



Board Agenda Item #	Agenda # V. A
Date:	July 21, 2016
To:	Magnolia Board of Directors
From:	Caprice Young, Ed.D., CEO & Superintendent
Staff Lead:	Kelly Hourigan, Chief Operations Officer
RE:	MSA-SC Closure Update

Proposed Board Recommendation

No board recommendation is needed as it is an information item.

Background

Effective July 1, 2016, Magnolia Science Academy Santa Clara was closed. We have completed the required tasks of informing the Santa Clara County Office of Education, California Department of Education, Student home districts, Special education local plan area, State teacher retirement services, Parents/Guardians and staff within 72 hours of the closure.

We have ongoing communication with David Wong from the Santa Clara County Office of Education to assure transparency through the process.

Oswaldo Diaz is leading the financial requirements and is working with EdTec and our auditors from VTD to assure all deadlines are met.

Some of the furniture and equipment from the site was transported for MSA Santa Ana to use.

We were out of the school site located at NHU effective June 30, 2016.

Home office staff called each MSA Santa Clara family to share the news as well as support them through the transition. They were informed about their child's transcripts, cumulative files and options for other schools.

All MSA Santa Clara student records and cumulative files are now located at the home office and are being disseminated to schools as requests are received in compliance with FERPA.

The MSA Santa Clara website has been updated to inform people of the closure as well as the home office contact to request transcripts, cumulative files or to ask questions. We also posted a frequently asked questions page to answer the common questions we were receiving.

Budget Implications

None at this time.

Name of Staff Originator:

Kelly Hourigan, Chief Operations Officer

Attachments

SCCOE Closure procedures

CDE Closure procedures

California Department of Education

Charter School Closure Requirements and Recommendations

The following provides guidance on charter school closures, including the handling of:

- Documentation and notification of the closure
- Record transfer and retention
- Student transfers
- Financial closeout

A charter school may close voluntarily, through non-renewal, or through revocation. The procedures for charter school closure are guided by California Education Code sections [47604.32](#), [47605](#), [47605.6](#), and [47607](#) as well as California Code of Regulations, Title 5 (5 CCR), section 11962 and 11962.1 which can be found by searching the [California Code of Regulations](#). California law requires that closure procedures are stated through an agreement between the authorizing entity and charter school before the charter school begins operation. These procedures must designate a responsible entity to conduct closure activities and identify how these activities will be funded.

Documentation of Closure Action

Please forward all documentation to CharterDATA@cde.ca.gov.

The revocation or non-renewal of a charter school must be documented by an official action of the authorizing entity. Notice of a charter school's closure for any reason must be provided by the authorizing entity to the California Department of Education (CDE). In addition, the charter school must send notice of its closure to:

1. Parents or guardians of students
2. The authorizing entity
3. The county office of education (if the county board of education is not the authorizing entity)
4. The special education local plan area in which the school participates
5. The retirement systems in which the school's employees participate
6. The CDE

Notice must be received by the CDE within ten calendar days of any official action taken by the chartering authority. Notification of all the parties above must include at least the following:

1. The effective date of the closure
2. The name(s) of and contact information for the person(s) handling inquiries regarding the closure
3. The students' school districts of residence
4. How parents or guardians may obtain copies of student records, including specific information on completed courses and credits that meet graduation requirements

In addition to the four required items above, notification to the CDE must also include:

1. A description of the circumstances of the closure
2. The location of student and personnel records

In addition to the four required items above, notification to parents, guardians, and students should also include:

1. Information on how to transfer the student to an appropriate school
2. A certified packet of student information that may include grade reports, discipline records, immunization records, and any other appropriate information
3. Information on student completion of college entrance requirements for all high school students affected by the closure

The charter school or authorizing entity should announce the closure to any school districts that may be responsible for providing education services to the former students of the charter school. These districts can then assist in facilitating student transfers. Charter school closures should occur at the end of an academic year if it is feasible to maintain a legally compliant program until then. If a conversion charter school is reverting to non-charter status, notification of this change should be made to all parties listed in this section.

