



School Closure Manual For DC Public Charter Schools

Revised February 2015

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I. INTRODUCTION

Through this manual, DC Public Charter School Board (PCSB) provides support and guidance to public charter school (PCS or Charter School) leaders as they begin the process of school closure. While closure is a difficult process, the PCS must approach this responsibility in an orderly fashion to assure **that the interests of parents and students are addressed appropriately. These interests should be kept primary in the closure process.**

This School Closure Manual, organized into five content sections, was developed by PCSB to outline the procedures that a PCS must follow as part of the closure process and the various issues that the PCS should address. The first section addresses notifying the parents, students, and community about the school's closure. The second section addresses the closure planning process. The third section addresses student records, corporate records, school property and data. The fourth section covers students with special education needs, including individualized education plans (IEPs), 504 plans, and English language learners (ELLs). The fifth section addresses specific financial and legal requirements of closing schools.

The Board of Trustees of a PCS has legal responsibility for the Charter School's operations and is responsible for providing adequate supervision and support to the chief executive of the PCS. During the closure process, the Board must intensify its scrutiny to assure that the closure process is implemented with integrity. The closing school's Board of Trustees is responsible for supervising the entire closure process. In addition, the Board of Trustees must implement a proper dissolution of the nonprofit corporation functioning as the public charter school, as required under the District of Columbia School Reform Act of 1995, D.C. Code §§ 38-1802 *et seq.* ("SRA") and the Nonprofit Corporation Act of 2010, D.C. Code §§ 29-401 *et seq.*

Several elements of charter school closure fall under the authority of the Office of the State Superintendent of Education (OSSE) and are outlined in the OSSE Charter School Closure Policy. References to that policy¹ can be found throughout this manual, but schools should review OSSE's policy in its entirety and consult with OSSE regarding any changes to that policy.

Personnel from PCSB and OSSE will work directly with the leadership of the closing PCS to provide technical assistance and monitor the closure process. The official notice of charter revocation, non-renewal, or acknowledgement of charter relinquishment formally begins this process and a PCSB staff member or designee, the PCSB Closure Liaison, and/or various consultants, will reach out to school leadership to begin and coordinate the work described in this manual. The General Counsel Offices of both PCSB and OSSE play a significant role in the closure process; PCSB encourages schools to seek legal counsel to assist them if they deem it necessary. PCSB anticipates that the closure process will take several months, including time to facilitate student enrollments, discharge debts, and closeout federal grants before the nonprofit corporation is ready for dissolution. Per OSSE's March 2013 Policy, the closing

¹ Hereinafter, the "March 2013 Policy."

charter school is required to submit a closure plan to the charter authorizer, and such articles of dissolution with the Mayor and notification to the Attorney General for the District of Columbia as required pursuant to D.C. Official Code §§ 38-409 – 412.

II. DEFINITIONS

The following are definitions of some of the terms used in this manual:

- Charter Relinquishment – Occurs when a charter school voluntarily chooses to cease operations as a charter school and surrenders its charter.
- Charter Revocation – Occurs when PCSB closes a charter school pursuant to the School Reform Act.
- Charter Non-renewal – Occurs when the authorizer declines to renew a charter at the end of its original 15-year term.
- Revocation/Relinquishment Date – The actual date that the revocation or relinquishment of the charter becomes effective and the PCS ceases after which the PCS is no longer permitted to provide student services.
- Asset Acquisition – Where a PCS acquires the assets of a closing PCS.
- Parent(s) – The parents or legal guardians of minor students. For emancipated minors and adults, this term refers to the student.

III. NOTIFYING THE SCHOOL COMMUNITY OF THE PCS CLOSURE

Both the Charter School and PCSB are responsible for notifying stakeholders and members of the school community of the impending closure. It is, however, the responsibility of the Charter School to ensure that all **staff, contractors, parents, students, OSSE, landlords, mortgage holders, nonpublic schools where PCS students attend and all other relevant stakeholders, including, but not limited to, vendors and charitable partners**, are aware of the closure. Hosting a Community Forum is one of the tools a school can use to ensure effective communication with parents.

The closure process presents unique challenges for the PCS: it must continue to meet student needs and implement an orderly termination of operations while supporting employees' needs and managing staff departures. Early and candid disclosure to staff as well as solicitation of input in the closure process from staff may help the PCS surmount these challenges.

B. Notify Charter School Staff and Contract personnel of the Charter School's Impending Closure. (By Day 7 (from date of relinquishment, vote to non-renew the school's charter, or vote to revoke)²)

Employees must be formally notified of the Charter School's closure and their resulting termination of employment and any benefits. They should also be continually updated on the status of the school's operations during the process of the school's closure.

Contractors must be formally notified of termination of their contracts and continually updated on what is happening during the process of the school's closure.

Beyond the initial announcements, staff should be continually updated on the closure process as appropriate. Input should be solicited from staff to help plan the dissolution process and identify ways to address the needs of students and parents.

C. Notify Parents of the Charter School's Impending Closure. (By Day 7)

The PCS must make every effort to provide information directly to each and every parent; they should receive this information directly from the school. Sample notices are in Appendix 2.

- To this end, the PCS must consider every vehicle for contacting parents (email, postal mail, recorded voice mail, text message, etc.) and use multiple means for contacting parents.

² For the rest of the manual, Day x refers to the Day after the school informs PCSB that it has relinquished its charter or the day that PCSB formally notifies the school of its decision to revoke the school's charter, or the day that PCSB formally notifies the school of its decision to not to renew school's charter.

This notification must include details about how the PCS intends to inform its students and how students will be supported in dealing with this transition, and:

- The date when the PCS will cease providing education services.
- Remind parents that it is their responsibility to select and enroll their child in a new school. If the PCS has not already done so, provide the parents with enrollment lottery information, including information pertaining to My School DC.
- If the PCS provides special services or unique instructional content, the notice should include suggestions for where parents can find alternatives.
- The PCS shall provide contact information for PCSB's Closure Liaison and inform parents that PCSB will provide Enrollment Specialists to support the process for enrolling students into other schools.

A sample notification letter is available at Appendix 2. Copies of the Parent Notification letters must be provided to PCSB's Closure Liaison.

Parents of students with disabilities should receive a second notification informing them of their due process rights and responsibilities under the Individuals with Disabilities Education Act (IDEA). See Section VI, below, for more information.

D. Notify Students of the Charter School's impending closure. (By Day 10).

Students should be notified of the school's closure only after their parents have been notified, in the manner most appropriate for their age, grade and other factors. While their parents may inform them of the Charter School's impending closure, students may have questions about their transition to a new school and may need time to process this transition as a loss.

E. Notify OSSE. (By Day 10)

Per OSSE's March 2013 Policy, the closing charter school must provide OSSE with written notification of the closure of one or more physical locations within ten calendar days of any official action taken by the public charter school's authorizer.

