* Properly liquidate goods acquired through federal and state grants
- *Final Audit:* Conduct a final financial audit and maintain copies on file

- *Accountability and Reporting:* Submit required end-of-year reports
- *Legal:* Officially dissolve the board under state law

Appendix II provides a model protocol that authorizers can adopt or adapt and use in a school closure process. The purpose of the protocol is to provide the charter school with clear expectations of the actions that will be required of them to properly wind up the school's operations. It can also serve as a monitoring tool for ensuring that the school is actually doing what is expected of them.

Conclusion

The closure of a charter school is difficult for all parties involved – the school's staff, administration, and governing body, the authorizer, and most importantly, the families and students that were educated in the school. Nonetheless, by taking thoughtful, proactive steps identified in this document, the authorizer can ensure that closure is managed professionally, effectively and efficiently. The authorizer has an important responsibility to ensure that the dissolution of the school protects the school's families and students and the financial and legal interests of the general public. By managing these responsibilities well, the authorizer performs an invaluable public service for the people of Maryland.

APPENDIX I: RESOURCES AND REFERENCES

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APPENDIX I: CHARTER SCHOOL DISSOLUTION PLAN

CORE ACTION	TASK	RESPONSIBLE PARTY	EXPECTED COMPLETION DATE	STATUS
Student Enrollment: Account in an accurate and timely manner the school's final student enrollment.	Within 5 days after the decision not to renew the contract, submit to [INSERT NAME] a current student roster including the names, grades, and district of residence for each student enrolled in the school.			
	Provide monthly updates to [INSERT HERE] on changes to enrollment roster.			
	Submit final enrollment count.			
Financial Statements: Accurately account for the school's financial status through the dissolution process.	Within 10 days after the decision not to renew the contract, submit to [INSERT HERE] most recent financial statements, including but not limited to a budget vs. actual, cash flow report and balance sheet.			
	Submit updated financial statements monthly thereafter until dissolution is complete.			
	To the extent possible, terminate all present leases, services and contracts not necessary for the dissolution of the school.			
	Determine what will happen to lease if terms extend beyond dissolution.			
Trustee: Appoint a trustee(s) to assume oversight of the school's dissolution process and responsibility of archived records.	Submit evidence of the Board's resolution appointing a liaison to coordinate the management of the dissolution of the charter school. Include contact information of liaison.			
	Appoint a trustee to oversee the final repository of the school's business			

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CORE ACTION	TASK	RESPONSIBLE PARTY	EXPECTED COMPLETION DATE	STATUS
	records, including but not limited to bank statements, invoices and payroll registers. Include contact information for such trustee.			
	Assign a trustee to be responsible, for a minimum of five years, the maintenance of staff personnel records for the purposes of, but not limited to, verifying prior employment. Provide to [INSERT NAME] a contact name and phone number of the trustee responsible for maintaining personnel records.			
Student Records: Ensure each student continues his or her education and has complete student records (academic, health, special education) transferred to their new school.	Implement a follow-up procedure to determine where each student will continue his or her education and the transfer of student records to such school.			
	If a student's record has not been transferred by August, notify [INSERT NAME].			
	Provide [INSERT NAME] with a final list of student names and the schools to which they are transferring.			
	Appoint a responsible staff person that, if requested, can provide detailed information on academic transcripts and grading systems for a minimum of five years after the school's closure. Submit to [INSERT NAME} the contact information for such person.			

APPENDIX I: CHARTER SCHOOL DISSOLUTION PLAN

CORE ACTION	TASK	RESPONSIBLE PARTY	EXPECTED COMPLETION DATE	STATUS
Personnel Records: Ensure employment records are updated and archived.	Submit to [INSERT NAME] an updated status report listing all teachers and staff employed at the school.			
	Compile a complete set of personnel records including that, for each employee includes, at a minimum, social security number, employment history, copies of certificates, employment contract and evaluations of performance.			
Financial and Contractual Obligations: Satisfy the school's liabilities and distribute assets in a fair and transparent manner.	Submit to [INSERT NAME] a report accounting for the present value of the school's liabilities held by all of its creditors, including but not limited to, vendors, contracted professionals, financial institutions, pension and health benefits agencies.			
	Submit to [INSERT NAME] a report accounting for, and the present value of, all assets held by the school purchased with public funds, including but not limited to furnishings, technology, books, supplies, equipment and property.			
	Devise and implement a plan for liquidating assets necessary to satisfy creditors and a plan for the distribution of any remaining assets purchased with public funds.			
Note: Assets must be liquidated in a manner to ensure the highest possible price is obtained. This may be done retaining an auctioneer. If an asset is subject to a security interest, the secured party should be contacted. Assets may not be given away, except as authorized by law. Furthermore, board members of the charter school and their relatives as well as employees and students of the charter school should not purchase any assets unless the purchase is disclosed to the charter school's board and the disclosure is made a matter of record in the board's official proceedings and approved by a majority of the non-interested directors.				

APPENDIX I: CHARTER SCHOOL DISSOLUTION PLAN

CORE ACTION	TASK	RESPONSIBLE PARTY	EXPECTED COMPLETION DATE	STATUS
	File all final federal, state and local employer payroll tax returns and issue final W-2's and Form 1099's by the statutory deadlines.			
Grants: Properly liquidate of goods acquired through federal grants	Verify liquidation and/or transfer of property acquired through federal grant funds.			
	Close out all state and federal grants and file any required reports.			
Final Audit: Conduct a final financial audit	Submit to [INSERT NAME] an approved board resolution appointing an independent auditor to perform the final audit. Provide contact information for such auditor, estimated start and completion date of audit and estimated cost of the audit.			
	Submit to [INSERT NAME] evidence that an escrow account has been established to pay for the audit.			
	Submit copies of the audit report to [INSERT NAME].			
Accountability and Reporting: Submit required end-of-year reports	[INCLUDE SPECIFIC REPORTS REQUIRED BY MARYLAND LAW OR DISTRICT CHARTER SCHOOL POLICY HERE			
Legal: Dissolve board and relieve individual board members	Board of Trustees adopts a resolution that the school as a corporation be dissolved.			
	Notify appropriate agencies including [XXX] of the closure of the school.			

