

ILLINOIS STATE CHARTER SCHOOL COMMISSION

CHARTER SCHOOL CLOSURE POLICY

Introduction, Purpose, and Background

The Illinois State Charter School Commission (“Commission”) is a statewide appellate authorizer with chartering jurisdiction and authority. The Commission is governed by the Illinois Charter Schools Law; the Illinois Administrative Code; and the Commission’s own policies as it may develop. (105 ILCS 5/27A10.5; 23 Ill. Admin. Code 650.70, Section 5.5)

The purpose of this policy is to set forth governing principles and procedures for charter revocation, nonrenewal, and closure of any Commission-authorized charter schools in order to fulfill the Commission’s statutory obligations and provide transparency and information to Commission-authorized schools and the public. This policy is incorporated into the Commission’s Accountability System (see <https://www.isbe.net/Documents/iscsc-accountability-system.pdf>) and Charter Agreement with each charter school authorized by the Commission.

A charter school may close, either voluntarily or involuntarily, for a variety of reasons. Pursuant to the Illinois Charter Schools Law, the Commission may revoke or not renew a charter if the Commission demonstrates that the charter school did any of the following, or otherwise failed to comply with the requirements of the law:

- 1) Committed a material violation of any of the conditions, standards, or procedures set forth in the charter;
- 2) Failed to meet or make reasonable progress toward achievement of the content standards or pupil performance standards identified in the charter;
- 3) Failed to meet generally accepted standards of fiscal management;
- 4) Violated any provision of law from which the charter school was not exempted. (105 ILCS 5/27A-9)

Revocation occurs when the Commission terminates a charter for cause during the charter term. Non-renewal takes place at the end of the charter term if the Commission determines that a school has not met the established standards for charter renewal, as set forth in the Commission’s Accountability Plan. If the charter school’s governing board determines that it can no longer operate the school, then a charter school agrees to relinquish its its charter,.

In carrying out a charter school closure, the charter school’s governing board and leadership shall work closely with the Commission in accordance with the SCSC Charter School Closure Action Plan and Timeline (Exhibit B), to ensure a smooth and orderly closure and transition for students and families, and to protect public interests.

This policy covers four main areas:

- 1) Required Escrow Account for Closure;
- 2) Evidentiary Support and Decision Making for Closure;
- 3) Notice, Communication, and Decision Procedures; and
- 4) Wind-Down of Operations.

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I. Required Escrow Account for Revocation, Non-Renewal and Closure

Each charter school authorized by the Commission is required to reserve and maintain funds in escrow for the sole purpose of covering costs in the event of school closure. The fund shall at all times maintain a minimum balance of \$75,000 and be reflected in the school's annual budget and financial statements. Funds in this account shall not be used for any expense other than this designated purpose. Schools authorized on or after July 1, 2016 are required to include this fund in their annual budget in Year 1 and each year thereafter. Any school receiving a notice of deficiency in their annual review will be required to provide evidence within ninety days of notice receipt of an escrow account maintaining a minimum balance of \$75,000.

II. Evidentiary Support and Decision Making for Closure

Following is an overview of the Commission's Accountability System and decision-making procedures that will inform and guide any decision by the Commission to close a charter school.

Fair and Transparent Standards of Accountability

The Commission is committed to upholding fair and transparent accountability standards. In doing so, the Commission clearly communicates to its schools the criteria for charter revocation, renewal, and non-renewal decisions, consistent with the Charter Agreement. The Commission promptly notifies schools of their renewal (or, if applicable, non-renewal or revocation) decision, including written explanation of the reasons for the decision, and informs the school community and public of the decision within a time frame that allows parents and students to exercise choices for the coming school year.

Additionally, the Commission regularly updates and publishes the process for renewal decision making, including guidance regarding the required content and format for renewal applications. In compliance with 23 Ill. Admin. Code 650.35 the Commission submits a report and all required documentation pertaining to all charter renewal, non-renewal, and revocation decisions to the State Board of Education.

Commission's Accountability System

The Commission first adopted its Accountability System for Commission-Authorized Schools in June 2013 and adopted revisions in June 2017. The Commission's Accountability System is incorporated in the Charter School Agreement with each school and is guided by both Illinois Charter Schools Law and national best practices in charter school authorizing as codified by the National Association of Charter School Authorizers' *Principles & Standards for Quality Charter School Authorizing*. The Accountability System takes into account all relevant state and federal law, and Commission-authorized charter schools have helped to inform amendments to the System.

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The Commission recognizes the importance of comprehensively reviewing each school's annual performance outcomes; therefore, the Accountability System provides a multidimensional approach to understanding overall annual school performance including multiple action plans to support and encourage continued improvement. The Commission's Annual Review includes an assessment of academic, fiscal and organizational performance according to the Performance Frameworks set forth in the Accountability Plan for all charter schools and incorporated in each school's Charter Agreement.