- The notification and other related correspondence should be sent to:

Office of the State Superintendent of Education (OSSE)
Office of Grants Management and Compliance
810 First Street, NE, 9th floor
Washington, DC 20002
Email: osse.grantscompliance@dc.gov

- Per OSSE’s March 2013 Policy, the Notice shall include the following information:
 - a. Name of the charter school/organization;
 - b. Names and contact information for person(s) responsible for the school’s dissolution process; Names of the members and officers of the school’s governing body; and person(s) in charge of communication among internal and external parties;
 - c. Effective date of closure/campus consolidation;
 - d. Facility location (if change is applicable);
 - e. Information describing the school’s assets, including facility ownership, copies of leases, if any, and copies of any outstanding debt obligations including loans supported by OSSE’s Office of Public Charter School Financing and Support (OPCSFS);
 - f. The location of and arrangements for student and personnel records, Federal and Local Grants and Appropriations; and
 - g. Inventory of property purchased with federal or local funds.

F. Notify Non-Public Schools Serving PCS’s Students. (By Day 14).

If any of the students enrolled at the Charter School attend a non-public school or satellite classroom, the Charter School must inform that school of its impending closure. The Charter School should copy the student’s parent(s) on these notifications.

The Charter School should maintain communication with the non-public schools and the students’ parent(s) as the school year winds down to monitor the student’s enrollment status.

G. OPTIONAL. Host a Community Forum. (By Day 21)

2. Purpose.

A community forum that is hosted by the school with support from PCSB is intended to share information with parents and the community about the closure decision, the process for helping students find new school placements, and to answer any questions.

The forum is not intended to address concerns that staff may have. This distinction should be made clear to staff in all communication from the PCS about this event. The Charter School may hold separate staff forums to address concerns that staff may have.

3. Location.

The school should identify the site, ideally within the school building. If the PCS needs support from PCSB to coordinate this meeting, the school should make this request to PCSB as soon as it decides to host a Community Forum.

4. Notification of Community Forum.

The school should advertise the Forum to its families through its routine communication methods, e.g., emails, newsletter, text messages, etc. PCSB can support the effort by posting information on its website and/or sending information out through the Tuesday Bulletin.

5. Participants.

The PCSB Closure Liaison will introduce Enrollment Specialist(s) employed by PCSB at the forum. These specialists will help students find new schools and facilitate enrollment.

Please note that attendance at this forum by staff of the closing PCS may help reassure parents that their children will be educated and supported for the remainder of the school year and provide an opportunity for the staff to say goodbye to students' families.

H. Notify PCSB of the process for informing staff, students and parents of the PCS's impending closure. (At Initial Closure Meeting – by Day 21)

While the PCS's first priority should be tending to all constituents that will be affected by the PCS closure, it is also of utmost importance to both PCSB and OSSE. As soon as the timing and method for notification of these constituents is determined, the PCS must inform the PCSB Closure Liaison of how and when this notification will be made. Copies of all communications to the public regarding charter closure must be provided to PCSB at the Initial Closure Meeting.

I. Notify Landlord or Mortgage Holder, whichever is applicable. (By Day 30, February 28, 2015, or by the terms required for termination of applicable lease/mortgage contracts)

If the school facility is owned by DCPS or another government agency, the Charter School must notify that agency as soon as possible, but no later than Day 30 of the closure timeline. If the facility is on lease from a private entity, the school must give notice of the impending closure per the terms of the lease. If the facility is mortgaged, the school must notify the bank and any other lenders of the impending closure per the terms of the mortgage and/or in consultation with its legal counsel.

J. Notify charitable partners. (By Day 30 or by the terms of the grant or other charitable funding program)

The Charter School must inform charitable partners of the impending closure to ensure that it complies with the terms of the grant or partnership arrangement, which may include returning unspent funds. A sample notification letter is available at Appendix 3.

K. Notify vendors. (By Day 30 or by the terms required for termination of applicable vendor contracts)

The Charter School must inform all vendors of the impending closure and ensure that they provide vendors with appropriate time to request payments of any outstanding debts. Once the PCS has notified the vendor, it should begin to negotiate the termination of these contracts. A sample notification letter is available at Appendix 4.

IV. CLOSURE PROCESS PLANNING & MONITORING

B. Initial Closure Meeting. (Not later than Day 21)

Upon PCSB's receipt of a notice of Charter Relinquishment or PCSB's Charter Revocation decision, the PCSB Closure Liaison will immediately contact the PCS to schedule the Initial Closure Meeting.

2. Purpose of Initial Closure Meeting

The purpose of the Initial Closure Meeting is to thoroughly review the Charter School's draft Closure Plan (discussed in Subsection 2, below) and agree about closure logistics, responsible parties, and deadlines. This meeting provides the PCS an opportunity to present any requests for accommodations or modifications of actions and timelines established in this manual for inclusion in the Closure Plan. **To ensure the effectiveness of this meeting, PCS leadership must have (internally) thoroughly discussed the logistics involved in the closure process prior to this meeting, completed a draft of the closure plan, and be prepared to discuss with PCSB the various areas covered by the manual.**

The agenda of the Initial Closure Meeting will include:

- Introduction of any PCSB staff or contractors who will assist with the closure process;
- Discussion of closing procedures;
- Review of Initial Closure Meeting deliverables due from the PCS:
 - Draft Closure Plan (Appendix 1), which includes sections regarding:
 - Notifications;
 - Records;
 - Procedures for Special Education Students;
 - Procedures for Employees & Contract Personnel
 - Financial Requirements;
 - Legal Requirements; and
 - Data Collection.
- Feedback from PCS leadership and Board members on the closure process.

C. Closure Plan.

As stated above, at this meeting, PCSB and the school will discuss the Closure Plan. The PCS should appoint a transition team to draft the Closure Plan prior to the Initial Closure Meeting using PCSB Closure Plan Report Form. This transition team should include members of the Charter School's senior management that have oversight responsibility for each and every area of the Charter School's operations; potentially including school staff, representatives of the

Charter School's Board of Directors, legal counsel, and the external accountant or financial auditor. At a minimum, the PCS should designate one person to lead the school's closure process.

School staff should provide PCSB a draft of its Closure Plan at least two days prior to the first meeting. The Closure Plan is a detailed document covering the timing for completion of all tasks and deliverables associated with closure, staff assigned to manage these tasks and deliverables, and any particular accommodations or variations the school is requesting. A template of the Closure Plan is attached as Appendix 1.

Development of the Closure Plan should involve other key stakeholders who will vary from school to school, but must include the Board chair and may include representatives of parents or an organized parent group such as the PTA, representatives of significant organizational or financial partners such as community organizations, investors, foundations, and/or major donors.

School staff members are expected to update the Closure Plan weekly throughout the closure process to keep PCSB, OSSE, and other relevant agencies informed of the school's progress on agreed-upon tasks and deliverables. At the end of the closure process, both the school leader and the board chair will sign a final version of the Closure Plan to certify that all tasks and deliverables required and described therein have been completed.

D. Other Aspects of the Initial Closure Meeting

2. Participants.

The meeting will include representatives of the Charter School's Transition Team, OSSE, PCSB, as well as other individuals who may assist PCSB during the closure process.

3. Outcomes.

At the conclusion of the Initial Closure Meeting, the PCS should expect to provide to PCSB the following deliverables:

a. Closure Plan.

The Closure Plan Report Form (see Appendix 1) will assist charter schools in tracking, monitoring, and reporting their activities related to closure.

b. Closure Staffing Plan.

