



SCHOOL CLOSURE

Recognized Best Practices

Regulatory Framework

In Michigan, charter public schools are first created as a Michigan non-profit corporation and then become a charter public school when they are authorized, board members are appointed (and have taken their public oath of office), and have a fully executed charter contract (contract) that is filed with and accepted by the Michigan Department of Education (MDE). In creating the Michigan non-profit corporation, various corporate documents are filed with the State, specifically the Department of Licensing and Regulatory Affairs (LARA), including Articles of Incorporation.

The contract term expiration is the date by which the formal, contractual relationship with the authorizer ends. That date, however, is only one component of the wind-up and dissolution process affecting a charter public school. The Michigan non-profit entity is responsible for ensuring various steps and procedures have been taken and the State's Department of Treasury has approved the corporation's dissolution.

MCCSA Guiding Principles and Standards

[MCL 380.502](#) states "An authorizing body shall oversee... each public school academy operating under a contract issued by the authorizing body. The authorizing body is responsible for overseeing compliance by the board of directors with the contract and all applicable law."

MCCSA has adopted Principles and Standards (Standards) that guide authorizers as they develop strong authorizing practices. Focusing on performance and accountability ensures that student success remains paramount to authorizing decisions. MCCSA Standards include Overseeing and Evaluating a Charter Public School which states "Excellence in authorizing means understanding the responsibility of establishing a comprehensive system that monitors and evaluates school performance and compliance. This system should provide the necessary information to oversee, evaluate and periodically report the performance of the charter public school..."

If during the contract term, the authorizer determines that a charter public school is not making adequate progress, the authorizer shall give notice to the school and allow reasonable time and opportunity for the school to make necessary changes. However, if after the changes, the school is still not making adequate progress, the authorizer shall send notice to a school regarding their lack of progress and provide intervention support strategies that work to improve student outcomes and operations while maintaining program autonomy and accountability. If the school continues to not make progress, the authorizer should impose consequences, up to and including the non-renewal of the contract or closure.

Types of Closures

Charter public schools close for various reasons ranging from voluntary decisions by a school board to involuntary authorizer-invoked closures (i.e., contract non-renewal and contract termination). The information contained within this resource largely centers around the authorizer's decision to not renew a contract coinciding with its term expiration. The specific reason/action for the closure will undoubtedly steer the tone of the communication, however, it is important to remember that many of the elements transcend the "why" and must simply be completed as a component of the dissolution of the corporate entity.

What is the role of the authorizer?

Fiscal Agent Responsibilities. After a contract expiration, the authorizer, by virtue of its role and responsibility as a limited fiscal agent, may have ongoing obligations relating to the transfer of state school aid. For example, if the contract expires on June 30, state aid continues to flow in July and August for the school year that ended on June 30. The authorizer should take sufficient action to ensure it can transfer those funds to the school board's bank account, as established through the board-approved [state aid designation resolution](#) [example of resolution is linked here for reference]. Please be aware that if a court-appointed receiver has been put in place, a new depository account may have been established and the authorizer's information may need to be updated to reflect the new account information.

Stay Informed. The authorizer should continue to maintain an open line of communication with a representative of the school as well as a member of the Michigan Department of Education – Public School Academies (MDE-PSA) team. The authorizer should anticipate receiving phone calls or emails from various continuants (parents, students, staff members, media) with questions on who to contact for various items (school records, transcripts, verification of employment). The authorizer should designate one or two team members as the point people for these questions/communications. Reducing the number of point people helps ensure consistent messaging is shared.

What is the role of the school board?

The school board is responsible for ensuring the corporate entity is formally dissolved pursuant to applicable law. This can be burdensome and overwhelming as it is a time commitment that could extend for months (or longer) depending on the complexity of the school's assets and liabilities. To assist with this process, some school boards act at a public meeting, prior to contract termination, by approving a resolution that allows the school to seek a court-appointed receiver (see Resources section below for a sample template as well as additional information regarding the use of a Receiver in the "Other Stakeholders" section). It is important to understand that although the State's Department of Treasury by law is the entity responsible for overseeing the wind-up and dissolution of corporations, MDE-PSA unit also has a vested interest in ensuring charter public schools successfully complete this process (see Resources section below for additional resources from the MDE-PSA website).

As the school prepares for closure, please keep in mind the following:

Records Retention Responsibilities. All schools in Michigan must comply with the General Retention Schedule (see Resource section for additional information). As the entity prepares for closure and dissolution, these items must be addressed.

