

## Charter School Closure Guidance

A charter school may ultimately close for any number of reasons, but it is imperative that any closure be handled with care and consideration for the benefit of students, faculty, and staff. The purpose of this guidance document is to outline both requirements under state law and national best practices to provide a resource to support authorizers in implementing closure processes in the best interest of students, staff, and other stakeholders.

### Statutory Requirements

Authorizers that revoke a charter agreement or deny a charter school's renewal application must carry out their obligations under state law. T.C.A. § 49-13-130 states that a "chartering authority shall have a procedure in place for the closure of a charter school prior to the decisions to deny renewal or revoke a charter agreement." The statute further outlines the steps that must be taken by authorizer and operator when a charter school is facing closure. These steps include the formation of a transition team to be comprised of school and authorizer representatives. The transition team is tasked with driving the closure process, including the following considerations:

- The transfer of students;
- The release and transfer of student records to the chartering authority or the department;
- The release and transfer of personnel records to the chartering authority or the department;
- The submission of financial statements to the appropriate chartering authority or the department;
- The disposition of school funds;
- The disposition of school assets;
- A school audit pursuant to § 49-2-112; and
- Communication to the families of students enrolled in the school about all other public school options for which the students are eligible to enroll.

*"Making school closure decisions is the ultimate responsibility of authorizers, and managing the closure process is the ultimate test of the quality and the capacity of those authorizers. A poorly handled closure...can have serious negative consequences for all parties, starting with the students whose educations are disrupted and certainly including the authorizer." –Accountability in Action: A Comprehensive Guide to Charter School Closure, NACSA*

## **Best Practices for Charter Closures**

In addition to the mandates under state law, the National Association of Charter School Authorizers (NACSA) recommends a number of best practices to ensure a smooth closure process. These practices are outlined in the sample charter school closure action plan included below, along with statutorily defined actions and timelines. The document is broken into four categories of action items: immediate, additional notification, reporting, and financial. Each of these areas should be addressed with urgency by the transition team in the manner most conducive to the authorizer's context. The document is tailored primarily to instances in which an authorizer revokes or does not renew a school's charter agreement; however, the steps outlined are equally applicable to a voluntary school closure.

Any additional questions regarding this document may be sent to [charter.schools@tn.gov](mailto:charter.schools@tn.gov).

## Sample Charter School Closure Action Plan<sup>1</sup>

<b>SCHOOL NAME</b>		
<b>Transition Team: School staff, chartering authority staff, and others who attend to closure concerns</b> Transition Team Member Name A, Name B, Name C, Name D		
<b>Immediate Action Items</b>		
<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
As soon as practical after authorizing first charter school	<b>Develop Board Policy</b> Develop and adopt board policy on charter closure process.	Authorizing Staff
No later than 30 days prior to any decision by an LEA to revoke a charter agreement <b>T.C.A. § 49-13-122(c)</b>	<b>Notice of Possible Revocation</b> Notify the charter school in writing of the possibility of revocation and the reasons for the possible revocation.	Authorizer Lead
Prior to recommendation for revocation/non-renewal	<b>Create "Charter School Closure: FAQ Document" and/or Other Guidance</b> Create a general FAQ document that details the LEA processes for closure and provides a high-level overview of transitioning students and staff, overview of transition steps, general timeline, checklist, and contact information.	Authorizer Lead
Within 10 days of the authorizing board's vote to close the charter school <b>T.C.A. § 49-13-122(e)</b>	<b>Closure Notification</b> Provide notice of revocation or non-renewal to the Tennessee Department of Education that includes a copy of the authorizing board's resolution setting forth the decision and reasons for the decision.	Authorizer Lead

<sup>1</sup>This document is adapted from NACSA's "Sample Action Plan for Charter School Closure," available at <https://www.qualitycharters.org/wp-content/uploads/2016/01/NACSACoreResourceClosureActionPlanGuide.pdf?pdf=NACSACoreResourceClosureActionPlanGuide.pdf>.