This plan should identify the members of the Charter School Transition Team and their roles. See Appendix 5 for a sample of this plan.

c. Required Financial Reports.

Charter School will have to certify that they are up to date on all submissions of financial statements and should bring initial financial reports, including the school's most recent bank statements, general ledgers, cash flow projection, outstanding payables report, current Fixed Assets Inventory, a breakdown of its accounts receivables, and current depreciation schedule.

d. Federal Grants Report.

This report must include all open and active federal grants received by the PCS. The report must include the name of the grant, status of pending reimbursement requests, available balance and an action plan detailing the steps the PCS will take to submit further reimbursement requests to complete all draw downs in a timely manner. A sample Report Form can be found at Appendix 6.

e. Student List.

The Charter School should have an accurate and up-to-date list of students currently enrolled, their contact information, and their Special Education status as indicated in the SEDS database.

f. Student Records Report.

The PCS must review the current status of student records and develop a timeline for management and transfer of these records. Student roster and records information must be available in hard copy and digital format at the Initial Closure Meeting, using the Student Roster Database Form (Appendix 7), and updates should be provided to the PCSB Closure Liaison and OSSE on a weekly basis with Closure Plan Updates.

E. Timeline.

- PCSB and PCS Set Initial Closure Meeting date and complete the following tasks. **(Not later than Day 21)**
 - PCS completes PCSB Closure Plan Form;
 - PCS prepares Closure Staffing Plan, including Transition Team members and roles, if any;
 - PCS provides PCSB with copies of correspondence to staff, contractors, parents, and other school stakeholders regarding closure, including any and all notifications;
 - PCS prepares Initial Financial Reports for review at the Initial Closure Meeting; and
 - PCS prepares list of all current students & contact information for PCSB; indicate special education status based on SEDS database

- Hold Initial Closure Meeting **(By Day 21)**. At the meeting, PCSB and Charter School will:
 - Review PCSB Closure Plan Form;
 - Review Closure Staffing Plan;
 - Review Initial Financial Reports, including current bank statements and general ledger;
 - Review up-to-date list of all current students & contact information for PCSB; indicate special education status based on SEDS database;
 - Review Closeout Audit; and
 - Review PCS's initial assessment of student and employee records.

- Within five days of Initial Closure Meeting **(By Day 30)**, the Charter School will send to PCSB:
 - Updated Closure Plan with dates for all deliverables;
 - Any Financial Reports requested for review at the Initial Closure Meeting; and
 - Final list of all current students with their contact information and their special education status as indicated in the SEDS database.

F. Closure Plan Updates Reports & Standing Closure Call

The most current version of the Closure Plan must be provided to the PCSB Closure Liaison and the designated OSSE representative every seven days after submission of the initial Closure Plan. These updates should use the Closure Plan template.

The Closure Plan Updates must address progress on the key tasks and deliverables in the closure process, and summarize how each of the items in the Closure Plan have been or will be addressed and any issues still pending regarding these items. Once a substantial portion of the Closure Plan has been implemented, the schedule for Closure Plan Updates may be adjusted at the option of the PCSB Closure Liaison.

In addition, a weekly standing call will be scheduled for the PCS Transition team to respond to any questions the PCSB Closure Liaison or any relevant agencies may have about the content of a Status Update. If there are no questions in any given week, the call will be cancelled no later than 24 hours prior to its scheduled time.

V. RECORDS (STUDENT & CORPORATE)

Copies of all student records must be transferred to PCSB for permanent storage following closure of the PCS.³ The Charter School is responsible for the compilation of these records and their transfer to PCSB. The school's actions with respect to these records must comply with federal laws and regulations, including the Family Educational Rights and Privacy Act, 20 U.S.C. § 1232g; 34 CFR Part 99 (FERPA), the IDEA, and D.C. laws and regulations.

To ensure secure and timely transfer of student records, PCSB may retain a Records Management Company. If it does, the PCSB Closure Liaison will inform the PCS of the name of the firm and of its role in the closure process. The records management company will be required to sign a nondisclosure agreement that assures it protects the privacy of student education records as required by federal laws and regulations. While some Charter Schools have contracted with Records Management Companies independent of PCSB, PCSB may charge the costs of hiring the company to the PCS.⁴

If the PCS transfers student records to students' receiving schools prior to the end of the school year and prior to the involvement of any Records Management Company, then the PCS must provide proof to PCSB of these transfers and retain a digitized copy of the record to be provided to PCSB following closure of the PCS.

B. Definition of Records

While it is impossible to provide an exhaustive list of all the items that should be included in a student record, the following list serves as general guidance of what is typically expected to be included in a student record:

- A student's cumulative record folder;
- Any data collected or intended for use within the public charter school or intended for distribution outside the public charter school;
- Identifying data or information;
- Academic work completed;
- Grades, scores, and results from achievement tests, criterion referenced tests, standardized tests, norm referenced tests, aptitude tests, and other tests given to students;
- Health data and accident reports;
- Observations and ratings by teachers, counselors, and other public charter school personnel; and

³ See D.C. Code § 38-1802.13a(e).

⁴ PCSB "may utilize assets of the charter school to provide for: (1) the transfer and storage of student records pursuant to subsection (e) of this section; and (2) any other actual expenses incurred by the authorizing entity as a result of the dissolution of the nonprofit organization operating the charter school." D.C. Code § 38-1802.13a(e).

- Attendance records, including any referrals to the DC Child and Family Services Agency.
- Reports of behavior or discipline problems or incidents.

All end-of-school-year grades and evaluations must be completed and made part of the student records. Student records should be the records for students enrolled during the year in which the school is closing and those who have graduated and transferred as follows:

- Each individual student file must be placed in a single file folder with the tab labeled with last name, first name, middle initial.
- The first page inside each file must have the student's name, OSSE-issued Unique Student Identifier, and most recent contact information.
- Each file must include original copies of the final transcripts and test results.
- All files must be assembled in alphabetical order.

Also, the special education coordinator at the closing PCS must ensure that all IEP student files of active students, described in more detail in section G of this manual, are complete, updated, and uploaded into the SEDS database. Complete copies of IEP student files of both active and inactive students are given to PCSB or the Records Management Company along with academic records. These files should be part of the digital records transferred to PCSB as part of the closure process.

C. Closure Process Items.

2. Assess student records and provide a summary report to PCSB. (At the Initial Closure Meeting)

The PCS must review the current status of student records and develop a timeline for management and transfer of these records. Student roster and records information must be available in hard copy and digital format at the Initial Closure Meeting, using the Student Roster Database Form (Appendix 7), and updates should be provided to the PCSB Closure Liaison and OSSE on a weekly basis with Closure Plan Updates.

3. Generate list of students needing placement in summer school or credit recovery. (Two weeks before the last day of school or by June 15, 2015)

The PCS should notify parents and students, when appropriate, of their academic standing and assist them in finding ways to attend summer school or obtain credit recovery.

4. Execute a Records Custodial Agreement. (June 1, 2015)

The form for this agreement is Appendix 8.

