

CONTRACTS

CORE RESOURCE
CHARTER SCHOOL
CORE CONTRACT

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nacsa
NATIONAL ASSOCIATION OF
CHARTER SCHOOL AUTHORIZERS



CHARTER SCHOOL CORE CONTRACT

This **Core Contract** is designed for customization by authorizers and can be customized to meet a variety of circumstances. This document does not constitute and cannot replace legal advice. The parties should each seek advice of legal counsel prior to entering into a charter contract.

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CHARTER SCHOOL CONTRACT

BETWEEN

[AUTHORIZER]

AND

[SCHOOL]



NACSA CORE CHARTER SCHOOL CONTRACT

This agreement is executed on this _____ day of _____ 20_____ by and between _____ (the “Authorizer”), and _____ (the “Applicant(s)”) (collectively, the “Parties”) to establish and operate the _____ CHARTER SCHOOL (the “School”), an independent and autonomous public school under the [NAME AND CITATION OF STATE CHARTER LAW].

RECITALS

[FOR NEW SCHOOLS] WHEREAS, on [DATE], Authorizer received an application for consideration of a charter school referred to as [NAME OF SCHOOL;] and

WHEREAS, on [DATE], the Authorizer approved the application subject to conditions outlined in Resolution #[NUMBER].

[FOR RENEWAL SCHOOLS:] WHEREAS, on [DATE], the Parties have previously entered into an agreement dated [DATE] for the establishment of the School; and

WHEREAS, on [DATE], the Parties previous agreement will expire; and

WHEREAS, on [DATE], Authorizer received a renewal application from the School; and

WHEREAS, on [DATE], the Authorizer approved the application subject to conditions outlined in Resolution #[NUMBER].

NOW THEREFORE in consideration of the foregoing recitals, the Parties agree as follows:



This contract can be used for new schools or for renewal of an existing charter. It can and should be customized to accommodate the full range of governance arrangements and authorizer environments. Authorizers are encouraged to customize the contract in ways that maintain a common approach to accountability among an authorizer's portfolio of schools while also making contract creation and negotiation as simple and straightforward as possible. As explained in the Guidance that accompanies this Core Resource, to maximize transparency and accountability, NACSA strongly encourages authorizers to execute an individual contract with each school it authorizes, even when a single board governs multiple schools. This expectation need not and should not result in burdensome negotiations or costly legal fees. By using a uniform and streamlined template for all of its schools, an authorizer can quickly create a strong charter school contract for each of its schools.

AGREEMENT

ESTABLISHMENT [OR CONTINUED OPERATION] OF SCHOOL

As authorized by the [NAME AND CITATION OF STATE CHARTER LAW], the Authorizer hereby authorizes the establishment [OR continued operation] of the School with the aforementioned conditions, and on the terms and conditions set forth in this Charter School Contract (the "Contract").

MISSION

The mission of the School is as follows:

[SCHOOL'S MISSION AS STATED IN ITS APPROVED CHARTER APPLICATION]

TERM OF AGREEMENT

This Contract is effective [DATE], and will terminate on [DATE], unless earlier terminated as provided herein. Funding under this agreement shall not commence until the pre-opening process described in Appendix [NUMBER] has been completed to the satisfaction of the Authorizer.

GENERAL

- A. **Merger.** This Contract contains all terms, conditions, and understandings of the Parties relating to its subject matter. All prior representations, understandings, and discussions are merged herein and superseded by this Contract.
- B. **Amendments.** No amendment to this Contract will be valid unless ratified in writing by the Authorizer and the School's governing body and executed by authorized representatives of the Parties.
- C. **Governing Law and Enforceability.** This Contract will be governed and construed according to the [STATE CONSTITUTION AND LAWS OF THE STATE]. If any provision of this Contract or any application of this Contract to the School is found contrary to law, such provision or application will have effect only to the extent permitted by law. The Parties shall, upon the request of either party, negotiate in good faith to adopt any necessary or appropriate replacement provision.
- D. **No Waiver.** The Parties agree that no assent, express or implied, to any



breach by either party of any one or more of the provisions of this Contract shall constitute a waiver of any other breach.

- E. **No Third-Party Beneficiary.** This Contract shall not create any rights in any third parties who have not entered into this Contract, nor shall any third party be entitled to enforce any rights or obligations that may be possessed by either party to this Contract.
- F. **Non-Assignment.** Neither party to this Contract shall assign or attempt to assign any rights, benefits, or obligations accruing to the party under this Contract unless the other party agrees in writing to any such assignment.