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
<p>Within two calendar weeks of the authorizing board's vote to close the charter school</p> <p><b>T.C.A. § 49-13-130</b></p>	<p><b>Establish Transition Team and Assign Roles</b></p> <p>Establish a team dedicated to ensuring the smooth transition of students and staff and the closedown of the school's business.</p> <p>The transition team should include:</p> <ul style="list-style-type: none"> <li>• Lead person from authorizer staff;</li> <li>• Lead finance contact from the charter school and authorizer</li> <li>• Other authorizing staff as needed;</li> <li>• Charter school board chair;</li> <li>• Lead administrator from the charter school; and</li> <li>• Lead person from the charter school parent organization.</li> </ul>	<p>Authorizer Lead and Charter School Board Chair</p>
<p>Within two calendar weeks of the authorizing board's vote to close the charter school</p> <p><b>T.C.A. § 49-13-130</b></p>	<p><b>Assign Transition Team Action Item Responsibilities</b></p> <p>Distribute contact information to all transition team members, set calendar for meetings, and assign dates for completion of each charter school closure action item.</p>	<p>Authorizer Lead and Charter School Board Chair</p>
<p>Within two calendar weeks of the authorizing board's vote to close the charter school</p>	<p><b>Talking Points</b></p> <p>Create talking points for students, parents, staff, community, and press. Focus on communicating plans for orderly transition of students and staff.</p>	<p>Transition Team</p>
<p>Within two calendar weeks of the authorizing board's vote to close the charter school</p>	<p><b>Convene School Staff Meeting</b></p> <p>The board chair should communicate:</p> <ul style="list-style-type: none"> <li>□ Commitment to continuing school operations through closure process;</li> <li>□ The plan to assist students and staff by ensuring a smooth closure;</li> <li>□ Reasons for closure;</li> <li>□ The timeline for transition details;</li> <li>□ The compensation and benefits timeline; and</li> <li>□ Contact information for ongoing questions.</li> </ul>	<p><b>Charter School Board Chair and Charter School Administrator Lead</b></p>

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
<p>Continuous after the authorizing board’s closure vote until end of the school year</p> <p><b>T.C.A. § 49-13-130</b></p>	<p><b>Continue Instruction for Current Students</b></p> <p>Continue high-quality instruction in accordance with the charter agreement for the remainder of the school year for currently enrolled students. Per T.C.A. § 49-13-123, no additional students may be enrolled.</p>	<p>Charter School Administrator Lead</p>
<p>Within one calendar week of the authorizing board’s vote to close the charter school</p>	<p><b>Parent/Guardian Closure Transition Letter</b></p> <p>Distribute a letter with detailed guidance regarding the transition plan.</p> <p>Notification should include, but not be limited to:</p> <ul style="list-style-type: none"> <li>• Date of the parent closure meeting;</li> <li>• Date of the last day of regular instruction;</li> <li>• Cancellation of any planned summer school;</li> <li>• Date(s) of any planned school choice fair(s);</li> <li>• Listing of all other public school options in the area;</li> <li>• Information on obtaining student records before the end of classes; and</li> <li>• Contact information for parent/guardian assistance/questions.</li> </ul>	<p>Transition Team</p>

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
<p>Within 30 days of the authorizing board's vote to close the charter school</p> <p><b>T.C.A. § 49-13-130</b></p>	<p><b>Convene Parent Closure Meeting</b></p> <p>Plan and convene a parent closure meeting.</p> <p>At the parent closure meeting:</p> <ul style="list-style-type: none"> <li>• Provide a list of all other public school options for which students are eligible to enroll;</li> <li>• Make copies of the "Closure FAQ" document available; Provide an overview of authorizer board closure policy and closure decision;</li> <li>• Provide a calendar of important dates for parents;</li> <li>• Present the timeline for transitioning students; Present the timeline for closing down of school operations</li> <li>• Remind parents/guardians of the right to access student records; and Provide contact information.</li> </ul>	<p>Authorizer Lead, Charter School Administrator and Charter School Parent Organization Leads</p>
<p>Within two calendar weeks of the authorizing board's vote to close the charter school</p>	<p><b>Establish Financial Transition Plan</b></p> <p>Outline the school's remaining financial obligations and incoming funding to support the orderly closure of the school.</p>	<p>Authorizer Financial Lead, Charter School Board Chair and Charter School Financial Lead</p>
<p>Ongoing</p>	<p><b>Secure All Records</b></p> <p>Ensure all financial records are organized, up to date, and maintained in a secure location.</p>	<p>Charter School Board Chair, Administrator, Financial Lead</p>