5. Maintain copies of early-transfer records. (Ongoing during the Closure Process)

All student records will be digitized off-site by the Records Management Company after June 30, 2015. However, if a student's records are requested for transfer prior to June 30, 2015, a digital copy must be maintained (in legible PDF format) before transferring that individual student file. A digital copy of this file should be sent to PCSB as well as verification that the records were transferred (including a confirmation signature) following closure of the PCS.

6. Submit End of the Year Student Roster to PCSB. (June 30, 2015)

As the school year ends, the PCS must update all student information using the Student Roster Database Form (Appendix 7) and ensure that that form is consistent with the data in OSSE and PCSB databases.

7. Complete Student Records (June 30, 2015)

The PCS will create a file for each student that includes all of the documents cited in Section V (A), above. These files may be paper or digital

8. Distribute *copies of* final transcripts and test scores to current students and/or parents, along with an information notice. (Within two weeks of the last day of school and by July 15, 2015)

Original records should not be given to parents or students but should be included in the permanent student file. Parents, however, should receive **duplicates** of these records.

Mailed report cards must use PCSB's address as the return address in the event that report cards are returned by the Post Office. Report cards must include an information notice that includes the following:

- Remind parents that it is their responsibility to select and enroll their child in a new school. If the PCS has not already done so, provide the parents with enrollment information, including information pertaining to My School DC.
- Inform families that that they may receive complete copies of student records upon request from PCSB after the school closes.
- Alert families that after August 1, 2015 or other date specified in the Closure Plan, PCSB will have possession of all student records. Include PCSB's contact information in the notification.
- Once their child is enrolled in a new school, parents (or the new school) may contact PCSB so that the student's records can be transferred to the new school.

Also, the PCS must provide PCSB with a copy of this letter sent out to parents regarding the status of records and copies of the report cards provided to parents. See Appendix 9 for a sample letter.

9. Transfer student records to PCSB or the Records Management Company. (Within four weeks of the last day of school or by July 30, 2015)

As discussed above, all student records must be transferred to PCSB for permanent storage following closure of the PCS. All special education records must also be transferred, either within student's individual records or separately.

NOTE: Include Test Results: If, after the school has transferred the student records to the Records Management Company, the school receives score reports from OSSE, these results must be submitted to the Records Management Company within seven days after the school receives the test results. To the extent that scores are reported to the school directly [or published (by the testing agency)], arrangements must be made with the testing agency to forward such materials to PCSB or the Records Management Company in individual folders for each student, if possible.

10. Submit Final Student Roster to PCSB. (September 1, 2015)

Using the Student Roster Database Form (Appendix 7), the PCS must update all student information at the end of the summer and provide PCSB with this information. Alternatively, the school may confirm that the End of School Roster is complete and accurate.

11. Complete transfer of student records to PCSB. (Ongoing during the Closure Process and by October 1, 2015)

All student records must be updated and transferred to PCSB before the school corporation dissolves. If any records remain at the school or in the possession of a school employee or contractor as of September 15, 2015, the school should transfer digitized copies of them to PCSB by October 1, 2015.

School personnel should ensure that all IEPs and any other special education records are in student files before they are transferred to PCSB. Additionally, school personnel should ensure that all student health and immunization records, attendance records, and any other student records are placed in the appropriate student files. All test scores that are produced, created, or received after the last day of school should be digitized and added to cumulative student files. Each student should have one file clearly labeled by student name.

D. Corporate Records

1. Implement necessary or required steps to assure the maintenance of all corporate records (Day 1).

Corporate records may include documents related to:

- Loans, bonds, mortgages and other financing;
- Contracts;
- Leases;
- Assets and asset sales;
- Grants (records of federal grants must be kept in accordance with 34 C.F.R. 8042);
- Accounting/audit, taxes and tax status, etc.;
- Governance (minutes, by-laws, policies);
- Employees (background checks, personnel files);
- Employee benefit programs and benefits;
- All documents or records that were used to compile OSSE data report; and
- Any items identified in the Closure Plan.

These documents should be located and safeguarded during the closure process.

VI. PCS ASSETS (PROPERTY)

B. Overview.

2. Facilities.

a. **Buildings Owned (Outright or Pursuant to a Mortgage) By the PCS.**

Per OSSE's March 2013 Policy, upon the closure of a public charter school, the disposition of public charter school facilities (school building) is governed by the terms and conditions of its acquisition. If the charter school purchases the school building, generally, there are several lenders, senior and subordinate. All lenders should be consulted when the school determines how to dispose of any owned property. The PCS should reference the March 2013 Policy for additional information.

a. **Buildings Leased By the PCS.**

As discussed above, when a public charter school occupies a school building pursuant to a lease, the disposition of the building is governed pursuant to the terms and conditions of the lease agreement. Generally, the landlord must be given sufficient notice that the PCS is terminating the lease. If the PCS is closing before the end of the lease term, the PCS may be liable for any remaining rent payments. If the PCS is to receive a security deposit upon vacating the premises, the PCS may be responsible for obtaining those funds because they could be considered an asset of the school.

3. Movable Property Purchased with Public Funds

OSSE is responsible for monitoring the management of moveable property, e.g., electronics or equipment, purchased with federal grant funds,⁵ local competitive grant funds and other local funds for all District of Columbia public charter schools.

Per OSSE's March 2013 Policy:

The District of Columbia grants manual⁶ requires District agencies to track equipment purchased with local competitive grant funds.

Property purchased with federal grants in excess of \$300 (and computers, personal digital assistants (PDAs), cell phones, and other equipment) remains property of OSSE, unless OSSE declares the property to be "excess" or designates

⁵ 34 C.F.R. § 80.32,

⁶ <http://opgs.dc.gov/book/citywide-grants-manual-and-sourcebook>

it as “exempt property”. Closing charter schools must submit to OSSE a log of all equipment and supplies purchased with federal grants to date.

Property purchased with federal funds cannot be liquidated and must be transferred according to the following procedures:

1. Similar public charter schools with same federal grant entitlements have 48 hours from the time of publication of a list of the property to request items;
2. Other public charter schools can claim the property after the first 48 hours; and
3. In the event that no public charter schools claim the property, such property will be transferred to District of Columbia Public Schools.

Equipment purchased with non-federal grant funds may have stipulations specified in the award agreements regarding the disposition of these assets. OSSE (or grantor) will assist with any technical questions about the dispersal of such property.

Schools pursuing an asset acquisition should consult with OSSE regarding the transfer of any assets purchased with federal funds.

4. Movable Property Purchased with Private Grant Funds.

Equipment purchased with non-federal grant funds may have stipulations specified in the award agreements regarding the disposition of these assets. Charter Schools should reach out to the grantor with any technical questions about the disposition of such property.

C. Closure Process Requirements

1. Secure all PCS property and ensure that it and all of the school's assets are protected against theft, misappropriation, or deterioration. (Day 1 through end of Closure Process)

The PCS must secure and store the school's property and any other assets at the school that belong to others in order to protect these assets against theft, misappropriation, or deterioration. The PCS Board and leadership must immediately take steps to secure all of the buildings, furniture, fixtures, and equipment and maintain daily security over those assets until disposed. This may include:

- Maintaining existing insurance coverage on all assets, including buildings and vehicles, until ownership of those assets are transferred to other entities.
- Negotiating property insurance requirements with any entities that may take possession of or have an ownership interest in the PCS facility, e.g., lenders, mortgagors, bond holders, etc., if possible.

