Closure Protocol

Idaho Public Charter School Commission

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Purpose

This document provides guidance on the public charter school closure process.

Authority

Title 33, Chapter 52 of Idaho Code, known as the Charter School Act provides for public charter school operations based on a contractual agreement between a charter school board of directors and a state authorized chartering entity, such as the Idaho Public Charter School Commission (IPCSC).

Operating contracts, known as Performance Certificates are granted by state authorized chartering entities to the governing board of a non-profit corporation that serves as the charter holder. Performance certificates are limited to five-year terms.

Closure protocol is enacted when:

- an authorized chartering entity chooses to non-renew a school's charter pursuant to I.C. § 33-5209B;
- an authorized chartering entity chooses to exercise its right to revoke a charter pursuant to I.C. § 33-5209C; or
- a charter holder chooses to relinquish its charter by approval of a resolution.

Each authorized chartering entity is required to maintain a closure protocol and is tasked with oversight of the closure process.

If closure is due to an IPCSC nonrenewal or revocation decision, written notice will be issued to the school within 14 days of the decision and this closure protocol must begin within 5 days.

Roles

Authorizer: the authorized chartering entity is responsible to maintain closure protocol and to oversee the closure process.

Charter Holder: the charter holder is responsible to ensure that all closure tasks are complete and all deadlines are met. The school is responsible for any and all costs associated with closure.

Note

Please note that every closure situation is different. This guidance document may need to be expanded or adjusted to accommodate the specifics of a particular closure.

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I. Closure Protocol Team

A. Initial Meeting

within 5 business days of the date on which written notice of closure is issued, a meeting of the closure protocol team will be held.

B. Team Members

The Closure Protocol Team shall meet at least once a month between the date of the decision to non-renew, revoke, or relinquish the charter and the final dissolution of the board. Meetings shall be organized and chaired by the "team lead". The team lead is also responsible for compiling meeting minutes and all documentation for the final closure report.

Required members of this team shall include:

1. The school's Board Chair;
2. The school's Lead Administrator;
3. The school's Business Manager;
4. The IPCSC Director
5. A Team Lead (appointed by the IPCSC Director); and
6. The State Department of Education's School Choice Coordinator.
7. Additional members may be added to the closure protocol team by mutual agreement of the required members.

C. Subcommittees

1. Subcommittees shall be established for the purpose of managing closure tasks in the following areas:

    i. Communication – student, teacher, family
    ii. Financial – vendors and assets
    iii. Business – employer and corporation
    iv. Records – student and employee records

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D. Meeting Agenda

The meeting agenda for the initial meeting of the closure protocol team shall include the following:

1. Review of the closure protocol guidance document;
2. Review of the final closure report template;
3. Review the roles and responsibilities of each party and subcommittee throughout the process;
4. Assign liaisons from both the school and the IPCSC to the Closure Protocol Team and any subcommittees;
5. Establish due dates for all tasks listed in Section I.E of these procedures; and
6. Review notification letter drafted by IPCSC Staff.

E. Important Dates

Due dates to be established at the initial meeting of the Closure Protocol Team shall include the following:

1. The date of the school's last allowable draw on public funds;
2. The date on which the school shall cease to provide services to students;
3. The date by which records to be retained beyond the closure date are to be transferred the authorizer;
4. The date by which all assets purchased with federal dollars must be transferred to the authorizer for redistribution to other charter schools;
5. the date on which all employee contracts are to be ended and all communication on behalf of the school must cease;
6. The date on which benefits will end;
7. The date by which the final audit must be completed;
8. The date by which all financial activity must be ended, including cutting the final checks and closing all bank accounts;

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9. The date by which all W2s will be issued for the school's final operating year; and

10. The date by which the non-profit corporation must be dissolved.

Communication

A. Initial Stakeholder Notification

1. Within 7 business days of the date written notice of closure is issued, the school is responsible to issue a letter (drafted by the IPCSC) notifying stakeholders of closure. This letter shall minimally include:

    a. Where and when the final order will be posted online for transparency of the reasons for closure;

    b. The last date of student services;

    c. Transfer procedures;

    d. Explanation of the appeal process and when a decision regarding an appeal would be published; and

    e. Contact information for the school's administrator and the IPCSC.

2. The school may choose to include a supplemental letter drafted by the school's board, and if so, such draft must be provided to the IPCSC prior to distribution to stakeholders.