School and Student Records Retention and Transfer

Closure procedures included in the charter must include the following plans for the transfer and maintenance of school and student records:

1. Transfer and maintenance of personnel records in accordance with applicable law
2. Provision of a list of students in each grade level and the classes they have completed to the entity responsible for conducting the closure
3. Provision of the students' districts of residence to the entity responsible for conducting the closure
4. Transfer and maintenance of all student records, state assessment results, and any special education records to the custody of the entity responsible for conducting the closure
5. Transfer and maintenance of records or assessment results required to be transferred to a different entity are excluded from requirement (4) above

Submission of personnel records must include any employee records the charter school has. These include, but are not limited to, records related to performance and grievance.

The charter school and the authorizing entity should establish a process for student record transfer to the students' home district or other school to which the student will transfer. The charter school and/or authorizing entity should assist parents in student transfers. The authorizing entity and the charter school should agree to a plan allowing the authorizing entity to accept charter school records in the event the charter school is unable to maintain them. Provisions for the authorizing entity to maintain all school records, including financial and attendance records, should reflect the timelines stated in 5 *CCR*, sections 16023-16026.

Financial Close-Out

After receiving notification of closure, the CDE will notify the charter school and the authorizing entity if it is aware of any liabilities the charter school owes the state. These may include overpayment of apportionments, unpaid revolving fund loans or grants, or other liabilities. The CDE may ask the county office of education to conduct an audit of the charter school if it has reason to believe that the school received state funding for which it was not eligible.

Charter school closure procedures must ensure completion of an independent final audit within six months after the closure of the school that includes:

1. An accounting of all financial assets. These may include cash and accounts receivable and an inventory of property, equipment, and other items of material value.
2. An accounting of all liabilities. These may include accounts payable or reduction in apportionments due to loans, unpaid staff compensation, audit findings, or other investigations.
3. An assessment of the disposition of any restricted funds received by or due to the charter school.

This audit may serve as the school's annual audit.

Charter school closure procedures must include a plan for completion and filing of any annual reports required. This includes:

1. Preliminary budgets
2. Interim financial reports
3. Second interim financial reports
4. Final unaudited reports

These reports must be submitted to the CDE and the authorizing entity in the form required. If the charter school chooses to submit this information before the forms and software are available for the fiscal year, alternative forms can be used if they are approved in advance by the CDE. These reports should be submitted as soon as possible after the closure action, but no later than the required deadline for reporting for the fiscal year.

For apportionment of categorical programs, the CDE will count the prior year average daily attendance (ADA) or enrollment data of the closed charter school with the data of the authorizing entity. This practice will occur in the first year after the closure and will continue until CDE data collection processes reflect ADA or enrollment adjustments for all affected LEAs due to the charter closure.

Disposition of Liabilities and Assets

The closeout audit must determine the disposition of all liabilities of the charter school. Charter school closure procedures must also ensure disposal of any net assets remaining after all liabilities of the charter school have been paid or otherwise addressed. Such disposal includes, but is not limited to:

1. The return of any donated materials and property according to any conditions set when the donations were accepted.
2. The return of any grant and restricted categorical funds to their source according to the terms of the grant or state and federal law.
3. The submission of final expenditure reports for any entitlement grants and the filing of Final Expenditure Reports and Final Performance Reports, as appropriate.

Net assets of the charter school may be transferred to the authorizing entity. However, net assets may be transferred to another public agency such as another public charter school if stated in the corporation's bylaws or through an agreement between the authorizing entity and the charter school.

If the charter school is a nonprofit corporation and the corporation does not have any other functions than operation of the charter school, the corporation should be dissolved according to its bylaws. The corporation's bylaws should address how assets are to be distributed at the closure of the corporation.