2. Prepare and submit to PCSB and OSSE a log of all equipment and supplies purchased with federal grants to date. (At least 45 Days prior to the end of the school year or by May 1, 2015)

Per OSSE's March 2013 Policy,

OSSE will review and verify the equipment/inventory log (sample attached) in coordination with the charter authorizer and the charter school's independent auditor; and will coordinate with PCSB about the proper procedure for liquidating the assets, consistent with federal regulations. The inventory log shall include:

1. Each item in excess of \$300 (computers, PDAs, cell phones, and other equipment);
2. An identification number that corresponds to a tag on that item;
3. The cost of the item, purchase date, and grant source of funds;
4. The physical location of the item in the closing charter school; and

5. Name and contact information for person(s) handling liquidation.

The Inventory Log must be submitted to OSSE at least 45 Days prior to the Revocation or Relinquishment Date during which time the following will take place:

1. Review of inventory log;
2. Visit school locations to audit items; and
3. Contact schools about inventory and/or post remaining inventory in PCSB's newsletter.

The Charter School's Independent Auditor may be involved in the review of this inventory log. Contact OSSE for the current version of this log.

3. Transfer or liquidate all other PCS Property. (By October 1, 2015)

Equipment purchased with non-federal grant funds may have stipulations specified in the award agreements regarding the disposition of these assets. Subject to these constraints, all other items bought with non-federal monies must be liquidated as part of a dissolution process that is approved by the Charter School's Board of Trustees and described in the Closure Plan.

VII. DATA

A. Overview of Charter School Responsibilities

As a condition of receiving federal funds, Charter Schools must retain appropriate student records, maintain accurate records, and report information in a timely fashion. This includes Charter Schools that are in the process of closing. Pursuant to D.C. law, OSSE is responsible for establishing a standardized format and timeframe for reporting student information. If a PCS is closing, OSSE requires collection of all data points for the current reporting year, as well as all data points required for the following reporting year, after the PCS will have closed.

The closing charter school must complete its reporting obligations by providing OSSE with required state and federal data. There are five types of required data:

1. Student (including student-level discipline and assessment data);
2. Staff and Teachers data;
3. School-specific data;
4. LEA-specific data; and
5. Fiscal (including meal claims for the National School Lunch Program and the National Public Education Financial Survey (NPEFS)).

The PCS should consult OSSE's Policy for further details on managing the close-out of student enrollment data, including appropriate exit codes.

B. Closure Process Deliverables.

1. Submit data report to OSSE (dates set by OSSE, but not later than July 1, 2015)

OSSE may require the information be submitted in a variety of different ways, including spreadsheet templates provided by OSSE, Word documents, and web-based interface. OSSE staff will provide updates throughout the closure process. It is imperative that the data are complete, accurate, and be presented in the proper format, as there will be little opportunity for OSSE staff to verify data and ask clarification questions later.

VIII. SPECIAL EDUCATION STUDENTS & STUDENTS WITH SECTION 504 OR ELL PLANS

B. Special Education.

1. Overview

OSSE is responsible for monitoring Charter Schools' compliance with IDEA, and for ensuring that students with disabilities receive a free and appropriate public education. The closeout actions discussed below must be completed by closing schools.

Each District of Columbia public charter school may elect to be treated as an independent local educational agency (LEA) for the purposes of special education or they may elect to be treated as a District of Columbia Public Schools (DCPS) school and for DCPS to act as the LEA on their behalf. A closing PCS that has elected DCPS as their LEA for special education purposes should contact DCPS and coordinate the items discussed in this section with it.

As discussed in more detail below, schools are required to send a separate and subsequent notification to parents of special education students of their due process rights and responsibilities under the IDEA along with a copy of the Notice of Procedural Safeguards. Schools must also update IEPs as needed and provide records to parents. Schools also need to ensure that 12th grade students are notified of their rights to continue their education until their 22nd birthday.

Special note about students attending nonpublic schools. These students must enroll in another District of Columbia Public School or Public Charter School to maintain District funding and appropriate oversight by a Local Education Agency (LEA) as soon as possible after being notified of the PCS's closure. All DC public school students attending nonpublic schools must have their educational placements at these schools supervised by an LEA within the District of Columbia. The LEA in which the student is enrolled **will decide the appropriateness of the student's placement at a nonpublic school.**

2. Required Actions During the Closure Process

a. **Notify all parents of special education students of their due process rights and responsibilities under IDEA (By Day 14).**

Following notification of all parents of the Charter School's impending closure, a separate letter must be sent to parents of special education students informing them of their due process rights and responsibilities and provide them with a copy of the Notice of Procedural Safeguards.

The letter must:

- Inform all parents of current students that it is their responsibility under D.C. law to find and enroll their children in new schools.⁷
- Offer assistance to parents for enrollment options, including My School DC.
- Encourage all parents to make an enrollment decision as early as possible in order to ensure a smooth transition and a continuously implemented IEP.
 - Strongly encourage parents of students who require Extended School Year (ESY) services to enroll their child in a new LEA school as soon as possible, but no later than May 29, 2015, in order to ensure that the new LEA has an opportunity to provide ESY services over the summer.
- Inform or remind parents of 12th grade special education students who are NOT graduating that the student has a right to continue in public schools until the age of 22.
- Encourage parents to contact PCSB if they experience difficulty or resistance in enrolling their child at another DC PCS or DCPS school.⁸

b. Identify students needing ESY. (By April 10, 2015)

For DCPS “dependent” LEAs, the PCS should send a list of students requiring ESY to DCPS.

For independent LEAs, the PCS should generate a list to be shared with PCSB and OSSE. The school closure will have a particular impact on these students immediately, as they may need to be placed in another summer program. The closing school’s Special Education Coordinator should compile the list for ESY as soon as possible and not later than April 10, 2015.

c. Provide a copy of Special Education student’s file to his/her parent. (By April 30, 2015)

To facilitate the transition of special education students to their new schools, parents must be provided copies of their children’s special education files. Then, parents can furnish physical copies of the files to the students’ new schools, documenting the services the child needs before the new schools may have access to this information electronically.

d. Review and Address Issues of Noncompliance and/or Denials of FAPE. (By June 1, 2015)

The PCS should address all outstanding student-level findings of noncompliance with IDEA that have been identified by OSSE through on-site monitoring, database review, or other means. It

⁷ See D.C. Code §§ 38-202 et seq. As discussed above, this notification is especially critical to parents of students attending nonpublic schools.

⁸ See OSSE Policy for more information about the requirements of this notice.

should also send OSSE a status report of all outstanding student level findings prior to its closure.

With respect to due process complaints, the PCS should also review student records for Hearing Officer's Determinations (HODs) or Settlement Agreement and ensure transfer of this critical documentation to the new LEA for implementation.

- e. **Create a list of 12th graders Receiving Special Education Services who are NOT graduating. (Two weeks before the last day of school or by June 15, 2015)**

The PCS must send the parents of these students another letter informing them of their children's rights to continue attending school until age 22. The PCS should also provide this list to PCSB.