3. The school is responsible to distribute the IPCSC's letter (and the school board issued supplemental letter, if applicable) to the following recipients:

    a. All Parents of current students and all parents currently on a waitlist;
    b. All Teachers, Staff, and Volunteers;

    c. All Vendors with whom the school has an active contract or has engaged with in the past 12 months;

    d. All Lease and Loan/bond holders; and

    e. Any Educational Services Providers with whom the school contracts.

4. The authorizer is responsible to issue a letter informing stakeholders of the closure situation to the following recipients:

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a. All potentially impacted school districts and charter schools;

b. The State Department of Education;

c. The State Board of Education;

d. The Office of the Governor;

e. The Public Employment Retirement Service of Idaho;

f. The chairpersons of the House and Senate Education committees; and

g. The Senators and Representatives serving the state legislature on behalf of the district in which the school maintains student occupied facilities or business offices.

5. Within 7 days of the date written notice of closure is issued, the IPCSC's letter informing stakeholders of the closure situation shall be posted in a prominent location on the school's website and the IPCSC's website.

B. Staff Meeting

1. Within 7 days of the date written notice of closure is issued, the school's administrator, board chair, and business manager shall hold a meeting with all staff to discuss the following:

    a. Media contact protocol
    The Director of the IPCSC is the authorized media contact for the IPCSC. The school is encouraged to establish a single point of contact to manage public relations on behalf of the school.

    b. Maintenance of normalcy (to the best possible level) for students through the last day of student services
    All instructional and student services are required to be provided in full through the last day the school is allowed to provide such services. The student experience should remain as normal as possible through this process. It is recommended that the school provide guidance for teachers and staff early-on to ensure common language and tone is used when discussing this situation with students and families.

    c. End of Employment Impact
    This date is established by the Closure Protocol Team. When determining the end of contract dates, please consider the impact of this date on health

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insurance and PERSI. When at all possible, August 31st is recommended as this will allow teachers who re-employ at another school the best opportunity for uninterrupted health insurance coverage. However, this decision must be balanced with the urgency of the closure and the school's obligation to spend as little as necessary during the closure period.

2. The meeting agenda for this staff meeting should include the following:

    a. Notification of closure timeline and timeline of parallel appeal if the school has chosen to or is considering appealing the closure decision.

    b. Review of media protocol and how to discuss the issue with parents and students.

    c. Date of last paychecks and whether/who will remain on staff after end of student services and end of contract dates.

    d. Timeline for more information regarding sick leave, vacation time, and health insurance; Cobra may not be available when the charter school providing the original health insurance ceases to exist.

    e. Timeline for more information regarding any impacts to PERSI; Employees whose last place of work prior to retirement was the school being closed may lose the ability to transfer accrued sick leave into funds used for medical coverage.

    f. Timeline for winding-down and transition of duties, including, but not limited to facility access and security, access to email and software, hardware returns, and asset management of furniture, fixtures, equipment, and curriculum.

    g. Social emotional services for staff and students if the school has chosen to make such available; We acknowledge that closure can be traumatic for staff and students. Schools are encouraged to consider making additional counseling services available.

    h. Assistance with employment transition for staff (such as access to hiring fairs or letters of recommendation) if the school has chosen to make such available.

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C. Ongoing Communication

1. Additional communication with stakeholders will be necessary throughout the closure process.

2. The Communication subcommittee is responsible for ensuring that any necessary communication is timely and accurate.

F. Financial Dissolution

A. Expenses

1. Within 15 business days of the date on which written notification of closure was issued a meeting shall be held between the school's business manager, the IPCSC's Finance Manager, and the Team Lead.

2. Additional attendees (such as the school's auditor) may be invited to the meeting by mutual agreement of both required attendees. Any related costs are the responsibility of the school.

3. No later than the start of the scheduled meeting, the school's business manager shall make the following available to the IPCSC:

    a. A list of every vendor the school has paid in the last 12 months;

    b. A copy of all arrangements with vendors including: contracts, service agreements, grants, and/or MOUs with all services providers that are currently active or that have been active in the past 12 months;

    c. A copy of all lease agreements and all long-term loans;

    d. A list of all insurance policies held by the school (including liability, directors and officers, worker's comp, etc.), including company, policy number, and coverage specifics; and

    e. All bank statements for the previous 12 months.