GOVERNANCE

The School shall be governed by a board (the “Charter Board”) in a manner that is consistent with the terms of this Contract so long as such provisions are in accordance with state, federal, and local law. The Charter Board shall have final authority and responsibility for the academic, financial, and organizational performance of the School, the fulfillment of the Charter, and approval of the School’s budgets. The Charter Board shall also have authority for and be responsible for policy and operational decisions of the School, although nothing herein shall prevent the Charter Board from delegating decision-making authority for policy and operational decisions to officers, employees and agents of the School. The Charter Board shall govern the School pursuant to the following terms and conditions:

- A. **Bylaws.** The articles of incorporation and bylaws of the entity holding the charter shall provide for governance of the operation of the School as a public charter school and shall at all times be consistent with all applicable law and this agreement. The articles of incorporation and bylaws are attached to this Contract as Appendix [NUMBER] (initially or as amended, the “Articles and Bylaws”). Any modification of the Articles and Bylaws must be submitted to the Authorizer within five (5) business days of approval by the Charter Board.
- B. **Composition.** The composition of the Charter Board shall at all times be determined by and consistent with the Articles and Bylaws and all applicable law and policy. The roster of the Charter Board and each member’s disclosure form are attached to this Contract as Appendix [NUMBER] (initially or as amended, the “Board Roster and Disclosures”). The Charter Board shall notify the Authorizer of any changes to the Board Roster and Disclosures within five (5) business days of their taking effect and provide an amended Board Roster and Disclosures.
- C. **Affiliation.** Notwithstanding any provision to the contrary in the Charter, Application, or the Articles and By-laws, in no event shall the Charter Board, at any time, be composed of voting members of whom a majority are directors, officers, employees, agents or otherwise affiliated with any single entity (with the exception of the School itself or of another charter school), regardless of whether said entity is affiliated or otherwise partnered with the School. For the purposes of this paragraph,

This section can be modified to account for entities that hold multiple charters or otherwise operate multiple schools. Any modifications, however, should maintain the requirement that public funds allocated for the operation of public charter schools be kept separate from the assets, funds, liabilities, and financial records of any person, entity, or organization not engaged in that endeavor.

“single entity” shall mean any individual entity, as well as any and all related entities to such entity such as parents, subsidiaries, affiliates and partners. The Authorizer may, at its sole discretion, waive this restriction upon a written request from the School.

- D. **Conflicts of Interest.** On [DATE], the Charter Board adopted the Conflicts of Interest Policy attached to this agreement as Appendix [NUMBER] and shall at all times comply with its provisions. Any amendment to Appendix [NUMBER] must be adopted by the Charter Board and approved in writing by the Authorizer, which shall not be unreasonably withheld and may be with made without material amendment to this agreement
- E. **Non-Commingleing.** Assets, funds, liabilities and financial records of the School shall be kept separate from assets, funds, liabilities, and financial records of any other person, entity, or organization unless approved in writing by the Authorizer.

THIRD-PARTY MANAGEMENT PROVIDERS

The School shall not, without explicit approval of the Authorizer, contract with a third party to provide comprehensive (all or a substantial portion of the) services necessary to manage and operate the School. If the School intends to enter into such a contract, it shall, no later than 120 days prior to the effective date, enter into a legally binding and enforceable agreement with such entity named in the Application (the “Management Provider”) in a form substantially similar to that contained in the Application (the “Management Contract”), subject to the approval of the Authorizer and the requirements set forth in Exhibit [NUMBER]. The Management Contract shall set forth with particularity inter alia, (i) the contingent obligations and responsibilities of each party in the event that the contract must be modified in order to obtain or maintain the School’s status under state and federal law, and (ii) the extent of the Management Provider’s participation in the organization, operation and governance of the School. No later than thirty (30) days prior to entering into the Management Contract, the School shall provide a copy of the Management Contract in proposed final form to the Authorizer. Such Management Contract shall be accompanied by a letter from a licensed attorney representing the School stating that the Management Contract meets the attorney’s approval. Such attorney may not represent or be retained by the Management Provider. The Management Contract shall not be executed until the School is notified in writing by the Authorizer that the Management Contract meets its approval. The School shall not enter into any contract for comprehensive school management services to be performed in substantial part by any other entity not identified as such in the Application



without receiving prior written approval from the Authorizer.