Website/Social Media Account(s): Ensure all publicly available platforms like websites and social media accounts have accurate and timely information regarding the status of the school. For example: Be mindful of where enrollment information is posted for the next school year.

Financial Reporting, including State/Federal Grants. Final reporting, including state and federal grant close-outs, is a critical step for the school to demonstrate that it has satisfied its fiduciary reporting responsibilities.

What is the role of state agencies?

Michigan Department of Treasury. Treasury is responsible for overseeing the dissolution of Michigan corporations (including both for-profit and non-profit corporations). Therefore, this includes the process of overseeing the wind-up and dissolution of the Michigan non-profit corporation that remains following the expiration of the contract.

MDE-PSA Unit. Historically, the MDE-PSA unit has taken an active role in monitoring the wind-up and dissolution of charter public schools on behalf of Treasury. In the event the ISD/RESA refuses to assist with legacy student records, MDE-PSA has worked with schools to receive digital copies of those records so that they can make them available, as needed, upon future requests.

Intermediate School District/Regional Educational Service Agency. Some ISD/RESA agencies take an active role and aid schools that are closing by taking remaining legacy student records or (at a minimum) the active records of students who were enrolled during the most recent fiscal year but who have not yet requested a transfer to another educational entity.

What is the role of a management organization?

Authorizers should consider having Educational Service Provider (ESP) Policy provision(s) that address ESP-required actions in the event of a school closure. For example:

Upon termination or expiration of the ESP Agreement, or the ESP Agreement is terminated due to a Contract revocation, reconstitution, termination or non-renewal, the ESP shall, without additional charge: (i) close the financial records on the then-current school fiscal year which includes, but is not limited to, the completion and submission of the annual financial audit, state and federal grant reporting and all other associated reporting within required timelines established by the appropriate local, state or federal authority; (ii) organize and prepare student records for transition to the new ESP, self-management or in the case of a school closure, transfer to a student's new school as designated by the student's parent / legal guardian or to a person or entity authorized to hold such records; (iii) provide for the orderly transition of employee compensation and benefits to the new ESP or self-management without disruption to staffing, or in the case of school closure, final payment of all employee compensation, benefit and tax obligations related to services provided by the ESP to the Academy; (iv) organize and prepare the Academy's records, both electronic and hard-copy, for transition to the new ESP, self-management or dissolution; and (v) provide for the orderly transition to the new ESP, self-management or dissolution of all Academy-owned assets including, but not limited to, furniture, fixtures, equipment and real estate. This includes any keys, log-in information and passwords related to any Academy asset.

Other Potential Stakeholders

Appointment of a Receiver. A receiver is a neutral third party that is appointed by a court to take possession of property or to take control of a business. Under Michigan law, the purpose of appointing a receiver is to preserve property and to dispose of it under the order of the court. The

[Receivership Act - Act 16 of 2018](#) further defines a "Receiver" as a person appointed by the court as the court's agent, and subject to the court's direction, to take possession of, manage, and, if authorized by this act or court order, transfer, sell, lease, license, exchange, collect, or otherwise dispose of receivership property. Although the school board may suggest an individual for consideration for the receivership appointment, the law states that the court shall select the receiver. It goes on to say that the "receiver selected by the court must have sufficient competence, qualifications, and experience to administer the receivership estate."

Benefits to seeking a Receiver. Upon appointment of a Receiver, terms for the school board members end. Board members no longer have the authority to act. The work of the Receiver essentially acts in place of the school board. If a Receiver is not utilized, then the Bylaws of the school board prevail after the contract term expiration. This means the posting, quorum and manner of acting provisions remain in effect. This can create hardships and burdens if board members resign resulting in board membership below quorum. Additionally, board members should be aware that when the contract term ends, they no longer have protection as a public official.

Dissolution Account

Some authorizers, within the contract terms and conditions, have a "Dissolution Account" provision. Sample language for such a provision is as follows:

Dissolution Account. If the <authorizer> terminates, revokes or fails to issue a new Contract to the Academy, the <authorizer> shall notify the Academy that, beginning thirty (30) days after notification of the <authorizer>'s decision, the <authorizer> may direct up to \$10,000 from each subsequent State School Aid Fund payment, not to exceed a combined total of \$30,000, to a separate Academy account ("Academy Dissolution Account") to be used exclusively to pay the costs associated with the wind-up and dissolution responsibilities of the Academy. Within five (5) business days of the <authorizer>'s notice, the Academy Board Treasurer shall provide the <authorizer>, in a form and manner determined by the <authorizer>, with account detail information and authorization to direct such funds to the Academy Dissolution Account. The Academy Dissolution Account shall be under the sole care, custody and control of the Academy Board, and such funds shall not be used by the Academy to pay any other Academy debt or obligation until such time as all the wind-up and dissolution expenses have been satisfied. An intercept agreement entered into by the Academy and a third-party lender or trustee shall include language that the third-party lender or trustee acknowledges and consents to the funding of the Academy's dissolution account in accordance with this Contract. Any unspent funds remaining in the Academy's dissolution account after payment of all wind-up and dissolution expenses shall be returned to the Academy.