4. The meeting agenda for this meeting shall include the following:

    a. A review of statute, rule, policy, and regulations related to closure as presented by the Closure Team Lead.
    This part of the discussion should consider requirements of the IRS, the Department

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of Labor, the Government Accounting Standards Board, as well as the Idaho Charter School Act and rules and policy established by the State Board of Education and the State Department of Education.

b. A review of projected cash flow through end of operations as presented by the school's Business Manager.
There will be time to revise this initial projection as closure progresses, and the numbers are expected to shift throughout the process, but this exercise establishes a starting place. Please consider the last allowable draw of funds, payroll through end of contracts, and note that there may be additional closing costs, such as a PERSI buy out, storage costs, or penalties on early lease termination.

c. Development of a plan for immediately reducing spending to necessities only, which may require board action to suspend or change policies to allow for changes in who has spending authority and at what amounts.

d. Prioritization of payment of anticipated expenditures, pursuant to Idaho Code.

e. Documentation of a list of items requiring follow-up and who is responsible for the workload or costs.

f. Establishment of approximate deadlines for when each account is to be closed.

5. Following the initial meeting, the school's Business Manager shall be responsible to provide the following documentation:

a. Verification that the school's account has been paid in full with each vendor as accounts are closed;

b. Verification that the school has met with PERSI and has established a final transmission date;

c. Documentation that any outstanding PERSI fees are paid;

d. Verification that the school has met with the board approved auditor and has established a final audit timeline. Note that the timing of this audit may be later than usual; and

e. Verification of end dates for leases and liability coverage (including property and directors/officers).

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B. Accounting of Assets

i. The IPCSC shall provide to the school a written guidance document with regard to the sale and dissolution of assets.

ii. The school shall be responsible to provide the IPCSC and the SDE with a full inventory of all physical assets owned by the corporation within 30 days of the date on which the notice of closure was issued.

iii. The inventory shall include:

a. A description of the item;

b. The fund with which each item was purchased; and

c. An estimate of the current value of the item.

D. The Team Lead, the IPCSC's Finance Manager, a representative from the SDE, and the school's Business Manager shall meet to review this inventory within 15 days of receipt of the inventory, and may verify accuracy via thorough on-site review.

C. Dissolution of Assets

1. All viable special education testing materials shall be distributed to the SDE for redistribution to charter schools based on the agency's determination of need.

2. Property owned by the ESP will be claimed by the ESP. The lease by which this equipment was provided to the school must include an itemized inventory and shall be provided to the IPCSC.

3. Any items purchased with federal funds (excluding special education testing materials) shall be returned to the IPCSC for redistribution to other charter schools. The IPCSC shall retain record of what was received and to whom it was redistributed.

4. The school is responsible to arrange for delivery of assets in an organized and well-labeled manner.

5. All assets purchased with state funds shall be liquidated to the greatest degree possible. Please see the IPCSC's guidance on the sale and dissolution of assets for procedural expectations.

6. When all assets have been redistributed and liquidated, and all creditors have been paid, any remaining funds shall be returned to the Public School Income Fund via the State Department of Education.

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D. Reporting

1. The school shall ensure that an audit completed by an independent auditor is conducted, the audit report is approved by the school's board, and submitted to both the State Department of Education and the authorizer.

2. The school shall ensure that all documentation required to dissolve the school as a business is filed with the IRS, including dissolution of the 501c3.

3. After the sale of assets, and the all checks are cut, any remaining funds shall be returned to the State Department of Education for distribution to operational schools.

4. File final tax reports.

5. Issue W2s for previous tax year.

IV – Records Management

i. Records Retention Procedures

1. The school's Lead Administrator is responsible to ensure the proper retention and destruction of records in accordance with the State of Idaho's records retention schedule.

2. The public charter school shall make every effort to transfer all active student records (including the cumulative file and the special education file) to the student's next school of choice prior to the date on which records are scheduled to transfer to the authorizer.

3. The public charter school shall ensure that every student file (active or inactive) includes an official transcript (signed, embossed, etc.) or final report card and a record of where and when the student's records were transferred out of the public charter school's care. This information shall be compiled in a single spreadsheet.

4. The public charter school shall ensure that all records to be transferred to the authorizer (cumulative and special education) are scanned into an electronic format. Costs incurred are the responsibility of the school.

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5. The public charter school shall ensure that all records are transferred to the authorizer via a secure file transfer protocol.