Annual Performance Reports and Annual Notification of Accountability Status

The Commission produces and makes public an Annual Performance Report for each charter school that provides indisputable transparency for the school, the Commission, and the public. The Commission's focus on overall annual performance is the natural outcome of the "autonomy for accountability" bargain that every charter school makes with its authorizer. Commission staff will collect the data required to assess each school's performance against the Performance Frameworks set forth in the Accountability Plan.

Each year, upon completion of each charter school's annual performance review, the Commission will issue a letter to the school's governing board president and leadership informing them of the school's accountability status on the following spectrum:

1. Good Standing
2. Concern
3. Deficiency
4. Probation
5. Subject to Revocation/Non-Renewal
6. Closure

The Commission will prepare and share with each school its Annual Performance Report based on the school's performance in the previous year, and will publish the Annual Performance Reports for all schools. In addition to results for each performance measure, the reports will include an overall rating in each domain.

Accountability Actions

The Charter Agreement between the Commission and each school is structured so that a charter school can and will be closed if the school is not achieving the academic, financial, and organizational outcomes it has committed to perform.

Schools that receive an annual review rating of:

- ***Below Standard*** or ***Far Below Standard*** overall on an Academic, Financial, or Organizational Performance Framework; or
- ***Far Below Standard*** on two or more individual performance measures in the Organizational Performance Framework; or

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- ***Far Below Standard*** on one or more individual financial performance measures, or ***Below Standard*** on two or more financial measures

will be subject to Accountability Actions and requirements set forth in the School Support Framework (Exhibit C).

III. Notice, Communication, and Decision Procedures

Subject to Revocation and Revocation

If a charter school's performance or actions cause the school to be subject to revocation of its charter under the criteria set forth in 105 ILCS 5/27A-9, the following procedural steps shall apply:

- a) The Commission shall notify the charter school governing board and leadership in writing of the reason(s) why the charter is subject to revocation. The written notification will include requirements for the school to submit to the Commission a written plan for remediation and timeline for implementation not to exceed two (2) years or the charter expiration date (in accordance with Section 27A-9(c) of the School Code), subject to approval by the Commission.
- b) The charter school shall submit to the Commission a written plan for remediation and timeline for implementation, in accordance with the law and the Commission's stated requirements. The school's plan shall include its responsibility to hold a parent/community forum to provide information to parents, the school community, and the public about the school's status and its plan for remediation.
- c) Commission staff shall monitor the charter school's implementation of its remediation plan. If the Commission finds that the charter school has failed to implement the remediation plan and adhere to the timeline, or has failed to resolve the problem(s) that placed the school's charter in jeopardy, then the Commission shall revoke the charter. Except in emergency situations where the health, safety, or education of the school's students is at risk, the revocation shall take place at the end of a school year.

If the Commission staff determines, through its monitoring, that the charter school has failed to implement the remediation plan and adhere to the timeline, or has failed to resolve the problem(s) that placed the school's charter in jeopardy, the staff will provide a written recommendation to the Commission for revocation of the charter, including the reasons for the recommendation, and will provide written notice of the recommendation to the school's governing board president and leadership. At the decision meeting, the Commission will hear the staff findings and recommendation, the school's response, and relevant public testimony, before voting on revocation of the charter. If the Commission votes to revoke the charter, the Commission will promptly convey the closure decision in writing to the charter school governing board president and leadership, the State Board of Education, and other key stakeholders. The written notice of revocation will include:

- a) the reasons for revocation;
- b) remediation plan

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- c) the effective date of revocation; and
- d) wind-down procedures and responsibilities, including important dates relevant to the closure, the school transition process, and details regarding student transition.

The Commission will make a formal revocation decision after reviewing implementation of a Commission-approved remediation plan and formal Commission vote at least one year before the revocation is set to take effect.

Non-renewal

As part of the Commission's renewal decision-making process for any charter school, the Commission will conduct a public hearing in the school's host district to provide information and invite and hear public testimony from school stakeholders including parents, staff, and the public. All public testimony will be recorded, will be available to the Commission following the hearing, and will be treated as a public record.

If a school's performance over the charter term has failed to substantially meet the Commission's established standards for renewal in one or more areas, Commission staff will provide a written recommendation to the Commission for non-renewal of the charter. The written recommendation shall include the reasons for non-renewal and will provide written notice of the recommendation to the school's governing board president and leadership. Before the Commission is scheduled to vote on a non-renewal recommendation, Commission staff will notify and hold a pre-decision meeting with the school's governing board and leadership, providing information on the staff recommendation.

The Commission will hear the staff recommendation, the school's response to the recommendation, and relevant public testimony, before making its decision at a meeting of the Commission. If the Commission votes for non-renewal, the Commission will promptly convey the closure decision in writing to the charter school governing board president and leadership, the State Board of Education, and other key stakeholders. The written notice of non-renewal will include:

- a) the reasons for non-renewal; and
- b) wind-down procedures and responsibilities, including important dates relevant to the closure, the school transition process, and details regarding student transition.