Appendix II: ANNE ARUNDEL PUBLIC SCHOOLS PUBLIC CHARTER SCHOOL DISSOLUTION PLAN

DEPARTMENT/ DIVISION/ OFFICE	PERSON RESPONSIBLE	TASK	INITIATE	COMPLETE	COMMENTS
Grants Office, Accounting, Development Office	Chief Development Officer	• Liquidation of State Title Funds			
		• Liquidation of Federal Title Funds			
		• Liquidation of Local Title Funds			
		• Competitive Grant Changes Funds			
Budget/Finance	Director of Budget/ Supervisor of Finance	• Financial statements			
		• Salaries			
		• Benefits			
		• Utilities			
		• Rents			
		• Insurance – dates of coverage, following dissolution			
		• Loans			
		• Final external audit –funds to cover cost (\$5,000)			
		• Accounts payable			
		• Payroll tax return, w-2's, 1099's – final payments withholding, tax clearance request			
		• Bankruptcy resolution			
		• Liquidation of assets			
		• Final IRS return (990 schedule A)			
		• Creditors			
		• Final Expenditure Report			
• Food Services Dissolution					
• Transportation Dissolution					

Appendix II: ANNE ARUNDEL PUBLIC SCHOOLS PUBLIC CHARTER SCHOOL DISSOLUTION PLAN

DEPARTMENT/ DIVISION/ OFFICE	PERSON RESPONSIBLE	TASK	INITIATE	COMPLETE	COMMENTS
Legal	Director of Legal Services	<ul style="list-style-type: none"> • Dissolution plan while maintaining fiscal/legal responsibility 			
		<ul style="list-style-type: none"> • Final Audit prior to dissolution 			
		<ul style="list-style-type: none"> • Name/address and contact information of person designated as primary contact for all future inquiries 			
		<ul style="list-style-type: none"> • Document communication with parents/staff regarding impending closure 			
		<ul style="list-style-type: none"> • Update all contact information of operators: name, addresses, phone, email and copy Board of Education President and District Superintendent 			
		<ul style="list-style-type: none"> • Pending/Threatened Legal Actions 			
		<ul style="list-style-type: none"> • Estimated Potential Exposure 			
Operations	Supervisor of Operations and Maintenance	<ul style="list-style-type: none"> • Inventory – Charter school will demonstrate that any property was purchased solely by, or solely with funds paid to school 			
		<ul style="list-style-type: none"> • Provide list of all items/equipment purchased by charter school cross-referenced to item identification number and location 			

Appendix II: ANNE ARUNDEL PUBLIC SCHOOLS PUBLIC CHARTER SCHOOL DISSOLUTION PLAN

DEPARTMENT/ DIVISION/ OFFICE	PERSON RESPONSIBLE	TASK	INITIATE	COMPLETE	COMMENTS
Charter Schools	Charter School Point of Contact	• Identify Point of Contact			
		• Notify Maryland State Department of Education			
		• Communication Plan			
Special Education	Director of Special Education	• Determine if there are or need to be Compensatory Services Plan			
	Charter School Special Education Liaison	• Determine who will provide a continuation of Compensatory Services Plan			
		• Transfer Provision of Special Ed Services/IEP meetings			
Human Resources	Director of Human Resources	• Personnel Records			
		• Licensing documents, certificates, contracts, evaluations			
		• Administrative close down			
		• Final Salary/Leave Payoff			
		• Termination of Health Care/Benefits			
Facilities	Director of Facilities	• Lease Furniture Contracts			
		• Cleaning Contracts			
		• Terminate leases agreement and other contracts			
Curriculum	Director of Curriculum	• Memorandum of Instruction (MOI)			
		• Bundle grade books/plan books, alphabetical by teacher last name			
Technology	Director of Technology	• Technology – copyright/software compliance			
		• Equipment – Burn all relevant information on disc/zips			
		• Disable network ID and e-mail accounts			
		• Collect hardware			
		• Secure Laptops/Serial Numbers			
Student Services	Director of Student	• Provide Parents with transfer cards and			

Appendix II: ANNE ARUNDEL PUBLIC SCHOOLS PUBLIC CHARTER SCHOOL DISSOLUTION PLAN

DEPARTMENT/ DIVISION/ OFFICE	PERSON RESPONSIBLE	TASK	INITIATE	COMPLETE	COMMENTS
	Services	copies of report cards			
		<ul style="list-style-type: none"> • Obtain discipline records 			
		<ul style="list-style-type: none"> • Obtain attendance records 			
		<ul style="list-style-type: none"> • Obtain immunization records 			
		<ul style="list-style-type: none"> • Establish list of each student's zoned school 			
		<ul style="list-style-type: none"> • Transfer of student records 			
		<ul style="list-style-type: none"> • Health Services Dissolution 			
Student Data	Student Data Administrator	<ul style="list-style-type: none"> • Enrollment Count 			
		<ul style="list-style-type: none"> • Verify final enrollment 			
		<ul style="list-style-type: none"> • Verify complete electronic records for: <ul style="list-style-type: none"> ○ Enrollment ○ Attendance ○ Discipline ○ Teacher file 			
		<ul style="list-style-type: none"> • Release electronic records for access to other AACPS schools for enrollment) 			
		<ul style="list-style-type: none"> • Finalize access to student information data base 			