- f. **Ensure that all IEPs are updated, not expired, and uploaded into SEDS. (Ongoing during the closure process and by July 10, 2015)**

An individual must be assigned to assure that all IEP's are updated and entered into OSSE's SEDS and are fully up to date for all compliance timelines. The PCS should have been using SEDS and updating it regularly. If there are any other Special Education documents maintained in the student's hard copy file, they should be faxed into the SEDS system using the Miscellaneous Cover Sheet. At a minimum, up-to-date SEDS files must include:

- The student's current IEPs, including Behavior Intervention Plans (BIPs) if appropriate, entered into the SEDS interface (please note: a hard copy paper IEP faxed into the system is not sufficient);
- IEP and Multi-Disciplinary Team (MDT) meeting notes;
- IEP report cards/progress reports;
- All evaluations completed within the past 3 years (including Functional Behavioral Assessments [FBAs], if appropriate); and
- All service trackers.

DCPS "dependent" LEAs should also ensure that SEDS is updated with required information.

C. Section 504 and ELL.

1. Overview

LEAs are required to comply with both Section 504 of the Rehabilitation Act of 1974, 29 U.S.C. § 701 *et seq.*, and legal requirements pertaining to English Language Learners. Thus, closing schools must ensure that parents of students with a Section 504 plan or receiving ELL services are notified of their rights to continue to receive services at a new LEA. Schools should also provide records to parents of these students to ease their transition.

Page | 27 This manual is intended to provide general guidance and should not be relied upon as a comprehensive statement of a charter school's legal requirements with respect to closure and dissolution. For more information regarding the legal and financial requirements of dissolution, Charter Schools are encouraged to consult legal counsel and accountants, when appropriate.

2. Required Actions During the Closure Process

- a. **Provide a copy of Section 504 plan and/or ELL student's file to his/her parent. (By April 30, 2015)**

To facilitate the transition of special education students to their new schools, parents must be provided copies of their children's special education files. Then, parents can furnish physical copies of the files to the students' new schools, documenting the services the child needs before the new schools may have access to this information electronically.

- b. **Ensure that all Section 504 plans and ELL student files are up-to-date. (Ongoing during the closure process and by July 10, 2015)**

An individual should be assigned to ensure that all Section 504 plans are up-to-date. Where a meeting with the parent to update this plan is appropriate, the school should endeavor to schedule and hold one. If a plan or file is revised or amended after April 30, 2015, the new plan needs to be provided to the parent no later than July 10, 2015.

IX. EMPLOYEES & CONTRACT PERSONNEL

B. Required Actions During the Closure Process.

1. General Notification of All Employees of Termination of Employment and/or Benefits. (By Day 7)

See Notification Section, above.

2. Maintain Director's and Officer's Liability Insurance, and all insurance as required under the PCS' charter agreement. (Day 1 through end of Closure Process)
3. Provide the PCSB Closure Liaison with the Closure Staffing Plan for the duration of the school year and until dissolution of the PCS. (At Initial Closure Meeting)

The Closure Staffing Plan (Appendix 5) includes detailed information regarding staff and contractors, including current payroll data and proposed termination dates for each individual.

4. Provides specific notification to each employee of termination of employment and benefits. (After an employee termination date is established, but in no event later than April 23, 2015)

Each employee should be notified of termination of both **employment and benefits**. A sample notification is at Appendix 10. Specific rules and regulations apply to termination of benefits and to teachers' retirement plans (DC Teacher Retirement Board or other retirement programs) that may require the school to obtain legal advice. In any event, the PCS notification to employees should provide information regarding these issues and provide a name and contact information of an individual whom employees can contact with more specific questions. A copy of these notices must be provided to the PCSB Closure Liaison.

5. Provide the PCSB Closure Liaison with the names of all employees hired since inception. (By May 15, 2015)

PCSB must be able to provide employment verification for employees of the PCS needing such documentation in the future. This documentation should include:

- Employee hire dates and termination dates; and
- Employee salary at termination date.

Please see the Appendix 11 for a template.

6. Provide the PCSB Closure Liaison with a list of all teachers who participated in the DC Teacher Retirement Fund and the annual contributions made for each individual. (By May 15, 2015.)

The report needs to include:

- Name;
- Social Security Number;
- Hire Date;
- Termination Date;
- How much an individual teacher contributed in each school year that they were at the PCS;
- Total contributions the teacher made in all those years combined;
- How much a PCS contributed on behalf of an individual teacher in each school year that they were at the PCS; and
- Total contributions the PCS made for an individual teacher in all those years combined.

Please see the Appendix 12 for a template.

7. Notify benefit providers of pending termination of each employee. (After an employee termination date is established, but in no event later than April 23, 2015.)

A copy of these notices must be provided to the PCSB Closure Liaison. If permissible, the PCS should terminate all benefit programs as of the last date of service in accordance with applicable law and regulations, including:

- Health care / health insurance;
- Life insurance;
- Dental plans;
- Eye care plans;
- Cafeteria plans;
- 401(k), retirement plans; and
- Pension plans.

Please see the Appendix 13 for a template.

8. Make final federal, state, and local tax payments, and issue final personnel tax reports. (At a date to be determined by PCSB, anticipated to be no later than February 1, 2016.)

To PCSB's knowledge, final personnel tax reports include information for both employees and contractors, including:

- Final quarterly or annual employment tax form (Form 941, Employer's Quarterly Federal Tax Return);
- Final wage and withholding information to employees (Form W-2, Wage and Tax Statement);
- Form W-3, Transmittal of Income and Tax Statements;
- Final employee pension/benefit plan (Form 5500, Annual Return/Report of Employee Benefit Plan);
- Payment information to sub-contractors (Form 1099-MISC, Miscellaneous Income); and
- Information report of 1099s issued (Form 1096, Annual Summary and Transmittal of U.S. Information Returns).

X. FINANCIAL & LEGAL REQUIREMENTS

B. School Reform Act Requirements.

The SRA provides the requirements for closing out a PCS's finances. Note that when a Charter School closes, the nonprofit corporation **must** dissolve.⁹

The law provides that the PCS's Board of Trustees is required to "complete and submit to" PCSB "a closeout audit," which includes:

(A) An account of the present value of the charter school's liabilities held by all of its creditors, including:

(i) Banking institutions;

(ii) Vendors; and

(iii) State pension and health benefits agencies; and

(B) An account of the present value of the charter school's assets, including:

(i) Books;

(ii) Supplies;

(iii) Motor vehicles;

(iv) Furnishings;

(v) Equipment; and

(vi) Facilities.¹⁰

PCSB and the PCS are also required to develop and execute a plan for:

(A) liquidating the corporation's assets in a timely fashion and in a manner that will achieve maximum value;

(B) discharging the corporation's debts; and

(C) distributing any remaining assets.¹¹

⁹ D.C. Official Code § 38-1802.13d.

¹⁰ Id.

¹¹ Id.