Relinquishment

If the governing board of a Commission-authorized charter school determines that it can no longer operate the school, it shall submit a formal letter to the Commission, signed by the president of the governing board, to communicate the school's plan for voluntary closure at the end of the charter term, or earlier if applicable, and its intent not to seek renewal of the charter. The Commission must receive the letter on or before the Renewal Application deadline. A decision by a Commission-authorized charter school to voluntarily close will not require a vote for non-renewal by the Commission. The Commission will promptly convey the school's decision in writing to the State Board of Education and other key stakeholders, including the expected date of closure. The charter school governing board and leadership will work with the

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Commission to execute a smooth and orderly closure in accordance with the Commission's Closure Action Plan and Timeline (Exhibit B).

IV. Wind-Down of Operations¹

The school's governing board and leadership are responsible for implementing an orderly operational wind-down in accordance with law and regulation, including protecting school assets, maintaining corporate and student records, properly transferring student records, providing an accurate inventory of property and other assets, ensuring appropriate disposition of the facility and other property, and compliance with state and federal funding requirements. The wind-down procedures set forth in this policy focus on tasks a closing charter school must address in a short period of time to ensure a smooth transition and as little disruption as possible to their students' education. The school shall cooperate with Commission staff to carry out an orderly closure that protects students, families, and public interests.

Required Notices

If the closing charter school is in a district with a population of over 500,000, the school shall provide at least sixty (60) days' notice of the closure to all affected students and parents or legal guardians. (105 ILCS 5/27A-10.10) (P.A. 100-79, eff. 8-18-17)

As required by 23 Ill. Adm. Code 650.70(a), the charter school's governing board or its designee shall provide notice of the school's closure to:

- 1) The charter school's employees, including the date of closure;
- 2) The parents or guardians of the charter school's students and to the superintendent of each school district in which any of the students reside, including providing a) the date of closure and b) the procedures the parents should follow to continue their children's education in the public schools; and
- 3) The Commission and the State Superintendent of Education, by certified mail with return receipt requested, including providing a) the date of closure; b) the name, address, and telephone number of the person who will be responsible for making arrangements for the closure; and c) copies of the notices required by 1) and 2) above.

Student Enrollment & Placement

The school is responsible for holding a series of informational parent meetings to assist families in transitioning their children to a new school in the next school year. These informational meetings will provide parents with information on other school (public, charter, and private) choice options available to students. The school shall assign a designated employee to assist parents in new-school enrollment and placement.

Student Records

In accordance with 23 Ill. Adm. Code 650.70(c), the governing board of the charter school or

¹ See Exhibit A for the SCSC Closure Action Plan and Timeline.

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its designee shall transfer each student's permanent record to his or her district of residence.

Other Records

In accordance with 23 Ill. Adm. Code 650.70(d), the governing board of the charter school or its designee shall prepare all the school's records for transfer to the Commission. These records shall include but not be limited to:

1. The minutes of the meetings of the governing board;
2. The school's policy manual;
3. The manual's setting forth the school's administrative, accounting, and personnel-related procedures;
4. All personnel files, including service records and information regarding teachers' licensure;
5. All teachers' schedules;
6. All inventory records for fixed assets (i.e., tangible property used in operating the charter school);
7. Bank statements, including any canceled checks returned by the financial institution;
8. Corporate credit statements and invoices;
9. Accounting reports, budgets, journals, ledgers, and registers;
10. Annual financial reports prepared by independent auditors;
11. All agreements, contracts, and records of arrangements, including any exhibits, amendments, or other supporting documentation;
12. All Internal Revenue Service forms used and any supporting documentation;
13. All Teachers' Retirement System forms used and any supporting documentation;
14. Purchase requisitions and purchase vouchers, including supporting documentation such as vendors' invoices, store receipts, or travel itineraries;
15. Vouchers for reimbursement of staff expenses, including travel, with any supporting documentation; and
16. All electronic files containing financial records pertaining to the school.

Disposition of Assets

In accordance with 105 ILCS 5/27A-10.10(b), the school shall refund all unspent public funds to the State Board of Education. The charter school's other property and assets shall be disposed of under the provisions of the Charter Agreement. If the Charter Agreement is silent or ambiguous as to the disposition of any of the school's property or assets, any property or assets of the charter school purchased with public funds shall be returned to the school district or districts from which the charter school draws its enrollment, at no cost to the receiving district or districts, subject to each district's acceptance of the property or asset. Any unspent public funds or other property or assets provided by a State agency other than the State Board of Education or by a federal agency shall be refunded to or revert back to that State or federal agency, respectively.

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Asset Inventory

In accordance with 23 Ill. Adm. Code 650.70(e), the charter school must inventory each fixed asset (i.e., land, buildings, machinery, equipment, furniture, and fixtures). The inventory shall include the following information:

2. A description of the fixed asset;
3. A manufacturer's serial number, model number, federal or national stock number, or other identifying number, if applicable;
4. An indication as to whether local, State, and/or federal funds were used to acquire the asset, along with information from which the percentage of State and/or federal participation can be calculated;
5. Whether title to the asset vests in the charter school, an agency of State government, or the federal government;
6. The acquisition date (or the date received, if the asset was furnished by a donor) and cost;
7. The location and condition of the fixed asset and the date as of which this information was last reported (e.g., the date of the last physical inventory taken by representatives of the charter school);
8. Information as to the ultimate disposition of the fixed asset, including the date of disposal and sale price, or, when the charter school has compensated a State or federal agency for its share in the asset, the method used to determine the current fair market value.