EDUCATIONAL PROGRAM

- A. **Design Elements.** The School shall implement and maintain the following essential design elements of its educational program, subject to modification with the Authorizer's written approval:
 - a. [INSERT ELEMENTS FROM APPROVED APPLICATION]
- B. **Content Standards.** The School's educational program shall meet or exceed [STATE STANDARDS].
- C. **Curriculum.** The School shall implement the curricula described in the Application, supplemented with such other curricula, which may be helpful to the School's academic progress to the extent that such curricula meet or exceed [STATE AND AUTHORIZER STANDARDS]. The School may, without seeking Authorizer approval, make reasonable modifications to its approved curriculum to permit the School to meet its educational goals and student achievement standards. Any modifications, either individually or cumulatively, that are of such a nature or degree as to cause the approved curriculum to cease to be in operation will require approval from the authorizer and an amendment to this agreement.
- D. **Graduation Requirements [for high schools].** Unless otherwise agreed to by the Authorizer and the School, the School's curriculum shall meet or exceed all applicable graduation requirements as established by [STATE DEPARTMENT OF EDUCATION AND AUTHORIZER].
- E. **Staff Qualifications.** Each teacher shall possess all applicable qualifications as required by state or federal law.
- F. **Staff Training.** The School shall provide any training required by state or federal law.
- G. **Student Assessment.**
 - a. The School shall participate in all testing programs required by the [STATE DEPARTMENT OF EDUCATION]. The School shall comply with all assessment protocols and requirements as established by the [STATE DEPARTMENT OF EDUCATION], maintain test security, and administer the tests consistent with all relevant state and Authorizer requirements. The School shall follow professional and ethical standards in the conduct of testing.
 - b. [FOR SCHOOLS WITH HIGHLY-SPECIALIZED POPULATIONS AND DESIGNATED IN STATE OR AUTHORIZER POLICY AS "ALTERNATIVE"] The School shall participate in and report to the Authorizer results from [ALTERNATIVE OR ADDITIONAL NORM-REFERENCED ASSESSMENT AS AGREED BETWEEN SCHOOL AND AUTHORIZER].



See also, [Serving English Language Learners: A Toolkit for Public Charter Schools](#) from the National Alliance for Public Charter Schools.

A completed contract will require additional provisions depending in large part on State law and the School's Local Education Agency status. Authorizers and Schools should determine the appropriate allocation of responsibilities within their particular legal environment while at the same time maximizing the autonomy of schools over service delivery. NACSA's [Principles & Standards for Charter School Authorizing](#) explore an authorizer's responsibilities in this area. The National Charter School Resource Center also has [materials for schools and authorizers](#) developed by the National Association of State Directors of Special Education.

- H. **English Language Learners.** The School shall at all times comply with all state and federal law applicable to the education of English language learners, including but not limited to [SPECIFIC STATE LAW IF ANY and] the Elementary and Secondary Education Act (ESEA), Title VI of the Civil Rights Act of 1964 and the Equal Educational Opportunities Act of 1974 (EEOA). The School shall provide resources and support to English language learners to enable them to acquire sufficient English language proficiency to participate in the mainstream English language instructional program. The School shall employ and train teachers to provide appropriate services to English language learners.
- I. **Students with Disabilities.**
- a. The School shall provide services and accommodations to students with disabilities as set forth in the Application and in accordance with any relevant policies thereafter adopted, as well as with all applicable provisions of the Individuals with Disabilities Education Act (20 U.S.C. § 1401 et seq.) (the "IDEA"), the Americans with Disabilities Act (42 U.S.C. § 12101 et seq.) (the "ADA"), section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794) ("Section 504"), and all applicable regulations promulgated pursuant to such federal laws. This includes providing services to attending students with disabilities in accordance with the individualized education program ("IEP") recommended by a student's IEP team. The School shall comply with all applicable requirements of [STATE LAW AND REGULATIONS] concerning the provision of services to students with disabilities.
 - b. [REQUIRED PROVISIONS]
 1. The Authorizer's Responsibilities.
 2. The School's Responsibilities.

SCHOOL PERFORMANCE STANDARDS

- A. **SCHOOL PERFORMANCE FRAMEWORK:** The School shall annually Meet Expectations or Exceed Expectations on the Authorizer's School Performance Framework.
- a. The Authorizer's Academic, Financial and Organizational Performance Frameworks together constitute the Authorizer's

School Performance Framework (“Performance Framework”), attached and incorporated into this agreement as Appendix [NUMBER]. The School Performance Framework shall supersede and replace any and all assessment measures, educational goals and objectives, financial operations metrics, and organizational performance metrics set forth in the Application and not explicitly incorporated into the Performance Framework. The specific terms, form and requirements of the Performance Framework, including any required indicators, measures, metrics, and targets, are determined by the Authorizer and will be binding on the School.

- b. The Authorizer shall monitor and periodically report on the School’s progress in relation to the indicators, measures, metrics and targets set out in the Performance Framework. Such reporting shall take place at least annually.
- c. The School’s performance in relation to the indicators, measures, metrics and targets set forth in the Academic, Organizational and Financial Performance Frameworks shall provide the basis upon which the Authorizer will decide whether to renew the School’s Charter at the end of the Charter term.
- d. The Parties intend that, where this Charter references or is contingent upon state or federal accountability laws, that they be bound by any applicable modification or amendments to such laws upon the effective date of said modifications or amendments. The specific terms, form and requirements of the Performance Framework may be modified or amended to the extent required to align with changes to applicable state or federal accountability requirements, as set forth in law. In the event that any such modifications or amendments are required, the Authorizer will use best efforts to apply expectations for school performance in a manner consistent with those set forth in the Performance Framework as initially established in the Charter.

