

Contracts and EMOs



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The Charter School Contract

- What is a charter school contract?
- What must the contract include?
- Can the contract be amended?
- What about violations of the contract?



What is a Charter School Contract?

- ▶ A fixed term, renewable contract between a charter school and its sponsor
- ▶ Required by state charter school law (Section 59-40-60 (B))
- ▶ Charter school sponsors must negotiate and execute sound charter contracts with each approved charter school (Section 59-40-55(3)), monitor performance and compliance of each charter school in accordance with the charter contract terms, and determine whether the *charter contract* merits renewal, nonrenewal, or revocation



Requisite Components of the Charter School Contract

- roles, powers, responsibilities, and performance expectations for both the school and its sponsor
- all provisions outlined in the charter application –must reflect such provisions
- all agreements regarding the release of the charter school from “school district policies”
- proposed enrollment procedures and dates of the enrollment period of the charter school



Requisite Components of the Charter School Contract

- ▶ A statement that student performance of all students described in section 1111(b)(2)(C)(v) of the ESEA is the most important factor when determining to renew or revoke a school's charter (SBE Regulation 43-601)
- ▶ SCDE template must serve as the foundation for the development of the contract (posted on the SCDE website)



Standard Provisions

- ▶ Term of charter
- ▶ Oversight and monitoring
- ▶ Access to records
- ▶ EMO guidelines (if applicable)
- ▶ Operational powers and waivers
- ▶ Enrollment and demographics (grade levels, admission policies and procedures, eligibility for enrollment, discipline and expulsion, etc.)
- ▶ Educational program (mission, goals, curriculum, education of students with disabilities and English language learners, state mandated testing)
- ▶ Financial matters (budget, audits, revenues, disbursements, loans, gifts and donations, inventory, etc.)
- ▶ Indemnification
- ▶ Insurance
- ▶ Personnel
- ▶ Service contracts with sponsor (if applicable)



Standard Provisions

- Facilities
- Transportation (if applicable)
- Food services (if applicable)
- Pre-opening conditions
- Renewal, revocation, school-initiated closure procedures
- Compliance reporting
- Governance
- General provisions (notice, severability, delegation, governing law, etc.)



Contract Amendments

- Material revisions of the terms of the contract may be made only with the approval of both the school and its sponsor (Section 59-40-60(C))
- Contract should specify the process for amendments



Contract Violations

- ▶ Violations of the contract could result in sanctions short of revocation, revocation, or nonrenewal—depends on the nature and extent of the violation.
- ▶ A charter must be revoked or not renewed by the sponsor if it determines that the charter school committed a material violation of the charter or contract or both or failed to meet the academic performance standards and expectations as defined in the charter application or charter school contract or both (Section 59-40-110(C)(1) and (2)).




School Management/EMO Contracts

- What is a school/education management company(EMO)?
- What does the charter application require for planning committees intending to contract with an EMO?
- What should planning committees consider before contracting with an EMO?



What is an EMO?

- An education management organization
 - Manages or operates a school or provides administrative, managerial, or instructional staff to a school
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Application Requirements if you Intend to Contract with an EMO

- ▶ Evidence that the EMO has successfully managed other schools
- ▶ Evidence that other schools managed by the EMO have demonstrated academic achievement for similar targeted student populations
- ▶ A term sheet for the proposed management of the charter school with clear performance measures and contract severance provisions
- ▶ A statement detailing what type of evidence the school is using to demonstrate the EMO is authorized to conduct business in SC
- ▶ A description demonstrating the planning committee fully understands the applicable financial obligations to the EMO (including how those obligations may change over time during the charter term)
- ▶ Two appendices (proposed EMO contract and evidence the EMO can do business in SC)

Considerations for Entering into a Contract with an EMO

- ▶ Is the EMO authorized to conduct business in SC?
- ▶ What is the EMO's record of performance (academic, fiscal, management)?
- ▶ What are the financial resources of the EMO?
- ▶ What is the EMO's instructional philosophy?
- ▶ What will constitute the charter school's financial obligations to the EMO (in the short term? over the charter term?)
- ▶ How will the charter school board hold the EMO accountable?
- ▶ Is there independent counsel for both the charter school board and the EMO?
- ▶ Who will be negotiating the contract with the EMO?
- ▶ What potential conflicts of interest exist?



For Further Consideration

- ▶ Over what materials and property (curriculum, technology, etc.) will the EMO claim ownership or proprietary rights?
- ▶ If the EMO oversteps its boundaries, what will the school board do?
- ▶ How will the school board annually evaluate the EMO's performance?
- ▶ Sponsor review and approval of the charter school/EMO contract
- ▶ Independent accounting firm and legal counsel
- ▶ Marketing and development costs
- ▶ Loans and other financial arrangements
- ▶ Remember: Charter is awarded to the school board not to the EMO