Final Fiscal Accountability

In accordance with 23 Ill. Adm. Code 650.70(f):

1. The school's governing board or its designee shall cause a final audit of the charter school to be performed by an independent auditor after all the school's assets have been liquidated and its accounts payable have been settled. The governing board or its designee shall provide a copy of the audit report to the Commission.
2. If the governing board has been unable to liquidate all the school's accounts payable, the governing board or its designee shall inform the Commission of any outstanding obligations. The Commission shall not, however, be responsible for any obligation of a charter school not specified in the Charter Agreement.
3. The governing board shall designate an individual who will complete any expenditure reports or other fiscal documentation that may be required by the State Board of Education.

The governing board of the charter school shall be responsible for winding down the school's operations, including payment of any and all debts, loans, liabilities (contingent or otherwise), and obligations incurred at any time in connection with the operation of the charter school.

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Under no circumstances shall the Commission or its employees, agents, or representatives be responsible for such obligations.

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EXHIBIT B – CLOSURE ACTION PLAN AND TIMELINE
Immediate Tasks (Immediately and up to 1 week following the final closure action)

	Action Item	Responsible for Action Item (Suggested)	Completion Date	Status
1	<p>Hold Initial Closing Procedures Meeting with SCSC and School Stakeholders</p>	<ul style="list-style-type: none"> • SCSC Leadership • SCSC Liaison • Charter School Board Chair • Charter School Leadership 		
2	<p>Prepare “Charter School Closure Policy: Frequently Asked Questions” Document questions and answers about the closure of the school, providing key information to support the transition of students and staff, and contact information. SCSC will post the FAQ on the SCSC website; the school is required to disseminate the FAQ to its stakeholders, this may include posting on its website.</p>	<ul style="list-style-type: none"> • SCSC Liaison 		
3	<p>Establish a Transition Team and Assign Roles A team dedicated to ensuring the smooth transition of students and staff and to close down the school’s business. It is populated by SCSC staff, in conjunction with board members and closing charter school staff. The team should include:</p> <ul style="list-style-type: none"> • SCSC Liaison; • Charter school board chair; • Lead administrator from the charter school; • Lead finance person from the charter school; • Lead person from the charter school faculty; • Lead person from the charter school parent organization (if applicable); • A school closure coordinator should also be established so that families have access to a direct line of support that can provide guidance through the transition. <p>The board chair should consider soliciting the assistance of external partners to fulfill all responsibilities associated with the dissolution. In the event of member</p>	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Board Chair 		

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	resignations, disclosure obligations of the board will be borne by the remaining members.			
4	<p>Press Release Create and distribute a press release that includes the following:</p> <ul style="list-style-type: none"> • History of the school; • SCSC closure policies; • Reason(s) for school closure; • Outline of support for students, parents, and staff; • Contact information for SCSC and school media liaison. • Media liaison for SCSC and the school will ensure that the release is comprehensive and comports with the approved closure plan agreed to by the board and the authorizer. 	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Board Chair 		
5	<p>Assign Transition Team Action Items Responsibilities Distribute contact information to all transition team members, set calendar for meetings, and assign dates for completion of each charter school closure item.</p> <ul style="list-style-type: none"> • SCSC liaison will meet with the school’s transition team to establish common understandings and troubleshoot issues which may arise through the completion of dissolution. • Transition Team will identify lead/point of contact regarding asset management and recovery. The lead will schedule a series of meetings and dates to conduct and confirm assets and plan for distribution/return to the State Board or school district, as applicable. • The transition team should move quickly to establish a student transition plan that focuses on enrolling students in a new, appropriate school. The plan should establish clear deadlines for key activities and should note be considered complete until every student engaging in transition services has been enrolled in a new school. 	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Board Chair 		
6	<p>Initial Closure Notification Letter: Parent and School Distribute letter to faculty, staff, and parents outlining:</p> <ul style="list-style-type: none"> • Closure timeline; • Timeline for transition; and • Helpline and online information to address inquiries pertaining to records, enrollment, lottery procedures, names and locations of other charter schools, etc. 	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Board Chair 		