PERFORMANCE AUDITS AND EVALUATION

- A. **Annual Performance Review.** The school shall be subject to a review of its academic, organizational, and financial performance at least annually and is required to provide by [DATE] of each year, all documentation listed in Appendix [NUMBER].
- B. **Ongoing Quality Assurance.** The school shall be subject to ongoing quality assurance activities as described in Appendix [NUMBER].
- C. **Accreditation.** For purposes of State accreditation and Federal funding, the Authorizer, to every extent possible, will hold the School accountable in accordance with the Authorizer’s School Performance Framework. Consequences for issues related to State accreditation or Federal funding shall be those prescribed by the State accreditation or accountability system.

SCHOOL OPERATIONS

- A. **In General.** The School and the Charter Board shall operate at all times in accordance with all federal and state laws, local ordinances, regulations and Authorizer policies applicable to charter schools, except to the extent the School has obtained waivers, in accordance with § [NUMBER] below.
- B. **Public School Status.** The School shall be deemed a public school subject to all applicable provisions of local, state and federal law and regulation, specifically including but not limited to health and safety, civil rights, student assessment and assessment administration, data collection, reporting, grading, and remediation requirements, except to the extent such provisions are inapplicable to charter schools or the School has obtained waivers, in accordance with §7 below.
- C. **Nonsectarian Status.** The School shall be nonsectarian in its programs, admissions policies, employment practices and all other operations. The School shall not be to any extent under the control or direction of any religious denomination.
- D. **Open Meetings and Public Records.** The School shall maintain and implement policies to ensure that it complies with all applicable laws and regulations relating to public meetings and records.
- E. **Non-discrimination.** The School shall not discriminate against any student, employee or any other person on the basis of race, ethnicity, national origin, gender (except with respect to admission of students by single-sex schools), disability or any other ground that would be unlawful if done by any other public school. It shall take all steps necessary to ensure that discrimination does not occur, as required by federal civil rights law.
- F. **Authorizer's Right to Review.** The School will be subject to review of its operations and finances by the Authorizer, including related records, when the Authorizer, in its sole discretion, deems such review necessary.
- G. **Administrative Records.** The School will maintain all administrative records, including student academic records, required by law and Authorizer policies and procedures, to the extent no waivers apply. The School agrees to make all administrative and student records promptly available to the Authorizer upon request.
- H. **No Encumbrances.** The School will not encumber to any third party any of its assets without the written permission of the Authorizer.
- I. **Transactions with Affiliates.** The School shall not, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any affiliate of the School, any member past or present of the Charter Board, or any employee past or present of the School (except in their employment capacity), or any family



member of the foregoing individuals, unless:

- a. The terms of such transaction (considering all the facts and circumstances) are no less favorable to the School than those that could be obtained at the time from a person that is not such an affiliate, member or employee or an individual related thereto; and
- b. The involved individual recuses him or herself from all Charter Board discussions, and does not vote on or decide any matters related to such transaction.
- c. The Charter Board discloses any conflicts and operates in accordance with a conflict of interest policy that has been approved by the Authorizer.

WAIVERS [IF APPLICABLE]

The School may submit to the Authorizer requests for waivers of state law. Such requests shall be submitted by the Authorizer on behalf of the School to [STATE BOARD OF EDUCATION] (“State Board”). To the extent the State Board does not grant the requested waivers or imposes conditions upon the School with respect to such waivers, the Parties agree that representatives of the Parties will meet to negotiate the effect of such State Board action. The School is requesting the waivers listed in Appendix [NUMBER].

SCHOOL CALENDAR

The School shall adopt a School calendar with an instructional program that meets the compulsory school attendance requirements of state law, financial guidelines, and state regulations. Each year the School will develop a calendar and submit it to the Authorizer by May 1st. Any changes that cause the calendar to differ materially from the calendar proposed and approved in the School’s charter application are subject to Authorizer approval.

ENROLLMENT

- A. **Enrollment Policy.** The School shall make student recruitment, admissions, enrollment and retention decisions in a nondiscriminatory manner and without regard to race, color, creed, national origin, sex, marital status, religion, ancestry, disability or need for special education services. In no event may the School limit admission based on race, ethnicity, national origin, disability, gender, income level, athletic ability, or proficiency in the English language. If there are more applications to enroll in the charter school than there are spaces available, the charter school shall select students to attend using a random selection process that shall be publicly noticed and open to the public. The School shall follow the enrollment policy approved by the Authorizer and incorporated into this agreement as Appendix [NUMBER].
- B. **Maximum Enrollment.** The maximum number of students who may be enrolled in the school shall be [NUMBER] of students. This maximum enrollment was determined pursuant to negotiations between the Authorizer and the School and is consistent with facilitating the academic success of



students enrolled in the School and facilitating the School's ability to achieve the other objectives specified in the Contract. If the School wishes to enroll more than the maximum number of students listed above, it shall, before exceeding this number, provide evidence satisfactory to the Authorizer that it has the capacity to serve the larger population. The maximum enrollment shall not exceed the capacity of the School facility.