Completion Date	Action Plan	Owner
Ongoing	<p><b>Secure All Assets</b></p> <p>The school's assets and any assets in the school that belong to others must be protected against theft, misappropriation, and deterioration.</p> <p>The school should:</p> <ul style="list-style-type: none"> <li>• Maintain existing insurance coverage until the disposal of such assets under the school closure action plan;</li> <li>• Continue or obtain appropriate security services;</li> <li>• Plan to move assets to secure storage after closure of the school facility; and</li> <li>• Maintain any officer and staff insurance and coverage (such as surety bonds) required under state law until the official dissolution of the school.</li> </ul>	Charter School Board Chair, Administrator, Financial Lead

<b>Additional Notification Action Items</b>		
<b>Completion Date<sup>2</sup></b>	<b>Action Plan</b>	<b>Owner</b>
Within 30 days of the authorizing board’s vote to close the charter school	<p><b>School Staff Closure Transition Letter</b> Outline transition plans and timelines for staff, including but not limited to:</p> <ul style="list-style-type: none"> <li>• Employee termination date;</li> <li>• Commitment of school’s board to transition staff;</li> <li>• Commitment to positive transition of students into new educational settings;</li> <li>• Any transition to new employment assistance that the board anticipates providing (such as job fairs);</li> <li>• Timelines for compensation and benefits;</li> <li>• Timelines for outstanding professional development issues;</li> <li>• COBRA information;</li> <li>• Pertinent licensure information;</li> <li>• Faculty lead contact information; and,</li> <li>• Transition team member contact information.</li> </ul>	Charter School Board Chair
Within 45 days of the authorizing board’s vote to close the charter school	<p><b>Notification to Benefit Providers</b> The school should:</p> <ul style="list-style-type: none"> <li>• Notify benefit providers of pending termination of all employees;</li> <li>• Notify providers of termination of all benefit programs;</li> <li>• Terminate all programs as of the last date of service in accordance with applicable laws and regulations (i.e., COBRA), including: <ul style="list-style-type: none"> <li>– Health care/health insurance;</li> <li>– Life insurance;</li> <li>– Dental and vision plans; and</li> <li>– Retirement and pension plans.</li> </ul> </li> </ul>	Charter School Board Chair and Charter School Financial Lead

<sup>2</sup>These timelines may require modification if the school appeals the revocation to the State Board of Education.

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
<p>Within one month of the authorizing board's vote to close the charter school</p>	<p><b>Notification of Vendors and Contractors</b>  The school must formulate a list of all contractors and vendors (including any education service providers) and:</p> <ul style="list-style-type: none"> <li>• Notify them regarding school closure, including the final date of operations;</li> <li>• Provide notice of non-renewal in accordance with the management contract if applicable;</li> <li>• Request the final invoice and accounting, including an accounting of retained school funds and grant fund status if applicable;</li> <li>• Instruct contractors to make arrangements to remove any contractor property from the school by a certain date (such as copy machines or other rented property);</li> <li>• Retain records of past contracts as proof of full payment; and</li> <li>• Maintain telephone, gas, electric, and water long enough to cover the time period required for all necessary closure procedures to be complete.</li> </ul>	<p>Charter School Financial Lead</p>
<p>Within one month of the authorizing board's vote to close the charter school</p>	<p><b>Notification to Creditors and Debtors</b>  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.</p> <p>Where possible, negotiate a settlement of debts consummated by a settlement agreement reflecting satisfaction and release of the existing obligations.</p>	<p>Charter School Financial Lead</p>

	<p>Contact all debtors and demand payment. If collection efforts are unsuccessful, consider turning the debt over to a commercial debt collection agency. All records regarding such collection or disputes by debtors regarding amounts owed must be retained.</p>	
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**Records Action Items**