C. Other Legal Requirements.

2. Nonprofit Corporation Act

Revocation or relinquishment of a charter requires that the PCS Corporation dissolve. The specific legal requirements that the PCS Board must meet to dissolve the corporation are set forth in the corporation's organizational documents and in the District of Columbia Code. The PCS may need to retain an attorney to assist in drafting the legal documents required for dissolution of the corporation.

3. Federal Tax Code

The IRS requires that a nonprofit organization that is going out of business file a final Form 990 tax return and include a separate *Schedule N – Liquidation, Termination, Dissolution, or Significant Disposition of Assets*. Documentation of the organization's dissolution must be provided by attaching a certified copy of its Articles of Dissolution. The assets of a nonprofit organization must be properly distributed consistent with the requirements of the District's Nonprofit Corporation Act and the organization's articles of incorporation and bylaws. Many laws prohibit individuals from receiving private benefit from the liquidation of the school's assets.

The IRS also requires nonprofit organizations to notify the Office of Exempt Organizations Determinations of the dissolution of the organization so the Office will no longer expect the organization to file annual returns. Notification consists of:

- Articles of Dissolution filed with state officials, **or** minutes of the meeting where the vote was taken to dissolve (signed and dated by an officer);
- A list of the last set of officers or trustees and their daytime telephone numbers; and
- For section 501(c)(3) organizations only, a statement signed by an officer giving details on final distribution of assets.

And must be sent to:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201.

D. Administrative Requirements.

2. Filing Articles of Dissolution

The form for filing Articles of Dissolution for a Nonprofit Organization in the District is available from the Corporations Division of the DC Department of Consumer and Regulatory Affairs

(DCRA), <http://dcra.dc.gov>. The requirements in DC for dissolution of nonprofit organizations can be found in D.C .Code § 29-412.01 et seq.

3. Cancelling Business Licenses

It is also necessary to cancel the PCS Corporation’s DC Business License. To do so, the PCS may mail the license to the following address with a cover letter stating the corporation is dissolving and wishes to cancel its Business License:

Business License Center
DC Office of Consumer and Regulatory Affairs
1100 4th Street, SW
Washington, DC 20024.

If the Corporation has registered any trade names, it must cancel these registrations. A *Trade Name Combined Form for Registration, Renewal, Cancellation and Amendment* is available from the Business Registration section of DCRA’s website to achieve this.

E. Requirements Related to Federal Grants.

Per OSSE’s March 2013 Policy:

Upon receiving notification of the closure, OSSE will review the applicable grants and funding documents, and notify the charter school and the PCSB of its findings with regard to liabilities, including unpaid loan funds, grants, credit enhancement, and/or other liabilities.

If OSSE determines that funds are owed to the District, the charter school shall promptly remit such funds by check submitted to the Grants Management Office at OSSE, and payable to the District of Columbia Treasurer. OSSE shall invoice the school and/or the Public Charter School Board for any direct expenses incurred as a result of enforcing or complying with this policy.

Many public charter schools receive federal and local grants directly from OSSE. In order to ensure proper closeout of all grants, the closing charter school must take the following steps:

- A. Ensure that all applications for entitlement funds (i.e. Title I, Part A, IDEA, Part B) have been finalized and approved;
- B. Submit reimbursement requests for all expenditures allowed under federal and local grants;
- C. Provide supporting documentation with reimbursement requests for all grant funds;

- D. Provide a spending plan to identify possible amount of funds that may lapse, and establish a timeline for submitting reimbursement requests; and
- E. Prepare and submit any and all financial, performance, or other audits or reports required under the terms of the grant.

A charter school must comply promptly with the respective federal grant award notices and regulations governing the methodology related to grants management. OSSE Office of Grants Management and Compliance is available to provide technical assistance in this process osse.grantscompliance@dc.gov.

F. Requirements Related to the Uniform Per Student Funding Formula (UPSFF)

Per OSSE’s March 2013 Policy:

Annually, OSSE conducts an annual enrollment audit, which is the basis of the Uniform Per Student Funding Formula (UPSFF) (D.C. Official Code § 38-1804.02). This funding provides the per-student base foundation funding, as well as weighting factors per grade level. The UPSFF assigns additional funds for special education categories, summer school, and English language learners through add-on weights. Payments are made quarterly and, in some instances, through supplemental funding opportunities (D.C. Official Code § 38-2906.02).

Once a closing charter school reconciles all financial debts and obligations at the dissolution and/or relinquishment of the charter, all remaining UPSFF funds shall be returned to the District of Columbia. The UPSFF balance shall be repaid to the DC Treasurer and may not be used or transferred for purposes outside of the operation and business of the closing charter school.

Payments should be addressed to “DC Treasurer” and mailed to:

Office of the State Superintendent of Education (OSSE)
Office of Grants Management and Compliance
810 First Street, NE, 9th floor
Washington, DC 20002

G. Required Actions during the Closure Process

1. Inform PCSB regarding any litigation, complaints, or other proceedings pending on behalf of or against the PCS and provide copies of all filings. (Day 5).

Using the Schedule of Litigation in the PCSB Closure Plan Form (Appendix 1), the PCS should inform PCSB of any all proceedings, including, but not limited to, voluntary or involuntary bankruptcy, Individuals with Disabilities Education Act (IDEA) due process complaints, IDEA state complaints or requests for mediation, and any unimplemented Hearing Officer Decisions (HODs)/Settlement Agreements (SAs). The PCS has an ongoing obligation to keep PCSB informed of such matters. As soon as possible after receiving notice and/or service of process regarding litigation against the PCS, the PCS Board, or PCS employees in their official capacities, copies of legal documents received must be provided to PCSB. The same requirements apply to litigation initiated by the Charter School with respect to documentation; it must be provided to PCSB. In addition, the PCS must also provide notice to OSSE of any bankruptcy proceeding.

2. Inform PCSB of the remaining schedule of board meetings and submit board meeting minutes to PCSB. (By Day 21 – at Initial Closure Meeting).

The PCS should use the Board Meeting Schedule in the PCSB Closure Plan Form (Appendix 1) to provide this information to PCSB.

3. Complete a Closeout Audit. (Before Initial Closure Meeting or By Day 21)

Pursuant to the SRA, the PCS's Board of Trustees is required to "complete and submit to" PCSB "a closeout audit."¹² See Section (A)(1), "School Reform Act Requirements," above for more information on this required report, and Appendix 14.

4. Submit a report to the PCSB Closure Liaison Regarding Federal Grants (At Initial Closure Meeting)

This report must include all open and active federal grants received by the PCS. The report must include the name of the grant, status of pending reimbursement requests, available balance and an action plan detailing the steps the PCS will take to submit further reimbursement requests to complete all draw downs in a timely manner. A sample Report Form can be found at Appendix 6.

5. Submit Interim Financial Statements to the PCSB Closure Liaison. (By Day 28 and monthly throughout the closure process)

Each Interim Financial Statement must include the following:

¹² Id.