- C. [ANY STATE OR AUTHORIZER REQUIREMENTS REGARDING ENROLLMENT AND ADMISSIONS]
- D. **Student Transfers and Exits.** Any student exit out of the School shall be documented by an exit form signed by the student's parent or guardian, which affirmatively states that the student's transfer or exit is voluntary. The School shall collect and report to the Authorizer, in a format required or approved by the Authorizer, exit data on all students transferring from or otherwise exiting the school for any reason (other than graduation), voluntary or involuntary. Such exit data shall identify each departing student by name and shall document the date of and reason(s) for each student departure. In the event that the School is unable to document the reasons for a voluntary withdrawal, the School shall notify the Authorizer and provide evidence that it made reasonable efforts to obtain documentation.
- E. **Right to Remain.** Pursuant to [STATE LAW], students who enroll in the School shall have the right to remain enrolled in the School through the end of the school year, absent expulsion, graduation, or court-ordered placement. Students who fail to attend the School as required by [STATE LAW] may be removed from the School's rolls only after the requisite unexcused absences have been documented and all truancy procedures followed, consistent with [STATE LAW] and Authorizer policy.
- F. [ADDITIONAL STATE LAW OR AUTHORIZER POLICY PROVISIONS REGARDING STUDENT MOVEMENT, ENROLLMENT COUNTS, AND FUNDING]

TUITION AND FEES

The School will not charge tuition for general education to students who reside in the Authorizer's jurisdiction. Tuition for nonresident students may be charged in accordance with state law and such Authorizer policies and procedures as may be adopted from time to time. The School shall not charge any additional fees except as allowed by state law.

SCHOOL FACILITIES

- A. [FOR NEW SCHOOLS:] **Location.** The School shall provide evidence that it has secured a location that is acceptable to the Authorizer by [DATE], YEAR. After [DATE], YEAR, the school may move its locations only after obtaining written approval from the Authorizer, subject to such terms and conditions as may be specified. Any change in the location of the School shall be consistent with the Application and acceptable to the Authorizer.

- B. [FOR RENEWAL SCHOOLS:] **Location.** The location of the School shall be consistent with the Application and acceptable to the Authorizer. The School shall be located at LOCATION. The School may change its location only after obtaining written approval from the Authorizer, subject to such terms and conditions as may be specified. Any change in location of the School shall be consistent with the Application and acceptable to the Authorizer.
- C. [FOR SCHOOLS NOT SHARING OR OCCUPYING IN FULL AN AUTHORIZER OWNED OR CONTROLLED FACILITY:] **Construction/Renovation and Maintenance of Facilities.** The School will be responsible for the construction/renovation and maintenance of any facilities owned or leased by it. The School will be responsible for ensuring compliance with all ADA accessibility requirements.
- D. **Use of the Facility by the School.** The School will use the facility for the sole purpose of operating a public school as authorized by this Contract. Only those activities ordinarily incidental to the operation of a public K-12 school will be permitted on the School premises. The School will not conduct, nor will it permit, any activity that would threaten or endanger the health or safety of occupants, the structural integrity of the facility, or the insurability of the facility. The School may not lease, sublet, or otherwise grant to any third party any right to enter or use the premises without the written approval of the Authorizer, provided that the School may permit use of the facility by persons or groups associated with it for functions and activities consistent with the use of a public school building, and in accordance with Authorizer policies regarding facility use or an alternative policy agreed to by the Authorizer. Approval shall be reasonably withheld.
- E. [FOR SCHOOLS IN AUTHORIZER OWNED OR CONTROLLED FACILITIES]. **Alterations.** The School will not alter or modify the facility without the written approval of the Authorizer, which will not be unreasonably withheld.
- F. **Inspections.** The Authorizer will have access at all reasonable times to any facility owned, leased or utilized in any way by the School for purposes of inspection and review of the School's operation and to monitor the School's compliance with the terms of this Contract.
- G. **Impracticability of Use.** If use by the School of a facility is rendered impracticable by any cause whatsoever, or if the funds necessary to construct/renovate or upgrade a facility cannot be secured, the Authorizer shall not be obligated to provide an alternative facility for use by the School. However, if such an event occurs, the Authorizer shall use its best efforts to locate or provide an alternative facility for use by the School.
- H. **Use of Authorizer Facilities.** The School may not use Authorizer facilities for activities and events without prior written consent from the Authorizer.



AUTHORIZER SUPPORT OF FACILITY NEEDS

The Authorizer will help support the School's facility needs by providing for the following:

- A. [FOR SCHOOLS AUTHORIZED BY SCHOOL DISTRICTS] **Inclusion in Authorizer General Obligation Bond Elections.** The School shall have the opportunity to be considered for and included in any Authorizer General Obligation Bond Elections for charter capital construction needs, in accordance with the requirements set forth in [STATE LAW]. Capital construction projects shall be consistent with the purposes set forth in [STATE LAW]. Determination of whether to include the School's request in the Bond Election is at the discretion of the Authorizer.
- B. **State Construction Funds.** The Authorizer shall make reasonable efforts to assist the School in securing any facilities financing or other capital projects funding. Assistance shall be provided at the Authorizer's discretion, and shall not be unreasonably withheld or delayed.
- C. [FOR NEW SCHOOLS] **Start-up Facility Needs.** The Authorizer shall cooperate with the School in providing information available to the Authorizer regarding available facilities, furniture and equipment, if any, and will consider any request of the School for the use of such resources by the School.