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
<p>Within two months of the end of classes and ongoing</p>	<p><b>Disposition of Records</b>            In accordance with Tennessee state law, follow the appropriate disposition of records policy.</p> <p>In all cases, the school board shall maintain all records related to:</p> <ul style="list-style-type: none"> <li>• Loans, bonds, mortgages, and other financing;</li> <li>• Contracts;</li> <li>• Leases;</li> <li>• Assets and asset sales;</li> <li>• Grants (records relating to federal grants must be kept in accordance with the Uniform Grants Guidance);</li> <li>• Governance (minutes, by-laws, policies);</li> <li>• Employees (background checks, personnel files);</li> <li>• Accounting/audits, taxes, and tax status;</li> <li>• Employee benefit programs and benefits; and</li> <li>• Any items provided for in the closure action plan.</li> </ul>	<p>Charter School Board Chair</p>

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
Aligned with deadlines for district-managed schools	<p><b>Final Report Cards and Student Records Notice</b></p> <p>The school must ensure that:</p> <ul style="list-style-type: none"> <li>• All student records are organized and secure;</li> <li>• All student records and report cards are complete and up to date; and</li> <li>• Parents/guardians are provided with copies of final report cards and notice of where student records will be sent (with specific contact information).</li> </ul>	Authorizer Lead and Charter School Administrator Lead
Within one month after the end of classes	<p><b>Transfer of Student Records</b></p> <p>As required by state statute, the school must transfer all student records to students' new school or LEA.</p> <p>Student records should include:</p> <ul style="list-style-type: none"> <li>• Grades/academic information;</li> <li>• All materials associated with Individualized Education Programs (IEPs) or other services evaluations;</li> <li>• Immunization records; and</li> <li>• Parent/guardian information.</li> </ul>	Charter School Administrative Lead and Authorizer Lead
Within one month of the end of classes	<p><b>Documenting Transfer of Records</b></p> <p>Written documentation of the transfer of records must accompany the transfer of all student materials.</p> <p>The written verification must include the:</p> <ul style="list-style-type: none"> <li>• Number of general education records transferred;</li> <li>• Number of special education records transferred;</li> <li>• Date of transfer;</li> <li>• Signature and printed name of the charter school representative releasing the records; and</li> </ul>	Charter School Board Chair and Charter School Administrative Lead

	<ul style="list-style-type: none"> <li>Signature and printed name of the district (or other entity) recipient(s) of the records.</li> </ul> <p>Provide copies of all materials documenting the transfer of student records to the authorizer.</p>	
<b>Financial Action Items</b>		
<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
Date to be determined depending on 501(c)(3) status	<p><b>IRS Status</b></p> <p>If the school has 501(c)(3) status, it must take steps to maintain that status until dissolved, including (but not limited to) the following:</p> <ul style="list-style-type: none"> <li>Notification to IRS regarding any address change of the school corporation; and</li> <li>Filing of required tax returns or reports (e.g., IRS form 990 and Schedule A).</li> </ul> <p>If the school corporation proceeds to dissolution, notify the IRS of dissolution of the education corporation and its 501(c)(3) status, and provide a copy to the authorizer.</p>	Charter School Board Chair and Charter School Financial Lead
Within 30 days of the authorizing board’s vote to close the charter school	<p><b>UCC Search</b></p> <p>The school should perform a Uniform Commercial Code (UCC) search to determine if there are any perfected security interests and to what assets security interests are attached.</p>	Charter School Board Chair and Financial Lead
Within 120 days of the end of classes	<p><b>Audit</b></p> <p>The school must establish a date by which to complete a final close out audit by an independent firm or state auditor as determined by statute.</p> <p>Provide a copy of the final audit to the Comptroller.</p>	Charter School Board Chair and Charter School Financial Lead