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7	<p>Terminate Summer Instruction Program Take appropriate action to terminate any summer instruction, such as canceling teaching contracts. If the school had planned to operate a summer program, the school must provide SCSC with evidence that the appropriate parties have been notified.</p>	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Administrator Lead 		
8	<p>Initial Closure Notification Letter” State and Local Agencies Letter to SCSC as well as local school districts (as necessary to inform local districts for purposes of enrolling students from the closing school) to include:</p> <ul style="list-style-type: none"> • Notification materials distributed to parties; • Notification materials distributed to staff; • SCSC decision materials, resolution to close school; • Copy of any termination agreement(s) (if applicable); and • Copy local school districts. 	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Board Chair 		
9	<p>Talking Points Create talking points for parents, faculty, community, and press. Focus on communicating plans for orderly transition of students and staff. Distribute to transition team.</p>	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Board Chair 		
10	<p>Secure Student Records Ensure all student records are organized, up-to-date, and maintained in a secure location.</p>	<ul style="list-style-type: none"> • Charter School Administrator Lead 		
11	<p>Secure Financial Records Ensure all financial records are up-to-date, and maintained in a secure location. Those records should include all financial records of the school including, but not limited to:</p> <ul style="list-style-type: none"> • Original bank statements from no less than one year; • Vendor invoices and statements; • Records of payments to vendors; and • Payroll documentation, including the method by which tax documents (W-2s) will be provided to employees subsequent to school closure. 	<ul style="list-style-type: none"> • Charter School Finance Lead 		
12	<p>Parent Contact Information Create parent contact list to include:</p>	<ul style="list-style-type: none"> • Charter School Administrator 		

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	<ul style="list-style-type: none"> • Student name; • Student address; • Telephone; • Email (if applicable) <p><i>Provide an electronic copy of the list to SCSC.</i></p>	Lead		
13	<p>Faculty Contact List Create faculty contact list to include:</p> <ul style="list-style-type: none"> • Name; • Position; • Address; • Telephone; • Email <p><i>Provide an electronic copy of the list to SCSC.</i></p>	<ul style="list-style-type: none"> • Charter School Administrator Lead 		
14	<p>Schedule and Convene Parent Closure Meeting(s) Plan and convene parent closure meeting. Include:</p> <ul style="list-style-type: none"> • Make copies of “Closure FAQ” document available; • Provide overview of SCSC closure policy and closure decision; • Provide calendar of important dates for parents; • Provide specific remaining school vacation days and date for end of classes; • Present timeline for closing down of school operations; and • Provide contact information and help line information. 	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Administrator Lead • Charter School Parent Organization Lead 		
15	<p>Schedule and Convene Faculty/Staff Meeting School board chair to communicate:</p> <ul style="list-style-type: none"> • Commitment to continuing coherent school operations throughout closure transition; • Plan to assist students and staff by making closing as smooth as possible; • Reasons for closure; • Timeline for transition details; • Compensation and benefits timeline; and • Contact information for ongoing questions. <p><i>Provide an electronic copy of all information distributed to SCSC.</i></p>	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Administrator Lead • Charter School Faculty Lead 		

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Ongoing Activities (Through completion of the closure process)

	Action Item	Responsible for Action Item (Suggested)	Completion Date	Status
16	<p>Continue Current Instruction Continue instruction under current education program in accordance with the charter contract until the end of the school calendar year.</p>	<ul style="list-style-type: none"> • Charter School Administrator Lead 		
17	<p>Board Communication Provide advanced copies of all meeting agendas, minutes, financials (monthly, or as required by the department), all supporting documentation for board meeting minutes, and all documents as outlined throughout this checklist.</p>	<ul style="list-style-type: none"> • SCSC Liaison • Charter School Board Chair • Charter School Finance Lead 		
18	<p>Establish Use of Dissolution Escrow Account Identify a plan for the use of dissolution escrow funds to support legal and audit expenses associated with the closure of the school. Hire and consult with legal counsel regarding other closing procedures checklist tasks, including the filing of the petition for dissolution. All charter schools are required to have \$75,000 set aside in dissolution escrow funds to be used only in the event of school closure.</p>	<ul style="list-style-type: none"> • Charter School Board Chair 		
19	<p>Maintain Location and Communication Until the end of the final previously scheduled last day of school, but no later than June 30 of the last year of the charter and excluding summer school, for the duration of the closing out the school's business and legal obligations, the school will maintain in the current facility as its locus of operation. Access to the facility must be maintained during this time. In the event the facility is sold or otherwise vacated before concluding the school's affairs, but as required, after the last day of school, the school must relocate its business records and remaining assets to a location, approved by SCSC, where a responsive and knowledgeable party is available to assist with closure operations. The school must maintain operational telephone service with voice message capability, an email address, and maintain custody of all business/financial records until all business/financial transitions are completed and legal obligations are satisfied, including final audit of the education corporation.</p>	<ul style="list-style-type: none"> • Charter School Board Chair 		