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Questions: Charter Data | Charterdata@cde.ca.gov | 916-322-1755

Santa Clara County Office of Education
 Charter School's Office
 Closure Protocol / Closure Action

Procedure	Responsible Entity	Responsible Individual	Contact Information	Charter Board Closure Action	Date Completed	Follow Up / Comments
1 The Charter School Board shall provide written notification to the SCCOE within 72 hours of the Closure Action of the following: 1. Determination of the Closure Action and a description of the circumstances of the closure 2. The effective date of the closure 3. The location of student and personnel records 4. The contact information for the person(s) to whom reasonable inquiries may be made regarding the closure as a charter school						
2 Charter School shall provide written notification to the home districts of the list of returning students within 72 hours of the determination of the Closure Action.						
3 Charter School shall provide written notification of the Closure Action and the effective date of closure of Charter School by registered mail within 72 hours of the Closure Action to the following entities: 1. California Department of Education (CDE) 2. The Charter School's SELPA 3. The retirement systems in which Charter School's employees participate						
4 On closure, Charter School shall remain solely responsible for all liabilities arising from the operation of the Charter School.						
5 Notice to the parents and students provided within 72 hours of the Closure Action. 1. The written notification shall include information on assistance in transferring each student to another appropriate school 2. The written notification shall include a process for the transfer of all student records. 3. Parents/guardians will also be provided with Student information including: a. Grade reports, b. Discipline records, c. Immunization records d. Specific information on completed courses and credits that meet graduation requirements.						

<p>6 Within 7 calendar days from the determination of the Closure Action <u>or</u> within 7 days of the last student attendance day at Charter School (if the Charter School is to remain open as a charter school beyond the date that a Closure Action is determined, and will otherwise assist students in transferring to other schools), the Charter School will provide parents, students and the receiving school districts with copies of all appropriate student records.</p>					
<p>7 All transfers of student records will be made in compliance with the Family Educational Rights and Privacy Act ("FERPA") 20 U.S.C. Section 1232g. Charter School will ask the SCCOE to store original records of Charter School students. If the SCCOE will not or cannot do so, Charter School will ask the SCCOE to determine a suitable alternative location for storage. Student records are to include all of the following: a. State assessment results b. Special education records c. Personnel records</p>					
<p>8 As soon as is reasonably practical, but no later than 60 days after the latter of the Closure Action or the effective date of the closure, Charter School shall prepare final financial records.</p>					
<p>9 As soon as is reasonably practical, but in no case later than six months after closure: 1. The Charter School's independent audit is to be completed by an independent auditor who meets the qualifications to perform Charter School's annual audits. 2. The auditor and audit shall comply with all of the requirements for Charter School's annual audit as set forth in the Charter. 3. The audit report is to be provided to the SCCOE promptly upon completion. Note 1: <i>In the case that Charter School either does not pay for or have an independent audit completed within the six-month timeline, the SCCOE may, at its option, pay for an audit to be completed and subtract such payment from any funds due to the Charter School.</i> Note 2: <i>Any costs for the audit incurred by the SCCOE shall remain a liability of Charter School until repaid in full.</i></p>					
<p>10 The final audit will delineate the disposition of all assets and liabilities. It is the responsibility of the Charter School and not of the SCCOE to cover its outstanding debts or liabilities. Charter School understands and acknowledges that only unrestricted funds will be used to pay creditors. The Charter School will utilize the reserve fund to undertake any expenses associated with the closure procedures.</p>					
<p>11 In addition to the final audit, Charter School shall also submit any required year-end financial reports to the California Department of Education and the SCCOE in the form and timeframe required.</p>					
<p>12 Any unused monies at the time of the audit will be returned to the appropriate funding source.</p>					

13 Any unused special education related funds will be returned to the SCCOE or SELPA, as appropriate, and other categorical funds will be returned to the source of funds.						
14 For 6 calendar months from the latter of the Closure Action or the effective date of the closure, sufficient staff as deemed appropriate by the Charter School Board will maintain employment to take care of all necessary tasks and procedures required for smooth closing of the Charter School and student transfers.						
15 If the Charter School does not have any functions other than operation of the Charter School, the corporation will be dissolved according to its Bylaws.						