6. No employee or former employee of the school shall retain copies or have access to student, employee, or financial records after the employee's end of contract date.

ii. Records to be Retained

1. Student Records:

    a. Student cumulative files shall be retained for five years beyond the student's exit date.
    b. Student special education files shall be retained for five years beyond the student's exit date.
    c. Official transcripts or final report cards for all students who attended the school shall be retained permanently and shall include the name and address of the student, the name of the student's parent(s)/guardian(s), the student's date of birth, the courses attempted by the student and grades earned by the student.
    d. Record of student records transfer shall be retained permanently;

2. Personnel Records:

    a. Personnel files shall be retained for five years beyond the employee's termination date.

    b. Personnel files shall include the name, address, and contact information of the employee; employment agreements or contracts signed by the employee, verification of certification (if applicable), and all employee evaluations. No other documentation shall be retained.

3. Financial Records:

    a. Monthly expenditure reports for the five years preceding the school's closure date shall be retained. Records shall be destroyed after five years.

    b. Monthly deposit records for the five years preceding the school's closure date. Records shall be destroyed after five years.

    c. All bids received and contracts awarded in the five years preceding the school's closure date. Records shall be destroyed after five years.

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d. Medicaid reimbursement records for seven years prior to the school's closure date. Records shall be destroyed after seven years.

e. Bank statements for all accounts for five years preceding the school's closure date. Records shall be destroyed after five years.

f. Tax documents shall be retained for the seven years prior to the school's closure date. These documents include but are not limited to IRS forms 941 and 1099. Records shall be destroyed after seven years.

g. Annual financial audit reports and annual board approved budgets shall be retained permanently for all operational years. These documents are submitted to the IPCSC annually, and may not need to be re-submitted.

4. Governance Records:

   a. All meeting agendas shall be retained permanently.

   b. All meeting minutes shall be retained permanently.

   c. A complete copy of the most recent set of board policy shall be retained permanently.

   d. A copy of the board bylaws and articles of incorporation shall be retained permanently.

5. School Culture Records

   a. The school's lead administrator shall be responsible to make arrangements for the permanent retention of all school newspapers, yearbooks, and student handbooks through the Idaho Historical Society. The school is responsible for all costs incurred.

6. Records Requests After Closure
   a. The IPCSC shall manage records requests for student transcripts and for personnel files after the school has closed.

   b. The school shall ensure that the school's URL redirects to the IPCSC's records request page for a minimum of 3 years after the school's closure, at the school's expense.

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V. Governing Board

iii. Final dissolution

1. Final Board Meeting

    a. In accordance with OML notice a final meeting of the governing board and pursuant to I.C. § 30-30-1001, a vote to dissolve a nonprofit corporation shall be properly noticed and accompanied by the dissolution plan. In this case, the dissolution plan is the closure protocol, which should be near completion by the time this motion is made. This section of Idaho Code also requires that the agenda state that the purpose, or one of the purposes, of the meeting is to consider a resolution to dissolve of the non-profit corporation.

    b. I.C. § 33-5212 addresses the order in which payments shall be made, and state that any remaining assets after all creditors have been paid shall be distributed to the Public School Income Fund. This information should be incorporated into the dissolution motion as it is required to be noticed by the Non-Profit Corporation Act.

    c. A vote in favor of dissolution passes with a majority vote of the board directors.

    d. A copy of the resolution must be provided to the IPCSC with 24 hours of the vote.

2. Meeting Agenda

    a. Approval of the financial audit report (if not already complete).

    b. Approval of any final contracts to be paid (i.e. for the Business Manager to return at the end of the calendar year to prepare final tax documents and distribute to employees).

    c. Appointment of a designee to file dissolution of the school's 501c3 with the IRS and articles of dissolution with the Idaho Secretary of State.

    d. Appointment of a designee to complete any and all final activities that may be necessary.

    e. Signature of any final checks.

3. Articles of Dissolution

    a. Pursuant to I.C. § 30-30-1003, after the dissolution has been authorized, a designee (identified in the dissolution plan) shall files articles of dissolution with the Idaho

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Secretary of State. These articles shall minimally include:

i. The name of the corporation;
ii. The date dissolution was authorized;
iii. A statement that dissolution was approved by a sufficient vote of the board.

b. A corporation is effectively dissolved as of the date of its articles of dissolution.

c. The school shall provide a copy of the filed articles of dissolution to the IPCSC.