Completion Date	Action Plan	Owner
Within 45 days of the authorizing board's vote to close the charter school	<p><b>Inventory</b></p> <p>The school must:</p> <ul style="list-style-type: none"> <li>• Provide a fixed asset list segregating state and federal dollars;</li> <li>• Note source codes for funds and prices for each purchase; and</li> <li>• Establish fair market value, initial and amortized for all fixed assets.</li> </ul> <p>Provide the authorizer with a copy of all documents.</p>	Charter School Financial Lead
Within 45 days of the authorizing board's vote to close the charter school	<p><b>Disposition of Federally Funded Equipment</b></p> <p>Check with the authorizer's federal programs staff and the Tennessee Department of Education (if necessary) regarding proper procedures for the disposition of property purchased with federal funds.</p>	Authorizer and Charter School Financial Lead
Within 45 days of the authorizing board's vote to close the charter school	<p><b>Disposition of Inventory</b></p> <p>Establish a disposition plan and establish a payment process (e.g., cash, checks, credit cards) for any remaining items, and provide the authorizer with a copy of all documents.</p>	Authorizer and Charter School Financial Leads
Within two weeks of authorizing board's vote to close the charter school	<p><b>Property Purchased with Charter School Program (CSP) Funds</b></p> <p>Establish under state or individual school agreements required disposition of property purchased with CSP funds. Generally, property purchased with CSP funds should first be offered to other charter schools within the same region in which the closing school is located. If no schools want the property, an auction may be held to dispose of the CSP assets.</p>	Charter School Financial Lead

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
Within two calendar weeks of the end of classes	<p><b>Disposition of Facilities</b> Determine state requirements for real property acquired from a public school district to determine right of first offer and other applicable requirements for disposition.</p>	Charter School Board Chair and Financial Lead
Within 45 days of the authorizing board's vote to close the	<p><b>Payment of Funds</b> The school should work with the authorizer to prioritize payment strategy considering state and local requirements.</p> <p>Using available revenue and any funds from auction proceeds, pay the following entities:</p> <ul style="list-style-type: none"> <li>• Retirement systems;</li> <li>• Teachers and staff;</li> <li>• Employment taxes and federal taxes;</li> <li>• Audit preparation;</li> <li>• Private creditors;</li> <li>• Overpayments from state/district; and</li> <li>• Other as identified by the authorizer.</li> </ul> <p>Provide the authorizer with a copy of all materials associated with this action.</p>	Authorizer and Charter School Financial Lead
Plan complete within 45 days of the authorizing board's vote to close the charter school and ongoing until completed	<p><b>Expenditure Reporting</b> Ensure that Federal Expenditure Reports (FER) and the Annual Performance Report (APR) are completed.</p> <p>Provide the authorizer a copy of all materials.</p>	Charter School Financial Lead

<b>Completion Date</b>	<b>Action Plan</b>	<b>Owner</b>
Within 45 days of the end of classes	<p><b>Itemized Financials</b> Review, prepare, and make available:</p> <ul style="list-style-type: none"> <li>- Fiscal year-end financial statements;</li> <li>- Cash analysis;</li> <li>- A list of compiled bank statements for the year, all unused checks, and bank accounts;</li> <li>- A list of payables; and</li> <li>- Accounting of petty cash.</li> </ul> <p>Collect and void all unused checks, and close accounts once transactions have cleared.</p>	Charter School Financial Lead
Within 30 days of the end of classes	<p><b>Payroll Reports</b> The school must generate a list of all payroll reports including taxes, retirement, or adjustments on employee contracts.</p>	Charter School Financial Lead
Within 30 days of the end of classes	<p><b>List of Creditors and Debtors</b> Formulate a list of creditors and debtors and any amounts accrued and unpaid with respect to such creditor or debtor.</p> <p>The list should include:</p> <ul style="list-style-type: none"> <li>- contractors to whom the school owes payment;</li> <li>- lenders;</li> <li>- mortgage holders;</li> <li>- bond holders;</li> <li>- equipment suppliers;</li> <li>- secured and unsecured creditors;</li> <li>- persons or organizations who owe the school fees or credits;</li> <li>- lessees or sub-lessees of the school; and</li> <li>- any person or organization holding property of the school.</li> </ul>	Charter School Board Chair and Financial Lead