Transition Services

Some authorizers offer the school that is closing an opportunity to receive various transition services through a contracted entity. An authorizer may opt to pay for all or some of those services. A sample listing of items that are likely to be handled in a transition services contract include, but are not limited to:

Tasks For Consideration:

- Develop a plan that supports the transition of students and staff (including roles and tasks to be accomplished by each stakeholder).
- Coordinate with school/ESP to ensure there is an open line of communication with families.
- Establish a tiered support plan that identifies which families and staff members have the highest level of one-on-one case management.
- Collect information that helps direct re-enrollment and transition strategies.
- Ensure accurate and actionable information is made available to families and staff.
- Develop an enrollment tracker that can be shared with stakeholders detailing progress and noting any barriers.

Reporting: The Transition Services team should provide ongoing and timely reports to the authorizer and school board regarding placement information, concerns, and trends. A final, summative report should be completed approximately 30 days following fall count day – including assurances that residual student records have been transmitted to MDE for long-term handling.

Insurance: Extended Reporting Period (a/k/a Tail Policy Coverage)

After the contract term ends, and the Michigan non-profit is in its dissolution phase, it is important for board members to understand the importance of having/maintaining Directors & Officers (D&O) Liability insurance as it helps cover the defense costs, settlements and judgments arising out of lawsuits and wrongful act allegation brought against the dissolving entity. Often, board members do not realize that they may be held personally liable for the actions of the organization.

An Extended Reporting Period (also known as a “Tail Policy”) can be purchased to extend the time in which a claim can be reported. This means that if a claim based on a wrongful act (actual or alleged) occurred within the policy period but was reported afterward, the school board would still be covered.

Authorizers should ensure this item is noted on any wind-up/dissolution checklist and bring it to the forefront of discussions with board members so they can discuss their options with their insurance representatives.

Communicating to Stakeholders

While your role as an authorizer leads to critical elements of communications related to the closure of a school, the school also has many things to consider when developing its outreach plan. While this section addresses the authorizer’s role, please reference the addendum to this Guide that outlines communication considerations for the school.

The most important things to consider across all communication decisions and messages:

- **Determine a strategy for the timely release of information.** Consider who needs information, the order of the messages, and the timing. As an authorizer, you have several critical partners that you need to share information with about your decision. It is also important to be sensitive where possible to the best-case scenario that families and staff members get information directly from school leadership before they receive it from other sources.
- **Determine a media strategy.** A single point of contact for inquiries from the media is critical to ensure consistency of information and messaging.

- **Accurate terminology is important.** As noted above, there are several paths that can lead to a school closure (revocation, non-renewal, etc.). When interacting with the media and other stakeholders, it is important to correct and accurately restate any use of incorrect terminology for the school’s specific situation.

Audience	Items for Consideration
School – Governing Board, School Leadership, Educational Service Provider, if applicable	<p>Consider the stakeholder groups that encompass your critical partners at the school.</p> <p>Be mindful of the order in which you communicate to the groups while always ensuring your focus remains on your direct contractual relationship with the governing board.</p> <p>Consider what information would be important to you if you were in this situation as the audience role that is receiving that specific message. Focus all decisions and messages to prioritize transparency, timeliness, understanding, and support.</p> <p>Clearly outline what the school can expect of you moving forward, including the supports you will provide to the school during the time of transition.</p>
Authorizer Internal Partners	<p>Consider what internal partners need to be consulted and updated depending on your governance/reporting structure.</p> <p>Once the decision is made and communicated to the schools’ governing board, the timeliness of updates to your internal partners remains important as the transition continues.</p>
State Education Agency (MDE-PSA)	<p>It is important to remain in close communication with the MDE-PSA unit as closure/non-renewal decisions are finalized. The authorizer should commit to facilitating a discussion between members of the school board and the MDE-PSA unit.</p>
External Stakeholders	<p>Consider if/when it is appropriate to communicate with external stakeholders such as the Michigan Association of Public School Academies (MAPSA), legislators and media that may need to be aware of the authorizer’s decision.</p> <p>Be mindful of any financing covenants that require the authorizer to notify lenders and what the timelines are, if stated, by which that communication must be made (i.e., within 30-60-90 days of notification to the school board).</p>

Best Practices for School Closures

1. **Develop a business process.** Ideally, authorizers are not regularly and routinely closing schools. Because of this, however, it can be difficult to remember all the steps. For that reason, it is helpful to have a well-developed business process that will ensure timing and consistency in the details.

