



## ANALYSIS OF REASONS FOR 1ST YEAR CLOSURES

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In order to provide some additional detail on reasons for 1<sup>st</sup> year closures, we investigated many publically available documents (primarily media accounts) for each closure. The quality of those documents varied, with some providing specific information on reasons for closure and others no information or very broad information (e.g. “financial problems”).

What follows are broad categories and more specific reasons for 1<sup>st</sup> year closures. The list below is expansive and comprehensive, and includes all reasons we were able to find for closure. Categories are not mutually exclusive: often we saw publicly available reasons for closure crossing broad categories and specific reasons. Future research will need to investigate even more fine-grained reasons for 1<sup>st</sup> year closure. For example, closing in a school’s first year due to low enrollment could have been due to (a) untenable enrollment assumptions during the charter approval process; (b) insufficient revenue to meet obligations; (c) expenses that exceed projections; or (d) other.

### **Low Enrollment & Subsequent Failure to Pay Obligations**

A school’s failure to enroll enough students to financially support its academic, staffing, and operational obligations was – by far – the single most frequently mentioned reason for 1<sup>st</sup> year closures. In nearly 2/3 of all cases, low enrollment was cited as a reason for 1<sup>st</sup> year closure. Consequences of low enrollment uncovered through the investigation included:

- Failure to pay teachers and staff (i.e., not making payroll);
- Failure to employ enough staff to effectively operate the school’s academic and support service requirements;
- Failure to pay rent;
- Failure to pay workers compensation insurance; and
- Failure to pay food service vendors.

### **Unapproved & Unsuitable Facility**

A second significant issue is specific to challenges associated with the school’s facility. Many cases cited school’s operating in potentially unsafe facilities and/or facilities not approved by the authorizer or state officials. Some of the specific findings in this category include:

- No permanent and approved facility resulting in school’s operating in unapproved and at times unsafe facilities at opening;
- Destruction of property and resulting eviction/lawsuits by the property owner;



- Lack of meeting building code requirements, resulting in students being educated in facilities that don't meet health and safety requirements or school's busing some students to multiple school locations;
- Failure to administer required assessments because facility lacked internet access; and
- Grossly unsanitary restroom conditions.

### **Ineffective Relationships with Management Organizations**

Multiple cases included information suggesting highly problematic relationships with school boards and their management organizations. Specific examples include:

- A management company pledged (but not in writing or via any written contract) to underwrite the school during start up. After school opened the management company decided not to continue underwriting the school and the school subsequently closed.
- Another 1<sup>st</sup> year closure appears to be a result of a management company financially collapsing: the 1<sup>st</sup> year closure was one of five schools from the same management company that closed at the same time.
- Another 1<sup>st</sup> year closure appears to be due to lack of contract clarity and/or ensuring certain provisions are included in management contracts. In this case the management company fired the school leader without Board input. As the school's Board had no rights to the management company owned facility, the school's board subsequently voted to close the school in that location and find another facility nearby.

### **Improper Policy & Operation Decision-Making**

A number of other issues were specific to illegal and/or unwise decision-making in school policy and operations. Included in this category are challenges associated with board/school actions, including:

- Hiring teachers without required state certification/credentialing, including in core academic subjects;
- Purchasing school lunches for students with "little nutritional value" from fast-food organizations;
- Not conducting criminal background checks for all staff members;
- Not identifying English Language Learners, nor re-classifying them as English proficient when appropriate to do so;
- School board member with spouse employed by the school, and a board member paid for providing after school services – both instances without a strong conflict of interest policy;
- Failure to submit budgets, monthly reports, and management company fee disclosures;
- Failure to administer required state assessments