SCHOOL FINANCE

The School shall comply with all applicable state financial and budget rules, regulations, and financial reporting requirements, as well as the requirements contained in the Authorizer's School Performance Framework incorporated into this contract as Appendix [NUMBER].

- A. At all times, the Charter School shall maintain appropriate governance and managerial procedures and financial controls which procedures and controls shall include, but not be limited to: (1) commonly accepted accounting practices and the capacity to implement them (2) a checking account; (3) adequate payroll procedures; (5) an organizational chart; (6) procedures for the creation and review of monthly and quarterly financial reports, which procedures shall specifically identify the individual who will be responsible for preparing such financial reports in the following fiscal year; (7) internal control procedures for cash receipts, cash disbursements and purchases; and (8) maintenance of asset registers and financial procedures for grants in accordance with applicable state and federal law. The first payment to the School and no future payments thereafter shall be made to the school unless the school has demonstrated to the Authorizer's satisfaction that it has the appropriate controls in place.
- B. The School shall undergo an independent financial audit conducted in accordance with governmental accounting standards and GASB #34 performed by a certified public accountant each fiscal year. The results of the audit will be provided to the Authorizer in written form by September 15th of each year. The School will pay for the audit. In addition, the School shall transmit the final trial balance to the Authorizer using the [STATE] chart of accounts with the submission of the annual

independent financial audit. If such audit is not received by September 15th of each year, it shall be considered a material violation of the terms of this contract and may be grounds for revocation or other remedy as provided by this agreement.

- C. The School shall prepare quarterly financial reports for the Authorizer in compliance with [STATE LAW OR AUTHORIZER POLICY]. Such reports shall be submitted to the Authorizer no later than fifteen (15) days following the end of each quarter, except that all fourth quarter and year end reports shall be submitted with the annual independent financial audit.
- D. The School agrees to maintain financial records in accordance with the governmental accounting method required by the Authorizer and to make such records available promptly to the Authorizer upon request.
- E. The School shall use and follow all policies in the [STATE EDUCATION FINANCE ACCOUNTING HANDBOOK], including appropriate use of the chart of accounts and account and grant codes.
- F. The School shall record all financial transactions in general, appropriations, and revenue and expenditures records. In addition, the School shall make appropriate entries from the adopted budgets in the records for the respective funds, and shall maintain separate accounts for each of the funds.
- G. The School shall assure that all financial records for the School are maintained at the School Principal's administrative office, are posted and reconciled at least monthly, and are open for public inspection during reasonable business hours.
- H. The governing board of the School shall adopt an annual budget statement that describes the major objectives of the educational program and manner in which the budget proposes to fulfill such objectives.
- I. The School shall comply with notice and filing requirements regarding the budget.
- J. The School shall establish procedures for ensuring that funds are disbursed for approved expenditures consistent with the School's budget.
- K. The School shall comply with any other requirement imposed through the [STATE EDUCATION FINANCE LAW], from time to time, on charter school finances, budgeting, accounting and expenditures, provided that the Authorizer shall provide annual technical assistance regarding material changes to the [STATE EDUCATION FINANCE LAW], and the Parties will collaborate to assure that they each remain reasonably current on the impact of any modifications on charter schools. The Parties agree that the School retains primary responsibility for compliance with the [STATE EDUCATION FINANCE LAW].

BUDGET

- A. **Annual Budgets.** On or before June 1st of each year, the School will submit to the Authorizer the School's proposed budget for the upcoming fiscal year (July 1st to June 30th). The School shall adopt a budget and an appropriation resolution for each fiscal year, prior to the beginning of the fiscal year. The budget shall:
- a. Be presented in a summary format which is consistent with accepted practice in the field;
 - b. Be presented in a summary format that will allow for comparisons of revenues and expenditures among Authorizer schools by pupil;
 - c. Be presented in a format that itemizes expenditures of the School by fund and by pupil;
 - d. Show the amount budgeted for the current fiscal year;
 - e. Show the amount estimated to be expended for the current fiscal year;
 - f. Show the amount budgeted for the ensuing fiscal year;
 - g. Specify the proposed expenditures and anticipated revenues arising from the contracting of bonded indebtedness by a capital improvement zone located within the jurisdiction of the Authorizer, if applicable;
 - h. Ensure that the School holds unrestricted general fund or cash fund emergency reserves in the amount required under the provisions of [STATE LAW]; and
 - i. Not provide for expenditures, inter-fund transfers, or reserves in excess of available revenues and beginning fund balances.
 - j. The School is required to provide reconciliation between the beginning fund balance on a budgetary basis and on a modified accrual basis of accounting. The reconciliation shall include but need not be limited to the liability for accrued salaries and related benefits. The reconciliation shall be included with the final version of the amended budget and the annual audited financial statements; and
 - k. The School shall not expend any monies in excess of the amount appropriated by resolution for a particular fund and may not have a contingency reserve in excess of [ANY LIMIT IMPOSED BY STATE LAW].
- B. **Allocation of Funds** [FOR OTHER SPECIFIED PURPOSES]. [AS REQUIRED BY STATE LAW]

This area is generally highly state specific and governed by law and policy independent of individual charter contracts.