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20	<p>Maintain Insurance The school’s assets and any assets in the school that belong to others must be protected against theft, misappropriation and deterioration. The school should:</p> <ul style="list-style-type: none"> • Maintain existing insurance coverage until the disposal of such assets under the school closure plan; • Continue existing insurance for the facility, vehicles and other assets until (1) disposal or transfer of real estate or termination of lease; and (2) disposal, transfer, or sale of vehicles and other assets are sold; • Negotiate facility insurance with entities that may take possession of school facility (lenders, mortgagors, bond holders, etc); • Continue and obtain appropriate security services; • Notify the insurance company and law enforcement in the event of theft; • Plan to move assets to secure storage after closure of the school facility; and • Maintain existing directors and officers (D&O) insurance, if any, until final dissolution of the school. 	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Finance Lead 		
21	<p>Reporting of Financial Condition The school must submit the following financial documents (and submit updates on a monthly a basis as of the close of the following month until finalization of closure):</p> <ul style="list-style-type: none"> • A current balance sheet as of the month just ended before the closure decision, including accompanying schedules for: (1) all assets and their value; (2) accounts/loans payable or other liabilities that exceed \$1000; • A current income statement as of the month just ended before the closure decision; • A grants report including the anticipated use of all funds received through federal and state grants, including a plan to return funds as appropriate for grant projects/programs that will be terminated or not completed. The school cannot use these funds for costs related to closure; and • A comprehensive month-to-month cash flow statement to operate the school through the closure data which accounts for the full disposition of assets and specifically gives priority to and includes: <ul style="list-style-type: none"> ○ Payment of instructional staff to ensure completion of the school’s instructional program (including an itemized schedule of current and 	<ul style="list-style-type: none"> • Charter School Finance Lead 		

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	<p>projected payroll and payroll benefit payments, including payout of any accrued vacation/leave time;</p> <ul style="list-style-type: none">○ Total funds to satisfy all outstanding liabilities including but not limited to all contracts/leases and payoff of all debts;○ Payments to the teacher retirement system (if applicable)○ Payment of any cost associated with transition of students and records;○ Costs for complete, close-out financial audit; and○ All other costs associated with closure.			
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Pre-Closure (Within 45 days after the Closure Action)

	Action Item	Responsible for Action Item (Suggested)	Completion Date	Status
22	<p>Parent/Guardian Closure Transition Letter Distribute letter with detailed guidance regarding transition plan. Notification should include, but not be limited to:</p> <ul style="list-style-type: none"> • Date of the last day of regular instruction; • Cancellation of any planned summer school; • Notification of mandatory enrollment under Illinois State law; • Date(s) of any planned school choice fair(s); • Listing of the contact and enrollment information for charter, parochial, public, and private schools in the area; • Information on obtaining student records pursuant to Illinois State Freedom of Information Law before the end of classes; and • Contact information for parent/guardian assistance/questions. <p><i>Provide an electronic copy of all information distributed to SCSC.</i></p>	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Administrator Lead 		
23	<p>Staff/Faculty Closure Transition Letter Outline transition plans and timelines for staff, including but not limited to:</p> <ul style="list-style-type: none"> • Commitment of school’s board to transitioning staff; • Commitment to positive transition for children into new educational setting; • Any transition to new employment assistance board anticipates providing; • Timelines for compensation and benefits; • Timelines for outstanding professional development issues; • COBRA information; • Process of year-end tax documents; • Pertinent licensure information; • Faculty lead contact information; • Transition team contact information. <p><i>Provide an electronic copy of all information distributed to SCSC.</i></p>	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Administrator Lead 		

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24	<p>Agencies/Organizational Partners The school must satisfy SCSC’s statutory and regulatory obligation to ensure a smooth transition for students. Agency notification may include:</p> <ul style="list-style-type: none"> • School Finance; • Grants management; • General program office; • Teacher retirement system; • Local school district superintendent; • Assessment and testing; • Transportation; and • Organizations and/or institutions with which the school has partnered. 	<ul style="list-style-type: none"> • Charter School Board Chair • SCSC Liaison 		
25	<p>Union Notification Pursuant to any Collective Bargaining Agreement If applicable, the school should work with legal counsel to notify any unions of termination of collective bargaining agreements (CBAs) and the pending cessation of instruction, pursuant to the notice requirements set forth in any existing CBA or notice requirements of applicable federal, Illinois State, and local law.</p> <p>The school should:</p> <ul style="list-style-type: none"> • Consult with legal counsel with respect to notice requirements for terminating the CBA and the legal implications with respect to termination of CBAs and the termination of employees connected to the CBAs; • Provide an electronic copy of the notice to SCSC, and keep SCSC informed of the implications, penalties and damages connected with any termination of a CBA as well as ongoing discussions and negotiations with the union in connection with termination. 	<ul style="list-style-type: none"> • Charter School Board Chair 		
26	<p>List of Creditors and Debtors Formulate a list of creditors and debtors and any amounts accrued and unpaid with respect to such creditor or debtor. The list should include:</p> <ul style="list-style-type: none"> • Contractors to whom the school owes payment; • Lenders; • Mortgage holders; • Bond holders; • Equipment suppliers; 	<ul style="list-style-type: none"> • Charter School Administrator Lead • Charter School Finance Lead 		