- Income statement;
- Balance sheet;
- A copy of the Charter School's general ledger postings for the period;
- Reconciliation of all bank accounts for the period;
- Status of all contracts and other obligations of the PCS;
- Detail of all funds, including principal and accrued interest, owed to, and by, the PCS;
- A report showing all creditors or former creditors, any amounts paid to creditors (or in-kind exchanges of assets), and any amounts of debt of the PCS outstanding, including principal and accrued interest, as of the date of the interim report;
- A report showing all amounts owed to the PCS by debtors, any amounts paid by debtors, whether any debtors have paid in full, and any amounts outstanding; and
- A cash flow projection that addresses plans for cancellation of non-essential services prior to last day of operations, cost of winding down the corporation, and future plans for payment of outstanding debt.

A form for the Interim Financial Statement is Appendix 15.

6. With PCSB, adopt and finalize a timetable and plan that sets forth the method that the PCS intends to collect debts and negotiate with and pay creditors. (April 1, 2015)

A Charter School must continue to provide the same educational program during the closure process, including provision of all special education services (specialized instruction and related services), through the end of the school year per the terms of the school's charter or charter agreement. It is also responsible for retaining funds to complete the closure process.

Once the school's charter has been revoked, non-renewed, or relinquished, the PCS may not enter into new loan agreements, or otherwise incur additional liability. If the PCS has outstanding business loans or mortgages, the lenders may want to know how it plans to pay them off.

If the PCS owes money to creditors, the PCS should discuss settling its debts with its creditors. Some vendors may be willing to accept less than full payment and write off the remaining debt as a donation.

The PCS Board of Trustees must approve the plan for collecting debts and paying creditors.

7. Finalize negotiations of contract terminations. (By April 23, 2015)

As appropriate, and to the extent possible, contracts for goods and services must be terminated as of the last date such goods or services will be needed either for the educational program or closure of the PCS. Suppliers may want to know when the last delivery should be made, what goods will be returned to them (if that is part of the contract), and where and how they will get paid for goods they have supplied.

Telephone, email, gas, electric, water, insurance (premises and D&O insurance) must remain operative through the last day of operations and to the extent necessary to wind up the Charter School's affairs beyond that time. The Charter School's business insurer may want to know about any potential liabilities that might appear after the business is shut down. Failure to disclose any pending legal threats or problems could result in the PCS losing insurance coverage for such events. Past insurance contracts must be retained with proof that they were fully paid to prevent spurious claims.

Copies of these notifications must be provided to the PCSB Closure Liaison. Sample notices to vendors/contractors needed for both past and future services are in Appendices 4 and 16.

8. Contact all debtors and demand payment. (July 1, 2015)

Just as the PCS may hope to negotiate lesser payments with its creditors, it should be willing to negotiate lesser payments from its debtors. When its debt collection efforts are unsuccessful,

the PCS may consider turning the debt over to one or more commercial debt collection agencies. All records regarding such collection or disputes by debtors regarding amounts owed must be retained. A Sample Letter is in Appendix 17.

9. Report to PCSB the plans for terminating all bank and credit card accounts. (July 1, 2015)

The Report must include:

- Plans for cancellation of corporate credit cards and lines of credit.
- Schedule for liquidation or closing of bank accounts that minimizes fees but leaves the PCS enough flexibility to pay creditors, attorneys, accountants, etc., during the course of the closure, including funds for a final audit.
- Any changes anticipated in authorized signatures on accounts, reflecting changes in persons authorized to implement the winding down operations of the PCS, and employment, contract, or Board status of those authorized to sign for the PCS.

10. With assistance from PCSB, reconcile all bills and payments with the Office of the Chief Financial Officer (OCFO), including special education payments or other “lagged” payments. (July 15, 2015)

If the School has not been paid by the OCFO within a reasonable time after notification of closure, the School should contact the office to resolve the issue. It may also need to seek an intercept of the money and list the District of Columbia as a debtor as a result.

Conversely, if the School owes OCFO money, it must list the District of Columbia as a creditor and treat it accordingly.

11. Submit reimbursement request to OSSE. (No more than 45 days after the Closure Date (Approximately August 14, 2015))

Per OSSE’s March 2013 Policy:

Closing charter schools should follow the standard process for expediting expenditure of funds and reimbursement requests. Final reimbursement requests should be submitted 45 days after the final day of operation. Approved charter school staff and representatives should submit the program appropriate workbook to OSSE.Reimbursement@dc.gov. The following actions will occur:

1. A program processor checks the request for completeness and saves it to OSSE’s internal Payment Tracking System;

2. A program specialist reviews the reimbursement request, follows up with the sub grantee if necessary, and indicates the amount of the request that is allowed and, if applicable, the amount that is disallowed;
3. The program manager reviews the reimbursement request and, if applicable, validates the amount allowed;
4. A program processor links the request to the purchase order that has been created for the subgrantee's allocation for the relevant grant award;
5. An OFCO staff member verifies that the allowed amount is less than or equal to the subgrantee's remaining balance for the grant program;
6. An operations staff member links the reimbursement request to District's financial system;
7. An OCFO payment technician creates a payment voucher for the allowed amount;
8. The OCFO payment technician manager approves the payment voucher; and
9. A payment for the allowed amount is sent to the subgrantee by ACH payment or check.

Reimbursement requests not received 45 days after the final day of operation will not be eligible for a grant reimbursement. Affected charter schools should allow for unforeseen circumstances and submit reimbursement requests as early and frequently as possible to prevent a lapse of funds.

12. Make final payments to all vendors/contractors. (September 1, 2015)

Once the Charter School's financial situation is fully understood, it will know how much cash is available to wind down operations and distribute to creditors. Funds may be needed for legal fees, services of a records management company, final tax payments, a final financial audit, and other miscellaneous expenses. Some debt may be secured by assets and contractually require payment prior to resolving other "unsecured" debt. It is unlikely, then, that remaining liquid assets will be sufficient to satisfy the entire debt owed to vendors. A calculation must then be made to pay remaining creditors a percentage of the balance due. A School Finance Specialist employed by PCSB may support this work. PCSB will determine whether such additional support is required on a case-by-case basis. A Sample Letter for vendors and contractors is Appendix 18.

13. Prepare to the full satisfaction of PCSB a Final Statement Regarding Finances. (By September 1, 2015)

In addition to the final Financial Statement Audit, this statement must be filed with PCSB and include the status of all contracts and other obligations of the PCS, and all funds owed to the PCS, audited (or confirmed) by an independent accountant, with supporting evidence showing:

- All assets and the value and location thereof, whether such asset has been distributed to creditors in satisfaction or payment of any existing debt obligation;
- Each remaining creditor and any and all amounts owed to each creditor, including principal and accrued interest through the date of such statement; Statement that (a) all debts have been collected, or (b) that good faith efforts have been made to collect same;
- Each remaining debtor of the PCS and the amounts owed by each debtor, including principal and accrued interest.

14. Submit an Annual Audit for the current fiscal year. (November 1, 2015 or Sooner if Deemed Appropriate by PCSB)

15. File Form 990 (Not later than February 1, 2016)

See Section (B)(1), above, for more information.

16. Cancel PCS's Business License or Licenses. (August 1, 2016)

See Section C, "Administrative Requirements," above, for more information on this action.

17. Complete the dissolution of the PCS Corporation. (February 1, 2016 or Sooner if Deemed Appropriate by PCSB)

See Sections A and C, "School Reform Act Requirements," and "Administrative Requirements," above, for more information.