Authorizers will need to develop provisions consistent with state law. In developing context-appropriate provisions, authorizers should find ways to maximize school autonomy over funds. Authorizers should also consider coordinating with state finance officials to ensure that provisions are appropriate.

SCHOOL AND AUTHORIZER FUNDING [AS DETERMINED BY STATE LAW]

EMPLOYMENT MATTERS

- A. **No Employee or Agency Relationship.** Neither the School, its employees, agents, nor contractors are employees or agents of the Authorizer; nor are either the Authorizer or its employees, agents, or contractors employees or agents of the School. None of the provisions of this Contract will be construed to create a relationship of agency, representation, joint venture, ownership, or control of employment between the Parties other than that of independent Parties contracting solely for the purpose of effectuating this Contract.
- B. **Subcontract.** The School shall not subcontract the implementation of the total educational program without the written approval of the Authorizer.
- C. **Retirement Plan.** [STATE LAW SPECIFIC]
- D. **Teacher Membership in Professional Organizations.** Teachers at the School have the right to join, or refrain from joining, any lawful organization for their professional or economic improvement and for the advancement of public education. A teacher's membership in or financial support for any organization shall not be required as a condition of employment with the School.
- E. **Background Checks.** The School agrees to obtain and retain copies of fingerprint and background checks for all employees. The School shall give notice to the Authorizer of any employee it finds who has a prior conviction of a felony and of any employee who is convicted of a felony during the term of an employee's employment. The Authorizer may conduct background checks of School employees as it deems necessary for the health and safety of students. Employee rosters and proof of background check clearance shall be provided to the Authorizer as required by the Organizational Performance Framework incorporated as Appendix [NUMBER].



TRANSPORTATION

[AS AGREED BETWEEN SCHOOL AND AUTHORIZER OR AS REQUIRED BY STATE LAW]

ADDITIONAL SERVICES

Except as may be expressly provided in this Contract, as set forth in any subsequent written agreement between the School and the Authorizer, or as may be required by law, neither the School nor the Authorizer shall be entitled to the use of or access to the services, supplies, or facilities of the other. Any service agreements between the Authorizer and the School shall be subject to all terms and conditions of this Charter School Contract, except as may be otherwise agreed in writing. The purchase of any services not expressly required under this contract or set forth in any subsequent written agreement between the School and the Authorizer or not required by law, shall not be a condition of the approval or continuation of this contract.

PROVISION OF POLICIES TO THE AUTHORIZER

Upon request, the School will furnish to the Authorizer copies of all written policies and procedures it may adopt with respect to any matter relating to its management, operations, and educational program.

BREACH OF CONTRACT, TERMINATION, AND DISSOLUTION

The grounds and procedures for termination of this Contract and dissolution of the School will be as follows:

- A. **Termination by the Authorizer.** This Contract may be terminated, after written notice to the School, and the charter revoked by the Authorizer's Board of Directors upon recommendation of the Authorizer staff. Any termination or revocation shall take effect after the School has had the opportunity to exhaust any appeal or review as provided by law. In order to minimize the disruption to students, the effective date of the termination shall be no sooner than the end of the current semester, unless termination on a different date is reasonably necessary to protect the health, safety, or welfare of students or staff. The Contract may be terminated for any of the following reasons:
 - a. Any of the grounds provided for under the [STATE CHARTER SCHOOL LAW], as they exist now or may be amended;
 1. Commission of a material violation of any of the conditions, standards, or procedures set forth in the Contract;
 2. Failure to meet generally accepted standards of fiscal management;
 3. Violation of any provision of law from which the School was not specifically exempted;
 4. Failure to meet the goals, objectives, content standards, pupil performance standards, applicable federal requirements or other terms identified in the Contract; or



- b. Bankruptcy or insolvency of the School.
- B. **Other Remedies.** The Authorizer may impose other appropriate remedies for breach including, but not limited to, revocation of waiver(s) and withholding of funds.
- C. **Termination by the School.** Should the School choose to terminate this Contract before the end of the contract term, it may do so in consultation with the Board at the close of any school year and upon written notice to the Board given at least thirty (30) days before the end of the school year.
- D. **Dissolution.** Upon termination of this Contract for any reason by the Board, upon expiration of the Contract, or if the School should cease operations or otherwise dissolve, the Board will supervise and have authority to conduct the winding up of the business and other affairs of the School; provided, however, that in doing so the Authorizer will not be responsible for and will not assume any liability incurred by the School under this Contract. The Charter Board and School personnel shall cooperate fully with the winding up of the affairs of the School.
- E. **Disposition of School's Assets upon Termination or Dissolution.** Upon termination of this Contract for any reason or if the School should cease operations or otherwise dissolve, then, at the sole discretion of the Authorizer, any assets owned by the School, including tangible, intangible, and real property, remaining after paying the School's debts and obligations and not requiring return or transfer to donors or grantors, or other disposition in accordance with state law, will become the property of the Authorizer.