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	<ul style="list-style-type: none"> • Secured and unsecured creditors; • Persons or organizations who owe the school fees or credits; • Lessees or sub-lessees of school; and • Any person or organization holding property of the school. <p><i>Provide an electronic copy of the list to SCSC with the amount owed to each creditor thereon and the amount owed by each debtor.</i></p>			
27	<p>Management Organization Notification and Termination of Contract The school must:</p> <ul style="list-style-type: none"> • Notify management company/organization of termination of education program by the school’s board, providing the data of the last day of classes and cancellation of summer school program, if applicable; • Provide notice of non-renewal in accordance with management contract; • Request final invoice and accounting to include accounting of retained school funds and grant fund status; • Provide notice that the management company/organization should remove any property lent to the school after the end of classes; and • Request a receipt of such property. <p><i>Provide an electronic copy of the list to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Finance Lead 		
28	<p>Contracts The school must formulate a list of all contractors with contracts in effect and:</p> <ul style="list-style-type: none"> • Notify them regarding school closure and cessation of operations; • Instruct contractors to make arrangements to remove any contractor property from the school by a specified date; • Retain records of past contracts as proof of payment; and • Maintain telephone, gas, electric, water, insurance, directors and officers liability insurance long enough to cover the time period required for all necessary closure procedures to be complete. <p><i>Provide an electronic copy of the list to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Finance Lead 		
29	<p>Audit Engagement The school shall engage, by vote of the board, an Independent auditor, subject to SCSC approval, to conduct final close out audit of the school</p>	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Finance Lead 		

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30	<p>IRS Status If the school has 501(c)(3) status, it must take steps to maintain that status including, but not limited to, the following:</p> <ul style="list-style-type: none"> • Notification to IRS regarding any address change of the school corporation; and • Filing of required tax returns or reports 	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Finance Lead 		
31	<p>Creditors Solicit from each creditor a final accounting of the school accrued and unpaid debt. Compare the figures provided with the school’s calculation of the debt and reconcile. Where possible, negotiate a settlement of debts consummated by a settlement agreement reflecting satisfaction and release of the exiting obligation. <i>Provide an electronic copy of the list to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Finance Lead 		
32	<p>Debtors Contact all debtors and demand payment. If collection efforts are unsuccessful, consider turning debt over to a commercial debt collection agency. All records regarding such collections or disputes by debtors regarding amount owed must be retained. <i>Provide an electronic copy of the list to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Finance Lead 		
33	<p>UCC Search 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. <i>Provide an electronic copy of the list to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Finance Lead 		
34	<p>Employee and Benefits Providers The school establish an employee termination date and:</p> <ul style="list-style-type: none"> • Notify all employees of termination of employment and contracts; • Notify benefits providers of pending termination of all employees; • Notify payroll processor of pending closure of the school; • Notify employees and providers of termination of all benefits programs; and • Terminate all programs as of the last date of service in accordance with applicable law and regulations (e.g. COBRA), including: <ul style="list-style-type: none"> ○ Health care/health insurance; ○ Life insurance; ○ Dental plans; ○ Eyeglass plans; 	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Finance Lead 		

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	<ul style="list-style-type: none"> ○ 401(k), retirement plans; and ○ Pension plans. <p><i>Provide an electronic copy of the list to SCSC</i></p>			
35	<p>Vendors The school must:</p> <ul style="list-style-type: none"> ● Create vendor list; and ● Notify vendors of closure and cancel or non-renew agreements as appropriate. 	<ul style="list-style-type: none"> ● Charter School Finance Lead 		
36	<p>Inventory The school must:</p> <ul style="list-style-type: none"> ● Create a fixed asset list segregating Illinois State and federal dollars; ● Note source code for funds and price for each purchase; and ● Establish fair market value, initial and amortized for all fixed assets. <p><i>Provide an electronic copy of the list to SCSC</i></p>	<ul style="list-style-type: none"> ● Charter School Finance Lead 		
37	<p>Disposition of Asset Plan The school must develop a plan for the disposition of all assets, property, and inventory, including assets purchased with federal funds. In closing out any federal grant and accounting for any federal grant funds, property owned by the federal government or property acquired under a federal grant must be distributed in accordance with federal regulation. See 2 CFR Part 200, subpart D.</p>	<ul style="list-style-type: none"> ● SCSC Liaison ● Charter School Finance Lead 		
38	<p>Disposition of Real Property Plan Adhere to Illinois State requirements for real property acquired from a public school district to determine right of first offer and other applicable requirements for disposition.</p>	<ul style="list-style-type: none"> ● SCSC Liaison ● Charter School Finance Lead 		
39	<p>Payment of Funds The school should work with SCSC to prioritize a payment strategy considering Illinois State and local requirements. Using available revenue and any funds from auction proceeds pay the following entities:</p> <ul style="list-style-type: none"> ● Retirement system; ● Teachers and staff; ● Employment taxes and federal taxes; ● Audit preparation; ● Private credits. 	<ul style="list-style-type: none"> ● SCSC Liaison ● Charter School Finance Lead 		

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Post-Closure (Within one week to 120 days after the last day of instruction)