4. A dissolved corporation may continue its corporate existence but may not carry on any activities except those appropriate to wind up and liquidate its affairs.

B. Claims against a dissolved Corporation

iv. After the date on which the articles of dissolution are filed, the corporation may dispose of the known claims against it by sending written notice, pursuant to I.C. § 30-30-1005. Written notice must include:

a. A description of the information that must be included in a claim;

b. A mailing address where a claim may be sent;

c. The deadline, by which the dissolved corporation must receive the claim; and

d. State that the claim will be barred if not received by the deadline, which may not be fewer than one hundred twenty (120) days from the effective date of the written notice.

v. The corporation must address any unknown claims against it by publishing a notice Pursuant to I.C. 30-30-1006. The notice must:

1. Be published one (1) time in a newspaper of general circulation in the county where the dissolved corporation's principal office is or was located, or, if none in this state, in Ada county;

2. Describe the information that must be included in a claim and provide a mailing address where the claim may be sent; and

3. State that a claim against the corporation will be barred unless a proceeding to enforce the claim is commenced within five (5) years after publication of the notice.

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vi. Claims will be enforced if the corporation's assets have be distributed in liquidation to any party other than a creditor. A claim may be made by a creditor against the recipient, not to exceed the amount received by the recipient.

C. Reporting

1. The school shall ensure that all state and federal reporting is complete prior to dissolution. Verification of completed reports shall be made by the IPCSC. Required reports include, but are not limited to the following:

    a. ISEE final data upload including, but not limited to student, course, teachers, and financial data sets;

    b. Federal programs final reporting;

    c. Grant final reporting; and

    d. The school shall ensure that dissolution of the charter holder's non-profit organization is filed with the secretary of state and shall provide the IPCSC with a copy of this filing;

2. The school shall ensure that the dissolution of the school's 501c3 is on file with the IRS and shall provide the IPCSC with a copy of this filing.

VI. Final Closure Report Outline

Throughout the closure protocol process, the Closure Team Lead will collect the required documentation and build a final report. The final report will be permanently retained by IPCSC and posted on the IPCSC's website.

i. Cover Sheet

1. A final closure report must include a cover sheet with the following information:

    a. The legal name of the school;

    b. The legal name of the charter holder;

    c. The address(s) that the school occupied at time of closure;

    d. Contact information for future questions;

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e. The following links and a statement that more information can be found at these locations,

   i. [PCSC webpage for this school],
   ii. [webpage for the meeting at which the charter was approved],
   iii. [webpage for the meeting at which the charter was nonrenewed or revoked, if applicable], and
   iv. [webpage for any related hearings]; and

f. A description of where requests for student transcripts can be made after closure.

g. A list of the complete closure protocol team.
h. A list of the following key dates:

   i. The date on which the charter was approved;
   ii. The first and final dates on which the school was authorized to serve students;
   iii. The date on which the school received its final distribution of state funding;
   iv. The date on which teacher contracts ended; and
   v. The date on which the charter holder's corporation was dissolved.

B. Required Attachments, Redacted

1. Final IPCSC Closure Order

2. Final appeal decision (if applicable)

3. IPCSC Notification of Stakeholders Letter

4. List of all vendors, including the name and address of the vendor, a description of the services provided/purchased, and the date on which the IPCSC verified account closure.
5. A list of insurance coverages, including company and the last date of coverage (including health, liability, etc.)

6. A list of all contracts, service agreements, grants, and MOUs to be retained by the IPCSC, including verification of date received.

7. A list of all lease agreements and all long-term debt held by the school at the beginning of the closure protocol, including the company and amount.

8. Documentation of the termination of any leases or loans.

9. Final bank statements indicating account closure.

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10. Expense reports for the 12 months preceding dissolution.

11. A copy of the final check cut to the SDE, if applicable.

12. Inventory of assets, including the fund with which each item was purchased, the date of purchase, the estimated value.

13. For assets purchased with federal dollars, also include the final recipient of the asset, and the date of transfer.

14. The charter holder's final dissolution resolution.

15. A copy of the articles of dissolution.

16. A copy of the 501c3 dissolution notification.

17. A copy of the newspaper notice to unknown claimants.

18. Meeting minutes from all meetings of the closure protocol team and all subcommittee meetings attended by the Closure Team Lead.

19. Any other documentation that may provide important details.

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