INSURANCE AND LEGAL LIABILITIES

- A. **Insurance.** The School will maintain adequate insurance necessary for the operation of the School, including but not limited to property insurance, general liability insurance, workers' compensation insurance, unemployment compensation insurance, motor vehicle insurance, and errors and omissions insurance covering the School and its employees, with policy limits as set forth in Appendix [NUMBER] incorporated into this agreement.
 - a. Comprehensive general liability: \$[NUMBER]
 - b. Officers, directors and employees errors and omissions: \$[NUMBER]
 - c. Property insurance: As required by landlord
 - d. Motor vehicle liability (if appropriate): \$[NUMBER]
 - e. Bonding (if appropriate): Minimum amounts \$[NUMBER], Maximum amounts: \$[NUMBER]
 - f. Workers' compensation: As required by state law.

Such insurance contracts shall have the Authorizer named as an additional insured. The Authorizer may reasonably require the School to adjust the coverage and limits provided for under the terms of any particular contract or policy. The School will pay any deductible amounts attributable to any acts or omissions of the School, its employees, or agents.

- B. **Insurance Certification.** The School shall, by [DATE] of each year, provide the Authorizer with proof of insurance as required by state law and Authorizer policy.
- C. **Risk Management.** The School will promptly report to the Authorizer any and all pending or threatened claims or charges; promptly provide the Authorizer's general counsel and risk manager with all notices of claims; cooperate fully with the Authorizer in the defense of any claims asserted against the Authorizer, its board members, agents or employees arising from or related to the operation of the School; and comply with the defense and reimbursement provisions of [STATE LAW] and the Authorizer's and the School's applicable insurance policies. If the School obtains insurance through any policy held by the Authorizer, it shall comply with all risk management requirements of the Authorizer and its insurer.
- D. **Limitation of Liabilities.** In no event will the Authorizer or its Board members, officers, employees, or agents be responsible or liable for the debts, acts or omissions of the School, its officers, employees, or agents.
- E. **Faith and/or Credit Contracts with Third Parties.** The School shall not have authority to extend the faith and credit of the Authorizer to any third party and agrees that it will not attempt or purport to do so. The School acknowledges and agrees that it has no authority to enter into a contract that would bind the Authorizer and agrees to include a statement to this effect in each contract or purchase order it enters into with third parties. The School acknowledges that the same provisions in law or Authorizer policies that apply to the Authorizer itself limit the School's authority to contract.
- F. **Indemnification.** To the extent claims are not covered by insurance or barred by governmental or other immunities, the School and Authorizer each agree to indemnify, defend and hold the other, its Board, agents, and employees harmless from liability, claims, and demands on account of personal injury, sickness, disease, death, property loss or damage, or any other losses of any kind whatsoever to the extent such liability arises from any activities proximately caused by the indemnitor, its directors, officers, agents, employees, volunteers or assigns. The indemnities stated herein shall not be deemed a relinquishment or waiver of any kind of applicable limitations of liability provided to either party by law, whether as a public body or otherwise. Where a claim is ultimately found to be barred by immunity or other limitation, the indemnitor remains obligated to defend and hold the indemnitee (and the others named above) harmless from such a suit or claim. The obligation of indemnification includes all attorney fees, costs and expenses incurred by the indemnitee in defense of any suits, actions, grievances, charges and/or proceedings.



NOTICE

Any notice required or permitted under this Contract will be in writing and will be effective upon personal delivery or three days after mailing when sent by certified mail, postage prepaid, addressed as follows:

[INSERT]



IN WITNESS WHEREOF, the Parties have executed this Contract to be effective [DATE].

THE AUTHORIZER:

ATTEST:

THE CHARTER BOARD

ATTEST:



The National Association of Charter School Authorizers (NACSA) is a non-profit association committed to advancing excellence and accountability in the charter school sector and to increasing the number of high-quality charter schools across the nation. To accomplish this mission, NACSA works to improve the policies and practices of authorizers—the organizations designated to approve, monitor, renew, and, if necessary, close charter schools. NACSA provides training, consulting, and policy guidance to authorizers. It also advocates for laws and policies that raise the bar for excellence among authorizers and the schools they charter. www.qualitycharters.org

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