	Action Item	Responsible for Action Item (Suggested)	Completion Date	Status
40	<p>Final Report Cards and Student Records Notice The school must ensure that:</p> <ul style="list-style-type: none"> • All student records and report cards are completed and up to date; • Parents/guardians are provided with copies of final report cards and notice of where student records will be sent (with specific contact information); and • Parents/guardians receive a reminder letter or post card reminding them of the opportunity to access student records under Freedom of Information Law. <p><i>Provide an electronic copy of the notice to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Administrator Lead • Charter School Faculty Lead 		
41	<p>Transfer of Testing Material The school must follow Illinois State regulations regarding disposition of Illinois State assessment materials stored at the school and return as required. <i>Provide an electronic copy of the letter outlining transference of testing materials.</i></p>	<ul style="list-style-type: none"> • Charter School Administrator Lead 		
42	<p>U.S. Department of Education File federal form SF-425 if the school was receiving funds directly from the United States Department of Education. See 2 CFR 200.327</p>	<ul style="list-style-type: none"> • Charter School Finance Lead 		
43	<p>Itemized Financials Prepare, review, and make available:</p> <ul style="list-style-type: none"> • Fiscal year-end financial statements; • Cash analysis; • List of compiled bank statements for the year; • List of investments; • List of payables (and determinations of when a check used to pay the liability will clear the bank); • List of all unused checks; • List of petty cash; • List of bank accounts; and • List of payroll reports. 	<ul style="list-style-type: none"> • Charter School Finance Lead 		

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44	<p>Payroll and Employment Verification Reports The school must generate a list of all payroll reports (including taxes, retirement or adjustments on employee contracts), and must create an employment verification report for each employee.</p> <ul style="list-style-type: none"> • The school must provide evidence of having made payment and arrangements for the timely and complete processing of all payroll documentation. Evidence of such evidence will consist of a signed and dated assurance from the provider. • The school must provide an employment verification report to each employee at the end of their employment which includes dates that the individual worked at the school, the position(s) held (including grade and subject taught if a teacher), and salary history, signed by school leader. <p><i>Provide an electronic copy of all materials to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Administrator Lead • Charter School Faculty Lead 		
45	<p>Transfer Student Records The school must transfer all student records to the school districts in which the charter is located. In addition, the school may transfer records to the student’s new school. Student records include:</p> <ul style="list-style-type: none"> • Grades and any evaluation; • All materials associated with Individual Education Plans; • Immunization Records; and • Parent/guardian information <p>The school must notify the district of how and when the records – including special education records – will be transferred. In addition, the school must create a master list of all records to be transferred and state their destination(s).</p>	<ul style="list-style-type: none"> • Charter School Administrator Lead • Charter School Faculty Lead • Charter School Parent Organization Lead 		
46	<p>Documenting Transfer of Student Records Written documentation of the transfer of records must accompany the transfer of all student materials. The written verification must include:</p> <ul style="list-style-type: none"> • The number of general education records transferred; • The number of special education records transferred; • The date of transfer; • The signature and printed name of charter school representative releasing records; and • The signature and printed name of the district (or other entity) recipient(s) of the records. 	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Administrator Lead 		

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47	<p>Expenditure Reporting Ensure that Federal Expenditure Reports (FER) and Annual Performance Reports (APR) are completed.</p>	<ul style="list-style-type: none"> • Charter School Finance Lead 		
48	<p>Final Distribution of Assets In general, all liabilities and obligations of the school must be paid and discharged to the extent of the school’s assets. Any assets held subject to lien, encumbrance, security interest, or other written conditions or limitations must be disposed of in accordance with the subject of those conditions and liabilities.</p> <p>Assets received and held by the school subject to limitations permitting their use only for charitable, benevolent, educational, and similar purposes, but not held upon condition requiring return or with specific disposition instructions, shall be held until dissolution and transferred or conveyed.</p> <p>An itemized receipt containing the name, address, and telephone number of the recipients must be obtained from each recipient of an asset, in case of later question, audit, or review by federal bankruptcy or state supreme court, or other government body.</p> <p>In closing out any federal grant and accounting for any federal grant funds, property owned by the federal government or property acquired under a federal grant must be distributed in accordance with federal regulations. See 2 CFR Part 200, subpart D.</p>	<ul style="list-style-type: none"> • Charter School Finance Lead 		
49	<p>Documenting the Disposition of and Transfer of Corporate Records The school’s board should follow its records retention policy. No student, personnel, or financial records should be disposed without the expressed approval of SCSC.</p> <p>In all cases, the school’s board shall maintain all corporate records related to:</p> <ul style="list-style-type: none"> • Employees (background checks, personnel files, etc); • Loans, bonds, mortgages, and other financing; • Contracts; • Leases; • Assets and assets sales; • Grants; 	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Administrator Lead • Charter School Finance Lead 		

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	<ul style="list-style-type: none"> • Governance (minutes, by-laws, policies) • Accounting/audit, taxes and tax status; • Employee benefit program and benefits; and • Any items provided for the closure action plan. 			
50	<p>Audit The school must submit a final closeout audit (by an independent CPA firm or Illinois State Auditor, as determined by statute), which documents disposition of all liabilities. <i>Provide an electronic copy of the final audit to SCSC</i></p>	<ul style="list-style-type: none"> • Charter School Board Chair • Charter School Finance Lead 		