2. **Have a communications plan.** It's best when one person is responsible for addressing questions or communications on the closure. This includes media requests, parent/staffing concerns, etc.
3. **Prioritize the students.** Regardless of whether the authorizer funds the transition services activities mentioned in this document, the work of ensuring the existing students/families find a new educational option is important. As an authorizer, maintain open communications with stakeholders so that you remain informed in this area. Keeping everyone focused on the students can also help diminish the blame-game distractions that often come with closure. This is not the time to point fingers and say "if only you would have" or "because they didn't" ... once the closure decision has been made and communicated, it should be all hands on deck focused on helping students/families find their new educational options.
4. **Obtain an Excel copy of the final student information file.** The dissolution process of a school can be messy, and it is not uncommon for the various stakeholders to have a difference in priority. To ensure the focus remains on the students, and to provide another layer of transparency to the process, it is advisable for the authorizer to request and receive a copy of the final student information file.

Note: Since this electronic file will contain student-identifiable information, it is essential that appropriate protections are taken to ensure FERPA and other safeguarding of that data.

Reflective Questions

1. Have you created school closure procedures?
2. How are you supporting students and staff through a school closure transition?
3. Do you have a communications plan?

Resources

MDE Resources

- [MDE Authorizer Resources – Wind-up and Dissolution](#)
- [MDE Transcript Information](#)
- [MDE General School Retention Schedule \(updated April 2023\)](#)

NACSA Resources

A NACSA AuthoRISE account is required to access the documents. Visit the [NACSA website](#) to create an account, if needed. All resources below should be adapted to fit the Michigan authorizing model.

- [Closure Action Plan Guide](#) and [Closure Communications Workplan](#)
- [Sample Parent Closure Letter](#) - From authorizer, if the school did not communicate the decision directly to parents.
- [Sample Staff Closure Letter](#) - From authorizer, if the school did not communicate the decision directly to staff.
- [Sample Closure Press Release](#) – From authorizer, if needed to communicate with media and community stakeholders.

Additional Resources

- [Authorizer Business Process](#)
- [Sample School Board Resolution Seeking Court-Appointed Receiver](#)
- Authorizer Non-Renewal Letter Template (see Addendum below)

Addendum – School Communications to Stakeholders

The most important things to consider across all communication decisions and messages:

- **Determine a strategy for the timely release of information.** Consider who needs information, the order of the messages, and the timing. It will be important that families and staff members get information directly from school leadership before they receive it from other sources.
- **Be thoughtful and empathetic.** Consider what information would be important to you if you were in this situation as the audience role that is receiving that specific message. Focus all decisions and messages to prioritize transparency, timeliness, understanding, and support.
- **Distribute messages on effective platforms.** Decide the most effective and appropriate platform to deliver each message (letter, email, texting/phone system, etc.) and what platforms could supplement to store the information for reference (website, social media, etc.).
- **Determine clear points of contact for questions.** Consider the benefits of having one single point of contact for information and questions. This provides a clear and simple process for questions and ensures that consistent information is being communicated. Depending on the size of the school and the context of the closure, it may be necessary to broaden out the contacts to:
 - Contact for each entity – Board, school leadership, employer of record, etc.
 - Contact for each area of focus – Student records and transition services, staff human resources, facility logistics, etc.
- **Determine a media strategy.** A single point of contact for inquiries from the media is also critical. School boards should review their existing board policy regarding media relations to ensure the school is following protocol.

Audience	Items for Consideration
Parents and guardians	<p>Clear outline of the information that is available at the time of the initial communication.</p> <ul style="list-style-type: none"> • If information on student records and transition services is not available at the time of the initial communication, consider the importance of sharing when that information will be available. <p>Timeliness of updates as new information becomes available. This could include:</p> <ul style="list-style-type: none"> • Transition support services for identifying new school options. • Process for student records transfers.
Teachers and staff	<p>Consider what messages should come from the school board, school leadership, or the employer of record.</p> <p>Clear outline of the information that is available at the time of the initial communication.</p> <p>Timeliness of updates as new information becomes available. This could include:</p>

	<ul style="list-style-type: none"> • Important dates. • Human resources logistics (payroll/benefits, unemployment options, etc.) • End-of-year process (grades, records, classroom access, etc.). • Transition support services for identifying new employment.
<p>Community Stakeholders and External Partners</p>	<p>Secondary to the critical communications for students and staff, consideration should be given to any stakeholders within the community that may need to have information. The need for a communication could be based on the impact the school closure may have on the entity/individual or if the school has a relationship with the entity/individual and wants to provide a proactive message directly to the entity/individual on the situation.</p> <p>Possible examples could be:</p> <ul style="list-style-type: none"> • Organizations or businesses that partner with the school for services or programs. • Units of government that are critical partners to the school such as police department/school resource officer. • Local media contacts

Addendum – Authorizer Non-Renewal Letter Template

Dear School Board:

The relationship between [Authorizer Name] and [School Name] began in [Year] when the [Authorizer] issued the school a [Term Length] Charter Contract (“Contract”) to organize and operate a Michigan public school academy that would provide families with a quality educational option for their children. The Contract represents the legal agreement between the school and the [Authorizer] and sets forth the performance goals and terms for the school. Reauthorization is the [Authorizer’s] holistic assessment of the school’s progress towards meeting the educational goals contained within the Contract. Contract length of terms are guided by:

[Foundational/core concepts the authorization/oversight is based on.]

[Paragraphs presenting complete background of observations, concerns, relevant data, and the authorizer oversight actions related to the items. It is helpful to begin a new paragraph for each item of concern to ensure the message is clear and organized.]

During the [authorizer’s] relationship with the school, the [authorizer] has made significant efforts to assist the school. Staff representatives have made over [###] site visits to the school since [year]. These interactions included meetings with school board members and management to clarify roles and responsibilities and to help the school understand its contractual and academic obligations. [Authorizer] has also provided curriculum development and implementation support, academic assessment and student performance analysis as well as special education monitoring and support. [Authorizer] has consistently provided the school board with annual performance reports that included: data describing the school’s progress toward the educational goal in the Contract, a comprehensive overview of the school’s operational and financial outcomes as it related to the Contract and the school’s ability to support a quality educational program. In addition, [authorizer] has provided opportunities for orientation and training programs for board members and supported the school board with its policy development efforts.

The [authorizer] remains committed to ensuring that the schools it authorizes are preparing students academically for success in college, work and life. Unfortunately, and despite the efforts of all involved, it is evident that the school is not demonstrating that it can provide a quality educational program and therefore is no longer fulfilling the Terms and Conditions of its Contract. [Authorizer] has concluded that it would be in the best interest of the students and the public if the [authorizer] does not enter into a new Contract with the school to operate as a public school academy. This means the Contract issued by the [authorizer] to the school will end when the school’s Contract expires on June 30, [year]. While not reauthorizing a Contract is never an easy decision, the [authorizer] is committed to holding the schools it authorizes accountable and cannot justify authorizing a school that is unable to meet its educational goals to prepare students for success.

The school now faces the challenge of completing this school year in the best manner possible and maintaining an orderly school environment where teaching and learning can occur. Please know that the [authorizer] is equally committed to helping ensure as smooth a transition as possible for all involved and meet the needs of school students through the duration of this academic year. To assist with the transition, [authorizer] is offering to contract with an entity that can provide transition information to both staff and students. If the school board chooses to utilize these transition services, the cost will be funded by [authorizer]. [Intermediate School District

name] has been included in the distribution of this correspondence in an effort to inform them of the [authorizer's] decision so that application and enrollment information can be gathered and provided to families as they select a new school for their children. [Staff member name] will continue to serve as the [authorizer's] liaison to the school and will be available to assist you as necessary. At the appropriate time, [authorizer] will schedule a meeting with representatives of the school board and the MDE to discuss the wind-up and dissolution process. Copies of the MDE's Checklist (see Attachment 1) and Procedures for Voluntary Dissolution of a Public School Academy (see Attachment 2) are enclosed for your review.

While it saddens me to deliver this message, I anticipate it is even more difficult for you and the school to receive. Although things have not progressed the way we all envisioned, the [authorizer] is appreciative of the time everyone gave to improve the educational opportunities for the students at [school].